

Stock Code: 6196

**Taiwan Stock Exchange
Market Observation Post
System:**

<http://mops.twse.com.tw>

Company Website:

<http://www.micb2b.com>



Marketech International Corp.

**Handbook for the 2019
Annual General Meeting of Shareholders**

Time : May 30th, 2019 (Thursday) at 9:00 a.m.

**Venue: 3F.,No.3, Yuancyu St., Nangang Dist., Taipei City
(Audio-Visual Meeting Center)**

DISCLAIMER

THIS IS A TRANSLATION OF THE HANDBOOK FOR THE 2016 ANNUAL GENERAL MEETING (THE "HANDBOOK") OF MARKETECH INTERNATIONAL CORP. (THE "COMPANY"). THIS TRANSLATION IS INTENDED FOR REFERENCE ONLY AND NOTHING ELSE, THE COMPANY HEREBY DISCLAIMS ANY AND ALL LIABILITIES WHATSOEVER FOR THE TRANSLATION. THE CHINESE TEXT OF THE AGENDA SHALL GOVERN ANY AND ALL MATTERS RELATED TO THE INTERPRETATION OF THE SUBJECT MATTER STATED HEREIN.

Marketech International Corp.
Handbook for the 2019 Annual General Meeting of Shareholders

Table of Contents

| | <u>Page</u> |
|---|-------------|
| I. Meeting Procedures | 1 |
| II. Meeting Agenda | 2 |
| III. Matters to Report | 3 |
| IV. Matters for Ratification | 4 |
| V. Matters for Discussion and Directors Election | 5 |
| VI. Other Matters and Extempore Motion | 6 |
| VII. Adjournment | 6 |
| Annexes | |
| 1. 2018 Business Report..... | 7 |
| 2. 2018 Financial Statements and Report of Independent Accountants..... | 10 |
| 3. 2018 Audit Committee Audit Report..... | 37 |
| 4. Investments in Mainland China in 2018..... | 38 |
| 5. Status of implementing the Provision of Endorsements and Guarantees to Others in 2018..... | 42 |
| 6. Implementation of the third domestic unsecured convertible bonds. | 44 |
| 7. Ratification of 2018 Earnings Distribution..... | 45 |
| 8. Comparison Table of Amendments to the “Procedures for Acquisition or Disposal of Assets”..... | 46 |
| 9. Comparison Table of Amendments to the “Procedures for Endorsement and Guarantee”..... | 55 |
| 10. Comparison Table of Amendments to the “Procedures for Lending Funds to Other Parties”..... | 57 |
| Appendixes | |
| 1. Articles of Incorporation | 58 |
| 2. Rules of Shareholders’ Meeting..... | 63 |
| 3. Shareholdings of Directors..... | 65 |
| 4. Rules for Election of Directors..... | 66 |
| 5. The Impact of Stock Dividend Issuance proposed in this Annual General Meeting of Shareholders on the Company’s Business Performance, Earnings Per Share, and Return on Shareholders’ Investment..... | 67 |
| 6. Information on Employees’ Compensation and Directors’ Remuneration..... | 68 |
| 7. List of Directors and Independent Directors Candidates..... | 69 |
| 8. Dismissal of non-competition restrictions on newly elected directors..... | 71 |
| Additional Information | 75 |

Marketch International Corp.
Handbook for the 2019 Annual General Meeting of Shareholders

I. Meeting Procedures

1. Meeting Commencement Announced
2. Chairman's Address
3. Chairman's Remarks
4. Matters to Report
5. Matters for Ratification
6. Matters for Discussion and Directors Election
7. Other Matters and Extempore Motion
8. Adjournment

Marketech International Corp.
Handbook for the 2019 Annual General Meeting of Shareholders

II. Meeting Agenda

Time : May 30th, 2019 (Thursday) at 9:00 a.m.

Venue: 3F.,No.3, Yuancyu St., Nangang Dist., Taipei City
(Audio-Visual Meeting Center)

1. Chairman to announce the commencement of meeting

2. Chairman's Remarks

3. Matters to Report

- (1) Employees' Compensation and Directors' Remuneration in 2018
- (2) 2018 Business Report
- (3) Audit Committee's review report of 2018
- (4) Investments in Mainland China in 2018
- (5) Status of implementing the Provision of Endorsements and Guarantees to Others in 2018
- (6) Implementation of the third domestic unsecured convertible bonds.
- (7) Other reports

4. Matters for Ratification

- (1) To ratify 2018 Business Report and Financial Statements
- (2) To ratify 2018 Earnings Distribution

5. Matters for Discussion and Directors Election

- (1) Amendment to "Procedures for Acquisition or Disposal of Assets".
- (2) Amendment to "Procedures for Endorsement and Guarantee".
- (3) Amendment to "Procedures for Lending Funds to Other Parties".
- (4) To elect directors.
- (5) To release of non-competition restrictions on the newly elected directors.

6. Other Matters and Extempore Motion

7. Adjournment

III. Matters to Report

- Item 1:** (proposed by the Board of Directors)
Description: Please refer to the Company's 2018 Employees' Compensation and Directors' Remuneration
Explanation: The 2018 directors' remuneration is NT\$11,111,000 and employees' compensation is NT\$111,000,000, please refer to "Appendixes 6" (page 68) of this handbook.
- Item 2:** (proposed by the Board of Directors)
Description: Please refer to the Company's 2018 Business Report
Explanation: Regarding the Company's 2018 Business Report and Financial Statements, please refer to "Annex 1" (page 7-9) and "Annex 2" (page 10-36) of this handbook.
- Item 3:** (proposed by the Board of Directors)
Description: Please refer to the Audit Committee Audit Report on the 2018 Business Report, Financial Statements and Earnings Distribution.
Explanation: Regarding the Company's Audit Committee Audit Report on the 2018 Business Report, Financial Statements and Earnings Distribution, please refer to "Annex 3" (page 37) of this handbook.
- Item 4:** (proposed by the Board of Directors)
Description: Please refer to the Company's 2018 Report on the Investments in Mainland China.
Explanation: Regarding the Company's 2018 Report on the Investments in Mainland China, please refer to "Annex 4" (page 38-41) of this handbook.
- Item 5:** (proposed by the Board of Directors)
Description: Please refer to the Company's Report on the Provision of Endorsements and Guarantees to Others for 2018
Explanation: Regarding the Company's Report on the Provision of Endorsements and Guarantees to Others for 2018, please refer to "Annex 5" (page 42-43) of this handbook.
- Item 6:** (proposed by the Board of Directors)
Description: Please refer to the Company's 2018 Implementation Report of the 3rd Offering of Domestic Unsecured Convertible Bonds.
Explanation: Regarding the Company's 2018 Implementation Report of the 3rd Offering of Domestic Unsecured Convertible Bonds, please refer to "Annex 6" (page 44) of this handbook.

IV. Matters for Ratification

Item 1: (proposed by the Board of Directors)

Description: Please ratify The Company's 2018 Business Report and Financial Statements.

Explanation:

- (1) The Company's 2018 Business Report and Financial Statements are completed and approved by the Board of Directors on February 18, 2019 with records. The 2018 Annual Financial Statement has also been audited by Independent Accountant Chang Shu-Chiung and Independent Accountant Weng Shih-Jung of PricewaterhouseCoopers (PwC) Taiwan. Aforesaid statements and report are also audited by the audit committees with records.
- (2) Aforesaid statements / report and independent accountants' report are attached. Please refer to "Annex 1" (page 7-9) and "Annex 2" (page 10-36) of this handbook.

Resolution:

Item 2: (proposed by the Board of Directors)

Description: Please ratify the Company's 2018 Earnings Distribution

Explanation:

- (1) Please refer to "Annex 7" (page 45) of the Company's 2018 Earnings Distribution.
- (2) The distributed cash dividend shall be counted only until digit in ones (shall be rounded down to an integer).
- (3) Regarding the earnings distribution stated in preceding Paragraph, if the 3rd offering of domestic unsecured convertible bonds or employees' execution of employee stock options affects the number of the Company's ordinary shares outstanding and results in a change of shareholders' dividend declared ratio, it is hereby proposed at the Shareholders' Meeting to fully authorize the Chairman to make an adjustment according to the resolution of the board of directors.
- (4) According to earnings distribution stated in preceding Paragraph, the cash dividend shall be, after the authorization was approved at the General Meeting of Shareholders', distributed based on the dividends appointment base date stipulated by the Board of Directors separately.

Resolution:

V. Matters for Discussion and Directors Election

Item 1: (proposed by the Board of Directors)

Description: Amendments to “Procedures for Acquisition or Disposal of Assets”

- Explanation:
- (1) Amendments were made to the Company’s “Procedures for Acquisition or Disposal of Assets” are made to comply with legal regulations and to satisfy the Company’s actual operational needs.
 - (2) Regarding the Comparison Table of Amendments to “Procedures for Acquisition or Disposal of Assets” , please refer to “Annex 8” (page 46-54)of this handbook.

Resolution

Item 2: (proposed by the Board of Directors)

Description: Amendments to “Procedures for Endorsements and Guarantees”

- Explanation:
- (1) Amendments were made to the Company’s “Procedures for Endorsements and Guarantees” are made to comply with legal regulations and to satisfy the Company’s actual operational needs.
 - (2) Regarding the Comparison Table of Amendments to “Procedures for Endorsements and Guarantees” , please refer to “Annex 9” (page 55-56)of this handbook.

Resolution

Item 3: (proposed by the Board of Directors)

Description: Amendment to “Procedures for Loaning of Funds to Others”

- Explanation:
- (1) Amendments were made to the Company’s “Procedures for Loaning of Funds to Others” are made to comply with legal regulations and to satisfy the Company’s actual operational needs.
 - (2) Regarding the Comparison Table of Amendments to “Procedures for Loaning of Funds to Others” , please refer to “Annex 10” (page 57)of this handbook.

Resolution:

Item 4: (proposed by the Board of Directors)

Description: Please approve the election of new Directors.

- Explanation:
- (1) The terms of office for the Company’s 7th Directors (8 Directors) is from May 31, 2016 to May 30, 2019.
 - (2) It is planned to conduct a complete election at shareholders’ meeting this time to elect 9 Directors (including 3 independent directors), whose terms of office is from May 30 2019 to May 29 2022.
 - (3) Regarding the Company’s Directors / Independent Directors nomination system, list of candidates and their educational background, experiences and shareholding, please refer to “Appendix 7” (page 69-70) of this handbook.
 - (4) Regarding “Rules governing the Election of Directors”, please refer to “Appendix 4” (page 66) of this handbook.

Resolution:

Item 5: (proposed by the Board of Directors)

Description: Please approve the release of non-competition restrictions on newly elected directors.

Explanation: (1) Please approve to release the non-competition restriction for the newly elected directors and/or their representatives according to Article 209 of the Company Act, If the newly elected Directors actually does anything for themselves or on behalf of another person that is within the scope of the Company's business.

(2) Dismissal of non-competition restrictions on newly elected directors, please refer to "Appendix 8" (page 71-74)of this handbook.

Resolution:

VI. Other Matters and Extempore Motion

VII. Adjournment

【Annex 1: 2018 Business Report】

Marketch International Corp. 2018 Business Report

I. Operating Results of 2018

1. Operating Results

The Company's consolidated revenue for 2018 totaled NT\$24,415,723 thousand, with an increase over NT\$20,211,994 thousand comparing with the year before (2017). Net income in 2018 was NT\$782,164 thousand, with an increase over NT\$648,829 thousand comparing with the year before.

The parent company's separate revenue of the parent company for 2018 totaled NT\$16,757,545 thousand, with an increase over NT\$15,319,550 thousand comparing with the year before (2017). Net income in 2018 was NT\$792,582 thousand, with an increase over NT\$652,951 thousand comparing with the year before. The company will continue to stabilize growth and profitability as the operational goals in the future, thus to create the largest shareholder equity.

Summary of the 2018 and 2017 Consolidated and Separate Financial Statement is listed as follows:

(1) Summary of Consolidated Financial Statement

| Unit: NT\$ thousands ; % | | | | |
|---|------------|------------|---------------|--------------|
| Items | 2017 | 2018 | Variance (\$) | Variance (%) |
| Operating Revenue | 20,211,994 | 24,415,723 | 4,203,729 | 20.80 |
| Gross Profit | 2,301,337 | 2,819,196 | 517,859 | 22.50 |
| Operating Income | 800,699 | 875,753 | 75,054 | 9.37 |
| Net Income | 648,829 | 782,164 | 133,335 | 20.55 |
| Earnings per share (in dollars) (Note2) | 3.77 | 4.40 | 0.63 | 16.71 |

Note 1: The above information is summarized from Audit Reports of 2017 and 2018.

Note 2: The Earnings per Share is calculated based on the no. of the weighted average outstanding shares.

(2) Summary of Parent Company's Separate Financial Statement

| Unit: NT\$ thousands ; % | | | | |
|---|------------|------------|---------------|--------------|
| Items | 2017 | 2018 | Variance (\$) | Variance (%) |
| Operating Revenue | 15,319,550 | 16,757,545 | 1,437,995 | 9.39 |
| Gross Profit | 1,849,529 | 1,937,844 | 88,315 | 4.77 |
| Operating Income | 875,580 | 748,195 | (127,385) | (14.55) |
| Net Income | 652,951 | 792,582 | 139,631 | 21.38 |
| Earnings per share (in dollars) (Note2) | 3.77 | 4.40 | 0.63 | 16.71 |

Note 1: The above information is summarized from Audit Reports of 2017 and 2018.

Note 2: The Earnings per Share is calculated based on the no. of the weighted average outstanding shares.

2. Budget Implementation

In 2018, the continuous booming in semiconductor, optoelectronics and other electronic industries, and momentum of expanded production across the strait have increased the market demand, of which benefits not only the manufacturers in these industries, but also MIC to achieve the budget plan and reach significant increase in annual consolidated operating revenue and parent company's separate operating revenue in 2018. The company will continue to stabilize growth and profitability as the operational goals in the future.

3. Analysis of Receipts, Expenditures and Profitability

| Items | | Consolidated Financial Statement | | Parent Company only Financial Statement | |
|---------------------|--|----------------------------------|--------|---|--------|
| | | 2017 | 2018 | 2017 | 2018 |
| Financial Structure | Ratio of liabilities to assets (%) | 67.99 | 68.53 | 58.58 | 61.99 |
| | Ratio of long-term capital to fixed assets (%) | 305.66 | 273.52 | 392.56 | 350.66 |
| Solvency | Current ratio (%) | 131.53 | 125.95 | 131.32 | 120.26 |
| | Quick ratio (%) | 94.30 | 91.11 | 90.05 | 80.88 |
| | Times interest earned | 13.98 | 16.15 | 71.29 | 58.29 |
| Profitability | Return on total assets (%) | 4.65 | 4.87 | 5.65 | 5.90 |
| | Return on shareholders' equity (%) | 13.31 | 14.38 | 13.39 | 14.66 |
| | Ratio of operating income to paid-in capital (%) | 45.23 | 47.19 | 49.46 | 40.31 |
| | Ratio of pre-tax income to paid-in capital (%) | 45.98 | 53.93 | 46.12 | 53.51 |
| | Profit margin (%) | 3.21 | 3.20 | 4.26 | 4.73 |
| | Earnings per share (dollar) (Note) | 3.77 | 4.40 | 3.77 | 4.40 |

Note: The earnings per share is calculated based on the weighted average number of ordinary shares outstanding.

4. Research and Development

(1) Expenditure involved

Unit: NT\$ thousands; %

| Items \ Year | Consolidated Financial Statement | | Parent Company only Financial Statement | |
|---------------------------------------|----------------------------------|------------|---|------------|
| | 2017 | 2018 | 2017 | 2018 |
| Research and development expenses (A) | 184,082 | 256,600 | 177,920 | 238,017 |
| Operating revenue (B) | 20,211,994 | 24,415,723 | 15,319,550 | 16,757,545 |
| Ratio (A)/(B)(%) | 0.91 | 1.05 | 1.16 | 1.42 |

(2) Developed technologies and products in 2018

Featured with the capability of integrating high-technology production, auto-control and precision machinery technologies, the R&D team of MIC Group has shown extraordinary results in developing high-technology system and facilities. Its major performance in 2018 is shown below:

| Year | R&D Performance | Applications |
|------|---|--|
| 2018 | Digital X-Ray Flat Panel Detector | Medical Radiology Imaging Applications (Biomedical Industry) |
| | Automatic replacement of chemical tank slots by robotic arm | Semiconductor and Panel Industry |
| | Electronic Signal Processor (IO Server) | Data Collection at Smart Manufacturing Site (Traditional and High Tech Industry) |
| | LED Wafer Reflection Measurement Technology | LED Sapphire (LED Industry) |

II. Highlights of 2019 Business Plan

1. Operating Strategies

- (1) Go further in high-tech equipment and material product lines to increase the operating revenue.
- (2) Upgrade capabilities in turnkey service of engineering, design and system integration.
- (3) Cooperate with well-known international manufacturers to develop capabilities in production relevant processing equipment.
- (4) Research and develop customized equipment and production.
- (5) Upgrade and extend equipment maintenance services.
- (6) Actively develop IoT, Big Data, AI applications and installation capabilities.

2. Sales volume forecast and basis thereof

Challenged by the increase of downside risks, the World Bank has reduced the expected global economic growth from 3% (2018) to 2.9% (2019). Directorate-General of Budget Accounting and Statistics, Executive Yuan announced the annual economic growth rate of 2018, which is 2.63%, and forecasted the economic growth rate of 2019, which is 2.27%. In the Year-End Total Equipment Forecast, Semiconductor Equipment and Materials International (SEMI) announced that the sales amount of semiconductor equipment in 2019 was likely to decrease with a decline rate of 4% comparing with the previous year. However, SEMI forecasted that only Taiwan, Japan and North America will have an increase in semiconductor equipment. SEMI indicated that the Country's sales amount of 2018 was only US\$10.1 billion and that this amount would increase to US\$11.8 billion in 2019. According to the research of WitsView, the shipment of large-size panel is expected to increase by 1% and the shipment of notebook panel is expected to increase by 1.6% in 2019. The hot sales of new rimless products and e-sport games have increased the demand of changing peripheral products, pushing the growth of monitor panel to 4.4%. According to a research newly conducted by WitsView of TrendForce, the production capacity of LCD panel is open and the pressure from oversupply will increase.

Looking into 2019, MIC's business performance of 2019 is expected to be affected by the results of China-U.S.A. trade war as the overall economy will slow down. Further observations will therefore be required.

3. Important Production and Sales Policies

- (1) To integrate MIC Group's business units and build up the Company's core technology.
- (2) Increase the efficiency and reduce the costs to enhance the Company's business competitiveness.
- (3) To provide customer a full line service through synergy of the company's business units.
- (4) To enhance sales office's supply service to provide appropriate and on-time integrated services.
- (5) To enhance its relationship with customers in Asia and to extend the Company's capability to provide local services.

(III). Future Development Strategy

Centered on four major business groups – business agency, engineering design, system applications, and R&D and Manufacturing – MIC aims to further diversify its services and to include non-IT customers in order to expand its business in Asia.

Regarding the management system, MIS has implemented ISO9001, ISO13485, ISO14001, SA8000 and OHSAS18001 work standards to enhance its work quality and efficiency to ensure the Group's competitiveness, to make employees confident, to bring customers a good protection and to maximize shareholders' benefits.

(IV). Impacts of External Competitive Environment, Regulatory Environment and Macroeconomic Environment

Impacted by the fierce competition of macroeconomic environment, the industry generally has the costs increased and profitability decreased. MIC Group is now making effort on the project and purchase management in order to enhance our competitiveness in the industry by controlling the costs and expenditure. As for the regulations, amendments concerning the protection of our environment, consumers and investors, as well as our social responsibilities were made, creating more restrictions on the business and turning the macroeconomic environment even more complicated. MIC Group will therefore provide even more professional services to confront the incoming challenges. Upholding the spirit of "innovations", MIC Group will optimize our advantages and expand our market by offering "integrated", "eco-friendly", "differentiated" and "smart" solutions and services.

A Good Health and All the Bests to our Shareholders.

Sincerely yours,

Chairman: Margaret Kao

President: Scott Lin

Accounting Director: Chung Chi-Wen

【 Annex 2:2018 Financial Statements and Report of Independent Accountants 】

I. 2018 Consolidated Financial Statements and Report of Independent Accountants



REPORT OF INDEPENDENT ACCOUNTANTS TRANSLATED FROM CHINESE

To the Board of Directors and Stockholders of
Marketch International Corp.

Opinion

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

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

Basis for opinion

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

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2018. These matters were addressed in the context of our audit of the consolidated financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

Key audit matters on the consolidated financial statements for the year ended December 31, 2018 were as follows:

Recognition of construction contract revenue

Description

Please refer to Notes 4(28) for accounting policy on construction contract revenue. Please refer to Note 5(2) for the details of uncertainty of construction contract accounting estimation and assumption. Please refer to Notes 6(18) and 6(4) for description on construction contract revenue and construction contract cost.

The Group recognized revenue and profit by using the percentage of completion method. This method is also being used to calculate the cost for each contract at year-end. Management will re-evaluate the cost if the budget had increased or decreased, and depending on the cost after adjustment will recalculate the percentage of completion. The construction contract revenue may be affected by the appropriateness of determination of cost and estimated cost. Thus, we considered this as one of the key audit matters.

How our audit addressed the matter

We tailored the major audit scope as follows:

- A. Obtained an understanding of the management's control system and determined whether the contract had been created or had significantly changed with respect to estimation of construction cost.
- B. Obtained the newly added construction contract list for this fiscal year, and ensured that the total contract price is equal to the amount being used to calculate construction contract revenue. Ensured that the construction supplement can be traced back to supplementary contracts.
- C. Checked the construction costs incurred estimation sheets in the current period, sample tested the basis of estimation and subcontracting amount, and ensured that it has been approved appropriately by the management.
- D. Checked the rationality of significant changes in estimation of construction cost, and sample tested whether the revised plan had been approved by the management.
- E. Obtained the billing details, and selected samples of related vouchers by using statistical procedures to check the correctness of input cost in engineering reports and computation of percentage of completion.

Valuation on inventories

Description

Please refer to Note 4(11) for description of accounting policy on inventory valuation. Please refer to Note 5(2) for accounting estimates and assumption uncertainty in relation to inventory valuation. Please refer to Note 6(4) for the description of inventory.

The Group is primarily engaged in import and export trading business, which include integrated circuit, electronic equipment, and materials, components used on electronic equipment. Due to the rapid technological changes, the semiconductor equipment industry has become more and more competitive, and the product price frequently changes. Therefore, the Group is now exposed to risk on inventory valuation loss and slow-moving inventory. Inventories are stated at the lower of cost or net realizable value, and the specific identification method is used to estimate the allowance for inventory valuation loss on slow-moving inventories.

The base stock of inventories is based on assumptions of future demand and development plan. Due to the large quantity of inventories for sale, and since the amounts involved are significant, the determination of net realizable value for obsolete or slow-moving inventory involves subjective judgement resulting in high degree of estimation uncertainty. As a result of the high uncertainties in these estimates, we considered this as one of the key audit matters.

How our audit addressed the matter

We tailored the major audit scope as follows:

- A. Assessed the policy on allowance for inventory valuation loss, based on our understanding of the operations and industry of the Group.
- B. Tested whether the basis of market value used in calculating the net realizable value of inventory is consistent with the policy of the Group and validated selling prices of selected samples of respective inventory and their accuracy of net realizable value calculation.
- C. Acquired management's individually identified out-of-date inventory list, inspected the related supporting documents and proper recognition in the financial statements.

