



Stock code:5263

Brogent Technologies Inc.

2018 Annual Meeting of Shareholders

Proceedings Manual

Date: Tuesday, May 29, 2018

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

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Brogent Technologies Inc.
Proceedings of the 2018 Annual Meeting of Shareholders

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

Brogent Technologies Inc.

Agenda of the 2018 Annual Meeting of Shareholders

Time: 9:00AM, Tuesday, May 29, 2018

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

- 1) Call to Order (respective holding of shareholders present announced)
- 2) Chairperson's Remarks
- 3) Reports
 - (1): 2017 Business Report.
 - (2): 2017 Supervisors' Audit Report.
 - (3): 2017 Report on Remuneration Distribution of Employees, Directors, and Supervisors.
 - (4): Private Placement Status Report.
- 4) Ratifications
 - (1): 2017 Business Report and Financial Report.
 - (2): 2017 Earnings Distribution Proposal.
- 5) Matters for Discussion
 - (1): Amendment of clauses of the "Articles of Incorporation."
 - (2): Proposal for a new share issue through capitalization of earnings.
- 6) Extempore Motions
- 7) Meeting Adjourned

Reports

I: The 2017 Business Report is hereby submitted for review.

Please refer to Attachment 1 on page 11 of the Manual for the Business Report.

II: The 2017 Supervisors' Audit Report is hereby submitted for review.

Please refer to Attachment 2 on page 13 of the Manual for the Supervisors' Audit Report.

III: The 2017 Report on Remuneration Distribution of Employees, Directors, and Supervisors is hereby submitted for review.

Explanation: Pursuant to Article 21 of the Company's Articles of Incorporation, if the Company has generated profits in the current year, five to fifteen percent of the profits shall be set aside for employee remuneration. The remuneration for Directors and Supervisors shall be no higher than two percent. The proposed employee remuneration is NT\$28,115,420 and the proposed remuneration for Directors and Supervisors is NT\$5,907,152; both shall be distributed in cash.

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

Explanation: Placement status is as listed below:

| | | | | | |
|---|--|----------|------------------|-------------------|----------------------------|
| Item | Date of Issue: February 06, 2015 | | | | |
| Types of Privately Placed Securities | Ordinary shares | | | | |
| Date and number of shares passed in the shareholders' meeting | On December 19, 2014, the Shareholders' extraordinary meeting passed the private placement of 6,000,000 ordinary shares issued in one tranche within one year of the date of resolution. | | | | |
| Pricing criteria and rationality | The pricing criterion for the issuance of privately placed ordinary shares resolved in the shareholders' extraordinary meeting on December 19, 2014 was no less than 60% of the reference price. Because the private placement price was less than 80% of the private placement reference price, CPA Shun-Fa Hsu from Deloitte & Touche was requested to produce a private placement price rationality independent expert opinion book on November 1, 2014. This conforms to the regulation of public issuing companies regarding the terms and condition of private placement securities; therefore, the price should be deemed reasonable. | | | | |
| Method of selecting designated party | Limited to the designated party as regulated under Article 43-6 and other relevant provisions of the Securities and Exchange Act. | | | | |
| Necessary reason for private placement | The current private placement is aimed to recruit strategic investors through which the Company can strengthen its customer structure, product combination, and marketing abilities. Compared with publicly placed securities, privately placed securities may not be transferred freely within three years, and such regulation ensures the long-term cooperation between the Company and placement subscribers. | | | | |
| Date of Payment Completion | 2015.01.05 | | | | |
| Subscriber information | Private placement | Criteria | Number of shares | Relation with the | Participation in corporate |

| | subject | | subscribed | Company | management |
|--|--------------------------------|---|------------|---------|------------|
| | Ruentex Development Co., Ltd. | | 1,800,000 | None | None |
| | Ruentex Industries Ltd. | | 1,800,000 | None | None |
| | Changchun Investment Co., Ltd. | | 1,555,000 | None | None |
| | Chihping Investment Co., Ltd. | | 200,000 | None | None |
| | Yong-Fang Chiang | | 6,000 | None | None |
| | Sheng-Yu Hsu | | 6,000 | None | None |
| | Shou-Jen Chen | | 28,000 | None | None |
| | Ling-Chung Meng | | 7,000 | None | None |
| | Shun-Long Chen | | 123,000 | None | None |
| | Kuo-Ming Lu | | 6,000 | None | None |
| | Deng-Chih Chang | Conforms to Article 43-6 of the Securities and Exchange Act | 6,000 | None | None |
| | Shu-Feng Yeh | | 6,000 | None | None |
| | Shu-Ming Liu | | 6,000 | None | None |
| | Bi-Yang Tsai | | 37,000 | None | None |
| | Hua-Tong Chao | | 18,000 | None | None |
| | Chun-Hsiang Wu | | 18,000 | None | None |
| | Kuo-Song Chan | | 3,000 | None | None |
| | Tong-Hui Lin | | 18,000 | None | None |
| | Cheng-Cheng Liu | | 1,000 | None | None |
| | Chih-Tsang Lu | | 6,000 | None | None |
| | Chih-Chuan Chen | | 22,000 | None | None |
| | Chen-Wei Mah | | 20,000 | None | None |
| | Cheng-Chuan Chen | | 22,000 | None | None |
| | Chih-Fan Wang | | 22,000 | None | None |
| | Chuan-Thai Cheng | | 22,000 | None | None |
| | Chong-Hsian Liu | | 22,000 | None | None |
| | Dah-Meng Tseng | | 22,000 | None | None |
| | Fan-Wen Meng | | 22,000 | None | None |
| | Long-Yeh Chuo | | 22,000 | None | None |

| | | | | |
|---|--|--------|------|------|
| | Chih-Chang Hsu | 22,000 | None | None |
| | Shih-Hsun Lai | 22,000 | None | None |
| | Shih-Ning Dong | 44,000 | None | None |
| | Chang-Cheng Chien | 22,000 | None | None |
| | Chih-Hong Li | 22,000 | None | None |
| | Ming-Chun Chen | 22,000 | None | None |
| Actual subscription (or conversion) price | NT\$240. | | | |
| Actual subscription (or conversion) price and difference with reference price | No difference. | | | |
| Effect of private placement on shareholder's equity | The current private placement funds are utilized as operational funds to strengthen financial structure, facilitate operation promotion, attract long-term partners, and promote stable business growth, thus benefiting shareholders' rights and interests. | | | |
| Status of private placement fund spending and project implementation progress | All funds have been received and will be successively utilized following planning completion. | | | |
| Manifestation of private placement benefits | Not applicable. | | | |

