

CHENBRO MICOM CO., LTD.

2017 ANNUAL SHAREHOLDERS' MEETING MINUTES

DISCLAIMER : For the convenience of readers, the procedure, agenda, attachments, resolutions, meeting minutes and appendix of Chenbro's Annual Shareholders' meeting have been translated into English from the original Chinese version prepared and used in Taiwan, the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language version shall prevail.

Time : 9:00 am, June 20, 2017 (Tuesday)

Place : 2nd underground floor, Building A, No. 726, Zhongzheng Road, Zhonghe District, New Taipei City (Far Eastern Century Plaza, 1st Management Committee Service Center)

Directors present : Chen Mei Chi, Lee Tsun Yen, Wu Chung Pao, Huang Wen Cheng, Tsao An Pang, Hsu Kuei Ying

(Total 6 Directors were present at the annual shareholders' general meeting, exceeding the half of the total Board Members.)

Supervisor present : Lee Ya Mi, Chen Jen Shyang

Attendees : Audrey Tseng, CPA, PricewaterhouseCoopers Taiwan
Wu Yu Hsueh, Lawyer, Jin Yi Law Firm

Chairman : Chen Mei Chi · the chairman of the Board of Directors

Recorder : Chih Chia Lin

Total outstanding Chenbro shares : 119,725,950 shares

Total shares represented by shareholders present in person or by proxy : 87,167,547 shares
(including votes casted electronically of 16,219,612 shares)

Percentage of shares held by shareholders present in person or by proxy : 72.80%

The aggregate shareholding of the shareholders present in person or by proxy constituted a quorum. The Chairman called the meeting to order.

Chairman's Address (omitted)

A. Report Items

- I. The 2016 business report, please refer to Attachment I.
- II. The supervisors' review report on the 2016 financial reports, please refer to Attachment II.
- III. The 2016 remuneration to employees and remuneration to directors and supervisors report.

Explanatory Notes :

1. It was resolved in the Remuneration Committee meeting on February 23, 2017 to appropriate 6.8%/2% of annual earnings as remuneration to employees and to directors and supervisors respectively, paid in cash.
 2. The remuneration to employees in 2016 was NT\$51,972,059 in total.
 3. The remuneration to directors and supervisors in 2016 was NT\$15,285,900 in total.
- IV. The reasons why shareholders' proposal excluded in the general shareholders' meeting for discussion.

Explanatory Notes : As of April 26, 2017 (shareholders' proposals accepting time period from April 17, 2017 to April 26, 2017), except for the proposals passed in the 3rd board meeting on May 09, 2017, there was not any proposal received from the Company's shareholders.

V. Investment in Mainland China report.

Explanatory Notes : The Company's investment in Mainland China as of December 31, 2016 :

Unit: NT\$1,000

Name of invested company in China	Main business operation	Paid-in capital
Chenbro Micom (ShenZhen) Co., Ltd.	Trading and order taking	\$16,125
Chenbro Technology (Kunshan) Co., Ltd.	Manufacturing and processing of computer cases	\$322,500
Chenbro Micom (Beijing) Co., Ltd.	Rendering technical service	\$27,720
Dongguan Procace Electronic Co., Ltd.	Manufacturing and processing of computer cases	\$404,480
ChenPower Information Technology (Shanghai) Co., Ltd	Trading and order taking	\$67,725

VI. Endorsement/guarantee and loan lending implementation report.

Explanatory Notes :

1. The company's total endorsement/guarantee amounted to NT\$1,714,076 thousand (60% of the company's net Assets) as of December 31, 2016. The endorsement/guarantee for one single enterprise is limited to NT\$571,359 thousand (20% of the company's net Assets). The endorsement/guarantee for the wholly-owned subsidiary (90% and more) is limited to NT\$1,428,397 thousand (50% of the company's net Assets). The actual implementation of the endorsement/guarantee is as follows :

Unit: NT\$1,000

Subject of endorsement/guarantee		Current maximum endorsement / guarantee amount	Ending balance of endorsement / guarantee	Ratio of accumulated endorsement / guarantee amount to the net worth on the most recent financial report
Company name	Relationship			
Chenbro Micom(USA) Incorporation	The Company's subsidiary	571,359	129,000	5%
CLOUDWELL HOLDINGS,LLC	The Company's subsidiary	571,359	180,600	6%
Procace & Morex Corporation	The 100% wholly-owned company of the subsidiary	571,359	225,750	8%

2. The Company did not have any loan lending made to others as of December 31, 2016.

VII. Treasury stock implementation report.

Explanatory Notes :

Frequency of repurchase	The 1 st time	The 2 nd time
Date of Board resolution	11/27/2008	08/12/2013
Expected repurchase period	11/28/2008 ~ 01/27/2009	08/13/2013 ~ 10/12/2013
Expected repurchase shares	2,000,000 shares	1,000,000 shares
Expected repurchase price	6.20 ~ 14.00	22.00 ~ 49.80
Actual repurchase period	11/28/2008 ~ 12/12/2008	08/20/2013 ~ 10/09/2013
Actual repurchase shares	543,000	400,000
Actual repurchase amount	NT\$4,737,028	NT\$12,539,980
Average repurchase price per share	NT\$8.72	NT\$31.35
Ratio to the current shareholdings	0.49%	0.33%
Purpose of repurchase	Transferred to employees	Transferred to employees
Reasons for not completing the transaction	—	The treasury stock has not been transferred completely due to the consideration of global economic situation, the effective use of the company funds, and maintaining shareholders' equity.
Repurchase shares transferred	543,000 shares	0 share
Repurchase shares cancelled		400,000 shares
Note		◆ Based on Article 28-2 of Securities and Exchange Act, the repurchased shares shall be transferred within three years from the date of buyback. The shares

Frequency of repurchase	The 1 st time	The 2 nd time
		not transferred within 3 years shall be cancelled. ◆ The shares bought back this time have all been cancelled with registration date of 2016/10/11. ◆ The cancellation of the repurchased shares has been approved by the Ministry of Economy through the notice of 10501246700 on 2016/10/21.

VIII. The amendments of the Company's "Corporate Governance Best Practice Principles".

Explanatory Notes : Please refer to Attachment III for the amendment to the Company's "Corporate Governance Best Practice Principles".

IX. The amendments of the Company's "Corporate Social Responsibility Best Practice Principles".

Explanatory Notes : Please refer to Attachment IV for the amendment to the Company's "Corporate Social Responsibility Best Practice Principles".

B. Acknowledgements

I. Proposed by the Board of Directors

Cause of action : The 2016 business report and financial statements (including proprietary and consolidated financial reports) are presented for acknowledgement.

Explanatory Notes :

1. The CPA had audited the Company's 2016 financial reports, including balance sheet, comprehensive income statement, statement of changes in equity, and statement of cash flows, with an unqualified audit report issued that are also reviewed by the supervisors with a rewritten review report issued and filed for record.
2. Please refer to Attachment I and Attachment V for the 2016 business report, financial statements (including proprietary and consolidated financial statements), and independent auditor's report.
3. Please acknowledge.

Voting Results :

Voting Results*	% of the total represented share present
Shares represented at the time of voting : 87,167,547 (including casted electronically 16,219,612 shares), 72.80% of total outstanding shares	
Votes in favor : 86,293,045 votes (15,345,110 votes)	98.99%

Voting Results*	% of the total represented share present
Votes against : 5,208 votes (5,208 votes)	0.00%
Votes invalid : none (none)	0.00%
Votes abstained : 869,294 votes (869,294 votes)	1.01%
RESOLVED, that the above proposal be and hereby was approved as proposed.	

*Including votes casted electronically (number in brackets)

II. Proposed by the Board of Directors

Cause of action : The acknowledgement of the 2016 statement of earnings distribution.

Explanatory Notes :

1. For the 2016 earnings distribution, the Board of Directors has the 2016 statement of earnings distribution prepared in accordance with the Company Act and the Company's Articles of Incorporation.
2. Please refer to Attachment VI for the statement of earnings distribution.
3. The Company plans to distribute cash dividend for an amount of NT\$3.00 per share, which will be distributed proportionally to the shareholding of the shareholders listed in the shareholder registry on the ex-dividend date as soon as the proposal of earnings distribution resolved at the shareholders' meeting and the board of directors is authorized to scheduled the ex-dividend date and the related matters. For the change in the shareholders' dividend rate as a result of the repurchase shares, transfer or cancellation of treasury stock, the exercise of convertible corporate bonds, or employee stock option right, the idea is to propose it in the shareholders' meeting having the board of directors authorized to have it adjusted accordingly.
4. The cash dividend will be distributed proportionally to the shareholding and the distribution amount will be rounded up to dollar. The total odd shares that are less than NT\$1 will be booked as other income of the Company.
5. Please acknowledge.

Voting Results :

Voting Results*	% of the total represented share present
Shares represented at the time of voting : 87,167,547 (including casted electronically 16,219,612 shares), 72.80% of total outstanding shares	
Votes in favor : 86,293,045 votes (15,345,110 votes)	98.99%
Votes against : 5,208 votes (5,208 votes)	0.00%
Votes invalid : none (none)	0.00%
Votes abstained : 869,294 votes (869,294 votes)	1.01%
RESOLVED, that the above proposal be and hereby was approved as proposed.	

*Including votes casted electronically (number in brackets)

C. Discussion

I. Proposed by the Board of Directors

Cause of action : The amendment to the Company's "Procedure for Financing and Endorsement".

Explanatory Notes :

1. In accordance with the Letter 1050044610 released on 2016/11/04.
2. The comparison table for the aforementioned internal rules before and after revisions are attached hereto as Attachment VII.

Voting Results :

Voting Results*	% of the total represented share present
Shares represented at the time of voting : 87,167,547 (including casted electronically 16,219,612 shares), 72.80% of total outstanding shares	
Votes in favor : 86,293,045 votes (15,345,110 votes)	98.99%
Votes against : 5,208 votes (5,208 votes)	0.00%
Votes invalid : none (none)	0.00%
Votes abstained : 869,294 votes (869,294 votes)	1.01%
RESOLVED, that the above proposal be and hereby was approved as proposed.	

*Including votes casted electronically (number in brackets)

II. Proposed by the Board of Directors

Cause of action : The amendment to the Company's "Articles of Incorporation".

Explanatory Notes :

1. The Company will start to employee electronic voting at the shareholders' meeting this year.
2. The Company proposes to adopt candidate nomination system for the election of Directors and Supervisors; in accordance with Article 192-1 of Company Act, the candidate nomination system shall be stated in the Articles of Incorporation. Therefore, we propose to amend the Article 15 of Articles of Incorporation.
3. The comparison table for the aforementioned internal rules before and after revisions are attached hereto as Attachment VIII.

Voting Results :

Voting Results*	% of the total represented share present
Shares represented at the time of voting : 87,167,547 (including casted electronically 16,219,612 shares), 72.80% of total outstanding shares	
Votes in favor : 86,293,045 votes (15,345,110 votes)	98.99%
Votes against : 5,208 votes (5,208 votes)	0.00%
Votes invalid : none (none)	0.00%
Votes abstained : 869,294 votes (869,294 votes)	1.01%
RESOLVED, that the above proposal be and hereby was approved as proposed.	

*Including votes casted electronically (number in brackets)

III. Proposed by the Board of Directors

Cause of action : The amendment to the Company's "Regulation Governing the Election of Directors and Supervisors".

Explanatory Notes :

1. In accordance with Article 20 and Article 42 of "Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies", "Regulation Governing the Election of Directors and Supervisors" shall define the knowledge and experiences qualifications of the Directors and Supervisors clearly.
2. In accordance with the Letter 1030051379/1040001716 released on 2015/01/27 & 2015/01/28, respectively.
3. The comparison table for the aforementioned internal rules before and after revisions are attached hereto as Attachment IX.

Voting Results :

Voting Results*	% of the total represented share present
Shares represented at the time of voting : 87,167,547 (including casted electronically 16,219,612 shares), 72.80% of total outstanding shares	
Votes in favor : 86,293,045 votes (15,345,110 votes)	98.99%
Votes against : 5,208 votes (5,208 votes)	0.00%
Votes invalid : none (none)	0.00%
Votes abstained : 869,294 votes (869,294 votes)	1.01%
RESOLVED, that the above proposal be and hereby was approved as proposed.	

*Including votes casted electronically (number in brackets)

IV. Proposed by the Board of Directors

Cause of action : The amendment to the Company's "Rules of Procedure for Shareholders' Meeting".

Explanatory Notes : The Company starts to employ electronic voting in 2017 and in accordance with the amendments to "Rules of Procedure for Shareholders' Meeting", the Company proposes to amend "Rules of Procedure for Shareholders' Meeting". The comparison tables for the aforementioned internal rules before and after revisions are attached hereto as Attachment X.

Voting Results :

Voting Results*	% of the total represented share present
Shares represented at the time of voting : 87,167,547 (including casted electronically 16,219,612 shares), 72.80% of total outstanding shares	
Votes in favor : 86,293,045 votes (15,345,110 votes)	98.99%
Votes against : 5,208 votes (5,208 votes)	0.00%
Votes invalid : none (none)	0.00%
Votes abstained : 869,294 votes (869,294 votes)	1.01%
RESOLVED, that the above proposal be and hereby was approved as proposed.	

*Including votes casted electronically (number in brackets)

V. Proposed by the Board of Directors

Cause of action : The amendment to the Company's "Criteria for the Acquisition and Disposition of Assets".

Explanatory Notes : to conform to the amendments to the "Criteria for the Acquisition and Disposition of Assets", the comparison tables for the aforementioned internal rules before and after revisions are attached hereto as Attachment XI.

Voting Results :

Voting Results*	% of the total represented share present
Shares represented at the time of voting : 87,167,547 (including casted electronically 16,219,612 shares), 72.80% of total outstanding shares	
Votes in favor : 86,293,045 votes (15,345,110 votes)	98.99%
Votes against : 5,208 votes (5,208 votes)	0.00%
Votes invalid : none (none)	0.00%
Votes abstained : 869,294 votes (869,294 votes)	1.01%
RESOLVED, that the above proposal be and hereby was approved as proposed.	

*Including votes casted electronically (number in brackets)

D. Election : Proposed by the Board of Directors

Cause of action : To elect new Directors and Supervisors.

Explanatory Notes :

1. The three-year term of 7 Directors of the Board will end on 2017/06/19. the Company proposes to duly elect new Board members at this year's Annual General Meeting of Shareholders according to Articles of Incorporation.
2. The shareholders' meeting shall elect 7 Directors, including 3 Independent Directors. Their three-year term will start from 2017/06/20 to 2020/06/19.
3. According to Articles of Incorporation, a total of 3 Independent Directors shall be elected from the nomination list prepared by the Company. The qualification of the 3 nominated Independent Directors has been approved by the third Board meeting of this year. Personal information of the 3 nominees is attached hereto as Attachment XII.
4. Please Elect.

Voting Results :

Shares represented at the time of voting : 87,167,547 (including casted electronically 16,219,612 shares), 72.80% of total outstanding shares.

Elected list :

Position	Shareholders' Number or The first 5 number of ID Number	Name	Voting Received
Director	2	Chen Mei Chi	93,440,397
Director	10207	Hsu Shen Kuo	87,609,964
Director	5	Lee Tsun Yen	86,453,368
Director	G12090★★★★	Wu Chung Pao	65,233,906
Independent Director	A10374★★★★	Tsao An Pang	60,335,311 (including casted electronically : 5,419,809 shares)
Independent Director	P10026★★★★	Huang Wen Cheng	57,997,810 (including casted electronically : 4,547,904 shares)
Independent Director	J20160★★★★	Hsu Kuei Ying	53,411,348 (including casted electronically : 804,846 shares)
Supervisor	20	Chen Jen Shyang	75,825,964
Supervisor	33	Lee Ya Mi	70,529,935
Supervisor	7	Huang Li Long	65,233,906

E. Other Proposals : Proposed by the Board of Directors

Cause of action : To approve the proposal of releasing the prohibition on directors from participation in competitive business.

Explanatory Notes :

1. To release the prohibition on directors from participation in competitive business according to Article 209 of Company Act.
2. As the newly elected Directors may act as the Directors or invest in other companies with similar business scope of the Company, in order to take into their professions and experiences and in the presumption that the behavior may not harm the Company's benefits, we propose to release the prohibition on directors from participation in competitive businesses.
3. The newly elected Directors and their representatives will attend 2017 Shareholders' Meeting to give more illustrations.

Resolution :

- (1)To release the prohibition on directors Chen Mei Chi, Lee Tsun Yen, Wu Cung Pao, Tsao An Pang and Huang Wen Cheng from the following positions.

Company	Position	Chen Mei Chi	Lee Tsun Yen	Wu Chung Pao	Tsao An Pang	Huang Wen Cheng
Chen-Source Inc.	Director	V	V			
Chin-Yeh Technology Co., Ltd	Chairman		V			
Protech Information Co., Ltd	Chairman			V		
Marketch International Corp.	Independent Director			V		
Trade-Van Information Co., Ltd.	Independent Director			V		
Aver Media	Independent Director				V	
eLand Information Co., Ltd	Chairman					V
Tunghih Electronics Co., Ltd.	Director					V
ACES Electronics Co., Ltd	Representative Director					V
Enterex International Co., Ltd.	Independent Director					V

(2)Voting Results :

Voting Results*	% of the total represented share present
Shares represented at the time of voting : 87,167,547 (including casted electronically 16,219,612 shares), 72.80% of total outstanding shares	
Votes in favor : 81,973,984 votes (11,444,049 votes)	94.04%
Votes against : 3,758,260 votes (3,758, 260 votes)	4.31%
Votes invalid : none (none)	0.00%
Votes abstained : 1,435,303 votes (1,017,303 votes)	1.65%
RESOLVED, that the above proposal be and hereby was approved as proposed.	

*Including votes casted electronically (number in brackets)

F. Special Motion : None.

G. Meeting Adjourned (Meeting was adjourned at 9:45AM on the same day)

Attachments

Business Report

2016 was a year of many breakthroughs for Chenbro Micom; the most significant of which was that, for the very first time, business performance in the Greater China Region has grown to a level comparable to the U.S. market. This result is a testament to how the Company is able to capture the right opportunities at the right timing, and apply effective diversification and hedging strategies to realize its plans. While we celebrate our milestone achievement, we have also devised new roadmaps and visions for the future.

The global political and economic outlook in 2017 presents investors with uncertainties as well as opportunities. In the United States, Trump's new policies seem to be introducing protectionism at the expense of free trade; in UK, exit from the European Union will inevitably be met with repercussions such as lower growth and rising price level; in China, the continual slowdown of economic growth has made crisis management and stability the new priority in the upcoming year; meanwhile, India has emerged to become the new growth driver, leading ASEAN countries (e.g., Myanmar, Laos, Cambodia, Vietnam, and Philippines) to their growth; Latin America has ended the period of negative growth and is now marching towards recovery; lastly, the lifting of sanctions against Iran has made the country a new emerging economy given its abundant natural resources and demographic dividend.

In the future, the Company will continue to expand its existing product lines and develop new products that meet the market's needs by fully utilizing its core technology. The Company will also adopt a "concise management approach" as a means to raise productivity, reduce inventory, and improve overall competitiveness. Maximize the scope of mass production to achieve market share, and enhance business performance in ways that maximize profits for the Company.

I. 2016 business report

1. Business plan execution and achievement

Consolidated revenues totaled NT\$5,209,967,000 in 2016, increased NT\$770,738,000 or 17% from NT\$4,439,229,000 in 2015. Net income amounted to NT\$600,188,000, increased NT\$95,354,000 or 19% from NT\$504,834,000 in 2015.

2. Financial forecast and accomplishment: according to current regulations, the Company was not required to make public financial forecast for 2016.

3. Financial income and expense and profitability analysis

(1) Financial income and expense

Unit: NT\$1,000

Item	2016	2015	Increase (decrease) amount	increase / decrease %
Operating revenues	5,209,967	4,439,229	770,738	17
Operating gross profit	1,550,182	1,290,795	259,387	20
Operating profit	778,456	593,209	185,247	31
Profit before income tax	816,275	664,907	151,368	23
Net income	600,188	504,834	95,354	19

Consolidated operating revenues in 2016 grew by 17% compared to 2015, while operating income and net income had also increased by 31% and 19%, respectively, as compared to 2015.

(2) Profitability analysis

Item	2016	2015
Ratio of return on total assets (%)	12.62	11.00
Ratio of return on shareholders' equity (%)	21.57	19.00
Operating income to paid-up capital (%)	65.02	49.38
Pre-tax income to paid-up capital (%)	68.18	55.35
Profit ratio (%)	11.52	11.37
Earnings per share (NT\$) – after tax	5.01	4.22

According to profit indicators, the Company's 2016 performance surpassed 2015 in terms.

4. R&D status

(1) Major R&D achievements in 2016:

Product

Product Model No.	Produce description
OEM Server	OEM products
RM14300	1U small form factor modularized rackmount server chassis
RM14512	1U high dense tool-free modularized rackmount server chassis
RM14604/08	1U modularized rackmount server chassis
RM14524	1U high dense tool-free modularized rackmount server chassis

Product Model No.	Produce description
RM13304/10	1U modularized storage rackmount server chassis
RM13804/10	1U large form factor modularized rackmount server chassis
RM23708/12/24	2U large form factor modularized rackmount server chassis
RM23808/12/24	2U modularized storage rackmount server chassis
RM24512/24	2U small form factor modularized storage rackmount server chassis
RM24712/24	2U large form factor modularized 4-node storage rackmount server chassis
RM43596	4U ultra high dense modularized JBOD chassis
RM43599	4U ultra high dense modularized server chassis
RM19901	1U modularized rackmount blade-type server chassis
RM49901	4U ultra high dense modularized blade-type JBOD chassis
RM19704	1U modularized rackmount server chassis for data center
RM19308	1.5U modularized rackmount server chassis for data center
RM19302	1.5U modularized rackmount server chassis for data center
RM41915	4U modularized rackmount blade-type server chassis
RM21933	2U modularized storage rackmount server chassis
RM41924	4U ultra high dense modularized blade-type server chassis
SR105/SR107/SR209/SR301	Upgrade of all server chassis series
EASILY RAIL	Development of easy sliding rail
New-generation HDD tray	Development of screw-less module for 2.5"/3.5" hard disk
New-generation server panel	Development of 1U/2U/4U new-generation panel

New patents

Application date	Country	Category	Patent name	Product scope
2016/1/27	USA	Invention	High-dense storage module	HDD module
2016/1/27	USA	Invention	Tray design for access device	HDD module
2016/3/28	Taiwan	Design	Hard disk enclosure panel	HDD module
2016/3/28	Taiwan	Design	Hard disk enclosure panel	HDD module
2016/3/28	Taiwan	Design	Computer casing panel	Chassis
2016/3/29	Taiwan	Utility model	Interior storage device bracing	HDD module
2016/3/29	Taiwan	Utility model	Interface card bracing	PCB Holder
2016/4/1	Taiwan	Utility model	Storage module socket	HDD module
2016/4/22	Taiwan	Design	Hard disk enclosure panel	HDD module
2016/4/22	Taiwan	Design	Computer casing panel	Chassis

Application date	Country	Category	Patent name	Product scope
2016/4/22	Taiwan	Design	Hard disk enclosure panel	HDD module
2016/4/22	Taiwan	Design	Hard disk enclosure panel	HDD module
2016/4/22	Taiwan	Design	Computer casing panel	Chassis
2016/4/25	Taiwan	Utility model	Electronic device chassis panel	EE
2016/5/16	China	Utility model	Interior storage device bracing	HDD module
2016/5/16	China	Utility model	Interface card bracing	PCB Holder
2016/5/18	China	Utility model	Electronic device chassis panel	EE
2016/5/25	China	Utility model	Storage module socket	HDD module
2016/5/31	Taiwan	Invention	Hot swapping design for interior access device	HDD module
2016/5/31	Taiwan	Design	Computer casing panel	Chassis
2016/5/31	Taiwan	Design	Computer casing panel	Chassis
2016/5/31	Taiwan	Design	Computer casing panel	Chassis
2016/5/31	Taiwan	Design	Computer casing panel	Chassis
2016/6/2	Taiwan	Utility model	Fan module	Fan module
2016/7/19	China	Invention	Hot swapping design for interior access device	HDD module
2016/7/15	Taiwan	Utility model	Interior back flow blocker design	Fan module
2016/8/1	China	Utility model	Fan module	Fan module
2016/9/5	China	Utility model	Interior back flow blocker design	Fan module
2016/9/13	Taiwan	Design	Computer casing panel	HDD module
2016/10/14	China	Design	Hard disk enclosure panel	HDD module
2016/10/14	China	Design	Hard disk enclosure panel	HDD module
2016/10/14	China	Design	Hard disk enclosure panel	HDD module

(2) Future R&D direction

The Company will continue its server product strategies from the previous year and aim to take advantage of users' upgrade to INTEL's new platform (PURLEY) scheduled to be released in 2017. With China and North America exhibiting consistent growth in demand, the Company will leverage on its highly flexible and modularized designs to promote products into broader variety of applications, and thereby maximize common components for higher production efficiency. Due to the increasing popularity of SDS (Software Define Storage), flash memories (NVMe and SSD) are changing the ways data centers are structured. Furthermore, users' increasing demand for virtual servers and enterprise-grade applications are giving rise to more sophisticated demands for system performance. As a result, designs for customized data center are shifting towards features such as high-density and high-capacity flash memories, online maintenance, and PCIe expansions. With respect to high performance applications, the Company will continue developing multi-node server series, while at the same time optimize GPU layout in new chassis and aim to reach potential customers through the JDM approach. In the

mass storage segment, the Company will be focusing on the development of ultra high dense servers and JBOD products to give high-end customers more selections on applications such as cloud database and backup. In the PC segment, the Company will be introducing a compatible chassis for the new-generation mini-STX form factor, targeting both the DIY market and existing customers. This new form factor may also be adopted for IPC applications, in which different materials can be incorporated to build small, fan-less systems.

II. Summary of 2017 business plan

1. Operation strategies

In the future, the Company will continue to expand its existing product lines and develop new products that meet the market's needs by fully utilizing its core technology. The Company will also adopt a "concise management approach" as a means to raise productivity, reduce inventory, and improve overall competitiveness. Maximize the scope of mass production to achieve market share, and enhance business performance in ways that maximize profits for the Company.

- (1) Enhance the quality of human resources, substantiate the implementation of hierarchical management, robust corporate operation and financial management, operate stably, and root the business operation in Taiwan and then go global.
- (2) Continue the process of business operation simplification and e-commerce in order to improve internal and external feedback and response speed and efficiency, and to robust corporate operation.
- (3) Strengthen corporate governance, the board of directors and auditors shall actively perform supervision and management in order to actively maximize shareholders' interests and actively feedback to the community.
- (4) Creation of corporate value - diligence, pragmatism, specialization, integrity, and heartfelt service.

2. Important production and sales policies

1. Sales strategies:

The Group is mainly engaged in export business. In order to establish overseas marketing offices and construct a globalized sale network with comprehensive and prompt service provided to the customers in Europe, the America, and Asia, the Group has subsidiaries setup by way of reinvestment in Europe and the United States in order to enhance market competitiveness.

- (1) Focus on managing network operation and system integration for customers, establish a long-term cooperation model and actively participate in the exhibitions worldwide to build up "Chenbro" brand image in market and increase international visibility.
- (2) Extend the "network is everything, partner is everything" sales strategy for a strategic alliance and to establish the Ecosystem for product application in order to deepen product marketing strength.

- (3) Integrate the sales strategies for European and USA market, simplify the configuration of products, adjust dealer management mode, and cooperate with the marketing strategy to enhance the market awareness of the Company and products.
- (4) Focus on the business operation and develop storage server and industrial PC market, and provide customized services - Actively integrate and provide customers with a Total Solution in order to expand the market vertical penetration.
- (5) Integrate sales, R&D, production, and logistical support capabilities, and establish a long-term cooperation relationship with the suppliers in order to provide customers with a satisfactory value chain.
- (6) Substantiate the coordination of production and sales, the check mechanism of inventory management, reduce inventory risk, and prudently practice good credit management.

2. Production strategies:

In response to the intensive competition of the global market, the Company will be offering flexible services combined with high quality production procedures to meet customer demands and improve satisfaction. The group adopts a work specialization strategy and has deployed its production lines in Dongguan and Kunshan, China. Positive prospects of the cloud industry have led the group towards phase 3 construction of the Kunshan Plant, which is scheduled to be completed by 2017. Once completed, the additional capacity will be used to produce cloud-related servers and chassis to meet the market's future demands.