Valuation of allowance of accounts receivable

Description

Please refer to Note 4(8) for accounting policy of accounts receivable. Please refer to Note 5(2) for accounting estimates and assumption uncertainty in relation to accounts receivable. Please refer to Note 6(3) for the details of accounts receivable.

The Group assesses the significant accounts receivable individually, and for those that are not significant, are assessed either individually or collectively. If there is no impairment after individual assessment, then the group of accounts receivable will be added for collective assessment. If the accounts receivable over a certain age is significant, the management will re-examine the collectability and assesses each case for possible impairment. Management uses professional judgement during the process, and accounting estimates have a high possibility of becoming inappropriate. The professional judgement may be affected by several factors, such as customer's financial status, internal credit rating, order history, and economic situation. Accordingly, obtaining the supporting documents which management used for judgement is important. Thus, we considered the assessment on allowance for bad debts as one of our key audit matters.

How our audit addressed the matter

We tailored the major audit scope as follows:

- A. Obtained an understanding of the process which management used to evaluate the collectibility of accounts receivable.
- B. Ensured that the classification of impairment in the group of accounts receivable is appropriate and in accordance with the Group's accounting policy.
- C. Checked the details of significant impairment recognized by the management, against the supporting documents to verify appropriateness.
- D. Verified the subsequent collections details of significant accounts receivable.
- E. Obtained the details of significant accounts receivable which have not yet been collected at year end, and re-evaluated the appropriateness.

Other matter – Parent company only financial reports

We have audited and expressed an unqualified opinion on the parent company only financial statements of Marketech International Corp. Ltd. as at and for the years ended December 31, 2018 and 2017.

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

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

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

Those charged with governance, including audit committee, are responsible for overseeing the Group’s financial reporting process.

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

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

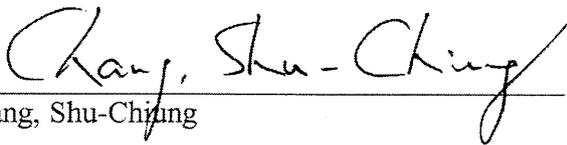
As part of an audit in accordance with ROC GAAS, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

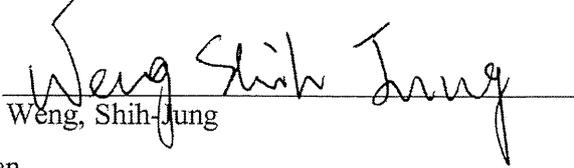
1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of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

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

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

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


Chang, Shu-Ching


Weng, Shih-Jung

For and on behalf of PricewaterhouseCoopers, Taiwan

February 18 2019

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

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

MARKETECH INTERNATIONAL CORP. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(Expressed in thousands of New Taiwan dollars)

| | Assets | Notes | December 31, 2018 | | December 31, 2017 | |
|---------------------------|--|----------------|----------------------|------------|----------------------|------------|
| | | | AMOUNT | % | AMOUNT | % |
| Current assets | | | | | | |
| 1100 | Cash and cash equivalents | 6(1) | \$ 2,155,357 | 12 | \$ 2,300,572 | 14 |
| 1110 | Financial assets at fair value through profit or loss - current | 6(2) and 12(4) | 90,944 | 1 | 17,143 | - |
| 1125 | Available-for-sale financial assets - current | 12(4) | - | - | 41,502 | - |
| 1140 | Current contract assets | 6(18) | 4,229,541 | 23 | - | - |
| 1150 | Notes receivable, net | 6(3) | 95,991 | 1 | 167,147 | 1 |
| 1170 | Accounts receivable, net | 6(3) | 4,151,194 | 23 | 3,898,907 | 24 |
| 1180 | Accounts receivable - related parties, net | 7 | 109,476 | 1 | 168 | - |
| 1190 | Construction contracts receivable | 12(5) | - | - | 3,163,858 | 20 |
| 1200 | Other receivables | | 21,586 | - | 20,890 | - |
| 130X | Inventories, net | 6(4) | 3,800,814 | 21 | 3,049,761 | 19 |
| 1410 | Prepayments | 6(5) | 421,951 | 2 | 811,826 | 5 |
| 1470 | Other current assets | 8 | 192,067 | 1 | 171,820 | 1 |
| 11XX | Total current assets | | <u>15,268,921</u> | <u>85</u> | <u>13,643,594</u> | <u>84</u> |
| Non-current assets | | | | | | |
| 1510 | Financial assets at fair value through profit or loss - non- current | 6(2) | 415,468 | 2 | - | - |
| 1543 | Financial assets at cost - non- current | 12(4) | - | - | 279,343 | 2 |
| 1550 | Investments accounted for using equity method | 6(6) | 63,078 | - | 52,117 | - |
| 1600 | Property, plant and equipment, net | 6(7), 7 and 8 | 2,231,933 | 12 | 1,864,277 | 12 |
| 1780 | Intangible assets | 7 | 19,441 | - | 20,115 | - |
| 1840 | Deferred tax assets | 6(22) | 149,061 | 1 | 122,914 | 1 |
| 1900 | Other non-current assets | 6(2) | 80,304 | - | 88,783 | 1 |
| 15XX | Total non-current assets | | <u>2,959,285</u> | <u>15</u> | <u>2,427,549</u> | <u>16</u> |
| 1XXX | Total Assets | | <u>\$ 18,228,206</u> | <u>100</u> | <u>\$ 16,071,143</u> | <u>100</u> |

(Continued)

MARKETECH INTERNATIONAL CORP. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(Expressed in thousands of New Taiwan dollars)

| Liabilities and Equity | Notes | December 31, 2018 | | December 31, 2017 | | |
|---|--|-------------------|----------------------|-------------------|----------------------|------------|
| | | AMOUNT | % | AMOUNT | % | |
| Current liabilities | | | | | | |
| 2100 | Short-term borrowings | 6(8) and 8 | \$ 2,635,425 | 15 | \$ 2,012,182 | 13 |
| 2130 | Current contract liabilities | 6(18) and 7 | 3,320,466 | 18 | - | - |
| 2150 | Notes payable | 7 | 1,044,159 | 6 | 908,350 | 6 |
| 2170 | Accounts payable | 7 | 4,320,299 | 24 | 3,933,294 | 24 |
| 2190 | Construction contracts payable | 7 and 12(5) | - | - | 1,851,105 | 12 |
| 2200 | Other payables | 6(9) | 588,941 | 3 | 544,024 | 3 |
| 2230 | Current tax liabilities | | 124,087 | 1 | 96,090 | 1 |
| 2310 | Advance receipts | 6(10) | 28,545 | - | 1,014,888 | 6 |
| 2320 | Long-term liabilities, current portion | 6(11) | 11,766 | - | - | - |
| 2399 | Other current liabilities | | 49,707 | - | 12,917 | - |
| 21XX | Total current liabilities | | <u>12,123,395</u> | <u>67</u> | <u>10,372,850</u> | <u>65</u> |
| Non-current liabilities | | | | | | |
| 2530 | Bonds payable | 6(11) | - | - | 200,199 | 1 |
| 2540 | Long-term borrowings | 6(12) | 200,000 | 1 | 200,000 | 1 |
| 2570 | Deferred tax liabilities | 6(22) | 835 | - | - | - |
| 2640 | Accrued pension liabilities | 6(13) | 161,957 | 1 | 154,014 | 1 |
| 2670 | Other non-current liabilities | 6(6) | 4,716 | - | 78 | - |
| 25XX | Total non-current liabilities | | <u>367,508</u> | <u>2</u> | <u>554,291</u> | <u>3</u> |
| 2XXX | Total Liabilities | | <u>12,490,903</u> | <u>69</u> | <u>10,927,141</u> | <u>68</u> |
| Equity | | | | | | |
| Share capital | | | | | | |
| 3110 | Ordinary shares | 6(15) | 1,855,913 | 10 | 1,770,164 | 11 |
| Capital surplus | | | | | | |
| 3200 | Capital surplus | 6(14)(16) | 970,381 | 5 | 843,057 | 5 |
| Retained earnings | | | | | | |
| 3310 | Legal reserve | 6(17) | 692,068 | 4 | 626,773 | 4 |
| 3320 | Special reserve | | 92,239 | 1 | 92,239 | 1 |
| 3350 | Unappropriated retained earnings | | 2,197,064 | 12 | 1,893,389 | 12 |
| Other equity interest | | | | | | |
| 3400 | Other equity interest | | (140,931) | (1) | (80,645) | (1) |
| 31XX | Total equity attributable to owners of parent | | <u>5,666,734</u> | <u>31</u> | <u>5,144,977</u> | <u>32</u> |
| 36XX | Non-controlling interests | | <u>70,569</u> | <u>-</u> | <u>(975)</u> | <u>-</u> |
| 3XXX | Total Equity | | <u>5,737,303</u> | <u>31</u> | <u>5,144,002</u> | <u>32</u> |
| Significant contingent liabilities and unrecognised contract commitments | | | | | | |
| Significant events after the | | | | | | |
| 3X2X | Total Liabilities and Equity | | <u>\$ 18,228,206</u> | <u>100</u> | <u>\$ 16,071,143</u> | <u>100</u> |

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

MARKETECH INTERNATIONAL CORP. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Expressed in thousands of New Taiwan dollars, except earnings per share)

| Items | Notes | Year ended December 31 | | | | |
|-------|--|------------------------|---------------------|-------------|---------------------|-------------|
| | | 2018 | | 2017 | | |
| | | AMOUNT | % | AMOUNT | % | |
| 4000 | Operating Revenue | 6(18), 7 and 12(5) | \$ 24,415,723 | 100 | \$ 20,211,994 | 100 |
| 5000 | Operating Costs | 6(4)(21) and 7 | (21,596,527) | (88) | (17,910,657) | (89) |
| 5900 | Gross Profit | | <u>2,819,196</u> | <u>12</u> | <u>2,301,337</u> | <u>11</u> |
| | Operating Expenses | 6(21) | | | | |
| 6100 | Sales and marketing expenses | | (589,043) | (2) | (562,119) | (2) |
| 6200 | General and administrative expenses | | (820,513) | (4) | (754,437) | (4) |
| 6300 | Research and development expenses | | (256,600) | (1) | (184,082) | (1) |
| 6450 | Impairment loss (impairment gain and reversal of impairment loss) determined in accordance with IFRS 9 | 12(2) | (277,287) | (1) | - | - |
| 6000 | Total operating expenses | | <u>(1,943,443)</u> | <u>(8)</u> | <u>(1,500,638)</u> | <u>(7)</u> |
| 6900 | Operating Profit | | <u>875,753</u> | <u>4</u> | <u>800,699</u> | <u>4</u> |
| | Non-operating Income and Expenses | | | | | |
| 7010 | Other income | 6(19) | 92,805 | - | 63,054 | - |
| 7020 | Other gains and losses | 6(2)(20) | 103,198 | - | 7,858 | - |
| 7050 | Finance costs | | (66,071) | - | (62,688) | - |
| 7060 | Share of (loss) profit of associates and joint ventures accounted for using equity method | | (4,846) | - | 5,052 | - |
| 7000 | Total non-operating income and expenses | | <u>125,086</u> | <u>-</u> | <u>13,276</u> | <u>-</u> |
| 7900 | Profit before Income Tax | | <u>1,000,839</u> | <u>4</u> | <u>813,975</u> | <u>4</u> |
| 7950 | Income tax expense | 6(22) | (218,675) | (1) | (165,146) | (1) |
| 8200 | Net Income | | <u>\$ 782,164</u> | <u>3</u> | <u>\$ 648,829</u> | <u>3</u> |

(Continued)

MARKETECH INTERNATIONAL CORP. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Expressed in thousands of New Taiwan dollars, except earnings per share)

| Items | Notes | Year ended December 31 | | | |
|--|---|------------------------|-------------|--------|-------------|
| | | 2018 | | 2017 | |
| | | AMOUNT | % | AMOUNT | % |
| Other Comprehensive Income | | | | | |
| Other components of other comprehensive income (loss) that will not be reclassified to profit or loss | | | | | |
| 8311 | Gains (losses) on remeasurements of defined benefit plans | 6(13) | | | |
| | | | (\$ 10,438) | - | (\$ 11,229) |
| 8349 | Income tax related to components of other comprehensive income (loss) that will not be reclassified to profit or loss | 6(22) | | | |
| | | | 2,859 | - | 1,909 |
| 8310 | Total components of other comprehensive loss that will not be reclassified to profit or loss | | (7,579) | - | (9,320) |
| Components of other comprehensive income (loss) that will be reclassified to profit or loss | | | | | |
| 8361 | Exchange differences on translation of foreign operations | | (52,271) | - | (56,650) |
| 8362 | Unrealised gain on valuation of available-for-sale financial assets of foreign operations | 12(4) | - | - | (6,395) |
| 8370 | Share of other comprehensive income (loss) of associates and joint ventures accounted for using equity method | | 190 | - | 146 |
| 8399 | Income tax relating to components of other comprehensive income that will be reclassified to profit or loss | 6(22) | | | |
| | | | 14,002 | - | 9,681 |
| 8360 | Total components of other comprehensive loss that will be reclassified to profit or loss | | (38,079) | - | (53,510) |
| 8300 | Other comprehensive loss, net of tax | | (\$ 45,658) | - | (\$ 62,830) |
| 8500 | Total Comprehensive Income | | \$ 736,506 | 3 | \$ 585,999 |
| Profit (loss) attributable to: | | | | | |
| 8610 | Owners of the parent | | \$ 792,582 | 3 | \$ 652,951 |
| 8620 | Non-controlling interests | | (10,418) | - | (4,122) |
| | Total | | \$ 782,164 | 3 | \$ 648,829 |
| Comprehensive income (loss) attributable to: | | | | | |
| 8710 | Owners of the parent | | \$ 747,730 | 3 | \$ 589,971 |
| 8720 | Non-controlling interests | | (11,224) | - | (3,972) |
| | Total | | \$ 736,506 | 3 | \$ 585,999 |
| 9750 | Basic earnings per share | 6(23) | \$ 4.40 | | \$ 3.77 |
| 9850 | Diluted earnings per share | 6(23) | \$ 4.21 | | \$ 3.51 |

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

MARKETECH INTERNATIONAL CORP. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(Expressed in thousands of New Taiwan dollars)

| | Notes | Equity attributable to owners of the parent | | | | | | | | | | Total | Non-controlling interests | Total equity | | |
|--|-------------------|---|---------------|-----------|-------------------|-----------------|----------------------------------|---|--|--------------|-----------|--------------|---------------------------|--------------|--|--|
| | | Capital Reserves | | | Retained Earnings | | | Other equity interest | | | | | | | | |
| | | Share capital - ordinary shares | Share premium | Others | Legal reserve | Special reserve | Unappropriated retained earnings | Financial statement translation differences of foreign operations | Unrealized gain or loss on available-for-sale financial assets | | | | | | | |
| Year 2017 | | | | | | | | | | | | | | | | |
| Balance at January 1, 2017 | | \$ 1,650,698 | \$ 616,003 | \$ 32,443 | \$ 575,258 | \$ 92,239 | \$ 1,667,955 | \$ 56,393 | \$ 29,408 | \$ 4,607,611 | \$ 2,416 | \$ 4,605,195 | | | | |
| Profit (loss) for 2017 | | - | - | - | - | - | 652,951 | - | - | 652,951 | (4,122) | 648,829 | | | | |
| Other comprehensive income (loss) for 2017 | | - | - | - | - | - | (9,320) | (47,265) | (6,395) | (62,980) | 150 | (62,830) | | | | |
| Total comprehensive income | | - | - | - | - | - | 643,631 | (47,265) | (6,395) | 589,971 | 3,972 | 585,999 | | | | |
| Appropriations of and distribution of earnings for 2016 | 6(17) | - | - | - | - | - | - | - | - | - | - | - | | | | |
| Legal reserve | | - | - | - | 51,515 | - | (51,515) | - | - | - | - | - | | | | |
| Cash dividends | | - | - | - | - | - | (363,153) | - | - | (363,153) | - | (363,153) | | | | |
| Share-based payment | | 14,225 | 18,151 | 133 | - | - | - | - | - | 32,509 | - | 32,509 | | | | |
| Changes in equity of associates and joint ventures accounted for using equity method | | - | - | - | - | - | - | - | - | - | - | - | | | | |
| Conversion of convertible bonds | 6(11)(15)(16)(25) | - | - | - | - | - | (3,529) | - | - | (3,529) | - | (3,529) | | | | |
| Change in non-controlling interests | 6(17) | 105,241 | 188,751 | (12,424) | - | - | - | - | - | 281,568 | - | 281,568 | | | | |
| Balance at December 31, 2017 | | \$ 1,770,164 | \$ 822,905 | \$ 20,152 | \$ 626,773 | \$ 92,239 | \$ 1,893,389 | \$ 103,658 | \$ 23,013 | \$ 5,144,977 | \$ 5,413 | \$ 5,144,002 | | | | |
| Year 2018 | | | | | | | | | | | | | | | | |
| Balance at January 1, 2018 | | \$ 1,770,164 | \$ 822,905 | \$ 20,152 | \$ 626,773 | \$ 92,239 | \$ 1,893,389 | \$ 103,658 | \$ 23,013 | \$ 5,144,977 | \$ 975 | \$ 5,144,002 | | | | |
| Effect of retrospective application and retrospective restatement | | - | - | - | - | - | 19,315 | - | (23,013) | (3,698) | 205 | (3,493) | | | | |
| Balance at January 1, 2018 after restatement | | 1,770,164 | 822,905 | 20,152 | 626,773 | 92,239 | 1,912,704 | 103,658 | - | 5,141,279 | 770 | 5,140,509 | | | | |
| Profit (loss) for the period | | - | - | - | - | - | 792,582 | - | - | 792,582 | (10,418) | 782,164 | | | | |
| Other comprehensive income (loss) for the period | | - | - | - | - | - | (7,579) | (37,273) | - | (44,852) | 806 | (45,658) | | | | |
| Total comprehensive income (loss) for the period | | - | - | - | - | - | 785,003 | (37,273) | - | 747,730 | (11,224) | 736,506 | | | | |
| Appropriations and distribution of 2017 retained earnings: | 6(17) | - | - | - | - | - | - | - | - | - | - | - | | | | |
| Legal reserve | | - | - | - | 65,295 | - | (65,295) | - | - | - | - | - | | | | |
| Cash dividends | | - | - | - | - | - | (442,541) | - | - | (442,541) | - | (442,541) | | | | |
| Share-based payment | | 10,520 | 13,391 | (3,521) | - | - | - | - | - | 20,390 | - | 20,390 | | | | |
| Changes in equity of associates and joint ventures accounted for using equity method | 6(14)(15)(16) | - | - | - | - | - | - | - | - | - | - | - | | | | |
| Conversion of convertible bonds | 6(11)(15)(16)(25) | - | - | 2,000 | - | - | 7,193 | - | - | 9,193 | - | 9,193 | | | | |
| Change in non-controlling interests | | 75,229 | 123,663 | (8,209) | - | - | - | - | - | 190,683 | - | 190,683 | | | | |
| Balance at December 31, 2018 | | \$ 1,855,913 | \$ 959,959 | \$ 10,422 | \$ 692,068 | \$ 92,239 | \$ 2,197,064 | \$ 140,931 | \$ - | \$ 5,666,734 | \$ 82,563 | \$ 5,737,303 | | | | |

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

MARKETECH INTERNATIONAL CORP. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in thousands of New Taiwan dollars)

| | Notes | Years ended December 31 | |
|---|--------------------|-------------------------|-------------|
| | | 2018 | 2017 |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Profit before tax | | \$ 1,000,839 | \$ 813,975 |
| Adjustments | | | |
| Adjustments to reconcile profit (loss) | | | |
| Net gain on financial assets at fair value through profit or loss | 6(2)(20) and 12(4) | (93,134) | (9,846) |
| Impairment on expected credit loss | 12(2) | 277,287 | - |
| Gain on reversal of bad debts | 12(4) | - | (12,129) |
| Share of loss (profit) of associates and joint ventures accounted for using equity method | | 4,846 | (5,052) |
| Gain on disposal of investments | 6(20) | - | (35,556) |
| Depreciation | 6(7)(21) | 120,032 | 109,120 |
| Amortisation | 6(21) | 17,154 | 20,431 |
| Loss (gain) on disposal of property, plant and equipment | 6(7) | (1,296) | 1,353 |
| Impairment loss on financial assets | 6(20) | - | 15,243 |
| Compensation cost of share-based payments | 6(14)(16)(21) | 2,580 | 7,901 |
| Interest income | 6(19) | (8,349) | (7,881) |
| Interest expense | | 66,071 | 62,688 |
| Dividend income | 6(19) | (14,485) | (16,935) |
| Changes in operating assets and liabilities | | | |
| Changes in operating assets | | | |
| Contract assets-current | | (1,065,683) | - |
| Notes receivable, net | | 79,649 | 38,599 |
| Accounts receivable, net | | (625,617) | 100,180 |
| Accounts receivable – related parties, net | | (109,313) | 250 |
| Construction contracts receivable | | - | (295,709) |
| Other receivables | | 95 | (5,670) |
| Inventories | | (760,871) | (437,591) |
| Prepayments | | 389,875 | (355,530) |
| Other current assets | | (60,442) | 36,368 |
| Changes in operating liabilities | | | |
| Contract liabilities-current | | 507,609 | - |
| Notes payable | | 135,809 | 49,675 |
| Accounts payable | | 416,125 | 482,469 |
| Construction contracts payable | | - | 525,794 |
| Other payables | | 59,556 | 100,616 |
| Advance receipts | | (24,591) | 290,427 |
| Other current liabilities | | 36,790 | (511) |
| Other non-current liabilities | | (2,495) | (1,858) |
| Cash inflow generated from operations | | 348,041 | 1,470,821 |
| Interest received | | 9,159 | 7,164 |
| Dividends received | | 14,485 | 16,935 |
| Interest paid | | (74,850) | (67,409) |
| Income tax paid | | (199,666) | (172,702) |
| Net cash flows from operating activities | | 97,169 | 1,254,809 |

(Continued)

MARKETECH INTERNATIONAL CORP. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in thousands of New Taiwan dollars)

| | Notes | Years ended December 31 | |
|--|-------|-------------------------|--------------|
| | | 2018 | 2017 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Acquisition of financial assets at fair value through profit or loss | | (\$ 81,498) | \$ - |
| Proceeds from disposal of financial assets at fair value through profit or loss | | 56,872 | - |
| Proceeds from capital reduction of financial assets at fair value through profit or loss | | 3,428 | - |
| Proceeds from disposal of available-for-sale financial assets – current | | - | 32,233 |
| Decrease in other financial assets – current | | 9,042 | 6,733 |
| Acquisition of financial assets measured at cost – non-current | | - | (66,915) |
| Proceeds from disposal of financial assets measured at cost – non-current | | - | 67,942 |
| Proceeds from capital reduction of financial assets measured at cost – non-current | | - | 274 |
| Acquisition of investments accounted for using equity method | | (11,695) | (9,611) |
| Acquisition of property, plant and equipment | 6(7) | (516,266) | (611,238) |
| Proceeds from disposal of property, plant and equipment | 6(7) | 10,199 | 19,051 |
| Acquisition of intangible assets | | (16,486) | (19,021) |
| Decrease (increase) in refundable deposits | | 38,697 | (56,613) |
| Decrease (increase) in other non-current assets | | 2,379 | (3,214) |
| Net cash flows used in investing activities | | (505,328) | (640,379) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| Increase in short-term borrowings | 6(26) | 644,096 | 113,112 |
| Increase in long-term borrowings | | - | 200,000 |
| Decrease in guarantee deposits received | | - | (6) |
| Proceeds from exercise of employee stock options | 6(14) | 17,810 | 24,609 |
| Cash dividends paid | 6(17) | (442,541) | (363,153) |
| Changes in non-controlling interests | | 82,563 | - |
| Net cash flows from (used in) financing activities | | 301,928 | (25,438) |
| Effect of exchange rate changes on cash and cash equivalents | | (38,984) | (40,664) |
| Net (decrease) increase in cash and cash equivalents | | (145,215) | 548,328 |
| Cash and cash equivalents at beginning of year | 6(1) | 2,300,572 | 1,752,244 |
| Cash and cash equivalents at end of year | 6(1) | \$ 2,155,357 | \$ 2,300,572 |

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

II. 2018 Parent Company only Financial Statements and Report of Independent Accountants



REPORT OF INDEPENDENT ACCOUNTANTS TRANSLATED FROM CHINESE

To the Board of Directors and Stockholders of
Marketech International Corp.