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

| | | | | | |
|---|--|--|-----------------------------|---------------------------|---------------------------------------|
| Date of Payment Completion | 2015.06.03 | | | | |
| Subscriber information | Private placement subject | Criteria | Number of shares subscribed | Relation with the Company | Participation in corporate management |
| | Kodasha Custody Account at Taipei Fubon Financial Bank | Conforms to Article 43-6 of the Securities and Exchange Act | 250,000 | None | None |
| | Gains Investment Corporation | | 500,000 | None | None |
| | Shang Yang Investment Corporation | | 100,000 | None | None |
| | Chao Yang Investment Corporation | | 100,000 | None | None |
| | Cheng-Chien Pu | | 50,000 | None | None |
| | Ming-Chu Kuo | | 30,000 | None | None |
| Actual subscription (or conversion) price | NT\$308. | | | | |
| Actual subscription (or conversion) price and difference with reference price | No difference. | | | | |
| Effect of private placement on shareholder's equity | The current private placement funds are utilized as operational funds to strengthen financial structure, facilitate operation promotion, attract long-term partners, and promote stable business growth, thus benefiting shareholders' rights and interests. | | | | |
| Status of private placement fund spending and project implementation progress | All funds have been received and will be successively utilized following planning completion. | | | | |
| Manifestation of private placement benefits | Not applicable. | | | | |

Ratifications

Item 1: The 2017 Business Report and Financial Report are hereby submitted for ratification. (Proposed by the Board of Directors)

Explanation: 1.The Company's 2017 Financial Report has been audited by CPAs Hui-Ping Liu and Jay Lo of Grant Thornton Taiwan. The Financial Report and Business Report have been forwarded to the Supervisors for review, and the written Audit Report is submitted for approval.
2.The Company's 2017 Business Report (please refer to Attachment 1 on page 11 of the Manual) and Financial Report (please refer to Attachment 3 on pages 14-24 of the Manual).
3.The reports are hereby submitted for ratification.

Resolution:

Item 2: The 2017 Earnings Distribution Proposal is hereby submitted for ratification. (Proposed by the Board of Directors)

Explanation: 1.The Company's net profit after tax in 2017 amounted to NT\$265,670,286, of which 10% (NT\$26,567,029) has been set aside as the legal reserve. The distributable profits available as of the end of 2017 amounted to NT\$288,392,130. According to Article 22 of the Company's Articles of Incorporation, a cash dividend of NT\$4.0 per share and a stock dividend of NT\$2.0 per share is proposed for the current year. The total cash dividend to be distributed is NT\$176,975,908 and total stock dividend amount is NT\$88,487,950. The cumulative undistributed profits at the end of the period is NT\$22,928,272.
2.The Board of Directors shall be authorized to separately establish a record date and issuance date etc. following the resolution of the Annual Shareholders Meeting.
3.In the event the numbers of shares outstanding are subsequently affected by changes in the Company's share capital or other reasons, resulting in the necessity to revise the shareholder's payout ratio, the shareholders shall be requested to authorize the Board of Directors at the Annual Shareholders Meeting to conduct such revision at its full discretion.
4.The Company's 2017 Earnings Distribution Table is as follows:

Unit: NT\$

| Item | Sub Total | Total |
|--|---------------|-------------|
| Balance, Beginning of Year | 53,822,013 | |
| Less: Deduction in Remeasurement of Defined Benefit Plans on Prior Year | (751,212) | |
| Plus: Net Income in 2017 | 265,670,286 | |
| Subtotal | | 318,741,087 |
| Less: Legal Reserve | (26,567,029) | |
| Less: Special Reserve- Exchange Differences Arising on Translation of Foreign Operations | (4,048,693) | |
| Less: Remeasurement of Defined Benefit Plans | (484,447) | |
| Plus: Special Reserve from Remeasurement of Defined Benefit Plans | 751,212 | |
| | | 288,392,130 |
| Distribution Item: | | |
| Cash Dividends to Common Shareholders(NT\$4.0 Per Share) | (176,975,908) | |
| Stock Dividends to Common Shareholders (NT\$2.0 Per Share) | (88,487,950) | |
| Balance, end of Year | | 22,928,272 |

董事長：

總經理：

會計主管：

5. The table is hereby submitted for ratification.

Resolution:

Matters for Discussion

Item 1: The amendment of clauses of the Articles of Incorporation is hereby submitted for discussion. (proposed by the Board of Directors)

Explanation: 1. To implement corporate governance, amendments for clauses of the Company's Articles of Incorporation are proposed.
2. Please refer to Attachment 4 on page 25 of the Manual for the Comparison Table of the "Articles of Incorporation" before and after revision.
3. Submitted for discussion.

Resolution:

Item 2: Proposal for a new share issue through capitalization of 2017 earnings is hereby submitted for discussion. (proposed by the Board of Directors)

Explanation: 1. To fulfill the working capital, the management plans to withdraw NT\$88,487,950 from distributable earnings to issue dividends stocks of 8,848,795 shares, face value is NT\$10 per share.
2. The issuance criteria of new shares:
(1) For share assignment, 200 shares will be assigned free of charge per 1,000 existing shares held shareholders as indicated in the shareholders' roster on the ex-right baseline date. Shareholders must submit applications to the company's share transfer agent to combine their fractional shares within five days after the record date of capital increase. If the amount is still less than one share after combination or application for share combination is submitted late, the full amount is converted into cash based on their face value. These fractional shares will be subscribed on face value to specific person(s) designated by the Chairman.
(2) The shareholder rights and obligations of the new shares are the same as those of existing shares. After the approval of the Annual Meeting of Shareholders and the competent authority, the new shares will be distributed on a record date determined by the Board.
(3) If the number of total shares outstanding, prior to the ex-dividend date for the distribution, has changed due to the repurchasing of shares by the Company, such that the ratios of the stock dividends and cash dividends are affected and must be adjusted, the Board is authorized to make such adjustments.
(4) It is proposed that the Board of Directors be authorized to take any action that may be required in connection with the capital increase plan as a result of any amendment to applicable laws or regulations or as required by the competent authorities..

Resolution:

Extempore motions

Meeting adjourned

Brogent Technologies Inc. Business Report

1) Operating policies

Brogent has a abundant year of 2017 with the successful grand openings of our theme park clients, Ferrari Land, Europa Park and This is Holland. Among these successful cases, Europa Park has an outstanding record by its over 2 million visitors within only 6 months. In addition, the i-Ride “Voletarium” in Europa Park has awarded Europe’s Best New Ride, which further increased Brogent’s brand recognition in the international settings. Under the guidance of such policies, Brogent will gradually expand its productions from a delicate approach to mass production in 2017. The client base will also include franchised customers, which will boost our 2018 revenue growth. In order to enter the mid-sized segment, renovation and R&D will be the key elements to enhance the global market share of Brogent. Looking forward, with the continuous renovation and market expansion, the growth of Brogent is expectable.

2) Business Plan Implementation Results:

The Company's net operating revenue in 2017 amounted to NT\$1,514 million, an increase of approximately 72% from the net operating revenue of NT\$882 million in 2016. The Company's net profit in the current period amounted to NT\$268 million, a 157% increase from NT\$104 million in 2016.

3) Operating Income and Budget Execution

(1) Operating income

The categories of operating income in 2017 included income from projects, labor, and other operations, and the total amount was NT\$1,514million, a growth of NT\$633 million from the NT\$882 million in 2016. The primary reason was the record number of received orders, resulting in the increase of total revenue for the year from the previous year.

