



Stock Code: 5457

**SPEED TECH CORP.**

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2019 Annual Shareholders Meeting  
Meeting Agenda

**Date: June 26, 2019**  
**Location: No. 568 Sec.1 Minsheng N. Road., Guishan Dist., Taoyuan City**  
**(Conference Room of the Company)**

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**SPEED TECH CORP.**

**2019 Annual Shareholders Meeting Procedures**

- 1. Commencement of Meeting**
- 2. Chairman's Statement**
- 3. Company Reports**
- 4. Matters for Ratification**
- 5. Matters for Discussion and Election**
- 6. Extempore Motion**
- 7. Adjournment**

**SPEED TECH CORP.**  
**2019 Annual Shareholders' Meeting Agenda**

**Time: 9:00 a.m. Wednesday, June 26, 2019**

**Place: No. 568 Sec. 1 Minsheng N. Rd., Guishan Dist., Taoyuan City (Conference Room of the Company).**

**1 Comencement of meeting, report the number of shares of present in person.**

**2 Chairman's Statement**

**3 Company's Report**

- (1) 2018 Business Report
- (2) 2018 Supervisors' Review Report
- (3) 2018 Report on Remuneration Distribution for Employees, Directors and Supervisors
- (4) 2018 Status of Endorsement and Guarantee

**4 Matters for Ratification**

- (1) To accept 2018 Business Report and Financial Statements
- (2) To approve the proposal for Profits Distribution for 2018

**5 Matters for Discussion and Elections**

- (1) To revise the Articles of Incorporation
- (2) To revise the Procedure for Acquisition or Disposition of Assets
- (3) To elect Directors and Supervisors
- (4) To release the Prohibition on Directors and Representative from Participation in Competitive Business

**6 Extempore Motion**

**7 Adjournment**

## Company Reports

**1. To accept 2018 Business Report**

Explanation: Please refer to Attachment 1, P.7

**2. To accept 2018 Supervisors' Review Report**

Explanation: Please refer to Attachment 2, P.11

**3. To approve 2018 Remuneration Distribution for Employees and Directors and Supervisors**

Explanation:

- (1) In accordance with the regulations set forth by FSC Interpretive Letter No.10500190 issued by Financial Supervisory Commission on January 30, 2016.
- (2) In accordance with Article 19 of the Articles of Incorporation, this Corporation, before paying dividends or bonuses to shareholders, shall set aside not less than 3% as profit sharing bonuses to its employees and not more than 3% of its annual profits as compensation to its directors and supervisors; provided, however, that this Corporation shall have reserved a sufficient amount to offset its accumulated losses first.
- (3) 2018 employees' total cash and profit sharing bonus is NT\$6,855,939. No compensation to the directors and supervisors will be distributed for this current year.

**4. To accept 2018 Status of Endorsement and Guarantee**

Explanation: The net value for this Corporation's total endorsement and guarantee amount on December 31, 2018 was NT\$61,444,000, and the details are as follows:

### 2018 Status of Endorsement and Guarantee

Unit: In Thousands of NTD

Company Name of the Endorser/Endorsee/Provider	Endorsement/ Guarantee Recipient	Relationship	The Highest Endorsement/ Guarantee Balance of This Period	Ending Endorsement/ Guarantee Balance	Ration of Accumulated Endorsement/ Guarantee Amount to the Net Value of the Latest Financial Statement	Upper Limit of the Endorsement/ Guarantee Amount
SPEED TECH CORP.	SPEEDTECH (LS-ICT) CO., LTD	Subsidiary of 100% Reinvestment	184,332	61,444	3.08%	3,991,198

Note: In accordance with the Procedure of Endorsement and Guarantee of this Corporation, the total amount of endorsement/guarantee by this Corporation for any one endorsee/guarantee company, the limit shall not exceed the 15% of the net value of the latest financial statement audited or reviewed by the CPA. The limit for the company's total endorsement/guarantee shall not exceed 50% of the net value of the latest financial statement audited or viewed by CPA. Group companies are not subject to 15% limitations stated above. However, the limit of of total amount of endorsement/guarantee shall not exceed twice the net value of the latest financial statement audited by or reviewed by CPA.

## **Matters for Ratification**

### **Proposal 1**

**Subject: To accept 2018 Business Report and Financial Statements  
(Proposed by the Board of Directors)**

#### **Explanatory Notes:**

- (1) 2018 Individual and Consolidated Financial Statements of this Corporation were audited by independent auditors, Shi-Jun Huang and Certified Cui-Miao Ye of PwC Taiwan and the audit report with an unqualified opinion has been issued.
- (2) The Audit Committee has reviewed the Financial Statements, which state above, and the Business Report, and has issued an audit report. Please refer to Attachment 1 to 3, P.7-38 for a reference.
- (3) Your acceptance is appreciated.

#### **Resolution:**

### **Proposal 2**

**Subject: To approve the proposal for distribution of 2018 earnings  
(Proposed by Board of Directors)**

#### **Explanatory Notes:**

- (1) 2018 net profit after tax of the company is NT\$168,495,593.
- (2) This Corporation shall retain all distributable net profit, in consideration of Conservatism Principle for sustainable operation and the needs of capital expenditures. Therefore, there will be no distribution of dividends.
- (3) Enclosed the “2018 Earnings Distribution”. Please refer to Attachment 4, P39.
- (4) Your approval is appreciated.

#### **Resolution:**

## **Matters for Discussion and Election**

### **Proposal 1**

**Subject: To revise the Articles of Incorporation (Proposed by the Board of Directors)**

#### **Explanatory Notes:**

- (1) Some of the provisions of the Articles of Incorporation were amended in line with the Company's practice.
- (2) The Comparison Table for Article of Incorporation before and after revision is attached. Please refer to Appendix 5, P.40-P.42
- (3) Your approval is appreciated.

#### **Resolution:**

### **Proposal 2**

**Subject: To revise the Procedure for Acquisition or Disposition of Assets  
(Proposed by the Board of Directors)**

#### **Explanatory Notes:**

- (1) In compliance with "Regulations Governing the Acquisition and Disposal of Assets by Public Company" promulgated by the Financial Supervisory Commission on November 26, 2018, via the Jin-Guan-Zheng-Fa-1070341072. The amendments of the Procedures for Acquisition and Disposal of Assets shall be revised accordingly.
- (2) Comparison Table for Procedure for Acquisition or Disposal of Assets before and after revision is attached. Please refer to Attachment 6, P43-74.
- (3) Your decision is appreciated.

#### **Resolution:**

### **Proposal 3**

**Subject: To elect Directors and Supervisors (Proposed by the Board of Directors)**

#### **Explanatory Notes:**

- (1) The term of the twelfth directors and supervisors will expire on June 23, 2019. In accordance with Article 195 and 217 of the Company Act, in case election of new directors and supervisors can not be effected in time after expiration of the term of existing directors and supervisors, the existing directors and supervisors shall continue to perform their duties until the new directors and supervisors have been elected and assumed their office.
- (2) In accordance with Article 13 & 13-1 of the Articles of Incorporation, seven directors (including two independent directors) and three supervisors shall be elected. Election of independent directors shall be conducted in accordance with candidates nomination system. The independent directors shall be elected by the shareholders from the list of nominated candidates. The three years duration of the term is from June 26, 2019 to June 25, 2022. The term of incumbent directors and supervisors shall expire when the 2019 annual shareholders meeting is ended.
- (3) The list of nominated candidates for independent directors is as follows:

Independent Director Candidates	1	2
Full Name	CHUNG, TING-CHUN	CHAN, HO-PO
Number of Shareholding	10,000 shares	0 shares
Educational Background	Graduate School of International Business, National Taiwan University in International Trade, Boston University USA	MBA, Chinese Culture University
Experience	Director and General Manager of Jiya Asset Management Co., Ltd. Director of Weshine Technology Co., Ltd. Director of LFE Co., Ltd. Director of Taihan Precision Technology Co., Ltd	Assistant Manager of Lite-on Technology Co., Ltd. Chairman of Kwong Lung Co., Ltd.
Current Position	Anqiao Asset Management Co., Ltd.	Chairman of Kwong Lung Co., Ltd.

- (4) The election shall conduct in accordance of the Procedure for Election of Directors and Supervisors of this Corporation.
- (5) Your decision is appreciated.

**Election results:**

**Proposal 4**

**Subject: To release the Prohibition on Directors and Representative from Participation in Competitive Business (Proposed by the Board of Directors)**

**Explanatory Notes:**

- (1) In compliance with Article 209 of the Companies Act, it is proposed to release a director who for the acting on his/her behave or aother person to engage in business overlapping with this Corporation's scope of business shall be required to explain such act to shareholders meeting and request for permission prior to such act.
- (2) It is proposed to release non-competition restrictions on the newly elected directors, who may participate in investment or operation another company that engages in the same or similar business scope, under the premis that no harm to this Corporation's interest. Your decision is appreciated.
- (3) Your approval is appreciated.

**Resolution:**

**Extempore Motion**

**Adjournment**



## Attachment I

### Business Report

Dear shareholders,

First of all, we would like to express our deepest gratitude to the shareholders for the support and encouragement over the past year of Seepd Tech. We hereby present the Company's 2018 business status and operation status and future roadmap as follows:

#### I. 2018 Business Report:

##### 1. Operating Results:

In 2018, our Company made NT\$5,133,422,000 in net consolidated operating revenues, compared to net consolidated operating revenues of NT\$3,022,532,000 in 2017, we saw an approximately 70% revenue increase. The consolidated net income after tax was NT\$309,594,000, of which the net profit after tax attributed to the parent company was NT\$168,496,000. The earnings per share was NT\$1.

##### 2. Budget Implementation:

Our company did not disclose financial forecast in 2018, there is no need to report the budget implementation.

##### 3. Revenues, Expenses and Profitability Analysis:

Unit: In Thousands of NTD; %

Items		Year	2018	2017
Revenue and Expenses	Interest income		7,162	5,020
	Interest expense		26,302	20,162
Profitability	Return on assets (%)		0.95	2.15
	Return on equity (%)		12.31	3.81
	Operating income to the paid-in capital ratio (%)		19.25	3.21
	Pre-tax net profit to paid-in capital ratio (%)		25.85	7.00
	Net profit margin (%)		6.03	2.80
	Earnings per share (Loss) / (NT\$)(Note)		1	0.34

##### 4. Research and Development:

Our company has invested about 10% of net sales revenue in Research and Development in the past years. There are great development achievements in various areas. The focus of Research and Development includes developing new products, equipments and new technology. The development of new products includes the following categories:

- (1) RF Switch, RF Coaxial Connector and RF Cable, and USB C Type, can be used in smart phones, tablet PCs, Ultrabook, wearable devices, Game Console, Netcom and information appliances and other products
- (2) RJD 10G, RJD2.5G / 5G + PoE USB PD (Power Delivery), etc. -- wired network interface connector, can be applied to PC, AIO, Game Console, Server, Workstation and other products.
- (3) SAS Connector, mini SAS HD Connector, Slimline SAS, and OCulink Connector, these high-speed connectors can be used in cloud computing technology.
- (4) Sensor Connector, Lan Transformer and other precision parts can be used in medical and consumer markets.
- (5) Using advanced equipments, stable and high-quality automatic production line to customized SMT parts service to Group and clients.

#### II. 2019 Annual Operating Plan Summary

##### 1. 2019 Business Policy

- (1) Our company will actively develop niche products such as high frequency high-speed transmission connectors and strengthen automated production control to create growth in performance and profits.

- (2) Our company, in combination with Luxshare Precision Industry's distribution channels and product advantages, will devote to the early stage development with other associations and will participate in innovative design for brand clients from Europe, America, and mainland China, in order to take the preemptive opportunities in the market.
- (3) In response to rising costs of all parties, our company will strengthen cost management and adjust manufacturing model to reduce the cost effectively and to maximize profits.
- (4) Comply with the market trend for the future, our company will continue to exploit new markets, strengthen the market competitiveness, and increase the company's operating performance.

## 2. The Expected Number of Sales and Its Basis

Market research firm IDC predicted that 2019 will be an important year to “the Race to Reinvent for Multiplied Innovation”. If future company cannot accelerate its digital innovation, they will lose two-thirds of market opportunities by 2022. In the new digital economy, technology application will be the key. IDC predicts that the market trend will be subject to the following effects:

- (1) AI Conversational platform and "Federated AI" is formed

The innovation of artificial intelligence technology is dramatically changing the way the industry operates. The Conversational Platform, which integrates natural language processing (NLP) and chatbot (Chatbot), has a greater impact on the industry. The main application areas will appear in five areas: personalized recommendations, automated documents Search, work automation, workforce enhancement and enhancement, and entertainment application services. From the perspective of industry, it is the most advanced in the application of industries such as finance, professional services, retail catering and media entertainment. With the upgrade and evolution of hardware devices, the development of chip computing, performance utilization, power management, etc. is becoming more complete, and personal privacy and security protection is becoming more and more high, including identity recognition, intelligent assistant, advanced photography, and reduced power. The functions and instructions that need to be manually set in the past, such as consumption and extended battery life, have become more powerful, smart, and self-sponsoring as the AI has entered the edge. IDC predicts that by 2020, 50% of smartphones will be equipped with AI chips; in 2022, 25% of global terminals will have AI edge computing capabilities. By collecting, analyzing and learning the movements and usage habits of these AI terminal devices, and matching machine learning in the cloud, it will further help and accelerate the development of new state-of-the-art wafers.