- (1) Coordinate the engineering team to streamline the production cycle from R&D, trial run to mass production, and thereby satisfy customer demands in a faster and more responsive manner.
- (2) Establish a mold production center where the Company is able to develop and enhance its molding capability for greater competitiveness.
- (3) Adopt a flexible manufacturing model that enhances the timeliness and versatility of customized productions. Doing so would enable the Company to satisfy customers' diverse needs to the broadest extent possible.
- (4) By investing in phase 3 expansion of the existing plan, the Company will be able to achieve vertical integration of production and logistics, and shorten transportation routes for effective cost reduction.
- (5) Improve and integrate existing procedures and operations by introducing automation at key junctures/processes. In doing so, the Company hopes to standardize and rationalize production activities, and ultimately enhance efficiency, quality and competitiveness of its products.
- (6) Launch the CPS (Chenbro Production System) program; optimize process from customer request to product sales, and thereby achieve optimal inventory, delivery and costs.

3. R&D strategies:

- (1) The Group has obtained various product patents in the world and value the importance of patent protection and new product development. Therefore, the

Group will continue to refine products mechanical and electrical integration and system verification capabilities in order to improve the added-value of products and help products stay competitive.

- (2) Design product lines based on the new standards and promote to customers of different needs and applications. Coordinate with strategic partners to maximize the use of shared components and improve flexibility in manufacturing. Expand scope of research beyond chassis design to incorporate other fields of expertise, such as assembly of barebone systems, in order to meet the needs of more small and medium-size customers.
- (3) Continually invest into development of high-capacity storage, in order to satisfy the market's demands for hyperscale data center. Coordinate with SI customers to provide system optimization/customization service.
- (4) Design fan-less systems and standard modules for IPC applications based on the mini-STX form factor, and target strategic customers and markets.

Today, we are glad to have the opportunity to report to shareholders the Company's 2016 business overview and prospects for year 2017. I would like to thank every shareholder of the Company for your support and attention. My colleagues and I will work even harder to create greater achievements to share with all of our shareholders.

Sincerely yours,

Chairman: CHEN MEI CHI

President: CHEN MEI CHI

Chief Accountant: CHIH CHIA LIN

Supervisor's Review Report

We have audited the Company's 2016 business report, financial report, and statement of earnings distribution that were prepared and presented by the Board of Directors without finding any nonconformity against the governing law and regulations. In addition, we have issued this supervisor's review report in conformity with Article 219 of the Company Act.

Sincerely yours,

To: The 2017 General Shareholders' Meeting

Chenbro Micom Co., Ltd.

Supervisor: Li-Jung Huang

Supervisor: Chen-Hsiang Chen

Supervisor: Ya-Mi Li

Feb 23, 2017

“Corporate Governance Best Practice Principles”
(Comparison Table for the Before and After Revision)

AFTER THE REVISION	BEFORE THE REVISION	EXPLANATORY NOTES
<p>Article 1</p> <p>This Corporation hereby adopts these Principles to establish sound corporate governance systems and promote sound development of the securities market, and establish an effective corporate governance framework with reference to these Principles and disclose them through the Market Observatory Post System (MOPS).</p>	<p>Article 1</p> <p>This Corporation hereby adopts these Principles to establish sound corporate governance systems and promote sound development of the securities market and disclose them through the Market Observatory Post System (MOPS).</p>	<p>To conform to the amendments to Notice 1050018981</p>
<p>Article 2</p> <p>When setting up the corporate governance system, in addition to complying with relevant laws, regulations, articles of incorporation, contracts signed with the TWSE or GTSM, and other relevant regulations, this Corporation shall follow the following principles:</p> <ol style="list-style-type: none"> 1. <u>Protect the rights and interests of shareholders.</u> 2. <u>Strengthen the powers of the board of directors.</u> 3. <u>Fulfill the function of supervisors.</u> 4. <u>Respect the rights and interests of stakeholders.</u> 5. <u>Enhance information transparency.</u> 	<p>Article 2</p> <p>When setting up the corporate governance system, in addition to complying with relevant laws, regulations, articles of incorporation, contracts signed with the TWSE or GTSM, and other relevant regulations, this Corporation shall follow the following principles:</p> <ol style="list-style-type: none"> 1. Establish an effective corporate governance framework. 2. Protect the rights and interests of shareholders. 3. Strengthen the powers of the board of directors. 4. Fulfill the function of supervisors. 5. Respect the rights and interests of stakeholders. 6. Enhance information transparency. 	<p>To conform to the amendments to Notice 1050018981</p>
<p>Article 3</p> <p>This Corporation shall follow the</p>	<p>Article 3</p> <p>This Corporation shall follow the</p>	<p>To conform to the amendments to</p>

AFTER THE REVISION	BEFORE THE REVISION	EXPLANATORY NOTES
<p>Criteria Governing Establishment of Internal Control Systems by Public Reporting Companies and take into consideration the overall operational activities of itself and its subsidiaries <u>to design and fully implement an internal control system</u> to establish an internal control system, and shall conduct continuing reviews of the system, in order to ensure the continued effectiveness of its design and implementation in light of changes in the company's internal and external environment.</p> <p>If the company has elected independent directors, the adoption or amendment of its internal control system shall be submitted to the board of directors for approval by resolution unless an approval has been obtained from the competent authority; when an independent director has a dissenting opinion or qualified opinion, it shall be noted in the minutes of the directors meeting; however if the company has established an audit committee in accordance with the Securities and Exchange Act, the adoption or amendment to its internal control system shall be subject to the consent of one-half or more of all audit committee members and be submitted to the board of directors for a resolution.</p> <p>This Corporation shall perform full self-<u>assessments</u> of its internal control system. Its board of directors and management shall review the results of the self-<u>assessments</u> by each</p>	<p>Criteria Governing Establishment of Internal Control Systems by Public Reporting Companies and take into consideration the overall operational activities of itself and its subsidiaries to establish an internal control system, and shall conduct continuing reviews of the system, in order to ensure the continued effectiveness of its design and implementation in light of changes in the company's internal and external environment.</p> <p>The adoption or amendment of its internal control system shall be submitted to the board of directors for approval by resolution unless an approval has been obtained from the competent authority; when an independent director has a dissenting opinion or qualified opinion, it shall be noted in the minutes of the directors meeting; however if the company has established an audit committee in accordance with the Securities and Exchange Act, the adoption or amendment to its internal control system shall be subject to the consent of one-half or more of all audit committee members and be submitted to the board of directors for a resolution.</p> <p>This Corporation shall perform full self-examinations of its internal control system. Its board of directors and management shall review the</p>	<p>Notice 1050018981</p>

AFTER THE REVISION	BEFORE THE REVISION	EXPLANATORY NOTES
<p>department at least annually and the reports of the internal audit department on a quarterly basis. The supervisors shall also attend to and supervise these matters. Directors and supervisors shall periodically hold discussions with their internal auditors about reviews of internal control system deficiencies. A record of the discussions shall be kept. If this Corporation has established an audit committee in accordance with the Securities and Exchange Act, the assessment of the effectiveness of the internal control system shall be subject to the consent of one-half or more of all audit committee members and submitted to the board of directors for approval.</p> <p>The management of this Corporation shall pay special attention to the internal audit department and its personnel, fully empower them and urge them to conduct audits effectively, to evaluate problems of the internal control system and assess the efficiency of its operations to ensure that the system can operate effectively on an on-going basis, and to assist the board of directors and the management to perform their duties effectively so as to ensure a sound corporate governance system.</p> <p>To put the internal control system into effect, strengthen the professional abilities of the agent of the internal auditor and to further improve and maintain the quality and implementing result of the audit, this Corporation shall</p>	<p>results of the self-examinations by each department at least annually and the reports of the internal audit department. The supervisors shall also attend to and supervise these matters. Directors and supervisors shall periodically hold discussions with their internal auditors about reviews of internal control system deficiencies. A record of the discussions shall be kept. If this Corporation has established an audit committee in accordance with the Securities and Exchange Act, the assessment of the effectiveness of the internal control system shall be subject to the consent of one-half or more of all audit committee members and submitted to the board of directors for approval.</p> <p>The management of this Corporation shall pay special attention to the internal audit department and its personnel, fully empower them and urge them to conduct audits effectively, to evaluate problems of the internal control system and assess the efficiency of its operations to ensure that the system can operate effectively on an on-going basis, and to assist the board of directors and the management to perform their duties effectively so as to ensure a sound corporate governance system.</p> <p>To put the internal control system into effect, strengthen the professional abilities of the agent of the internal auditor and to further improve and maintain</p>	

AFTER THE REVISION	BEFORE THE REVISION	EXPLANATORY NOTES
<p>have a deputy in place for the internal auditing personnel.</p> <p>The qualification requirements on the internal auditor <u>set out in Article 11, paragraph 6 of the Criteria Governing Establishment of Internal Control System by Public Reporting Companies and Articles 16, 17, and 18 of the same Criteria</u> shall apply mutatis mutandis to the deputy as referred to in the preceding paragraph.</p>	<p>the quality and implementing result of the audit, this Corporation shall have a deputy in place for the internal auditing personnel.</p> <p>The qualification requirements on the internal auditor shall apply mutatis mutandis to the deputy as referred to in the preceding paragraph.</p>	
<p>Article 3-1</p> <p><u>This Corporation may set up a full- (or part-) time corporate governance unit or personnel to be in charge of corporate governance affairs and designate a senior officer to be in charge of supervision. Said officer shall be a qualified lawyer or accountant or have at least three years' management experience gained at a public company in handling legal affairs, financial affairs, stock affairs, etc.</u></p> <p><u>It is advisable that the corporate governance affairs mentioned in the preceding paragraph include at least the following items:</u></p> <ol style="list-style-type: none"> 1. <u>Handling corporate registration and amendment registration</u> 2. <u>Handling matters relating to board meetings and shareholders meetings according to laws, and assisting the company with compliance with laws and regulations governing such meetings</u> 3. <u>Producing minutes of board meetings and shareholders meetings</u> 	<p>Newly Added</p>	<p>To conform to the amendments to Notice 1050018981</p>

AFTER THE REVISION	BEFORE THE REVISION	EXPLANATORY NOTES
<p>4. <u>Furnishing information required for business execution by directors and supervisors, and updating them on developments of laws and regulations relating to the operation of the company in order to assist them with legal compliance</u></p> <p>5. <u>Affairs relating to investor relations</u></p> <p>6. <u>Other matters set out in the articles or corporation or contracts</u></p>		
<p>Article 4</p> <p><u>The corporate governance system of this Corporation shall be designed to protect shareholders' rights and interests and treat all shareholders equitably.</u></p> <p>This Corporation shall establish a corporate governance system which ensures shareholders' rights of being fully informed of, participating in and making decisions over important matters of the company.</p>	<p>Article 4</p> <p>When implementing the corporate governance system, this Corporation shall take the protection of shareholders' rights and interests as its foremost goal and treat all shareholders fairly.</p> <p>This Corporation shall establish a corporate governance system which ensures shareholders' rights of being fully informed of, participating in and making decisions over important matters of the company.</p>	<p>To conform to the amendments to Notice 1032201564</p>
<p>Article 5</p> <p>This Corporation shall convene shareholders meetings in accordance with the Company Act and relevant laws and regulations, and provide comprehensive rules for such meetings. This Corporation shall faithfully implement resolutions adopted by shareholders meetings in accordance with the rules for the meetings.</p> <p>Resolutions adopted by shareholders meetings of this Corporation shall comply with</p>	<p>Article 5</p> <p>This Corporation shall convene shareholders meetings in accordance with the Company Act and relevant laws and regulations, and provide comprehensive rules for such meetings. This Corporation shall faithfully implement resolutions adopted by shareholders meetings in accordance with the rules for the meetings.</p> <p>Resolutions adopted by shareholders meetings of this Corporation shall comply with</p>	<p>To conform to the amendments to Notice 1032201564</p>

AFTER THE REVISION	BEFORE THE REVISION	EXPLANATORY NOTES
laws, regulations and articles of incorporation.	laws, regulations and articles of incorporation.	
<p>Article 6</p> <p>The board of directors of this Corporation shall properly arrange the agenda items and procedures for shareholders meetings, and formulate the principles and procedures for shareholder nominations of directors and supervisors and submissions of shareholder proposals. The board shall also properly handle the proposals duly submitted by shareholders. Arrangements shall be made to hold shareholders meetings at a convenient location, with sufficient time allowed and sufficient numbers of suitable personnel assigned to handle attendance registrations. No arbitrary requirements shall be imposed on shareholders to provide additional evidentiary documents beyond those showing eligibility to attend. Shareholders shall be granted reasonable time to deliberate each proposal and an appropriate opportunity to make statements.</p> <p>For a shareholders meeting called by the board of directors, it is advisable that the board chairperson chair the meeting, that a majority of the directors (including at least one independent director) and at least one supervisor attend in person, and that at least one member of each functional committee attend as representative. Attendance details should be recorded in the shareholders meeting minutes.</p>	<p>Article 6</p> <p>The board of directors of this Corporation shall properly arrange the agenda items and shareholders shall be granted reasonable time to deliberate each proposal and an appropriate opportunity to make statements.</p> <p>For a shareholders meeting called by the board of directors, it is advisable that the board chairperson chair the meeting, that a majority of the directors and at least one supervisor attend in person, and that at least one member of each functional committee attend as representative. Attendance details should be recorded in the shareholders meeting minutes.</p>	<p>To conform to the amendments to Notice 1050018981</p>
<p>Article 7</p> <p>This Corporation shall encourage</p>	<p>Article 7</p> <p>This Corporation shall</p>	<p>To conform to the amendments to</p>

AFTER THE REVISION	BEFORE THE REVISION	EXPLANATORY NOTES
<p>its shareholders to actively participate in corporate governance. It is advisable that the company engage a professional shareholder services agent to handle shareholders meeting matters, so that shareholders meetings can proceed on a legal, effective and secure basis.</p> <p>This Corporation shall seek all ways and means, including fully exploiting technologies for information disclosure and casting votes, and is advised to upload notices, agendas and supplementary information of shareholders meetings in both Chinese and English concurrently in order to enhance shareholders' attendance rates at shareholders meetings and ensure their exercise of rights at such meetings in accordance with laws.</p> <p>When this Corporation employs electronic voting at a shareholders meeting, it is advised to avoid raising extraordinary motions and amendments to original proposals, and is advised to adopt a candidate nomination system for the election of directors and supervisors.</p> <p>This Corporation is advised to arrange for their shareholders to vote on each separate proposal in the shareholders meeting agenda, and following conclusion of the meeting, to enter the voting results the same day, namely the numbers of votes cast for and against and the number of abstentions, on the Market Observation Post System.</p>	<p>encourage its shareholders to actively participate in corporate governance and that shareholders meetings can proceed on a legal, effective and secure basis.</p> <p>This Corporation shall seek all ways and means, including fully exploiting technologies for information disclosure and casting votes, to enhance shareholders' attendance rates at shareholders meetings and ensure their exercise of rights at such meetings in accordance with law.</p> <p>If this Corporation distributes souvenirs at its shareholders meeting, it shall not practice differential treatment or discrimination.</p>	<p>Notice 1050018981</p>

AFTER THE REVISION	BEFORE THE REVISION	EXPLANATORY NOTES
<p>If this Corporation distributes souvenirs at its shareholders meeting, it shall not practice differential treatment or discrimination.</p>		
<p>Article 8</p> <p>This Corporation, in accordance with the Company Act and other applicable laws and regulations, shall record in the shareholders meeting minutes the date and place of the meeting, the name of the chairperson, the method of adopting resolutions, and a summary of the essential points of the proceedings and the results of the meeting. With respect to the election of directors and supervisors, the meeting minutes shall record the method of voting adopted therefore and the total number of votes for the elected directors or supervisors.</p> <p>The shareholders meeting minutes shall be properly and perpetually kept by the company during its legal existence, and should be sufficiently disclosed on the company's website.</p>	<p>Article 8</p> <p>This Corporation shall record the minutes of the shareholders' meeting in accordance with the Company Law and other applicable laws and regulations. With respect to unanimous by adopted proposal, the meeting minutes shall state: "The resolution is unanimously adopted by all shareholders attending the shareholders' meeting after the chairman inquires all attending shareholders' opinion." As to any proposal that has received any dissent and been adopted in the shareholders' meeting, the meeting minutes shall record the method and result of the voting. With respect to the election of directors and supervisors, the meeting minutes shall record the method of voting adopted therefore and the total number of votes for the directors or supervisors who were elected.</p> <p>The shareholders meeting minutes shall be properly and perpetually kept by the company during its legal existence, and should be sufficiently disclosed on the company's website.</p> <p>The shareholders meeting minutes shall be properly and perpetually kept by the company during its legal existence, and should be sufficiently disclosed</p>	<p>To conform to the amendments to Notice 1032201564</p>

AFTER THE REVISION	BEFORE THE REVISION	EXPLANATORY NOTES
	on the company's website.	
<p>Article 10</p> <p>This Corporation shall place high importance on the shareholder right to know, and shall faithfully comply with applicable regulations regarding information disclosure in order to provide shareholders with regular and timely information on company financial conditions and operations, insider shareholdings, and corporate governance status through the MOPS or the website established by the company.</p> <p>To treat all shareholders equally, it is advisable that the company concurrently disclose the information under the preceding paragraph in English.</p> <p>To protect its shareholders' rights and interests and ensure their equal treatment, this Corporation shall adopt internal rules prohibiting company insiders from trading securities using information not disclosed to the market.</p>	<p>Article 10</p> <p>This Corporation shall place high importance on the shareholder right to know, and shall faithfully comply with applicable regulations regarding information disclosure in order to provide shareholders with regular and timely information on company financial conditions and operations, insider shareholdings, and corporate governance status through the MOPS or the website established by the company.</p> <p>To protect its shareholders' rights and interests and ensure their equal treatment, this Corporation shall adopt internal rules prohibiting company insiders from trading securities using information not disclosed to the market.</p>	<p>To conform to the amendments to Notice 1032201564</p>
<p>Article 12</p> <p>In entering into material financial and business transactions such as acquisition or disposal of assets, lending funds, and making endorsements or providing guarantees, this Corporation shall proceed in accordance with the applicable laws and/or regulations and establish operating procedures in relation to these material financial and business transactions which shall be reported to and approved by the shareholders meeting so as to protect the interests of the shareholders.</p>	<p>Article 12</p> <p>In entering into material financial and business transactions such as acquisition or disposal of assets, lending funds, and making endorsements or providing guarantees, this Corporation shall proceed in accordance with the applicable laws and/or regulations and establish operating procedures in relation to these material financial and business transactions which shall be reported to and approved by the shareholders meeting so as to protect the interests of the shareholders.</p>	<p>To conform to the amendments to Notice 1032201564</p>

AFTER THE REVISION	BEFORE THE REVISION	EXPLANATORY NOTES
When this Corporation is involved in a merger, acquisition or public tender offer, in addition to proceeding in accordance with the applicable laws and/or regulations, it shall not only pay attention to the fairness, rationality, etc. of the plan and transaction of the merger, acquisition or public tender offer, but information disclosure and the soundness of the company's financial structure thereafter. The relevant personnel of this Corporation handling the matters in the preceding paragraph shall pay attention to the occurrence of any conflicts of interest and the need for recusal.		
Article 16 This Corporation shall establish sound objectives and systems for management of finance, operations, and accounting in accordance with applicable laws and regulations. It shall further, together with its affiliated enterprises, properly conduct an overall risk assessment of major banks they deal with and customers and suppliers, and implement the necessary control mechanisms to reduce credit risk.	Article 16 This Corporation shall establish sound systems for management of finance, operations, and accounting in accordance with applicable laws and regulations. It shall further, together with its affiliated enterprises, properly conduct an overall risk assessment of major banks they deal with and customers and suppliers, and implement the necessary control mechanisms to reduce credit risk.	To conform to the amendments to Notice 1032201564
Article 17 When this Corporation and its affiliated enterprises enter into inter-company business transactions, a written agreement governing the relevant financial and business operations between them shall be made in accordance with the principle of fair dealing and reasonableness. Price and payment terms shall be definitively stipulated when contracts are signed, and non-arm's length	Article 17 When this Corporation and its affiliated enterprises enter into inter-company business transactions, a written agreement governing the relevant financial and business operations between them shall be made in accordance with the principle of fair dealing and reasonableness. Price and payment terms shall be definitively stipulated when	To conform to the amendments to Notice 1032201564

AFTER THE REVISION	BEFORE THE REVISION	EXPLANATORY NOTES
<p>transactions shall be prohibited. All transactions or contracts made by and between this Corporation and its affiliated persons and shareholders shall follow the principles set forth in the preceding paragraph, and improper channeling of profits is strictly prohibited.</p>	<p>contracts are signed, and non-arm's length transactions shall be prohibited. All transactions or contracts made by and between this Corporation and its affiliated persons and shareholders shall follow the principles set forth in the preceding paragraph, and improper channeling of profits is strictly prohibited.</p>	
<p>Article 18 A corporate shareholder having controlling power over this Corporation shall comply with the following provisions:</p> <ol style="list-style-type: none"> 1. It shall bear a duty of good faith to other shareholders and shall not directly or indirectly cause the company to conduct any business which is contrary to normal business practice or not profitable. 2. Its representative shall follow the rules implemented by its company with respect to the exercise of rights and participation of resolution, so that at a shareholders meeting, the representative shall exercise his/her voting right in good faith and for the best interest of all shareholders and shall exercise the fiduciary duty and duty of care of a director or supervisor. 3. It shall comply with relevant laws, regulations and the articles of incorporation of the company in nominating directors or supervisors and shall not act beyond the authority granted by the shareholders meeting or board meeting. 	<p>Article 18 A corporate shareholder having controlling power over this Corporation shall comply with the following provisions:</p> <ol style="list-style-type: none"> 6. It shall bear a duty of good faith to other shareholders and shall not directly or indirectly cause the company to conduct any business which is contrary to normal business practice or not profitable. 7. Its representative shall follow the rules implemented by its company with respect to the exercise of rights and participation of resolution, so that at a shareholders meeting, the representative shall exercise his/her voting right in good faith and for the best interest of all shareholders and shall exercise the fiduciary duty and duty of care of a director or supervisor. 8. It shall comply with relevant laws, regulations and the articles of incorporation of the company in nominating directors or supervisors and shall not act beyond the authority granted by the 	<p>To conform to the amendments to Notice 1032201564</p>

AFTER THE REVISION	BEFORE THE REVISION	EXPLANATORY NOTES
<p>4. It shall not improperly intervene in corporate policy making or obstruct corporate management activities.</p> <p>5. It shall not restrict or impede the management or production of the company by methods of unfair competition such as monopolizing corporate procurement or foreclosing sales channels.</p> <p>The representative that is designated when a corporate shareholder has been elected as a director or supervisor shall meet the company's requirements for professional qualifications. Arbitrary replacement of the corporate shareholder's representative is inappropriate.</p>	<p>shareholders meeting or board meeting.</p> <p>9. It shall not improperly intervene in corporate policy making or obstruct corporate management activities.</p> <p>10. It shall not restrict or impede the management or production of the company by methods of unfair competition such as monopolizing corporate procurement or foreclosing sales channels.</p> <p>11. The representative that is designated when a corporate shareholder has been elected as a director or supervisor shall meet the company's requirements for professional qualifications. Arbitrary replacement of the corporate shareholder's representative is inappropriate.</p>	
<p>Article 20</p> <p>The board of directors of this Corporation shall direct company strategies, supervise the management, and be responsible to the company and shareholders. The various procedures and arrangements of its corporate governance system shall ensure that, in exercising its authority, the board of directors complies with laws, regulations, its articles of incorporation, and the resolutions of its shareholders meetings.</p> <p>The structure of this Corporation's board of directors shall be determined by choosing an appropriate number of board members, not less than five, in consideration of its business scale,</p>	<p>Article 20</p> <p>The board of directors of this Corporation shall be responsible to the shareholders meetings. The various procedures and arrangements of its corporate governance system shall ensure that, in exercising its authority, the board of directors complies with laws, regulations, its articles of incorporation, and the resolutions of its shareholders meetings.</p> <p>The structure of this Corporation's board of directors shall be determined by choosing an appropriate number of board members, not less than five, in</p>	<p>To conform to the amendments to Notice 1050018981 & 1032201564</p>

AFTER THE REVISION	BEFORE THE REVISION	EXPLANATORY NOTES
<p>the shareholdings of its major shareholders, and practical operational needs.</p> <p>The composition of the board of directors shall be determined by taking diversity into consideration. It is advisable that directors concurrently serving as company officers not exceed one-third of the total number of the board members, and that an appropriate policy on diversity based on the company's business operations, operating dynamics, and development needs be formulated and include, without being limited to, the following two general standards:</p> <ol style="list-style-type: none"> 1. Basic requirements and values: Gender, age, nationality, and culture. 2. Professional knowledge and skills: A professional background (e.g., law, accounting, industry, finance, marketing, technology), professional skills, and industry experience. <p>All members of the board shall have the knowledge, skills, and experience necessary to perform their duties. To achieve the ideal goal of corporate governance, the board of directors shall possess the following abilities:</p> <ol style="list-style-type: none"> 1. Ability to make operational judgments. 2. Ability to perform accounting and financial analysis. 	<p>consideration of its business scale, the shareholdings of its major shareholders, and practical operational needs.</p> <p>The composition of the board of directors shall be determined by taking diversity into consideration and formulating an appropriate policy on diversity based on the company's business operations, operating dynamics, and development needs. It is advisable that the policy include, without being limited to, the following two general standards:</p> <ol style="list-style-type: none"> 1. Basic requirements and values: Gender, age, nationality, and culture. 2. Professional knowledge and skills: A professional background (e.g., law, accounting, industry, finance, marketing, technology), professional skills, and industry experience. <p>All members of the board shall have the knowledge, skills, and experience necessary to perform their duties. To achieve the ideal goal of corporate governance, the board of directors shall possess the following abilities:</p> <ol style="list-style-type: none"> 1. Ability to make operational judgments. 2. Ability to perform accounting and financial analysis. 3. Ability to conduct 	

AFTER THE REVISION	BEFORE THE REVISION	EXPLANATORY NOTES
<ul style="list-style-type: none"> 3. Ability to conduct management administration. 4. Ability to conduct crisis management. 5. Knowledge of the industry. 6. An international market perspective. 7. Ability to lead. 8. Ability to make policy decisions. 	<ul style="list-style-type: none"> management administration. 4. Ability to conduct crisis management. 5. Knowledge of the industry. 6. An international market perspective. 7. Ability to lead. 8. Ability to make policy decisions. 	
<p>Article 21</p> <p>This Corporation shall, according to the principles for the protection of shareholder rights and interests and equitable treatment of shareholders, establish a fair, just, and open procedure for the election of directors, encourage shareholder participation, and adopt the cumulative voting mechanism pursuant to the Company Act in order to fully reflect shareholders' views.</p> <p>Unless the competent authority otherwise grants an approval, a spousal relationship or a familial relationship within the second degree of kinship may not exist among more than half of the directors of this Corporation.</p> <p>When the number of directors falls below five due to the discharge of a director for any reason, the company shall hold a by-election for director at the following shareholders meeting. When the number of directors falls short by one-third of the total number prescribed by the articles of incorporation, the company shall convene a special shareholders meeting within 60 days of the</p>	<p>Article 21</p> <p>This Corporation shall establish a fair, just, and open procedure for the election of directors, and shall adopt the cumulative voting mechanism pursuant to the Company Act in order to fully reflect shareholders' views. Unless the competent authority otherwise grants an approval, a spousal relationship or a familial relationship within the second degree of kinship may not exist among more than half of the directors of this Corporation. When the number of directors falls below five due to the discharge of a director for any reason, the company shall hold a by-election for director at the following shareholders meeting. When the number of directors falls short by one-third of the total number prescribed by the articles of incorporation, the company shall convene a special shareholders meeting within 60 days of the occurrence of that fact for a by-election for director(s).</p> <p>The aggregate shareholding percentage of all of the directors</p>	<p>To conform to the amendments to Notice 1050018981</p>

AFTER THE REVISION	BEFORE THE REVISION	EXPLANATORY NOTES
<p>occurrence of that fact for a by-election for director(s). The aggregate shareholding percentage of all of the directors of this Corporation shall comply with the laws and regulations. Restrictions on the share transfer of each director and the creation, release, or changes of any pledges over the shares held by each director shall be subject to the relevant laws and regulations, and the relevant information shall be fully disclosed.</p>	<p>of this Corporation shall comply with the laws and regulations. Restrictions on the share transfer of each director and the creation, release, or changes of any pledges over the shares held by each director shall be subject to the relevant laws and regulations, and the relevant information shall be fully disclosed.</p>	
<p>Article 22 This Corporation is advised to specify in its articles of incorporation that it adopts the candidate nomination system for elections of directors pursuant to the Company Act. It is advisable that the company review in advance the qualifications, education, working experience, background, and the existence of any other matters set forth in Article 30 of the Company Act with respect to the director candidates recommended by shareholders or directors, and the company may not arbitrarily add requirements for documentation of other qualifications. It is advised to provide the results of the review to shareholders for their reference, so that qualified directors will be elected. The board of directors shall assess carefully the qualifications and other matters listed in the preceding paragraph and the willingness of a candidate to act as director after it is so elected, before proposing a roster of director candidates as required.</p>	<p>Article 22 It is advisable that the company review in advance the qualifications, education, working experience, background, and the existence of any other matters set forth in Article 30 of the Company Act with respect to the director candidates recommended by shareholders or directors. It is advised to provide the results of the review to shareholders for their reference, so that qualified directors will be elected.</p>	<p>To conform to the amendments to Notice 1050018981</p>