(2) Operating expenses

Total operating expenses in 2017 amounted to NT\$385 million, an increase of NT\$48 million from the NT\$336 million of 2016. The primary reasons was mainly from the increase of NT\$24 million in the bonus of employee and directors, in addition to the purchase of necessary components of m-Ride. These expenditures resulted in the substantial increase of consolidated management and marketing expenses for the Group in 2017 compared to 2016.

4) Profitability analysis

The Company continued to expand its scale of operations and diversification in 2017. With an increase in revenue and effective budget control, the Group's operating expense ratio decreased from 38.17% in 2016 to 25.39%. Operating profits increased 214% and net profit after tax increased 157% from 2016. With the increase of new contracts and Brogent’s brand awareness in the global markets, as well as the business direction heading for the mid-sized segment, the growth power of 2018 is expected to be


enhanced to the next level.

5) Research and development

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

董事長：

總經理：

會計主管：

(Attachment 2)

Brogent Technologies Inc. Supervisors' Audit Report

The 2017 Financial Statements compiled and delivered by the Board of Directors have been audited by Hui-Ping Liu and Jay Lo, certified public accountants practicing at Grant Thornton Taiwan. The Financial Statements, along with the Business Report and Earnings Distribution Table, have been reviewed by the Supervisors who have found them to be compliant with regulations. The Audit Report is therefore provided in accordance with the provisions stipulated in Article 219 of the Company Act and filed for approval.

To

2018 Annual Shareholders Meeting of Brogent Technologies Inc.

Brogent Technologies Inc.

Supervisor: Yi-Hsiang Huang



Supervisor: Yung-Liang Huang



Supervisor: Gen-Huang Lin



March 12, 2018



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INDEPENDENT AUDITORS' REPORT

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

Opinion

We have audited the accompanying consolidated financial statements of Brogent Technologies Inc. and subsidiaries (the "Group"), which comprise the consolidated balance sheets as of December 31, 2017 and 2016, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, based on our audit and the report of the other independent accountants, (please refer to the paragraph of Other Matters) the accompanying consolidated financial statements present fairly, in all material respects, the consolidated balance sheets of the Group as of December 31, 2017 and 2016, and its consolidated statements of comprehensive income and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission in Taiwan, the Republic of China.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2017. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Key audit matters in this auditors' report are stated as follows:

Impairment of Accounts Receivable

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

The Group's main business is the design, production and sales of the simulation entertainment equipment. In the past two years, the construction contract revenue accounts for more than 92.79% of the annual net revenue. The carrying amount of accounts receivable as of December 31, 2017 accounts for approximately 10.25% of current assets. The amount is significant and represents the major cash inflows provided by the operating activities of the Group. These involve the identification and subjective judgment for the construction contract, as a result, construction contract revenue and related receivable has been identified as a key audit matter.

Please refer to Note 4(16) to the consolidated financial statements for the related accounting policy. For the carrying amount of accounts receivable, please refer to Note 6(4) to the consolidated financial statements.

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

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

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

Please refer to Note 4(8) to the consolidated financial statements for the accounting policy in regard to construction contracts. For net amount for the construction contract and the recognition of revenue and costs, please refer to Notes 6(5) and 6(22) of the consolidated financial statements.

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

Impairment of Property, Plant and Equipment and Intangible Assets

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

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

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

Other Matters - Individual Financial Statements

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

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, IFRS, IAS, IFRIC, and SIC endorsed and issued into effect by the Financial Supervisory Commission in Taiwan, the Republic of China, and for such internal control as management determines is necessary to enable the preparation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance, including supervisors, are responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee, that an audit conducted in accordance with generally accepted auditing standards of Taiwan, the Republic of China, and will detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, are expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with generally accepted auditing standards of Taiwan, the Republic of China, we have exercised professional judgment and maintained professional skepticism throughout the audit. In addition, we also:

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

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2017 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.



Grant Thornton

March 12, 2018

Kaohsiung, Taiwan

(File No. B002.18F0008)

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

BROGENT TECHNOLOGIES INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2017 AND 2016
(In Thousands of New Taiwan Dollars)

| Items | December 31, 2017 | | December 31, 2016 | |
|---|--------------------|---------------|--------------------|---------------|
| | Amount | % | Amount | % |
| Current Assets | | | | |
| Cash and cash equivalents (Note 6(1)) | \$710,647 | 20.45 | \$482,221 | 14.65 |
| Financial assets at fair value through profit or loss-current (Note 6(2)) | 230,967 | 6.65 | 135,675 | 4.12 |
| Debt investments with no active market-current (Note 6(3)) | 196,066 | 5.64 | 533,600 | 16.22 |
| Accounts receivable, net (Note 6(4)) | 225,968 | 6.50 | 312,405 | 9.49 |
| Accounts receivable-related parties, net (Notes 6(4) and 7) | - | - | 25,681 | 0.78 |
| Construction receipts receivable (Note 6(5)) | 440,021 | 12.66 | 279,410 | 8.49 |
| Income tax assets | 9,659 | 0.28 | 36 | - |
| Inventories (Note 6(6)) | 189,115 | 5.45 | 150,343 | 4.57 |
| Prepayments | 159,587 | 4.59 | 145,484 | 4.42 |
| Other current assets (Notes 6(12) and 8) | 41,607 | 1.20 | 163,123 | 4.96 |
| Total current assets | <u>2,203,637</u> | <u>63.42</u> | <u>2,227,978</u> | <u>67.70</u> |
| Noncurrent Assets | | | | |
| Held-to-maturity financial assets- noncurrent (Note 6(7)) | 35,570 | 1.02 | 33,900 | 1.03 |
| Financial assets carried at cost - noncurrent (Note 6(8)) | 17,856 | 0.51 | 25,356 | 0.77 |
| Investments accounted for using equity method (Note 6(9)) | 8,061 | 0.23 | 6,640 | 0.20 |
| Property, plant and equipment (Notes 6(10) and 8) | 951,441 | 27.38 | 804,714 | 24.45 |
| Intangible assets (Note 6(11)) | 120,157 | 3.47 | 149,155 | 4.53 |
| Deferred income tax assets (Note 6(25)) | 6,392 | 0.18 | 5,513 | 0.17 |
| Refundable deposits | 9,794 | 0.28 | 9,129 | 0.28 |
| Long-term notes and accounts receivable (Note 6(4)) | 9,656 | 0.28 | - | - |
| Other noncurrent assets (Notes 6(12) and 8) | 112,338 | 3.23 | 28,459 | 0.87 |
| Total noncurrent assets | <u>1,271,265</u> | <u>36.58</u> | <u>1,062,866</u> | <u>32.30</u> |
| Total Assets | <u>\$3,474,902</u> | <u>100.00</u> | <u>\$3,290,844</u> | <u>100.00</u> |

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

(Continued)