- (2) Cloud native IT (Cloud Native IT) full conversion

The high growth of public cloud services has led to the evolution of high kinetic energy of public cloud information technology, and at the same time it has expanded to multiple layers. For the continuous internalization of the refined system technology, the cloud machine room to add more heterogeneous exclusive processing chips, virtualization pursuit of lightweight, intangible, virtual architecture turned to open specifications. The application of technology is no longer limited to the service provider's computer room, but can also be deployed to the enterprise side from the organic room or the Internet of Things front-end system.

- (3) From artificial intelligence to the environment intelligence

With mobile devices, IPV6, IoT Internet of Things, and the deployment of various types of sensors, IDC expects artificial intelligence applications to spread from enterprise/consumer applications to the next stage – Ambient Intelligence. The user must be highly connected with the use of the situation / life style, there is a high demand for end user behavior and prediction, so the application and import of artificial intelligence is extremely important.

- (4) 5G era is coming

IDC expects SA's independent network to be adopted by telecom operators in 2020. With the introduction of high-, medium-, and low-frequency 5G base stations and the introduction of technologies such as network slicing, remote remote control unmanned factories, remote wisdom medical, and self-control The automatic management of driving and large-scale fleets, the mass transit intelligent transportation system and the operation of smart cities will continue.

The world's urban population is expanding. In 2050 the world will have 66% of the population lives in cities. In order to reduce growing traffic congestion, governments and automakers are cooperating to promote intelligence services and car sharing. Many automakers took this opportunity in promoting the electric vehicle applications, by increasing driver assistance and networking function as feature highlights. Offering test drive for customers to experience the advantages of electric vehicle, to attract people to purchase, while improving brand image and promotion efficiency. Due to the inconvenience of short-mileage of electric vehicles in the past, the automakes significantly enhance the convenience and safety of electric vehicles, by equipped with advanced driver assistance and intelligence systems of Internet of Vehicles, combining with high degree of integration of operating environment, to rebuild customer's confidence. Speed Tech, started with Netcom connector products, has many years of experience in research and development in the high-frequency and RF connector. Through the excellent development ability to catch up with this wave of Internet of Vehicles and connector needs, we believe Speed Tsch will make great achievement again.

In summary, with the higher entry barrier of competition, connector manufacturers need to transform into a high-order and centralized industrial structure. Our company will be improving qualitatively and quantitatively, and in collaboration with various market segments to introduce new products continuously. As the whole industry growth remains, therefore our business growth can be expected.

### 3. The Important Marketing Policy

- (1) In collaboration with Luxshare Precision Group, our company will use their resources effectively, to maximize cost-effective, accurate inventory control and future market demand, to reduce inventory costs and management risk.
- (2) Our company will strengthen the divisional cooperation within the Group, and continue to improve production process, in order to effectively control costs and improve operational mechanisms in production and marketing.
- (3) Our company will continue to develop new products, combined with automated production, to exploit high value-added products markets, and to increase product competitiveness and gross margin.

### III. Company's Future Development Strategy

In the past two years, our company continued to adjust strategy and direction, and has developed multiple new products. The "niche products", "high-frequency high-speed products" and "automation" will be the future products. It has shown its effectiveness now, transforming from low-end products to mid to high-end products.

Our overall future strategy will be "automated production technology as the core competence", "matching technology and integrated production benefits", "integrating production resources to increase efficiency and decrease cost", and "integrating Group resources to expand the market". We will fully apply these four polices to make Taiwan as a R&D, business, and automated production base. The overseas production base will combine with local resources, to expand the local market and target customers, to expanding the economies of scale, to enhance competitiveness and increase profitability.

### IV. External Competitive Environment, Regulatory Environment and the Impact on the Overall Business

1. On the external competitive environment: In response to price-cutting competition in the industry, which squeez the profit margins, our company has moved towards cloud computing applications and new development of high-order transmission interface connector. We also develop and expand the precision connectors to relevant markets, to enhance the product competition threshold, decentralized irrational IT industry competitive environment, and reduce operating risk.
2. On the regulatory environment: Our company did not have any significant financial or business impact affected by any domestic/foreign policies or laws.

3. On the overall business environment: Though the mainland China market is big, the competition is relatively intense. Therefore, our company will unite with the local resources of Luxshare Precision group, focus on business sales, and adjust strategy at any time, and actively develop niche products, in order to get more benefit in this wave of change.

In the past two years, our company has established product positioning and business strategy by constantly adjustments-- speed up disposal of loss-making overseas subsidiaries and focus on the development of this industry connectors. Based on these polices, our company has developed multiple new products and has some remarkable achievements.

Our outlook in 2019, the company staffs will continue to make unremitting efforts, along with mass production and better management performance, the great profit improvement can be expected. Our company expect to make good achievement again, and share business results with shareholders.

We appreciate your continuous support and encouragement as our shareholders. Wish you good health and good luck respectfully.

SPEED TECH CORP.

Chairman                      TSAI, CHEN-LUNG

Manager                        CHEN, LI-SEN

Director of Accounting CHUANG, YUEN-TUNG

## **Attachment II**

### **SPEED TECH CORP. Supervisors Review Report**

Hereby approve

The Board of Directors has prepared and submit 2018 Business Report, Earnings Distribution Table and Consolidated Financial Statements (including Balance Sheet, Statement of Comprehensive Income, Statement of Shareholders Equity, and Statement of Cash flows) which was audited by Accountant Shi-Jun Huang and Certified Public Accountant Cui- Miao Ye of PwC Taiwan and inspected by Supervisors who affirmed that there is no violation against the law and has followed the regulation of Article 219 in Company Act.

Hereby submit it for inspection.

Sincerely,

2019 Speed Tech Corp. Annual Shareholders' Meeting

The Supervisor: Asus Investment co., LTD.

Representative LIN, CHIU-TAN

The Supervisor: HSU, CHIA-TE

March 11, 2019

**Attachment III** 2018 Certified Public Accountant’s Audit Report and Financial Statements

REPORT OF INDEPENDENT ACCOUNTANTS TRANSLATED FROM CHINESE

PWCR18000463

To the Board of Directors and Shareholders of Speed Tech Corp.

***Opinion***

We have audited the accompanying consolidated balance sheets of Speed Tech 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, based on our audits and the reports of other independent accountants (please refer to ‘Other matter’), 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. Based on our audits and the audit reports of other independent accountants, we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

***Key audit matters***

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole and, in

forming our opinion thereon, we do not provide a separate opinion on these matters.

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

***Key audit matter – Impairment evaluation on property, plant and equipment***

Description

Please refer to Note 4(15) for accounting policies on property, plant and equipment, Note 4(19) for accounting policies on impairment of non-financial assets, Note 5(2) for the uncertainty of accounting estimates and assumptions related to impairment of property, plant and equipment, and Note 6(7) for details of property, plant and equipment.

The Group holds property, plant and equipment primarily for workplace, plant and machinery and equipment for producing. The operation of the Group may change with the changes of the economic conditions and corporate strategies, which affects the impairment evaluation on property, plant and equipment. The Group evaluates the recoverable amount of property, plant and equipment based on the evaluation information prepared by the management and appraisal report prepared by the appointed external appraiser. Considering the amounts of property, plant and equipment are significant and the evaluation processes involve professional judgements. Thus, we consider the impairment evaluation on property, plant and equipment a key audit matter.

How our audit addressed the matter

Our key audit procedures performed in respect of the above included the following:

1. Inspected the evaluation information prepared by the management and reconciled with relevant information.
2. Inspected the relevant documentations regarding the professionalism, competence and objectivity of the external appraiser.

3. Interviewed the external appraiser and management to understand the evaluation method and data source used.
4. Inspected the appraisal report prepared by the external appraiser, sampled and tested the data used with relevant information.

### ***Key audit matter –Evaluation on inventories***

#### Description

Please refer to Note 4(13), for accounting policies on inventory evaluation, Note 5(2) for the uncertainty of accounting estimates and assumptions applied on inventory evaluation, and Note 6(4) for details of inventories.

The Group's revenue is primarily from processing and manufacturing as well as selling of electronic connectors. The inventory value changes arising from technical transformations, environmental changes and sales situations affect the inventory evaluation. The Group evaluates the inventory net realisable values by judgements, identifying net realisable values for each inventory, comparing the lower of costs and net realisable values and identifying the serviceability of obsolete inventories individually, hereby to decide the allowance for inventory evaluation losses. Considering the inventory amounts are significant and the evaluation processes involve judgements, thus, we consider the inventory evaluation a key audit matter.

#### How our audit addressed the matter

We performed the following audit procedures in respect of the above key audit matter:

1. Performed physical inventory count at the end of period to identify whether there are obsolete, damaged or unsalable inventories.
2. Obtained the policies of inventory evaluation and determined whether the policies applied in provision of allowance for inventory evaluation losses adopted in the different periods are in agreement.
3. Obtained ageing statements of each kind of inventory and tested the changes in ages of inventory. Selected samples with inventory number and verified with change records, checked the accuracy of classification range of inventory ages.



4. Obtained net realisable value statement of each kind of inventory and checked whether the applied calculation logic agreed to all inventory. Sampled and tested relevant data with the relevant documentations. In addition, recalculated the allowance for inventory valuation losses that the Group should provision by comparing the lower of costs and net realisable values individually.

#### ***Other matter – Scope of the audit***

We did not audit the financial statements of certain investees accounted for using equity method that are included in the consolidated financial statements. Those financial statements for the investees were audited by other independent accountants whose reports thereon have been furnished to us, and our opinion expressed herein is based solely on the audit reports of the other independent accountants. On December 31, 2018 and 2017, the Group recognised the investments accounted for using equity method for aforementioned investees amounting to \$2,206 thousand and \$0 thousand, respectively, constituting 0.04% and 0.00% of the total consolidated assets respectively; and recognised comprehensive income (loss) for aforementioned investees amounting to NT\$2, 206 thousand and NT\$(4,038) thousand, constituting 0.80% and (4.66%) of the consolidated comprehensive income (loss) for the years then ended, respectively.

#### ***Other matter – Parent company only financial reports***

We have audited and expressed an unqualified opinion on the parent company only financial statements of Speed Tech Corp. 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 the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory Commission, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

### ***Auditor's responsibilities for the audit of the consolidated financial statements***

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

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

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

Huang, Shih-Chun

Yeh, Tsui-Miao

For and on behalf of PricewaterhouseCoopers, Taiwan

March 11, 2019

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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.

SPEED TECH CORP. AND SUBSIDIARIES  
CONSOLIDATED BALANCE SHEETS  
DECEMBER 31, 2018 AND 2017  
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

Assets	Notes	December 31, 2018		December 31, 2017		
		AMOUNT	%	AMOUNT	%	
<b>Current assets</b>						
1100	Cash and cash equivalents	6(1)	\$ 531,731	9	\$ 688,033	14
1110	Financial assets at fair value	6(2) and 12(4)				
	through profit or loss-current		2,602	-	1,014	-
1150	Notes receivable, net	6(3)	7,143	-	4,417	-
1160	Notes receivable, net-related	6(3) and 7(3)				
	parties		138,570	2	410	-
1170	Accounts receivable, net	6(3) and 12(4)	769,932	13	793,549	17
1180	Accounts receivable, net-related	6(3) and 7(3)				
	parties		1,567,895	26	460,431	10
1200	Other receivables		15,758	-	31,081	1
1210	Other receivables - related parties	7(3)	21,464	-	8,846	-
1220	Current income tax assets	6(26)	1,403	-	2,158	-
130X	Inventories	6(4)	423,885	7	335,359	7
1410	Prepayments		54,236	1	31,020	1
1470	Other current assets	6(5) and 8	31,713	-	171,470	4
11XX	<b>Total current assets</b>		<u>3,566,332</u>	<u>58</u>	<u>2,527,788</u>	<u>54</u>
<b>Non-current assets</b>						
1550	Investments accounted for under	6(6)				
	equity method		284,970	5	237,812	5
1600	Property, plant and equipment	6(7), 7(3) and 8	1,854,600	30	1,517,384	32
1760	Investment property - net	6(8) and 8	176,741	3	178,171	4
1780	Intangible assets		2,764	-	4,639	-
1840	Deferred income tax assets	6(26)	104,357	2	82,709	2
1900	Other non-current assets	6(9)(14)	106,241	2	157,565	3
15XX	<b>Total non-current assets</b>		<u>2,529,673</u>	<u>42</u>	<u>2,178,280</u>	<u>46</u>
1XXX	<b>Total assets</b>		<u>\$ 6,096,005</u>	<u>100</u>	<u>\$ 4,706,068</u>	<u>100</u>

(Continued)

SPEED TECH CORP. AND SUBSIDIARIES  
CONSOLIDATED BALANCE SHEETS  
DECEMBER 31, 2018 AND 2017  
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