AFTER THE REVISION	BEFORE THE REVISION	EXPLANATORY NOTES
<p>Article 23</p> <p>Clear distinctions shall be drawn between the responsibilities and duties of the chairperson of the board of a TWSE/TPEX listed company and those of its general manager.</p> <p>It is inappropriate for the chairperson to also act as the general manager. If the chairperson also acts as the general manager or the chairperson and general manager are spouses or relatives within one degree of consanguinity, it is advisable that the number of independent directors be increased.</p> <p>A functional committee shall clearly define the responsibilities and duties of the committee.</p>	<p>Article 23</p> <p>Clear distinctions shall be drawn between the responsibilities and duties of the chairperson of the board of this Corporation and those of its general manager. It is inappropriate for the chairperson to also act as the general manager. If the chairperson also acts as the general manager or the chairperson and general manager are spouses or relatives within one degree of consanguinity, it is advisable that the number of independent directors be increased. If it is necessary to set up a functional committee, the responsibilities and duties of the committee shall be clearly defined.</p>	<p>To conform to the amendments to Notice 1050018981</p>
<p>Article 24</p> <p>This Corporation shall appoint independent directors in accordance with its articles of incorporation. They shall be not less than two in number and not less than one-fifth of the total number of directors.</p> <p>Independent directors shall possess professional knowledge and there shall be restrictions on their shareholdings. Applicable laws and regulations shall be observed and, in addition, it is not advisable for an independent director to hold office concurrently as a director (including independent director) or supervisor of more than five other TWSE/TPEX listed companies. Independent directors shall also maintain independence within the scope of their directorial duties, and may not have any direct or</p>	<p>Article 24</p> <p>This Corporation shall appoint independent directors in accordance with its articles of incorporation. They shall be not less than two in number and not less than one-fifth of the total number of directors.</p> <p>Independent directors shall possess professional knowledge and there shall be restrictions on their shareholdings and the positions they may concurrently hold. They shall maintain independence within the scope of their directorial duties, and may not have any direct or indirect interest in the company. This Corporation shall, in accordance with Article 192-1 of the Company Act, adopt a candidate nomination system for election of the independent</p>	<p>To conform to the amendments to Notice 1050018981</p>

AFTER THE REVISION	BEFORE THE REVISION	EXPLANATORY NOTES
<p>indirect interest in the company.</p> <p>This Corporation shall, in accordance with Article 192-1 of the Company Act, adopt a candidate nomination system for election of the independent directors and expressly stipulate such system in the articles of incorporation; and the shareholders shall elect the directors from among the nominees listed in the roster of director candidates. Independent and non-independent directors shall be elected at the same time but on separate ballots pursuant to Article 198 of the Company Act.</p> <p>If this Corporation and its group enterprises and organizations, and another company and its group enterprises and organizations nominate for each other any director, supervisor or managerial officer as a candidate for an independent director of the other, this Corporation shall, at the time it receives the nominations for independent directors, disclose the fact and explain the suitability of the candidate for independent director. If the candidate is elected as an independent director, this Corporation shall disclose the number of votes cast in favor of the elected independent director.</p> <p>The "group enterprises and organizations" in the preceding paragraph comprise the subsidiaries of this Corporation, any foundation to which this Corporation's cumulative direct or indirect contribution of funds exceeds 50 percent of its endowment, and other institutions or juristic persons that are effectively controlled by the</p>	<p>directors and expressly stipulate such system in the articles of incorporation; and the shareholders shall elect the directors from among the nominees listed in the roster of director candidates. Independent and non-independent directors shall be elected at the same time but on separate ballots pursuant to Article 198 of the Company Act. If this Corporation and its group enterprises and organizations, and another company and its group enterprises and organizations nominate for each other any director, supervisor or managerial officer as a candidate for an independent director of the other, this Corporation shall, at the time it receives the nominations for independent directors, disclose the fact and explain the suitability of the candidate for independent director. If the candidate is elected as an independent director, this Corporation shall disclose the number of votes cast in favor of the elected independent director.</p> <p>The "group enterprises and organizations" in the preceding paragraph comprise the subsidiaries of this Corporation, any foundation to which this Corporation's cumulative direct or indirect contribution of funds exceeds 50 percent of its endowment, and other institutions or juristic persons that are effectively controlled by the company.</p> <p>Change of status between</p>	

AFTER THE REVISION	BEFORE THE REVISION	EXPLANATORY NOTES
<p>company. Change of status between independent directors and non-independent directors during their term of office is prohibited. If an independent director is discharged for any reason, resulting in a number of directors lower than that required under paragraph 1 or the articles of incorporation, a by-election for independent director shall be held at the next shareholders meeting. In the event that all the independent directors have been discharged, the company shall convene a special shareholders meeting to hold a by-election within 60 days from the date on which the vacancies arose. Where this Corporation has created the position of managing director, the managing directors shall include no less than one independent director, and no less than one-fifth of the managing director seats shall be held by independent directors. The professional qualifications, restrictions on both shareholding and concurrent positions held, determination of independence, method of nomination and other requirements with regard to the independent directors shall be set forth in accordance with the Securities and Exchange Act, the Regulations Governing Appointment of Independent Directors and Compliance Matter for Public Companies, and the rules and regulations of the Taiwan Stock Exchange or GreTai Securities Market.</p>	<p>independent directors and non-independent directors during their term of office is prohibited. If an independent director is discharged for any reason, resulting in a number of directors lower than that required under paragraph 1 or the articles of incorporation, a by-election for independent director shall be held at the next shareholders meeting. In the event that all the independent directors have been discharged, the company shall convene a special shareholders meeting to hold a by-election within 60 days from the date on which the vacancies arose. Where this Corporation has created the position of managing director, the managing directors shall include no less than one independent director, and no less than one-fifth of the managing director seats shall be held by independent directors. The professional qualifications, restrictions on both shareholding and concurrent positions held, determination of independence, method of nomination and other requirements with regard to the independent directors shall be set forth in accordance with the Securities and Exchange Act, the Regulations Governing Appointment of Independent Directors and Compliance Matter for Public Companies, and the rules and regulations of the Taiwan Stock Exchange or GreTai Securities Market.</p>	

AFTER THE REVISION	BEFORE THE REVISION	EXPLANATORY NOTES
<p>Article 26</p> <p>This Corporation shall stipulate the scope of duties of the independent directors and empower them with manpower and physical support related to the exercise of their power. The company or other board members shall not restrict or obstruct the performance of duties by the independent directors.</p> <p>This Corporation shall stipulate the remuneration of the directors according to applicable laws and regulations. The remuneration of the directors shall fully reflect the personal performance and the long-term management performance of the company, and shall also take the overall operational risks of the company into consideration. Different but reasonable remuneration from that of other directors may be set forth for the independent directors.</p> <p>When this Corporation, under its articles of incorporation, or by resolution of its shareholders meeting, or by order of the competent authority, sets aside a certain proportion of earnings as special reserve, such allocation shall be made after the allocation of legal reserve and before the distribution of director, supervisor, and employee compensations, and the company shall provide in the articles of incorporation the method to be adopted for distributing earnings when reversal of the special reserve is added into the undistributed earnings.</p>	<p>Article 26</p> <p>This Corporation shall stipulate the scope of duties of the independent directors and empower them with manpower and physical support related to the exercise of their power. The company or other board members shall not restrict or obstruct the performance of duties by the independent directors.</p> <p>This Corporation shall stipulate the remuneration of the directors in its articles of incorporation or approve the same in a shareholders meeting. The remuneration of the directors shall fully reflect the personal performance and the long-term management performance of the company, and shall also take the overall operational risks of the company into consideration. Different but reasonable remuneration from that of other directors may be set forth for the independent directors.</p>	<p>To conform to the amendments to Notice 1050018981</p>
Section 3 Functional Committees	Section 3 Audit Committee and Other Functional Committees	To conform to the amendments to Notice

AFTER THE REVISION	BEFORE THE REVISION	EXPLANATORY NOTES
		1050018981
<p>Article 28-1</p> <p>This Corporation shall establish a remuneration committee. The professional qualifications for the committee members, the exercise of their powers of office, the adoption of the organizational charter, and related matters shall be handled pursuant to the Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Stock Exchange or Traded Over the Counter.</p> <p>The remuneration committee shall exercise the care of a good administrator in faithfully performing the official powers listed below, and shall submit its recommendations for deliberation by the board of directors. However, recommendations regarding remuneration for supervisors may be submitted for deliberation by the board of directors only when the board of directors is expressly authorized to handle supervisor remuneration by the company's articles of incorporation or by a resolution of the shareholders meeting:</p> <ol style="list-style-type: none"> 1. Prescribing and periodically reviewing the policies, systems, standards, and structures for performance evaluation and remuneration for directors, supervisors and managerial officers. 2. Periodically evaluating and prescribing the remuneration of 	<p>Article 28-1</p> <p>This Corporation shall establish a remuneration committee. The professional qualifications for the committee members, the exercise of their powers of office, the adoption of the organizational charter, and related matters shall be handled pursuant to the Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Stock Exchange or Traded Over the Counter.</p> <p>The remuneration committee shall exercise the care of a good administrator in faithfully performing the official powers listed below, and shall submit its recommendations for deliberation by the board of directors. However, recommendations regarding remuneration for supervisors may be submitted for deliberation by the board of directors only when the board of directors is expressly authorized to handle supervisor remuneration by the company's articles of incorporation or by a resolution of the shareholders meeting:</p> <ol style="list-style-type: none"> 1. Prescribing and periodically reviewing the policies, systems, standards, and structures for performance evaluation and remuneration for directors, supervisors and managerial officers. 	<p>To conform to the amendments to Notice 1050018981</p>

AFTER THE REVISION	BEFORE THE REVISION	EXPLANATORY NOTES
<p>directors, supervisors, and managerial officers.</p> <p>When performing the official powers of the preceding paragraph, the remuneration committee shall follow the principles listed below:</p> <ol style="list-style-type: none"> 1. With respect to the performance assessments and remuneration of directors, supervisors and managerial personnel of the company, it shall refer to the typical pay levels adopted by peer companies, and take into consideration the reasonableness of the correlation between remuneration and individual performance, the company's business performance, and future risk exposure. 2. It shall not produce an incentive for the directors or managerial officers to engage in activity to pursue remuneration exceeding the risks that the company may tolerate. 3. It shall take into consideration the characteristics of the industry and the nature of the company's business when determining the ratio of compensation for the short-term performance of its directors and senior management and the time at which the variable part of remuneration is paid. 	<ol style="list-style-type: none"> 2. Periodically evaluating and prescribing the remuneration of directors, supervisors, and managerial officers. <p>When performing the official powers of the preceding paragraph, the remuneration committee shall follow the principles listed below:</p> <ol style="list-style-type: none"> 1. With respect to the performance assessments and remuneration of directors, supervisors and managerial personnel of the company, it shall refer to the typical pay levels adopted by peer companies, and take into consideration the reasonableness of the correlation between remuneration and individual performance, the company's business performance, and future risk exposure. 2. It shall not produce an incentive for the directors or managerial officers to engage in activity to pursue remuneration exceeding the risks that the company may tolerate. 3. It shall take into consideration the characteristics of the industry and the nature of the company's business when determining the ratio of bonuses for the short-term performance of its directors and senior management and the time at which the variable part of remuneration is paid. 	

AFTER THE REVISION	BEFORE THE REVISION	EXPLANATORY NOTES
<p>Article 28-2</p> <p>This Corporation is advised to establish and announce channels for internal and external whistleblowers and have whistleblower protection mechanisms in place. The unit that handles whistleblowers' reporting shall be independent, provide encrypted protection for the files furnished by whistleblowers, and appropriately restrict access to such files. It shall also formulate internal procedures and incorporate those procedures into the company's internal control system for management purposes.</p>	<p>Article 28-2</p> <p>This Corporation is advised to establish channels for anonymous whistleblowing and whistleblower protection mechanisms. The unit that handles complaints shall be independent, provide encrypted protection for the files furnished by whistleblowers, and appropriately restrict access to such files. It shall also formulate internal procedures and incorporate those procedures into the company's internal control system for management purposes.</p>	<p>To conform to the amendments to Notice 1050018981</p>
<p>Article 29</p> <p>To improve the quality of its financial reports, this Corporation shall establish the position of deputy to its principal accounting officer.</p> <p>To enhance the professional abilities of the deputy accounting officer of the preceding paragraph, the deputy's continuing education shall proceed following the schedule of the principal accounting officer.</p> <p>Accounting personnel handling the preparation of financial reports shall also participate in relevant professional development courses for 6 hours or more each year. Those courses may be company internal training activities or may be professional courses offered by professional development institutions for principal accounting officers.</p> <p>This Corporation shall select as its external auditor a professional, responsible, and independent attesting CPA, who shall perform</p>	<p>Article 29</p> <p>To improve the quality of its financial reports, this Corporation shall establish the position of deputy to its principal accounting officer.</p> <p>To enhance the professional abilities of the deputy accounting officer of the preceding paragraph, the deputy's continuing education shall proceed following the schedule of the principal accounting officer.</p> <p>Accounting personnel handling the preparation of financial reports shall also participate in relevant professional development courses for 6 hours or more each year. Those courses may be company internal training activities or may be professional courses offered by professional development institutions for principal accounting officers.</p> <p>This Corporation shall select as its external auditor a</p>	<p>To conform to the amendments to Notice 1032201564</p>

AFTER THE REVISION	BEFORE THE REVISION	EXPLANATORY NOTES
<p>regular reviews of the financial conditions and internal control measures of the company. With regard to any irregularity or deficiency discovered and disclosed in a timely manner by the auditor during the review, and concrete measures for improvement or prevention suggested by the auditor, the company shall faithfully implement improvement actions. It is advisable that the company establish channels and mechanisms of communication between the independent directors, the supervisor or audit committee, and the attesting CPA, and to incorporate procedures for that purpose into the company's internal control system for management purposes.</p> <p>This Corporation shall evaluate the independence and suitability of the CPA engaged by the company regularly, and no less frequently than once annually. In the event that the company engages the same CPA without replacement for 7 years consecutively, or if the CPA is subject to disciplinary action or other circumstances prejudicial to the CPA's independence, the company shall evaluate the necessity of replacing the CPA and submit its conclusion to the board of directors.</p>	<p>professional, responsible, and independent attesting CPA, who shall perform regular reviews of the financial conditions and internal control measures of the company. With regard to any irregularity or deficiency discovered and disclosed in a timely manner by the auditor during the review, and concrete measures for improvement or prevention suggested by the auditor, the company shall faithfully implement improvement actions. It is advisable that the company establish channels and mechanisms of communication between the independent directors, the supervisor or audit committee, and the attesting CPA, and to incorporate procedures for that purpose into the company's internal control system for management purposes.</p> <p>This Corporation shall evaluate the independence and suitability of the CPA engaged by the company regularly, and no less frequently than once annually. In the event that the company engages the same CPA without replacement for 7 years consecutively, or if the CPA is subject to disciplinary action or other circumstances prejudicial to the CPA's independence, the company shall evaluate the necessity of replacing the CPA and submit its conclusion to the board of directors.</p>	
<p>Article 32</p> <p>Company directors shall exercise a high degree of self-discipline. If a</p>	<p>Article 32</p> <p>Company directors shall exercise a high degree of</p>	<p>To conform to the amendments to Notice</p>

AFTER THE REVISION	BEFORE THE REVISION	EXPLANATORY NOTES
<p>director or a juristic person represented by the director is an interested party with respect to any proposal for a board meeting, the director shall state the important aspects of the interested party relationship at the meeting. When the relationship is likely to prejudice the interests of the company, the director may not participate in discussion or voting on that proposal and shall enter recusal during the discussion and voting. The director also may not act as another director's proxy to exercise voting rights on that matter.</p> <p>Matters requiring the voluntary recusal of a director shall be clearly set forth in the rules of procedure for board meetings.</p>	<p>self-discipline. If a director or a juristic person represented by the director is an interested party with respect to any proposal for a board meeting, the director shall state the important aspects of the interested party relationship at the meeting. When the relationship is likely to prejudice the interests of the company, the director may not participate in discussion or voting on that proposal and shall enter recusal during the discussion and voting. The director also may not act as another director's proxy to exercise voting rights on that matter.</p> <p>Matters requiring the voluntary recusal of a director shall be clearly set forth in the rules of procedure for board meetings.</p>	1032201564
<p>Article 39</p> <p>This Corporation is advised to take out directors liability insurance with respect to liabilities resulting from exercising their duties during their terms of occupancy so as to reduce and spread the risk of material harm to the company and shareholders arising from the wrongdoings or negligence of a director.</p> <p>This Corporation is advised to report the insured amount, coverage, premium rate, and other major contents of the liability insurance it has taken out or renewed for directors, at the next board meeting.</p>	<p>Article 39</p> <p>According to the articles of incorporation or a resolution adopted in the shareholders meeting, this Corporation may take out liability insurance for directors with respect to liabilities resulting from exercising their duties during their terms of occupancy so as to reduce and spread the risk of material harm to the company and shareholders arising from the wrongdoings or negligence of a director.</p>	To conform to the amendments to Notice 1050018981
<p>Article 41</p> <p>This Corporation shall stipulate a fair, just, and open procedure for the election of supervisors, and</p>	<p>Article 41</p> <p>This Corporation shall stipulate a fair, just, and open procedure for the election of supervisors,</p>	To conform to the amendments to Notice 1032201564

AFTER THE REVISION	BEFORE THE REVISION	EXPLANATORY NOTES
<p>shall adopt a cumulative voting mechanism pursuant to the Company Act to fully reflect the opinions of the shareholders.</p> <p>This Corporation shall take into consideration the needs of overall business operations and comply with the rules of the TWSE or GTSM in setting the minimum number of supervisors.</p> <p>The aggregate shareholding percentage of all of the supervisors of this Corporation shall comply with laws and regulations. Restrictions on share transfers by each supervisor and the creation, release, or changes in pledges of shares held by each supervisor shall comply with the relevant laws and regulations, and the relevant information shall be fully disclosed.</p>	<p>and shall, unless otherwise provided by the Article of Incorporation, adopt a cumulative voting mechanism to fully reflect the opinions of the shareholders.</p> <p>This Corporation shall take into consideration the needs of overall business operations and comply with the rules of the TWSE or GTSM in setting the minimum number of supervisors.</p> <p>The aggregate shareholding percentage of all of the supervisors of this Corporation shall comply with laws and regulations. Restrictions on share transfers by each supervisor and the creation, release, or changes in pledges of shares held by each supervisor shall comply with the relevant laws and regulations, and the relevant information shall be fully disclosed.</p>	
<p>Article 42</p> <p>This Corporation is advised to specify in its articles of incorporation that it adopts the candidate nomination system for elections of supervisors pursuant to the Company Act, and to review in advance the qualifications, education, working experience, background and the existence of any other matters set forth in Article 30 of the Company Act with respect to the supervisor candidates recommended by the shareholders or directors, and the company may not arbitrarily add requirements for documentation of other qualifications. It is advised to provide the results of the review to</p>	<p>Article 42</p> <p>This Corporation is advised to review in advance the qualifications, education, working experience, background and the existence of any other matters set forth in Article 30 of the Company Act with respect to the supervisor candidates recommended by the shareholders or directors. It is advised to provide the results of the review to the shareholders for their reference, so that qualified supervisors will be elected.</p>	<p>To conform to the amendments to Notice 1050018981</p>

AFTER THE REVISION	BEFORE THE REVISION	EXPLANATORY NOTES
<p>the shareholders for their reference, so that qualified supervisors will be elected.</p> <p>The board of directors shall assess carefully the qualifications and other matters listed in the preceding paragraph and the willingness of a candidate to act as supervisor after it is so elected, before proposing a roster of supervisor candidates as required.</p>		
<p>Article 44</p> <p>A supervisor shall be familiar with the relevant laws and regulations, and shall understand the rights, obligations, and duties of directors of the company and the functions, duties, and operation of each department. A supervisor shall attend meetings of the board of directors to supervise their operations and to state his/her opinions when appropriate so as to grasp or discover any abnormal situation early on.</p> <p>This Corporation shall stipulate the supervisor's remuneration in its articles of incorporation or by an approval in a shareholders meeting.</p>	<p>Article 44</p> <p>A supervisor shall be familiar with the relevant laws and regulations, and shall understand the rights, obligations, and duties of directors of the company and the functions, duties, and operation of each department. A supervisor shall attend meetings of the board of directors to supervise their operations and to state his/her opinions when appropriate so as to grasp or discover any abnormal situation early on.</p> <p>This Corporation shall stipulate the supervisor's remuneration in its articles of incorporation or by an approval in a shareholders meeting.</p>	<p>To conform to the amendments to Notice 1032201564</p>
<p>Article 49</p> <p>This Corporation is advised to take out supervisors liability insurance with respect to liabilities resulting from the exercise of duties during their terms, so as to reduce and spread the risk of material harm to the company and shareholders arising from the wrongdoing or negligence of a supervisor.</p> <p>This Corporation is advised to report the insured amount, coverage, premium rate, and other</p>	<p>Article 49</p> <p>This Corporation may take out liability insurance for supervisors with respect to liabilities resulting from the exercise of duties during their terms, in accordance with the Articles of Incorporation or a resolution adopted at a shareholders meeting, so as to reduce and spread the risk of material harm to the company and shareholders arising from</p>	<p>To conform to the amendments to Notice 1050018981</p>

AFTER THE REVISION	BEFORE THE REVISION	EXPLANATORY NOTES
major contents of the liability insurance it has taken out or renewed for supervisors, at the next board meeting.	the wrongdoing or negligence of a supervisor.	
<p>Article 51</p> <p>This Corporation shall maintain channels of communication with its banks, other creditors, employees, consumers, suppliers, community, or other stakeholders, and shall respect and safeguard their legal rights. It is advisable for the company to designate a stakeholders section on its website.</p> <p>When any of a stakeholder's legal rights or interests is harmed, the company shall handle the matter in a proper manner and in good faith.</p>	<p>Article 51</p> <p>This Corporation shall maintain channels of communication with its banks, other creditors, employees, consumers, suppliers, community, or other stakeholders, and shall respect and safeguard their legal rights.</p> <p>When any of a stakeholder's legal rights or interests is harmed, the company shall handle the matter in a proper manner and in good faith.</p>	To conform to the amendments to Notice 1050018981
<p>Article 58</p> <p>This Corporation shall hold an investor conference in compliance with the regulations of the TWSE and TPEX, and shall keep an audio or video record of the meeting. The financial and business information disclosed in the investor conference shall be disclosed on the Market Observation Post System and provided for inquiry through the website established by the company, or through other channels, in accordance with the TWSE or TPEX rules.</p>	<p>Article 58</p> <p>This Corporation shall hold an investor conference in compliance with the regulations of the TWSE and GTSM, and shall keep an audio or video record of the meeting. The financial and business information disclosed in the investor conference shall be disclosed on the designated Internet information posting system and provided for inquiry through the website established by the company, or through other channels, in accordance with the TWSE or GTSM rules.</p>	To conform to the amendments to Notice 1050018981
<p>Article 59</p> <p>This Corporation shall disclose and update from time to time the following information regarding corporate governance in the fiscal year in accordance with laws and regulations and TWSE or TPEX rules (disclosure of supervisors'</p>	<p>Article 59</p> <p>This Corporation shall disclose the following information regarding corporate governance in the fiscal year in accordance with laws and regulations and TWSE and GTSM rules:</p>	To conform to the amendments to Notice 1050018981

AFTER THE REVISION	BEFORE THE REVISION	EXPLANATORY NOTES
<p>information is not required if the company has an audit committee):</p> <ol style="list-style-type: none"> 1. Corporate governance framework and rules. 2. Ownership structure and the rights and interests of shareholders, including specific and explicit dividend policy). 3. Structure, professionalism and independence of the board of directors. 4. Responsibility of the board of directors and managerial officers. 5. Composition, duties and independence of the audit committee or supervisors. 6. Composition, duties and operation of the remuneration committee and other functional committees. 7. The remuneration paid to the directors, supervisors, general manager and vice general manager in the last two fiscal years, the analysis of the percentage of total remuneration to net profit after tax in the parent company only financial reports or individual financial reports, the policy, standard and package of remuneration payment, the procedure for determination of remuneration and the connection with the operation performance and future risk. Under special individual circumstances, remuneration of individual directors and supervisors 	<ol style="list-style-type: none"> 1. Corporate governance framework and rules. 2. Ownership structure and the rights and interests of shareholders. 3. Structure and independence of the board of directors. 4. Responsibility of the board of directors and managerial officers. 5. Composition, duties and independence of the audit committee or supervisors. 6. The remuneration paid to the directors, supervisors, general manager and vice general manager in the most recent fiscal year, the analysis of the percentage of total remuneration to net profit after tax, the policy, standard and package of remuneration payment, the procedure for determination of remuneration and the connection with the operation performance. Under special individual circumstances, remuneration of individual directors and supervisors shall be disclosed. 7. The progress of training of directors and supervisors. 8. The rights of and relationships between the stakeholders. 9. Details of the events subject to information disclosure required by law and regulations. 10. The enforcement of corporate governance, differences between the 	

AFTER THE REVISION	BEFORE THE REVISION	EXPLANATORY NOTES
<p>shall be disclosed.</p> <p>8. The progress of training of directors and supervisors.</p> <p>9. The rights, relationships, avenues for complaint, concerns, and appropriate response mechanism regarding stakeholders.</p> <p>10. Details of the events subject to information disclosure required by law and regulations.</p> <p>11. The enforcement of corporate governance, differences between the corporate governance principles implemented by the company and these Principles, and the reason for the differences.</p> <p>12. Other information regarding corporate governance.</p> <p>This Corporation is advised, according to the actual performance of the corporate governance system, to disclose the plans and measures to improve its corporate governance system through appropriate mechanisms.</p>	<p>corporate governance principles implemented by the company and these Principles, and the reason for the differences.</p> <p>11. Other information regarding corporate governance.</p> <p>This Corporation is advised, according to the actual performance of the corporate governance system, to disclose the plans and measures to improve its corporate governance system through appropriate mechanisms.</p>	
<p>Article 61</p> <p>These Rules, and any amendments hereto, shall be implemented after adoption by the board of directors. These Articles were enacted on Aug. 29th, 2011 and amended on Jan. 27th, 2015 for the first time, and amended on Jan. 19th, 2017 for the second time.</p>	<p>Article 61</p> <p>These Rules, and any amendments hereto, shall be implemented after adoption by the board of directors. These Articles were enacted on Aug. 29th, 2011 and amended on Jan. 27th, 2015 for the first time.</p>	<p>Add the record for revising the Articles</p>

**“Corporate Social Responsibility Best Practice Principles”
(Comparison Table for the Before and After Revision)**

AFTER THE REVISION	BEFORE THE REVISION	EXPLANATORY NOTES
<p>Article 6</p> <p>The directors of this Corporation shall exercise the due care of good administrators to urge the company to perform its corporate social responsibility initiatives, examine the results of the implementation thereof from time to time and continually make adjustments so as to ensure the thorough implementation of its corporate social responsibility policies.</p> <p><u>The board of directors of this Corporation is advised to give full consideration to the interests of stakeholders, including the following matters, in the company's performance of its corporate social responsibility initiatives:</u></p> <ol style="list-style-type: none"> <u>1. Identifying the company's corporate social responsibility mission or vision, and declaring its corporate social responsibility policy, systems or relevant management guidelines;</u> <u>2. Making corporate social responsibility the guiding principle of the company's operations and development, and ratifying concrete promotional plans for</u> 	<p>Article 6</p> <p>The directors of this Corporation shall exercise the due care of good administrators to urge the company to perform its corporate social responsibility initiatives, examine the results of the implementation thereof from time to time and continually make adjustments so as to ensure the thorough implementation of its corporate social responsibility policies.</p>	<p>To conform to the amendments to Notice 1050014103</p>

AFTER THE REVISION	BEFORE THE REVISION	EXPLANATORY NOTES
<p><u>corporate social responsibility initiatives; and</u></p> <p>3. <u>Enhancing the timeliness and accuracy of the disclosure of corporate social responsibility information.</u></p> <p><u>The board of directors shall appoint executive-level positions with responsibility for economic, environmental, and social issues resulting from the business operations of this Corporation, and to report the status of the handling to the board of directors. The handling procedures and the responsible person for each relevant issue shall be concrete and clear.</u></p>		
<p><u>Article 7-1</u></p> <p><u>For the purpose of managing corporate social responsibility initiatives, this Corporation is advised to establish an exclusively (or concurrently) dedicated unit to be in charge of proposing and enforcing the corporate social responsibility policies, systems, or relevant management guidelines, and concrete promotional plans and to report on the same to the board of directors on a periodic basis.</u></p> <p><u>This Corporation is advised to adopt reasonable remuneration policies, to ensure that remuneration arrangements support the strategic aims of the organization, and align with the interests of stakeholders.</u></p>	Newly added	To conform to the amendments to Notice 1050014103
<p>Article 22</p> <p>These Articles were enacted on Apr. 29th, 2015 <u>and amended on Jan. 19th, 2017 for the first time.</u></p>	<p>Article 22</p> <p>These Articles were enacted on Apr. 29th, 2015.</p>	Add the record of revising the Articles

REPORT OF INDEPENDENT ACCOUNTANTS TRANSLATED FROM CHINESE

(16) PWCR16003263

To the Board of Directors and Shareholders of Chenbro Micom Co., Ltd.