Opinion

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

In our opinion, the accompanying parent company only financial statements present fairly, in all material respects, the only financial position of the company as at December 31, 2018 and 2017, and its only financial performance and its cash flows for the years then ended in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers”.

Basis for opinion

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

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the parent company only financial statements for the year ended December 31, 2018. These matters were addressed in the context of our audit of the parent company only financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

Key audit matters on the parent company only financial statements for the year ended December 31, 2018 were as follows:

Recognition of construction contract revenue

Description

Please refer to Notes 4(27) for accounting policy on construction contract and revenue. Please refer to Note 5(2) for the details of uncertainty of construction contract accounting estimation and assumption. Please refer to Notes 6(17) and 6(4) for details of construction contract revenue and construction cost.

The Company recognized revenue and profit by using the percentage of completion method. This method is also being used to calculate the cost for each contract at year-end. Management will re-evaluate the cost if the budget had increased or decreased, and depending on the cost after adjustment will recalculate the percentage of completion. The construction contract revenue may be affected by the appropriateness of determination of cost and estimated cost. Thus, we considered this as one of the key audit matters.

How our audit addressed the matter

We tailored the major audit scope as follows:

- A. Obtained an understanding of the management's control system and determined whether the contract had been created or significant change with respect to estimate cost.
- B. Obtained the newly added construction contract list for this fiscal year, and ensured that the total contract price is equal to the amount being used to calculate construction contract revenue. Ensured that any additional construction supplement can be traced back to supplementary contracts.
- C. Checked the construction costs incurred estimation sheets in the current period, and sampling the basis of estimation and subcontracting amount, and ensured that it has been approved appropriately by the management.
- D. Checked the rationality of significant changes in estimation of construction cost, and sample tested whether the revised plan had been approved by the management.
- E. Obtained the billing details, and selected samples of related vouchers by using statistical procedure to check the correctness of input cost in engineering reports and computation of percentage of completion.

Valuation on inventories

Description

Please refer to Note 4(10) for description of accounting policy on inventory valuation. Please refer to Note 5(2) for accounting estimates and assumption uncertainty in relation to inventory valuation. Please refer to Note 6(4) for the description of inventory.

The Company is primarily engaged in import and export trading business, which include integrated circuit, electronic equipment, and materials, components used on electronic equipment. Due to the rapid technological changes, the semiconductor equipment industry has become more and more competitive, and the product price frequently changes. Therefore, the Company is now exposed to risk on inventory valuation loss and slow-moving inventory. Inventories are stated at the lower of cost or net realizable value, and the specific identification method is used to estimate the allowance for inventory valuation loss slow-moving inventories.

The base stock of inventories is based on assumptions of future demand and development plan. Due to the large quantity of inventories for sale, and since the amounts involved are significant, the determination of net realizable value for obsolete or slow-moving inventory involves subjective judgement resulting in high degree of estimation uncertainty. As a result of the high uncertainties in these estimates, we considered this is one of the key audit matters.

How our audit addressed the matter

We tailored the major audit scope as follows:

- A. Assessed the policy on allowance for inventory valuation loss, based on our understanding of the operations and industry of the company.
- B. Tested whether the basis of market value used in calculating the net realizable value of inventory is consistent with the policy of the company and validated selling prices of selected samples of respective inventory and their accuracy of net realizable value calculation.
- C. Acquired management's individually identified out-of-date inventory list, inspected the related supporting documents and proper recognition in the financial statements.

Valuation of allowance of accounts receivable

Description

Please refer to Note 4(7) for accounting policy of accounts receivable. Please refer to Note 5(2) for accounting estimates and assumption uncertainty in relation to accounts receivable. Please refer to Note 6(3) for the details of accounts receivable.

The Company assesses the significant accounts receivable individually, and those that are not significant are assessed either individually or collectively. If there is no impairment after individual assessment, then the group of accounts receivable will be subject to collectively assessment. If the accounts receivable over a certain age is significant, the management will re-examine the collectibility, and assesses each case for possible impairment. Management uses professional judgement during the process, and accounting estimates have a high possibility of becoming inappropriate. The professional judgement may be affected by several factors, such as customer's financial status, internal credit rating, order history, and economic situation. Accordingly, obtaining the supporting documents which management used for judgement is important. Thus, we considered the assessment on allowance for bad debts as one of our key audit matters.

How our audit addressed the matter

We tailored the major audit scope as follows:

- A. Obtained an understanding of the process which management used to evaluate the collectibility of accounts receivable.
- B. Ensured that the classification of impairment in the group of accounts receivable is appropriate and in accordance with the Company's accounting policy.
- C. Checked the details of significant impairment recognized by the management, against the supporting documents to verify appropriateness.
- D. Verified the subsequent collections details of significant accounts receivable.
- E. Obtained the details of significant accounts receivable which have not yet been collected at year end, and re-evaluated the appropriateness.

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

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

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

Those charged with governance, including the audit committee, are responsible for overseeing the Company’s financial reporting process.

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

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

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

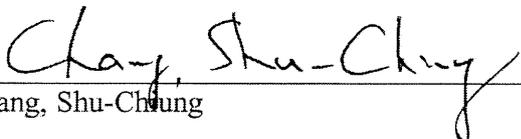
1. Identify and assess the risks of material misstatement of the parent company only financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

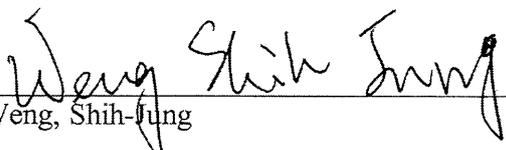
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the parent company only financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the parent company only financial statements, including the disclosures, and whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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


Chang, Shu-Chung


Weng, Shih-Iung

For and on behalf of PricewaterhouseCoopers, Taiwan

February 18, 2019

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

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

MARKETECH INTERNATIONAL CORP.
PARENT COMPANY ONLY BALANCE SHEETS
(Expressed in thousands of New Taiwan dollars)

| | Assets | Notes | December 31, 2018 | | December 31, 2017 | |
|---------------------------|--|----------------|----------------------|------------|----------------------|------------|
| | | | AMOUNT | % | AMOUNT | % |
| Current assets | | | | | | |
| 1100 | Cash and cash equivalents | 6(1) | \$ 679,098 | 5 | \$ 750,892 | 6 |
| 1110 | Financial assets at fair value through profit or loss - current | 6(2) and 12(4) | 90,944 | 1 | 17,143 | - |
| 1125 | Available-for-sale financial assets - current | 12(4) | - | - | 41,502 | - |
| 1140 | Current contract assets | 6(17) | 3,297,707 | 22 | - | - |
| 1150 | Notes receivable, net | 6(3) | 18,359 | - | 64,957 | 1 |
| 1170 | Accounts receivable, net | 6(3) | 2,896,102 | 20 | 2,650,543 | 21 |
| 1180 | Accounts receivable - related parties, net | 7 | 114,677 | 1 | 7,102 | - |
| 1190 | Construction contracts receivable | 12(5) | - | - | 2,398,711 | 19 |
| 1200 | Other receivables | 7 | 35,464 | - | 83,714 | 1 |
| 130X | Inventories, net | 6(4) | 3,183,449 | 21 | 2,295,799 | 19 |
| 1410 | Prepayments | | 313,722 | 2 | 475,970 | 4 |
| 1470 | Other current assets | 8 | 50,087 | - | 32,996 | - |
| 11XX | Total current assets | | <u>10,679,609</u> | <u>72</u> | <u>8,819,329</u> | <u>71</u> |
| Non-current assets | | | | | | |
| 1510 | Financial assets at fair value through profit or loss - non- current | 6(2) | 415,468 | 3 | - | - |
| 1543 | Financial assets at cost-non- current | 12(4) | - | - | 277,607 | 2 |
| 1550 | Investments accounted for using equity method | 6(5) | 1,915,488 | 13 | 1,716,459 | 14 |
| 1600 | Property, plant and equipment, net | 6(6) and 7 | 1,719,499 | 11 | 1,453,359 | 12 |
| 1780 | Intangible assets | 7 | 14,032 | - | 15,270 | - |
| 1840 | Deferred tax assets | 6(21) | 149,061 | 1 | 122,914 | 1 |
| 1900 | Other non-current assets | 6(2) | 17,018 | - | 16,430 | - |
| 15XX | Total non-current assets | | <u>4,230,566</u> | <u>28</u> | <u>3,602,039</u> | <u>29</u> |
| 1XXX | Total Assets | | <u>\$ 14,910,175</u> | <u>100</u> | <u>\$ 12,421,368</u> | <u>100</u> |

(Continued)

MARKETECH INTERNATIONAL CORP.
PARENT COMPANY ONLY BALANCE SHEETS
(Expressed in thousands of New Taiwan dollars)

| Liabilities and Equity | Notes | December 31, 2018 | | December 31, 2017 | | |
|---|---|-------------------|----------------------|-------------------|----------------------|------------|
| | | AMOUNT | % | AMOUNT | % | |
| Current liabilities | | | | | | |
| 2100 | Short-term borrowings | 6(7) | \$ 1,612,000 | 11 | \$ 650,000 | 5 |
| 2130 | Current contract liabilities | 6(17) and 7 | 2,768,245 | 19 | - | - |
| 2150 | Notes payable | | 1,044,159 | 7 | 908,350 | 8 |
| 2170 | Accounts payable | | 2,799,224 | 19 | 2,582,979 | 21 |
| 2180 | Accounts payable - related parties | 7 | 15,393 | - | 19,944 | - |
| 2190 | Construction contracts payable | 7 and 12(5) | - | - | 1,278,326 | 10 |
| 2200 | Other payables | 6(8) | 443,542 | 3 | 407,884 | 3 |
| 2230 | Current tax liabilities | | 120,550 | 1 | 96,090 | 1 |
| 2310 | Advance receipts | 6(9) | 20,906 | - | 760,815 | 6 |
| 2320 | Long-term liabilities, current portion | 6(10) | 11,766 | - | - | - |
| 2399 | Other current liabilities | | 44,794 | - | 11,639 | - |
| 21XX | Total current liabilities | | <u>8,880,579</u> | <u>60</u> | <u>6,716,027</u> | <u>54</u> |
| Non-current liabilities | | | | | | |
| 2530 | Corporate bonds payable | 6(10) | - | - | 200,199 | 2 |
| 2540 | Long-term borrowings | 6(11) | 200,000 | 1 | 200,000 | 2 |
| 2570 | Deferred tax liabilities | 6(21) | 835 | - | - | - |
| 2640 | Net defined benefit liability - non-current | 6(12) | 161,957 | 1 | 154,014 | 1 |
| 2670 | Other non-current liabilities | 6(5) | 70 | - | 6,151 | - |
| 25XX | Total non-current liabilities | | <u>362,862</u> | <u>2</u> | <u>560,364</u> | <u>5</u> |
| 2XXX | Total Liabilities | | <u>9,243,441</u> | <u>62</u> | <u>7,276,391</u> | <u>59</u> |
| Equity | | | | | | |
| Share capital | | | | | | |
| 3110 | Ordinary shares | 6(14) | 1,855,913 | 12 | 1,770,164 | 14 |
| Capital surplus | | | | | | |
| 3200 | Capital surplus | 6(13)(15) | 970,381 | 6 | 843,057 | 7 |
| Retained earnings | | | | | | |
| 3310 | Legal reserve | 6(16) | 692,068 | 5 | 626,773 | 5 |
| 3320 | Special reserve | | 92,239 | 1 | 92,239 | 1 |
| 3350 | Unappropriated retained earnings | | 2,197,064 | 15 | 1,893,389 | 15 |
| Other equity interest | | | | | | |
| 3400 | Other equity interest | | (140,931) | (1) | (80,645) | (1) |
| 3XXX | Total Equity | | <u>5,666,734</u> | <u>38</u> | <u>5,144,977</u> | <u>41</u> |
| Significant contingent liabilities and unrecognised contract commitments | | | | | | |
| Significant events after the balance sheet date | | | | | | |
| 3X2X | Total Liabilities and Equity | | <u>\$ 14,910,175</u> | <u>100</u> | <u>\$ 12,421,368</u> | <u>100</u> |

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

MARKETECH INTERNATIONAL CORP.
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
(Expressed in thousands of New Taiwan dollars, except for earnings per share)

| Items | Notes | Year ended December 31 | | | | |
|-------|--|------------------------|---------------|--------|---------------|-------|
| | | 2018 | | 2017 | | |
| | | AMOUNT | % | AMOUNT | % | |
| 4000 | Operating Revenue | 6(17), 7 and 12(5) | \$ 16,757,545 | 100 | \$ 15,319,550 | 100 |
| 5000 | Operating Costs | 6(4)(20) and 7 | (14,819,701) | (88) | (13,470,021) | (88) |
| 5900 | Gross Profit | | 1,937,844 | 12 | 1,849,529 | 12 |
| | Operating Expenses | 6(20) and 7 | | | | |
| 6100 | Sales and marketing expenses | | (313,099) | (2) | (285,763) | (2) |
| 6200 | General and administrative expenses | | (532,254) | (3) | (510,266) | (3) |
| 6300 | Research and development expenses | | (238,017) | (1) | (177,920) | (1) |
| 6450 | Impairment loss (impairment gain and reversal of impairment loss) determined in accordance with IFRS 9 | 12(2) | (106,279) | (1) | - | - |
| 6000 | Total operating expenses | | (1,189,649) | (7) | (973,949) | (6) |
| 6900 | Operating Profit | | 748,195 | 5 | 875,580 | 6 |
| | Non-operating Income and Expenses | | | | | |
| 7010 | Other income | 6(18) and 7 | 103,161 | - | 89,877 | - |
| 7020 | Other gains and losses | 6(2)(19) | 137,035 | 1 | 26,303) | - |
| 7050 | Finance costs | | (17,337) | - | (11,615) | - |
| 7070 | Share of gain (loss) of subsidiaries, associates and joint ventures accounted for using equity method | | 22,098 | - | (111,151) | (1) |
| 7000 | Total non-operating income and expenses | | 244,957 | 1 | (59,192) | (1) |
| 7900 | Profit before Income Tax | | 993,152 | 6 | 816,388 | 5 |
| 7950 | Income tax expense | 6(21) | (200,570) | (2) | (163,437) | (1) |
| 8200 | Net Income | | \$ 792,582 | 4 | \$ 652,951 | 4 |
| | Other Comprehensive Income (Loss) | | | | | |
| | Components of other comprehensive income that will not be reclassified to profit or loss | | | | | |
| 8311 | Gains (losses) on remeasurements of defined benefit plans | 6(12) | (\$ 10,438) | - | (\$ 11,229) | - |
| 8349 | Income tax related to components of other comprehensive income (loss) that will not be reclassified to profit or loss | 6(21) | 2,859 | - | 1,909 | - |
| 8310 | Total components of other comprehensive loss that will not be reclassified to profit or loss | | (7,579) | - | (9,320) | - |
| | Components of other comprehensive income (loss) that will be reclassified to profit or loss | | | | | |
| 8361 | Exchange differences on translation of foreign operations | | (51,465) | - | (56,800) | - |
| 8362 | Unrealized gains on valuation of available-for-sale financial assets | 12(4) | - | - | (6,395) | - |
| 8380 | Share of other comprehensive income of associates and joint ventures accounted for using equity method, components of other comprehensive income that will be reclassified to profit or loss | | 190 | - | (146) | - |
| 8399 | Income tax relating to components of other comprehensive income that will be reclassified to profit or loss | 6(21) | 14,002 | - | 9,681 | - |
| 8360 | Total components of other comprehensive loss that will be reclassified to profit or loss | | (37,273) | - | (53,660) | - |
| 8300 | Other comprehensive loss, net of tax | | (\$ 44,852) | - | (\$ 62,980) | - |
| 8500 | Total Comprehensive Income | | \$ 747,730 | 4 | \$ 589,971 | 4 |
| 9750 | Basic earnings per share | 6(22) | \$ 4.40 | | \$ 3.77 | |
| 9850 | Diluted earnings per share | 6(22) | \$ 4.21 | | \$ 3.51 | |

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

MARKETECH INTERNATIONAL CORP.
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY
(Expressed in thousands of New Taiwan dollars)

| | Notes | Capital Reserves | | | Retained Earnings | | | Other equity interest | | Total equity |
|--|-------------------|---------------------------------|---------------------------------|--------------------------|-------------------|-----------------|----------------------------------|--|--|--------------|
| | | Share capital - ordinary shares | Capital surplus - share premium | Capital surplus - others | Legal reserve | Special reserve | Unappropriated retained earnings | Financial statements translation differences of foreign operations | Unrealized gain or loss on available-for-sale financial assets | |
| Year ended December 31, 2017 | | | | | | | | | | |
| Balance at January 1, 2017 | | \$ 1,650,698 | \$ 616,003 | \$ 32,443 | \$ 575,258 | \$ 92,239 | \$ 1,667,955 | (\$ 56,393) | \$ 29,408 | \$ 4,607,611 |
| Profit for 2017 | | - | - | - | - | - | 652,951 | - | - | 652,951 |
| Other comprehensive loss for 2017 | | - | - | - | - | - | (9,320) | (47,265) | (6,395) | (62,980) |
| Total comprehensive income (loss) | | - | - | - | - | - | 643,631 | (47,265) | (6,395) | 589,971 |
| Appropriations and distribution of earnings for 2016 | 6(16) | - | - | - | 51,515 | - | (51,515) | - | - | - |
| Legal reserve | | - | - | - | - | - | (363,153) | - | - | (363,153) |
| Cash dividends | | - | - | - | - | - | - | - | - | 32,509 |
| Share-based payment | | 14,225 | 18,151 | 133 | - | - | - | - | - | (3,529) |
| Changes in equity of associates and joint ventures accounted for using equity method | | - | - | - | - | - | (3,529) | - | - | (3,529) |
| Conversion of convertible bonds | | 105,241 | 188,751 | (12,424) | - | - | - | - | - | 281,568 |
| Balance at December 31, 2017 | 6(10)(14)(15)(24) | \$ 1,770,164 | \$ 822,905 | \$ 20,152 | \$ 626,773 | \$ 92,239 | \$ 1,893,389 | (\$ 103,658) | \$ 23,013 | \$ 5,144,977 |
| Year ended December 31, 2018 | | | | | | | | | | |
| Balance at January 1, 2018 | | \$ 1,770,164 | \$ 822,905 | \$ 20,152 | \$ 626,773 | \$ 92,239 | \$ 1,893,389 | (\$ 103,658) | \$ 23,013 | \$ 5,144,977 |
| Effect of retrospective application and retrospective restatement | | - | - | - | - | - | 19,315 | - | (23,013) | (3,698) |
| Balance at January 1 after adjustments | | 1,770,164 | 822,905 | 20,152 | 626,773 | 92,239 | 1,912,704 | (103,658) | - | 5,141,279 |
| Profit for 2018 | | - | - | - | - | - | 792,582 | - | - | 792,582 |
| Other comprehensive loss for 2018 | | - | - | - | - | - | (7,579) | (37,273) | - | (44,852) |
| Total comprehensive income (loss) | | - | - | - | - | - | 785,003 | (37,273) | - | 747,730 |
| Appropriations and distribution of earnings for 2017 | 6(16) | - | - | - | - | - | (65,295) | - | - | - |
| Legal reserve | | - | - | - | 65,295 | - | (65,295) | - | - | - |
| Cash dividends | | - | - | - | - | - | (442,541) | - | - | (442,541) |
| Share-based payment | | 10,520 | 13,391 | (3,521) | - | - | - | - | - | 20,390 |
| Changes in equity of associates and joint ventures accounted for using equity method | | - | - | 2,000 | - | - | 7,193 | - | - | 9,193 |
| Conversion of convertible bonds | | 75,229 | 123,663 | (8,209) | - | - | - | - | - | 190,683 |
| Balance at December 31, 2018 | 6(10)(14)(15)(24) | \$ 1,855,913 | \$ 959,959 | \$ 10,422 | \$ 692,068 | \$ 92,239 | \$ 2,197,064 | (\$ 140,931) | \$ - | \$ 5,666,734 |

Note: The stockholders have resolved to distribute directors' and supervisors' remuneration of \$10,431 and employees' bonus of \$89,000 for 2017 and distribute directors' and supervisors' remuneration of \$7,545 and employees' bonus of \$75,452 for 2016. All amounts have been deducted from the statements of comprehensive income.