Liabilities and Equity	Notes	December 31, 2018		December 31, 2017		
		AMOUNT	%	AMOUNT	%	
<b>Current liabilities</b>						
2100	Short-term borrowings	6(10)	\$ 852,357	14	\$ 889,856	19
2130	Contract liabilities-current	6(20)	314	-	-	-
2150	Notes payable		24,998	-	30,066	-
2170	Accounts payable		1,318,756	22	699,726	15
2180	Accounts payable - related parties	7(3)	308,690	5	128,624	3
2200	Other payables	6(11)	306,983	5	254,418	5
2220	Other payables - related parties	7(3)	30,579	1	4,154	-
2230	Current income tax liabilities	6(26)	20,432	-	1,672	-
2300	Other current liabilities	6(12)(13) and 7(3)	301,862	5	33,368	1
21XX	<b>Total current liabilities</b>		<u>3,164,971</u>	<u>52</u>	<u>2,041,884</u>	<u>43</u>
<b>Non-current liabilities</b>						
2540	Long-term borrowings	6(13)	-	-	295,000	7
2570	Deferred income tax liabilities	6(26)	153,392	3	94,015	2
2600	Other non-current liabilities		13,353	-	9,325	-
25XX	<b>Total non-current liabilities</b>		<u>166,745</u>	<u>3</u>	<u>398,340</u>	<u>9</u>
2XXX	<b>Total Liabilities</b>		<u>3,331,716</u>	<u>55</u>	<u>2,440,224</u>	<u>52</u>
<b>Equity attributable to owners of parent</b>						
<b>Share capital</b>						
3110	Common shares	6(16)	1,678,000	28	1,678,000	36
<b>Capital surplus</b>						
3200	Capital surplus	6(17)	76,815	1	73,464	2
<b>Retained earnings</b>						
3310	Legal reserve	6(18)	31,552	1	25,887	-
3320	Special reserve		79,645	1	81,960	2
3350	Unappropriated retained earnings		222,853	4	69,473	1
<b>Other equity</b>						
3400	Other equity interest	6(19)	( 93,208)	( 2)	( 79,645)	( 2)
31XX	<b>Equity attributable to owners of the parent</b>		<u>1,995,657</u>	<u>33</u>	<u>1,849,139</u>	<u>39</u>
36XX	<b>Non-controlling interest</b>		<u>768,632</u>	<u>12</u>	<u>416,705</u>	<u>9</u>
3XXX	<b>Total equity interest</b>		<u>2,764,289</u>	<u>45</u>	<u>2,265,844</u>	<u>48</u>
<b>Significant contingent liabilities and unrecognised contract commitments</b>						
<b>Significant events after the balance sheet date</b>						
3X2X	<b>Total liabilities and equity</b>		<u>\$ 6,096,005</u>	<u>100</u>	<u>\$ 4,706,068</u>	<u>100</u>

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

SPEED TECH CORP. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME  
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017  
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, EXCEPT EARNINGS PER SHARE AMOUNT)

				For the years ended December 31				
				2018		2017		
Items	Notes	AMOUNT	%	AMOUNT	%	AMOUNT	%	
4000	<b>Operating revenue</b>	6(20), 7(3) and 12(5)	\$	5,133,422	100	\$	3,022,532	100
5000	<b>Operating costs</b>	6(4)(24) and 7(3)	(	4,083,487)	( 80)	(	2,512,260)	( 83)
5900	<b>Gross profit</b>			1,049,935	20	510,272	17	
	<b>Operating expenses</b>	6(24) and 7(3)						
6100	Selling expenses		(	90,591)	( 2)	(	84,373)	( 3)
6200	General and administrative expenses		(	97,936)	( 2)	(	88,909)	( 3)
6300	Research and development expenses		(	528,088)	( 10)	(	283,210)	( 9)
6450	Expected credit impairment loss	12(2)	(	10,338)	-	(	-	-
6000	<b>Total operating expenses</b>		(	726,953)	( 14)	(	456,492)	( 15)
6900	<b>Operating profit</b>			322,982	6	53,780	2	
	<b>Non-operating income and expenses</b>							
7010	Other income	6(21) and 7(3)		61,500	1	32,285	1	
7020	Other gains and losses	6(22)	(	1,365)	-	(	33,800)	( 1)
7050	Finance costs	6(23)	(	26,302)	( 1)	(	20,162)	( 1)
7060	Share of profit of associates and joint ventures accounted for under equity method	6(6)		77,028	2	85,348	3	
7000	<b>Total non-operating income and expenses</b>			110,861	2	63,671	2	
7900	<b>Profit before income tax</b>			433,843	8	117,451	4	
7950	Income tax expense	6(26)	(	124,249)	( 2)	(	32,797)	( 1)
8200	<b>Profit for the year</b>		\$	309,594	6	\$	84,654	3

(Continued)

SPEED TECH CORP. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME  
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017  
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, EXCEPT EARNINGS PER SHARE AMOUNT)

Items	Notes	For the years ended December 31			
		2018		2017	
		AMOUNT	%	AMOUNT	%
<b>Other comprehensive income (loss), net</b>					
<b>Components of other comprehensive income (loss) that will not be reclassified to profit or loss</b>					
8311	Gains (losses) on remeasurements of defined benefit plans	(\$ 176)	-	\$ 580	-
8320	Share of other comprehensive income of associates and joint ventures accounted for under equity method, components of other comprehensive income that will not be reclassified to profit or loss	421	-	575	-
8349	Income tax related to components of other comprehensive (loss) income that will not be reclassified to profit or loss	(38)	-	(99)	-
8310	<b>Components of other comprehensive income that will not be reclassified to profit or loss</b>	<u>207</u>	<u>-</u>	<u>1,056</u>	<u>-</u>
<b>Components of other comprehensive income that will be reclassified to profit or loss</b>					
8361	Exchange differences on translation of foreign financial	(44,453)	(1)	4,525	-
8370	Share of other comprehensive income (loss) of associates and joint ventures accounted for under equity method, components of other comprehensive income that will be reclassified to profit or loss	3,879	-	(1,345)	-
8399	Income tax relating to components of other comprehensive income (loss) that will be reclassified to profit or loss	7,580	-	(2,190)	-
8360	<b>Total Components of other comprehensive income that will be reclassified to profit or loss</b>	<u>(32,994)</u>	<u>(1)</u>	<u>990</u>	<u>-</u>
8300	<b>Other comprehensive (loss) income for the year, net</b>	<u>(\$ 32,787)</u>	<u>(1)</u>	<u>\$ 2,046</u>	<u>-</u>
8500	<b>Total comprehensive income for the year</b>	<u>\$ 276,807</u>	<u>5</u>	<u>\$ 86,700</u>	<u>3</u>
<b>Profit, attributable to:</b>					
8610	Owners of the parent	<u>\$ 168,496</u>	<u>3</u>	<u>\$ 56,655</u>	<u>2</u>
8620	Non-controlling interest	<u>\$ 141,098</u>	<u>3</u>	<u>\$ 27,999</u>	<u>1</u>
<b>Comprehensive income attributable to:</b>					
8710	Owners of the parent	<u>\$ 155,140</u>	<u>3</u>	<u>\$ 60,026</u>	<u>2</u>
8720	Non-controlling interest	<u>\$ 121,667</u>	<u>2</u>	<u>\$ 26,674</u>	<u>1</u>
<b>Basic earnings per share</b>					
9750	<b>Total basic earnings per share</b>	<u>\$</u>	<u>1.00</u>	<u>\$</u>	<u>0.34</u>
<b>Diluted earnings per share</b>					
9850	<b>Total diluted earnings per share</b>	<u>\$</u>	<u>1.00</u>	<u>\$</u>	<u>0.34</u>



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

Notes	Equity attributable to owners of the parent										
	Common shares	Share premium	Capital surplus Difference between consideration and carrying amount of subsidiaries acquired or disposed	employee stock options	Legal reserve	Retained earnings special reserve	Unappropriated retained earnings	Other equity Exchange differences on translation of foreign financial	Total	Non-controlling interest	Total equity
<b>Year 2017</b>											
	\$ 1,678,000	\$ 27,280	\$ 33,636	\$ -	\$ 25,887	\$ 44,964	\$ 48,758	(\$ 81,960)	\$ 1,776,565	\$ 402,579	\$ 2,179,144
	-	-	-	-	-	-	56,655	-	56,655	27,999	84,654
	-	-	-	-	-	-	1,056	2,315	3,371	( 1,325 )	2,046
	-	-	-	-	-	-	57,711	2,315	60,026	26,674	86,700
Appropriation and distribution of 2016 retained earnings	6(18)										
Special reserve appropriated	6(31)	-	-	-	-	36,996	( 36,996 )	-	-	-	-
Difference between consideration and carrying amount of subsidiaries acquired		-	12,548	-	-	-	-	-	12,548	( 12,548 )	-
Balance at December 31, 2017	\$ 1,678,000	\$ 27,280	\$ 46,184	\$ -	\$ 25,887	\$ 81,960	\$ 69,473	(\$ 79,645)	\$ 1,849,139	\$ 416,705	\$ 2,265,844
<b>Year 2018</b>											
	\$ 1,678,000	\$ 27,280	\$ 46,184	\$ -	\$ 25,887	\$ 81,960	\$ 69,473	(\$ 79,645)	\$ 1,849,139	\$ 416,705	\$ 2,265,844
	-	-	-	-	-	-	168,496	-	168,496	141,098	309,594
	-	-	-	-	-	-	207	( 13,563 )	( 13,356 )	( 19,431 )	( 32,787 )
	-	-	-	-	-	-	168,703	( 13,563 )	155,140	121,667	276,807
Appropriation and distribution of 2017 retained earnings	6(18)										
Legal reserve appropriated		-	-	-	5,665	-	( 5,665 )	-	-	-	-
Reversal of special reserve		-	-	-	-	( 2,315 )	2,315	-	-	-	-
Changes in ownership interests in associates		-	-	-	-	-	( 11,973 )	-	( 11,973 )	-	( 11,973 )
Compensation cost of employee stock options	6(15)	-	-	3,351	-	-	-	-	3,351	4,504	7,855
Increase in non-controlling interest	6(31)	-	-	-	-	-	-	-	-	225,756	225,756
Balance at December 31, 2018	\$ 1,678,000	\$ 27,280	\$ 46,184	\$ 3,351	\$ 31,552	\$ 79,645	\$ 222,853	(\$ 93,208)	\$ 1,995,657	\$ 768,632	\$ 2,764,289

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

**SPEED TECH CORP. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**YEARS ENDED DECEMBER 31, 2018 AND 2017**  
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	Notes	For the years ended December 31,	
		2018	2017
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit before tax		\$ 433,843	\$ 117,451
Adjustments			
Adjustments to reconcile profit (loss)			
Expected credit loss	12(2)	10,338	-
Provision for allowance for uncollectible accounts expense	12(4)	-	1,233
Depreciation on property, plant and equipment	6(24)	320,217	264,690
Depreciation on investment property	6(22)	1,862	1,970
Amortisation on intangible assets	6(24)	2,194	3,830
Interest expense	6(23)	26,302	20,162
Interest income	6(21)	( 7,162 )	( 5,020 )
Loss on disposal of property, plant and equipment	6(22)	1,946	3,451
Property, plant and equipment transferred to expenses		25,621	15,936
Other non-current assets transferred to expenses		-	479
Share of profit of associates and joint ventures accounted for using equity method	6(6)	( 77,028 )	( 85,348 )
Net loss (gain) on financial assets and liabilities at fair value through profit or loss	6(22)	4,793	( 3,830 )
Loss on disposal of subsidiaries		-	1,526
Share-based payments	6(15)	7,855	-
Changes in operating assets and liabilities			
Changes in operating assets			
Financial assets and liabilities at fair value through profit or loss		( 6,381 )	1,438
Notes receivable, net		( 2,726 )	( 1,341 )
Notes receivable due from related parties, net		( 138,160 )	392,503
Accounts receivable, net		11,768	( 139,020 )
Accounts receivable due from related parties, net		( 1,107,464 )	( 147,981 )
Other receivables		15,327	( 14,884 )
Other receivables due from related parties		( 12,618 )	3,061
Inventories		( 88,526 )	( 75,400 )
Prepayments		( 23,216 )	( 7,998 )
Other current assets		( 285 )	( 1,877 )
Other non-current assets		13,086	11,191
Changes in operating liabilities			
Current contract liabilities		( 293 )	-
Notes payable		( 5,068 )	11,873
Accounts payable		619,030	205,132
Accounts payable to related parties		180,066	58,621
Other payables		83,711	( 35,927 )
Other payables to related parties		16,396	( 18,620 )
Other current liabilities		4,101	( 2,456 )
Other non-current liabilities		5,141	8,100
Cash inflow generated from operations		314,670	582,945
Income taxes received		508	9,563
Income taxes paid		( 58,907 )	( 31,171 )
Interest received		7,162	5,262
Net cash provided by operating activities		263,433	566,599

(Continued)

CASH FLOWS FROM INVESTINGACTIVITIES

Other receivables due from related parties		\$	-	\$	124,990
Decrease (increase) in other current assets			139,743	(	126,329 )
Dividends received from investments accounted for using equity method	7(3)		22,197		36,996
Acquisition of property, plant and equipment	6(28)	(	742,863 )	(	250,270 )
Proceed from disposal of property, plant and equipment			88,942		11,454
Acquisition of investment properties	6(8)		-	(	19 )
Acquisition of intangible assets		(	351 )	(	2,019 )
Increase in prepayments for business facilities		(	35,327 )	(	94,899 )
(Increase) decrease refundable deposits	6(9)	(	2,553 )		226
Effect of net cash from disposal of subsidiaries	6(28)		-	(	3,556 )
Net cash used in investing activities		(	530,212 )	(	303,426 )

CASH FLOWS FROM FINANCINGACTIVITIES

Decrease in short-term loans	6(30)	(	37,499 )	(	245,305 )
Decrease in short-term notes and bills payable	6(30)		-	(	24,960 )
Repayments of long-term loans	6(30)	(	30,000 )	(	30,000 )
(Decrease) increase in guarantee deposits received		(	924 )		277
Interest paid		(	26,246 )	(	19,384 )
Increase in non-controlling interest	6(31)		225,756		-
Net cash from (used in) financing activities			131,087	(	319,372 )
Effect of exchange rate		(	20,610 )		17,905
Net decrease in cash and cash equivalents		(	156,302 )	(	38,294 )
Cash and cash equivalents at beginning of the year	6(1)		688,033		726,327
Cash and cash equivalents at end of the year	6(1)	\$	531,731	\$	688,033

## Independent Auditors' Report Translated from Chinese

PWCR18000464

To the Board of Directors and Shareholders of Speed Tech Corp.