Opinion

We have audited the accompanying balance sheets of Chenbro Micom Co., Ltd. (the “Company”) as at December 31, 2016 and 2015, and the related statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2016 and 2015, and its financial performance and its cash flows for the years then ended in accordance with the “Regulations Governing the Preparations of Financial Reports by Securities Issuers” 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 Financial Statements section of our report. We are independent of the Company in accordance with the Code of Professional Ethics for Certified Public Accountants in the Republic of China (the “Code”), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

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

Valuation of accounts receivable

Description

Please refer to Note 4(7) for accounting policy on allowance for uncollectible accounts, and Note 6(2) for details of allowance for uncollectible accounts. As of December 31, 2016, the balances of accounts receivable and allowance for uncollectible accounts are NT\$283,218 thousand and NT\$17,628 thousand, respectively.

The Company assesses bad debts based on historical experience, known reason or existing objective evidences. A provision for impairment is recognized for those accounts which are considered uncollectible. Management evaluates the reasonableness of estimated provision periodically. As the estimation of allowance for uncollectible accounts is subject to management's judgement, the amount of provision is based on the collectability of accounts receivable, and considering that accounts receivable and allowance for uncollectible accounts are material to the financial statements, we consider the allowance for uncollectible accounts a key audit matter.

How our audit addressed the matter

Our procedures in relation to management's valuation of accounts receivable included:

- ☐ Assessing the reasonableness of policies and procedures on allowance for uncollectible accounts, including the reasonableness of classification of customer's credit quality and ageing analysis, based on accounting principles and credit quality of customer.
- ☐ Comparing the provision policy on allowance for uncollectible accounts whether it has been consistently applied in the comparative periods of financial statements.
- ☐ Assessing the adequacy of allowance for uncollectible accounts estimated by management and checking its appropriation.
- ☐ Testing collections after the balance sheet date to check the adequacy of allowance for uncollectible accounts.

Valuation of inventories

Description

Please refer to Note 4(9) for accounting policy on inventory valuation, Note 5 for accounting estimates and assumption uncertainty in relation to inventory valuation, and Note 6(4) for description of allowance for inventory valuation losses. As of December 31, 2016, the Company's inventory and allowance for market value decline and obsolete and slow-moving inventories amounted to NT\$190,736 thousand and NT\$28,166 thousand, respectively.

The Company is primarily engaged in manufacturing and sales of computer peripheral equipment. As technology changes rapidly and the life cycle of electronic products is short, inventories may become obsolete within a short period. The Company measures inventories at the lower of cost and net realisable value, and assesses whether the value of inventories has declined and any losses incurred due to obsolescence based on inventory

aging and closeout inventory are examined by management periodically.

As the value of inventory is significant, the inventory items are numerous, and the accounting estimates are subject to management's judgment, we consider valuation of inventories a key audit matter.

How our audit addressed the matter

Our procedures in relation to valuation of inventories included:

- Obtaining the provision policies on allowance for inventory valuation losses and comparing whether the policies applied on allowance for inventory valuation losses are consistent for all periods. Assessing the reasonableness of net realizable value determined by the management and relevant assumptions of inventory classification and closeout inventory.

- Checked whether the logic of inventory aging report generated by the system is appropriate, confirming whether the information on the report was in agreement with the Group's policy and analysing with historical data;

- Matched information obtained in physical counts of disposed and obsolete inventory list prepared by management and interviewing management and employees to determine whether there are any obsolete, slow-moving or damaged inventories that were not included in the list.

- Assessed the reasonableness of net realizable value based on the inventory age and closeout inventory individually identified by the management, and obtaining evidences.

Other matter – Scope of the Audit

As stated in Note 6(6), we did not audit the financial statements of certain investees accounted for using equity method. The balances of these long-term equity investments amounted to NT\$176,978 thousand and NT\$142,558 thousand as of December 31, 2016 and 2015, respectively, and the related investment income (loss) was NT\$8,614 thousand and NT\$(1,069) thousand for the years then ended, respectively. Those statements were audited by other independent accountants whose reports thereon have been furnished to us, and our opinion expressed herein, insofar as it relates to the amounts included in these financial statements and the information disclosed in Note 13 relative to these investees is based solely on the audit reports of the other independent accountants.

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

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

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

Those charged with governance are responsible for overseeing the Company's financial reporting process.

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

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

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

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

Company to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the parent company only financial statements, including the disclosures, and whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the parent company only

financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

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

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

Audrey Tseng ih, Ping-Chiun

for and on behalf of PricewaterhouseCoopers, Taiwan

February 23, 2017

The accompanying 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 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.

CHENBRO MICOM CO., LTD.
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31

(Expressed in thousands of New Taiwan dollars)

Assets			2016		2015	
			AMOUNT	%	AMOUNT	%
Notes						
Current assets						
1100	Cash and cash equivalents	6(1)	\$ 157,009	4	\$ 210,074	6
1150	Notes receivable, net		-	-	232	-
1170	Accounts receivable, net	6(2)	265,590	7	350,783	9
1180	Accounts receivable - related parties	7	527,500	13	345,524	9
1200	Other receivables	6(3)	35,027	1	30,852	1
1210	Other receivables - related parties	7	183,006	4	114,363	3
1220	Current income tax assets		4,851	-	-	-
130X	Inventories	6(4)	162,570	4	145,808	4
1410	Prepayments		2,357	-	3,540	-
1470	Other current assets	8	6,420	-	1,198	-
11XX	Total current assets		1,344,330	33	1,202,374	32
Non-current assets						
1543	Non-current financial assets measured at cost	6(5)	31,625	1	-	-
1550	Investments accounted for using equity method	6(6)(16)	2,362,067	58	2,202,382	59
1600	Property, plant and equipment	6(7) and 7	263,378	7	273,907	8
1780	Intangible assets	6(8)	7,562	-	9,706	-
1840	Deferred income tax assets	6(21)	33,665	1	28,900	1
1900	Other non-current assets	6(9)	7,007	-	6,929	-
15XX	Total non-current assets		2,705,304	67	2,521,824	68
1XXX	Total assets		\$ 4,049,634	100	\$ 3,724,198	100

(Continued)

CHENBRO MICOM CO., LTD.
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31

(Expressed in thousands of New Taiwan dollars)

Liabilities and Equity		Notes	2016		2015	
			AMOUNT	%	AMOUNT	%
Current liabilities						
2100	Short-term borrowings	6(10)	\$ 94,500	2	\$ 65,690	2
2150	Notes payable		-	-	18	-
2170	Accounts payable		309,438	8	254,516	7
2180	Accounts payable - related parties	7	451,273	11	404,907	11
2200	Other payables	6(11)	192,765	5	167,133	4
2220	Other payables - related parties	7	7,191	-	22,823	1
2230	Current income tax liabilities		67,419	2	374	-
2300	Other current liabilities		3,729	-	5,895	-
21XX	Total current liabilities		<u>1,126,315</u>	<u>28</u>	<u>921,356</u>	<u>25</u>
Non-current liabilities						
2570	Deferred income tax liabilities	6(21)	40,138	1	56,007	1
2600	Other non-current liabilities	6(12)	26,387	-	38,820	1
25XX	Total non-current liabilities		<u>66,525</u>	<u>1</u>	<u>94,827</u>	<u>2</u>
2XXX	Total liabilities		<u>1,192,840</u>	<u>29</u>	<u>1,016,183</u>	<u>27</u>
Equity						
Share capital		6(13)				
3110	Share capital - common stock		1,197,260	30	1,201,260	32
Capital surplus		6(14)				
3200	Capital surplus		48,209	1	56,749	1
Retained earnings		6(15)				
3310	Legal reserve		458,888	11	408,404	11
3320	Special reserve		65,573	2	65,573	2
3350	Unappropriated retained earnings		1,163,915	29	933,712	25
Other equity interest		6(16)				
3400	Other equity interest		(77,051)	(2)	54,857	2
3500	Treasury stocks	6(13)	-	-	(12,540)	-
3XXX	Total equity		<u>2,856,794</u>	<u>71</u>	<u>2,708,015</u>	<u>73</u>
Significant contingent liabilities and unrecorded contract commitments		9				
Significant events after the balance sheet date		6(15) and 11				
3X2X	Total liabilities and equity		<u>\$ 4,049,634</u>	<u>100</u>	<u>\$ 3,724,198</u>	<u>100</u>

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

CHENBRO MICOM CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31

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

Items	Notes	2016		2015	
		AMOUNT	%	AMOUNT	%
4000 Operating revenue	6(17) and 7	\$ 3,250,976	100	\$ 3,038,008	100
5000 Operating costs	6(4)(20) and 7	(2,488,887)	(77)	(2,386,061)	(79)
5900 Net operating margin		<u>762,089</u>	<u>23</u>	<u>651,947</u>	<u>21</u>
5910 Unrealized profit from sales		(79,583)	(2)	(67,434)	(2)
5920 Realized profit from sales		<u>67,434</u>	<u>2</u>	<u>83,725</u>	<u>3</u>
Unrealized (profit) loss from sales	6(6)	(12,149)	-	16,291	1
5950 Net operating margin		<u>749,940</u>	<u>23</u>	<u>668,238</u>	<u>22</u>
Operating expenses	6(20) and 7				
6100 Selling expenses		(110,559)	(4)	(108,151)	(4)
6200 General and administrative expenses		(125,982)	(4)	(109,626)	(4)
6300 Research and development expenses		(140,189)	(4)	(132,455)	(4)
6000 Total operating expenses		(376,730)	(12)	(350,232)	(12)
6900 Operating profit		<u>373,210</u>	<u>11</u>	<u>318,006</u>	<u>10</u>
Non-operating income and expenses					
7010 Other income	6(18) and 7	36,591	1	18,084	1
7020 Other gains and losses	6(19)	(9,918)	-	15,662	-
7050 Finance costs		(914)	-	(1,324)	-
7070 Share of profit of subsidiary, associates and joint ventures accounted for using equity method, net	6(6)	<u>297,761</u>	<u>9</u>	<u>240,851</u>	<u>8</u>
7000 Total non-operating income and expenses		<u>323,520</u>	<u>10</u>	<u>273,273</u>	<u>9</u>
7900 Profit before income tax		<u>696,730</u>	<u>21</u>	<u>591,279</u>	<u>19</u>
7950 Income tax expense	6(21)	(96,542)	(3)	(86,445)	(3)
8200 Profit for the year		<u>\$ 600,188</u>	<u>18</u>	<u>\$ 504,834</u>	<u>16</u>
Other comprehensive income					
Components of other comprehensive loss that will not be reclassified to profit or loss					
8311 Loss on remeasurement of defined benefit plan		(\$ 9,896)	-	(\$ 3,215)	-
8349 Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(21)	<u>1,682</u>	-	<u>547</u>	-
8310 Components of other comprehensive loss that will not be		(8,214)	-	(2,668)	-

Items	Notes	2016		2015	
		AMOUNT	%	AMOUNT	%
reclassified to profit or loss					
Components of other comprehensive loss that will be reclassified to profit or loss					
8361 Financial statements translation differences of foreign operations	6(16)	(157,552)	(5)	(41,287)	(1)
8399 Income tax relating to the components of other comprehensive income	6(16)(21)	25,644	1	7,362	-
8360 Components of other comprehensive loss that will be reclassified to profit or loss		(131,908)	(4)	(33,925)	(1)
8300 Other comprehensive loss for the year		(\$ 140,122)	(4)	(\$ 36,593)	(1)
8500 Total comprehensive income for the year		\$ 460,066	14	\$ 468,241	15
Earnings per share (in dollars)	6(22)				
9750 Basic earnings per share		\$ 5.01		\$ 4.22	
9850 Diluted earnings per share		\$ 4.95		\$ 4.15	

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

CHENBRO MICOM CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31
(Expressed in thousands of New Taiwan dollars)

	Notes	Share capital - common stock	Capital Reserves		Retained Earnings			Financial statements translation differences of foreign operations	Treasury stocks	Total equity
			Total capital surplus, additional paid-in capital	Treasury stock transactions	Legal reserve	Special reserve	Unappropriated retained earnings			
<u>2015</u>										
Balance at January 1, 2015		\$ 1,201,260	\$ 42,127	\$ 14,622	\$ 354,277	\$ 65,573	\$ 844,851	\$ 88,782	(\$ 12,540)	\$ 2,598,952
Distribution of 2014 earnings (Note 1)	6(15)									
Legal reserve		-	-	-	54,127	-	(54,127)	-	-	-
Cash dividends		-	-	-	-	-	(359,178)	-	-	(359,178)
Other comprehensive loss for the year	6(16)	-	-	-	-	-	(2,668)	(33,925)	-	(36,593)
Profit for the year		-	-	-	-	-	504,834	-	-	504,834
Balance at December 31, 2015		<u>\$ 1,201,260</u>	<u>\$ 42,127</u>	<u>\$ 14,622</u>	<u>\$ 408,404</u>	<u>\$ 65,573</u>	<u>\$ 933,712</u>	<u>\$ 54,857</u>	<u>(\$ 12,540)</u>	<u>\$ 2,708,015</u>
<u>2016</u>										
Balance at January 1, 2016		\$ 1,201,260	\$ 42,127	\$ 14,622	\$ 408,404	\$ 65,573	\$ 933,712	\$ 54,857	(\$ 12,540)	\$ 2,708,015
Distribution of 2015 earnings (Note 2)	6(15)									
Legal reserve		-	-	-	50,484	-	(50,484)	-	-	-
Cash dividends		-	-	-	-	-	(311,287)	-	-	(311,287)
Retirement of treasury share	6(13)	(4,000)	(140)	(8,400)	-	-	-	-	12,540	-
Other comprehensive loss for the year	6(16)	-	-	-	-	-	(8,214)	(131,908)	-	(140,122)
Profit for the year		-	-	-	-	-	600,188	-	-	600,188
Balance at December 31, 2016		<u>\$ 1,197,260</u>	<u>\$ 41,987</u>	<u>\$ 6,222</u>	<u>\$ 458,888</u>	<u>\$ 65,573</u>	<u>\$ 1,163,915</u>	<u>(\$ 77,051)</u>	<u>\$ -</u>	<u>\$ 2,856,794</u>

Note 1: The directors' and supervisors' remuneration amounting to \$14,627 and employees' bonuses amounting to \$58,508 had been deducted from comprehensive income for 2014.

Note 2: The directors' and supervisors' remuneration amounting to \$13,009 and employees' bonuses amounting to \$44,231 had been deducted from comprehensive income for 2015. The amount approved was \$59,171 and the difference of \$1,931 had been adjusted in the statement of comprehensive income for 2016.

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

CHENBRO MICOM CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31
(Expressed in thousands of New Taiwan dollars)

<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>	<u>Notes</u>	<u>2016</u>	<u>2015</u>
Profit before tax		\$ 696,730	\$ 591,279
Adjustments			
Adjustments to reconcile profit (loss)			
Provision (reversal of allowance) for doubtful accounts	6(2)	1,683	(4,362)
Depreciation	6(7)(20)	26,667	31,309
Amortization	6(8)(20)	4,602	5,184
Interest expense		914	1,324
Interest income	6(18)	(423)	(3,954)
Gain on disposal of property, plant and equipment	6(19)	(1,551)	(420)
Share of profit of subsidiaries, associates and joint ventures	6(6)	(297,761)	(240,851)
Net unrealised profit from sales	6(6)	12,149	(16,291)
Changes in operating assets and liabilities			
Changes in operating assets			
Notes receivable, net		232	223
Accounts receivable		83,510	(105,468)
Accounts receivable - related parties		(181,976)	12,123
Other receivables		(4,185)	9,337
Other receivables - related parties		(68,643)	(37,270)
Inventories		(16,762)	81,848
Prepayments		1,183	1,214
Other current assets		(5,222)	(36)
Changes in operating liabilities			
Notes payable		(18)	(474)
Accounts payable		54,922	22,769
Accounts payable - related parties		46,366	(52,350)
Other payables (including related parties)		12,346	1,683
Other current liabilities		(2,166)	(3,597)
Other non-current liabilities		(22,329)	467
Cash inflow generated from operations		340,268	293,687
Interest received		433	5,115
Interest paid		(1,130)	(1,359)
Income tax paid		(27,656)	(164,176)
Net cash flows from operating activities		311,915	133,267
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Acquisition of financial assets measured at cost	6(5)	(31,625)	-
Acquisition of investments accounted for using equity method	6(6)	(31,625)	(9,019)
Acquisition of property, plant and equipment	6(23)	(18,838)	(29,216)
Proceeds from disposal of property, plant and equipment		2,121	420
Acquisition of intangible assets		(2,458)	(3,624)
Increase in other non-current assets		(78)	(536)
Net cash flows used in investing activities		(82,503)	(41,975)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Increase (decrease) in short-term borrowings		28,810	(29,260)
Payment of cash dividends	6(15)	(311,287)	(359,178)
Net cash flows used in financing activities		(282,477)	(388,438)
Net decrease in cash and cash equivalents		(53,065)	(297,146)
Cash and cash equivalents at beginning of year	6(1)	210,074	507,220
Cash and cash equivalents at end of year	6(1)	\$ 157,009	\$ 210,074

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

CHENBRO MICOM CO., LTD. AND SUBSIDIARIES

**CONSOLIDATED FINANCIAL STATEMENTS AND REPORT OF INDEPENDENT
ACCOUNTANTS**

DECEMBER 31, 2016 AND 2015

- - - - -
For the convenience of readers and for information purpose only, the auditors' report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. In the event of any discrepancy between the English version and the original Chinese version or any differences in the interpretation of the two versions, the Chinese-language auditors' report and financial statements shall prevail.

REPORT OF INDEPENDENT ACCOUNTANTS TRANSLATED FROM CHINESE

(16)PWCR16003261

To the Board of Directors and Shareholders of Chenbro Micom Co, Ltd.

Opinion

We have audited the accompanying consolidated balance sheets of Chenbro Micom Co., Ltd and subsidiaries (the “Group”) as at December 31, 2016 and 2015, 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, 2016 and 2015, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory Commission.

Basis for opinion

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

Key audit matters

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

Valuation of accounts receivable

Description

Please refer to Note 4(8) for accounting policy on allowance for uncollectible accounts, and Note 6(2) for details of allowance for uncollectible accounts. As of December 31, 2016, the Group's accounts receivable and allowance for uncollectible accounts amounted to NT\$1,159,414 thousand and NT\$20,433 thousand, respectively.

The Group assesses bad debts based on historical experience, known reason or existing objective evidences. A provision for impairment is recognized for those accounts which are considered uncollectible. Management evaluates the reasonableness of estimated provision periodically. As the estimation of allowance for uncollectible accounts is subject to management's judgement, the amount of provision is based on the collectability of accounts receivable, and considering that accounts receivable and allowance for uncollectible accounts are material to the financial statements, we consider the allowance for uncollectible accounts a key audit matter.

How our audit addressed the matter

Our procedures in relation to management's valuation of accounts receivable included:

- Assessing the reasonableness of policies and procedures on allowance for uncollectible accounts, including the reasonableness of classification of customer's credit quality and ageing analysis, based on accounting principles and credit quality of customer.
- Comparing the provision policy on allowance for uncollectible accounts whether it has been consistently applied in the comparative periods of financial statements.
- Assessing the adequacy of allowance for uncollectible accounts estimated by management and checking its appropriation.
- Testing collections after the balance sheet date to check the adequacy of allowance for uncollectible accounts.

Valuation of inventories

Description

Please refer to Note 4(10) for accounting policy on inventory valuation, Note 5 for accounting estimates and assumption uncertainty in relation to inventory valuation, and Note 6(4) for description of allowance for inventory valuation losses. As of December 31, 2016, the Group's inventory and allowance for market value decline and obsolete and slow-moving inventories amounted to

NT\$775,589 thousand and NT\$128,084 thousand, respectively.

The Group is primarily engaged in manufacturing and sales of computer peripheral equipment. As technology changes rapidly and the life cycle of electronic products is short, inventories may become obsolete within a short period. The Group measures inventories at the lower of cost and net realisable value, and assesses whether the value of inventories has declined and any losses incurred due to obsolescence based on inventory aging and closeout inventory are examined by

management periodically.

As the value of inventory is significant, the inventory items are numerous, and the accounting estimates are subject to management's judgment, we consider valuation of inventories a key audit matter.

How our audit addressed the matter

Our procedures in relation to valuation of inventories included:

- Obtaining the provision policies on allowance for inventory valuation losses and comparing whether the policies applied on allowance for inventory valuation losses are consistent for all periods. Assessing the reasonableness of net realizable value determined by the management and relevant assumptions of inventory classification and closeout inventory.
- Checking whether the logic of inventory aging report generated by the system is appropriate, confirming whether the information on the report was in agreement with the Group's policy and analysing with historical data;
- Matching information obtained in physical counts of disposed and obsolete inventory list prepared by management and interviewing management and employees to determine whether there are any obsolete, slow-moving or damaged inventories that were not included in the list.
- Assessing the reasonableness of net realizable value based on the inventory age and closeout inventory individually identified by the management, and obtaining evidences.

Other matter - audits of the other independent accountants

We did not audit the financial statements of certain consolidated subsidiaries, which statements reflect total assets amounting to NT\$359,305 thousand and NT\$331,281 thousand, both representing 7% of the consolidated total assets as of December 31, 2016 and 2015, respectively, and total operating revenue amounting to NT\$205,204 thousand and NT\$143,228 thousand, representing 4% and 3% of

the consolidated total operating revenue for the years then ended, respectively. Those statements were audited by other independent accountants whose reports thereon have been furnished to us, and our opinion expressed herein, insofar as it relates to the amounts included in these financial statements and the information disclosed in Note 13 are based solely on the audits of the other independent accountants.

Other matter – Parent company only financial reports

We have audited and expressed an unmodified opinion on the parent company only financial statements of Chenbro Micom Co., Ltd. as at and for the years ended December 31, 2016 and 2015.

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 audit committee or supervisors, are responsible for overseeing the Group’s financial reporting process.

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

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

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

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing

an opinion on the effectiveness of the Group's internal control.

3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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.

6. 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.

Audrey Tseng

Chih, Ping-Chiun

for and on behalf of PricewaterhouseCoopers, Taiwan

February 23, 2017

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

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

CHENBRO MICOM CO., LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

DECEMBER 31

(Expressed in thousands of New Taiwan dollars)

<u>Assets</u>		<u>Notes</u>	<u>2016</u>		<u>2015</u>	
			<u>AMOUNT</u>	<u>%</u>	<u>AMOUNT</u>	<u>%</u>
Current assets						
1100	Cash and cash equivalents	6(1)	\$ 1,298,218	26	\$ 1,434,077	31
1150	Notes receivable, net		1,355	-	3,670	-
1170	Accounts receivable, net	6(2)	1,138,981	23	1,012,935	22
1180	Accounts receivable - related parties, net	7	1,449	-	1,517	-
1200	Other receivables	6(3) and 7	55,973	1	43,743	1
1220	Current income tax assets		4,865	-	1,858	-
130X	Inventories	6(4)	647,505	13	519,745	11
1410	Prepayments		60,684	1	61,322	2
1470	Other current assets	8	12,278	1	7,645	-
11XX	Total current assets		<u>3,221,308</u>	<u>65</u>	<u>3,086,512</u>	<u>67</u>
Non-current assets						
1543	Non-current financial assets measured at cost	6(5)	31,625	1	-	-
1600	Property, plant and equipment	6(6) and 8	1,569,099	31	1,209,024	26
1780	Intangible assets	6(7)	10,002	-	10,662	-
1840	Deferred income tax assets	6(20)	76,726	1	76,287	2
1900	Other non-current assets	6(6)(8) and 8	79,386	2	244,103	5
15XX	Total non-current assets		<u>1,766,838</u>	<u>35</u>	<u>1,540,076</u>	<u>33</u>

1XXX	Total assets	<u>\$</u>	<u>4,988,146</u>	<u>100</u>	<u>\$</u>	<u>4,626,588</u>	<u>100</u>
------	---------------------	-----------	------------------	------------	-----------	------------------	------------

(Continued)

CHENBRO MICOM CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31

(Expressed in thousands of New Taiwan dollars)

Liabilities and Equity		Notes	2016		2015	
			AMOUNT	%	AMOUNT	%
Current liabilities						
2100	Short-term borrowings	6(9)	\$ 94,500	2	\$ 131,350	3
2150	Notes payable		-	-	656	-
2170	Accounts payable		1,122,894	22	951,512	20
2180	Accounts payable - related parties	7	6,769	-	12,877	-
2200	Other payables	6(11) and 7	532,453	11	474,650	10
2230	Current income tax liabilities		105,528	2	31,523	1
2300	Other current liabilities	6(10)	30,751	1	47,556	1
21XX	Total current liabilities		1,892,895	38	1,650,124	35
Non-current liabilities						
2540	Long-term borrowings	6(10)	150,318	3	159,948	3
2570	Deferred income tax liabilities	6(20)	60,147	1	69,531	2
2600	Other non-current liabilities	6(12)	27,992	1	38,970	1
25XX	Total non-current liabilities		238,457	5	268,449	6
2XXX	Total liabilities		2,131,352	43	1,918,573	41
Share capital		6(13)				
3110	Share capital - common stock		1,197,260	24	1,201,260	26
Capital surplus		6(14)				
3200	Capital surplus		48,209	1	56,749	1
Retained earnings		6(15)				
3310	Legal reserve		458,888	9	408,404	9
3320	Special reserve		65,573	1	65,573	2
3350	Unappropriated retained earnings		1,163,915	23	933,712	20
Other equity interest		6(16)				
3400	Other equity interest		(77,051)	(1)	54,857	1
3500	Treasury stocks	6(13)	-	-	(12,540)	-
3XXX	Total equity		2,856,794	57	2,708,015	59
Significant contingent liabilities and unrecorded contract commitments		9				
Significant events after the balance sheet date		6(15) and 11				
3X2X	Total liabilities and equity		\$ 4,988,146	100	\$ 4,626,588	100

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

CHENBRO MICOM CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31

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

Items	Notes	2016		2015	
		AMOUNT	%	AMOUNT	%
4000 Operating revenue	7	\$ 5,209,967	100	\$ 4,439,229	100
5000 Operating costs	6(4)(19) and 7	(3,659,785)	(70)	(3,148,434)	(71)
5950 Net operating margin		<u>1,550,182</u>	<u>30</u>	<u>1,290,795</u>	<u>29</u>
Operating expenses	6(19) and 7				
6100 Selling expenses		(309,354)	(6)	(256,324)	(6)
6200 General and administrative expenses		(284,557)	(6)	(279,071)	(6)
6300 Research and development expenses		(177,815)	(3)	(162,191)	(4)
6000 Total operating expenses		<u>(771,726)</u>	<u>(15)</u>	<u>(697,586)</u>	<u>(16)</u>
6900 Operating profit		<u>778,456</u>	<u>15</u>	<u>593,209</u>	<u>13</u>
Non-operating income and expenses					
7010 Other income	6(17) and 7	22,320	-	30,395	1
7020 Other gains and losses	6(18)	23,362	1	50,403	1
7050 Finance costs		(7,863)	-	(9,100)	-
7000 Total non-operating income and expenses		<u>37,819</u>	<u>1</u>	<u>71,698</u>	<u>2</u>
7900 Profit before income tax		<u>816,275</u>	<u>16</u>	<u>664,907</u>	<u>15</u>
7950 Income tax expense	6(20)	(216,087)	(4)	(160,073)	(3)
8200 Profit for the year		<u>\$ 600,188</u>	<u>12</u>	<u>\$ 504,834</u>	<u>12</u>
Other comprehensive income					
8311 Loss on remeasurements of defined benefit plans		(\$ 9,896)	-	(\$ 3,215)	-
8349 Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(20)	<u>1,682</u>	<u>-</u>	<u>547</u>	<u>-</u>
8310 Components of other comprehensive loss that will not be reclassified to profit or loss		<u>(8,214)</u>	<u>-</u>	<u>(2,668)</u>	<u>-</u>
Components of other comprehensive loss that will be reclassified to profit or loss					
8361 Financial statements translation differences of foreign operations	6(16)	(157,552)	(3)	(41,287)	(1)
8399 Income tax relating to the components of other comprehensive income	6(16)(20)	<u>25,644</u>	<u>-</u>	<u>7,362</u>	<u>-</u>
8360 Components of other comprehensive loss that will be reclassified to profit or loss		<u>(131,908)</u>	<u>(3)</u>	<u>(33,925)</u>	<u>(1)</u>
8500 Total comprehensive income for the year		<u>\$ 460,066</u>	<u>9</u>	<u>\$ 468,241</u>	<u>11</u>
Profit attributable to:					
8610 Owners of the parent		<u>\$ 600,188</u>	<u>12</u>	<u>\$ 504,834</u>	<u>12</u>
Comprehensive income attributable to:					
8710 Owners of the parent		<u>\$ 460,066</u>	<u>9</u>	<u>\$ 468,241</u>	<u>11</u>
Earnings per share (in dollars) 6(21)					
9750 Basic earnings per share		<u>\$ 5.01</u>		<u>\$ 4.22</u>	
9850 Diluted earnings per share		<u>\$ 4.95</u>		<u>\$ 4.15</u>	