BROGENT TECHNOLOGIES INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2017 AND 2016
(In Thousands of New Taiwan Dollars)

| Items | December 31, 2017 | | December 31, 2016 | |
|--|-------------------|--------|-------------------|--------|
| | Amount | % | Amount | % |
| Current Liabilities | | | | |
| Short-term loans (Note 6(13)) | \$- | - | \$20,000 | 0.61 |
| Notes payable | 15,812 | 0.45 | 90,630 | 2.75 |
| Accounts payable | 35,111 | 1.01 | 73,861 | 2.25 |
| Construction receipts payable (Note 6(5)) | 93,541 | 2.69 | 5,735 | 0.18 |
| Other payables (Note 6(14)) | 96,101 | 2.77 | 77,786 | 2.36 |
| Income tax payable | 31,395 | 0.90 | 13,290 | 0.40 |
| Long-term liabilities-current portion (Note 6(15)) | 38,576 | 1.11 | 21,681 | 0.66 |
| Other current liabilities | 2,607 | 0.08 | 4,287 | 0.13 |
| Total current liabilities | 313,143 | 9.01 | 307,270 | 9.34 |
| Noncurrent Liabilities | | | | |
| Long-term bank loans (Note 6(15)) | 342,474 | 9.86 | 329,216 | 10.00 |
| Deferred income tax liabilities (Note 6(25)) | 5,730 | 0.16 | - | - |
| Net defined benefit liabilities-noncurrent (Note 6(16)) | 7,835 | 0.23 | 7,172 | 0.22 |
| Total noncurrent liabilities | 356,039 | 10.25 | 336,388 | 10.22 |
| Total Liabilities | 669,182 | 19.26 | 643,658 | 19.56 |
| Equity Attributable To Shareholders of the Parent | | | | |
| Capital stock | | | | |
| Common stock (Note 6(17)) | 446,780 | 12.86 | 446,780 | 13.58 |
| Capital surplus | | | | |
| Additional paid-in capital | 1,793,826 | 51.62 | 1,793,826 | 54.51 |
| From convertible bonds | 249,244 | 7.17 | 249,244 | 7.57 |
| From treasury stock (Note 6(20)) | 9,566 | 0.28 | 9,566 | 0.29 |
| From share of changes in equities of associates and joint venture | 849 | 0.02 | 33 | - |
| Total capital surplus (Note 6(18)) | 2,053,485 | 59.09 | 2,052,669 | 62.37 |
| Retained earnings | | | | |
| Legal reserve | 47,250 | 1.36 | 37,115 | 1.13 |
| Special reserve | 751 | 0.02 | 751 | 0.02 |
| Unappropriated earnings (Note 6(19)) | 318,257 | 9.16 | 173,816 | 5.29 |
| Total retained earnings | 366,258 | 10.54 | 211,682 | 6.44 |
| Other equity | | | | |
| Foreign Currency Translation Reserve-subidiaries accounted for using equity method | (3,409) | (0.10) | (972) | (0.03) |
| Foreign Currency Translation Reserve-associates and joint ventures accounted for using equity method | (640) | (0.02) | (633) | (0.02) |
| Total other equity | (4,049) | (0.12) | (1,605) | (0.05) |
| Treasury stock (Note 6(20) and (21)) | (115,476) | (3.32) | (115,476) | (3.51) |
| Equity Attributable To Shareholders Of The Parent | 2,746,998 | 79.05 | 2,594,050 | 78.83 |
| Noncontrolling Interests | | | | |
| Noncontrolling Interests | 58,722 | 1.69 | 53,136 | 1.61 |
| Total Equity | 2,805,720 | 80.74 | 2,647,186 | 80.44 |
| Total Liabilities and Equity | \$3,474,902 | 100.00 | \$3,290,844 | 100.00 |

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

BROGENT TECHNOLOGIES INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016
(In Thousands of New Taiwan Dollars, Except Earnings per Share)

| Items | 2017 | | 2016 | |
|--|-------------|---------|-----------|---------|
| | Amount | % | Amount | % |
| Net Revenue (Notes 6(22) and 7) | \$1,514,469 | 100.00 | \$881,670 | 100.00 |
| Cost of Revenue (Notes 6(24) and 7) | (789,134) | (52.11) | (436,733) | (49.53) |
| Gross Profit | 725,335 | 47.89 | 444,937 | 50.47 |
| Operating Expenses | | | | |
| Selling and marketing | (39,867) | (2.63) | (44,046) | (5.00) |
| General and administrative | (214,785) | (14.18) | (196,814) | (22.33) |
| Research and development | (129,949) | (8.58) | (95,569) | (10.84) |
| Total operating expenses (Notes 6(24) and 7) | (384,601) | (25.39) | (336,429) | (38.17) |
| Operating Income | 340,734 | 22.50 | 108,508 | 12.30 |
| Non-operating Income and Losses | | | | |
| Other gains and losses (Note 6(23) and 7) | (12,911) | (0.85) | 18,661 | 2.12 |
| Interest income | 7,216 | 0.47 | 7,836 | 0.89 |
| Interest costs | (6,238) | (0.41) | (5,151) | (0.58) |
| Loss from investment in associates and joint ventures accounted for using equity method | (1,238) | (0.08) | (270) | (0.03) |
| Total non-operating income and loss | (13,171) | (0.87) | 21,076 | 2.40 |
| Income Before Income Tax | 327,563 | 21.63 | 129,584 | 14.70 |
| Income Tax Expenses (Note 6(25)) | (56,382) | (3.73) | (23,472) | (2.66) |
| Net Income | 271,181 | 17.90 | 106,112 | 12.04 |
| Other Comprehensive Income (Loss) | | | | |
| Items that will not be reclassified subsequently to profit or loss | | | | |
| Remeasurement of defined benefit plans (Note 6(16)) | (583) | (0.04) | 577 | 0.07 |
| Income tax benefit related to components of other comprehensive income that will not be reclassified subsequently (Note 6(25)) | 99 | 0.01 | (98) | (0.01) |
| Items that may be reclassified subsequently to profit or loss | | | | |
| Exchange differences arising on translation of foreign operations | (2,196) | (0.15) | (1,996) | (0.22) |
| Exchange differences arising on translation of foreign operations of associates and joint ventures accounted for using equity method | 81 | 0.01 | (762) | (0.09) |
| Income tax expense related to components of other comprehensive income that may be reclassified subsequently (Note 6(25)) | (329) | (0.02) | 469 | 0.05 |
| Other comprehensive income (loss) for the year, net of income tax | (2,928) | (0.19) | (1,810) | (0.20) |
| Total Comprehensive Income (Loss) For The Year | \$268,253 | 17.71 | \$104,302 | 11.84 |
| Net Income Attributable To : | | | | |
| Shareholders of the parent | \$265,670 | 17.54 | \$101,354 | 11.50 |
| Noncontrolling interests | 5,511 | 0.36 | 4,758 | 0.54 |
| | \$271,181 | 17.90 | \$106,112 | 12.04 |
| Total Comprehensive Income (loss) Attributable To : | | | | |
| Shareholders of the parent | \$262,742 | 17.35 | \$99,544 | 11.30 |
| Noncontrolling interests | 5,511 | 0.36 | 4,758 | 0.54 |
| | \$268,253 | 17.71 | \$104,302 | 11.84 |
| Basic earnings per share (Note 6(26)) | \$6.00 | | \$2.30 | |
| Diluted earnings per share (Note 6(26)) | \$6.00 | | \$2.30 | |