### ***Opinion***

We have audited the accompanying parent company only balance sheets of Speed Tech Corp. (the “Company”) as at December 31, 2018 and 2017, and the related statements of parent company only comprehensive income, parent company only statements of changes in equity, and parent company only statements 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 parent company only financial position of the Company as at December 31, 2018 and 2017, and its parent company only financial performance and its parent company only 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 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. Based on our audits and the audit reports of other independent accountants, 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 of the current period. These matters were addressed in the context of our audit of the parent company only financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

Please refer to Note 4(12) for accounting policies on investments accounted for under equity method ; and Note 6(5) for details of investments accounted for under equity method. The subsidiaries's financial condition and financial performance have significant impact to the parent company only financial statements, the key audit matters in related to investments accounted for under equity method, including revaluation of inventories, we will discuss in the following key audit matters.

Key audit matters for the parent company only financial statements of the current period are stated as follows:

#### ***Key audit matter –Impairment evaluation on property, plant and equipment***

##### Description

Please refer to Note 4(13) for accounting policies on property, plant and equipment, Note 4(17) for accounting policies on impairment of non-financial assets, Note 5(2) for the uncertainty of accounting estimates and assumptions related to impairment of property, plant and equipment, and Note 6(6) for details of property, plant and equipment.

The Company holds property, plant and equipment primarily for workplace, plant and machinery and equipment for producing. The operation of the Company may change with the changes of the economic conditions and corporate strategies, which affects the impairment evaluation on property, plant and equipment. The Company evaluates the recoverable amount of property, plant and equipment based on the evaluation information prepared by the management and appraisal report prepared by the appointed external appraiser. Considering the amounts of property, plant and equipment are significant and the evaluation processes involve professional judgements. Thus, we consider the impairment evaluation on property, plant and equipment a key audit matter.

##### How our audit addressed the matter

Our key audit procedures performed in respect of the above included the following:

5. Inspected the evaluation information prepared by the management and reconciled with relevant information.
6. Inspected the relevant documentations regarding the professionalism, competence and objectivity

of the external appraiser.

7. Interviewed the external appraiser and management to understand the evaluation method and data source used.

8. Inspected the appraisal report prepared by the external appraiser, sampled and tested the data used with relevant information.

### ***Key audit matter –Evaluation on inventories***

#### Description

Please refer to Note 4(11), for accounting policies on inventory evaluation, Note 5(2) for the uncertainty of accounting estimates and assumptions applied on inventory evaluation, and Note 6(3) for details of inventories.

The Company and its subsidiaries's revenue is primarily from processing and manufacturing as well as selling of electronic connectors. The inventory value changes arising from technical transformations, environmental changes and sales situations affect the inventory evaluation. The Company and its subsidiaries evaluate the inventory net realisable values by judgements, identifying net realisable values for each inventory, comparing the lower of costs and net realisable values and identifying the serviceability of obsolete inventories individually, hereby to decide the allowance for inventory evaluation losses. Considering the inventory amounts are significant and the evaluation processes involve judgements, thus, we consider the inventory evaluation a key audit matter.

#### How our audit addressed the matter

We performed the following audit procedures in respect of the above key audit matter:

1. Performed physical inventory count at the end of period to identify whether there are obsolete, damaged or unsalable inventories.

2. Obtained the policies of inventory evaluation and determined whether the policies applied in provision of allowance for inventory evaluation losses adopted in the different periods are in agreement.
3. Obtained ageing statements of each kind of inventory and tested the changes in ages of inventory. Selected samples with inventory number and verified with change records, checked the accuracy of classification range of inventory ages.
4. Obtained net realisable value statement of each kind of inventory and checked whether the applied calculation logic agreed to all inventory. Sampled and tested relevant data with the relevant documentations. In addition, recalculated the allowance for inventory valuation losses that the Company should provision by comparing the lower of costs and net realisable values individually.

### ***Other matter – Reference to audits of other independent accountants***

We did not audit the financial statements of certain investees accounted for using equity method that are included in the parent company only financial statements. Those financial statements for the investees were audited by other independent accountants whose reports thereon have been furnished to us, and our opinion expressed herein is based solely on the audit reports of the other independent accountants. On December 31, 2018 and 2017, the Company recognised the investments accounted for using equity method for aforementioned investees amounting to \$2,206 thousand and \$0 thousand, respectively, constituting 0.06% and 0.00% of the total parent company only assets respectively; and recognised comprehensive income

(loss) for aforementioned investees amounting to NT\$2, 206 thousand and NT\$(4,038) thousand, constituting 1.42% and (6.73%) of the parent company only comprehensive income (loss) for the years then ended, respectively.

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

Management is responsible for the preparation and fair presentation of the parent company only financial statements in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers”, and for such internal control as management determines is necessary to enable the preparation of the 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 audit committee, are responsible for overseeing the Company's financial reporting process.

### ***Auditor's responsibilities for the audit of the financial statements***

Our objectives are to obtain reasonable assurance about whether the 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:

7. Identify and assess the risks of material misstatement of the 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.
8. 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.



9. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
10. 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.
11. 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.
12. Obtain sufficient appropriate audit evidence regarding the parent company only 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 Company 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 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.

Huang, Shih-Chun

Yeh, Tsui-Miao

For and on behalf of PricewaterhouseCoopers, Taiwan

March 11, 2019

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The accompanying parent 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 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.

SPEED TECH CORP.  
PARENT COMPANY ONLY BALANCE SHEETS  
DECEMBER 31, 2018 AND 2017  
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

Assets	Notes	December 31, 2018		December 31, 2017		
		AMOUNT	%	AMOUNT	%	
<b>Current assets</b>						
1100	Cash and cash equivalents	6(1)	\$ 174,712	5	\$ 253,813	7
1160	Notes receivable related parties, net	7(3)	-	-	410	-
1170	Accounts receivable, net	6(2)	593,825	16	478,616	13
1180	Accounts receivable - related parties, net	6(2) and 7(3)	97,156	2	114,179	3
1200	Other receivables		6,872	-	30,475	1
1210	Other receivables - related parties	7(3)	28,379	1	15,312	-
1220	Current income tax assets	6(25)	103	-	2,158	-
130X	Inventories	6(3)	105,561	3	128,955	4
1410	Prepayments		2,730	-	2,042	-
1470	Other current assets	6(4) and 8	5,753	-	5,469	-
11XX	<b>Total current assets</b>		<u>1,015,091</u>	<u>27</u>	<u>1,031,429</u>	<u>28</u>
<b>Non-current assets</b>						
1550	Investments accounted for under equity method	6(5) and 7(3)	1,631,358	43	1,404,744	39
1600	Property, plant and equipment	6(6), 7(3) and 8	778,001	20	867,163	24
1760	Investment property - net	6(7) and 8	176,741	5	178,171	5
1780	Intangible assets		1,532	-	2,943	-
1840	Deferred income tax assets	6(25)	99,602	3	78,278	2
1900	Other non-current assets	6(8)(13)	78,461	2	70,166	2
15XX	<b>Total non-current assets</b>		<u>2,765,695</u>	<u>73</u>	<u>2,601,465</u>	<u>72</u>
1XXX	<b>Total assets</b>		<u>\$ 3,780,786</u>	<u>100</u>	<u>\$ 3,632,894</u>	<u>100</u>

(Continued)

SPEED TECH CORP.  
PARENT COMPANY ONLY BALANCE SHEETS  
DECEMBER 31, 2018 AND 2017  
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

Liabilities and Equity		Notes	December 31, 2018		December 31, 2017	
			AMOUNT	%	AMOUNT	%
<b>Current liabilities</b>						
2100	Short-term loans	6(9)	\$ 713,787	19	\$ 786,240	21
2130	Contract liabilities-current	6(19)	314	-	-	-
2150	Notes payable		362	-	355	-
2170	Accounts payable		99,136	3	150,565	4
2180	Accounts payable - related parties	7(3)	392,647	10	291,403	8
2200	Other payables	6(10)	120,016	3	132,385	4
2230	Current income tax liabilities	6(25)	5,204	-	-	-
2300	Other current liabilities	6(11)(12) and 7(3)	302,233	8	34,003	1
21XX	<b>Total current liabilities</b>		<u>1,633,699</u>	<u>43</u>	<u>1,394,951</u>	<u>38</u>
<b>Non-current liabilities</b>						
2540	Long-term loans	6(12)	-	-	295,000	8
2570	Deferred income tax liabilities	6(25)	151,130	4	92,580	3
2600	Other non-current liabilities		300	-	1,224	-
25XX	<b>Total non-current liabilities</b>		<u>151,430</u>	<u>4</u>	<u>388,804</u>	<u>11</u>
2XXX	<b>Total Liabilities</b>		<u>1,785,129</u>	<u>47</u>	<u>1,783,755</u>	<u>49</u>
<b>Equity</b>						
<b>Share capital</b>						
		6(15)				
3110	Common shares		1,678,000	44	1,678,000	46
<b>Capital surplus</b>						
		6(16)				
3200	Capital surplus		76,815	2	73,464	2
<b>Retained earnings</b>						
		6(17)				
3310	Legal reserve		31,552	1	25,887	1
3320	Special reserve		79,645	2	81,960	2
3350	Unappropriated retained earnings		222,853	6	69,473	2
<b>Other equity interest</b>						
3400	Other equity interest	6(18)	( 93,208)	( 2)	( 79,645)	( 2)
3XXX	<b>Total equity interest</b>		<u>1,995,657</u>	<u>53</u>	<u>1,849,139</u>	<u>51</u>
<b>Significant contingent liabilities and unrecognised contract commitments</b>						
<b>Significant events after the balance sheet date</b>						
3X2X	<b>Total liabilities and equity</b>		<u>\$ 3,780,786</u>	<u>100</u>	<u>\$ 3,632,894</u>	<u>100</u>

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

SPEED TECH CORP.  
**PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME**  
 FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017  
 (EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, EXCEPT EARNINGS PER SHARE AMOUNT)