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

CHENBRO MICOM CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31
(Expressed in thousands of New Taiwan dollars)

Notes	Equity attributable to owners of the parent								
	Share capital - common stock	Capital Reserves		Retained Earnings			Financial statements translation differences of foreign operations	Treasury stocks	Total equity
		Total capital surplus, additional paid-in capital	Treasury stock transactions	Legal reserve	Special reserve	Unappropriated retained earnings			
2015									
Balance at January 1, 2015	\$ 1,201,260	\$ 42,127	\$ 14,622	\$ 354,277	\$ 65,573	\$ 844,851	\$ 88,782	(\$ 12,540)	\$ 2,598,952
Distribution of 2014 earnings	6(15)								
Provision for legal reserve	-	-	-	54,127	-	(54,127)	-	-	-
Distribution of cash dividends	-	-	-	-	-	(359,178)	-	-	(359,178)
Consolidated net income after tax for 2015	-	-	-	-	-	504,834	-	-	504,834
Other comprehensive loss for 2015	6(16)	-	-	-	-	(2,668)	(33,925)	-	(36,593)
Balance at December 31, 2015	<u>\$ 1,201,260</u>	<u>\$ 42,127</u>	<u>\$ 14,622</u>	<u>\$ 408,404</u>	<u>\$ 65,573</u>	<u>\$ 933,712</u>	<u>\$ 54,857</u>	<u>(\$ 12,540)</u>	<u>\$ 2,708,015</u>
2016									
Balance at January 1, 2016	\$ 1,201,260	\$ 42,127	\$ 14,622	\$ 408,404	\$ 65,573	\$ 933,712	\$ 54,857	(\$ 12,540)	\$ 2,708,015
Distribution of 2015 earnings	6(15)								
Provision for legal reserve	-	-	-	50,484	-	(50,484)	-	-	-
Distribution of cash dividends	-	-	-	-	-	(311,287)	-	-	(311,287)
Retirement of treasury share	6(13)	(4,000)	(140)	(8,400)	-	-	-	12,540	-
Consolidated net income after tax for 2016	-	-	-	-	-	600,188	-	-	600,188
Other comprehensive loss for 2016	6(16)	-	-	-	-	(8,214)	(131,908)	-	(140,122)
Balance at December 31, 2016	<u>\$ 1,197,260</u>	<u>\$ 41,987</u>	<u>\$ 6,222</u>	<u>\$ 458,888</u>	<u>\$ 65,573</u>	<u>\$ 1,163,915</u>	<u>(\$ 77,051)</u>	<u>\$ -</u>	<u>\$ 2,856,794</u>

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

CHENBRO MICOM CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31

(Expressed in thousands of New Taiwan dollars)

	<u>Notes</u>	<u>2016</u>	<u>2015</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Profit before tax		\$ 816,275	\$ 664,907
Adjustments			
Adjustments to reconcile profit (loss)			
Provision (reversal of allowance) for doubtful accounts	6(2)	2,003	(3,624)
Depreciation	6(6)(19)	110,059	130,717
Amortization	6(7)(19)	5,228	6,518
Interest expense		7,863	9,100
Interest income	6(17)	(10,163)	(22,518)
Loss (gain) on disposal of property, plant and equipment	6(18)	660	(18)
Changes in operating assets and liabilities			
Changes in operating assets			
Notes receivable, net		2,315	(3,215)
Accounts receivable		(127,861)	(264,393)
Accounts receivable - related parties, net		68	1,735
Other receivables		(14,514)	24,504
Inventories		(127,760)	79,358
Prepayments		638	(9,061)
Other current assets		(4,633)	(6,364)
Changes in operating liabilities			
Notes payable		(656)	164
Accounts payable		171,382	74,302
Accounts payable - related parties		(6,108)	(7,443)
Other payables		50,264	19,695
Other current liabilities		(3,643)	11,124
Other non-current liabilities		(20,874)	515
Cash inflow generated from operations		850,543	706,003
Interest received		12,447	16,552
Interest paid		(8,079)	(9,123)
Income tax paid		(129,741)	(240,433)
Net cash flows from operating activities		<u>725,170</u>	<u>472,999</u>

(Continued)

CHENBRO MICOM CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31
(Expressed in thousands of New Taiwan dollars)

	<u>Notes</u>	<u>2016</u>	<u>2015</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Disposal of available-for-sale financial assets-current		\$ -	\$ 63,625
Acquisition of financial assets measured at cost		(31,625)	-
Acquisition of property, plant and equipment	6(22)	(380,574)	(241,309)
Proceeds from disposal of property, plant and equipment	6(6)	1,034	757
Acquisition of intangible assets	6(7)	(4,710)	(3,997)
Decrease in other non-current assets		<u>7,930</u>	<u>183</u>
Net cash flows used in investing activities		<u>(407,945)</u>	<u>(180,741)</u>
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Decrease in short-term borrowings		(36,850)	(90,200)
(Decrease) increase in guarantee deposits received		(13,293)	14,910
Repayment of long-term borrowings (including current portion)		(6,552)	(6,199)
Payment of cash dividends	6(15)	(<u>311,287</u>)	(<u>359,178</u>)
Net cash flows used in financing activities		<u>(367,982)</u>	<u>(440,667)</u>
Effect on foreign exchange difference		(<u>85,102</u>)	(<u>15,461</u>)
Net decrease in cash and cash equivalents		(135,859)	(163,870)
Cash and cash equivalents at beginning of year	6(1)	<u>1,434,077</u>	<u>1,597,947</u>
Cash and cash equivalents at end of year	6(1)	<u>\$ 1,298,218</u>	<u>\$ 1,434,077</u>

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

Chenbro Micom Co., Ltd.
Statement of Earnings Distribution
2016

Unit:NT\$

Item	Amount	
	Subtotal	Total
Unappropriated earnings - beginning		571,940,985
Add (less): Other comprehensive profit and loss (Note 2)		(8,213,679)
Add: The 2016 net income (EPS NT\$5.01)		600,187,636
Current distributable earnings		1,163,914,942
Less:		
Legal reserve appropriation (*10%)	(60,018,764)	
Special reserve appropriation	(77,051,254)	
Earnings distribution:		
Shareholder bonus – Cash (119,725,950 shares outstanding; Dividend: NT\$3.00 per share)	(359,177,850)	(496,247,868)
Unappropriated earnings - ending		667,667,074

Remarks:

[Note 1]The 2016 net income is to be distributed with priority.

[Note 2]The retained earnings account is adjusted due to the accounting treatment – defined benefit plan actuarial gains and losses.

[Note 3] As other shareholders' equity (Exchange Differences on Translation of Foreign Financial Statements) was a minus item, it will be booked as special reserve.

[Note 4]The cash dividend will be distributed proportionally to the shareholding and rounded up to dollar. The total odd shares that are less than NT\$1 will be booked as other income of the company.

**“Procedure for Financing and Endorsement”
(Comparison Table for the Before and After Revision)**

AFTER THE REVISION	BEFORE THE REVISION	EXPLANATORY NOTES
<p>Article 2: Eligible Borrowers Except for the following circumstances, the Company shall not lend capital to shareholders or any other parties:</p> <p>(1) Businesses that the Company has business dealing with. The term “business dealing” refers to purchase or sale of inventory. Other lending circumstances approved by the Company’s Board of Directors.</p> <p>(2) Businesses that are in need of short-term funding from the Company. The above situation applies only to businesses in which the Company holds more than 20%50% ownership interest, and that short-term funding is deemed necessary to support business activities. The duration of “short-term” refers to a period of one year or one business cycle (whichever the longer). “Amount of loan” refers to the cumulative balance of short-term lending made by the Company.</p>	<p>Article 2: Eligible Borrowers Except for the following circumstances, the Company shall not lend capital to shareholders or any other parties:</p> <p>(1) Businesses that the Company has business dealings with. The term “business dealing” refers to purchase or sale of inventory. Other lending circumstances approved by the Company’s Board of Directors.</p> <p>(2) Businesses that are in need of short-term funding from the Company. The above situation applies only to businesses in which the Company holds more than 20% ownership interest, and that short-term funding is deemed necessary to support business activities. The duration of “short-term” refers to a period of one year or one business cycle (whichever the longer). “Amount of loan” refers to the cumulative balance of short-term lending made by the Company.</p>	<p>Amendments were made to conform with the Company’s current practices</p>
<p>Article 2-1: Lending Assessment Criteria In addition to the due diligence assessments mentioned in Article 4, lending of capital to a third party shall also satisfy the following criteria:</p> <p>1. Where loan is granted to facilitate business dealings, determine whether the loan amount matches the value of</p>	<p>Article 2-1: (New addition)</p>	<p>Amendments were made in accordance with the authority’s instruction Jin-Guan-Zheng-Shen-Zi No.1050044610</p>

AFTER THE REVISION	BEFORE THE REVISION	EXPLANATORY NOTES
<p>business transaction. Value of business transaction refers to the amount of purchase or sale between two parties, whichever the higher, in the last 12 months.</p> <p>2. Where a loan is granted for short-term liquidity, the Company shall lend only up to the amount needed to sustain operations.</p>		
<p>Article 3: The sum of capital lent to all third-party borrowers shall not exceed 40% of the Company's net worth; lending to individual borrowers is subject to the following:</p> <p>(1) Where loan is granted to businesses that the Company has business dealing with, the sum of loans granted across all borrowers shall not exceed 20% of the Company's net worth, whereas the sum of loans granted to individual borrowers shall not exceed the value of business transactions between the two parties in the most recent year. <u>The sum of loans granted to a particular borrower shall not exceed the value of business transactions in the most recent year, and shall not exceed 20% of the Company's net worth.</u></p> <p>"Value of business" transaction refers to the amount of purchase or sale between two parties, whichever the higher.</p>	<p>Article 3: The sum of capital lent to all third-party borrowers shall not exceed 40% of the Company's net worth; lending to individual borrowers is subject to one of the following two circumstances:</p> <p>(1) Where loan is granted to businesses that the Company has business dealing with, the sum of loans granted across all borrowers shall not exceed 20% of the Company's net worth, whereas the sum of loans granted to individual borrowers shall not exceed the value of business transactions between the two parties in the most recent year. Value of business transaction refers to the amount of purchase or sale between two parties, whichever the higher.</p>	<p>Amendments were made in accordance with the authority's instruction Jin-Guan-Zheng-Shen-Zi No.1050044610</p>
<p>(2) Where loan is granted for short-term liquidity, the sum of loans granted across all borrowers shall not exceed 20% of the Company's net worth, whereas the sum of loans granted to individual</p>	<p>(2) Where loan is granted for short-term liquidity, the sum of loans granted across all borrowers shall not exceed 20% of the Company's net worth, whereas the sum of loans granted to individual</p>	<p>Amendments were made to conform with the Company's current practices</p>

AFTER THE REVISION	BEFORE THE REVISION	EXPLANATORY NOTES
<p>borrowers shall not exceed 10% of the Company's net worth.</p> <p>(3) <u>The sum of</u> lending by one foreign subsidiary (in which the Company holds 100% direct or indirect voting interest) to all other foreign subsidiaries shall not exceed 50% of net worth <u>of the lending subsidiary</u>. Lending by one foreign subsidiary to another shall not exceed 30% of net worth <u>of the lending subsidiary</u>.</p>	<p>borrowers shall not exceed 10% of the Company's net worth.</p> <p>(3) Lending by one foreign subsidiary (in which the Company holds 100% direct or indirect voting interest) to all other foreign subsidiaries shall not exceed 50% of net worth. Lending by one foreign subsidiary to another shall not exceed 30% of net worth.</p>	
<p>Article 5: Loan Tenor and Interest Accrual</p> <p>The tenor of each loan shall not exceed one year or one business cycle. (whichever the longer); loan tenor can be extended under special circumstances with the approval of the Board of Directors.</p> <p>The lending interest rate shall not be lower than the Company's short-term borrowing rate quoted by the financial institution of the highest rate. Loan interest shall be paid once a month; in special circumstances, however, interest payment interval can be adjusted as needed with the approval of the Board of Directors.</p>	<p>Article 5: Loan Tenor and Interest Accrual</p> <p>The tenor of each loan shall not exceed one year or one business cycle (whichever the longer); loan tenor can be extended under special circumstances with the approval of the Board of Directors.</p> <p>The lending interest rate shall not be lower than the Company's short-term borrowing rate quoted by the financial institution of the highest rate. Loan interest shall be paid once a month; in special circumstances, however, interest payment interval can be adjusted as needed with the approval of the Board of Directors.</p>	<p>Amendments were made in accordance with the authority's instruction Jin-Guan-Zheng-Shen-Zi No.1050044610</p>
<p>Article 10: Implementation and Amendment</p> <p><u>The 7th amendment was made on June 20, 2017.</u></p>	<p>Article 10: Implementation and Amendment</p> <p>The 6th amendment was made on June 20, 2013.</p>	<p>Amendments were made in accordance with the authority's instruction Jin-Guan-Zheng-Shen-Zi No.1050044610</p>

**“Articles of Incorporation”
(Comparison Table for the Before and After Revision)**

AFTER THE REVISION	BEFORE THE REVISION	EXPLANATORY NOTES
<p>Article 14: The resolutions reached in the meeting of shareholders, unless otherwise provided in the Company Act, must be with the majority votes of the attending shareholders and the shareholdings of the attending shareholders is over one half of the total number of shares issued. <u>According to the authority's instructions, shareholders of the Company may vote using electronic means. Shareholders who vote using the electronic method are considered to have attended the shareholder meeting in person. Electronic voting shall proceed as regulated by law.</u> The resolutions reached in the shareholders' meeting must be documented in the minutes of meeting for the signature or seal of the Chairman. The minutes of meeting must be distributed to the shareholders in 20 days. Meeting minutes shall be prepared according to Article 183 of the Company Act, and retained indefinitely throughout the Company's existence. The minutes of meeting in the preceding paragraph should be prepared and distributed in accordance with the Company Act.</p>	<p>Article 14: The resolutions reached in the meeting of shareholders, unless otherwise provided in the Company Act, must be with the majority votes of the attending shareholders and the shareholdings of the attending shareholders is over one half of the total number of shares issued. The resolutions reached in the shareholders' meeting must be documented in the minutes of meeting for the signature or seal of the Chairman. The minutes of meeting must be distributed to the shareholders in 20 days. Meeting minutes shall be prepared according to Article 183 of the Company Act, and retained indefinitely throughout the Company's existence. The minutes of meeting in the preceding paragraph should be prepared and distributed in accordance with the Company Act.</p>	<p>Amended to accommodate the use of electronic voting methods.</p>
<p>Article 15 The Company elects 5~7 directors and 2~3 supervisors from persons of adequate capacity during shareholder meeting <u>according to the nomination system mentioned in Article 192-1 of the Company Act</u> to serve a term of 3 years. <u>Nomination and announcement of director/supervisor candidates shall proceed according to the</u></p>	<p>Article 15 The Company elects 5~7 directors and 2~3 supervisors from persons of adequate capacity during shareholder meeting to serve a term of 3 years. Directors' and supervisors' aggregate shareholding percentage shall comply with rules of the securities authority.</p>	<p>Amendments were made to accommodate corporate governance evaluation Adoption of the nomination system for director/supervisor election</p>

AFTER THE REVISION	BEFORE THE REVISION	EXPLANATORY NOTES
<p><u>Company Act, the Securities and Exchange Act and relevant regulations. Independent directors, non-independent directors and supervisors shall be elected during the same voting session, and have votes allocated separately.</u> Term of service may be renewed upon re-election.</p> <p>Directors' and supervisors' aggregate shareholding percentage shall comply with rules of the securities authority.</p>		
<p>Article 15-1</p> <p>To conform to Article 183-<u>14-2</u> of the Securities and Exchange Act, the Company shall elect no fewer than 2 independent directors that represent no lesser than one-fifth of the board. Independent directors shall be elected from the list of candidates presented at shareholder meeting using the nomination system. Restrictions concerning independent directors' eligibility, shareholding, concurrent employment, nomination, method of election and all other compliance issues are governed by relevant laws of the authority.</p>	<p>Article 15-1</p> <p>To conform with Article 183 of the Securities and Exchange Act, the Company shall elect no fewer than 2 independent directors that represent no lesser than one-fifth of the board. Independent directors shall be elected from the list of candidates presented at shareholder meeting using the nomination system. Restrictions concerning independent directors' eligibility, shareholding, concurrent employment, nomination, method of election and all other compliance issues are governed by relevant laws of the authority.</p>	<p>Amendments were made to accommodate Article 15 of the Articles of Incorporation</p>
<p>Article 22</p> <p>The Company may employ one President and several Vice Presidents and Assistant Vice Presidents. Appointment, dismissal and compensation <u>of the President</u> are subject to Article 29 of the Company Act.</p>	<p>Article 22</p> <p>The Company may employ one President and several Vice Presidents and Assistant Vice Presidents and their Appointment, dismissal and compensation are subject to Article 29 of the Company Act.</p>	<p>Amendments were made to accommodate the Company's current practices</p>
<p><u>Article 27:</u></p> <p><u>The 23rd amendment was made on June 20, 2017.</u></p>	<p>Article 27:</p> <p>The 22nd amendment was made on June 23, 2016.</p>	

Regulation Governing the Election of Directors and Supervisors
(Comparison Table for the Before and After Revision)

AFTER THE REVISION	BEFORE THE REVISION	EXPLANATORY NOTES
<p><u>Article 1:</u> <u>The following procedures have been established in accordance with Articles 21 and 41 of “Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies” to ensure fairness, justice, and transparency in director/supervisor elections.</u></p>	<p>1. Election of directors and supervisors shall proceed according to the terms of this policy.</p>	<p>Amended according to the authority's instruction Tai-Zheng-Zhi-Li-Zi No.1040001716, and renumbered existing articles to conform to regulations.</p>
<p><u>Article 2:</u> <u>Unless otherwise specified by law or the Articles of Incorporation, election of the Company's directors and supervisors shall proceed according to the procedures stated here.</u></p>	<p>2. The Company's directors and supervisors are elected from shareholders of adequate capacity during shareholder meetings.</p> <p>Directors and supervisors shall be elected using the single cumulative voting method. The serial number printed on the conference pass is used as the identifier for a registered voter. Each share shall be empowered with voting rights equal to the number of elected seats. These voting rights may be concentrated on one candidate or spread across multiple candidates.</p> <p>The Company elects its independent directors using the nomination system, as described in the Articles of Incorporation. Independent directors and non-independent directors shall be elected during the same voting session, and have votes allocated separately.</p> <p>Election of independent directors is subject to comply with the authority's “Regulations Governing Appointment of Independent Directors and</p>	<p>Amended according to the authority's instruction Tai-Zheng-Zhi-Li-Zi No.1040001716, and renumbered existing articles to conform to regulations.</p>

AFTER THE REVISION	BEFORE THE REVISION	EXPLANATORY NOTES
	Compliance Matters for Public Companies” and related laws.	
<p><u>Article 3:</u> <u>Board composition shall be taken into consideration when electing director members.</u> <u>Board members shall be diversified in a manner that supports the Company’s operations, business activities and growth. The diversification shall be based on, but is not limited to, the following two principles:</u></p> <p><u>1. Basic conditions and values:</u> <u>Gender, age, nationality, and culture.</u></p> <p><u>2. Professional knowledge and skills: Professional background (such as, law, accounting, industry, finance, marketing, or technology), professional skills, and industrial experience, etc.</u></p> <p><u>Board members should possess the necessary knowledge, skills, and literacy for performing duties, which include:</u></p> <p><u>1. Operating judgment.</u> <u>2. Accounting and financial analysis.</u> <u>3. Management capability.</u> <u>4. Crisis management capabilities.</u> <u>5. Industry knowledge.</u> <u>6. International market viewpoint.</u> <u>7. Leadership.</u> <u>8. Decision-making ability.</u></p> <p><u>The majority of the board directors may not be with a relationship of spouse or second degree of consanguinity.</u></p>	<p>3. During the election, the chairperson shall designate ballot examiners and ballot counters to perform duties relating to the election.</p>	<p>Amended according to the authority’s instruction Tai-Zheng-Zhi-Li-Zi No.1040001716, and renumbered existing articles to conform to regulations.</p>

AFTER THE REVISION	BEFORE THE REVISION	EXPLANATORY NOTES
<p><u>Article 4:</u> <u>The Company's supervisors shall possess the following qualities:</u> <u>1.Honest and pragmatic.</u> <u>2.Able to make impartial decisions.</u> <u>3.Possess professional knowledge.</u> <u>4.Possess abundant experience.</u> <u>5.Able to read financial statements.</u></p> <p><u>In addition to the above qualities, at least one of the supervisors shall possess professional accounting or financial background.</u></p> <p><u>Appointment of supervisors is subjected to the rules of independence mentioned in Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies.</u> <u>Having a capable group of supervisors helps enhance risk management and financial/operational control within the Company.</u></p> <p><u>The Company shall have at least one supervisor who is not a spouse or second-degree relative or closer to any other supervisors and directors.</u></p> <p><u>Supervisors are not allowed to assume concurrent position as the Company's director, manager or employee. In addition, at least one of the supervisors shall reside locally to perform supervisory duties upon notice.</u></p>	<p>4. Candidates who receive the highest number of votes are assigned the role of director followed by supervisor, until the number of director and supervisor seats mentioned in the Articles of Incorporation are fully filled. If 2 or more candidates receive the same number of votes, they shall draw for the remaining seats available. The chairperson will draw on behalf of those who are absent during the meeting.</p> <p>In situations where a candidate is elected a director and a supervisor at the same time, the candidate shall have the choice to decide whether to assume the director role or the supervisor role. Any position left opening as a result shall be filled by the candidate who receives the next highest votes.</p> <p>1. At least half of the elected directors shall be free of the following relations with any supervisor, and at least one of the elected supervisors shall be free of the following relations with any other supervisors and directors:</p> <p>(1) Spouse (2) relative of second degree</p> <p>The following rules shall apply if the elected directors or supervisors fail to meet the requirements specified in Paragraph 1, Article 4-1 of this policy:</p> <p>A. Where prohibited relationship exists among elected directors, the director of the prohibited relationship that receives the lesser vote shall forfeit.</p>	<p>Amended according to the authority's instruction Tai-Zheng-Zhi-Li-Zi No.1040001716, and renumbered existing articles to conform to regulations.</p>

AFTER THE REVISION	BEFORE THE REVISION	EXPLANATORY NOTES
	<p>B. The above rules also apply to supervisors who fail to meet the requirements.</p> <p>C. Where a prohibited relationship exists between supervisors and a director, the supervisor of the prohibited relationship that receives the lesser vote shall forfeit.</p> <p>Unless otherwise approved by the authority, government and corporate shareholders shall not have representatives elected or assuming the roles of director and supervisor at the same time.</p>	
<p><u>Article 5:</u> <u>Independent directors are subject to the eligibility criteria specified in Articles 2, 3 and 4 of “Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies.”</u></p> <p><u>Election of independent directors is subject to comply with Articles 5, 6, 7, 8 and 9 of “Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies,” and Article 24 of “Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies.”</u></p>	<p>5. Ballots are to be produced by the Company with conference pass serial number printed on each ballot; each voter shall be given one ballot. Ballots shall be distributed according to the number of elected seats, and each ballot shall show total voting rights of the respective shareholder.</p>	<p>Amended according to the authority's instruction Tai-Zheng-Zhi-Li-Zi No.1040001716, and renumbered existing articles to conform to regulations.</p>
<p><u>Article 6:</u> <u>Election of directors and supervisors shall proceed according to the nomination system described in Article 192-1 of the Company Act. To facilitate proper review regarding directors' and supervisors' eligibility,</u></p>	<p>6. The “candidate” column of the ballot shall specify the candidate's name (which can be a natural person or a corporate entity) and shareholder account number. However, if the candidate is a corporate shareholder, the “candidate”</p>	<p>Amended according to the authority's instruction Tai-Zheng-Zhi-Li-Zi No.1040001716, and renumbered existing articles to conform to regulations.</p>

AFTER THE REVISION	BEFORE THE REVISION	EXPLANATORY NOTES
<p><u>academic/career background and conditions described in Article 30 of the Company Act, no documentary proof other than those mentioned in the Act shall be used. The outcome of the review needs to be presented to shareholders, and will be used as reference to choose the suitable directors and supervisors.</u></p> <p><u>If the dismissal of any director for any reason causes the board with less than five directors in service, an election of directors should be held in the most recent shareholders' meeting.</u></p> <p><u>However, if the vacancy of board director is one thirds of the chairs designated, the Company shall have an extraordinary shareholders' meeting held within 60 days from the date of the event occurred.</u></p> <p><u>If the number of independent directors falls short of the requirements stated in Paragraph 1, Article 14-2 of the Securities and Exchange Act, or Taiwan Stock Exchange Corporation Rules Governing Review of Securities Listings, or Subparagraph 8 of Taipei Exchange "Standards for Determining Unsuitability for TPEX Listing under Article 10, Paragraph 1 of the Taipei Exchange Rules Governing the Review of Securities for Trading on the TPEX," a by-election shall be organized during the upcoming shareholder meeting to fill the open position. In the event that independent directors are entirely dismissed from duty, an extraordinary shareholder</u></p>	<p>column shall show the name of the corporate entity and the name of its representative.</p>	

AFTER THE REVISION	BEFORE THE REVISION	EXPLANATORY NOTES
<p><u>meeting shall be convened within 60 days to host a by-election and fill the open position.</u></p> <p><u>If supervisors fall short of the number required in the Articles of Incorporation due to dismissal, a by-election shall be held in the upcoming shareholders meeting to fill the open position.</u></p> <p><u>However, in the event that supervisors are entirely dismissed from duty, an extraordinary shareholder meeting shall be convened within 60 days to host a by-election and fill the open position.</u></p>		
<p><u>Article 7:</u> <u>Director and supervisor elections shall proceed using the single cumulative voting method; each share is empowered with voting rights equal to the number of elected directors and supervisors. These voting rights may be concentrated on one candidate or spread across multiple candidates.</u></p>	<p>7. Votes are voided in any of the following circumstances:</p> <ul style="list-style-type: none"> (1) Votes cast without using the ballot mentioned in Article 5 of this policy. (2) Casting of blank ballot into the ballot box. (3) Ballots with unrecognizable writing or that are altered. (4) Ballots showing the name of a candidate that do not match the shareholders registry. (5) Ballots that contain writing other than the candidate's name and shareholder account number. (6) Ballots written with candidate's name that coincides with another shareholder, but no shareholder account number is specified for identification. (7) Where the names of two or more candidates are printed on the same ballot. 	<p>Amended according to the authority's instruction Tai-Zheng-Zhi-Li-Zi No.1040001716, and renumbered existing articles to conform to regulations.</p>
<p><u>Article 8:</u> <u>The Board of Directors shall produce ballots in quantities that</u></p>	<p>8. Ballots are to be counted openly immediately after voting. The chairperson will</p>	<p>Amended according to the authority's instruction</p>

AFTER THE REVISION	BEFORE THE REVISION	EXPLANATORY NOTES
<u>match the number of directors and supervisors to be elected, and apply weight before distributing them to shareholder meeting participants.</u> <u>Conference pass serial number can be printed on the ballot for identification purpose instead of voter's name.</u>	announce the outcome of the vote and the names of elected parties.	Tai-Zheng-Zhi-Li-Zi No.1040001716, and renumbered existing articles to conform to regulations.
<u>Article 9:</u> <u>Votes are distinguished between independent and non-independent directors.</u> <u>Candidates who receive the highest number of votes are assigned the role of director followed by supervisor, until the number of director and supervisor seats mentioned in the Articles of Incorporation are fully filled. If 2 or more candidates receive the same number of votes, they shall draw for the remaining seats available. The chairperson will draw on behalf of those who are absent during the meeting.</u>	9. Elected directors and supervisors will be issued confirmations to certify their elected roles.	Amended according to the authority's instruction Tai-Zheng-Zhi-Li-Zi No.1040001716, and renumbered existing articles to conform to regulations.
<u>Article 10:</u> <u>Before the election begins, the chairperson will appoint several shareholders to undertake the roles of ballot examiner and ballot counter to assist in the election. The ballot box will be made available by the Board of Directors, and shall be opened for inspection by the ballot examiner prior to voting.</u>	10. All details of this policy have been established in accordance with the Company Act and related regulations.	Amended according to the authority's instruction Tai-Zheng-Zhi-Li-Zi No.1040001716, and renumbered existing articles to conform to regulations.
<u>Article 11:</u> <u>If the candidate is also a shareholder, voters shall specify both shareholder account name and number in the "candidate" column of the ballot. If the candidate is not a shareholder, the candidate's name and ID card number will have to be specified instead. If the candidate is a government</u>	11. This policy shall take effect once approved during shareholder meeting; the same applies to all subsequent revisions.	Amended according to the authority's instruction Tai-Zheng-Zhi-Li-Zi No.1040001716, and renumbered existing articles to conform to regulations.