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

MARKETECH INTERNATIONAL CORP.
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
(Expressed in thousands of New Taiwan dollars)

| | Notes | 2018 | 2017 |
|--|--------------------|---------------|----------------|
| <u>CASH FLOWS FROM OPERATING ACTIVITIES</u> | | | |
| Profit before tax | | \$ 993,152 | \$ 816,388 |
| Adjustments | | | |
| Adjustments to reconcile profit (loss) | | | |
| Net gain on financial assets or liabilities at fair value through profit or loss | 6(2)(19) and 12(4) | (93,134) | (9,846) |
| Impairment on expected credit loss | 12(2) | 106,279 | - |
| Provision (profit) for bad debt expense | 12(4) | - | 8,494 |
| Share of loss of subsidiaries, associates and joint ventures accounted for using equity method | | (22,098) | 111,151 |
| Gain on disposal of investments | 6(19) | - | (35,556) |
| Depreciation | 6(6)(20) | 91,359 | 80,845 |
| Amortisation | 6(20) | 16,301 | 19,222 |
| Gain on disposal of property, plant and equipment | 6(6) | (2,808) | (1,666) |
| Impairment loss on financial assets | 6(19) | - | 15,243 |
| Compensation cost of share-based payments | 6(13)(15)(20) | 2,580 | 7,901 |
| Interest income | 6(18) and 7 | (4,116) | (3,569) |
| Interest expense | | 17,337 | 11,615 |
| Dividend income | 6(18) | (14,485) | (16,935) |
| Changes in operating assets and liabilities | | | |
| Changes in operating assets | | | |
| Contract assets - current | | (898,996) | - |
| Notes receivable, net | | 55,092 | 64,426 |
| Accounts receivable, net | | (400,327) | (28,822) |
| Accounts receivable - related parties, net | | (103,580) | 3,996 |
| Construction contracts receivable | | - | (462,847) |
| Other receivables | | 49,795 | 1,703 |
| Inventories, net | | (887,650) | (346,216) |
| Prepayments | | 162,248 | (170,088) |
| Other current assets | | (25,436) | 1,196 |
| Changes in operating liabilities | | | |
| Contract liabilities-current | | 562,851 | - |
| Notes payable | | 135,809 | 49,998 |
| Accounts payable | | 216,245 | 243,334 |
| Accounts payable - related parties | | (4,551) | (4,362) |
| Construction contracts payable | | - | 141,863 |
| Other payables | | 35,298 | 69,101 |
| Advance receipts | | 187,159 | 337,407 |
| Other current liabilities | | 33,154 | 2,074 |
| Other non-current liabilities | | (2,495) | (1,859) |
| Cash inflow generated from operations | | 204,983 | 904,191 |
| Interest received | | 4,116 | 2,753 |
| Dividends received | | 14,485 | 16,935 |
| Interest paid | | (14,727) | (6,704) |
| Income tax paid | | (183,193) | (167,481) |
| Net cash flows from operating activities | | <u>25,664</u> | <u>749,694</u> |

(Continued)

MARKETECH INTERNATIONAL CORP.
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
(Expressed in thousands of New Taiwan dollars)

| | <u>Notes</u> | <u>2018</u> | <u>2017</u> |
|--|--------------|--------------------|--------------------|
| <u>CASH FLOWS FROM INVESTING ACTIVITIES</u> | | | |
| Financial assets measured at fair value through profit or loss - current | | (\$ 81,498) | \$ - |
| Proceeds from disposal of financial assets at fair value through profit or loss | | 56,872 | - |
| Proceeds from capital reduction of financial assets at fair value through profit or loss | | 3,428 | - |
| Proceeds from disposal of available-for-sale financial assets - current | | - | 32,233 |
| Acquisition of financial assets measured at cost – non-current | | - | (66,915) |
| Proceeds from disposal of financial assets measured at cost – non-current | | - | 67,942 |
| Proceeds from capital reduction of financial assets measured at cost – non-current | | - | 274 |
| Acquisition of investments accounted for using equity method – subsidiaries | | (244,635) | (424,745) |
| Acquisition of investments accounted for using equity method – non-subsidiaries | | (11,695) | (9,611) |
| Acquisition of property, plant and equipment | 6(6) | (364,324) | (422,981) |
| Proceeds from disposal of property, plant and equipment | 6(6) | 9,633 | 10,987 |
| Acquisition of intangible assets | | (15,063) | (18,977) |
| Decrease (increase) in refundable deposits | | <u>12,555</u> | <u>(9,982)</u> |
| Net cash flows used in investing activities | | <u>(634,727)</u> | <u>(841,775)</u> |
| <u>CASH FLOWS FROM FINANCING ACTIVITIES</u> | | | |
| Increase in short-term borrowings | 6(7)(25) | 962,000 | 100,000 |
| Increase in long-term borrowings | | - | 200,000 |
| Proceeds from exercise of employee stock options | 6(13) | 17,810 | 24,609 |
| Cash dividends paid | 6(16) | <u>(442,541)</u> | <u>(363,153)</u> |
| Net cash flows from (used in) financing activities | | <u>537,269</u> | <u>(38,544)</u> |
| Net decrease in cash and cash equivalents | | <u>(71,794)</u> | <u>(130,625)</u> |
| Cash and cash equivalents at beginning of year | 6(1) | <u>750,892</u> | <u>881,517</u> |
| Cash and cash equivalents at end of year | 6(1) | <u>\$ 679,098</u> | <u>\$ 750,892</u> |

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

【Annex 3: 2018 Audit Committee Audit Report】

Marketch International Corp.

Audit Committee Audit Report

To: The 2019 Annual General Shareholders' Meeting of Marketch International Corp.

We, as the Audit Committee of MIC Group, have audited the 2018 Business Report, Financial Statements and Earnings Distribution Proposal made and submitted by the board of directors. The said Financial Statements were audited by Independent Accountant Chang Shu-Chiung and Independent Accountant Weng Shih-Jung of Pricewaterhouse Coopers (PwC) Taiwan, and are supported with an audit report issued by PwC. We believe that there is no inconsistent information of aforementioned Business Report, Financial Statements and Earnings Distribution Proposal and hereby submit these documents to you according to Article 14-4 of Securities and Exchange Act and Article 219 of the Company Act.

Sincerely yours,

Chairperson of Audit Committee, Lin Hsiao-Min

February 18, 2019

【Annex 4 : Investments in Mainland China in 2018】

Marketch International Corp. Information on investments in Mainland China For the year ended December 31, 2018

I. Financial Information of Investments in Mainland China

Unit: NT\$ thousands

| Investee in Mainland China | Main Business Activities | Paid-in Capital (Note 1 and Note 2) | Accumulated amount of remittance from Taiwan to Mainland China at period start (Note 1) | Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan at period end (Note 1 and Note 2) | | Accumulated amount of remittance from Taiwan to Mainland China at period end (Note 1 and Note 2) | Net income (loss) of investee of this period | Ownership held by the Company (direct or indirect) | Investment income (loss) of this period recognized by the Company (Note 3) | Book value of investments in Mainland China at period end (Note 1) | Accumulated amount of investment income remitted back to Taiwan at period end |
|--|---|-------------------------------------|---|---|-------------------------|--|--|--|--|--|---|
| | | | | Remitted to Mainland China | Remitted back to Taiwan | | | | | | |
| MIC-Tech (WuXi) Co., Ltd.. | Design, manufacturing, installation and maintenance of semiconductor device, crystal dedicated device, electronic component device, environment pollution preventing equipment; assembling of wrapping device and cooling equipment; assembling of barbecue grill; wholesale, commission agency and import and export of the aforementioned products their components, textile, commodities, chemical products and cosmetics; lease of self-owned plants; design, manufacturing, sales and installation of automatic warehousing equipment and accessories, automatic logistics transporting equipment and accessories; R&D, sales and installation of supplementary engineering in logistics dispatch system | \$ 783,233 (Note 4) | \$ 629,658 | \$ - | \$ - | \$ 629,658 | \$ 28,697 | 100% | \$ 29,264 | \$ 35,644 | \$ - |
| MIC-Tech (Shanghai) Corp. | Wholesale, commission agency, maintenance, repairment, manufacture, import and export of semiconductor production, inspection equipment and its consumables and boilers that generate electricity; storage and allocation of mainly chemical and boiler products; international and entrepot trade; trading and trading agency among enterprises in customs bonded area; consulting services in customs bonded area | 253,122 (Note 4) | 15,358 | - | - | 15,358 | 25,652 | 100% | 25,652 | 351,218 | - |
| Fuzhou Jiwei System Integrated Co., Ltd. | Installation and complete services of clean room, mechanical system, street pipe system | 9,215 (Note 4) | 9,215 | - | - | 9,215 | 695 | 100% | 695 | (1,016) | - |

| Investee in Mainland China | Main Business Activities | Paid-in Capital (Note 1 and Note 2) | Accumulated amount of remittance from Taiwan to Mainland China at period start (Note 1) | Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan at period end (Note 1 and Note 2) | | Accumulated amount of remittance from Taiwan to Mainland China at period end (Note 1 and Note 2) | Net income (loss) of investee of this period | Ownership held by the Company (direct or indirect) | Investment income (loss) of this period recognized by the Company (Note 3) | Book value of investments in Mainland China at period end (Note 1) | Accumulated amount of investment income remitted back to Taiwan at period end |
|--|--|-------------------------------------|---|---|-------------------------|--|--|--|--|--|---|
| | | | | Remitted to Mainland China | Remitted back to Taiwan | | | | | | |
| MIC-Tech Electronics Engineering Corp. | Installation and construction of mechanical and electrical systems; construction of chemical and petroleum projects; construction of public municipal infrastructure projects; professional building renovation and decoration services; design and construction of smart buildings; construction of electronic projects and related technical services and consulting. Building equipment, building materials (excluding steel and cement), electronic products, chemical products (excluding hazardous products), metal products, electrical equipment, wholesale of communications equipment, commission-based agency (excluding auctions) and import-export business, and delivery of all related and supplementary services | \$ 541,168 (Note 4) | \$ 261,692 | \$ - | \$ - | \$ 261,692 | (\$ 27,348) | 100% | (\$ 27,348) | \$ 417,743 | \$ - |
| Shanghai Maohua Electronics Engineering Co.,Ltd. | Production of scrubber bins for semiconductor manufacturers, design, installation, debugging and technology services of tunnel system, equipment repair for semiconductor manufacturers, consulting service for electrical and medical equipment; wholesale, commissioned distribution (exclude auction), export, import and related services of electronic products, machinery equipment, chemical products (exclude dangerous articles), communication equipment, metal products, plastic products | 18,429 (Note 4) | 18,521 | - | - | 18,521 | 2,424 | 87% | 2,109 | (12,644) | - |
| SKMIC (WUXI) CORP. | Design, installation and repairment of semi-conductor and transistor facilities, electronic components facilities and pollution prevention equipment, as well as wholesale, commission agent and export/import business of products listed above, industrial cleaning, repairment and maintenance. | 9,368 (Note 4) | 1,505 | - | - | 1,505 | (204) | 49% | (100) | 60 | - |
| ChenGao M&E Engineering (Shanghai) Co., Ltd. | Design of microelectronic products and display devices, consulting service for related technology and management | 6,143 (Note 4) | 6,143 | - | - | 6,143 | 2,056 | 100% | 2,056 | (588) | - |

| Investee in Mainland China | Main Business Activities | Paid-in Capital (Note 1 and Note 2) | Accumulated amount of remittance from Taiwan to Mainland China at period start (Note 1) | Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan at period end (Note 1 and Note 2) | | Accumulated amount of remittance from Taiwan to Mainland China at period end (Note 1 and Note 2) | Net income (loss) of investee of this period | Ownership held by the Company (direct or indirect) | Investment income (loss) of this period recognized by the Company (Note 3) | Book value of investments in Mainland China at period end (Note 1) | Accumulated amount of investment income remitted back to Taiwan at period end |
|---|---|-------------------------------------|---|---|-------------------------|--|--|--|--|--|---|
| | | | | Remitted to Mainland China | Remitted back to Taiwan | | | | | | |
| Frontken MIC (Wuxi) Co., Ltd. | Research of specialized cleaning equipment of semiconductor device and integrated circuit, cleaning of special components of semiconductor device, integrated circuit and micromodule and cleaning technology for semiconductors, assembling, installation and maintenance of cooling equipment; design, manufacture, sale and installation of automatic warehouse equipment and fittings, and automatic logistics transporting equipment and fittings; development, sale and installation of computer aided engineering; wholesale, commission, import and export of above products and parts | \$ 70,890 (Note 4) | \$ 28,356 | \$ - | \$ - | \$ 28,356 | (\$ 110) | 100% | (\$ 110) | \$ 5,393 | \$ - |
| Integrated Manufacturing & Services Co., Ltd. | Development of special equipment for solar cell production, manufacture of optical engine, lighting source, projection screen, high definition projection cathode-ray tube and micro-display module, and production, cleaning and regeneration of new electrical device; sells the products that manufactured by itself; machinery equipment, research and development of production technology of utilities equipment, technology transfer, technology consulting, technology service; processing of metal salvage and junk (except for hazardous chemicals and hazardous waste); metallic material (except for steels and noble metal), ceramic product, paper products and wholesale, retail and import and export of hardware products. | 153,575 (Note 4) | 82,931 | - | - | 82,931 | (10,154) | 60% | (6,093) | 25,571 | - |
| MIC-Tech China Trading (Shanghai) Co., Ltd. | Wholesale, commission agency and import and export of chemical products (except for hazardous chemicals, chemicals used in production of narcotic drugs and psychotropic substances and special chemicals), semiconductors, inspection equipment and its consumables, solar equipment consumables and boilers that generate electricity, International and entrepot trade, trading and trading agency among enterprises in customs bonded area, consulting service for trading, installation, repair, and maintenance of automation equipment, electronic equipment, and their parts | 46,073 (Note 4) | 46,073 | - | - | 46,073 | (7,308) | 100.0% | (7,308) | 18,528 | - |

| Investee in Mainland China | Main Business Activities | Paid-in Capital (Note 1 and Note 2) | Accumulated amount of remittance from Taiwan to Mainland China at period start (Note 1) | Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan at period end (Note 1 and Note 2) | | Accumulated amount of remittance from Taiwan to Mainland China at period end (Note 1 and Note 2) | Net income (loss) of investee of this period | Ownership held by the Company (direct or indirect) | Investment income (loss) of this period recognized by the Company (Note 3) | Book value of investments in Mainland China at period end (Note 1) | Accumulated amount of investment income remitted back to Taiwan at period end |
|--|---|-------------------------------------|---|---|-------------------------|--|--|--|--|--|---|
| | | | | Remitted to Mainland China | Remitted back to Taiwan | | | | | | |
| Macrotec Technology (Shanghai) Co., Ltd. | Wholesale, commission agency, import and export and other complementary service of electrical products, food, textile, commodities, cosmetics, valve switch, instrumentation, metal products, electrical equipment, International and entrepot trade, trading and trading agency among enterprises in customs bonded area, simple commercial processing in customs bonded area, and consulting service for trading in customs bonded area | \$ 29,391 (Note 4) | \$ 9,237 | \$ - | \$ - | \$ 9,237 | (\$ 28,434) | 31.43% | (\$ 8,937) | (\$ 4,642) | \$ - |

Note 1: Refers to the paid-in capital, amount remitted to Mainland China / back to Taiwan, and book value of investments in Mainland China until December 31, 2018.

Note 2: Paid-in capital and investment amount were translated at the original currency times exchange rate at period end..

Note 3: In the 'Investment income (loss) recognised by the Company for the year ended December 31, 2018' column:
(1) It should be indicated if the investee was still in the incorporation arrangements and had not yet any profit during this period.
(2) Indicate the basis for investment income (loss) recognition in the number of one of the following three categories:

A. The financial statements that are reviewed and attested by international accounting firm which has cooperative relationship with accounting firm in R.O.C.

B. The financial statements that are reviewed and attested by R.O.C. parent company's CPA.

C. Others - unreviewed financial statements.

Note 4: Through investing in Market Go Profits Ltd., which then invested in the investee in Mainland China.

II. Information of Ceiling on Investments in Mainland China

December 31, 2018
Unit: NT\$ thousands

| Accumulated amount of remittance from Taiwan to Mainland China until December 31, 2018 (Note 1 and Note 2) | Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA) (Note 1) | Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA |
|--|---|---|
| \$ 1,157,642 | \$ 2,006,210 | \$ 3,442,382 |

Note 1: The amount was translated at the original currency times exchange rate at period end.

Note 2: The Company has sold WUXI Probeleader Electronics Co., Ltd. at the end of November 2011. As the accumulated investment was different from the investment collected back, the difference between accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2018 and accumulated amount of remittance from Taiwan to Mainland China registered at and approved by MOEA was US\$186 thousand.

Note 3: The liquidation of TPP-MIC (WuXi) Co., Ltd. was completed in November, 2015. As the accumulated investment was different from the investment collected back, the difference between accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2018, and accumulated amount of remittance from Taiwan to Mainland China registered at and approved by MOEA was US\$186 thousand.

【Annex 5: Status of implementing the Provision of Endorsements and Guarantees to Others in 2018】

Marketech International Corp. and Subsidiaries Provision of Endorsements and Guarantees to Others For the year ended December 31, 2018

Unit: NT\$ thousands

| Endorser / Guarantor | Endorsee / Guarantee | | Shareholding (%) | Limit on endorsements / guarantees provided for a single party (Note 2 and 3) | Maximum outstanding endorsements / guarantees (Note 4) | Outstanding endorsements / guarantees at period end (Note 5) | Actual drawdown amount (Note 6) | Ceiling on total amount of endorsement / guarantee (Note 2 and 3) | Content of Guarantee |
|--|---|--------------|------------------|---|--|--|---------------------------------|---|--|
| | Company Name | Relationship | | | | | | | |
| Marketech International Corp. | Marketech Integrated Pte Ltd. | Note 1(2) | 100% | 2,833,367 | 56,525 | 56,338 | 3,027 | 5,666,734 | Provide promissory notes as bank loan guarantee and signed a contract for joint guarantee |
| Marketech International Corp. | eZoom Information, Inc. | Note 1(2) | 100% | 2,833,367 | 120,000 | 120,000 | 12,003 | 5,666,734 | Provide promissory notes as bank loan guarantee. |
| Marketech International Corp. | Marketech International Sdn. Bhd. | Note 1(2) | 100% | 2,833,367 | 245,720 | 245,720 | 13,691 | 5,666,734 | Provide banker's letter of guarantee for joint guarantee |
| Marketech International Corp. | MIC-Tech China Trading (Shanghai) Co., Ltd. | Note 1(2) | 100% | 2,833,367 | 32,801 | - | - | 5,666,734 | Provide banker's letter of guarantee for joint guarantee |
| Marketech International Corp. | MIC-Tech (WuXi) Co., Ltd. | Note 1(2) | 100% | 2,833,367 | 411,581 | 411,581 | 304,079 | 5,666,734 | Provide promissory notes as bank loan guarantee. |
| Marketech International Corp. | MIC-Tech (Shanghai) Corp. | Note 1(2) | 100% | 2,833,367 | 1,026,300 | 977,875 | 194,192 | 5,666,734 | Provide promissory notes as bank loan guarantee. |
| Marketech International Corp. | MIC-Tech Electronics Engineering Corp. | Note 1(2) | 100% | 2,833,367 | 1,531,207 | 1,398,810 | 652,481 | 5,666,734 | Provide promissory notes as bank loan guarantee. |
| Marketech International Corp. | Shanghai Maohua Electronics Engineering Co., Ltd. | Note 1(2) | 87% | 2,833,367 | 198,223 | 198,223 | 117,375 | 5,666,734 | Provide banker's letter of guarantee for joint guarantee and signed a contract for joint guarantee |
| Marketech International Corp. | Special Triumph Sdn., Bhd | Note 1(5) | 0% | 2,833,367 | 40,431 | 27,092 | - | 5,666,734 | Provide banker's letter of guarantee for joint guarantee |
| Marketech Co., Ltd. | MIC-Tech Viet Nam Co., Ltd | Note 1(4) | 0% | 110,879 | 7,740 | 7,740 | 7,740 | 110,879 | Signed a contract for joint guarantee. |
| MIC-Tech Electronics Engineering Corp. | MIC-Tech (WuXi) Co., Ltd. | Note 1(4) | 0% | 1,253,229 | 4,405 | - | - | 2,088,715 | Signed a contract for joint guarantee. |
| MIC-Tech Electronics Engineering Corp. | Shanghai Maohua Electronics Engineering Co., Ltd. | Note 1(5) | 0% | 1,253,229 | 73,212 | 69,868 | 69,868 | 2,088,715 | Signed a contract for joint guarantee. |
| MIC-Tech Electronics Engineering Corp. | MIC-Tech (Shanghai) Corp. Ltd. | Note 1(4) | 0% | 1,253,229 | 112,412 | 107,278 | 107,278 | 2,088,715 | Signed a contract for joint guarantee. |
| MIC-Tech (Shanghai) Corp. | MIC-Tech Electronics Engineering Corp. | Note 1(4) | 0% | 1,053,654 | 645,959 | 616,455 | 616,455 | 1,756,090 | Signed a contract for joint guarantee. |

Note 1: Relationship between the endorser/guarantor and the party being endorsed/guaranteed is classified into the following seven categories; fill in the number of category each case belongs to:

- (1) Having business relationship.
- (2) The endorser/guarantor parent company owns directly and indirectly more than 50% voting shares of the endorsed/guaranteed subsidiary.
- (3) The endorsed/guaranteed company owns directly and indirectly more than 50% voting shares of the endorser/guarantor parent company.
- (4) The endorser/guarantor parent company owns directly and indirectly more than 90% voting shares of the endorsed/guaranteed company.
- (5) Mutual guarantee of the trade made by the endorsed/guaranteed company or joint contractor as required under the construction contract.
- (6) Due to joint venture, all shareholders provide endorsements/guarantees to the endorsed/guaranteed company in proportion to its ownership.
- (7) Joint guarantee of the performance guarantee for pre-sold home sales contract as required under the Consumer Protection Act.

Note 2: Limit on endorsements and guarantees stated in "Regulations Governing Loaning of Funds and Making of Endorsements/ Guarantees by Public Companies":

(1) In accordance with mutual guarantee requirement in the same industry for contracting constructions, limit on the total amount is 5 times of the Company's net assets.

(2) Except for guarantees for contracting constructions, limit on the Company's accumulated endorsement/guarantee is the Company's net assets; limit on endorsement/guarantee to a single party is 50% of the Company's net assets. Limit on the total endorsement/guarantee of the Company and its subsidiaries as a whole is 1.5 times of the Company's net assets; limit on endorsement/guarantee to a single party is 75% of the Company's net assets.

Note 3: Limit on endorsements and guarantees of the Group's subsidiary - Marketech Co., Ltd.:

(1) In accordance with mutual guarantee requirement in the same industry or the common builders for contracting constructions, or provision of endorsements and guarantees for joint ventures from shareholders in proportion to shareholding ratio, limit on the total amount is 5 times of the net assets of Marketech Co., Ltd. Limit on endorsement/guarantee to a single party is three times of the net assets of Marketech Co., Ltd.

(2) Except for (1), the Group follows standards of endorsements and guarantees as below:

(2-1) Total amount:

(2-1-1) Limit on the accumulated endorsements and guarantees is 10 times of the net assets of Marketech Co., Ltd.;

(2-1-2) Limit on endorsements and guarantees to a company of which the endorser company and the Company directly or indirectly holds 90%, should meet the requirement in (2-1-1) and may not exceed 10% of the Company's net assets.

However, the endorsements and guarantees of Marketech Co., Ltd. to the Company which it holds 100% of voting shares are not subjected.

(2-1-3) Total endorsements and guarantees of Marketech Co., Ltd. and its subsidiaries are limited to 10 times of the net assets of Marketech Co., Ltd..

(2-2) Limit on endorsement/guarantee to a single party

(2-2-1) For the companies having business relationship with Marketech Co., Ltd. and thus being provided endorsements/guarantees, limit on endorsements to a single party is the total value of business transactions within past 12 months. (the value of business transactions is the higher of purchase or sales)

(2-2-2) Limit on endorsement/guarantee to a single party who having business relationship with the Group is 10 times of the net assets of Marketech Co., Ltd..

Limit on endorsements and guarantees of the Group's subsidiary - MIC-Tech Electronics Engineering Corp. and MIC-Tech (Shanghai) Corp.

(1) In accordance with mutual guarantee requirement in the same industry or the common builders for contracting constructions, or provision of endorsements and guarantees for joint ventures from shareholders in proportion to shareholding ratio, limit on the total amount is 5 times of the net assets of the endorser/guarantor on endorsement/guarantee to a single party is three times of the net assets of the endorser/guarantor.

(2) Except for (1), the Group follows standards of endorsements and guarantees as below:

(2-1) Total amount:

(2-1-1) Limit on the accumulated endorsements and guarantees is 5 times of the net assets of the endorser/guarantor;

(2-1-2) Limit on endorsements and guarantees to a company of which the endorser company and the Company directly or indirectly holds 90%, should meet the requirement in (2-1-1) and may not exceed 10% of the ultimate parent's net assets.

(2-1-3) Total endorsements and guarantees of the endorser/guarantor and its subsidiaries are limited to 5 times of the net assets of the endorser/guarantor.

(2-2) Limit on endorsement/guarantee to a single party

(2-2-1) For the companies having business relationship with the endorser/guarantor and thus being provided endorsements/guarantees, limit on endorsements to a single party is the total value of business transactions within past 12 months. (the value of business transactions is the higher of purchase or sales)

(2-2-2) Limit on endorsement/guarantee to a single party who having business relationship with the Group is 3 times of the net assets of the endorser/guarantor.

Note 4: Fill in the year-to-date maximum outstanding balance of endorsements/guarantees provided as of the reporting period. (2018)

Note 5: The amount agreed by the Board of Directors until December 31, 2018.

Note 6: Fill in the actual amount of endorsements/guarantees used by the endorsed/guaranteed company.