Items	Notes	For the years ended December 31				
		2018		2017		
		AMOUNT	%	AMOUNT	%	
4000	<b>Operating revenue</b>	6(19) and 7(3)	\$ 1,817,877	100	\$ 1,511,520	100
5000	<b>Operating costs</b>	6(3)(23)(24) and 7(3)	( 1,698,716)	( 93)	( 1,402,475)	( 93)
5900	<b>Gross profit</b>		119,161	7	109,045	7
5920	Realized loss on sales		-	-	( 221)	-
5950	<b>Net Gross profit</b>		119,161	7	108,824	7
	<b>Operating expenses</b>	6(23)(24) and 7(3)				
6100	Selling expenses		( 60,584)	( 3)	( 59,021)	( 4)
6200	General and administrative expenses		( 45,683)	( 3)	( 50,813)	( 3)
6300	Research and development expenses		( 87,799)	( 5)	( 77,989)	( 5)
6450	Expected credit impairment loss	12(2)	( 1,676)	-	-	-
6000	<b>Total operating expenses</b>		( 195,742)	( 11)	( 187,823)	( 12)
6900	<b>Operating loss</b>		( 76,581)	( 4)	( 78,999)	( 5)
	<b>Non-operating income and expenses</b>					
7010	Other income	6(20) and 7(3)	36,407	2	38,017	2
7020	Other gains and losses	6(21) and 7(3)	5,510	1	( 21,118)	( 1)
7050	Finance costs	6(22)	( 19,912)	( 1)	( 15,986)	( 1)
7070	Share of profit of subsidiaries, associates and joint ventures accounted for under equity method	6(5)	276,252	15	152,113	10
7000	<b>Total non-operating income and expenses</b>		298,257	17	153,026	10
7900	<b>Profit before income tax</b>		221,676	13	74,027	5
7950	Income tax expense	6(25)	( 53,180)	( 3)	( 17,372)	( 1)
8200	<b>Profit for the year</b>		\$ 168,496	10	\$ 56,655	4
	<b>Other comprehensive income (loss), net</b>					
	<b>Components of other comprehensive income (loss) that will not be reclassified to profit or loss</b>					
8311	Gains (losses) on remeasurements of defined benefit plans	6(13)	( \$ 176)	-	\$ 580	-
8330	Share of other comprehensive income of subsidiaries, associates and joint ventures accounted for under equity method, components of other comprehensive income that will not be reclassified to profit or loss		421	-	575	-
8349	Income tax related to components of other comprehensive (loss) income that will not be reclassified to profit or loss	6(25)	( 38)	-	( 99)	-
8310	<b>Components of other comprehensive income that will not be reclassified to profit or loss</b>		207	-	1,056	-
	<b>Components of other comprehensive income that will be reclassified to profit or loss</b>					
8361	Exchange differences on translation of foreign financial statements	6(19)	( 25,022)	( 1)	5,850	-
8380	Share of other comprehensive income (loss) of subsidiaries, associates and joint ventures accounted for under equity method, components of other comprehensive income that will be reclassified to profit or loss		3,879	-	( 1,345)	-
8399	Income tax relating to components of other comprehensive income (loss)	6(25)	7,580	-	( 2,190)	-
8360	<b>Components of other comprehensive income that will be reclassified to profit or loss</b>		( 13,563)	( 1)	2,315	-
8300	<b>Other comprehensive (loss) income, net</b>		( \$ 13,356)	( 1)	\$ 3,371	-
8500	<b>Total comprehensive income for the year</b>		\$ 155,140	9	\$ 60,026	4
	<b>Basic earnings per share</b>					
9750	<b>Total basic earnings per share</b>	6(26)	\$ 1.00		\$ 0.34	
	<b>Diluted earnings per share</b>					
9850	<b>Total diluted earnings per share</b>	6(26)	\$ 1.00		\$ 0.34	

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

SPEED TECH CORP.  
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY  
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017  
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	Notes	Capital surplus			Retained earnings				Exchange differences on translation of foreign financial	Total equity
		Common shares	Share premium	Difference between the price for acquisition or disposal of subsidiaries and carrying amount	Employee stock options	Legal reserve	Special reserve	Unappropriated retained earnings		
<u>Year 2017</u>										
Balance at January 1, 2017		\$ 1,678,000	\$ 27,280	\$ 33,636	\$ -	\$ 25,887	\$ 44,964	\$ 48,758	(\$ 81,960)	\$ 1,776,565
Net income for 2017		-	-	-	-	-	-	56,655	-	56,655
Other comprehensive income for 2017		-	-	-	-	-	-	1,056	2,315	3,371
Total comprehensive income for 2017		-	-	-	-	-	-	57,711	2,315	60,026
Appropriation and distribution of 2016 retained earnings	6(17)									
Special reserve appropriated		-	-	-	-	-	36,996	( 36,996 )	-	-
Difference between consideration and carrying amount of subsidiaries acquired		-	-	12,548	-	-	-	-	-	12,548
Balance at December 31, 2017		\$ 1,678,000	\$ 27,280	\$ 46,184	\$ -	\$ 25,887	\$ 81,960	\$ 69,473	(\$ 79,645)	\$ 1,849,139
<u>Year 2018</u>										
Balance at January 1, 2018		\$ 1,678,000	\$ 27,280	\$ 46,184	\$ -	\$ 25,887	\$ 81,960	\$ 69,473	(\$ 79,645)	\$ 1,849,139
Net income for 2018		-	-	-	-	-	-	168,496	-	168,496
Other comprehensive income (loss) for 2018		-	-	-	-	-	-	207	( 13,563 )	( 13,356 )
Total comprehensive income (loss) for 2018		-	-	-	-	-	-	168,703	( 13,563 )	155,140
Appropriation and distribution of 2017 retained earnings	6(17)									
Legal reserve appropriated		-	-	-	-	5,665	-	( 5,665 )	-	-
Reversal of special reserve		-	-	-	-	-	( 2,315 )	2,315	-	-
Changes in ownership interests in associates		-	-	-	-	-	-	( 11,973 )	-	( 11,973 )
Compensation cost of employee stock options	6(14)	-	-	-	3,351	-	-	-	-	3,351
Balance at December 31, 2018		\$ 1,678,000	\$ 27,280	\$ 46,184	\$ 3,351	\$ 31,552	\$ 79,645	\$ 222,853	(\$ 93,208)	\$ 1,995,657

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

SPEED TECH CORP.  
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017  
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	Notes	For the years ended December 31,	
		2018	2017
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES</u></b>			
Profit before tax		\$ 221,676	\$ 74,027
Adjustments			
Adjustments to reconcile profit (loss)			
Expected credit loss	12(2)	1,676	-
Reversal of provision for allowance for uncollectible accounts expense	6(20)	-	( 90 )
Depreciation on property, plant and equipment	6(23)	116,934	146,756
Depreciation on investment property	6(21)	1,862	1,970
Amortisation	6(23)	1,762	3,481
Interest expense	6(22)	19,912	15,986
Interest income	6(20)	( 476 )	( 890 )
Gain on disposal of property, plant and equipment	6(21)	( 5,111 )	( 218 )
Property, plant and equipment transferred to expenses		5,969	8,487
Other non-current assets transferred to expenses		-	479
Unrealized (Realized) gains from affiliated company		-	221
Share of profit of associates and joint ventures accounted for using equity method	6(5)	( 276,252 )	( 152,113 )
Loss on disposal of investments accounted for under equity method	6(21)	-	1,526
Gain on disposal of assets form affiliated company		( 1,903 )	-
Changes in operating assets and liabilities			
Changes in operating assets			
Notes receivable, net		-	62
Notes receivable due from related parties, net		410	( 410 )
Accounts receivable, net		( 116,885 )	( 117,185 )
Accounts receivable due from related parties, net		17,023	23,206
Other receivables		23,603	( 29,151 )
Other receivables due from related parties		( 13,067 )	400
Inventories		23,394	( 68,836 )
Prepayments		( 688 )	4,245
Other current assets		( 284 )	( 1,879 )
Other non-current assets		2,666	1,636
Changes in operating liabilities			
Current contract liabilities		( 126 )	-
Notes payable		7	13
Accounts payable		( 51,429 )	52,261
Accounts payable to related parties		101,244	205,377
Other payables		( 4,356 )	3,293
Other payables to related parties		-	( 223 )
Other current liabilities		3,670	497
Cash inflow generated from operations		71,231	172,928
Income taxes received		-	3,461
Income taxes paid		( 1,153 )	( 4,208 )
Interest received		476	1,132
Net cash provided by operating activities		<u>70,554</u>	<u>173,313</u>

(Continued)

CASH FLOWS FROM INVESTING ACTIVITIES

Decrease in other current assets		\$	-	\$	21,885
Acquisition of property, plant and equipment	6(27)	(	76,175 )	(	61,601 )
Proceed from on disposal of property, plant and equipment			44,120		2,361
Acquisition of investment properties	6(7)		-	(	19 )
Increase in prepayments for business facilities		(	16,213 )	(	35,821 )
Acquisition of intangible assets		(	351 )	(	642 )
Dividends received from investments accounted for using equity method	6(5) and 7(3)		22,197		36,996
Acquisition of investments accounted for under equity method			-	(	359,343 )
Cash received from subsidiary liquidation			-		112,058
Other receivables-disposal of subsidiaries			-		21,651
Disposal of subsidiaries			-		13,614
Net cash used in investing activities		(	26,422 )	(	248,861 )

CASH FLOWS FROM FINANCING ACTIVITIES

Decrease in short-term notes and bills payable			-	(	24,960 )
(Decrease) increase in short-term loans		(	72,453 )		141,682
(Decrease) increase in guarantee deposits received		(	924 )		277
Interest paid		(	19,856 )	(	15,363 )
Repayments of long-term loans		(	30,000 )	(	30,000 )
Net cash (used in) flows from financing activities		(	123,233 )		71,636
Net decrease in cash and cash equivalents		(	79,101 )	(	3,912 )
Cash and cash equivalents at beginning of the year	6(1)		253,813		257,725
Cash and cash equivalents at end of the year	6(1)	\$	174,712	\$	253,813



**Attachment IV**

**SPEED TECH CORP.**

**2018 Annual Earnings Distribution Table**

Unit: NT \$

Items	Amount
Beginning retained earnings	\$ 66,122,809
Plus: actuarial gains and losses	208,835
Plus: net income after tax this year	168,495,593
Less: 10% of legal reserve	(16,849,559)
Less: special reserves	(13,563,753)
Distributable net profit	204,413,925
Distributable items:	
Shareholders' dividends	0
Unappropriated retain earnings	\$ 204,413,925

Chairman: TSAI, CHEN-LUNG    Manager: CHEN, LI-SEN    Director of Accounting : CHUANG, YUEN-TUNG

Attachment V

SPEED TECH CORP.

Comparison Table for the Articles of Incorporation Before and After Revisions

Article	Content		Explanation
	Current Version	Revised Article	
Article 1	This Corporation shall be incorporated, as a company limited by shares, under the Company Law of the Republic of China, and its name shall be 宣德科技股份有限公司	The Corporation shall be incorporated, as a company limited by shares, under the Company Law of the Republic of China, and its name shall be 宣德科技股份有限公司 in the Chinese language, <u>and Speed Tech Corp. in the English language.</u>	In compliance with Company Act 392-1
Article 6	(delete)	<p><u>The treasury shares purchased by this Corporation in accordance with the Company Act may be transferred to, including but not limited to, employees of parents or subsidiaries of the Company meeting certain specific requirements set by the Board of Directors or its authorized persons</u></p> <p><u>The share subscription warrants of this Corporation may be issued to, including but not limited to, employees of parents or subsidiaries of the Company meeting certain specific requirements set by the Board of Directors or its authorized persons.</u></p> <p><u>When this Corporation issues new shares, the employees entitled to subscribe for new shares may include employees of parents or subsidiaries of the Company meeting certain specific requirements set by the Board of Directors or its authorized persons.</u></p> <p><u>The restricted stock for employees issued by the Company may be transferred to, including but not limited to, employees of parents or subsidiaries of the Company meeting certain specific requirements set by the Board of Directors or its authorized persons</u></p>	In compliance with Company Act Article 167-1 paragraph 4, Article 167-2 paragraph 3, and Article 267 paragraph 7 & 11 Amendment
Article 19	<p>In order to reward and encourage employees and management team, this Corporation, before paying dividends or bonuses to shareholders, shall set aside not less than 3% as profit sharing bonuses to its employees and not more than 3% of its annual profits as compensation to its directors and supervisors; provided, however, that this Corporation shall have reserved a sufficient amount to offset its accumulated losses first.</p> <p>Employees' profit sharing shall be distributed by way of cash dividend and/or stock dividend. The compensation to directors and supervisors shall be distributed only in</p>	<p>In order to reward and encourage employees and management team, this Corporation, before paying dividends or bonuses to shareholders, shall set aside not less than 3% as profit sharing bonuses to its employees and not more than 3% of its annual profits as compensation to its directors and supervisors; provided, however, that this Corporation shall have reserved a sufficient amount to offset its accumulated losses first.</p> <p>Employees' profit sharing shall be distributed by way of cash dividend and/or stock dividend. The compensation to directors and supervisors shall be distributed only in cash. Proposal of compensation shall be resolved by a majority vote at a Board of Directors meeting attended by at least two-thirds of the total number of</p>	In compliance with Companies Act Article 235-1 paragraph 4