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

BROGENT TECHNOLOGIES INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016
(In Thousands of New Taiwan Dollars)

| Items | Equity Attributable to Shareholders of the Parent | | | | | | Noncontrolling Interests | Total Equity | | | |
|--|---|-----------------------------------|----------------------------|---------------|-----------------|-------------------------|--|----------------|---|----------|-------------|
| | Capital Stock | | | Other Equity | | | | | | | |
| | Common Stock | Advance Receipts for Common Stock | Additional Paid-in Capital | Legal Reserve | Special Reserve | Unappropriated Earnings | Exchanges Differences Arising on Translation of Foreign Operations | Treasury Stock | Equity Attributable to Shareholders of the Parent | | |
| Balance at January 1, 2017 | \$446,780 | - | \$2,052,669 | \$37,115 | \$751 | \$173,816 | (\$1,605) | (\$115,476) | \$2,594,050 | \$53,136 | \$2,647,186 |
| Appropriations of prior year's earnings | - | - | - | - | - | (10,135) | - | - | - | - | - |
| Legal reserve | - | - | - | 10,135 | - | (110,610) | - | - | (110,610) | - | (110,610) |
| Cash dividends | - | - | - | - | - | - | - | - | - | - | - |
| Adjustments to share of changes in equities of associates and joint ventures | - | - | 387 | - | - | - | - | - | 387 | - | 387 |
| Net income in 2017 | - | - | - | - | - | 265,670 | - | - | 265,670 | 5,511 | 271,181 |
| Other comprehensive income (loss) in 2017 | - | - | - | - | - | (484) | (2,444) | - | (2,928) | - | (2,928) |
| Total comprehensive income in 2017 | - | - | - | - | - | 265,186 | (2,444) | - | 262,742 | 5,511 | 268,253 |
| Share-based payment transactions | - | - | 429 | - | - | - | - | - | 429 | 75 | 504 |
| Balance at December 31, 2017 | \$446,780 | \$- | \$2,053,485 | \$47,250 | \$751 | \$318,257 | (\$4,049) | (\$115,476) | \$2,746,998 | \$58,722 | \$2,805,720 |
| Balance at January 1, 2016 | \$446,780 | \$- | \$2,043,087 | \$25,877 | \$- | \$194,582 | \$684 | (\$266,072) | \$2,444,938 | \$48,368 | \$2,493,306 |
| Appropriations of prior year's earnings | - | - | - | - | - | (11,238) | - | - | - | - | - |
| Legal reserve | - | - | - | 11,238 | - | (751) | - | - | - | - | - |
| Special reserve | - | - | - | - | 751 | (110,610) | - | - | (110,610) | - | (110,610) |
| Cash dividends | - | - | - | - | - | 101,354 | - | - | 101,354 | 4,758 | 106,112 |
| Net income in 2016 | - | - | - | - | - | 479 | (2,289) | - | (1,810) | - | (1,810) |
| Other comprehensive income (loss) in 2016 | - | - | - | - | - | 101,833 | (2,289) | - | 99,544 | 4,758 | 104,302 |
| Total comprehensive income in 2016 | - | - | - | - | - | 9,582 | - | - | 150,596 | 10 | 160,188 |
| Share-based payment transactions | - | - | 9,582 | - | - | - | - | - | 150,596 | 10 | 160,188 |
| Balance at December 31, 2016 | \$446,780 | \$- | \$2,052,669 | \$37,115 | \$751 | \$173,816 | (\$1,605) | (\$115,476) | \$2,594,050 | \$53,136 | \$2,647,186 |

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

BROGENT TECHNOLOGIES INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016
(In Thousands of New Taiwan Dollars)

| Items | 2017 | 2016 |
|---|-----------|-----------|
| Cash Flows From Operating Activities | | |
| Income Before Income Tax | \$327,563 | \$129,584 |
| Adjustments for: | | |
| The items of gains and losses: | | |
| Depreciation | 46,726 | 36,699 |
| Amortization | 35,713 | 31,216 |
| Reversal of bad debts | (900) | - |
| Loss on financial assets at fair value through profit or loss | 2,400 | 515 |
| Interest expense | 6,238 | 5,151 |
| Interest income | (7,216) | (7,836) |
| Dividend income | (132) | - |
| Compensation cost of share-based payment transactions | 429 | 10,034 |
| Loss on investment in associates and joint ventures accounted for using equity method | 1,238 | 270 |
| Loss on disposal of property, plant and equipment | 44 | - |
| Gain on disposal of investments | - | (2,405) |
| Unrealized currency exchange loss | 9,709 | 15,579 |
| Total adjustments for the items of gains and losses | 94,249 | 89,223 |
| Changes in operating assets and liabilities: | | |
| Decrease (increase) in financial instruments held for trading | (90,192) | (5,114) |
| Decrease (increase) in notes receivable | - | 66,647 |
| Decrease (increase) in accounts receivable | 86,496 | (138,415) |
| Decrease (increase) in accounts receivable-related parties | 25,681 | (22,586) |
| Decrease (increase) in construction receipts receivable | (160,611) | (141,270) |
| Decrease (increase) in inventories | (38,772) | (7,351) |
| Decrease (increase) in prepayments | (128,572) | 7,658 |
| Decrease (increase) in other current assets | 23,753 | (17,065) |
| Decrease (increase) in other financial assets | 92,637 | (63,203) |
| Decrease (increase) in long-term notes and accounts receivable | (10,205) | 44,373 |
| Increase (decrease) in notes payable | (74,818) | 51,977 |
| Increase (decrease) in accounts payable | (38,750) | 46,814 |
| Increase (decrease) in accounts payable-related parties | - | (8,496) |
| Increase (decrease) in construction receipts payable | 87,806 | (158,409) |
| Increase (decrease) in other payables | 21,004 | 11,609 |
| Increase (decrease) in other payables-related parties | - | (150) |
| Increase (decrease) in other current liabilities | (1,680) | 111 |
| Increase (decrease) in net defined benefit liabilities-noncurrent | 80 | 173 |
| Net changes in operating assets and liabilities | (206,143) | (332,697) |
| Total adjustments | (111,894) | (243,474) |
| Cash generated from (used in) operations | 215,669 | (113,890) |

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

(Continued)