AFTER THE REVISION	BEFORE THE REVISION	EXPLANATORY NOTES
<u>agency or institution shareholder, the candidate column on the ballot must be detailed with the name of the government agency or institution shareholder, or it can be the name of the government agency or institution shareholder and their representatives. If there is more than one representative appointed, the name of all the representatives must be listed separately.</u>		
<u>Article 12:</u> <u>Ballots are voided in any of the following circumstances:</u> <u>1.Voting without using ballots prepared by the Board of Directors.</u> <u>2.Casting of blank ballot into the ballot box.</u> <u>3.Ballots with unrecognizable writing or that are altered.</u> <u>4.Where the candidate is a shareholder, the written identity and shareholder account number do not match the shareholder registry; or where the candidate is a non-shareholder, the written name and ID card number do not match the candidate's identity proof.</u> <u>5.Ballots that contain writings other than the candidate's account name and shareholder account number (or identity document number).</u> <u>6.The candidate's name written in the ballot coincides with another shareholder, but no shareholder account number or ID card number is provided for identification.</u>		Amended according to the authority's instruction Tai-Zheng-Zhi-Li-Zi No.1040001716, and renumbered existing articles to conform to regulations.
<u>Article 13:</u> <u>Ballots are to be counted openly immediately after voting. The chairperson will announce the outcome of the vote, including</u>	12. The rules were established on September 27, 1999. The 1st amendment was made on June 27, 2002. The 2nd amendment was made	Amended according to the authority's instruction Tai-Zheng-Zhi-Li-Zi No.1040001716,

AFTER THE REVISION	BEFORE THE REVISION	EXPLANATORY NOTES
<u>the names of elected directors and supervisors and the number of votes received.</u> <u>The ballots of the election referred to above should be sealed, signed, and reserved by the controller of ballot for safekeeping for at least one year. However, if a shareholder makes a litigious claim against The Company according to Article 189 of The Company Act, the above mentioned documents must be retained until the end of the litigation.</u>	on June 23, 2006. The 3rd amendment was made on May 25, 2012.	and renumbered existing articles to conform to regulations.
<u>Article 14:</u> <u>The Board of Directors will issue confirmations to elected directors and supervisors to certify their elected roles.</u>	New addition	Amended according to the authority's instruction Tai-Zheng-Zhi-Li-Zi No.1040001716, and renumbered existing articles to conform to regulations.
<u>Article 15: Implementation and Amendment</u> <u>The 4th amendment was made on June 20, 2017.</u>	New addition	Amended according to the authority's instruction Tai-Zheng-Zhi-Li-Zi No.1040001716, and renumbered existing articles to conform to regulations.

**Rules of Procedure for Shareholders' Meeting
(Comparison Table for the Before and After Revision)**

AFTER THE REVISION	BEFORE THE REVISION	EXPLANATORY NOTES
<p><u>Article 1</u> <u>The rules for compliance are stipulated in accordance with Article 5 of the "Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies" for establishing the Company's excellent meeting of shareholders governance system, substantiating supervisory function, and enhancing management functions.</u></p>	<p>1. The shareholders' meeting of Chenbro Micom Co., Ltd. (referred to as "the Company" hereinafter) is to be convened in accordance with the "Rules of Procedure for Shareholders' Meeting" unless otherwise provided by law.</p>	<p>Amended according to Letter Tai-Zheng-Zhi-Li-Zi No.1040001716 issued by Taiwan Stock Exchange Corporation, and adjusted article numbering to conform with prevailing laws</p>
<p><u>Article 2</u> <u>The Rules of Procedure for Shareholder Meetings is processed in accordance with the Rules, unless otherwise provided by law or Company Corporate Charter (Articles of Incorporation).</u></p>	<p>2. The place of the shareholders' meeting should be at where the Company located or where it is suitable for holding a meeting. The shareholders' meeting should not be held before 9:00am or after 3:00pm. The Company shall have the process of accepting shareholders' reporting to the meeting, the meeting in progress, and vote counting recorded in audio and video uninterruptedly. The audio and video data referred to above should be reserved for at least one year. However, if a shareholder makes a litigious claim against The Company according to Article 189 of The Company Act, the above mentioned documents must be retained until the end of the litigation.</p>	<p>Amended according to Letter Tai-Zheng-Zhi-Li-Zi No.1040001716 issued by Taiwan Stock Exchange Corporation, and adjusted article numbering to conform with prevailing laws</p>
<p><u>Article 3 (Convention and Advice of Shareholder Meetings)</u> <u>The Company's shareholders' meetings, unless otherwise</u></p>	<p>3. The Company shall have the reporting time, place, and other considerations stated in the shareholders' meeting notice. The shareholders'</p>	<p>Amended according to Letter Tai-Zheng-Zhi-Li-Zi No.1040001716 issued by Taiwan Stock</p>

AFTER THE REVISION	BEFORE THE REVISION	EXPLANATORY NOTES
<p><u>provided by the law and regulations, should be convened by the Board of Directors. The Company shall compile an electronic file that contains the meeting notice, a proxy form, a detailed description of agendas to be acknowledged or discussed during the meeting, and notes on re-election or dismissal of directors/supervisors and post it onto the Market Observation Post System (MOPS) at least 30 days before an annual general meeting, or 15 days before an extraordinary shareholder meeting. At least 21 days before an annual general meeting, or 15 days before an extraordinary shareholder meeting, an electronic copy of the shareholder meeting manual and supplementary information shall be posted onto MOPS.</u></p>	<p>meeting reporting time referred to in the preceding paragraph shall be 30 minutes prior to the meeting started. There should be clear signs at the reporting place with adequate staff assigned to handle the process. Shareholders or shareholders' representatives (hereinafter referred to as "shareholders") shall attend the meeting with the attendance certificate, attendance registry card, or other documents presented. The Company shall not arbitrarily demand shareholders to produce additional identification document for attending the shareholders' meeting. The proxy solicitors shall have their identity documents ready for verification.</p>	<p>Exchange Corporation, and adjusted article numbering to conform with prevailing laws</p>
<p><u>Physical copies of the shareholder meeting manual and supplementary information also need to be prepared at least 15 days before the meeting, and made accessible to shareholders upon request. These documents shall be placed within the Company's premises and at the share administration agency, and distributed on-site during the shareholder meeting. The notice and announcement of convening the board meeting can be made electronically with the consent of the counterparty. Election or dismissal of directors/supervisors, amendment of Articles of Incorporation, dismissal of the Company, merger, divestment, and any issues listed in Paragraph 1, Article 185 of the Company Act, Articles 26-1 and</u></p>	<p>The attending shareholders (or their representatives) should submit the attendance registry card at the time of reporting to the meeting instead of giving their signatures; also, shareholding is calculated in accordance with the attendance registry cards collected. The Company shall have the agenda handbooks, annual reports, attendance certificate, statement slip, votes, and other conference materials delivered to the attending shareholders. In addition, for the election of directors and supervisors, if any, the electoral ballots should be enclosed. If the institutional shareholders have attended the meeting by proxies and have assigned their representatives to attend the meeting at the same time, the assigned representative shall</p>	

AFTER THE REVISION	BEFORE THE REVISION	EXPLANATORY NOTES
<p><u>43-6 of the Securities and Exchange Act, and Articles 56-1 and 60-2 of Regulations Governing the Offering and Issuance of Securities by Securities Issuers shall be notified in advance as part of the meeting agenda, and shall not be raised in the form of special motion.</u></p> <p><u>Shareholders with over 1% shareholding of the shares issued may have proposals presented in writing to the Company's General Shareholders' Meeting. However, it is limited to one proposal and the more than one proposals presented will not be discussed in the meeting. The Board of Directors may disregard shareholder proposals if the proposed agendas exhibit any of the conditions described in Paragraph 4, Article 172-1 of the Company Act.</u></p> <p><u>The Company shall announce the proposals admitted, the premises and the admission period before the stock stop-transfer date prior to the Annual Meeting of Shareholders is convened; also, the admitting period may not be less than 10 days.</u></p> <p><u>Shareholders shall limit their proposed agendas to 300 words only; proposals that exceed 300 words shall not be accepted for discussion. Shareholders who have successfully proposed their agendas shall attend the annual general meeting in person or through proxy attendance and participate in the discussion.</u></p>	<p>prevail.</p> <p>The number of representative attending the shareholders' meeting on behalf of the institutional shareholders, both the government and legal person, is not limited to one person. Corporate entities that have been designated as proxy attendants can only appoint one representative to attend shareholder meeting. The appointment procedure described in Paragraph 5 shall apply.</p>	
<p><u>The Company shall have the processing result presented in the shareholders' meeting before the meeting convening</u></p>		

AFTER THE REVISION	BEFORE THE REVISION	EXPLANATORY NOTES
<u>date and have the proposals in compliance with this clause included in the notice of meeting. The board of directors is to give the reason why the shareholder's proposal is not included for discussion in shareholders' meeting.</u>		
<u>Article 4</u> <u>Shareholders may issue a proxy printed by the Company with the scope of authorization defined to attend the shareholders' meeting.</u> <u>It is limited to one proxy per shareholder and one proxy only that should be served to the Company five days prior to the meeting of shareholders. When the proxy is issued in duplicate, whichever is served first shall prevail. However, exception is granted if the shareholder issues a proper declaration to withdraw the previous proxy arrangement.</u> <u>If the shareholders wish to exercise the balloting right by attending the meeting in person or voting in writing or by electronic means after the proxy is received by the Company, the shareholders shall have the Company informed in writing two days prior to the shareholders' meeting date to revoke the proxy. The balloting right exercised by the representative shall prevail if the proxy is not revoked before the deadline.</u>	4. The Company may appoint the contracted attorney, CPA, or the related personnel to attend the shareholders' meeting. The shareholders' meeting staffs shall wear identification card or armbands.	Amended according to Letter Tai-Zheng-Zhi-Li-Zi No.1040001716 issued by Taiwan Stock Exchange Corporation, and adjusted article numbering to conform with prevailing laws
<u>Article 5 (Venue and Time of Shareholder Meetings)</u> <u>The shareholders meeting must be held at a location that is suitable and convenient for shareholders to attend. The meeting must not commence anytime earlier than 9AM or later than 3PM. Independent</u>	5. The attendance and voting at the shareholders' meeting shall be based on the ownership of stock shares. The chairperson shall announce the commencement of meeting as soon as it is due. However, if attendants	Amended according to Letter Tai-Zheng-Zhi-Li-Zi No.1040001716 issued by Taiwan Stock Exchange Corporation, and adjusted article numbering to conform with prevailing laws

AFTER THE REVISION	BEFORE THE REVISION	EXPLANATORY NOTES
<p><u>Directors' opinions must be fully taken into consideration when deciding the time and venue of the meeting.</u></p>	<p>represent less than half of the Company's outstanding shares, the chairperson may announce to postpone the meeting up to two times, for a period totaling no more than one hour. If attending shareholders represent more than one-third but less than half of outstanding shares after two postponements, the attending shareholders may reach a tentative resolution according to Paragraph 1, Article 175 of the Company Act. If the number of shares represented accumulates to more than half of all outstanding shares as the meeting progresses, the chairperson may propose the tentative resolutions for final voting according to Article 174 of The Company Act.</p>	
<p><u>Article 6 (Attendance Log and Related Documents) The meeting advice shall specify details such as meeting time, venue, and important notes where relevant.</u> <u>The shareholders' meeting reporting time referred to in the preceding paragraph shall be 30 minutes prior to the meeting started. There should be clear signs at the reporting place with adequate staff assigned to handle the process.</u> <u>Shareholders and representatives thereof (collectively referred to as shareholders) shall attend shareholder meetings by presenting valid conference pass, attendance card or other document of similar nature. The Company may not request shareholders to present</u></p>	<p>6. The Chairman of the Board of Directors shall chair the shareholders' meeting when the Board of Directors convenes it. If the Chairman is on leave or unable to exercise powers, the meeting is to be chaired by the Vice Chairman. If there is no Vice Chairman appointed, the Vice Chairman is also on leave, or unable to exercise powers, the Chairman is to have one general director designated to exercise powers. If there is not a general director appointed, one director shall be designated to chair for the meeting. If the Chairman does not have a representative designated to exercise power, the</p>	<p>Amended according to Letter Tai-Zheng-Zhi-Li-Zi No.1040001716 issued by Taiwan Stock Exchange Corporation, and adjusted article numbering to conform with prevailing laws</p>

AFTER THE REVISION	BEFORE THE REVISION	EXPLANATORY NOTES
<p><u>additional documentary proof unless specified in advance. Proxy form acquirers shall be reminded to bring identity proof for verification.</u></p> <p><u>The company will provide an attendance log to record shareholders' attendance; alternatively, shareholders may present their attendance cards to signify their presence.</u></p> <p><u>The Company shall have the agenda handbooks, annual reports, attendance certificate, statement slip, votes, and other conference materials delivered to the attending shareholders. In addition, for the election of directors and supervisors, if any, the electoral ballots should be enclosed.</u></p> <p><u>The number of representative attending the shareholders' meeting on behalf of the institutional shareholders, both the government and legal person, is not limited to one person. The number of legal person entrusted to attend the shareholders' meeting is limited to one person.</u></p>	<p>representative is to be elected among the general directors or directors. The chairperson position mentioned above shall be assumed by a managing director or director, who has been on the board for more than six months and understands the Company's financial and business performance. The rule referred to above does apply if the chairman is a representative of the legal director.</p> <p>For the shareholders' meeting convened by other than the Board of Directors, the convener shall chair the meeting. If there are more than two conveners, one of the conveners should be elected to chair the meeting.</p> <p>The Board of Directors shall determine the agenda of the shareholders' meeting. The shareholders' meeting should be conducted in accordance with the scheduled agenda and may not be changed without a resolution reached in the shareholders' meeting.</p> <p>The proceeding will be determined by the Board of Directors, and the meeting shall proceed accordingly unless resolved otherwise during the shareholder meeting. The provision referred to above is applicable even when the shareholders' meeting is convened other than by the board of directors.</p> <p>In either of the two arrangements described</p>	

AFTER THE REVISION	BEFORE THE REVISION	EXPLANATORY NOTES
	<p>above, the chairperson shall not adjourn the meeting while an agenda (including special motions) is still in progress. Once the meeting has been dismissed, shareholders cannot extend the meeting, either in the current or in another location, by appointing another chairman.</p>	
<p><u>Article 7 (Chairperson and Participants)</u> <u>If the meeting of shareholders is convened by the Board, the Chairman of the Board is to chair the meeting. If the Chairman is on leave or is unable to exercise his powers for certain reasons, the Vice Chairman is to chair the meeting. If a Vice Chairman is not appointed or the Vice Chairman is also on leave or is unable to perform his duties for certain reasons, the Chairman is to appoint one of the general directors to chair the meeting. If a general director is not appointed, one of the directors is appointed to chair the meeting. If a representative is not appointed by the Chairman, one of the general directors or directors should be elected among the board members to chair the meeting.</u> <u>The chairperson position mentioned above shall be assumed by a managing director or director, who has been on the board for more than 6 months and understands the Company's financial and business performance. The rule referred to above does apply if the chairman is a representative of the legal director.</u> <u>For the shareholders' meeting</u></p>	<p>7. Shareholders who wish to speak during the meeting shall produce an opinion slip detailing the topics and the shareholder account number (or conference pass serial number). The order of shareholders' comments shall be determined by the chairperson. Each shareholder shall speak no more than two times, 5 minutes each, on the same agenda unless otherwise agreed by the chairperson. The chairperson may stop shareholders from speaking if they exceed the time limit or speak outside the discussed agenda. Shareholders who submit Speak Request Forms without actually speaking are considered to have remained silent. If the shareholder's actual comments differ from those stated in the opinion slip, the actual comments spoken shall be taken into record. While a shareholder is speaking, other shareholders cannot speak simultaneously or interfere in any way without the consent of the meeting chairman and the person speaking. The meeting chairman shall restrain any violators. For</p>	<p>Amended according to Letter Tai-Zheng-Zhi-Li-Zi No.1040001716 issued by Taiwan Stock Exchange Corporation, and adjusted article numbering to conform with prevailing laws</p>

AFTER THE REVISION	BEFORE THE REVISION	EXPLANATORY NOTES
<p><u>convened by other than the Board of Directors, the convener shall chair the meeting. If there are more than 2 conveners, one of the conveners should be elected to chair the meeting. The Board of Directors shall determine the agenda of the shareholders' meeting. The shareholders' meeting should be conducted in accordance with the scheduled agenda and may not be changed without a resolution reached in the shareholders' meeting.</u></p> <p><u>The Company may summon its lawyers, certified public accountants, and any relevant personnel to the shareholders meeting.</u></p>	<p>corporate shareholders who have appointed two or more representatives to attend the shareholders meeting, only one representative may speak per agenda.</p>	
<p>Article 8(Video and Audio Recording of Shareholder Meeting)</p> <p>The Company shall have the process of accepting shareholders' reporting to the meeting, the meeting in progress, and vote counting recorded in audio and video uninterruptedly.</p> <p>The audio and video data referred to above should be reserved for at least one year. However, if a shareholder makes a litigious claim against The Company according to Article 189 of The Company Act, the above mentioned documents must be retained until the end of the litigation.</p>	<p>8. The Chairman may have the questions raised by the attending shareholders replied personally or by the designated personnel.</p>	<p>Amended according to Letter Tai-Zheng-Zhi-Li-Zi No.1040001716 issued by Taiwan Stock Exchange Corporation, and adjusted article numbering to conform with prevailing laws</p>
<p><u>Article 9</u></p> <p><u>The attendance of the shareholders' meeting is counted by the shareholding. The number of shares represented during the meeting is calculated based on the amount registered in the attendance log or the</u></p>	<p>9. The Chairman who believes that the motion in discussion is ready for voting may announce to stop discussion and start voting. The voting held in the shareholders' meeting is based on the ownership of stock shares. For the resolution reached in</p>	<p>Amended according to Letter Tai-Zheng-Zhi-Li-Zi No.1040001716 issued by Taiwan Stock Exchange Corporation, and adjusted article numbering to conform with prevailing laws</p>

AFTER THE REVISION	BEFORE THE REVISION	EXPLANATORY NOTES
<p><u>attendance cards collected, plus the amount of shares whose voting rights are exercised through proxy forms or electronic methods.</u></p> <p><u>The chairman should announce the commencement of the meeting as soon as it is due.</u></p> <p><u>However, if the attendees represented less than half of all outstanding shares, the meeting chairman may announce to postpone the meeting up to two times, for a period totaling no more than one hour. The Chairman may announce the meeting is adjourned if there remain insufficient shareholders who represent two thirds of shareholding to attend the meeting after two meetings postponed.</u></p> <p><u>If the shareholdings of the attending shareholders are not more than half of the total number of shares issued after two postponements but more than one third of the total number of shares issued, a pseudo-resolution can be resolved in accordance with Article 175 Paragraph 1 of the Company Act; also, shareholders should be informed regarding the pseudo-resolution with another meeting of shareholders to be convened within one month.</u></p> <p><u>If the shareholdings of the attending shareholders are more than one half of the total number of shares issued before the end of the meeting, the Chairman may have the pseudo-resolution presented again in the next meeting of the shareholders for resolution in accordance with Article 174 of the Company Act.</u></p>	<p>the shareholders' meeting, the number of shares of the shareholders without voting right will not be included in the total number of shares issued. Shareholders that have a conflict of interest with the proposal in discussion that is detrimental to the Company's interests may not participate in the voting and may not exercise the voting right on behalf of other shareholders. The stock shares without voting rights referred to above may not be included in the voting right of the attending shareholders. Except for the trust business or the stock affair agent authorized by securities competent authorities, when one person is commissioned by more than two (inclusive) shareholders, the voting rights by proxies may not exceed 3% voting rights of the total outstanding shares. When the voting rights by proxies exceed 3% voting rights of the total outstanding shares, the voting rights exceeding the threshold will not be included for calculation.</p>	

AFTER THE REVISION	BEFORE THE REVISION	EXPLANATORY NOTES
<p><u>Article 10 (Discussion of Meeting Agenda)</u> <u>If the shareholders' meeting is convened by the board of directors, its agenda is set by the board of directors. The meeting is conducted in accordance with the agenda and it may not be changed without the resolutions reached in the shareholders' meeting. The provision referred to above is applicable even when the shareholders' meeting is convened other than by the board of directors.</u> <u>In either of the two arrangements described above, the chairperson shall not dismiss the meeting while an agenda (including special motions) is still in progress. If the chairperson violates conference rules by dismissing the meeting when not allowed to do so, other members of the board shall immediately assist the attending shareholders in electing another chairperson with the support of more than half of voting rights represented and continue the meeting. The Chairman must give the proposal or the amendment and motion proposed by the shareholders an opportunity to be explained and discussed sufficiently until it is ready for balloting and then stop the discussion for balloting.</u></p>	<p>10.Unless otherwise regulated by the Company Act or the Articles of Incorporation, an agenda is passed with the support of more than half of all voting rights represented during a shareholder meeting. An agenda is considered passed if the chairperson receives no objections from any attendants. This voting method is deemed as effective as the conventional ballot method.</p>	<p>Amended according to Letter Tai-Zheng-Zhi-Li-Zi No.1040001716 issued by Taiwan Stock Exchange Corporation, and adjusted article numbering to conform with prevailing laws</p>

AFTER THE REVISION	BEFORE THE REVISION	EXPLANATORY NOTES
<p><u>Article 11 (Shareholders' Opinions)</u> <u>Shareholders who wish to speak during the meeting shall produce an opinion slip detailing the topic and shareholder account number (or conference pass serial number). The order of shareholders' comments shall be determined by the chairperson.</u> <u>Shareholders who submit Speak Request Forms without actually speaking are considered to have remained silent. If the shareholder's actual comments differ from those stated in the Speak Request Form, the actual comments shall prevail.</u> <u>Each shareholder may not speak on the same proposal more than twice and not more than 5 minutes each time unless otherwise permitted by the Chairman. However, the Chairman may stop the shareholder from speaking if the speech is in violation of regulations or outside the scope of the proposal.</u> <u>While a shareholder is speaking, other shareholders cannot speak simultaneously or interfere in any way without the consent of the meeting chairman and the person speaking. The meeting chairman shall restrain any violators.</u> <u>For corporate shareholders who have appointed two or more representatives to attend the shareholders meeting, only one representative may speak per agenda.</u> <u>The Chairman may have the questions raised by the attending shareholders replied personally or by the designated personnel.</u></p>	<p>11. The meeting chairman will appoint a ballot examiner and a ballot counter for each agenda. However, the ballot examiner must be a shareholder. The votes casted in the shareholders' meeting or the vote count of an election should be held at the venue open to the attendees. In addition, the vote count result should be announced at the scene, including the number of voting rights and with the records kept. The election of directors and supervisors in the shareholders' meeting, if any, should be handled in accordance with the election regulations defined by the Company. In addition, the election result should be announced at the scene, including the list of the elected directors and supervisors and the respective elected voting rights.</p>	<p>Amended according to Letter Tai-Zheng-Zhi-Li-Zi No.1040001716 issued by Taiwan Stock Exchange Corporation, and adjusted article numbering to conform with prevailing laws</p>

AFTER THE REVISION	BEFORE THE REVISION	EXPLANATORY NOTES
<p><u>Article 12 (Calculation of Voted Shares and Avoidance of Conflicting Interests)</u> <u>The voting held in the shareholders' meeting is based on the ownership of stock shares.</u> <u>For the resolution reached in the shareholders' meeting, the number of shares of the shareholders without voting right will not be included in the total number of shares issued.</u> <u>Shareholders that have a conflict of interest with the proposal in discussion that is detrimental to the Company's interests may not participate in the voting and may not exercise the voting right on behalf of other shareholders.</u> <u>The number of shares held by shareholders who are not permitted to vote shall be excluded from total voting rights represented in the meeting.</u> <u>Except for the trust business or the stock affair agent authorized by securities competent authorities, when one person is commissioned by more than 2 (inclusive) shareholders, the voting rights by proxies may not exceed 3% voting rights of the total outstanding shares. When the voting rights by proxies exceed 3% voting rights of the total outstanding shares, the voting rights exceeding the threshold will not be included for calculation.</u></p>	<p>12. In situations where there are several amendments or alternative solutions to a certain agenda, the chairperson shall determine the order in which the new and original proposals are voted. If any solution is passed, all other proposals shall be deemed rejected and no further voting is necessary.</p>	<p>Amended according to Letter Tai-Zheng-Zhi-Li-Zi No.1040001716 issued by Taiwan Stock Exchange Corporation, and adjusted article numbering to conform with prevailing laws</p>
<p><u>Article 13 Shareholders are entitled to one vote per share, except for shares that are subject to voting restrictions or situations outlined in Paragraph 2, Article 179 of The Company Act.</u> <u>Voting rights may be exercised in writing or using the electronic</u></p>	<p>13. The chairperson may call the meeting into recess at a suitable time. In the occurrence of force majeure event, the chairperson may suspend the meeting until further notice, depending on the situation. If the agendas shall not be fully resolved in</p>	<p>Amended according to Letter Tai-Zheng-Zhi-Li-Zi No.1040001716 issued by Taiwan Stock Exchange Corporation, and adjusted article numbering to conform with prevailing laws</p>

AFTER THE REVISION	BEFORE THE REVISION	EXPLANATORY NOTES
<p><u>method (pursuant to Paragraph 1, Article 177-1 of the Company Act: the Company allows shareholders to exercise voting rights in writing or through the electronic method during shareholder meetings.)</u> <u>Instructions for exercising voting rights in writing or through the electronic method shall be stated clearly in writing on the meeting advice. Shareholders who have voted in writing or using the electronic method are considered to have attended the shareholders meeting in person. However, in respect of the motion and the amendment of the original proposal in the shareholders' meeting it is deemed as a waiver; therefore, the Company is advised to avoid proposing motion or the amendment of the original proposal.</u></p> <p><u>The uses of written and electronic votes mentioned above must be delivered to The Company at least 2 days before the shareholders meeting. If there are duplicate submissions, the earlier submission shall prevail. However, exception is granted if the shareholder issues a proper declaration to withdraw the previous vote. Shareholders after exercising their votes in writing or by electronic means wish to attend the meeting of shareholders in person shall have the intension of exercising votes in writing or by electronic means revoked the same way of exercising their votes two days prior to the meeting commencement date. For overdue revocations, the votes exercised in writing or by electronic means shall prevail. If</u></p>	<p>one meeting session, a resolution can be made during the shareholder meeting to postpone the proceeding to a time in the next 5 days; in which case, no further advice or announcement of the meeting is needed.</p>	

AFTER THE REVISION	BEFORE THE REVISION	EXPLANATORY NOTES
<p><u>the shareholder has exercised written or electronic votes, and at the same time delegated a proxy to attend the shareholders meeting, then the voting decision exercised by the proxy shall prevail.</u></p> <p><u>Unless otherwise provided in the Company Act and the Company's Articles of Incorporation, the proposal is passed in the meeting by the shareholders represented a majority of the balloting rights. The Chairman or the designated personnel are to announce the total number of balloting rights of the shareholders presented at the time of balloting, and the ballots will be casted on a case-by-case basis. The result of the votes of approval, objection, or waiver casted by shareholders will be posted on the MOPS (Market Observation Post System) at the end of the shareholders' meeting.</u></p> <p><u>For the proposal with an amendment or alternative put to vote, the Chairman is to have it prioritized for balloting with the original bill enclosed. If any solution is passed, all other proposals shall be deemed rejected and no further voting is necessary.</u></p> <p><u>The meeting chairman will appoint a ballot examiner and a ballot counter for each agenda. However, the ballot examiner must be a Director.</u></p> <p><u>The votes casted in the shareholders' meeting or the vote count of an election should be held at the venue open to the attendees. In addition, the vote count result should be announced at the scene, including the number of voting</u></p>		