Article	Content		Explanation
	Current Version	Revised Article	
	cash. Proposal of compensation shall be resolved by a majority vote at a Board of Directors meeting attended by at least two-thirds of the total number of directors and shall be reported to the shareholders' meeting.	directors and shall be reported to the shareholders' meeting. <u>“Employees” in the preceding paragraph may include the employees of parents or subsidiaries of the company who meeting certain specific requirements.</u>	
Article 20	<p>When allocating the earnings after having paid all taxes and dues for each fiscal year, this Corporation shall first offset its losses in previous years, and set aside a legal capital reserve at 10% of the profits. It is not subject to regulation, if the accumulated legal capital reserve has equaled the total capital of the Corporation. Aside from aforesaid legal reserve or reverse special capital reserve in accordance with relevant laws or regulations or as requested by the authorities in charge, any remain profit plus unappropriated retained shall be distributable earnings. The Board of the Directors shall propose the earnings distribution in a shareholders' meeting for a resolution.</p> <p>The earnings distribution shall be based on the net profit after tax for the current year, however, considering the interests of shareholders, balanced dividends and the company's long-term financial planning, the Corporation may draft the unappropriated retained earnings from the previous year for insufficient earnings for distribution. When allocating earnings distribution, the Corporation shall consider company's future expanding plans and the needs of cash flow. Dividends shall be distributed by way of cash dividend and/or stock dividend, of which, cash dividends shall be not less than 10% of the total dividend. The proceeding earning distribution ratio and ration of cash dividend, shall be adjusted depending on the actual earnings and capital position with a resolution reached in a shareholders meeting.</p>	<p>When allocating the surplus profits after having paid all taxes and dues for each fiscal year, the company shall first offset its losses in previous years, and set aside a legal capital reserve at 10% of the profits left over. Where such legal reserve amount to the total paid-in capital, this provision shall not apply. Aside from aforesaid legal reserve or reverse special capital reserve in accordance with relevant laws or regulations or as requested by the authorities in charge, any balance left over, unappropriated retained earnings included, shall be allocated per resolution of the shareholders' meeting which proposed by the Board of the Directors.</p> <p>The policy for allocating the surplus profits shall first assign the net profit after tax for the current year. The Company intends to adopt a dividend policy that seeks to best balance the operating requirements and shareholder interests, a suitable dividend distribution plan may be drafted from unappropriated retained earnings from the previous year. The dividend distribution plan shall take account of the needs of future business expanding plans and the cash flow. Dividends may be distributed by way of cash dividend and/or stock dividend, of which, cash dividends shall be no less than 10% of the total dividend. Provide the aforesaid the ratio of the surplus profit and ration of cash dividend, may have adjusted depending on the actual earnings and capital position with a resolution reach in shareholders meeting.</p> <p><u>Where company incurs no loss, it may, pursuant to a resolution to the board of directors as authorized, by a majority vote at a Board of Directors meeting attended by at least two-thirds of the total number of directors, distribute its legal reserve (which foresaid reserve only the portion of legal reserve which exceeds 25 percent of the paid-in capital) and the capital reserve with the provision of Company Act, which in whole or in part , to shareholders by cash, and report to the most recently shareholders meeting.</u></p>	In compliance with Article 241 of the Companies Act
Article 22	The Article of Incorporation ..., The 11th amendment made on June 27, 2003. The 12th amendment made on	The Article of Incorporation ..., The 11th amendment made on June 27, 2003. The 12th amendment made on June 16, 2004.	Add revision date of the

Article	Content		Explanation
	Current Version	Revised Article	
	<p>June 16, 2004. The 13th amendment made on June 20, 2005. The 14th amendment made on June 15, 2006. The 15th amendment made on June 13, 2008. The 16th amendment made on June 19, 2009. The 17th amendment made on April 23, 2010. The 18th amendment made on June 15, 2012. The 19th amendment made on June 30, 2015. The 20th amendment made on June 24, 2016. The 21th amendment made on June 28, 2017. The 22th amendment made on May 31, 2018.</p>	<p>The 13th amendment made on June 20, 2005.  The 14th amendment made on June 15, 2006.  The 15th amendment made on June 13, 2008.  The 16th amendment made on June 19, 2009.  The 17th amendment made on April 23, 2010.  The 18th amendment made on June 15, 2012.  The 19th amendment made on June 30, 2015.  The 20th amendment made on June 24, 2016.  The 21st amendment made on June 28, 2017.  The 22nd amendment made on May 31, 2018.  <u>The 23rd amendment will be revised on of 2019 shareholders meeting</u></p>	Article

【Annex VI】

**SPEED TECH CORP.**

**Comparison Table for The Amendments of Regulations Governing the Acquisition and Disposal of Assets**

Clause	Content		Amendment basis and reasons
	Before Amendment	After Amendment	
Article 3	<p>The scope of assets</p> <p>1. Securities: Including investments in stocks, government bonds, corporate bonds, financial bonds, securities representing interest in a fund, <u>domestic beneficiary certificate, foreign mutual fund</u>, depository receipts, call (put) warrants, beneficial interest securities, and asset-backed securities, etc.</p> <p>2. Real property (including land, houses and buildings, investment property, <u>land access</u>, and construction enterprise inventory) and equipment.</p> <p>3. Memberships.</p> <p>4. Intangible assets: Including patents, copyrights, trademarks, franchise rights, and other intangible assets.</p> <p>5. Claims of financial institutions (including receivables, bills purchased and discounted, loans, and overdue receivables).</p> <p>6. Derivatives.</p> <p>7. Assets acquired or disposed of in connection with mergers, demergers, acquisitions, or transfer of shares in accordance with law.</p> <p>8. Other major assets.</p>	<p>The scope of assets</p> <p>1. Securities: Including investments in stocks, government bonds, corporate bonds, financial bonds, securities representing interest in a fund, depository receipts, call (put) warrants, beneficial interest securities, and asset-backed securities, etc.</p> <p>2. Real property (including land, houses and buildings, investment property, and construction enterprise inventory) and equipment.</p> <p>3. Memberships.</p> <p>4. Intangible assets: Including patents, copyrights, trademarks, franchise rights, and other intangible assets.</p> <p>5. <u>Right-of-use assets.</u></p> <p>6. Claims of financial institutions (including receivables, bills purchased and discounted, loans, and overdue receivables).</p> <p>7. Derivatives.</p> <p>8. Assets acquired or disposed of in connection with mergers, demergers, acquisitions, or transfer of shares in accordance with law.</p> <p>9. Other major assets.</p>	<p>1. Coordinate with the provisions of the International Financial Reporting Standards No. 16 (IFRS 16) of Lease to add paragraphs 5, extend the scope of right-of-use assets and move the current standard of paragraph 2 about land access to paragraph 5.</p> <p>2. Coordinate with the provisions of article 3 of "Regulations Governing the Acquisition and Disposal of Assets by Public Companies" of Order No. Financial-Supervisory-Securities-Corporate-1070341072 of the Financial Supervisory Commission, amend the scope of securities of paragraph 1</p>

			3. Move the current standard of paragraph 5~8 to paragraph 6~9.
Article 4	<p>The definition of terms</p> <p>1.Derivatives: Forward contracts, options contracts, futures contracts, leverage contracts, or swap contracts, whose value is derived from an <u>asset, rate, foreign exchange rate, index, or other interests and commodities</u>; or <u>compound contract composed of the above commodities</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) contracts.</p>	<p>The definition of terms</p> <p>1.Derivatives: Forward contracts, options contracts, futures contracts, leverage contracts, or swap contracts, whose value is derived from a <u>specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable</u>; or <u>hybrid contracts combining the above contracts</u>; or <u>hybrid contracts or structured products containing embedded derivatives</u>. The term "forward contracts" does not include insurance contracts, performance contracts, after-sales service contracts, long-term leasing contracts, or long-term purchase (sales) contracts.</p>	<p>1.Coordinate with the provisions of the International Financial Reporting Standards No. 9 of the definition of financial instruments, amend the scope of derivatives of paragraph 1 by words.</p> <p>2.Due to the amendment of the Company Act released on August 1, 2018, to coordinate the amendment of the clause, amend "paragraph 8 of article 156 cited in paragraph 2" to "156-3".</p>
Article 4	<p>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 <u>paragraph 8 of Article 156, of the Company Act</u>.</p> <p>3.Related party or subsidiary: As defined in the Regulations</p>	<p>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 <u>Article 156-3 of the Company Act</u>.</p> <p>3.Related party or subsidiary: As defined in the Regulations</p>	

	<p>Governing the Preparation of Financial Reports by Securities Issuers.</p> <p>4. Professional appraiser: Refers to a real property appraiser or other person duly authorized by law to engage in the value appraisal of real property or equipment.</p> <p>5. Date of occurrence: Refers to the date of contract signing, date of payment, date of consignment trade, date of transfer, dates of boards of directors resolutions, or other date that can confirm the counterpart and monetary amount of the transaction, whichever date is earlier; provided, for investment for which approval of the competent authority is required, the earlier of the above date or the date of receipt of approval by the competent authority shall apply.</p> <p>6. Mainland China area investment: Refers to investments in the mainland China area approved by the Ministry of Economic Affairs Investment Commission or conducted in accordance with the provisions of the Regulations Governing Permission for Investment or Technical Cooperation in the Mainland Area.</p> <p>7. What is called "within a year" refers to be based on the occurrence date of the transaction and retrospect to the previous year. The part announced in compliance with the regulations is not included.</p> <p>8. What is called "the latest financial report" shall mean the financial report audited, attested, or scrutinized by an accountant and released to the public before a company's acquisition or disposal of asset.</p>	<p>Governing the Preparation of Financial Reports by Securities Issuers.</p> <p>4. Professional appraiser: Refers to a real property appraiser or other person duly authorized by law to engage in the value appraisal of real property or equipment. °</p> <p>5. Date of occurrence: Refers to the date of contract signing, date of payment, date of consignment trade, date of transfer, dates of boards of directors resolutions, or other date that can confirm the counterpart and monetary amount of the transaction, whichever date is earlier; provided, for investment for which approval of the competent authority is required, the earlier of the above date or the date of receipt of approval by the competent authority shall apply.</p> <p>6. Mainland China area investment: Refers to investments in the mainland China area approved by the Ministry of Economic Affairs Investment Commission or conducted in accordance with the provisions of the Regulations Governing Permission for Investment or Technical Cooperation in the Mainland Area.</p> <p>7. What is called "within a year" refers to be based on the occurrence date of the transaction and retrospect to the previous year. The part announced in compliance with the regulations is not included.</p> <p>8. What is called "the latest financial report" shall mean the financial report audited, attested, or scrutinized by an accountant and released to the public before a company's acquisition or disposal of asset.</p>	
Article 5	Quota on investment of non-operational purpose real estate property and securities	The limitation of acquisition of real estate, <u>right-of-use assets</u> and securities by the Company and its	Coordinate with the provisions of the

	<p>The amount of the above assets acquired by the Company and each subsidiary individually is as follows:</p> <ol style="list-style-type: none"> <li>1. The total amount of real property for non-operating purpose shall not exceed 15% of the net value.</li> <li>2. The total amount of investment in long-term and short-term securities shall not exceed 50% of the net value.</li> <li>3. The amount of investment in individual securities may not exceed 25% of the net value.</li> </ol>	<p>Subsidiary is as follows:</p> <ol style="list-style-type: none"> <li>1. The total amount of property and <u>right-of-use assets</u> for non-operating purpose shall not exceed 15% of the net value.</li> <li>2. The total amount of investment in long-term and short-term securities shall not exceed 50% of the net value.</li> <li>3. The amount of investment in individual securities may not exceed 25% of the net value.</li> </ol>	<p>International Financial Reporting Standards No. 16 (IFRS 16) of Lease to amend subparagraph 2 of paragraphs 1, and includes the non-business real property and right-of-use assets in the limits.</p>
<p>Article 6</p>	<p>Professional appraisers and their officers, certified public accounts, attorneys, and securities underwriters that provide public companies with appraisal reports, certified public accountant's opinions, attorney's opinions, or underwriter's opinions shall meet the following requirements: <u>May not be a related party of any party to the transaction.</u></p>	<p>Professional appraisers and their officers, certified public accounts, attorneys, and securities underwriters that provide public companies with appraisal reports, certified public accountant's opinions, attorney's opinions, or underwriter's opinions <u>shall meet the following requirements:</u>  <u>May not have previously received a final and unappealable sentence to imprisonment for 1 year or longer for a violation of the Act, the Company Act, the Banking Act of The Republic of China, the Insurance Act, the Financial Holding Company Act, or the Business Entity Accounting Act, or for fraud, breach of trust, embezzlement, forgery of documents, or occupational crime. However, this provision does not apply if 3 years have already passed since completion of service of the sentence, since expiration of the period of a suspended sentence, or since a pardon was received.</u>  <u>May not be a related party or de facto related party of any party to the transaction.</u>  <u>If the company is required to</u></p>	<p>Coordinate with the provisions of article 5 of "Regulations Governing the Acquisition and Disposal of Assets by Public Companies" of Order No. Financial-Supervisory-Securities-Corporate-1070341072 of the Financial Supervisory Commission , add subparagraph 1~3 of paragraph 1 to define the negative qualifications of relevant experts , and add paragraph 2 to stipulate the assessment, verification and declaration of matters of an appraisal report or opinion by the</p>



		<p><u>obtain appraisal reports from two or more professional appraisers, the different professional appraisers or appraisal officers may not be related parties or de facto related parties of each other.</u></p> <p><u>When issuing an appraisal report or opinion, the personnel referred to in the preceding paragraph shall comply with the following:</u></p> <p><u>Prior to accepting a case, they shall prudently assess their own professional capabilities, practical experience, and independence.</u></p> <p><u>When examining a case, they shall appropriately plan and execute adequate working procedures, in order to produce a conclusion and use the conclusion as the basis for issuing the report or opinion.</u></p> <p><u>The related working procedures, data collected, and conclusion shall be fully and accurately specified in the case working papers.</u></p> <p><u>They shall undertake an item-by-item evaluation of the comprehensiveness, accuracy, and reasonableness of the sources of data used, the parameters, and the information, as the basis for issuance of the appraisal report or the opinion.</u></p> <p><u>They shall issue a statement attesting to the professional competence and independence of the personnel who prepared the report or opinion, and that they have evaluated and found that the information used is reasonable and accurate, and that they have complied with applicable laws and regulations.</u></p>	<p>relevant experts.</p>
<p>Article 7</p>	<p>The procedures for acquisition or disposal of <u>property or equipment</u></p>	<p>The procedures for acquisition or disposal of <u>property, equipment or right-of-use assets</u></p>	<p>1.Coordinate with the provisions of</p>