BROGENT TECHNOLOGIES INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016
(In Thousands of New Taiwan Dollars)

| Items | 2017 | 2016 |
|--|------------------|------------------|
| Income taxes paid | (43,279) | (33,363) |
| Net cash provided by (used in) operating activities | <u>172,390</u> | <u>(147,253)</u> |
| Cash Flows From Investing Activities | | |
| Proceed from sale of debt investments with no active market | 328,252 | 175,513 |
| Acquisition of held-to-maturity financial assets | - | (33,900) |
| Acquisition of financial assets carried at cost | - | (25,356) |
| Acquisition of investments accounted for using equity method | (2,679) | (6,910) |
| Acquisition of property, plant and equipment | (77,210) | (227,700) |
| Decrease (increase) in refundable deposits | (1,665) | 504 |
| Acquisition of intangible assets | (9,558) | (39,480) |
| Decrease (increase) in other financial assets | - | 7,500 |
| Decrease (increase) in prepayments for equipment | 831 | (2,543) |
| Increase (decrease) in other non-current liabilities | (80,264) | (10,916) |
| Interest received | 7,184 | 8,004 |
| Dividend received | 132 | - |
| Net cash generated from (used in) investing activities | <u>165,023</u> | <u>(155,284)</u> |
| Cash Flows From Financing Activities | | |
| Increase (decrease) in short-term bank loans | (20,000) | 20,000 |
| Proceeds from long-term bank loans | 50,000 | 368,620 |
| Repayments of long-term bank loans | (19,847) | (336,347) |
| Cash dividends paid | (110,610) | (110,610) |
| Proceed from purchase of treasury stock by employee | - | 150,144 |
| Interest paid | (6,190) | (5,118) |
| Increase (decrease) in noncontrolling interests | 75 | 10 |
| Net cash (used in) provided by financing activities | <u>(106,572)</u> | <u>86,699</u> |
| Effect of Exchange Rate Changes on Cash and Cash Equivalents | <u>(2,415)</u> | <u>(5,076)</u> |
| Net Increase (Decrease) in Cash and Cash Equivalents | 228,426 | (220,914) |
| Cash and Cash Equivalents, Beginning of Year | <u>482,221</u> | <u>703,135</u> |
| Cash and Cash Equivalents, End of Year | <u>\$710,647</u> | <u>\$482,221</u> |

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

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

| Article Number | Before Revision | After Revision | Description |
|----------------|---|--|---|
| Article 7 | <p>The Company's total capital has been set at Five Hundred Million New Taiwan Dollars (NT\$ 500,000,000), issuable in fifty million (50,000,000) shares at ten dollars (NT\$10) per share. The Board of Directors is authorized to conduct issuance in installments.</p> <p>An additional NT\$20 million from the capital amount specified in Paragraph 1 shall be reserved for the issuance of employee stock options issuable in two million (2,000,000) shares at ten dollars (NT\$10) per share. The Board of Directors is authorized to conduct issuance in installments.</p> | <p>The Company's total capital has been set at Nine Hundred Million New Taiwan Dollars (NT\$ 900,000,000), issuable in ninety million (90,000,000) shares at ten dollars (NT\$10) per share. The Board of Directors is authorized to conduct issuance in installments.</p> <p>An additional NT\$20 million from the capital amount specified in Paragraph 1 shall be reserved for the issuance of employee stock options issuable in two million (2,000,000) shares at ten dollars (NT\$10) per share. The Board of Directors is authorized to conduct issuance in installments.</p> | Revised for the implementation of corporate governance. |
| Article 25 | <p>The Articles of Incorporation were established on October 22, 2001.</p> <p>Omitted.</p> <p>The <u>sixteenth</u> amendment was made on May 31, 201<u>6</u>.</p> | <p>The Articles of Incorporation were established on October 22, 2001.</p> <p>Omitted.</p> <p>The eighteenth amendment was made on May 29, 2018.</p> | Addition of amendment date and sequence. |

Brogent Technologies Inc. Articles of Incorporation

Chapter 1 General Provisions

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

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

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

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

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

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

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

Chapter 2 Shares

Article 7: The Company's total capital has been set at Five Hundred Million New Taiwan Dollars (NT\$ 500,000,000), issuable in fifty million (50,000,000) shares at ten dollars (NT\$10) per share. The Board of Directors is authorized to conduct issuance in installments.

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

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

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

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

Chapter 3 Shareholders' meeting

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

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

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

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

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

Chapter 4 Directors and Supervisors

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

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

Following the public offering of the Company's shares, the aforementioned Directors shall consist of no less than two Independent Directors pursuant to Article 14-2 of the Securities and Exchange Act; a candidate nomination system shall be adopted in the election and the Independent Directors shall be elected by the shareholders meeting from the list of candidates. The guidelines for qualifications, shareholdings, restrictions on concurrent posts, nomination, election and any other matters to be complied with by the Independent Directors of the Company shall be prescribed by the relevant regulations of the competent authority in charge of securities.

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

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

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

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

Article 17: Unless otherwise regulated by the Company Act, Board of Directors resolutions are passed when there are more than half of all Directors present in a meeting and with more than half of present Directors voting in favor. If a Director is unable to

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

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

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

Chapter 5 Managerial officer

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

Chapter 6 Accounting

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

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

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

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

dividends and if funds still remain, a resolution may be passed in the shareholder meeting for the distribution of shareholder bonus.

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

Chapter 7 Addendum

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

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

The first amendment was made on July 5, 2002.

The second amendment was made on August 23, 2003.

The third amendment was made on June 27, 2004.

The fourth amendment was made on March 25, 2005.

The fifth amendment was made on September 29, 2005.

The sixth amendment was made on June 30, 2006.

The seventh amendment was made on June 30, 2008.

The eighth amendment was made on February 9, 2010.

The ninth amendment was made on May 31, 2011.

The tenth amendment was made on July 8, 2011.

The eleventh amendment was made on November 23, 2011.

The twelfth amendment was made on June 27, 2012.

The thirteenth amendment was made on June 19, 2013.

The fourteenth amendment was made on June 11, 2014.

The fifteenth amendment was made on May 20, 2015.

The sixteenth amendment was made on May 31, 2016.

The seventeenth amendment was made on May 31, 2017

Brogent Technologies Inc.

Chairperson: Chung-Ming Huang

(Appendix 2)

Procedures for the Acquisition or Disposal of Assets

Article 1: Purpose

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

Article 2: Regulatory Basis

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

Article 3: Scope of Assets

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

Article 4: Terms and Definitions

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

authorized by law to engage in the value appraisal of real estate and other fixed assets.

- 6) Date of occurrence: Refers to the date of contract signing, date of payment, date of consignment trade, date of transfer, dates of Board of Directors resolutions, or other date that can confirm the counterpart and monetary amount of the transaction, whichever date is earlier. However, for investments for which approval of the competent authority is required, the earlier of the above date or the date of receipt of approval by the competent authority shall apply.
- 7) Investment in the Mainland China region: Refers to investments in the Mainland China region approved by the Ministry of Economic Affairs Investment Commission or conducted in accordance with the provisions of the Regulations Governing Permission for Investment or Technical Cooperation in the Mainland Area.

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

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

Article 7: Assessment and Operating Procedures

1) Price determination and supporting reference materials

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

transaction conditions and price and implemented in accordance with the Company's approval system.