AFTER THE REVISION	BEFORE THE REVISION	EXPLANATORY NOTES
<p><u>rights and with the records kept.</u></p> <p><u>Article 14(Election)</u> <u>The election of directors and supervisors in the shareholders' meeting, if any, should be handled in accordance with the election regulations defined by the Company. In addition, the election result should be announced at the scene, including the list of the elected directors and supervisors and the respective elected voting rights.</u> <u>The ballots of the election referred to above should be sealed, signed, and reserved by the controller of ballot for safekeeping for at least one year. However, if a shareholder makes a litigious claim against The Company according to Article 189 of The Company Act, the above mentioned documents must be retained until the end of the litigation.</u></p>	<p>14.The chairperson may instruct picketers or security staff to help maintain order in the meeting. While maintaining order in the meeting, all scrutineers or security staff shall wear arm badges that identify their role as "Scrutineer."</p>	<p>Amended according to Letter Tai-Zheng-Zhi-Li-Zi No.1040001716 issued by Taiwan Stock Exchange Corporation, and adjusted article numbering to conform with prevailing laws</p>
<p><u>Article 15</u> <u>The resolutions reached in the shareholders' meeting must be documented in the minutes of meeting for the signature or seal of the Chairman. The minutes of meeting must be distributed to the shareholders in 20 days. The preparation and distribution of the minutes of shareholders' meeting can be processed electronically.</u> <u>The Company's minutes of shareholders' meeting referred to above can be distributed by posting it on the MOPS.</u> <u>The minutes must detail the date and venue of the meeting, the meeting chairman's name, the method of resolution, and the summary and results of meeting agendas. These minutes must be retained</u></p>	<p>15.The matters that are not addressed in this Rules of Procedure for Shareholders' Meeting should be handled in accordance with the Company Act, Securities Exchange Act, the Company's Articles of Association, and other related law and regulations.</p>	<p>Amended according to Letter Tai-Zheng-Zhi-Li-Zi No.1040001716 issued by Taiwan Stock Exchange Corporation, and adjusted article numbering to conform with prevailing laws</p>

AFTER THE REVISION	BEFORE THE REVISION	EXPLANATORY NOTES
<p><u>indefinitely.</u></p> <p><u>Article 16(Public Announcements)</u> <u>The Company must have the statistics of the number of shares by soliciting and by proxy prepared in the prescribed format and has it disclosed openly at the meeting venue on the meeting date.</u> <u>The Company shall disclose on MOPS in a timely manner any shareholder meeting resolutions that constitute material information as defined by law or the rules of Taiwan Stock Exchange Corporation (or Taipei Exchange).</u></p>	<p>16.The Rules of Procedure for Shareholders' Meeting will be implemented after it is resolved in the shareholders' meeting, so are the amendments.</p>	<p>Amended according to Letter Tai-Zheng-Zhi-Li-Zi No.1040001716 issued by Taiwan Stock Exchange Corporation, and adjusted article numbering to conform with prevailing laws</p>
<p><u>Article 17 (Order in the Meeting)</u> <u>The service personnel for the shareholders' meeting shall wear identification badges or armbands.</u> <u>The meeting chairman may instruct picketers or security staffs to help maintain order in the meeting. While maintaining order in the meeting, all picketers or security staffs must wear arm badges which identify their roles as "Staff".</u> <u>If the meeting venue is equipped with speakerphones, the Chairman may stop the shareholders who do not use the device provided by the Company from speaking.</u> <u>The Chairman may command the marshals or security guards to escort the shareholders to leave the meeting venue if they are in violation of the rules of procedure, disobey the Chairman, and interfere with the meeting proceeding.</u></p>	<p>17.The "Rules of Procedure for Shareholders' Meeting" was enacted on September 27, 1999. The 1st amendment was made on June 23, 2006. The 2nd amendment was made on June 20, 2013. The 3rd amendment was made on June 11, 2015.</p>	<p>Amended according to Letter Tai-Zheng-Zhi-Li-Zi No.1040001716 issued by Taiwan Stock Exchange Corporation, and adjusted article numbering to conform with prevailing laws</p>
<p><u>Article 18 (Recess and Resumption of Meeting)</u> <u>The Chairman at his/her</u></p>	<p>New addition</p>	<p>Amended according to Letter Tai-Zheng-Zhi-Li-Zi</p>

AFTER THE REVISION	BEFORE THE REVISION	EXPLANATORY NOTES
<u>discretion may announce the meeting in recess; also, may announce to have the meeting suspended due to force majeure and announce the time for the meeting to resume.</u> <u>If the shareholder meeting is unable to conclude all scheduled agendas (including special motions) before the venue is due for return, participants may resolve to continue the meeting at an alternative location.</u>		No.1040001716 issued by Taiwan Stock Exchange Corporation, and adjusted article numbering to conform with prevailing laws
The meeting of shareholders may, in accordance with Article 182 of the Company Act, resolve to have the meeting postponed or resumed in five days.		
<u>Article 19 These rules shall take effect once approved during a shareholder meeting. The same applies to all subsequent revisions.</u>	New addition	Amended according to Letter Tai-Zheng-Zhi-Li-Zi No.1040001716 issued by Taiwan Stock Exchange Corporation, and adjusted article numbering to conform with prevailing laws
Article 20 The rules were established on September 27, 1999. The 1 st amendment was made on June 23, 2006. The 2 nd amendment was made on June 20, 2013. The 3 rd amendment was made on June 11, 2015. <u>The 4th amendment was made on June 20, 2017.</u>	New addition	Amended to conform with the policy

**Criteria for the Acquisition and Disposition of Assets
(Comparison Table for the Before and After Revision)**

AFTER THE REVISION	BEFORE THE REVISION	EXPLANATORY NOTES
<p>Article 6: Procedures for Acquisition or Disposal of Real Estate, Property, Plant and Equipment</p> <p>1. Evaluation and operating procedures</p> <p>Acquisition/disposal of real estate, property, plant and equipment shall comply with the Company's internal control system, operating cycles and procedures on property, plant and equipment.</p> <p>2. Procedures for determining transaction terms and authorized limits</p> <p>(1)When acquiring or disposing of real estate properties, the Company shall determine the transaction terms and price in reference to government-declared value, the appraised value, and actual transaction prices of nearby properties. A detailed analysis report needs to be prepared and presented to the Chairman. Transactions that amount to NT\$100 million or below may be approved by the Chairman and raised for board's acknowledgment in the next board meeting; transactions that amount to more than NT\$100 million shall be approved by the Board of Directors before proceeding.</p> <p>(2)When acquiring or disposing other property, plant and equipment, the terms and price of the transaction shall be determined by way of inquiry, comparison, negotiation or tender. Transactions that amount to NT\$100 million and below shall be approved at the appropriate level of authority, as stated in the authorization policy; transactions</p>	<p>Article 6: Procedures for Acquisition or Disposal of Real Estate, Property, Plant and Equipment</p> <p>1. Evaluation and operating procedures</p> <p>Acquisition/disposal of real estate, property, plant and equipment shall comply with the Company's internal control system, operating cycles and procedures on property, plant and equipment.</p> <p>2. Procedures for determining transaction terms and authorized limits</p> <p>(1)When acquiring or disposing of real estate properties, the Company shall determine the transaction terms and price in reference to government-declared value, the appraised value, and actual transaction prices of nearby properties. A detailed analysis report needs to be prepared and presented to the Chairman. Transactions that amount to NT\$100 million or below may be approved by the Chairman and raised for board's acknowledgment in the next board meeting; transactions that amount to more than NT\$100 million shall be approved by the Board of Directors before proceeding.</p> <p>(2)When acquiring or disposing other property, plant and equipment, the terms and price of the transaction shall be determined by way of inquiry, comparison, negotiation or tender. Transactions that amount to NT\$100 million and below shall be approved at the appropriate level of authority, as stated in the authorization policy; transactions that amount to more than NT\$100</p>	<p>Amendments were made in accordance with the authority's instruction Jin-Guan-Zheng -Fa-Zi No.1060001296</p>

AFTER THE REVISION	BEFORE THE REVISION	EXPLANATORY NOTES
<p>that amount to more than NT\$100 million shall be approved by the Chairman and passed in a board meeting before proceeding.</p> <p>(3) If a director expresses objection on the record or through written declaration against an asset acquisition/disposal that is subject to board's approval, the Company shall forward that director's objections to all supervisors. If there are independent directors in place, the board shall take independent directors' opinions under advisement when discussing the terms of the asset acquisition/disposal. Any objections or qualified opinions made by independent directors shall be noted in board meeting minutes.</p> <p>3. Executors</p> <p>All acquisition or disposal of real estate, property, plant and equipment shall be approved at the level of authority mentioned above and carried out by the user or administration department.</p>	<p>million shall be approved by the Chairman and passed in a board meeting before proceeding.</p> <p>(3) If a director expresses objection on the record or through written declaration against an asset acquisition/disposal that is subject to board's approval, the Company shall forward that director's objections to all supervisors. If there are independent directors in place, the board shall take independent directors' opinions under advisement when discussing the terms of the asset acquisition/disposal. Any objections or qualified opinions made by independent directors shall be noted in board meeting minutes.</p> <p>3. Executors</p> <p>All acquisition or disposal of real estate, property, plant and equipment shall be approved at the level of authority mentioned above and carried out by the user or administration department.</p>	
<p>4. Appraisal report for real estate, property, plant and equipment</p> <p>The Company's acquisition or disposal of real estate or equipment, except for the transactions conducted with government agencies, commissioned to build by land owner, commissioned to build by lessee, and the transaction amount exceeding 20% of the paid-in capital or NT\$300 million, should be with the appraisal report collected from the professional appraisers before the date of occurrence (with mandatory details specified by the Financial Supervisory Commission) in accordance with the following requirements:</p> <p>(1) If the transaction price is determined by referring to an attributive price, a specific price, or a</p>	<p>4. Appraisal report for real estate, property, plant and equipment</p> <p>The Company's acquisition or disposal of real estate or equipment, except for the transactions conducted with government agencies, commissioned to build by land owner, commissioned to build by lessee, and the transaction amount exceeding 20% of the paid-in capital or NT\$300 million, should be with the appraisal report collected from the professional appraisers before the date of occurrence (with mandatory details specified by the Financial Supervisory Commission) in accordance with the following requirements:</p> <p>(1) If the transaction price is determined by referring to an attributive price, a specific price, or a special price for a</p>	

AFTER THE REVISION	BEFORE THE REVISION	EXPLANATORY NOTES
<p>special price for a good cause, the transaction should be presented to the board of directors for resolutions. The changes in trading conditions should be processed the same.</p> <p>(2)The transaction amounted to NT\$1 billion or more should be appraised by two or more professional appraisers.</p> <p>(3)For the professional appraiser's with one of the following results, unless the appraisal result of the assets acquired is higher than the transaction amount or the appraisal result of the assets disposed is lower than the transaction amount, it should be processed in accordance with the Generally Accepted Auditing Standards (GAAS) No. 20 of the ROC Accounting Research and Development Foundation; also, express the opinion on the cause of the nonconformity and the adequacy of the transaction price:</p> <p>1.The spread between the appraisal result and the transaction amount exceeds 20%.</p> <p>2.The appraisal spread between the two or more appraisers exceeds 10% of the transaction amount.</p> <p>(4)Where a professional valuation is used, the valuer's report shall be dated no further than 3 months from the contract date. However, if the report pertains to the same government-declared value and is no more than 6 months old, the Company may still base its decisions on the report, provided that an opinion letter is obtained from the original valuer.</p> <p>(5)For assets acquired or disposed through court auctions, documentary proof issued by the court can be used in place of the valuation report or CPA's opinion.</p>	<p>good cause, the transaction should be presented to the board of directors for resolutions. The changes in trading conditions should be processed the same.</p> <p>(2)The transaction amounted to NT\$1 billion or more should be appraised by two or more professional appraisers.</p> <p>(3)For the professional appraiser's with one of the following results, unless the appraisal result of the assets acquired is higher than the transaction amount or the appraisal result of the assets disposed is lower than the transaction amount, it should be processed in accordance with the Generally Accepted Auditing Standards (GAAS) No. 20 of the ROC Accounting Research and Development Foundation; also, express an opinion on the cause of the nonconformity and the adequacy of the transaction price:</p> <p>1.The spread between the appraisal result and the transaction amount exceeds 20%.</p> <p>2.The appraisal spread between the two or more appraisers exceeds 10% of the transaction amount</p> <p>(4)Where a professional valuation is used, the valuer's report shall be dated no further than 3 months from the contract date. However, if the report pertains to the same government-declared value and is no more than six months old, the Company may still base its decisions on the report, provided that an opinion letter is obtained from the original valuer.</p> <p>(5)For assets acquired or disposed through court auctions, documentary proof issued by the court can be used in place of the valuation report or CPA's opinion.</p>	
Article 8: Related Party Transaction Procedures	Article 8: Related Party Transaction Procedures	Amendments were made in accordance with

AFTER THE REVISION	BEFORE THE REVISION	EXPLANATORY NOTES
<p>1.Acquisition and disposal of assets with related parties are subject to the resolution procedures and rationality assessments described in Articles 6 and 7 if the transaction amounts to more than 10% of the Company's total assets. In which case, a valuation report from a professional valuer or an opinion from a CPA would have to be obtained to support the transaction. The aforementioned transaction amount shall be calculated according to Article 7-1; furthermore, whether a counterparty meets the description of related party shall depend on the actual relationship, in addition to legal definitions.</p> <p>2.Evaluation and operating procedures</p> <p>For the acquisition or disposal of real property or other assets conducted with a related party for an amount more than 20% of the Company's paid-in capital, 10% of the total assets, or NT\$300 million, except for the trading of government bonds, RP/RS bonds, and purchasing/repurchasing of money market funds that are issued by domestic securities investment trust enterprises, the following information should be submitted to the Board of Directors for approval and the Supervisors for acknowledgement before having the trade agreement signed and payment made:</p> <p>(1)The purpose, necessity, and expected benefits of the acquisition or disposal of assets.</p> <p>(2)The reasons for selecting the related party as the counterparty.</p> <p>(3)When acquiring real estate property from a related party, the underlying transaction terms shall be assessed for rationality according to Subparagraphs (I) ~ (IV), Paragraph 3 of this Article.</p> <p>(4)The matters of the related party's</p>	<p>1.Acquisition and disposal of assets with related parties are subject to the resolution procedures and rationality assessments described in Articles 6 and 7 if the transaction amounts to more than 10% of the Company's total assets. In which case, a valuation report from a professional valuer or an opinion from a CPA would have to be obtained to support the transaction. The aforementioned transaction amount shall be calculated according to Article 7-1; furthermore, whether a counterparty meets the description of related party shall depend on the actual relationship, in addition to legal definitions.</p> <p>2.Evaluation and operating procedures</p> <p>For the acquisition or disposal of real property or other assets conducted with a related party for an amount more than 20% of the Company's paid-in capital, 10% of the total assets, or NT\$300 million, except for the trading of government bonds, RP/RS bonds, and purchasing/repurchasing of money market funds that are issued by domestic money market funds, the following information should be submitted to the Board of Directors for approval and the Supervisors for acknowledgement before having the trade agreement signed and payment made:</p> <p>For the acquisition or disposal of related party's assets by the Company, or for the acquisition or disposal of assets other than real assets for an amount over to 20% of paid-in capital, 10% of total assets, or NT\$300 million, except for the trade of bonds, RP or RS, or the purchase or redemption of the domestic money market funds, the following information should be submitted to the board of directors for approval and to the Supervisors for acknowledgement before having the transaction contract signed and</p>	<p>the authority's instruction Jin-Guan-Zheng -Fa-Zi No.1060001296</p>

AFTER THE REVISION	BEFORE THE REVISION	EXPLANATORY NOTES
<p>original acquisition date and price, counterparty, and the relationship with the Company and the related party.</p> <p>(5)The monthly cash income and expense forecast within the year from the month of the contract signed; also, assess the necessity of the trade and the reasonableness of the use of funds.</p> <p>(6)Acquire the appraisal report from the professional appraisers or the opinions of the CPAs in accordance with the provisions referred to above.</p> <p>(7)The restrictions and other important stipulations of the transaction. The transactions amount referred to above should be calculated in accordance with Article 13 Paragraph 1. Also, the alleged “within one year” meant for the one year prior to the date of occurrence excluding the part that had already been resolved in the board meeting and accepted by the supervisors. For the acquisition or disposal of operating machinery and equipment between the Company and the subsidiaries or the subsidiary, the board of directors may authorize the Chairman in accordance with Article 6 Paragraph 2 to have a decision made within the quota and then reported in the most recent board meeting for ratification.</p>	<p>payment made:</p> <p>(1)The purpose, necessity, and expected benefits of the acquisition or disposal of assets.</p> <p>(2)The reasons for selecting the related party as the counterparty.</p> <p>(3)When acquiring real estate property from a related party, the underlying transaction terms shall be assessed for rationality according to Subparagraphs (I) ~ (IV), Paragraph 3 of this Article.</p> <p>(4)The matters of the related party’s original acquisition date and price, counterparty, and the relationship with the Company and the related party.</p> <p>(5)The monthly cash income and expense forecast within the year from the month of the contract signed; also, assess the necessity of the trade and the reasonableness of the use of funds.</p> <p>(6)Acquire the appraisal report from the professional appraisers or the opinions of the CPAs in accordance with the provisions referred to above.</p> <p>(7)The restrictions and other important stipulations of the transaction. The transactions amount referred to above should be calculated in accordance with Article 13 Paragraph 1. Also, the alleged “within one year” meant for the one year prior to the date of occurrence excluding the part that had already been resolved in the board meeting and accepted by the supervisors.</p> <p>For the acquisition or disposal of operating machinery and equipment between the Company and the subsidiaries or the subsidiary, the board of directors may authorize the Chairman in accordance with Article 6 Paragraph 2 to have a decision made within the quota and then reported in the most recent board meeting for ratification.</p>	

AFTER THE REVISION	BEFORE THE REVISION	EXPLANATORY NOTES
<p>If there are independent directors in place, the board shall take independent directors' opinions under advisement when discussing the terms of the asset acquisition/disposal. Any objections or qualified opinions made by independent directors shall be noted in board meeting minutes.</p> <p>3.Rationality assessment on transaction cost</p> <p>(1)The Company should assess the reasonableness of the transaction costs for the acquisition of real estate from the related party in accordance with the following methods:</p> <p>1.Based on the transactions price of the related party plus the necessary funds interest cost and buyer's cost by law The so-called necessary capital interest cost is calculated in accordance with the weighted average interest rate of the loans in the year the assets are acquired by the Company; however, it may not be higher than the non-financial industry maximum loan interest rate as announced by the Ministry of Finance.</p> <p>2.If the related party has the underlying subject used as collateral for a loan from financial institutions, the financial institutions are to assess the gross lending value of the subject matter. However, the actual accumulated lending value of the subject matter granted by the financial institutions should reach over 70% of the assessed gross lending value for a lending period over one year. However, it is not applicable if the financial institutions and the counterparty are related.</p> <p>(2)For the combined purchase of the same underlying land and house, the transaction costs of land and house can be assessed by any of the methods referred to above.</p>	<p>If there are independent directors in place, the board shall take independent directors' opinions under advisement when discussing the terms of the asset acquisition/disposal. Any objections or qualified opinions made by independent directors shall be noted in board meeting minutes.</p> <p>3.Rationality assessment on transaction cost</p> <p>(1)The Company should assess the reasonableness of the transaction costs for the acquisition of real estate from the related party in accordance with the following methods:</p> <p>1.Based on the transactions price of the related party plus the necessary funds interest cost and buyer's cost by law The so-called necessary capital interest cost is calculated in accordance with the weighted average interest rate of the loans in the year the assets are acquired by the Company; however, it may not be higher than the non-financial industry maximum loan interest rate as announced by the Ministry of Finance.</p> <p>2.If the related party has the underlying subject used as collateral for a loan from financial institutions, the financial institutions are to assess the gross lending value of the subject matter. However, the actual accumulated lending value of the subject matter granted by the financial institutions should reach over 70% of the assessed gross lending value for a lending period over one year. However, it is not applicable if the financial institutions and the counterparty are related.</p> <p>(2)For the combined purchase of the same underlying land and house, the transaction costs of land and house can be assessed by any of the methods referred to above.</p> <p>(3)When acquiring real estate</p>	<p>Amendments were made in accordance with the authority's instruction Jin-Guan-Zheng -Fa-Zi No.1060001296</p>

AFTER THE REVISION	BEFORE THE REVISION	EXPLANATORY NOTES
<p>(3)When acquiring real estate properties from related parties, property costs shall be evaluated according to Subparagraphs (I) and (II), Paragraph 3 of this Article. A certified public accountant shall also be engaged to verify and opine on the transaction.</p> <p>(4)Subparagraph (V), Paragraph 3 of this Article shall apply to real estate properties acquired from related parties if the valuation methods described in Subparagraphs (I) and (II), Paragraph 3 of this Article both produce a value that is lower than the transaction price. However, as a result due to the following circumstances and with the objective evidence presented and an appraisal report collected from the professional real estate appraiser and a reasonable opinion issued by the CPAs, it is not subject to the limitations:</p>	<p>properties from related parties, property costs shall be evaluated according to Subparagraphs (I) and (II), Paragraph 3 of this Article. A certified public accountant shall also be engaged to verify and opine on the transaction.</p> <p>(4)Subparagraph (V), Paragraph 3 of this Article shall apply to real estate properties acquired from related parties if the valuation methods described in Subparagraphs (I) and (II), Paragraph 3 of this Article both produce a value that is lower than the transaction price. However, as a result due to the following circumstances and with the objective evidence presented and an appraisal report collected from the professional real estate appraiser and a reasonable opinion issued by the CPAs, it is not subject to the limitations:</p>	
<p>1.Related party that has obtained prime land or rental land for construction must submit the proof of complying with the following conditions:</p> <p>(1)The prime land is assessed in accordance with the methods referred to above. House is assessed in accordance with the sum of the construction costs and a reasonable profit exceeding the actual transaction price. The term “reasonable construction profit” is based on the average gross profit rate in the last 3 years of the related party’s construction department or the latest gross profit rate of the construction industry announced by the Ministry of Finance whichever is lower.</p> <p>(2)The successful trade of other floors of the same underlying house and land or the successful trade of the unrelated party in the neighborhood within one year with the similar floor area; also, the trade conditions are</p>	<p>1.Related party that has obtained prime land or rental land for construction must submit the proof of complying with the following conditions:</p> <p>(1)The prime land is assessed in accordance with the methods referred to above. House is assessed in accordance with the sum of the construction costs and a reasonable profit exceeding the actual transaction price. The term “reasonable construction profit” is based on the average gross profit rate in the last three years of the related party’s construction department or the latest gross profit rate of the construction industry announced by the Ministry of Finance whichever is lower.</p> <p>(2)The successful trade of other floors of the same underlying house and land or the successful trade of the unrelated party in the neighborhood within one year with the similar floor area; also, the trade conditions are assessed to</p>	<p>Amendments were made in accordance with the authority’s instruction Jin-Guan-Zheng -Fa-Zi No.1060001296</p>

AFTER THE REVISION	BEFORE THE REVISION	EXPLANATORY NOTES
<p>assessed to be equivalent in accordance with the reasonable floors or regional spread in general practice of real estate trade.</p> <p>(3)The lease of other floors of the same underlying house and land or the lease of the unrelated party within one year are assessed to be equivalent in accordance with the reasonable floors or spread in general practice of real estate lease.</p> <p>2.The Company evidences that the trade terms of acquiring the real estate from the related parties are similar to the successful trade of the unrelated party in the neighborhood within one year with the similar floor area. The alleged “successful trade” in the neighborhood referred to above meant for the underlying subject on the same street or an adjacent street/block within the 500m-radius or with the similar announced present value. The alleged “similar floor area” meant for the successful trade by other non-related party is for not less than 50% of the floor area of the underlying subject. The alleged “within one year” meant for the one year prior to the date of occurrence for the acquisition of real estate.</p> <p>(5)The following shall apply to real estate properties acquired from related parties if the valuation methods described in Subparagraphs (I) and (II), Paragraph 3 of this Article both produce a value that is lower than the transaction price. Special reserves that the Company and equity-accounted investees (public companies) have provided according to the above can only be taken to offset losses on devaluation or disposal of assets acquired at high price, or to compensate or restore assets to their original conditions, or for other rational purposes supported by evidence and Financial</p>	<p>be equivalent in accordance with the reasonable floors or regional spread in general practice of real estate trade.</p> <p>(3)The lease of other floors of the same underlying house and land or the lease of the unrelated party within one year are assessed to be equivalent in accordance with the reasonable floors or spread in general practice of real estate lease.</p> <p>2.The Company evidences that the trade terms of acquiring the real estate from the related parties are similar to the successful trade of the unrelated party in the neighborhood within one year with the similar floor area. The alleged “successful trade” in the neighborhood referred to above meant for the underlying subject on the same street or an adjacent street/block within the 500m-radius or with the similar announced present value. The alleged “similar floor area” meant for the successful trade by other non-related party is for not less than 50% of the floor area of the underlying subject. The alleged “within one year” meant for the one year prior to the date of occurrence for the acquisition of real estate.</p> <p>(5)The following shall apply to real estate properties acquired from related parties if the valuation methods described in Subparagraphs (I) and (II), Paragraph 3 of this Article both produce a value that is lower than the transaction price. Special reserves that the Company and equity-accounted investees (public companies) have provided according to the above can only be taken to offset losses on devaluation or disposal of assets acquired at high price, or to compensate or restore assets to their original conditions, or for other rational purposes supported by evidence and Financial Supervisory Commission’s approval.</p>	

AFTER THE REVISION	BEFORE THE REVISION	EXPLANATORY NOTES
<p>Supervisory Commission's approval.</p> <p>1.A special reserve is to be appropriated in respect of the spread between the transaction price and the evaluation costs of the real estate in accordance with Article 41 Paragraph 1 of the Securities and Exchange Act; also, the special reserve may not be distributed or capitalized for stock dividend. Public companies that account the Company as an investment using the equity method shall also recognize a portion of the Company's special reserves according to their respective shareholding percentages, as required in Paragraph 1, Article 41 of the Securities and Exchange Act.</p>	<p>1.A special reserve is to be appropriated in respect of the spread between the transaction price and the evaluation costs of the real estate in accordance with Article 41 Paragraph 1 of the Securities and Exchange Act; also, the special reserve may not be distributed or capitalized for stock dividend. Public companies that account the Company as an investment using the equity method shall also recognize a portion of the Company's special reserves according to their respective shareholding percentages, as required in Paragraph 1, Article 41 of the Securities and Exchange Act.</p>	
<p>2.Supervisors shall proceed according to Article 218 of the Company Act.</p> <p>3.Progress of Notes 1 and 2, Subparagraph (V), Paragraph 3 shall be reported during shareholder meeting, whereas transaction details are to be disclosed in annual reports and the prospectus.</p> <p>(6)Acquisition of real estate property from related party may proceed according to the valuation and operating procedures described in Paragraphs 1 and 2 of this Article if the transaction exhibits any of the following conditions; in which case, the transaction cost needs not undergo rationality assessment as described in Subparagraphs (I), (II) or (III), Paragraph 3 of this Article:</p> <p>1.The acquisition of real estate by related party is by inheritance or gift.</p> <p>2.Related party's contracting for the acquisition of real estate is over 5 years from the date of the trade contract signed.</p> <p>3.Acquire property by signing with the related party a construction contract, including joint construction contract, commissioned to build by land owner,</p>	<p>2.Supervisors shall proceed according to Article 218 of the Company Act.</p> <p>3.Progress of Notes 1 and 2, Subparagraph (V), Paragraph 3 shall be reported during shareholder meeting, whereas transaction details are to be disclosed in annual reports and the prospectus.</p> <p>(6)Acquisition of real estate property from related party may proceed according to the valuation and operating procedures described in Paragraphs 1 and 2 of this Article if the transaction exhibits any of the following conditions; in which case, the transaction cost needs not undergo rationality assessment as described in Subparagraphs (I), (II) or (III), Paragraph 3 of this Article:</p> <p>1.The acquisition of real estate by related party is by inheritance or gift.</p> <p>2.Related party's contracting for the acquisition of real estate is over five years from the date of the trade contract signed.</p> <p>3.Acquire property by signing with the related party a construction contract, including joint construction contract, commissioned to build by land owner,</p>	<p>Amendments were made in accordance with the authority's instruction Jin-Guan-Zheng -Fa-Zi No.1060001296</p>