【Annex 6: 2018 Report of the 3rd Offering of Domestic Unsecured Convertible Bonds.】

Marketch International Corp. Report on the Company's Implementation of the 3rd Offering of Domestic Unsecured Convertible Bonds

1. Issuance of Corporate Bonds

| | |
|--|--|
| Type of Corporate Bond | The 3 rd Offering of Domestic Unsecured Convertible Bonds. |
| Date of Resolution by the Board of Directors | June 8, 2016 |
| Approval Reference Number from the Competent Authority | Letter of Jin-Guan-Zheng-Fa-Zhi No. 1050028409 issued on August 1, 2016. |
| Date of Issue | August 22, 2016 |
| Par Value | NT\$100,000 per corporate bond |
| Issue Price | Fully distributed pursuant to the par value |
| Total Amount | NT\$0.5 billion |
| Interest Rate | Annual Interest Rate of 0% |
| Term | Three Years Maturity Date: August 22, 2019 |
| Methods of Redemption | Except for creditors who convert common shares according to Article 10 of Rules for Issuance and Conversion of Unsecured Convertible Bonds, or the Company redeems the bond prior to its maturity or repurchases the bond at the place of business of a securities firm for write-down according to Article 18 of the Rules for Issuance and Conversion, redemption will be made by cash at once according to the par value at maturity. |
| Unpaid Amount | NT\$0.5 billion |

2. Implementation Status

The Company's 3rd offering of domestic unsecured convertible bonds was completed on August 22, 2016 and implemented in the third quarter of 2016 according to the schedule.

Unit: NT\$ thousands; %

| Project | Implementation Situation | Implementation Status | | Reasons for advanced or delayed progress, and improvement plan. |
|-------------------------|--------------------------|-----------------------|-------------------------|---|
| | | Amount of Expenditure | Implementation Progress | |
| Repayment of Bank Loans | Scheduled | 500,000 | 100% | The implementation is completed according to the schedule. |
| | Actual | 500,000 | 100% | |

3. Conversion Status

Up to December 31 of 2018, the total convertible amount of the 3rd offering of domestic unsecured convertible bonds issued by the company is NT\$488,100,000, which can be converted to 18,047,008 ordinary shares.

【 Annex 7: Ratification of 2018 Earnings Distribution 】

Marketech International Corp. Ratification of 2018 Earnings Distribution

Unit: NT\$

| Items | Amount |
|---|------------------|
| Unappropriated earnings at period start | \$ 1,385,552,685 |
| Increase: Effects of retrospective application and retrospective restatement (Note 1) | 19,315,469 |
| Increase(Deduction): Adjusted un-appropriated earnings in 2018 (Note 2) | (385,785) |
| Unappropriated earnings after the adjustment | 1,404,482,369 |
| Increment: Net income in 2018 | 792,581,914 |
| Deduction: Legal reserve | (79,258,191) |
| To-be- appropriated earnings in total | 2,117,806,092 |
| Appropriation item(s): (Note 2) | |
| Shareholders' dividend – Cash 3.00 / per share | (556,773,792) |
| Unappropriated earnings at period end | \$ 1,561,032,300 |

Note: 1. Refer to financial statements of the present period, where the IFRS 9 and IFRS 15 were adopted for the first time (in 2018). Instead of re-editing the financial statements, amendments were made thereto to retrospectively recognize the cumulative impact of the initial application on the adjustment of retained earnings. °

- Refers to re-measurements of defined benefit plans, which was recognized as other comprehensive loss due to actuarial assumption variables of defined benefit / pension plan of 2018 and then transferred into retained earnings, NT\$ 7,578,503. Besides, the increase of retained earnings amounted NT\$7,192,718 attributed to the change in equity of subsidiaries, associates and joint ventures accounted for using equity method.
- The distributed profit was generated mainly in 2018 as the priority.
- Regarding the dividend distribution rate set in profit distribution proposal, if the 3rd offering of domestic unsecured convertible bonds or employees' execution of employee stock option affects the number of the Company's ordinary shares outstanding and results in a change of shareholders' dividend declared ratio, it is hereby proposed at the Shareholders' Meeting to fully authorize the Chairman to make an adjustment according to the resolution of the board of directors.
- The distributed cash profit shall be counted only until digit in ones. Digits below shall all be rounded off (shall be rounded down to an integer). Fractional amount less than one dollar should be recorded

Chairman: Margaret Kao

President: Scott Lin

Accounting Director: Chung Chi-Wen

【Annex 8: Comparison Table of Amendments to the “Procedures for Acquisition or Disposal of Assets”】

Comparison Table of Amendments to the “Procedures for Acquisition or Disposal of Assets”

| Articles before the Amendments | Articles after the Amendments | Descriptions |
|---|--|--|
| <p>3.1 Scope</p> <p>3.1.5 Claims of financial institutions (including receivables, bills purchased and discounted, loans, and overdue receivables).</p> <p>3.1.6 Derivatives.</p> <p>3.1.7 Assets acquired or disposed of in connection with mergers, demergers, acquisitions, or transfer of shares in accordance with law.</p> <p>3.1.8 Other major assets.</p> | <p>3.1 Scope</p> <p>3.1.5 <u>Right-of-use assets.</u></p> <p>3.1.6 Claims of financial institutions (including receivables, bills purchased and discounted, loans, and overdue receivables).</p> <p>3.1.7 Derivatives.</p> <p>3.1.8 Assets acquired or disposed of in connection with mergers, demergers, acquisitions, or transfer of shares in accordance with law.</p> <p>3.1.9 Other major assets.</p> | <p>Comply with amendments to relevant regulations.</p> |
| <p>3.5 Terms used in the Procedures are defined as follows:</p> <p>3.5.1 Derivatives: Forward contracts, options contracts, futures contracts, leverage contracts, and swap contracts, <u>and compound contracts combining the above products, whose value is derived from assets, interest rates, foreign exchange rates, indexes or other interests.</u> The term "forward contracts" does not include insurance contracts, performance contracts, after-sales service contracts, long-term leasing contracts, or long-term purchase (sales) agreements.</p> <p>3.5.2 Assets acquired or disposed through mergers, demergers, acquisitions, or transfer of shares in accordance with law: Refers to assets acquired or disposed through mergers, demergers, or acquisitions conducted under the Business Mergers and Acquisitions Act, Financial Holding Company Act, Financial Institution Merger Act and other acts, or to transfer of shares from another company through issuance of new shares of its own as the consideration therefor (hereinafter "transfer of shares") under Paragraph 8 of Article 156 of the Company Act.</p> <p>3.5.3 Related party or subsidiary: As defined in the Regulations Governing the Preparation of Financial Reports by Securities Issuers.</p> <p>3.5.4 Deletion.</p> <p>3.5.5 Professional appraiser: Refers to a real property appraiser or other person duly authorized by law to engage in the value appraisal of real property or equipment.</p> <p>3.5.6 Date of occurrence: Refers to the date of contract signing, date of payment, date of consignment trade, date of transfer, dates of boards of directors resolutions, or other date that can confirm the counterpart and monetary amount of the transaction, whichever date is earlier; provided, for investment for which approval of the competent authority is required, the earlier of the above date or the date of receipt of approval by the competent authority shall apply.</p> <p>3.5.7 China area approved by the Ministry of Economic Affairs Investment Commission or conducted in accordance with the provisions of the Regulations Governing Permission for Investment or Technical Cooperation in the Mainland Area.</p> | <p>3.5 Terms used in the Procedures are defined as follows:</p> <p>3.5.1 Derivatives: Forward contracts, options contracts, futures contracts, leverage contracts, and swap contracts, <u>combinations of above contracts, combinational contract of embedded derivatives, or structured products, whose value is derived from specific interest rates, prices of financial instruments, product price, foreign exchange rates, prices or rate indexes, credit ratings or indexes, or other variables.</u> The term "forward contracts" does not include insurance contracts, performance contracts, after-sales service contracts, long-term leasing contracts, or long-term purchase (sales) <u>contracts.</u></p> <p>3.5.2 Assets acquired or disposed through mergers, demergers, acquisitions, or transfer of shares in accordance with law: Refers to assets acquired or disposed through mergers, demergers, or acquisitions conducted under the Business Mergers and Acquisitions Act, Financial Holding Company Act, Financial Institution Merger Act and other acts, or to transfer of shares from another company through issuance of new shares of its own as the consideration therefor (hereinafter "transfer of shares") under Article <u>156-3</u> of the Company Act.</p> <p>3.5.3 Related party or subsidiary: As defined in the Regulations Governing the Preparation of Financial Reports by Securities Issuers.</p> <p>3.5.4 Deletion.</p> <p>3.5.5 Professional appraiser: Refers to a real property appraiser or other person duly authorized by law to engage in the value appraisal of real property or equipment.</p> <p>3.5.6 Date of occurrence: Refers to the date of contract signing, date of payment, date of consignment trade, date of transfer, dates of boards of directors resolutions, or other date that can confirm the counterpart and monetary amount of the transaction, whichever date is earlier; provided, for investment for which approval of the competent authority is required, the earlier of the above date or the date of receipt of approval by the competent authority shall apply.</p> <p>3.5.7 China area approved by the Ministry of Economic Affairs Investment Commission or conducted in accordance with the provisions of the Regulations Governing Permission for Investment or Technical Cooperation in the Mainland Area.</p> <p>3.5.8 <u>Investment professional: Refers to financial holding companies, banks, insurance companies, bill finance companies, trust enterprises, securities firms operating proprietary trading or underwriting business, futures commission merchants operating proprietary trading business, securities investment trust enterprises, securities investment consulting enterprises, and fund management companies, that are lawfully incorporated and are regulated by the competent financial authorities of the jurisdiction where they are located.</u></p> <p>3.5.9 <u>Securities exchange: "Domestic securities exchange" refers to the Taiwan Stock Exchange Corporation; "foreign securities exchange" refers to any organized securities exchange market that is regulated by the competent securities authorities of the jurisdiction where it is located.</u></p> <p>3.5.10 <u>Over-the-counter venue ("OTC venue", "OTC");</u></p> | <p>Comply with amendments to relevant regulations.</p> |

| Articles before the Amendments | Articles after the Amendments | Descriptions |
|--|--|---|
| <p><u>3.5.8</u> The “most recent financial statements” refer to CPA certified or reviewed financial statements that are published by the Company before the acquisition or disposal of assets.</p> <p><u>3.5.9</u> For the calculation of 10 percent of total assets under, the total assets stated in the most recent parent company only financial report or individual financial report prepared under the Regulations Governing the Preparation of Financial Reports by Securities Issuers shall be used. In the case of a company whose shares have no par value or a par value other than NT\$10-for the calculation of transaction amounts of 20 percent of paid-in capital, 10 percent of equity attributable to owners of the parent shall be substituted.</p> | <p><u>3.5.11</u> The “most recent financial statements” refer to CPA certified or reviewed financial statements that are published by the Company before the acquisition or disposal of assets.</p> <p><u>3.5.12</u> For the calculation of 10 percent of total assets under, the total assets stated in the most recent parent company only financial report or individual financial report prepared under the Regulations Governing the Preparation of Financial Reports by Securities Issuers shall be used. In the case of a company whose shares have no par value or a par value other than NT\$10-for the calculation of transaction amounts of 20 percent of paid-in capital, 10 percent of equity attributable to owners of the parent shall be substituted</p> | |
| <p>4. Professional appraisers and their officers, certified public accounts, attorneys, and securities underwriters that provide the Company with appraisal reports, certified public accountant's opinions, attorney's opinions, or underwriter's opinions <u>shall not be a related party of any party to the transaction. 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.</u></p> | <p>4. Professional appraisers and their officers, certified public accounts, attorneys, and securities underwriters that provide the Company with appraisal reports, certified public accountant's opinions, attorney's opinions, or underwriter's opinions <u>shall comply with Article 5 of “Regulations Governing the Acquisition and Disposal of Assets by Public Companies”.</u></p> | Comply with amendments to relevant regulations. |
| <p>5. Procedures governing the acquisition or disposal of real property and equipment.</p> <p>5.1 Appraisal and operating procedures</p> <p>The Company’s acquisition or disposal of real property and equipment shall be conducted according to the Company’s internal control system for assets and the management cycle of general affairs.</p> <p>5.2 Procedures for finalizing transaction terms and degree of authority delegated.</p> <p>5.2.1 The acquisition of real property and equipment shall refer to the publicly announced current value, appraisal value and the actual transaction value of neighboring real property; and shall have the price quoted, compared and negotiated or have the open bidding procedures taken place. The said criteria will be the basis of transaction terms, transaction price and analytical report to be submitted accordingly. The final decision and approval thereof will be conducted according to the following methods based on the transaction price.</p> <p>(1) Must be approved by the general manager if the total is below NT\$20,000,000 (including NT\$20,000,000).</p> <p>(2) Must be approved by the Company’s top executive supervisor if the total is more than NT\$20,000,000 (excluding NT\$20,000,000) and less than NT\$40,000,000.</p> <p>(3) Must be approved by the audit committee and board of directors if the total is more than NT\$40,000,000 (excluding NT\$40,000,000).</p> <p>5.2.2 The disposal of real property and equipment shall refer to the publicly announced current value, appraisal value and the actual transaction value of neighboring real property; and shall have the price quoted, compared and negotiated or have the open bidding procedures taken place. The said criteria will be the basis of transaction terms, transaction price and analytical report to be submitted accordingly. The final decision and approval thereof will be conducted according to the following methods based on the transaction price.</p> <p>(1) Must be approved by the general manager if the total is below NT\$20,000,000 (including NT\$20,000,000).</p> <p>(2) Must be approved by the Company’s top executive supervisor if the total is more than NT\$20,000,000 (excluding NT\$20,000,000) and less than</p> | <p>5. Procedures governing the acquisition or disposal of real property, equipment <u>or right-of-use assets thereof.</u></p> <p>5.1 Appraisal and operating procedures</p> <p>The Company’s acquisition or disposal of real property, equipment <u>or right-of-use assets thereof</u> shall be conducted according to the Company’s internal control system for assets and the management cycle <u>or related management measures</u> of general affairs.</p> <p>5.2 Procedures for finalizing transaction terms and degree of authority delegated.</p> <p>5.2.1 The acquisition of real property, equipment <u>or right-of-use assets thereof</u> shall refer to the publicly announced current value, appraisal value and the actual transaction value of neighboring real property; and shall have the price quoted, compared and negotiated or have the open bidding procedures taken place. The said criteria will be the basis of transaction terms, transaction price and analytical report to be submitted accordingly. The final decision and approval thereof will be conducted according to the following methods based on the transaction price.</p> <p>(1) Must be approved by the general manager if the total is below NT\$20,000,000 (including NT\$20,000,000).</p> <p>(2) Must be approved by the Company’s top executive supervisor if the total is more than NT\$20,000,000 (excluding NT\$20,000,000) and less than NT\$40,000,000.</p> <p>(3) Must be approved by the audit committee and board of directors if the total is more than NT\$40,000,000 (excluding NT\$40,000,000).</p> <p>5.2.2 The disposal of real property, equipment <u>or right-of-use assets thereof</u> shall refer to the publicly announced current value, appraisal value and the actual transaction value of neighboring real property; and shall have the price quoted, compared and negotiated or have the open bidding procedures taken place. The said criteria will be the basis of transaction terms, transaction price and analytical report to be submitted accordingly. The final decision and approval thereof will be conducted according to the following methods based on the transaction price.</p> <p>(1) Must be approved by the general manager if the total is below NT\$20,000,000 (including NT\$20,000,000).</p> <p>(2) Must be approved by the Company’s top executive supervisor if the total is more than NT\$20,000,000 (excluding NT\$20,000,000) and</p> | Comply with amendments to relevant regulations. |

| Articles before the Amendments | Articles after the Amendments | Descriptions |
|--|---|--|
| <p>NT\$40,000,000.</p> <p>(3) Must be approved by the audit committee and board of directors if the total is more than NT\$40,000,000 (excluding NT\$40,000,000).</p> <p>5.3 Implementation units</p> <p>The Company's acquisition or disposal of the real property or equipment shall be conducted by the use and management units upon the approval of the authority described in the preceding Paragraph.</p> <p>5.4 Real property or equipment appraisal report</p> <p>In acquiring or disposing of real property or equipment where the transaction amount reaches 20 percent of the company's paid-in capital or NT\$300 million or more, the company, unless transacting with a <u>government agency</u>, engaging others to build on its own land, engaging others to build on rented land, or acquiring or disposing of machines and 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:</p> <p>5.4.1 Where due to special circumstances it is necessary to give a limited price, specified price, or special price as a reference basis for the transaction price, the transaction shall be submitted for approval in advance by the board of directors. In case of changing transaction terms in the <u>future</u>, the same rule shall be applied.</p> | <p>less than NT\$40,000,000.</p> <p>(3) Must be approved by the audit committee and board of directors if the total is more than NT\$40,000,000 (excluding NT\$40,000,000).</p> <p>5.3 Implementation units</p> <p>The Company's acquisition or disposal of the real property, equipment <u>or right-of-use assets thereof</u> shall be conducted by the use and management units upon the approval of the authority described in the preceding Paragraph.</p> <p>5.4 Real property, equipment <u>or right-of-use asset thereof</u> appraisal report</p> <p>In acquiring or disposing of real property, equipment <u>or right-of-use assets thereof</u> where the transaction amount reaches 20 percent of the company's paid-in capital or NT\$300 million or more, the company, unless transacting with a <u>domestic</u> government agency, engaging others to build on its own land, engaging others to build on rented land, or acquiring or disposing of <u>equipment or right-of-use assets thereof</u> 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:</p> <p>5.4.1 Where due to special circumstances it is necessary to give a limited price, specified price, or special price as a reference basis for the transaction price, the transaction shall be submitted for approval in advance by the board of directors. In case of <u>having any change to</u> the transaction terms afterwards, the same rule shall be applied.</p> | |
| <p>7. Related Party Transactions</p> <p>7.1 When the Company engages in any acquisition or disposal of assets from or to a related party, in addition to ensuring that procedures for acquisition of real property are adopted in accordance with Articles 5 and 6, necessary resolutions shall be adopted and the reasonableness of transaction terms shall be appraised according to the following rules. 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 abovementioned provisions. The calculation of the transaction amount referred to in the preceding paragraph shall be made in accordance with Subparagraph <u>12.1.5</u> herein. The said amount shall exclude those to which an appraisal report from a professional appraiser or a CPA's opinion has been sent. Besides, when judging whether a trading counterparty is a related party, in addition to legal formalities, the substance of the relationship shall also be considered.</p> <p>7.2 Appraisal and operating procedures</p> <p>When the Company intends to acquire or dispose of real property from or to a related party, or when it intends to acquire or dispose of assets other than real property from or to a related party and the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the company's total assets, or NT\$300 million or more, except in <u>trading of government bonds</u> or bonds under repurchase and resale agreements, or subscription or redemption of domestic money market funds, the Company may not proceed to enter into a transaction contract or make a payment until the following matters have been approved by the audit committee and board of directors:</p> <p>7.2.1 The purpose, necessity and anticipated benefit of the acquisition or disposal of asset</p> <p>7.2.2 The reason for choosing the related party as a trading counterparty.</p> <p>7.2.3 With respect to the acquisition of real property from a related party, information regarding appraisal of the reasonableness of the preliminary transaction terms in accordance with Subparagraphs 7.3.1 and 7.3.4.</p> <p>7.2.4 The date and price at which the related party originally acquired the real property, the original trading</p> | <p>7. Related Party Transactions</p> <p>7.1 When the Company engages in any acquisition or disposal of assets <u>or right-of-use assets thereof</u> from or to a related party, in addition to ensuring that procedures for acquisition <u>and disposal of real property</u> are adopted in accordance with Articles 5 and 6, necessary resolutions shall be adopted and the reasonableness of transaction terms shall be appraised according to the following rules. 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 abovementioned provisions. The calculation of the transaction amount referred to in the preceding paragraph shall be made in accordance with Subparagraph <u>12.1.8</u> herein. The said amount shall exclude those to which an appraisal report from a professional appraiser or a CPA's opinion has been sent. Besides, when judging whether a trading counterparty is a related party, in addition to legal formalities, the substance of the relationship shall also be considered.</p> <p>7.2 Appraisal and operating procedures</p> <p>When the Company intends to acquire or dispose of real property <u>or right-of-use assets thereof</u> from or to a related party, or when it intends to acquire or dispose of assets other than real property <u>or right-of-use assets thereof</u> from or to a related party and the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the company's total assets, or NT\$300 million or more, except in <u>trading of domestic government bonds</u> or bonds under repurchase and resale agreements, or subscription or redemption of domestic money market funds, the Company may not proceed to enter into a transaction contract or make a payment until the following matters have been approved by the audit committee and board of directors:</p> <p>7.2.1 The purpose, necessity and anticipated benefit of the acquisition or disposal of asset</p> <p>7.2.2 The reason for choosing the related party as a trading counterparty.</p> <p>7.2.3 With respect to the acquisition of real property or <u>right-of-use asset thereof</u> from a related party, information regarding appraisal of the reasonableness of the preliminary transaction terms in accordance with Subparagraphs 7.3.1 and 7.3.4.</p> <p>7.2.4 The date and price at which the related party originally</p> | <p>Comply with amendments to relevant regulations.</p> |

| Articles before the Amendments | Articles after the Amendments | Descriptions |
|---|--|--------------|
| <p>counterparty, and that trading counterparty's relationship to the Company and the related party.</p> <p>7.2.5 Monthly cash flow forecasts for the year commencing from the anticipated month of signing of the contract, and evaluation of the necessity of the transaction, and reasonableness of the funds utilization.</p> <p>7.2.6 An appraisal report from a professional appraiser or a CPA's opinion obtained in compliance with Paragraph 7.1.</p> <p>7.2.7 Restrictive covenants and other important stipulations associated with the transaction.</p> <p>7.2.8 The calculation of the transaction amounts referred to in the preceding subparagraph shall be made in accordance with Subparagraph 12.1.5 herein. Items that have been approved by the audit committee and board of directors need not be counted toward the transaction amount.</p> <p>7.2.9 The acquisition or disposal of <u>equipment</u> held for business use from a related party shall comply with Paragraph 5.2. Where the transaction amount is within NT\$50,000,000, the board of directors may authorize the Company's top executive supervisor to implement the said acquisition or disposal in advance, and then report it to the most recent audit committee and board of directors meetings for recognition.</p> <p>7.2.10 <u>The Company already created the position of independent directors.</u> When a matter is submitted for discussion by the board of directors pursuant to the preceding subparagraph, the board of directors shall take into full consideration each independent director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the board of directors meeting.</p> <p>7.3 Evaluation of the reasonableness of the transaction costs</p> <p>7.3.1 When acquiring real property from a related party, the Company shall evaluate the reasonableness of the transaction costs by the following means:</p> <p>(1) Based upon the related party's transaction price plus necessary interest on funding and the costs to be duly borne by the buyer. "Necessary interest on funding" is imputed as the weighted average interest rate on borrowing in the year the Company purchases the property; provided, it may not be higher than the maximum non-financial industry lending rate announced by the Ministry of Finance.</p> <p>(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.</p> <p>7.3.2 Where land and structures thereupon are combined as a single property purchased in one transaction, the transaction costs for the land and the structures may be separately appraised in accordance with either of the means listed in the preceding paragraph.</p> <p>7.3.3 When acquiring real property from a related party, the Company shall appraise the cost of the real property in accordance with Subparagraphs 7.3.1 and 7.3.2; and shall also engage a CPA to check the appraisal and render a specific opinion.</p> | <p>acquired the real property, the original trading counterparty, and that trading counterparty's relationship to the Company and the related party.</p> <p>7.2.5 Monthly cash flow forecasts for the year commencing from the anticipated month of signing of the contract, and evaluation of the necessity of the transaction, and reasonableness of the funds utilization.</p> <p>7.2.6 An appraisal report from a professional appraiser or a CPA's opinion obtained in compliance with Paragraph 7.1.</p> <p>7.2.7 Restrictive covenants and other important stipulations associated with the transaction.</p> <p>7.2.8 The calculation of the transaction amounts referred to in the preceding subparagraph shall be made in accordance with Subparagraph 12.1.5 herein. Items that have been approved by the audit committee and board of directors need not be counted toward the transaction amount.</p> <p>7.2.9 The acquisition or disposal of <u>real property right-of-use assets, equipment or right-of-use assets thereof that</u> are held for business use from a related party shall comply with Paragraph 5.2. Where the transaction amount is within NT\$50,000,000, the board of directors may authorize the Company's top executive supervisor to implement the said acquisition or disposal in advance, and then report it to the most recent audit committee and board of directors meetings for recognition.</p> <p>7.2.10 When a matter is submitted for discussion by the board of directors pursuant to the preceding subparagraph, the board of directors shall take into full consideration each independent director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the board of directors meeting.</p> <p>7.3 Evaluation of the reasonableness of the transaction costs</p> <p>7.3.1 When acquiring real property <u>or right-of-use assets thereof</u> from a related party, the Company shall evaluate the reasonableness of the transaction costs by the following means:</p> <p>(1) Based upon the related party's transaction price plus necessary interest on funding and the costs to be duly borne by the buyer. "Necessary interest on funding" is imputed as the weighted average interest rate on borrowing in the year the Company purchases the property; provided, it may not be higher than the maximum non-financial industry lending rate announced by the Ministry of Finance.</p> <p>(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.</p> <p>7.3.2 Where land and structures thereupon are combined as a single property purchased <u>or leased</u> in one transaction, the transaction costs for the land and the structures may be separately appraised in accordance with either of the means listed in the preceding paragraph.</p> <p>7.3.3 When acquiring real property <u>or right-of-use assets thereof</u> from a related party, the Company shall appraise the cost of the real property <u>or right-of-use assets thereof</u> in accordance with Subparagraphs 7.3.1 and 7.3.2; and shall also engage a CPA to check the appraisal and render a specific opinion.</p> <p>7.3.4 When the results of the Company's appraisal, which is conducted in accordance with Subparagraphs 7.3.1</p> | |