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

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

3) Implementation unit

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

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

- (4) The Company's acquisition and disposal of derivatives shall be implemented by the Finance Department in accordance with the Procedures.
 - (5) It is advisable for the Company to appoint an attorney, CPA, or securities underwriter to formulate the schedule for legal procedures in mergers, demergers, acquisitions, or transfer of shares and form a dedicated team to implement the procedures in accordance with legal requirements.
- 4) Appraisal report of real estate and other fixed assets
- In acquiring or disposing of real estate or fix assets where the transaction amount reaches 20 percent of the Company's paid-in capital or NT\$300 million or more, the Company, unless transacting with a government agency, engaging others to build on its own land, engaging others to build on rented land, or acquiring or disposing of machinery or equipment for business use, shall obtain an appraisal report prior to the date of occurrence of the event from a professional appraiser and shall further comply with the following provisions:
- (1) Where due to special circumstances it is necessary to give a specific market value or specified market value as a reference basis for the transaction price, the transaction shall be submitted for approval in advance by the Board of Directors, and the same procedure shall apply to any future changes to the terms and conditions of the transaction.
 - (2) Where the transaction amount is NT\$1 billion or more, appraisals from two or more professional appraisers shall be obtained.
 - (3) Where any one of the following circumstances applies with respect to the professional appraiser's appraisal results, unless all the appraisal results for the assets to be acquired are higher than the transaction amount, or all the appraisal results for the assets to be disposed of are lower than the transaction amount, a certified public accountant shall be engaged to perform the appraisal in accordance with the provisions of Statements on Auditing Standards No. 20 published by the Accounting Research and Development Foundation (ARDF) and render a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price:
 1. The discrepancy between the appraisal result and the transaction amount is 20 percent or more of the transaction amount.
 2. The discrepancy between the appraisal results of two or more professional appraisers is 10 percent or more of the transaction amount.
 - (4) No more than 3 months may elapse between the date of the appraisal report issued by a professional appraiser and the contract execution date. However, where the publicly announced current value for the same period is used and not more than 6 months have elapsed, an opinion may still be issued by the original professional appraiser.
- 5) Expert Opinion on Acquisition and Disposal of Securities
- The Company's acquisition or disposal of securities shall, prior to the date of occurrence of the event, require financial statements of the issuing company for the most recent period, certified or reviewed by a certified public accountant, for reference in appraising the transaction price, and if the dollar amount of the transaction is 20 percent of the Company's paid-in capital or NT\$300 million or more, the Company shall additionally engage a certified public accountant prior to the date of occurrence of the event to provide an opinion regarding the reasonableness of the transaction price. If the CPA is required to use the expert report as evidence, the CPA shall do so in accordance with the provisions of Statements on Auditing Standards No. 20 published by the ARDF. This requirement does not apply, however, to publicly quoted prices of securities that

have an active market, or where otherwise provided by the regulations of the Financial Supervisory Commission (FSC).

6) Expert Opinion Report on Memberships or Intangible Assets

Where the Company acquires or disposes of memberships or intangible assets and the transaction amount reaches 20 percent or more of the Company's paid-in capital or NT\$300 million or more, the Company shall engage a certified public accountant prior to the date of occurrence of the event to render an opinion on the reasonableness of the transaction price; the CPA shall comply with the provisions of Statements on Auditing Standards No. 20 published by the Accounting Research and Development Foundation.

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

Article 7-1

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

Article 8: Related Party Transaction Processing Procedures

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

2) Assessment and Operating Procedures

When the Company acquires or disposes of real estate from or to a related party, or acquires or disposes of assets other than real estate from or to a related party and the transaction amount reaches 20 percent or more of the Company's paid-in capital, 10 percent or more of the Company's total assets, or NT\$300 million or more, the Company may not proceed to enter into a transaction contract or make a payment until the following matters have been approved by the Board of Directors and ratified by the Supervisors:

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

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

The calculation of the "transaction amount" referred to in the preceding Paragraph shall be made in accordance with Article 11, Paragraph 1 herein, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items that have been approved by the Board of Directors and ratified by the Supervisors in accordance with the provisions of the Standards need not be counted toward the transaction amount.

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

3) Appraisal of the reasonableness of the transaction price

- (1) When the Company acquires real estate from a related party, it shall evaluate the reasonableness of the transaction costs by the following means:
 1. Based upon the related party's transaction price plus necessary interest on funding and the costs to be duly borne by the buyer. "Necessary interest on funding" is imputed as the weighted average interest rate on borrowing in the year the Company purchases the property; provided, it may not be higher than the maximum non-financial industry lending rate announced by the Ministry of Finance.
 2. Total loan value appraisal from a financial institution where the related party has previously created a mortgage on the property as security for a loan; provided, the actual cumulative amount loaned by the financial institution shall have been 70 percent or more of the financial institution's appraised loan value of the property and the period of the loan shall have been 1 year or more. However, this shall not apply where the financial institution is a related party of one of the trading counterparties.
- (2) Where land and buildings thereupon are combined as a single property purchased in one transaction, the transaction costs for the land and the buildings may be separately appraised in accordance with either of the means listed in the preceding paragraph.
- (3) When the Company acquires real estate from a related party and appraises the cost of the real estate in accordance with Paragraph 3, Subparagraphs (1) and (2) of this Article, it shall also engage a CPA to review the appraisal and render a specific opinion.
- (4) Where the Company acquires real estate from a related party and one of the following circumstances exists, the acquisition shall only be required for implementation in accordance with Paragraphs 1 and 2 of this Article regarding appraisal and operating procedures and where the regulations on the reasonableness of the transaction cost provided in Paragraph 3,

Subparagraphs (1), (2), and (3) do not apply:

1. The related party acquired the real estate through inheritance or as a gift.
 2. More than 5 years will have elapsed from the time the related party signed the contract to obtain the real estate to the signing date for the current transaction.
 3. The real estate is acquired through signing of a joint development contract with the related party, or through engaging a related party to build real estate, either on the Company's own land or on rented land.
- (5) When the Company acquires real estate from a related party and appraises the cost of the real estate in accordance with Paragraph 3, Subparagraphs (1) and (2) of this Article, and the results are uniformly lower than the transaction price, the matter shall be handled in compliance with the regulations in Paragraph 3, Subparagraph (6) of this Article. However, where the following circumstances exist, objective evidence has been submitted and specific opinions on reasonableness have been obtained from a professional real estate appraiser and a CPA, this restriction shall not apply:
1. Where the related party acquired undeveloped land or leased land for development, it may submit proof of compliance with one of the following conditions:
 - (i) Where undeveloped land is appraised in accordance with the means in the preceding Article, and buildings according to the related party's construction cost plus reasonable construction profit are valued in excess of the actual transaction price. The "Reasonable construction profit" shall be deemed the average gross operating profit margin of the related party's construction division over the most recent 3 years or the gross profit margin for the construction industry for the most recent period as announced by the Ministry of Finance, whichever is lower.
 - (ii) Completed transactions by unrelated parties within the preceding year involving other floors of the same property or neighboring or closely valued parcels of land, where the land area and transaction terms are similar after calculation of reasonable price discrepancies in floor or area land prices in accordance with standard property market practices.
 - (iii) Completed leasing transactions by unrelated parties for other floors of the same property from within the preceding year, where the transaction terms are similar after calculation of reasonable price discrepancies among floors in accordance with standard property leasing market practices.
 2. Where the Company acquires real estate from a related party and provides evidence that the terms of the transaction are similar to the terms of transactions completed for the acquisition of neighboring or closely valued parcels of land of a similar size by unrelated parties within the preceding year. Completed transactions for neighboring or closely valued parcels of land in the preceding paragraph in principle refers to parcels on the same or an adjacent block and within a distance of no more than 500 meters or parcels close in publicly announced current value; transaction for similarly sized parcels in principle refers to transactions completed by unrelated parties for parcels with a land area of no less than 50 percent of the property in the planned transaction; within the preceding year refers to the year preceding the date of occurrence of the acquisition of the real estate.
- (6). When the Company acquires real estate from a related party and appraises the cost of the real estate in accordance with Paragraph 3, Subparagraph (1)

and (2) of this Article, and the results are uniformly lower than the transaction price, the following items shall be carried out. Where the Company uses the equity method to account for its investment in a public company that has set aside a special reserve under the preceding paragraph may not utilize the special reserve until it has recognized a loss on decline in market value of the assets it purchased at a premium, or they have been disposed of, or adequate compensation has been made, or the status quo ante has been restored, or there is other evidence confirming that there was nothing unreasonable about the transaction, and the FSC has given its consent.