	<p>1. Appraisal and operational procedure</p> <p>Our Company's acquisition or disposal of real estate property or equipment shall comply with our Company's internal control system and real estate property, plant and equipment cycle procedure rules.</p>	<p>1. Appraisal and operational procedure</p> <p>Our Company's acquisition or disposal of real estate property or equipment shall comply with our Company's internal control system and real estate property, plant and equipment cycle procedure rules.</p>	<p>the International Financial Reporting Standards No. 16 (IFRS 16) of Lease to add subparagraph 3 of paragraph 2 and amend paragraph 3 and 4, includes the right-of-use assets into this standard.</p>
<p>Article 7</p>	<p>2. Trade terms and conditions and credit limit decision-making procedure</p> <p>(1) Acquisition or disposal of asset shall first refer to announced present value, assessed value, actual transaction prices of the neighboring area to determine transaction terms and conditions and price.</p> <p>An analysis report is delivered to the chairman of the board of directors, the amount of which is less than NT\$20 million (inclusive), should be submitted to the chairman of the board for approval and should be reported in the latest board meeting afterwards; if it exceeds NT\$20 million, It must be approved by the board of directors.</p> <p>(2) Acquisition or disposal of other fixed assets shall choose one method among price inquiry, price competition, price negotiation, or bidding, and the amount is <u>less than NT\$10 million (inclusive)</u>, it shall be approved step by step according to the</p>	<p>2. Trade terms and conditions and credit limit decision-making procedure</p> <p>(1) Acquisition or disposal of asset shall first refer to announced present value, assessed value, actual transaction prices of the neighboring area to determine transaction terms and conditions and price.</p> <p>An analysis report is delivered to the chairman of the board of directors, the amount of which is less than NT\$20 million (inclusive), should be submitted to the chairman of the board for approval and should be reported in the latest board meeting afterwards; if it exceeds NT\$20 million, It must be approved by the board of directors.</p> <p>(2) Acquisition or disposal of other fixed assets shall choose one method among price inquiry, price competition, price negotiation, or bidding, and the amount is <u>less than NT\$100 million (inclusive)</u>, it shall be approved step by step</p>	<p>2. Coordinate with the level of authority to amend subparagraph 2 of paragraph 2 about the authorized amount of acquisition or disposal of equipment.</p> <p>3. Coordinate with the provisions of article 9 of "Regulations Governing the Acquisition and Disposal of Assets by Public Companies" of Order No. Financial-Supervisory-Securities-Corporate-1070341072 of the Financial Supervisory Commission, amend paragraph 4.</p> <p>4. Subparagraph 1 of paragraph 4 was amended by words in</p>

	<p>authorization method; those exceeding <u>NT\$10 million</u> shall be submitted to the chairman for approval and shall be approved by the board of directors.</p> <p><u>(3)With respect to a public company's acquisition or disposal of assets that is subject to the approval of the board of directors under the company's procedures or other laws or regulations, if 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. Where the position of independent director has been created in accordance with the provisions of the Act, when a transaction involving the acquisition or disposal of assets is submitted for discussion by the board of directors pursuant to the 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>3.Execution unit When our Company acquires or disposes <u>real estate property or equipment</u>, the user unit and the Administration Department shall be</p>	<p>according to the authorization method; those exceeding <u>NT\$100 million</u> shall be submitted to the chairman for approval and shall be approved by the board of directors.</p> <p><u>(3) To acquire or dispose of the right-of-use assets, the use, benefit, cost, period, etc. of the right-of-use assets shall be assessed first. After the evaluation report is submitted to the chairman for approval, the contracting operation may begin.</u></p> <p>3.Execution unit When our Company acquires or disposes <u>real estate property, equipment or right-of-use assets</u>, the user unit and the Administration Department shall be responsible for execution after approval is obtained through the due process stipulated in the previous subparagraph.</p> <p>4.Appraisal reports on <u>property, equipment or its right-of-use assets</u> In acquiring or disposing of real property, equipment, or right-of-use assets thereof 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 domestic government agency, Cooperating others to build on its own land, competitive others to build on rented land, or acquiring or disposing of equipment or right-of-use assets) held for business use, shall obtain an appraisal report prior to the date of occurrence of the event</p>	<p>accordance with the law.</p> <p>5.Coordinate with the provisions of article 8 of "Regulations Governing the Acquisition and Disposal of Assets by Public Companies", remove subparagraph 3 of paragraph 2, and move to the Article 19.</p>
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	<p>responsible for execution after approval is obtained through the due process stipulated in the previous subparagraph.</p> <p>4. Appraisal reports on <u>property or equipment</u></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 government agency, Cooperating others to build on its own land, competitive others to build on rented land, or acquiring or disposing of equipment or right-of-use assets) held 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>(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; <u>the same procedure shall also be followed whenever there is any subsequent change to the terms and conditions of the transaction.</u></p> <p>(2) omitted  (3) omitted  (4) omitted  (5) omitted</p>	<p>From a professional appraiser and shall further comply with the following provisions:</p> <p>(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; <u>the same procedure shall also be followed whenever there is any subsequent change to the terms and conditions of the transaction.</u></p> <p>(2) omitted  (3) omitted  (4) omitted  (5) omitted</p>	
Article 8	<p>Procedure for acquiring or disposing securities investment</p> <p>1. Appraisal and operational procedure</p> <p>Our Company's purchase and</p>	<p>Procedure for acquiring or disposing securities investment</p> <p>1. Appraisal and operational procedure</p> <p>Our Company's purchase and</p>	<p>1. Coordinate with the authorization level to amend subparagraph 1</p>

	<p>sale of both long- and short-term securities shall comply with our Company's internal control system and investment cycle procedure rules.</p> <p>2. Decision-making procedure for transaction terms and conditions and credit authorization</p> <p>(1) Trade of securities conducted at the stock exchange market or through a business site of a securities dealer shall be determined by the responsible unit with reference to the market status. If the transaction amount is <u>less than NT\$30 million (inclusive)</u>, it shall be approved by the chairman and submitted to the board of directors lately. At the same time, it proposes that the long-term and short-term securities unrealized interest or loss analysis report; the amount <u>exceeds NT\$30 million</u>, and it must be approved by the board of directors.</p> <p>(2) Trade of securities conducted not at the stock exchange market or not through a business site of a securities dealer shall use the target company's latest financial statements audited, attested, or scrutinized by a CPA as reference for transaction assessment with considerations of net value per share, profitability, and future potential of the target company. If the transaction amount is <u>less than NT\$30 million (inclusive)</u>, it shall be approved by the chairman</p>	<p>sale of both long- and short-term securities shall comply with our Company's internal control system and investment cycle procedure rules.</p> <p>2. Decision-making procedure for transaction terms and conditions and credit authorization</p> <p>(1) Trade of securities conducted at the stock exchange market or through a business site of a securities dealer shall be determined by the responsible unit with reference to the market status. If the transaction amount is <u>less than NT\$100 million (inclusive)</u>, it shall be approved by the chairman and submitted to the board of directors lately. At the same time, it proposes that the long-term and short-term securities unrealized interest or loss analysis report; the amount <u>exceeds NT\$100 million</u>, and it must be approved by the board of directors.</p> <p>(2) Trade of securities conducted not at the stock exchange market or not through a business site of a securities dealer shall use the target company's latest financial statements audited, attested, or scrutinized by a CPA as reference for transaction assessment with considerations of net value per share, profitability, and future potential of the target company. If the transaction amount is <u>less than NT\$100 million</u></p>	<p>and 2 of paragraph 2 about the authorized amount of acquisition or disposal of securities.</p> <p>2. Coordinate with the provisions of article 8 of "Regulations Governing the Acquisition and Disposal of Assets by Public Companies", subparagraph 3 of paragraph 2 are removed, and are moved to Article 19.</p>
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	<p>and submitted to the board of directors lately. At the same time, it proposes that the long-term and short-term securities unrealized interest or loss analysis report; the amount <u>exceeds NT\$30 million</u>, and it must be approved by the board of directors.</p> <p><u>(3) The procedure provided by our Company or other procedures require by the laws for asset acquisition and disposal shall require approval by the board. An objection raised by a director, whether documented or in the form of written affidavit, shall be presented to the supervisors. In addition, if our Company already has independent directors in place, their opinions and reasoning shall be thoroughly considered and documented in the meeting record, whether for or against, regarding to asset acquisition or disposal.</u></p>	<p><u>(inclusive)</u>, it shall be approved by the chairman and submitted to the board of directors lately. At the same time, it proposes that the long-term and short-term securities unrealized interest or loss analysis report; the amount <u>exceeds NT\$100 million</u>, and it must be approved by the board of directors.</p> <p>(3) Deleted.</p>	
<p>Article 9</p>	<p>Procedure for transaction with stakeholders</p> <p>1. Our Company's acquisition or disposal of asset from or with stakeholders shall comply with, in addition to Article 7~10 pertaining to the procedure for real estate property acquisition, the following rules for the decision-making procedure and reasonability of the transaction's terms and conditions. If the amount exceeds 10% of our Company's total asset, then an appraisal report issued by a professional appraiser or opinion stated by an</p>	<p>Procedure for transaction with stakeholders</p> <p>1. Our Company's acquisition or disposal of asset from or with stakeholders shall comply with, in addition to Article 7~10 pertaining to the procedure for real estate property acquisition, the following rules for the decision-making procedure and reasonability of the transaction's terms and conditions. If the amount exceeds 10% of our Company's total asset, then an appraisal report issued by a professional appraiser</p>	<p>1. Coordinate with the provisions of the International Financial Reporting Standards No. 16 (IFRS 16) of Lease to amend each subparagraph of paragraph 1~3, includes the right-of-use assets into this standard.</p> <p>2. Coordinate with the provisions of article 15~18 of "Regulations Governing the</p>

	<p>accountant is required according to Article 7, 8 and 10.</p> <p>The calculation of the transaction amount of the preceding paragraph shall be handled in accordance with the provisions of subparagraph 7 of paragraph 1 of Article 14. In addition, when identifying the counterparty's identity as a stakeholder shall take into account not only the legal formality, but also de facto relation.</p> <p>2.Assessment and operational procedure Our Company's acquisition or disposal of real estate property from or with a stakeholder, or acquisition or disposal of other non-real estate property, with transaction amount equals to or more than 20% of our Company's paid-up capital, 10% of total asset, or NT\$ 300 million, except for <u>government bonds</u>, re-purchase or re-sale of bonds, subscription or redemption of domestic monetary funds, shall also require presenting the following information to the board of directors and supervisors for approval before the respective transaction agreement may be executed and payment be made:</p>	<p>or opinion stated by an accountant is required according to Article 7, 8 and 10. The calculation of the transaction amount of the preceding paragraph shall be handled in accordance with the provisions of subparagraph 7 of paragraph 1 of Article 14. In addition, when identifying the counterparty's identity as a stakeholder shall take into account not only the legal formality, but also de facto relation.</p> <p>2.Assessment and operational procedure Our Company's acquisition or disposal of <u>real estate property or the right-of-use assets</u> from or with a stakeholder, or acquisition or disposal of other non-real estate property, with transaction amount equals to or more than 20% of our Company's paid-up capital, 10% of total asset, or NT\$ 300 million, except for <u>domestic government bonds</u>, re-purchase or re-sale of bonds, subscription or redemption of domestic monetary funds, shall also require presenting the following information to the board of directors and supervisors for approval before the respective transaction agreement may be executed and payment be made:</p>	<p>Acquisition and Disposal of Assets by Public Companies" of Order No. Financial-Supervisory-Securities-Corporate-1070341072 of the Financial Supervisory Commission, amend each subparagraph of paragraph 2 and 3 by words.</p>
Article 9	<p>(1) The purpose, necessity, and expected benefit of the asset acquisition or disposal</p> <p>(2) The reason for choosing a stakeholder as transaction</p>	<p>(1) The purpose, necessity, and expected benefit of the asset acquisition or disposal</p> <p>(2) The reason for choosing a stakeholder as transaction</p>	<p>3.Coordinate with the provisions of article 8 of "Regulations Governing the Acquisition and Disposal of</p>