| Articles before the Amendments | Articles after the Amendments | Descriptions |
|--|--|--------------|
| <p>7.3.4 When the results of the Company's appraisal, which is conducted in accordance with Subparagraphs 7.3.1 and 7.3.2, on the real property are uniformly lower than the transaction price, the matter shall be handled in compliance with Subparagraph 7.3.5. However, where the following circumstances exist, objective evidence has been submitted and specific opinions on reasonableness have been obtained from a professional real property appraiser and a CPA, this restriction shall not apply:</p> <p>(1) Where the related party acquired undeveloped land or leased land for development, it may submit proof of compliance with one of the following conditions:</p> <p>A. Where undeveloped land is appraised in accordance with the means in the preceding Article, and structures 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.</p> <p>B. <u>Completed transactions</u> 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 property purchasing standards.</p> <p>C. <u>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.</u></p> <p>(2) Where the Company acquiring real property from a related party provides evidence that the terms of the transaction are similar to the terms of <u>transactions completed</u> for the acquisition of neighboring or closely valued parcels of land of a similar size by unrelated parties within the preceding year. <u>Completed transactions for neighboring or closely valued parcels of land in the preceding paragraph in principle refer to parcels on the same or an adjacent block and within a distance of...</u></p> <p>7.3.5 Where the Company acquires real property from a related party and the results of appraisals conducted in accordance with Subparagraphs 7.3.1 and 7.3.4 are</p> | <p>and 7.3.2, on the real property <u>or right-of-use assets thereof</u> are uniformly lower than the transaction price, the matter shall be handled in compliance with Subparagraph 7.3.5. However, where the following circumstances exist, objective evidence has been submitted and specific opinions on reasonableness have been obtained from a professional real property appraiser and a CPA, this restriction shall not apply:</p> <p>(1) Where the related party acquired undeveloped land or leased land for development, it may submit proof of compliance with one of the following conditions:</p> <p>A. Where undeveloped land is appraised in accordance with the means in the preceding Article, and structures 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.</p> <p>B. <u>Transactions</u> 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 property purchasing and <u>leasing</u> standards.</p> <p>(2) Where the Company acquiring real property or <u>the right-of-use thereof (through leasing)</u> from a related party provides evidence that the terms of the transaction are similar to the terms of <u>transactions</u> for the acquisition of neighboring or closely valued parcels of land of a similar size by unrelated parties within the preceding year.</p> <p>(3) <u>Transactions</u> involving neighboring or closely valued parcels of land in the preceding section <u>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; transactions involving 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 property or obtainment of the right-of-use assets thereof.</u></p> <p>7.3.5 Where the Company acquires real property <u>or right-of-use assets thereof</u> from a related party and the results of appraisals conducted in accordance with</p> | |

| Articles before the Amendments | Articles after the Amendments | Descriptions |
|--|--|--------------|
| <p>uniformly lower than the transaction price, the following steps shall be taken:</p> <p>(1) A special reserve shall be set aside in accordance with Paragraph 1 of Article 41 of the Regulations Governing the Acquisition and Disposal of Assets by Public Companies against the difference between the real property transaction price and the appraised cost, and may not be distributed or used for capital increase or issuance of bonus shares. Where the Company uses the equity method to account for its investment in another company, then the special reserve called for under Paragraph 1 of Article 41 of the Regulations Governing the Acquisition and Disposal of Assets by Public Companies shall be set aside pro rata in a proportion consistent with the share of the Company's equity stake in the other company.</p> <p>(2) Independent directors of the audit committee shall be in compliance with Paragraph 3 of Article 14-4 of the Regulations Governing the Acquisition and Disposal of Assets by Public Companies and Article 218 of the Company Act.</p> <p>(3) Actions taken pursuant to Sections (1) and (2) herein shall be reported to a shareholders meeting, and the details of the transaction shall be disclosed in the annual report and any investment prospectus.</p> <p>Where the Company and a public company, in which the Company uses the equity method to account for its investment, 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 Financial Supervisory Commission (FSC) has given its consent.</p> <p>7.3.6 Where the Company acquires real property from a related party and one of the following circumstances exists, the acquisition shall be conducted in accordance with appraisal and operating procedures as described in Paragraph 7.2; and the evaluation of the reasonableness of the transaction costs as prescribed in Subparagraphs 7.3.1, 7.3.2 and 7.3.3 shall not be applied thereto:</p> <p>(1) The related party acquired the real property through inheritance or as a gift.</p> <p>(2) More than 5 years will have elapsed from the time the related party signed the contract to obtain the real property to the signing date for the current transaction.</p> <p>(3) The real property is acquired through signing of a joint development contract with the related party, or through engaging a related party to build real property, either on the company's own land or on rented land.</p> | <p>Subparagraphs 7.3.1 and 7.3.4 are uniformly lower than the transaction price, the following steps shall be taken:</p> <p>(1) A special reserve shall be set aside in accordance with Paragraph 1 of Article 41 of the Regulations Governing the Acquisition and Disposal of Assets by Public Companies against the difference between the price and the appraised cost of real property transaction <u>or right-of-use assets thereof</u>, and may not be distributed or used for capital increase or issuance of bonus shares. Where the Company uses the equity method to account for its investment in another company, then the special reserve called for under Paragraph 1 of Article 41 of the Regulations Governing the Acquisition and Disposal of Assets by Public Companies shall be set aside pro rata in a proportion consistent with the share of the Company's equity stake in the other company.</p> <p>(2) Independent directors of the audit committee shall be in compliance with Paragraph 3 of Article 14-4 of the Regulations Governing the Acquisition and Disposal of Assets by Public Companies and Article 218 of the Company Act.</p> <p>(3) Actions taken pursuant to Sections (1) and (2) herein shall be reported to a shareholders meeting, and the details of the transaction shall be disclosed in the annual report and any investment prospectus.</p> <p>Where the Company and a public company, in which the Company uses the equity method to account for its investment, has set aside a special reserve under the preceding paragraph may not utilize the special reserve until it has recognized a loss on decline in market value of the assets it purchased <u>or leased</u> at a premium, or they have been disposed of, <u>or has the leasing contract terminated</u>, or adequate compensation has been made, or the status quo ante has been restored, or there is other evidence confirming that there was nothing unreasonable about the transaction, and the Financial Supervisory Commission (FSC) has given its consent.</p> <p>7.3.6 Where the Company acquires real property <u>or right-of-use assets thereof</u> from a related party and one of the following circumstances exists, the acquisition shall be conducted in accordance with appraisal and operating procedures as described in Paragraph 7.2; and the evaluation of the reasonableness of the transaction costs as prescribed in Subparagraphs 7.3.1, 7.3.2 and 7.3.3 shall not be applied thereto:</p> <p>(1) The related party acquired the real property <u>or right-of-use assets thereof</u> through inheritance or as a gift.</p> <p>(2) More than 5 years will have elapsed from the time the related party signed the contract to obtain the real property <u>or right-of-use assets thereof</u> to the signing date for the current transaction.</p> <p>(3) The real property is acquired through signing of a joint development contract with the related party, or through engaging a related party to build real property, either on the company's own land or on rented land.</p> <p>(4) <u>When the Company acquires right-of-use assets held for business use from its parent or subsidiaries, or its subsidiaries in which it directly or indirectly holds 100 percent of the</u></p> | |

| Articles before the Amendments | Articles after the Amendments | Descriptions |
|---|--|---|
| 7.3.7 When the Company acquires real property from a related person, any transaction that does not confirm to business practice according to the evidence shall be handled in accordance with Subparagraph 7.3.5. | <p style="text-align: center;">issued shares or authorized capital.</p> <p>7.3.7 When the Company acquires real property <u>or right-of-use assets thereof</u> from a related person, any transaction that does not confirm to business practice according to the evidence shall be handled in accordance with Subparagraph 7.3.5.</p> | |
| <p>8. Procedures governing the acquisition or disposal of memberships or intangible assets.</p> <p>8.1 Appraisal and operating procedures The Company's acquisition or disposal of <u>memberships</u> or intangible assets shall be conducted according to the Company's internal control system for assets and the management cycle of general affairs.</p> <p>8.2 Procedures for finalizing transaction terms and degree of authority delegated. The Company's acquisition or disposal of <u>memberships</u> or intangible assets shall be conducted in accordance with procedures <u>stipulated upon</u> procedures governing the acquisition or disposal of real property and equipment as prescribed in Article 5. The said procedures shall be approved by the audit committee and submitted to the board of directors for discussion. During the discussion, the board of directors shall take into full consideration each independent director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the board of directors meeting.</p> <p>8.3 Implementation units The Company's acquisition or disposal of <u>memberships</u> or intangible assets shall be conducted by the use unit and financial/accounting unit or administrative unit.</p> <p>8.4 <u>Membership</u> or intangible asset appraisal report Where the Company acquires or disposes of memberships or intangible assets and the transaction amount reaches 20 percent or more of paid-in capital or NT\$300 million or more, except in transactions with a government agency, 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 Statement of Auditing Standards No. 20 published by the Accounting Research and Development Foundation (ARDF).</p> <p>8.5 The calculation of the transaction amounts referred to in the preceding paragraph shall be made in accordance with Subparagraph <u>12.1.5</u> herein. Items that have been approved by the audit committee and board of directors need not be counted toward the transaction amount.</p> | <p>8. Procedures governing the acquisition or disposal of memberships or intangible assets.</p> <p>8.1 Appraisal and operating procedures The Company's acquisition or disposal of intangible assets <u>or right-of-use assets thereof, or memberships</u> shall be conducted according to the Company's internal control system for assets and the management cycle of general affairs.</p> <p>8.2 Procedures for finalizing transaction terms and degree of authority delegated. The Company's acquisition or disposal of intangible assets <u>or right-of-use assets thereof, or memberships</u> shall be conducted in accordance with <u>rules</u> stipulated upon procedures governing the acquisition or disposal of real property, equipment <u>or right-of-use assets thereof</u> as prescribed in Article 5. The said procedures shall be approved by the audit committee and submitted to the board of directors for discussion. During the discussion, the board of directors shall take into full consideration each independent director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the board of directors meeting.</p> <p>8.3 Implementation units The Company's acquisition or disposal of intangible assets <u>or right-of-use assets thereof, or memberships</u> shall be conducted by the use unit and financial/accounting unit or administrative unit.</p> <p>8.4 Intangible or asset <u>right-of-use assets thereof, or memberships</u> appraisal report Where the Company acquires or disposes of intangible assets <u>right-of-use assets thereof, or memberships</u> and the transaction amount reaches 20 percent or more of paid-in capital or NT\$300 million or more, except in transactions with a <u>domestic</u> government agency, 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 Statement of Auditing Standards No. 20 published by the Accounting Research and Development Foundation (ARDF).</p> <p>8.5 The calculation of the transaction amounts referred to in the preceding paragraph shall be made in accordance with Subparagraph <u>12.1.8</u> herein. Items that have been approved by the audit committee and board of directors need not be counted toward the transaction amount.</p> | Comply with amendments to relevant regulations. |
| <p>10. Procedures governing the acquisition or disposal of derivatives</p> <p>10.1 Trading principles and guidelines</p> <p>10.1.1 Scope of transaction (1) The derivatives to which the Procedures refer any trading contracts with worth derived from assets, interest rates, foreign exchange rates, indexes or other interests (such as forward contracts, options, futures, swaps, and the hybrid products consisted by them). The term "Forward Contracts" as used in these Key Points does not include insurance contracts, fulfillment contracts, aftersales service contracts, long-term lease contracts and long-term purchase (sale) contracts.</p> | <p>10. Procedures governing the acquisition or disposal of derivatives</p> <p>10.1 Trading principles and guidelines</p> <p>10.1.1 Scope of transaction (1) The derivatives to which the Procedures refer <u>are defined in Subparagraph 3.5.1.</u></p> | Comply with amendments to relevant regulations. |
| <p>11. Procedures governing corporate merger, demerger, acquisition or transfer of shares</p> <p>11.1 Appraisal and operating procedures</p> <p>11.1.1 When conducting a merger, demerger, acquisition, or transfer of shares, the Company <u>is suggested to</u> engage an attorney, CPA and underwriter to draft to draft an estimated schedule to implement legal procedures; engage an attorney, CPA or securities underwriter to</p> | <p>11. Procedures governing corporate merger, demerger, acquisition or transfer of shares</p> <p>11.1 Appraisal and operating procedures</p> <p>11.1.1 When conducting a merger, demerger, acquisition, or transfer of shares, the Company <u>shall</u> engage an attorney, CPA <u>or securities</u> underwriter to draft to draft an estimated schedule to implement legal procedures; engage an attorney, CPA or securities underwriter to</p> | Comply with amendments to relevant regulations. |

| Articles before the Amendments | Articles after the Amendments | Descriptions |
|---|---|--|
| <p>give an opinion on the reasonableness of the share exchange ratio, acquisition price, or distribution of cash or other property to shareholders prior to convening the board of directors to resolve on the matter; and submit it to the audit committee and board of directors for deliberation and passage. However, the requirement of obtaining an aforesaid opinion on reasonableness issued by an expert may be exempted in the case of a merger of a subsidiary in which the Company directly or indirectly holds 100 percent of the issued shares or authorized capital, and in the case of a merger between subsidiaries in which the Company directly or indirectly holds 100 percent of the respective subsidiaries' issued shares or authorized capital.</p> | <p>give an opinion on the reasonableness of the share exchange ratio, acquisition price, or distribution of cash or other property to shareholders prior to convening the board of directors to resolve on the matter; and submit it to the audit committee and board of directors for deliberation and passage. However, the requirement of obtaining an aforesaid opinion on reasonableness issued by an expert may be exempted in the case of a merger of a subsidiary in which the Company directly or indirectly holds 100 percent of the issued shares or authorized capital, and in the case of a merger between subsidiaries in which the Company directly or indirectly holds 100 percent of the respective subsidiaries' issued shares or authorized capital.</p> | |
| <p>12. Procedures governing the public disclosure of information</p> <p>12.1 Standards of to be publicly announced and declared items</p> <p>12.1.1 Acquisition or disposal of real property from or to a related party, or acquisition or disposal of assets other than real property from or to a related party where the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the company's total assets, or NT\$300 million or more; provided, this shall not apply to trading of government bonds or bonds under repurchase and resale agreements, or subscription or redemption of domestic money market funds.</p> <p>12.1.2 Merger, demerger, acquisition, or transfer of shares.</p> <p>12.1.3 Losses from derivatives trading reaching the limits on aggregate losses or losses on individual contracts set out in the procedures adopted by the company.</p> <p>12.1.4 Where the type of asset acquired or disposed is equipment/machinery for business use, the trading counterparty is not a related party, and the transaction amount is less than NT\$500 million.</p> <p>12.1.5 Acquisition or disposal by a public company in the construction business of real property for construction use, where the trading counterparty is not a related party, and the transaction amount is less than NT\$500 million.</p> <p>12.1.6 Where land 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, the amount the Company expects to invest in the transaction is less than NT\$500 million.</p> <p>12.1.7 Where an asset transaction other than any of those referred to in Subparagraphs 12.1.1 to 12.1.6, a disposal of receivables by a financial institution, or an investment in the mainland China area reaches 20 percent or more of paid-in capital or NT\$300 million; provided, this shall not apply to the following circumstances:</p> <p>(1) Trading of government bonds.</p> <p>(2) Securities trading by investment professionals on foreign or domestic securities exchanges or over-the-counter markets; subscription of ordinary corporate bonds or general bank debentures without equity characteristics that are offered and issued in the domestic primary market; or subscription by a securities firm of securities as necessitated by its undertaking business or as an advisory recommending securities firm for an emerging stock company, in accordance with the</p> | <p>12. Procedures governing the public disclosure of information</p> <p>12.1 Standards of to be publicly announced and declared items</p> <p>12.1.1 Acquisition or disposal of real property or right-of-use assets thereof from or to a related party, or acquisition or disposal of assets other than real property or right-of-use assets thereof from or to a related party where the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the company's total assets, or NT\$300 million or more; provided, this shall not apply to trading of government bonds or bonds under repurchase and resale agreements, or subscription or redemption of domestic money market funds.</p> <p>12.1.2 Merger, demerger, acquisition, or transfer of shares.</p> <p>12.1.3 Losses from derivatives trading reaching the limits on aggregate losses or losses on individual contracts set out in the procedures adopted by the company.</p> <p>12.1.4 Where the type of asset acquired or disposed is equipment/machinery for business use, the trading counterparty is not a related party, and the transaction amount is less than NT\$500 million.</p> <p>12.1.5 Acquisition or disposal by a public company in the construction business of real property or right-of-use assets thereof for construction use, where the trading counterparty is not a related party, and the transaction amount is less than NT\$500 million; among such cases, if the Company has paid-in capital of NT\$10 billion or more, and it is disposing of real property from a completed construction project that it constructed itself, and furthermore the transaction counterparty is not a related party, then the threshold shall be a transaction amount reaching NT\$1 billion or more.</p> <p>12.1.6 Where land 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 that the trading counterparty is not a related party, the amount the Company expects to invest in the transaction is less than NT\$500 million.</p> <p>12.1.7 Where an asset transaction other than any of those referred to in Subparagraphs 12.1.1 to 12.1.6, a disposal of receivables by a financial institution, or an investment in the mainland China area reaches 20 percent or more of paid-in capital or NT\$300 million; provided, this shall not apply to the following circumstances:</p> <p>(1) Trading of domestic government bonds.</p> <p>(2) Securities trading by investment professionals on foreign or domestic securities exchanges or over-the-counter markets; subscription of ordinary corporate bonds or general bank debentures without equity characteristics (excluding subordinated debt) that are offered and issued in the domestic primary market; subscription or redemption of securities investment trust funds or futures trust funds; or subscription by a securities firm of securities as necessitated by its undertaking</p> | <p>Comply with amendments to relevant regulations.</p> |

| Articles before the Amendments | Articles after the Amendments | Descriptions |
|---|--|--|
| <p>rules of the Taipei Exchange.</p> <p>(3) Trading of bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises.</p> <p>12.1.8 The calculation of the transaction amount referred to in the preceding subparagraph shall be made as follows. "Within the preceding year" as used in the preceding paragraph refers to the year preceding the date of occurrence of the current transaction. Those <u>that are supported by an appraisal report from a professional appraiser or a CPA's opinion</u> as prescribed shall be excluded therefrom.</p> <p>(1) The amount of any individual transaction.</p> <p>(2) The cumulative transaction amount of acquisitions and disposals of the same type of underlying asset with the same trading counterparty within the preceding year.</p> <p>(3) The cumulative transaction amount of the acquisition or disposal of real property (cumulative acquisitions and disposals, respectively) within the same development project within the preceding year.</p> <p>(4) The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of the same security within the preceding year.</p> <p>12.1.9 With respect to 12.1.8, items duly announced in accordance with the regulations need not be counted toward the transaction amount.</p> <p>12.2 Time limit for announcement and declaration</p> <p>Where the asset acquired or disposed by the Company contains an item that shall be publicly announced <u>and the transaction amount thereof reaches the declaration threshold as prescribed in Paragraph 12.1.</u> it is a must to make a public announcement and declaration within two days commencing immediately from the date of occurrence.</p> | <p>business or as an advisory recommending securities firm for an emerging stock company, in accordance with the rules of the Taipei Exchange.</p> <p>(3) Trading of bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises.</p> <p>12.1.8 The calculation of the transaction amount referred to in the preceding subparagraph shall be made as follows. "Within the preceding year" as used in the preceding paragraph refers to the year preceding the date of occurrence of the current transaction. Those that <u>have been publicly announced</u> as prescribed shall be excluded therefrom.</p> <p>(1) The amount of any individual transaction.</p> <p>(2) The cumulative transaction amount of acquisitions and disposals of the same type of underlying asset with the same trading counterparty within the preceding year.</p> <p>(3) The cumulative transaction amount of the acquisition or disposal of real property <u>or right-of-use assets thereof</u> (cumulative acquisitions and disposals, respectively) within the same development project within the preceding year.</p> <p>(4) The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of the same security within the preceding year.</p> <p>12.2 Time limit for announcement and declaration</p> <p>Where the asset acquired or disposed by the Company contains an item that shall be publicly announced and <u>is bounded by the declaration standards</u> as prescribed in Paragraph 12.1, it is a must to make a public announcement and declaration within two days commencing immediately from the date of occurrence.</p> | |
| <p>13. The Company's subsidiaries shall comply with the following rules:</p> <p>13.1 The subsidiaries shall, in accordance with "Procedures for Acquisition or Disposal of Assets", stipulate relevant rules and implement "Procedures for Acquisition or Disposal of Assets".</p> <p>13.2 Where the subsidiary is not a public company in Taiwan and its acquired or disposed asset reaches the declaration threshold as described in <u>Articles 31 and 31</u>, the Company shall, on behalf of the subsidiary, make a public announcement and declaration.</p> | <p>13. The Company's subsidiaries shall comply with the following rules:</p> <p>13.1 The subsidiaries shall, in accordance with "Procedures for Acquisition or Disposal of Assets", stipulate relevant rules and implement "Procedures for Acquisition or Disposal of Assets".</p> <p>13.2 Where the subsidiary is not a public company in Taiwan and its acquired or disposed asset reaches the declaration threshold as <u>prescribed in Articles 31 and 31</u>, the Company shall, on behalf of the subsidiary, make a public announcement and declaration.</p> | <p>Comply with amendments to relevant regulations.</p> |