AFTER THE REVISION	BEFORE THE REVISION	EXPLANATORY NOTES
<p>or commissioned to build by lessee.</p> <p>(7)If there is other evidence to suggest that the terms of real estate property acquired from related parties is outside business norms, the transaction shall proceed according to Subparagraph (V), Paragraph 3 of this Article.</p>	<p>or commissioned to build by lessee.</p> <p>(7)If there is other evidence to suggest that the terms of real estate property acquired from related parties is outside business norms, the transaction shall proceed according to Subparagraph (V), Paragraph 3 of this Article.</p>	
<p>Article 9: Procedures for Acquiring or Disposing Memberships or Intangible Assets</p> <p>(1)Evaluation and operating procedures</p> <p>Acquisition/disposal of memberships and intangible assets shall comply with the Company's internal control system, operating cycles and procedures on property, plant and equipment.</p>	<p>Article 9: Procedures for Acquiring or Disposing Memberships or Intangible Assets</p> <p>(1)Evaluation and operating procedures</p> <p>Acquisition/disposal of memberships and intangible assets shall comply with the Company's internal control system, operating cycles and procedures on property, plant and equipment.</p>	<p>Amendments were made in accordance with the authority's instruction Jin-Guan-Zheng -Fa-Zi No.1060001296</p>
<p>(2) Procedures for determining transaction terms and authorized limits</p> <p>1.When acquiring or disposing of memberships, the Company shall determine the transaction terms and prices in reference to fair market value. A detailed analysis report needs to be prepared and presented to the Chairman. Transactions that amount to NT\$3 million and below may be approved by the Chairman; transactions that amount to more than NT\$3 million shall be approved by the Board of Directors before proceeding.</p> <p>2.When acquiring or disposing of intangible assets, the Company shall determine the transaction terms and prices in reference to expert's report or fair market value. A detailed analysis report needs to be prepared and presented to the Chairman. Transactions that amount to NT\$20 million and below may be approved by the Chairman; transactions that amount to more than NT\$20 million shall be approved by the Board of</p>	<p>(2)Procedures for determining transaction terms and authorized limits</p> <p>1.When acquiring or disposing of memberships, the Company shall determine the transaction terms and prices in reference to fair market value. A detailed analysis report needs to be prepared and presented to the Chairman. Transactions that amount to NT\$3 million and below may be approved by the Chairman; transactions that amount to more than NT\$3 million shall be approved by the Board of Directors before proceeding.</p> <p>2.When acquiring or disposing of intangible assets, the Company shall determine the transaction terms and prices in reference to expert's report or fair market value. A detailed analysis report needs to be prepared and presented to the Chairman. Transactions that amount to NT\$20 million and below may be approved by the Chairman; transactions that amount to more than NT\$20 million shall be approved by the Board of Directors before proceeding.</p>	<p>Amendments were made in accordance with the authority's instruction Jin-Guan-Zheng -Fa-Zi No.1060001296</p>

AFTER THE REVISION	BEFORE THE REVISION	EXPLANATORY NOTES
<p>Directors before proceeding.</p> <p>3.If a director expresses objection on record or through written declaration against an asset acquisition/disposal that is subject to board's approval, the Company shall forward that director's objections to all supervisors. If there are independent directors in place, the board shall take independent directors' opinions under advisement when discussing the terms of the asset acquisition/disposal.</p> <p>Any objections or qualified opinions made by independent directors shall be noted in board meeting minutes.</p> <p>(3)Executors</p> <p>All acquisition or disposal of membership or intangible asset shall be approved at the level of authority mentioned above and carried out by the user, finance or administration department.</p>	<p>3.If a director expresses objection on record or through written declaration against an asset acquisition/disposal that is subject to board's approval, the Company shall forward that director's objections to all supervisors. If there are independent directors in place, the board shall take independent directors' opinions under advisement when discussing the terms of the asset acquisition/disposal. Any objections or qualified opinions made by independent directors shall be noted in board meeting minutes.</p> <p>(3)Executors</p> <p>All acquisition or disposal of membership or intangible asset shall be approved at the level of authority mentioned above and carried out by the user, finance or administration department.</p>	
<p>(4)Expert's report on memberships or intangible assets</p> <p>1.For the acquisition or disposal of membership cards or intangible assets with the transactions amount over 20% of the paid-in capital or NT\$300 million, except for the transactions conducted with government agencies, the commissioned CPA shall comment on the reasonableness of the transaction prices before the date of occurrence in accordance with the Generally Accepted Auditing Standards (GAAS) No. 20 of the Accounting Research and Development Foundation.</p> <p>2.For memberships and intangible assets acquired or disposed through court auctions, a documentary proof issued by the court can be used in place of the valuation report or CPA's opinion.</p>	<p>(4)Expert's report on memberships or intangible assets</p> <p>1.For the acquisition or disposal of membership cards or intangible assets with the transactions amount over 20% of the paid-in capital or NT\$300 million, except for the transactions conducted with government agencies, the commissioned CPA shall comment on the reasonableness of the transaction prices before the date of occurrence in accordance with the Generally Accepted Auditing Standards (GAAS) No. 20 of the Accounting Research and Development Foundation.</p> <p>2.For memberships and intangible assets acquired or disposed through court auctions, a documentary proof issued by the court can be used in place of the valuation report or CPA's opinion.</p>	<p>Amendments were made in accordance with the authority's instruction Jin-Guan-Zheng -Fa-Zi No.1060001296</p>
<p>Article 12: Merger, Divestment, Acquisition and Share Exchange</p>	<p>Article 12:Merger, Divestment, Acquisition and Share Exchange</p>	

AFTER THE REVISION	BEFORE THE REVISION	EXPLANATORY NOTES
<p>Procedures</p> <p>1.Evaluation and operating procedures</p> <p>(1)Decisions that involve merger, divestment, acquisition, or share exchange shall be consulted with lawyers, accountants and underwriters to determine the proper legal procedures and timeline. A special project team shall be assembled to execute the project according to legal procedures. Accountants, lawyers or securities underwriters shall be invited to express opinions in board meetings with regards to the share exchange ratio, the acquisition price, the amount of cash distributed to shareholders, and rationality of the acquired property before the proposal is discussed and passed by the Board of Directors. For mergers between the Company and wholly-owned subsidiaries directly or indirectly, or for mergers between wholly-owned subsidiaries directly or indirectly, it is not necessary to obtain a reasonable opinion from the aforementioned experts.</p> <p>(2)Important details of the business merger, divestment or acquisition shall be compiled into a public report and delivered to shareholders along with and meeting advice and expert's opinions mentioned in Subparagraph (I), Paragraph 1 of this Article. These documents will be used by shareholders to decide whether to support the merger, divestment or acquisition. However, the corporate merger, spins-off, or acquisition that does not have to be resolved in the shareholders' meeting according to other governing regulations is not subject to the requirement. Furthermore, if any participant of the business merger, divestment, or takeover is unable to convene a shareholder meeting, produce a resolution, or if the motion is voted</p>	<p>Procedures</p> <p>1.Evaluation and operating procedures</p> <p>(1)Decisions that involve merger, divestment, acquisition, or share exchange shall be consulted with lawyers, accountants and underwriters to determine the proper legal procedures and timeline. A special project team shall be assembled to execute the project according to legal procedures. Accountants, lawyers or securities underwriters shall be invited to express opinions in board meetings with regards to the share exchange ratio, the acquisition price, the amount of cash distributed to shareholders, and rationality of the acquired property before the proposal is discussed and passed by the Board of Directors.</p> <p>(2)Important details of the business merger, divestment or acquisition shall be compiled into a public report and delivered to shareholders along with and meeting advice and expert's opinions mentioned in Subparagraph (I), Paragraph 1 of this Article. These documents will be used by shareholders to decide whether to support the merger, divestment or acquisition. However, the corporate merger, spins-off, or acquisition that does not have to be resolved in the shareholders' meeting according to other governing regulations is not subject to the requirement. Furthermore, if any participant of the business merger, divestment, or takeover is unable to convene a shareholder meeting, produce a resolution, or if the motion is voted down by shareholders due to insufficient attendants, minimum votes, or other legal restrictions, then the participants of the business merger, divestment, or acquisition shall immediately announce to the public the causes of the discontinuance, their follow-up actions, and the estimated</p>	

AFTER THE REVISION	BEFORE THE REVISION	EXPLANATORY NOTES
down by shareholders due to insufficient attendants, minimum votes, or other legal restrictions, then the participants of the business merger, divestment, or acquisition shall immediately announce to the public the causes of the discontinuance, their follow-up actions, and the estimated date of the next shareholder meeting.	date of the next shareholder meeting.	
<p>2.Other important notes</p> <p>(1)Board meeting date, file retention, and duty of reporting:</p> <p>1.For the merger, spins-off, or acquisition of a company, unless otherwise required by law or due to special factors must report to the FSC in advance, the board meeting and the shareholders' meeting should be convened in the same day to resolve the matters related to the corporate merger, spins-off, and acquisition. For the assignment of shares of a company, unless otherwise required by law or due to special factors must report to the FSC in advance, the board meeting should be convened in the same day.</p> <p>2.When participating in a merger, divestment, acquisition or share exchange, the following information shall be fully documented and kept for 5 years for reference:</p> <p>(1)Personnel information: including the title, name, and identity card number (or passport number for foreigners) of the personnel involved in a merger, spins-off, acquisition, or assignment of shares, or, the plan executor.</p> <p>(2)Date of significant events: including the date of signing a letter of intent or memorandum, commissioning a financial or legal adviser, signing a contract, and convening a board meeting.</p> <p>(3)Important documents and minutes</p>	<p>2.Other important notes</p> <p>(1)Board meeting date, file retention, and duty of reporting:</p> <p>1.For the merger, spins-off, or acquisition of a company, unless otherwise required by law or due to special factors must report to the FSC in advance, the board meeting and the shareholders' meeting should be convened in the same day to resolve the matters related to the corporate merger, spins-off, and acquisition. For the assignment of shares of a company, unless otherwise required by law or due to special factors must report to the FSC in advance, the board meeting should be convened in the same day.</p> <p>2.When participating in a merger, divestment, acquisition or share exchange, the following information shall be fully documented and kept for five years for reference:</p> <p>(1)Personnel information: including the title, name, and identity card number (or passport number for foreigners) of the personnel involved in a merger, spins-off, acquisition, or assignment of shares, or, the plan executor.</p> <p>(2)Date of significant events: including the date of signing a letter of intent or memorandum, commissioning a financial or legal adviser, signing a contract, and convening a board meeting.</p> <p>(3)Important documents and minutes of meeting: including the documents of</p>	<p>Amendments were made in accordance with the authority's instruction Jin-Guan-Zheng -Fa-Zi No.1060001296</p>

AFTER THE REVISION	BEFORE THE REVISION	EXPLANATORY NOTES
<p>of meeting: including the documents of the merger, spins-off, acquisition, or assignment of shares plans, letters of intent or memorandum, important contracts, minutes of board meeting.</p> <p>3. When participating in a merger, divestment, acquisition or share exchange, all information listed in Paragraphs (1) and (2) above shall be reported to the Financial Supervisory Commission over the Internet using the prescribed format within two days from the board resolution date.</p> <p>4. If a participant of the business merger, divestment, acquisition or share exchange is a non-public listed company, the TWSE/TPEX listed company shall sign an agreement with the non-public listed company and execute the transaction according to Notes 2 and 3 above.</p>	<p>the merger, spins-off, acquisition, or assignment of shares plans, letters of intent or memorandum, important contracts, minutes of board meeting.</p> <p>3. When participating in a merger, divestment, acquisition or share exchange, all information listed in Paragraphs (1) and (2) above shall be reported to the Financial Supervisory Commission over the Internet using the prescribed format within two days from the board resolution date.</p> <p>4. If a participant of the business merger, divestment, acquisition or share exchange is a non-public listed company, the TWSE/TPEX listed company shall sign an agreement with the non-public listed company and execute the transaction according to Notes 2 and 3 above.</p>	
<p>(2) Confidentiality commitment: All parties involved or possessing knowledge of a merger, divestment, acquisition or share exchange shall issue a written commitment not to disclose any information until the plan is made public. The written commitment shall also prohibit the trading of shares or securities of equity nature pertaining to the deal, whether in own name or in the names of others.</p> <p>(3) Principles on share exchange ratio and acquisition price: Participants of a business merger, divestment, acquisition or share exchange shall engage accounts, lawyers or securities underwriters to express opinions regarding the rationality of the share exchange ratio, the acquisition price, or the amount of cash or property distributed to shareholders before board meetings are convened by the two parties. These opinions shall also be raised for discussion in shareholder meeting. The share exchange ratio and</p>	<p>(2) Confidentiality commitment: All parties involved or possessing knowledge of a merger, divestment, acquisition or share exchange shall issue a written commitment not to disclose any information until the plan is made public. The written commitment shall also prohibit the trading of shares or securities of equity nature pertaining to the deal, whether in own name or in the names of others.</p> <p>(3) Principles on share exchange ratio and acquisition price: Participants of a business merger, divestment, acquisition or share exchange shall engage accounts, lawyers or securities underwriters to express opinions regarding the rationality of the share exchange ratio, the acquisition price, or the amount of cash or property distributed to shareholders before board meetings are convened by the two parties. These opinions shall also be raised for discussion in shareholder meeting. The share exchange ratio and acquisition price shall not be changed unless an alteration term has</p>	<p>Amendments were made in accordance with the authority's instruction Jin-Guan-Zheng -Fa-Zi No.1060001296</p>

AFTER THE REVISION	BEFORE THE REVISION	EXPLANATORY NOTES
<p>acquisition price shall not be changed unless an alteration term has been specified in the contract and announced to the public. The share exchange ratio and acquisition price can be changed under the following conditions:</p> <ol style="list-style-type: none"> 1.Process cash capital increase and issue convertible bonds, stock dividends, bonds with stock option, preferred shares with stock option, stock options certificate, and other equity-type securities. 2.Disposal of major assets that affects the Company's financial operations. 3.The occurrence of significant disasters and major changes in technology that affects the Company's shareholders' equity or securities price. 4.The adjustment of treasury stock repurchased lawfully by any company that participates in the merger, spins-off, acquisition, or assignment of shares. 5.Changes in the entity or number of companies involved in the merger, spins-off, acquisition, or assignment of shares. 6.The other conditions for tolerable changes are defined in the contract and have been publicly disclosed. 	<p>been specified in the contract and announced to the public. The share exchange ratio and acquisition price can be changed under the following conditions:</p> <ol style="list-style-type: none"> 1.Process cash capital increase and issue convertible bonds, stock dividends, bonds with stock option, preferred shares with stock option, stock options certificate, and other equity-type securities. 2.Disposal of major assets that affects the Company's financial operations. 3.The occurrence of significant disasters and major changes in technology that affects the Company's shareholders' equity or securities price. 4.The adjustment of treasury stock repurchased lawfully by any company that participates in the merger, spins-off, acquisition, or assignment of shares. 5.Changes in the entity or number of companies involved in the merger, spins-off, acquisition, or assignment of shares. 6.The other conditions for tolerable changes are defined in the contract and have been publicly disclosed. 	
<p>(4)Mandatory contract terms: In addition to Article 317-1 of the Company Act and Article 22 of the Business Mergers And Acquisitions Act, a merger, divestment, acquisition, share exchange contract shall also contain the following details.</p> <ol style="list-style-type: none"> 1.Event of default. 2.The principle for the process of the equity-type securities issued or treasury stock repurchased by the discontinued or spins-off company due to a merger. 3.The treasury stock to be 	<p>(4)Mandatory contract terms: In addition to Article 317-1 of the Company Act and Article 22 of the Business Mergers And Acquisitions Act, a merger, divestment, acquisition, share exchange contract shall also contain the following details.</p> <ol style="list-style-type: none"> 1.Event of default. 2.The principle for the process of the equity-type securities issued or treasury stock repurchased by the discontinued or spins-off company due to a merger. 3.The treasury stock to be 	<p>Amendments were made in accordance with the authority's instruction Jin-Guan-Zheng -Fa-Zi No.1060001296</p>

AFTER THE REVISION	BEFORE THE REVISION	EXPLANATORY NOTES
<p>repurchased lawfully by the involving company and the principle for its process after the base date for the calculation of stock swap ratio.</p> <p>4.The process for the changes in the entity and the number of companies involved.</p> <p>5.The expected progress of the project and the schedule of completion.</p> <p>6.The process of convening a shareholders' meeting when the project is not completed on time.</p> <p>(5)Change in the number of merger, divestment, acquisition, share exchange participants: If a participant of the business merger, divestment, acquisition or share exchange intends to engage in another business merger, divestment, acquisition or share exchange with another company after the initial deal is made public, all procedures or legal actions completed on the initial deal shall start afresh by all participants. However, this excludes situations where the total number of participants has decreased as a result of the second deal, and that a resolution has been made in a shareholder meeting to authorize the Board of Directors to change the terms of the initial deal; in which case, participants need not convene another shareholder meeting to resolve the board's decision.</p> <p>(6)If the merger, divestment, acquisition, or share exchange involves a party that is not a public company, the Company shall sign a separate agreement with that particular party to outline terms concerning: Board of Directors meeting date (Subparagraph (I), Paragraph 2 of this Article), confidentiality (Subparagraph (II), Paragraph 2 of this Article), and change of participants in merger, divestment, acquisition, or share</p>	<p>repurchased lawfully by the involving company and the principle for its process after the base date for the calculation of stock swap ratio.</p> <p>4.The process for the changes in the entity and the number of companies involved.</p> <p>5.The expected progress of the project and the schedule of completion.</p> <p>6.The process of convening a shareholders' meeting when the project is not completed on time.</p> <p>(5)Change in the number of merger, divestment, acquisition, share exchange participants: If a participant of the business merger, divestment, acquisition or share exchange intends to engage in another business merger, divestment, acquisition or share exchange with another company after the initial deal is made public, all procedures or legal actions completed on the initial deal shall start afresh by all participants. However, this excludes situations where the total number of participants has decreased as a result of the second deal, and that a resolution has been made in a shareholder meeting to authorize the Board of Directors to change the terms of the initial deal; in which case, participants need not convene another shareholder meeting to resolve the board's decision.</p> <p>(6)If the merger, divestment, acquisition, or share exchange involves a party that is not a public company, the Company shall sign a separate agreement with that particular party to outline terms concerning: Board of Directors meeting date (Subparagraph (I), Paragraph 2 of this Article), confidentiality (Subparagraph (II), Paragraph 2 of this Article), and change of participants in merger, divestment, acquisition, or share exchange (Subparagraph (V),</p>	

AFTER THE REVISION	BEFORE THE REVISION	EXPLANATORY NOTES
exchange (Subparagraph (V), Paragraph 2 of this Article).	Paragraph 2 of this Article).	
<p>Article 13: Information Disclosure Procedures</p> <p>1.Mandatory announcements and reporting standards</p> <p>(1)The acquisition or disposal of real estate from and to the related party, or the acquisition or disposal of assets other than real estate from and to the related party for an amount exceeds 20% of the paid-in capital, 10% of the total assets, or NT\$300 million. However, bond trades, RP and RS bonds and purchase or redemption repurchase of money market funds that are issued by domestic securities investment trust enterprises is not subject to such requirements.</p> <p>(2)Process merger, spins-off, acquisition, or assignment of shares.</p> <p>(3)Engaged in derivatives transaction with a loss up to the limit of the total or individual contract amount regulated in this procedure.</p> <p>(4)Acquisition or disposal of operational equipment, where the counterparty is not a related party and the transaction amount meets any of the following requirements:</p> <p>1.For public companies with paid-up capital less than NT\$100 million, the transaction amounts to NT\$500 million and above.</p> <p>2.For public companies with paid-up capital of NT\$100 million or higher, the transaction amounts to NT\$1 billion and above.</p> <p>The amount of the assets trade other than the ones in the three paragraphs referred to above, the disposal of credit by the financial institutions, or the investment in Mainland China for an amount exceeds 20% of the paid-in capital or NT\$300 million. Except for in the following circumstances:</p>	<p>Article 13: Information Disclosure Procedures</p> <p>1. Mandatory announcements and reporting standards</p> <p>(1)The acquisition or disposal of real estate from and to the related party, or the acquisition or disposal of assets other than real estate from and to the related party for an amount exceeds 20% of the paid-in capital, 10% of the total assets, or NT\$300 million. However, bond trades, RP and RS bonds and purchase or redemption of domestic money market funds are not subject to this restriction.</p> <p>(2)Process merger, spins-off, acquisition, or assignment of shares.</p> <p>(3)Engaged in derivatives transaction with a loss up to the limit of the total or individual contract amount regulated in this procedure.</p> <p>(4)The amount of the assets trade other than the ones in the three paragraphs referred to above, the disposal of credit by the financial institutions, or the investment in Mainland China for an amount exceeds 20% of the paid-in capital or NT\$300 million. Except for in the following circumstances:</p> <p>1.Bond trade.</p> <p>2.Where the company specializes in the investment profession, any securities traded through domestic and overseas exchange or through securities firms, or securities subscribed by a securities firm in the primary market according to laws.</p> <p>3.RS and RP, and the purchase or redemption of the domestic money market funds.</p> <p>4.The acquisition or disposal of assets that are operating machinery and equipment and the counterparty is not</p>	

AFTER THE REVISION	BEFORE THE REVISION	EXPLANATORY NOTES
1.Bond trade.	<p>a related party; also, the trade amount does not exceed NT\$500 million.</p> <p>5.For a construction company, acquisition or disposal of construction property where the counterparty is not a related party and the transaction does not amount to NT\$500 million and above.</p>	
<p>2.Where the company specializes in the investment profession, any securities traded through domestic and overseas exchange or through securities firms, or securities subscribed by a securities firm in the primary market according to laws.</p> <p>3.RS and RP, and the purchase or redemption of the domestic money market funds.</p> <p>4.The acquisition or disposal of assets that are operating machinery and equipment and the counterparty is not a related party; also, the trade amount does not exceed NT\$500 million. Transaction that does not amount to NT\$500 million or higher.</p> <p>5.(5). For a construction company, acquisition or disposal of construction property where the counterparty is not a related party and the transaction does not amount to NT\$500 million and above.</p> <p>6. (6). The Company expects to invest less than NT\$500 million for the acquisition of real estate with the methods of commissioned to build by land owner, commissioned to build by lessee, jointly built by separate estate, jointly built by percentage, and jointly built by separate sales.</p> <p>(7)The amount of the assets trade other than the ones in the six paragraphs referred to above, the disposal of credit by the financial institutions, or the investment in Mainland China for an amount exceeds 20% of the paid-in capital or NT\$300 million. Except for in the</p>	<p>6. The Company expects to invest less than NT\$500 million for the acquisition of real estate with the methods of commissioned to build by land owner, commissioned to build by lessee, jointly built by separate estate, jointly built by percentage, and jointly built by separate sales.</p> <p>(5)The transaction amount mentioned in Subparagraph 5 above is calculated as follows; the one-year timeframe dates back from the day of transaction, and transactions that have already been announced can be excluded.</p> <p>1.Amount per transaction.</p> <p>2.The accumulated amount of the acquisition or disposal of the same underlying subject with the same counterparty within one year.</p> <p>3.The accumulated amount of the acquisition or disposal (itemized accumulation of acquisition and disposal) of real estate of the same development project within one year.</p> <p>4. The accumulated amount of the acquisition or disposal (itemized accumulation of acquisition and disposal) of the same security within one year.</p> <p>2.Timing of announcement and report</p> <p>Asset acquisitions and disposals that meet any of the announcement criteria and transaction amount mentioned in Paragraph 1 of this Article shall be announced and reported to the public within two days from the day of transaction.</p>	<p>Amendments were made in accordance with the authority's instruction Jin-Guan-Zheng -Fa-Zi No.1060001296</p>

AFTER THE REVISION	BEFORE THE REVISION	EXPLANATORY NOTES
<p>following circumstances:</p> <p>1.Bond trade.</p> <p>2.Where the company specializes in the investment profession, any securities traded through domestic and overseas exchange or through securities firms, or ordinary corporate bonds and ordinary bank debentures without equity attribute subscribed in the domestic primary market, or securities subscribed by a securities firm as part of its underwriting service or counseling service for Emerging Stock Market companies as regulated by Taipei Exchange.</p> <p>3.The trade of RP/RS bonds and purchase/repurchase of money market funds that are issued by domestic securities investment trust enterprises</p> <p>(5)The transaction amount mentioned in Subparagraph 5 above is calculated as follows; the one-year timeframe dates back from the day of transaction, and transactions that have already been announced can be excluded.</p> <p>1.Amount per transaction.</p> <p>2.The accumulated amount of the acquisition or disposal of the same underlying subject with the same counterparty within one year.</p>	<p>3.Reporting procedures</p> <p>(1)The Company shall report all relevant information onto the website designated by the Financial Supervisory Commission.</p> <p>(2)The Company shall provide monthly reports on all derivative transactions undertaken by the Company and non-local subsidiaries up till the end of the previous month, and submit such reports to the website designated by the Financial Supervisory Commission before the 10th calendar day of each month using the prescribed format.</p> <p>(3)The Company should have the mandatory announcements that are found with nonconformity or omission re-announced entirely.</p> <p>(4)The Company should have the contract, minutes of meeting, book, appraisal reports, the opinions of CPAs, attorneys, or underwriters related to the acquisition or disposal of assets ready at the Company's premise for at least 5 years unless otherwise provided by law.</p> <p>(5)If the transactions reported and announced by the Company in accordance with the provision referred to above are found with any of the following circumstances, the Company should have the related information announced and reported on-line at the information network designated by the FSC within 2 days from the date of occurrence:</p>	
<p>3.The accumulated amount of the acquisition or disposal (itemized accumulation of acquisition and disposal) of real estate of the same development project within one year.</p> <p>4.The accumulated amount of the acquisition or disposal (itemized accumulation of acquisition and disposal) of the same security within one year.</p>	<p>1.The originally signed trade contract is modified, terminated, or revoked.</p> <p>2.Merger, spins-off, acquisition, or assignment of shares is not completed in accordance with the deadline stated in the contract signed.</p> <p>3.Changes are made to the original announcement and report.</p> <p>4.Announcement format</p> <p>Announcements and reports</p>	<p>Amendments were made in accordance with the authority's instruction Jin-Guan-Zheng -Fa-Zi No.1060001296</p>

AFTER THE REVISION	BEFORE THE REVISION	EXPLANATORY NOTES
<p>2. Timing of announcement and report</p> <p>Asset acquisitions and disposals that meet any of the announcement criteria and transaction amount mentioned in Paragraph 1 of this Article shall be announced and reported to the public within two days from the day of transaction.</p> <p>3. Reporting procedures</p> <p>(1) The Company shall report all relevant information onto the website designated by the Financial Supervisory Commission.</p> <p>(2) The Company shall provide monthly reports on all derivative transactions undertaken by the Company and non-local subsidiaries up till the end of the previous month, and submit such reports to the website designated by the Financial Supervisory Commission before the 10th calendar day of each month using the prescribed format.</p> <p>(3) The Company should have the mandatory announcements that are found with nonconformity or omission re-announced entirely.</p> <p>(4) The Company should have the contract, minutes of meeting, book, appraisal reports, the opinions of CPAs, attorneys, or underwriters related to the acquisition or disposal of assets ready at the Company's premise for at least 5 years unless otherwise provided by law.</p> <p>(5) If the transactions reported and announced by the Company in accordance with the provision referred to above are found with any of the following circumstances, the Company should have the related information announced and reported on-line at the information network designated by the FSC within 2 days from the date of occurrence:</p> <p>1. The originally signed trade contract</p>	<p>mentioned in the preceding Article shall be prepared in the format and contents specified by the Financial Supervisory Commission.</p>	

AFTER THE REVISION	BEFORE THE REVISION	EXPLANATORY NOTES
<p>is modified, terminated, or revoked.</p> <p>2.Merger, spins-off, acquisition, or assignment of shares is not completed in accordance with the deadline stated in the contract signed.</p> <p>3.Changes are made to the original announcement and report.</p>		
<p>4. Announcement format</p> <p>Announcements and reports mentioned in the preceding Article shall be prepared in the format and contents specified by the Financial Supervisory Commission.</p>		<p>Amendments were made in accordance with the authority's instruction Jin-Guan-Zheng -Fa-Zi No.1060001296</p>
<p>Article 16: Implementation and Amendment</p> <p>The 8th amendment was made on June 20, 2017.</p>	<p>Article 16:Implementation and Amendment</p> <p>The 7th amendment was made on June 11, 2015.</p>	

Chenbro Micom
Qualification of the Nominees for Independent Directors

Name	HSU KUEI YING	HUANG WEN CHENG	TSAO AN PANG
Education	Bachelor of Accounting, Soochow University	Master of Business Administration, National Chengchi University, Bachelor of Mechanical Engineering, National Cheng Kung University	MBA, Illinois Institute of Technology, Chicago, U.S.A
Experience	Finance Director of Dyna Image Co.	Vice President of Yulon-Group President & CEO of CMC General Manager of Chun-Yuan Investment Co Chairman of Tokio Marine Newa Insurance Co., Ltd., Chairman of Automotive Research & Testing Center (ARTC)	Channel sales & Alliance Manager of IBM Taiwan Channel Business Director of Digital Equipment Co., Hong Kong, Asia E-Commerce Channel Manager of IBM Australia, Asia Pacific CEO & President of D-Link Co.
Also Serves Concurrently as	Supervisor of Dyna Image Co.	Chairman of Global Fortune Management Co., Ltd., Chairman of eLand Technologies Co., Ltd., Chairman of Hong Jing International Investment Co. Director of Tungthih Electronics Co., Ltd., Director Representative of ACES Electronics Co., Ltd., Independent Director of Enterex International Limited Corporation, Independent Director of E-Cmos Corporation Independent Director of YFY Investment Holding Co., Ltd., Director of eLand Technologies Co., Ltd., Supervisor of SNSplus, Inc.	Chairman of Global Channel Resource Inc. Independent Director of AVerMedia Technologies, Inc.
Shareholding	0 shares	0 shares	0 shares