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

Article 9 Acquisition and Disposal Procedures for Derivatives

1) Trading principles and strategies

(1) Type of Transaction

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

(2) Management (hedging) strategy

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

(3) Division of powers and responsibilities

1. Transaction personnel

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

strategy and submit them to the authorized supervisor for approval before conducting transactions.

2. Transaction confirmation personnel

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

3. Settlement personnel

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

4. Accounting personnel

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

(4) Performance evaluation

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

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

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

1. Total contract price

1.1 Transaction amount for hedging

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

1.2 Transaction amount for speculations

The Company does not conduct speculative transactions.

2. Establishment of the upper limit on losses

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

2) Risk management measures

(1) Credit risk management

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

(2) Market risk management

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

(3) Liquidity risk management

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

time.

(4) Cash flow risk management

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

(5) Operating risk management

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

(6) Product risk management

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

(7) Legal risk management:

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

3) Internal auditing system

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

4) Regular assessment methods

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

5) Board of Directors supervision and management principles

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

accordance with the Procedures.

2. Supervise the transaction and profit/loss status; take necessary response measures if irregularities are found and immediately report to the Board of Directors. The Board of Directors meeting shall be attended by Independent Directors who shall voice their opinions.

(2) Periodically assess whether the performance of derivatives transactions meet established management strategies and whether the undertaken risks are within the range accepted by the Company.

(3) When conducting derivatives transactions, the Company shall authorized related personnel in accordance with the regulations in the Procedures and report to the Board of Directors after the transactions.

6) Establishment of the log book

When the Company engages in derivatives trading, it shall establish a log book in which details of the types and amounts of derivatives trading engaged in, Board of Directors approval dates, and the matters required to be carefully evaluated under Paragraph 4, Subparagraph (2) and Paragraph 5, Subparagraphs (1) and (2) of the Article shall be recorded in detail in the log book.

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

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

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

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

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

(1) Basic identification data for personnel: Including the occupational titles, names, and national ID numbers (or passport numbers in the case of foreign nationals) of all persons involved in the planning or implementation of any merger, demerger, acquisition, or transfer of another company's shares prior to disclosure of the information.

(2) Dates of material events: Including the signing of any letter of intent or memorandum of understanding, the hiring of a financial or legal advisor, the execution of a contract, and the convening of a Board of Directors meeting.

(3) Important documents and minutes: Including merger, demerger, acquisition, and share transfer plans, any letter of intent or memorandum of understanding, material contracts, and minutes of Board of Directors meetings.

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

record keeping.

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

2) Advanced confidentiality commitment

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

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

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

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

4) Required contract provisions

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

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

companies.

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

Article 11 Information Disclosure Procedures

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

joint construction and allocation of housing units, joint construction and allocation of ownership percentages, or joint construction and separate sale, and the amount the Company expects to invest in the transaction is less than NT\$500 million.

(5) The "transaction amount" specified in Subparagraphs (1) to (4) shall be calculated as follows and the "within the preceding year" as used in the preceding paragraph refers to the year preceding the date of occurrence of the current transaction. Items duly announced in accordance with Regulations need not be counted toward the transaction amount.

1. The amount of each individual transaction.
2. The cumulative transaction amount of acquisitions and disposals of the same type of underlying asset with the same trading counterparty within a year.
3. The cumulative transaction amount of real estate acquisitions and disposals (cumulative acquisitions and disposals, respectively) under the same development project within a year.
4. The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of the same security within a year.

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

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

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

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

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

Article 13: Penalties

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

Article 14: Implementation and revision

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

Article 15: Addendum

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

(Appendix 3)**Brogent Technologies Inc.****Shareholding Status of Directors and Supervisors**

- 1) The Company's paid-in capital is NT\$446,779,770, a total number of 44,677,977 shares have been issued.
- 2) According to Article 26 of the Securities and Exchange Act, the total amount of shares held by the entire body of Directors or Supervisors shall not be less than the following number of shares:
- Amount of shares legally required to be held by all Directors (15%): 3,600,000 shares.
 - Amount of shares legally required to be held by all Supervisors (1.5%): 360,000 shares.
- According to Article 2 of the "Rules and Review Procedures for Director and Supervisor Share Ownership Ratios at Public Companies," if a public company has elected two or more Independent Directors, the share ownership figures calculated at the rates set forth in the preceding paragraph for all Directors and Supervisors other than the Independent Directors and shall be decreased by 20 percent.
- 3) The shares held by individual shareholders, all Directors and Supervisors as of the book closure date of this shareholders meeting (March 31, 2018) are shown in the table below. The number of shares has reached the amount required by the Securities and Exchange Act.

| Title | Name | Date elected | Term (Year) | Number of shares held as recorded in the List of Shareholders on the book closure date | |
|----------------------------------|---|--------------|-------------|--|---------------------------------------|
| | | | | Shares | Percentage of currently issued shares |
| Chairperson | Chung-Ming Huang | 2017.05.31 | 3 | 2,381,654 | 5.33 |
| Director | Chih-Hung Ouyang | 2017.05.31 | 3 | 2,822,581 | 6.32 |
| Director | Chin-Huo Huang | 2017.05.31 | 3 | 912,256 | 2.04 |
| Director | Chun-Hao Cheng | 2017.05.31 | 3 | 125,781 | 0.28 |
| Director | Chih-Chuan Chen, representative of Changchun Investment Co., Ltd. | 2017.05.31 | 3 | 1,706,565 | 3.82 |
| Independent Director | Chin-Wen Chuang | 2017.05.31 | 3 | 0 | 0 |
| Independent Director | Shun-Jen Cheng | 2017.05.31 | 3 | 0 | 0 |
| Shareholdings of all directors | | | | 7,948,837 | 17.79 |
| Supervisor | Yi-Hsiang Huang | 2017.05.31 | 3 | 0 | 0 |
| Supervisor | Yung-Liang Huang | 2017.05.31 | 3 | 1,050,466 | 2.35 |
| Supervisor | Gen-Huang Lin | 2017.05.31 | 3 | 0 | 0 |
| Shareholdings of all supervisors | | | | 1,050,466 | 2.35 |