【Annex 9: Comparison Table of Amendments to the “Procedures for Endorsement and Guarantee”】

Comparison Table of Amendments to the “Procedures for Endorsement and Guarantee”

| Articles before the Amendments | Articles after the Amendments | Descriptions |
|---|--|---|
| <p>5.2 Any endorsement or guarantee provided pursuant to Paragraph 2 of Article 3 between any subsidiaries in which the Company directly or indirectly holds 90 percent or more of the voting shares shall firstly be approved by the audit committee and then be submitted to the board of directors for resolution, except when an endorsement or guarantee is provided between companies in which the Company directly or indirectly holds 100 percent of the voting shares. <u>When the Procedures are submitted for discussion by the board of directors pursuant to prescribed rules, the board of directors shall take into full consideration each independent director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the board of directors meeting.</u></p> <p>5.3 Where the Company needs to exceed the limits set out in the Procedures to satisfy its business requirements, and where the conditions set out in the Procedures are complied with, it shall obtain approval from the audit committee and be submitted to the board of directors for deliberation. Besides, half or more of the directors shall act as joint guarantors for any loss that may be caused to the Company by the excess endorsement/guarantee; and amendments shall be the Procedures accordingly and be submitted the same to the shareholders' meeting for ratification after the fact. If the shareholders' meeting does not give consent, the Company shall adopt a plan to discharge the amount in excess within a given time limit. <u>When the Procedures are submitted for discussion by the board of directors pursuant to preceding paragraph, the board of directors shall take into full consideration each independent director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the board of directors meeting.</u></p> | <p>5.2 Any endorsement or guarantee provided pursuant to Paragraph 2 of Article 3 between any subsidiaries in which the Company directly or indirectly holds 90 percent or more of the voting shares shall firstly be approved by the Company's audit committee and then be submitted to the board of directors for resolution, except when an endorsement or guarantee is provided between companies in which the Company directly or indirectly holds 100 percent of the voting shares.</p> <p>5.3 Where the Company needs to exceed the limits set out in the Procedures to satisfy its business requirements, and where the conditions set out in the Procedures are complied with, it shall obtain approval from the audit committee and be submitted to the board of directors for deliberation. Besides, half or more of the directors shall act as joint guarantors for any loss that may be caused to the Company by the excess endorsement/guarantee; and amendments shall be the Procedures accordingly and be submitted the same to the shareholders' meeting for ratification after the fact. If the shareholders' meeting does not give consent, the Company shall adopt a plan to discharge the amount in excess within a given time limit.</p> <p>5.4 When the Procedures are submitted for discussion by the board of directors pursuant to Paragraphs 5.1 to 5.3, the board of directors shall take into full consideration each independent director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the board of directors meeting.</p> | <p>Amended the text and item (article) number to perfect the Procedures.</p> |
| <p>6.3 With respect to guarantees occurred or cancelled in the month, the accounting unit shall prepare a memorandum book therefor to facilitate the control, tracking and announcement thereof. It shall also, <u>according to Financial Accounting Criteria Gazette No.9</u>, evaluate or record the contingent loss for endorsements/guarantees; adequately disclose information on endorsements/guarantees in its financial reports; and provide certified public accountants with relevant information for implementation of necessary audit procedures.</p> | <p>6.3 With respect to guarantees occurred or cancelled in the month, the accounting unit shall prepare a memorandum book therefor to facilitate the control, tracking and announcement thereof. It shall also evaluate or record the contingent loss for endorsements/guarantees; adequately disclose information on endorsements/guarantees in its financial reports; and provide certified public accountants with relevant information for implementation of necessary audit procedures.</p> | <p>Comply with amendments to relevant regulations and fulfill actual demands in practice.</p> |
| <p>8.2.3 The balance of endorsements/guarantees by the Company and subsidiaries thereof for a single enterprise reaches NT\$10 millions or more and the aggregate amount of all endorsements/guarantees for, investment of <u>a long-term nature</u> in, and balance of loans to, such enterprise reaches 30 percent or more of the Company's net worth as stated in the latest financial statement thereof.</p> | <p>8.2.3 The balance of endorsements/guarantees by the Company and subsidiaries thereof for a single enterprise reaches NT\$10 millions or more and the aggregate amount of all endorsements/guarantees for, <u>investment under equity method</u> in, and balance of loans to, such enterprise reaches 30 percent or more of the Company's net worth as stated in the latest financial statement thereof.</p> | <p>Comply with amendments to relevant regulations and fulfill actual demands in practice.</p> |
| <p>9.1 Control procedures governing endorsements/guarantees made by the subsidiaries</p> <p>9.1.1 When a subsidiary of the Company desires to make endorsements to another party shall be conducted according to the <u>operating procedures</u> stipulated upon “Regulations Governing Loaning of Funds and Making of</p> | <p>9.1 Control procedures governing endorsements/guarantees made by the subsidiaries</p> <p>9.1.1 When a subsidiary of the Company desires to make endorsements to another party shall be conducted according to <u>Procedures for Endorsement and Guarantee</u> stipulated upon “Regulations Governing Loaning of Funds and</p> | <p>Fulfill actual demands in practice.</p> |

| Articles before the Amendments | Articles after the Amendments | Descriptions |
|---|--|---|
| <p>Endorsements/Guarantees by Public Companies". However, the net worth shall be calculated based on the net worth of the subsidiary.</p> <p>9.1.2 A subsidiary shall prepare a memorandum book and submit it to the Company before the 5th of each month (excluding the 5th).</p> <p>9.1.3 The subsidiary's internal auditors shall audit Procedures for Endorsement and Guarantee and the implementation thereof no less frequently than quarterly and prepare written records accordingly. They shall promptly notify the Company's internal audit unit in writing of any material violation found. The Company's internal audit unit shall submit the written report to the audit committee.</p> <p>9.1.4 <u>While performing auditing on subsidiaries in accordance with the annual plan, the Company's internal audit unit shall acquire information about the implementation of Procedures for Endorsement and Guarantee by subsidiaries. If there is any default or deficiency, remedies should be applied and a written tracking report should be submitted to the general manager.</u></p> | <p>Making of Endorsements/Guarantees by Public Companies". However, the net worth shall be calculated based on the net worth of the subsidiary.</p> <p>9.1.2 A subsidiary shall prepare a memorandum book and submit it to the Company before the 5th of each month (excluding the 5th).</p> <p>9.1.3 The subsidiary's internal auditors shall audit Procedures for Endorsement and Guarantee and the implementation thereof no less frequently than quarterly and prepare written records accordingly. They shall promptly notify the Company's internal audit unit in writing of any material violation found. The Company's internal audit unit shall submit the written report to the audit committee.</p> <p>9.1.4 <u>The Company's internal auditors shall supervise and manage the audit management of subsidiaries in accordance with the audit plan of the year.</u></p> | |
| <p>9.2 Implementation of and matters related to endorsements /guarantees made by the Company and subsidiaries thereof shall be reported to the shareholders' meeting of next fiscal year.</p> | <p>9.2 Deletion</p> | <p>Fulfill actual demands in practice.</p> |
| <p>9.7 Before the implementation, the Procedures shall be approved by the audit committee and then submitted to the board of directors for resolution and <u>shareholders' meeting for approval</u>. If, during the process, a director expresses dissent and it is contained in the minutes or a written statement, the Company shall submit the director's dissenting opinion to each supervisor; the same applies when the procedures are amended. <u>When the Procedures are submitted for discussion by the board of directors pursuant to preceding paragraph, the board of directors shall take into full consideration each independent director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the board of directors meeting.</u></p> | <p>9.7 Before the implementation, the Procedures shall <u>be consented by more than half of the audit committee members</u> and then submitted to the board of directors for resolution and shareholders' meeting for approval. If, during the process, a director expresses dissent and it is contained in the minutes or a written statement, the Company shall submit the director's dissenting opinion to each supervisor; the same applies when the procedures are amended. <u>When the Procedures are not consented by more than half of the audit committee members as prescribed in the preceding paragraph, a consent from two third of the directors may be taken place instead. Resolution deliberated by the audit committee shall be recorded in the minutes of the board of directors meeting.</u></p> | <p>Comply with amendments to relevant regulations and fulfill actual demands in practice.</p> |

【Annex 10: Comparison Table of Amendments to the “Procedures for Lending Funds to Other Parties”】

Comparison Table of Amendments to the “Procedures for Lending Funds to Other Parties”

| Articles before the Amendments | Articles after the Amendments | Descriptions |
|--|---|---|
| 2.3.3 The period of lending funds offered to any subsidiaries in which the Company directly or indirectly holds 100 percent of the voting shares shall be two years at maximum and <u>shall not be limited by Subparagraphs 2.3.1 and 2.3.2.</u> | 2.3.3 The period of lending funds offered to any subsidiaries in which the Company directly or indirectly holds 100 percent of the voting shares shall be two years at maximum and <u>shall not be limited by Subparagraph 2.3.2.</u> | Comply with amendments to relevant regulations and demands in practice. |
| 7.4 <u>While performing auditing on subsidiaries in accordance with the annual plan, the Company’s internal audit unit shall acquire information about the implementation of Procedures for Lending Funds to Other Parties by subsidiaries. If there is any default or deficiency, remedies should be applied and a written tracking report should be submitted to the general manager.</u> | <u>7.4 The Company’s internal auditors shall supervise and manage the audit management of subsidiaries in accordance with the audit plan of the year.</u> | Fulfill actual demands in practice. |
| 9. Implementation and amendment Before the implementation, the Procedures <u>shall be approved by the audit committee</u> and then submitted to the board of directors for resolution and shareholders’ meeting for approval. If, during the process, a director expresses dissent and it is contained in the minutes or a written statement, the Company shall submit the director’s dissenting opinion to each supervisor; the same applies when the procedures are amended. <u>When the Procedures are submitted for discussion by the board of directors pursuant to preceding paragraph, the board of directors shall take into full consideration each independent director’s opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the board of directors meeting.</u> | 9. Implementation and amendment Before the implementation, the Procedures shall <u>be consented by more than half of the audit committee members</u> and then submitted to the board of directors for resolution and shareholders’ meeting for approval. If, during the process, a director expresses dissent and it is contained in the minutes or a written statement, the Company shall submit the director’s dissenting opinion to each supervisor; the same applies when the procedures are amended. <u>When the Procedures are not consented by more than half of the audit committee members as prescribed in the preceding paragraph, a consent from two third of the directors may be taken place instead. Resolution deliberated by the audit committee shall be recorded in the minutes of the board of directors meeting.</u> | Comply with amendments to relevant regulations and demands in practice. |

【 Appendix 1: Article of Incorporation 】

Marketch International Corp. Articles of Incorporation

Passed by the Shareholders' Meeting on May 30, 2018

CHAPTER I GENERAL PRINCIPLES

Article 1 The Corporation is incorporated as a company limited by shares under the Company Act of the Republic of China and is named "Marketch International Corp."

Article 2 The Company is engaged in the following businesses:

1. F107170 Wholesale of Industrial Catalyst
2. F207170 Retail Sale of Industrial Catalyst
3. C801010 Basic Industrial Chemical Manufacturing
4. F107200 Wholesale of Chemistry Raw Material
5. F207200 Retail sale of Chemistry Raw Material
6. F113050 Wholesale of Computing and Business Machinery Equipment
7. F213030 Retail sale of Computing and Business Machinery Equipment
8. F119010 Wholesale of Electronic Materials
9. F219010 Retail Sale of Electronic Materials
10. F207060 Retail Sale of Virulence Chemical Materials
11. F107060 Wholesale of Virulence Chemical Substance
12. F207990 Retail Sale of Other Chemical Products
13. F113070 Wholesale of Telecom Instruments
14. F213060 Retail Sale of Telecom Instruments
15. F114030 Wholesale of Motor Vehicle Parts and Supplies
16. F214030 Retail Sale of Motor Vehicle Parts and Supplies
17. F213080 Retail Sale of Machinery and Equipment
18. F113020 Wholesale of Household Appliance
19. F213010 Retail Sale of Household Appliance
20. F110010 Wholesale of Clocks and Watches
21. F210010 Retail Sale of Watches and Clocks
22. F105050 Wholesale of Furniture, Bedclothes Kitchen Equipment and Fixtures
23. F205040 Retail sale of Furniture, Bedclothes, Kitchen Equipment and Fixtures
24. F104110 Wholesale of Cloths, Clothes, Shoes, Hat, Umbrella and Apparel, Clothing Accessories and Other Textile Products
25. F204110 Retail sale of Cloths, Clothes, Shoes, Hat, Umbrella and Apparel, Clothing Accessories and Other Textile Products
26. F109070 Wholesale of Stationery Articles, Musical Instruments and Educational Entertainment Articles
27. F209060 Retail sale of Stationery Articles, Musical Instruments and Educational Entertainment Articles
28. F102170 Wholesale of Food and Grocery
29. F203010 Retail sale of Food and Grocery
30. F108040 Wholesale of Cosmetics
31. F208040 Retail Sale of Cosmetics
32. F201010 Retail sale of Agricultural Products
33. EZ99990 Other Construction
34. IG03010 Energy Technical Services
35. CE01010 Precision Instruments Manufacturing

36. CB01010 Machinery and Equipment Manufacturing
37. F113010 Wholesale of Machinery
38. F113030 Wholesale of Precision Instruments
39. E602011 Frozen and Air-conditioning Engineering
40. I301010 Software Design Services
41. J101040 Waste Disposing
42. E599010 Pipe Lines Construction
43. E603010 Cables Construction
44. E603040 Fire Fighting Equipments Construction
45. E603050 Cybernation Equipments Construction
46. E603090 Illumination Equipments Construction
47. E603100 Electric Welding Construction
48. E604010 Machinery Installation Construction
49. E801030 Interior Light Rigid Frame Construction
50. EZ05010 Apparatus Installation Construction
51. F107990 Wholesale of Other Chemical Products
52. E502010 Fuel Pipe Construction
53. E603020 Elevator Construction
54. E605010 Computing Equipments Installation Construction
55. E701010 Telecommunications Construction
56. EZ02010 Derrick Construction
57. EZ06010 Traffic Labels Construction
58. EZ07010 Drilling Construction
59. F401010 International Trade
60. G801010 Warehousing and Storage
61. H701050 Public Works Construction and Investment
62. I103060 Management Consulting Services
63. JD01010 Industry and Commerce Credit Bureau Services
64. IF01010 Fire Fighting Equipments Overhauling
65. IZ06010 Cargoes Packaging
66. IZ12010 Manpower Services
67. J101030 Waste Clearing
68. J101050 Sanitary and Pollution Controlling Services
69. J101060 Wastewater (Sewage) Treatment
70. J101070 Radwaste Disposing Service
71. E501011 Water Pipe Construction
72. E601010 Electric Appliance Construction
73. E103101 Environmental Protection Construction
74. F401021 Restrained Telecom Radio Frequency Equipments and Materials Import
75. E103071 Underground Utilities Project Construction
76. H701010 Residence and Buildings Lease Construction and Development
77. H701020 Industrial Factory Buildings Lease Construction and Development
78. H701040 Specialized Field Construction and Development
79. H701060 New County and Community Construction and Investment
80. H701070 Land Levy and Delimit
81. H701080 Reconstruction within the renewal area
82. H701090 Renovation, or maintenance within the renewal area
83. CB01990 Other Machinery Manufacturing Not Elsewhere Classified
84. E603080 Traffic Signals Construction
85. E903010 Eroding and Rusting Construction
86. EZ09010 Static Electricity Protecting and Clearing Construction

- 87. E402010 Ballast and Mud Construction on Sea
- 88. E401010 Dredge Engineering
- 89. E503011 User's Drainage Facility Installation Contractor of Sewer System
- 90. CF01011 Medical Materials and Equipment Manufacturing
- 91. F108031 Wholesale of Drugs, Medical Goods
- 92. F208031 Retail sale of Medical Equipments
- 93. ZZ99999 All business items that are not prohibited or restricted by law, except those that are subject to special approval.

- Article 3 The Company has its headquarter established in Taipei City and may set up branch offices inside the country whenever the Board of Directors deem necessary.
- Article 4 The Company shall make public announcement according to Article 28 of the Company Act.
- Article 4-1 The Company may provide endorsement and guarantee and act as a guarantor
- Article 4-2 The total amount of the Company's reinvestment shall not be subject to the restriction of not exceeding forty percent of the amount of its own paid-up capital as provided in Article 13 of the Company Act.

CHAPTER 2 SHARES

- Article 5 The total capital stock of the Company is in the amount of NT\$2,500,000,000, divided into 250,000,000 shares, at ten New Taiwan Dollars each, and may be paid-up in installments. A total of NT\$98,000,000 among the above total capital stock, which equals to 9,800,000 shares, should reserved for issuing employee stock options from time to time upon the resolutions of Board of Directors.
- Article 6 Deleted.
- Article 7 The Company's share certificates shall be in registered form, shall be affixed with the signatures / personal seals of three or more directors of the Company, and shall be duly certified / authenticated according to law before issuance.
The shares of the Company may be made without physical certificates. Nevertheless, the stock of the Company shall be registered with Taiwan Depository and Clearing Corporation.
- Article 8 The transfer of share certificates shall be carried out in accordance with Regulations Governing the Administration of Shareholder Services of Public Companies.

CHAPTER 3 SHAREHOLDERS' MEETING

- Article 9 Shareholders' meeting shall be of two kinds: (1) Regular meetings, to be held at least once every year and within six months after close of each fiscal year; (2) Special meetings, to be held whenever necessary and according to law.
- Article 10 Shareholder who is unable to attend shareholders' meeting for any cause may appoint a proxy to attend the meeting in his/her/its behalf by executing a power of attorney printed by the company stating therein the scope of power authorized to the proxy and affixed with the signatures / personal seals.
- Article 11 A shareholder shall have one voting power in respect of each share in his/her/its possession except in the circumstances set forth in Item 3 of Article 157 and Paragraph 2 of Article 179, where the shares shall have no voting power or have such power limited.
- Article 12 A resolution at the meeting of shareholders shall be adopted only by a majority of the shareholders present who represent half of the total number of its outstanding shares by the company, unless otherwise provided for by law.

CHAPTER 4 DIRECTORS AND SUPERVISORS

- Article 13 The Company has 5 to 9 directors, whose term of office shall be 3 years and are eligible for re-election. The shareholders shall elect the directors from among the nominees listed in the roster of director candidates as the Company has adopted the candidates nomination system. The quota of directors stated in preceding Paragraph shall include no less than three independent directors. Independent directors' professional qualifications, shareholdings and concurrent serving restrictions, recognition of independence, nomination and election methods, and other governing rules shall be carried out in accordance with the Company Act and relevant regulations.
- Article 13-1 The Company has established an audit committee, which is constituted by the entire number of independent directors. The power and authority of audit committee, rules governing the proceedings of meetings and other governing rules shall be carried in accordance with Securities and Exchange Act, Company Act, other relevant regulations and Articles of Incorporation.
- Article 14 The Board of Directors is constituted by directors. The directors shall, with the concurrence of a majority of the directors present who represent two-thirds or more of all the directors, elect from among them a chairman, and a vice chairman through the same method. The chairman shall represent the Company externally.
- Article 15 In case the chairman of the board of directors is on leave or absent or cannot exercise his / her power and authority for any cause, his / her proxy shall be appointed in accordance with Article 208 of the Company Act.
- Article 16 Chairman's remuneration shall not exceed the doubled amount of general manager's remuneration and shall be determined by the Board of Directors upon the deliberation of remuneration committee. Director who takes a position at the functional committee under the Board of Directors concurrently shall have his/her income from professional practice paid according to the number of meetings held by the functional committee. The said fees shall be determined by the Board of Directors according to the standard generally adhered by other firms of the same trade.
- Article 16-1 The notice of Board of Directors meetings may be delivered by methods like fax and e-mail. Each director shall attend the meeting of the board of directors in person. In case a director is unable to attend the meeting for any cause and appoints another director to attend a meeting of the board of directors in his/her behalf, he/she shall, in each time, issue a written proxy and state therein the scope of authority with reference to the subjects to be discussed at the meeting.

CHAPTER 5 MANAGEMENT

- Article 17 The Company has one general manager, whose appointment, discharge and remuneration shall be carried out in accordance with Article 29 of the Company Act.

CHAPTER 6 ACCOUNTING

- Article 18 The Board of Directors shall prepare and submit below statements and books at the end of each fiscal year:
1. Business report
 2. Financial statements
 3. Earnings distribution or offsetting of deficit relevant books and statements, which shall be submitted to regular shareholders' meeting and request for ratification
- Article 19 Deleted
- Article 20 If there is any surplus profit of the year, the Company shall firstly pay directors' remuneration, which shall not exceed 3%. Then 1% to 15% of the remaining amount shall then be paid as employees' remuneration. However, if the Company has any left-over deficit, the amount to make up the deficit shall be reserved in advance. Upon closing of accounts, if there is surplus profit, the Company shall firstly pay the business income tax, make up the losses for preceding years and then set aside a legal reserve and special capital reserve of 10% of the net profit. Then the remaining profit shall be added with the

remaining profit of precedent year. The Board of Directors shall draft a surplus distribution proposal, in which will be submitted to shareholders' meeting to decide whether to distribute or reserve the surplus profit.

However, if cumulative legal reserve already reached the total amount of the Company's capital, shall not be limited by the regulation

Article 20-1

To respond to the development of the overall environment and industry's growth drivers, the Company's objective is to firstly satisfy the demand of future development and to maintain a sound financial structure. Therefore, the Company distributes no more than 50% of its total dividend of the year.

CHAPTER 7 SUPPLEMENTARY PROVISIONS

Article 21

Other unspecified matters of the Company's Articles of Incorporation shall be carried in accordance with the Company Act and other relevant regulations.

Article 22

The Articles of Incorporation was established on December 22, 1988. The 1st amendment was made on February 2, 1990. The 2nd amendment was made on June 29, 1991. The 3rd amendment was made on June 20, 1992. The 4th amendment was made on November 11, 1992. The 5th amendment was made on June 21, 1994. The 6th amendment was made on July 20, 1995. The 7th amendment was made on October 9, 1996. The 8th amendment was made on June 6, 1998. The 9th amendment was made on July 31, 2000. The 10th amendment was made on October 13, 2000. The 11th amendment was made on April 26, 2001. The 12th amendment was made on October 22, 2001. The 13th amendment was made on May 22, 2002. The 14th amendment was made on May 22, 2002. The 15th amendment was made on June 6, 2003. The 16th amendment was made on June 11, 2004. The 17th amendment was made on June 14, 2005. The 18th amendment was made on June 9, 2006. The 19th amendment was made on April 10, 2007. The 20th amendment was made on June 15, 2007. The 21st amendment was made on June 19, 2009. The 22nd amendment was made on June 17, 2010. The 23rd amendment was made on June 10, 2011. The 24th amendment was made on June 12, 2012. The 25th amendment was made on June 12, 2014. The 26th amendment was made on May 28, 2015. The 27th amendment was made on May 31, 2016. The 28th amendment was made on May 30, 2018.

Marketch International Corp.
Chairman: Margaret Kao

【Appendix 2: Rules of Shareholders' Meeting】

Marketch International Corp. Rules of Shareholders' Meeting

Passed by the Shareholders' Meeting on June 15, 2007

1. The Company's shareholders' meeting (hereinafter shortened as "the Meeting") shall be conducted in accordance with these Rules and Procedures, unless otherwise provided for by law.
2. The Company shall provide an attendance list bearing the signatures of shareholders present at the meeting, or the shareholders attending the Meeting shall submit the attendance card for the purpose of signing in.
The attendance and votes of the Meeting shall be counted based on the shares. The shares represented by shareholders attending the Meeting shall be calculated according to the attendance list or submitted attendance cards.
3. The term "shareholder" in these Rules and Procedures refers to the shareholder in person or proxy appointed by the shareholder.
4. The Meeting shall be held at the headquarters of the Company or at any other appropriate place that is convenient for shareholders to attend. The time to start the Meeting shall not be earlier than 9:00 a.m. or later than 3:00 p.m.
5. For a shareholders' meeting convened by the Board of Directors, the chairman of the meeting shall be the chairman of the Board of Directors. If the chairman of the Board of Directors is on leave or absent or cannot exercise his / her power and authority for any cause, he / she shall designate one of the directors to act on his / her behalf. In the absence of such a designation, the directors shall elect from among themselves an acting chairman of the board of directors. For a shareholders' meeting convened by any other person having the convening right, he/she shall act as the chairman of that meeting provided, however, that if there are two or more persons having the convening right, the chairman of the meeting shall be elected from among themselves.
6. The Company may appoint designated counsel, CPA or other related persons to attend the Meeting. Persons handling affairs of the Meeting shall wear identification cards or badges.
7. The process of the Meeting shall be tape-recorded or videotaped and these tapes shall be preserved for at least one year.
8. Chairman shall call the Meeting to order at the time scheduled for the Meeting. If the number of shares represented by the shareholders present at the Meeting has not yet constituted the quorum at the time scheduled for the Meeting, the chairman may postpone the time for the Meeting. The postponements shall be limited to two times at the most and Meeting shall not be postponed for longer than one hour in the aggregate. If after two postponements no quorum can yet be constituted but the shareholders present at the Meeting represent more than one-third of the total outstanding shares, tentative resolutions may be made in accordance with Section 1 of Article 175 of the Company Act of the Republic of China..
If during the process of the Meeting the number of outstanding shares represented by the shareholders present becomes sufficient to constitute the quorum, the chairman may submit the tentative resolutions to the Meeting for approval in accordance with Article 174 of the Company Act of the Republic of China.
9. The agenda of the Meeting shall be set by the Board of Directors if the Meeting is convened by the Board of Directors. Unless otherwise resolved at the Meeting, the Meeting shall proceed in accordance with the agenda.
The above provision applies mutatis mutandis to cases where the Meeting is convened by any person, other than the Board of Directors, entitled to convene such Meeting. However, in the event that the chairman adjourns the Meeting in violation of these Rules and Procedures, the shareholders may designate, by a majority of votes represented by shareholders attending the Meeting, one person as

chairman to continue the Meeting. Unless otherwise resolved at the Meeting, the chairman cannot announce adjournment of the Meeting before all the discussion items (including special motions) listed in the agenda are resolved.

The shareholders cannot designate any other person as chairman or continue the Meeting in the same or other place after the Meeting is adjourned.

10. When a shareholder present at the Meeting wishes to speak, a Speech Note should be filled out with summary of the speech, the shareholder's number (or the number of Attendance Card) and the name of the shareholder. The sequence of speeches by shareholders should be decided by the chairman. If any shareholder present at the Meeting submits a Speech Note but does not speak, no speech should be deemed to have been made by such shareholder. In case the contents of the speech of a shareholder are inconsistent with the contents of the Speech Note, the contents of actual speech shall prevail. Unless otherwise permitted by the chairman and the shareholder in speaking, no shareholder shall interrupt the speeches of the other shareholders, otherwise the chairman shall stop such interruption.
11. Unless otherwise permitted by the chairman, each shareholder shall not, for each discussion item, speak more than two times (each time not exceeding 5 minutes). In case the speech of any shareholder violates the above provision or exceeds the scope of the discussion item, the chairman may stop the speech of such shareholder
12. Any legal entity designated as proxy by a shareholder(s) to be present at the Meeting may appoint only one representative to attend the meeting.
If a corporate shareholder designates two or more representatives to attend the Meeting, only one representative can speak for each discussion item.
13. After the speech of a shareholder, the chairman may respond himself/herself or appoint an appropriate person to respond
14. The chairman may announce to end the discussion of any resolution and go into voting if the Chairman deems it appropriate.
15. The person(s) to check and the person(s) to record the ballots during a vote by casting ballots shall be appointed by the chairman. The person(s) checking the ballots shall be a shareholder(s). The result of voting shall be announced at the Meeting and placed on record.
16. During the Meeting, the chairman may, at his discretion, set time for intermission.
17. Except otherwise specified in the Company Law of the Republic of China or the Articles of Incorporation of the Company, a resolution shall be adopted by a majority of the votes represented by the shareholders present at the Meeting. The resolution shall be deemed adopted and shall have the same effect as if it was voted by casting ballots if no objection is voiced after solicitation by the chairman during the voting.
The Company's shareholders shall be entitled to one vote per share of stock, except those whose shares have no voting power or have such power limited according to Article 157 and Section 2 of Article 179 of the Company Act.
18. If there is amendment to or substitute for a discussion item, the chairman shall decide the sequence of voting for such discussion item, the amendment or the substitute. If any one of them has been adopted, the others shall be deemed vetoed and no further voting is necessary.
19. The chairman may conduct the disciplinary officers (or the security guard) to assist in keeping order of the Meeting place. Such disciplinary officers (or security guards) shall wear badges marked "Disciplinary Officers" for identification purpose.
20. Other unspecified matters in these Rules and Procedures shall be carried in accordance with the Company Act and other relevant regulations.
21. These Rules and Procedures shall be effective from the date it is approved by the shareholders' meeting. The Board of Directors is also authorized to make amendments depending on actual situations.

【Appendix 3: Shareholdings of Directors】

Marketech International Corp. Shareholdings of Directors

1. The Company's actual paid-in capital is NT\$1,856,904,240 with 185,690,424 issued shares and share types.
2. The company has elected three independent directors, all directors other than the independent directors shall collectively hold at least 11,141,425 common shares. As the company has established the audit committee that satisfies the requirements of the Securities and Exchange Act, the minimum shareholding requirements for supervisors do not apply.
3. Until the book closure date for the 2019 shareholders' meeting, the status of shareholdings of individual and all directors and supervisors are shown below:

| Shareholder Account | Job Title | Name | Appointment Date | No. of Shares at the Time of Appointment | | | Until April 01, 2018 (Note) | |
|---|----------------------|---|------------------|--|-------------------|--------------------|-----------------------------|--------------------|
| | | | | Appointment Term | No. of Shares | Holding Percentage | No. of Shares | Holding Percentage |
| 4 | Director | Ji Shuan Investment Co. representative: Kao Hsin-Ming | May 31, 2016 | 3 years | 19,005,795 | 11.51% | 11,005,795 | 5.93% |
| 4 | Director | Ji Shuan Investment Co. representative: Lou Chao-Tsung(Note. 2) | May 31, 2016 | 3 years | 19,005,795 | 11.51% | 11,005,795 | 5.93% |
| 12 | Director | Yi Wei Investment Co. representative: Lin Yue-Yeh | May 31, 2016 | 3 years | 12,647,112 | 7.66% | 6,647,112 | 3.58% |
| 22 | Director | Ma Kuo-Peng | May 31, 2016 | 3 years | 1,674,422 | 1.01% | 839,422 | 0.45% |
| — | Director | Hsiao Ming-Chih | May 31, 2016 | 3 years | - | - | - | - |
| — | Independent Director | Wu Chung-Pao | May 31, 2016 | 3 years | - | - | - | - |
| 8007 | Independent Director | Lu Zong-Jenn | May 31, 2016 | 3 years | 365,286 | 0.22% | 347,286 | 0.19% |
| — | Independent Director | Lin Hsiao-Ming | May 31, 2016 | 3 years | - | - | — | — |
| Total number of shares held by all directors | | | | | 33,692,615 | 20.40% | 18,839,615 | 10.15% |

Note 1: Refers to the number of shares stated in shareholder register until the book closure date for the 2019 shareholders' meeting (April 01, 2019).

Note 2: Mr. Lou Chao Tsung has served as the position of representative of director on October 31, 2018.

4. The total shares held by the Company's directors and supervisors already reached the statutory standard.

【Appendix 4: Rules governing the Election of Directors】

Marketch International Corp. Rules governing the Election of Directors

Passed by the Shareholders' Meeting on May 28, 2015

1. Objective: To respond to the election of directors. These Procedures, and any amendments hereto, shall be implemented after approval by a shareholders meeting
2. Rules and Procedures:
 - 2.1 The cumulative voting method shall be used for election of the directors at this Company. Each share will have voting rights in number equal to the directors to be elected, and may be cast for a single candidate or split among multiple candidates.
 - 2.1.1 The qualifications for the independent directors of this Corporation shall comply with Articles 2, 3, and 4 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies.

The election of independent directors of this Corporation shall comply with Articles 5, 6, 7, 8, and 9 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies, and shall be conducted in accordance with Article 24 of the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies.
 - 2.2 When the election begins, the chairman shall appoint a number of persons to perform the respective duties.
 - 2.3 The number of directors will be as specified in the Company's articles of incorporation, with voting rights separately calculated for independent and non-independent director positions based on the nominees listed in the roster of director candidates publicly announced by the Company. Those receiving ballots representing the highest numbers of voting rights will be elected sequentially according to their respective numbers of votes. When two or more persons receive the same number of votes, thus exceeding the specified number of positions, they shall draw lots to determine the winner, with the chairman drawing lots on behalf of any person not in attendance.
 - 2.4 The ballots shall be made and prepared by the Board of Directors and shall be distributed to shareholders according to the number of to-be-elected directors (one person with one ballot). The number of vote stated on every ballot is based on shareholder's voting rights.
 - 2.5 If a candidate is a shareholder, a voter must enter the candidate's name and shareholder account number in the "candidate" column of the ballot; for a non-shareholder, the voter shall enter the candidate's full name and serial number of ID Cards on the ballot. However, when the candidate is a juristic-person shareholder, the name of the juristic-person shareholder shall be entered in the column for the candidate's account name in the ballot paper, or both the name of juristic-person shareholder and the name of its representative may be entered. When there are multiple representatives, the names of each respective representative shall be entered.
 - 2.6 A ballot is invalid under any of the following circumstances:
 1. The ballot was not prepared by the board of directors.
 2. The ballot is not placed in the ballot box or a blank ballot is placed in the ballot box.
 3. More than two candidates have been elected on one single ballot
 4. Other words or marks are entered in addition to the candidate's name or shareholder account number (or identity card number).
 5. The writing is unclear and indecipherable or has been altered.
 6. The candidate whose name is entered in the ballot is a shareholder, but the candidate's name does not conform with those given in the shareholder register, or the candidate whose name is entered in the ballot is a non-shareholder, and a cross-check shows that the candidate's name and identity card number do not match.
 7. The name of the candidate entered in the ballot is identical to that of another shareholder, but no shareholder account number or identity card number is provided in the ballot to identify such individual.
 - 2.7 The voting rights shall be calculated on site immediately after the end of the poll, and the results of the calculation shall be announced by the chairman on the site.
 - 2.8 The board of directors of this Corporation shall issue notifications to the persons elected as directors or supervisors.
 - 2.9 Any other unspecified matters shall be carried out in accordance with the Company Act and other relevant regulations.

【Appendix 5: The Impact of Stock Dividend Issuance proposed in this Annual General Meeting of Shareholders on the Company's Business Performance, Earnings Per Share, and Return on Shareholders' Investment】

As the Company's shareholders' meeting in 2019 does not have any proposal regarding the stock dividend distribution, it makes no effect upon the Company's business performance, earnings per share and return on shareholders' investment.

【Appendix 6: Information on Employees' Compensation and Directors' Remuneration】

Information on Employees' Compensation and Directors' Remuneration

The distribution of employees' compensation and directors' remuneration of 2018 is passed by the 7th Board of Directors at the 36th meeting on February 18, 2019.

1. The amount of any employees' compensation and directors' compensation distributed in cash or stocks. If there is any discrepancy between that amount and the estimated figure for the fiscal year these expenses are recognized, the discrepancy, its cause, and the status of treatment shall be disclosed:

- (1) Proposed employees' compensation and directors' remuneration:

The distribution of employees' compensation amounted NT\$111,000,000 and director s' remuneration amounted NT\$11,111,000

Unit: NT\$

| Items / Amount | Proposed Distribution Amount |
|------------------------------------|------------------------------|
| Employees' Compensation– in Cash | 111,000,000 |
| Employees' Compensation– in Stocks | 0 |
| Remuneration of Directors | 11,111,000 |

- (2) If there is any discrepancy between that amount and the estimated figure for the fiscal year these expenses are recognized, the discrepancy, its cause, and the status of treatment shall be disclosed:

Above proposed amount of employees' compensation and directors' remuneration is consistent with the figure estimated in 2018 Financial Statement (NT\$111,000,000 for employees' compensation and NT\$11,111,000 for directors' remuneration).

2. The amount of any employees' compensation distributed in stocks as a percentage of the sum of the current after-tax net income and total employees' compensation in individual financial statement:

Not applicable as the employees' compensation of 2018 passed by the Board of Directors does not involve stocks distribution relevant matters.

【Appendix 7: List of Directors and Independent Directors Candidates】

List of Directors Candidates

1. Name: JI-XUAN Investment Corp. representative: Kao Hsin-Ming
Education: Master of International Business Management, National Taiwan University
Experiences: Chairman and CEO, Marketech International Corp.
No. of Shares: 11,005,795 Shares

2. Name: E-WIN INVESTMENT CORP. representative: Lin Yue-Yeh
Education: Master of Business Administration , National Chengchi University
Experiences: Director and General Manager, Marketech International Corp.
No. of Shares: 6,647,112 Shares

3. Name: Ennoconn International Investment Co., Ltd. representative: Chu,Fu-Chuan
Education: Department of Electronic engineering, St. John's University
Experiences: Chairman and CEO, Ennoconn Corporation.
No. of Shares: 83,468,613 Shares

4. Name: Ennoconn International Investment Co., Ltd. representative: Lou,Chao-Tsung
Education: Department of Business Administration, Feng Chia University
Experiences: Chairman, Ennoconn International Investment Co., Ltd.
No. of Shares: 83,468,613 Shares

5. Name: Ennoconn International Investment Co., Ltd. representative: Shih,Chun-Hao
Education: Master of Industrial Engineering, National Chiao Tung University
Experiences: Executive vice president, Ennoconn Corporation.
No. of Shares: 83,468,613 Shares

6. Name: Ennoconn International Investment Co., Ltd. representative: Li,Yu-Lung
Education: Materials Science and Engineering, National Tsing Hua University
Experiences: Master of Special Assistant to Chairman, Ennoconn Corporation.
No. of Shares: 83,468,613 Shares

List of Independent Directors Candidates

1. Name: Wu Chung-Pao

Education: Master of International Business Management, National Taiwan University

Experiences: Chairman, Protech Systems Co., Ltd.

No. of Shares: 0 Shares

2. Name: Lin Hsiao-Ming

Education: Master of Business Administration , National Taiwan University

Experiences: Chairman, Taiwan Finance Corporation

No. of Shares: 0 Shares

3. Name: Wang, Yi-Chun

Education: Ph.D. (Electrical Engineering Department), National Taipei University of Technology

Experiences: Executive Vice President and Distinguished Professor, St. John's University

No. of Shares: 0 Shares

【Appendix 8 : Dismissal of non-competition restrictions on newly elected directors】

Dismissal of non-competition restrictions on newly elected directors.

| Position | Name | The position who also currently serves at other companies |
|-------------------------------|--|---|
| Director | JI-XUAN Investment Corp. representative: Kao Hsin-Ming | MARKETECH INTEGRATED PTE LTD Chairman |
| | | MARKETECH INTERNATIONAL SDN.BHD. Director |
| | | MARKET GO PROFITS LIMITED Director |
| | | MIC-TECH VENTURES ASIA PACIFIC INC. Director |
| | | HEADQUARTER INTERNATIONAL LIMITED Director |
| | | TIGER UNITED FINANCE LIMITED Director |
| | | MIC-TECH GLOBAL CORP. Director |
| | | RUSSKY H.K. LIMITED Director |
| | | FRONTKEN MIC CO. LIMITED Director |
| | | LEADER FORTUNE ENTERPRISE CO., LTD. Director |
| | | MICT International Limited Director |
| | | Fortune Blessing Co., Limited Director |
| | | Shanghai Maohua Electronics Engineering Co.,Ltd. Chairman and General Manager |
| | | MIC-TECH (WUXI) Co.,LTD. Chairman and General Manager |
| | | MIC-TECH (Shanghai) Corp. Ltd. Chairman and General Manager |
| | | Fuzhou Jiwei System Integrated Co., Ltd. Chairman and General Manager |
| | | MIC-TECH Electronics Engineering Corp. Chairman |
| | | SKMIC HI-TECH (WUXI) Corp. Director |
| | | Nanjing Fortune International Corporation Chairman |
| | | MIC-Tech China Trading (Shanghai) Co., Ltd. Chairman |
| | | ChengGao M&E Engineering (Shanghai) Co., Ltd. Director |
| | | Frontken-MIC (WUXI) CO., Ltd. Director |
| | | Integrated Manufacturing & Services Co., Ltd. Chairman |
| | | MARKETECH ENGINEERING PTE.LTD. Director |
| | | MARKETECH CO.,LTD. General Manager |
| | | MIC-TECH VIET NAM CO., LTD General Manager |
| | | MARKETECH INTEGRATED CONSTRUCTION COMPANY LIMITED Director |
| | | MARKETECH INTEGRATED MANUFACTURING COMPANY LIMITED Director |
| | | PT. MARKETECH INTERNATIONAL INDONESIA Director |
| | | Marketch Netherlands B.V. Director |
| | | EZOOM INFORMATION, INC. Director |
| | | ADAT Technology CO., LTD. Director |
| MIC TECHNO CO., LTD. Chairman | | |

| Position | Name | The position who also currently serves at other companies |
|--|--|--|
| Director | JI-XUAN Investment Corp. representative: Kao Hsin-Ming | WT MICROELECTRONICS CO., LTD. Director |
| | | MACROTEC TECHNOLOGY CORP. Chairman |
| | | JI-XUAN Investment Corp. Chairman |
| | | FORWARD SCIENCE CORP. Director |
| | | Intellicares co., Ltd Director |
| | | BRILLIAN NETWORK & AUTOMATION INTEGRATED SYSTEM CO., LTD. Director |
| | | TOP UNION ELECTRONICS CORPORATION Director |
| Director | E-WIN INVESTMENT CORP. representative: Lin Yue-Yeh | MARKETECH INTEGRATED PTE LTD Director |
| | | Marketech International Sdn.Bhd. Director |
| | | MARKET GO PROFITS LIMITED Director |
| | | MIC-Tech Ventures Asia Pacific Inc. Director |
| | | HEADQUARTER INTERNATIONAL LIMITED Director |
| | | TIGER UNITED FINANCE LIMITED Director |
| | | MIC-TECH Global Corp. Director |
| | | RUSSKY H.K. LIMITED Director |
| | | FRONTKEN MIC CO. LIMITED Director |
| | | MICT International Limited Director |
| | | Shanghai Maohua Electronics Engineering Co.,Ltd. Director |
| | | MIC-TECH (WUXI) Co.,LTD. Director |
| | | MIC-TECH (Shanghai) Corp. Director |
| | | Fuzhou Jiwei System Integrated Co., Ltd. Director |
| | | MIC-TECH Electronics Engineering Corp. Director |
| | | SKMIC HI-TECH (WUXI) Corp. Director |
| | | MIC-Tech China Trading (Shanghai) Co., Ltd. Director |
| | | ChengGao M&E Engineering (Shanghai) Co., Ltd. Director |
| | | Frontken-MIC (WUXI) CO., Ltd. Director |
| | | MARKETECH ENGINEERING PTE.LTD. Director |
| | | MARKETECH INTEGRATED CONSTRUCTION COMPANY LIMITED Director |
| | | MARKETECH INTEGRATED MANUFACTURING COMPANY LIMITED Director |
| | | Marketech Netherlands B.V. Director |
| | | E-WIN INVESTMENT CORP. Chairman |
| | | PROBELEADER CO., LTD. Chairman |
| | | EZOOM INFORMATION, INC. Chairman |
| | | ADAT Technology CO., LTD. Chairman |
| SumCapital Healthcare Investment Company Ltd. Director | | |

| Position | Name | The position who also currently serves at other companies |
|--|---|---|
| Director | Ennoconn International Investment Co., Ltd. representative: Chu,Fu-Chuan | ENNOCONN CORPORATION Chairman |
| | | ENNOCONN INTERNATIONAL INVESTMENT CO., LTD. Director |
| | | CASWELL, INC. Chairman |
| | | GOLDTEK TECHNOLOGY CO., LTD. Chairman |
| | | DEXATEK TECHNOLOGY LTD. Chairman |
| | | ENNOMECH PRECISION CO., LTD. Director |
| | | Vecow Co., Ltd. Director |
| | | Ennoconn (Suzhou) Technology Co., Ltd Chairman |
| | | AIS Cayman Technology Chairman |
| | | S&T AG Director |
| | | ENGA Technology Co., Ltd Director |
| Director | Ennoconn International Investment Co., Ltd. representative: Lou,Chao-Tsung | ENNOCONN CORPORATION Director |
| | | ENNOCONN INTERNATIONAL INVESTMENT CO., LTD. Chairman |
| | | CASWELL, INC. Director |
| | | GOLDTEK TECHNOLOGY CO., LTD. Director |
| | | ENNOMECH PRECISION CO., LTD. Chairman |
| | | Shihchun International Investment Co., Ltd. Director |
| | | INNOVATIVE SYSTEMS INTEGRATION LIMITED Director |
| | | Ennoconn Investment Holdings Co., Ltd. Chairman |
| | | Ennoconn (Foshan) Investment Co., Ltd. Chairman |
| | | Ennoconn (Suzhou) Technology Co., Ltd. Director |
| | | ENGA Technology Co., Ltd. Director |
| EnnoMech Precision (Cayman) Co., Ltd. Chairman | | |
| Director | Ennoconn International Investment Co., Ltd. representative: Shih,Chun-Hao | SERVTECH CO., LTD. Chairman |
| | | THECUS TECHNOLOGY CORP. Director |
| | | SYS-P CO., LTD. Director |
| | | Ennoconn (Suzhou) Technology Co., Ltd. Director |

| Position | Name | The position who also currently serves at other companies |
|-----------------------|----------------|---|
| Independent Directors | Wu Chung-Pao | PROTECH SYSTEMS CO., LTD. Chairman |
| | | CHENBRO MICOM CO., LTD. Director |
| | | CPC CORPORATION, TAIWAN Director |
| | | TRADE-VAN INFORMATION SERVICES CO. Independent Directors |
| | | EVA AIRWAYS CORPORATION Independent Directors |
| | | PROX SYSTEMS CO., LTD. Chairman |
| Independent Directors | Lin Hsiao-Ming | Taiwan Finance Corporation Chairman |

Additional Information

Processing of proposals submitted by this shareholders' meeting:

- Explanations:
1. According to Article 172-1 of the Company Act, shareholder(s) holding one percent (1%) or more of the total number of outstanding shares of a company may propose to the company a proposal for discussion at a regular shareholders' meeting, provided that only one matter shall be allowed in each single proposal be limited to not more than three hundred (300) words
 2. Shareholders may submit proposals regarding the 2019 regular shareholders' meeting to the Company from March 22, 2019 to April 01, 2019. The information is already announced on a market observation post system.
 3. The Company has not received any proposal from the shareholders.

***Thank you for coming to Annual Meeting of Shareholders!
We welcome any comments or suggestions!***