	<p>counterparty.</p> <p>(3) Obtain <u>real estate property</u> from related parties. The information regarding to assessing the reasonability of the intended transaction's terms and conditions in accordance with Paragraph 3, <u>Subparagraph (1) and (4)</u> of this Article.</p> <p>(4) The date and price of the property originally acquired by the stakeholder, and the counterparty's relation with our Company and the stakeholder.</p> <p>(5) Monthly cash flow forecasts for the 12 months from the month when the agreement is expected to be executed. The necessity of the transaction and the reasonability of the capital maneuver shall be assessed as well.</p> <p>(6) Appraisal report issued by a professional appraiser or opinion presented by accountant shall be obtained in accordance with Paragraph 1 of this Article.</p> <p>(7) Restrictions or other important considerations applicable to the transaction in concern.</p> <p>The calculation of the transaction amount of the preceding paragraph shall be handled in accordance with the provisions of subparagraph 7 of paragraph 1 of Article 14. The term one year shall be the past year before the actual occurrence date of the transaction. The parts have submitted to the board of directors and approved by the supervisor in accordance with the provisions of this procedure are not</p>	<p>counterparty.</p> <p>(3) Obtain <u>real estate property or right-of-use assets</u> from related parties. The information regarding to assessing the reasonability of the intended transaction's terms and conditions in accordance with Paragraph 3, <u>Subparagraph (1) to (5)</u> of this Article.</p> <p>(4) The date and price of the property originally acquired by the stakeholder, and the counterparty's relation with our Company and the stakeholder.</p> <p>(5) Monthly cash flow forecasts for the 12 months from the month when the agreement is expected to be executed. The necessity of the transaction and the reasonability of the capital maneuver shall be assessed as well.</p> <p>(6) Appraisal report issued by a professional appraiser or opinion presented by accountant shall be obtained in accordance with Paragraph 1 of this Article.</p> <p>(7) Restrictions or other important considerations applicable to the transaction in concern.</p> <p>The calculation of the transaction amount of the preceding paragraph shall be handled in accordance with the provisions of subparagraph 7 of paragraph 1 of Article 14. The term one year shall be the past year before the actual occurrence date of the transaction. The parts have submitted to the board of directors and approved by the supervisor in accordance with the</p>	<p>Assets by Public Companies", subparagraph 4 of paragraph 2 are removed, and are moved to Article 19.</p> <p>4.The current subparagraph 6 of paragraph 3 is moved to subparagraph 4, the former subparagraph 4 and 5 are moved to subparagraph 5 to 7, and the former subparagraph 7 is moved to the subparagraph 8, and the section of other subparagraph are adjusted.</p>
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	<p>included. About the acquisition or disposal of the equipment for business use of the company and the parent company or subsidiaries, the board of directors may authorize the chairman to make a decision within a certain amount in accordance with paragraph 4 of Article 7, and then report to the board of directors for confirmation in the most recent period.</p> <p><u>The chairman is authorized by the board of directors to make decision with paragraph 4 of Article 7 for acquisition or disposal of business equipment of a certain value between our Company and the parent company or subsidiary, provided the transaction is reported afterwards to the board for approval.</u></p> <p><u>If independent directors are already in place, their opinions as the previous Paragraph may concern shall be thoroughly considered. Any objection or reserve opinion raised by an independent director shall be recorded in the meeting record of the board meeting.</u></p>	<p>provisions of this procedure are not included.</p> <p>Deleted.</p> <p>Deleted.</p>	
Article 9	<p>3.Assessment of the reasonability of the transaction costs (1) Our Company’s acquisition or disposal of <u>property</u> from or with stakeholder shall require assessment on the reasonability of transaction cost pursuant to the following methods:</p> <p>1.Adding necessary capital interest and costs to be carried by the buyer as the laws may require to the stakeholder’s transaction price. The term of necessary capital interest cost shall be the weighted average interest of the fiscal year for the loan borrowed by the Company for the</p>	<p>3.Assessment of the reasonability of the transaction costs</p> <p>(1)Our Company’s acquisition or disposal of <u>property or the right-of-use asset</u> from or with stakeholder shall require assessment on the reasonability of transaction cost pursuant to the following methods: :</p> <p>1.Adding necessary capital interest and costs to be carried by the buyer as the laws may require to the stakeholder’s transaction price. The term of necessary capital interest cost shall be the weighted average interest of the</p>	

	<p>purchase of asset, and may not exceed the maximum loan interest rate for non-financial business announced by the Ministry of Finance.</p> <p>2.If the stakeholder has ever pledged the target with a financial institute, then assess the total value of the target appraised by the same financial institute for the mortgage. The total accumulated loan granted by the same financial institute on the same target shall be 70% or more of the assessed value of the target and the loan has been made for longer than one year. However, if the financial institute is a stakeholder to either party of the transaction, then this rule does not apply.</p> <p>(2) <u>For joint acquisition</u> of a same land and house, the separate assessments for the transaction cost of the land and the house shall be made pursuant to any of the above <u>paragraph</u>.</p> <p>(3) Our company’s acquisition of <u>real estate property</u> from a stakeholder shall require assessment on the <u>real estate property</u> cost pursuant to subparagraphs 1 and 2, paragraph 3 of this Article, and a secondary review and opinion from accountant are required.</p> <p>(4) If the assessment on the <u>property that our company is to acquire from a stakeholder</u> pursuant to subparagraphs 1 and 2, paragraph 3 of this Article suggests</p>	<p>fiscal year for the loan borrowed by the Company for the purchase of asset, and may not exceed the maximum loan interest rate for non-financial business announced by the Ministry of Finance.</p> <p>2.If the stakeholder has ever pledged the target with a financial institute, then assess the total value of the target appraised by the same financial institute for the mortgage. The total accumulated loan granted by the same financial institute on the same target shall be 70% or more of the assessed value of the target and the loan has been made for longer than one year. However, if the financial institute is a stakeholder to either party of the transaction, then this rule does not apply.</p> <p>(2) <u>For joint acquisition or leasehold</u> of a same land and house, the separate assessments for the transaction cost of the land and the house shall be made pursuant to any of the above <u>subparagraph</u>.</p> <p>(3) Our company’s acquisition of <u>real estate property or the right-of-use asset</u> from a stakeholder shall require assessment on the <u>real estate property or the right-of-use asset</u> cost pursuant to subparagraphs 1 and 2, paragraph 3 of this Article, and a secondary review and opinion from accountant are required.</p>	
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	<p>the cost is lower than the transaction cost, then follow <u>subparagraph 5</u>, paragraph 3 of this Article. However, this rule does not apply to the following situations, provided objective evidence, real estate professional appraiser's and accountant's opinions on reasonability are obtained:</p>	<p>(5) Our company pursuant to subparagraphs 1 and 2, paragraph 3 of this Article suggests the cost is lower than the transaction cost, then follow <u>subparagraph 6~8</u>, paragraph 3 of this Article. However, this rule does not apply to the following situations, provided objective evidence, real estate professional appraiser's and accountant's opinions on reasonability are obtained:</p>	
<p>Article 9</p>	<p>1.The stakeholder builds building on the raw land acquired or leased shall prove any of the following qualification:  ( 1 )The raw land is appraised pursuant to the subparagraph 1~3 provided in the previous Article, while the cost of the house shall be the stakeholder's construction cost plus reasonable construction profit, and the sum of the two exceeds the actual transaction price. The term reasonable construction profit shall be the average gross profit from</p>	<p>1、 The stakeholder builds building on the raw land acquired or leased shall prove any of the following qualification:  ( 1 ) The raw land is appraised pursuant to the subparagraph 1~4 provided in the previous Article, while the cost of the house shall be the stakeholder's construction cost plus reasonable construction profit, and the sum of the two exceeds the actual transaction price. The term reasonable construction profit shall be the average gross profit from operation of the construction department of</p>	

	<p>operation of the construction department of the stakeholder over the past 3 years, or the construction industry gross profit ratio announced by the Ministry of Finance, whichever is lower.</p> <p>( 2 )The assessment on the transaction of other property having comparable acreage on other floor or in adjacent area to the property in concern traded by other non-stakeholders, with terms and conditions complying with common practice in real estate transactions, suggests similar terms and conditions.</p> <p><u>( 3 )The assessment on other property on other floor leased to a non-stakeholder in the past one year, with</u></p>	<p>the stakeholder over the past 3 years, or the construction industry gross profit ratio announced by the Ministry of Finance, whichever is lower.</p> <p>( 2 ) The assessment on the <u>transaction of other property</u> having comparable acreage on other floor or in adjacent area to the property in concern traded by other non-stakeholders, with terms and conditions complying with common practice in real estate transactions <u>or leasehold</u>, suggests similar terms and conditions.</p> <p>Deleted.</p> <p>2.Our Company presents evidence that proves the transaction terms and conditions for the acquisition of <u>property or lease to acquire property right-of-use asset</u>, from a stakeholder</p>	
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	<p><u>terms and conditions complying with common practice in real estate transactions and referencing to price difference due to floor number, suggests similar terms and conditions.</u></p> <p>2. Our Company presents evidence that proves the transaction terms and conditions for the acquisition of <u>property</u> from a stakeholder are comparable to other transactions property of comparable acreage in adjacent area made between other non-stakeholders. The term transactions in adjacent area shall mean, principally, a property locating on the same or neighboring block with a distance to the target property in concern does not exceed 500 meters and the announced present values are comparable. The term comparable acreage shall mean the transactions of property, having acreage no less than 50% of the target</p>	<p>are comparable to other transactions property of comparable acreage in adjacent area made between other non-stakeholders. The term transactions in adjacent area shall mean, principally, a property locating on the same or neighboring block with a distance to the target property in concern does not exceed 500 meters and the announced present values are comparable. The term comparable acreage shall mean the transactions of property, having acreage no less than 50% of the target property's acreage, made between other non-stakeholders. The term one year shall be the past year before the actual occurrence date of the <u>property or right-of-use asset</u> acquisition.</p>	
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	<p>property's acreage, made between other non-stakeholders. The term one year shall be the past year before the actual occurrence date of the <u>property</u> acquisition.</p>		
Article 9	<p><u>(5) Our Company's acquisition of real estate property from a stakeholder shall require completing the following tasks if the assessment made in accordance with subparagraphs 1~4, paragraph 3 of this Article suggests a price lower than transaction price:</u></p> <p><u>Our Company and the listed company investing in our Company adopting equity method for investment assessment and having recognized the special reserve abovementioned may not use the said special reserve until the asset purchased at a high price has been recognized as loss or disposal due to price fall or adequately compensated or redeemed, or other evidence proving no unreasonability exists, and approved by the FSC.</u></p> <p>1.Regarding to the recognition of special reserve, pursuant to Paragraph 1, Article 40 of the Securities Exchange Act, our Company may not distribute or transfer as common stock for distribution the difference of the <u>real estate property or</u></p>	<p><u>(6) Our Company's acquisition of real estate property or right-of-use asset from a stakeholder shall require completing the following tasks if the assessment made in accordance with subparagraphs 1~5, paragraph 3 of this Article suggests a price lower than transaction price:</u></p> <p>1.Regarding to the recognition of special reserve, pursuant to Paragraph 1, Article 40 of the Securities Exchange Act, our Company may not distribute or transfer as common stock for distribution the difference of the <u>real estate property or right-of-use asset</u> transaction's transaction price and assessed cost. A listed company investing in our Company and adopting equity method for assessment shall recognize the special reserve at the shareholding ratio in accordance with Paragraph 1, Article 41 of the Securities Exchange Act.</p> <p>2.The supervisors shall observe Article 218</p>	

	<p><u>right-of-use asset</u> transaction's transaction price and assessed cost. A listed company investing in our Company and adopting equity method for assessment shall recognize the special reserve at the shareholding ratio in accordance with Paragraph 1, Article 41 of the Securities Exchange Act.</p> <p>2.The supervisors shall observe Article 218 of the Company Act.</p> <p>3.The handling of Points 1 and 2, subparagraph <u>5</u>, paragraph 3 of this Article shall be reported to the shareholders' meeting and disclose the details of the transaction in the annual report and the prospectus.</p>	<p>of the Company Act.</p> <p>3.The handling of Points 1 and 2, subparagraph <u>6</u>, paragraph 3 of this Article shall be reported to the shareholders' meeting and disclose the details of the transaction in the annual report and the prospectus.</p>	
Article 9	<p><u>(6)Our Company acquiring real estate property from a stakeholder having any of the following situations shall comply with paragraph 2 of this Article regarding to the assessment and operation procedures, and subparagraphs 1~3, paragraph 3 of this Article concerning the assessment on transaction reasonability do not apply:</u></p> <p>1.The stakeholder acquires the <u>real estate property</u> through heritage or</p>	<p><u>(7) Our company that has set aside a special reserve under subparagraphs 6, paragraph 3 of this Article may not utilize the special reserve until it has recognized a loss on decline in market value of the assets it purchased or leased at a premium, or they have been disposed of, or the leasing contract has been terminated, or adequate compensation has been made, or the status quo ante has been restored,</u></p>	

	<p>gift.</p> <p>2.The stakeholder’s acquisition date of the <u>real estate property</u> has been more than 5 years from the current transaction’s agreement execution date.</p> <p>3.The real estate property is acquired by executing a joint property development agreement with a stakeholder or a construction project commissioned to the stakeholder on own land or leased land.</p>	<p><u>or there is other evidence confirming that there was nothing unreasonable about the transaction, and the FSC has given its consent.</u></p> <p>(4) Our Company acquiring <u>real estate property or right-of-use asset</u> from a stakeholder having any of the following situations shall comply with paragraph 2 of this Article regarding to the assessment and operation procedures, and subparagraphs 1~3, paragraph 3 of this Article do not apply:</p> <p>1.The stakeholder acquires the <u>real estate property or right-of-use asset</u> through heritage or gift.</p> <p>2.The stakeholder’s acquisition date of the <u>real estate property or right-of-use asset</u> has been more than 5 years from the current transaction’s agreement execution date.</p> <p>3.The real estate property is acquired by executing a joint property development agreement with a stakeholder or a construction project commissioned to the stakeholder on own land or leased land.</p> <p>4.The <u>real property right-of-use assets for business use</u> are acquired by the <u>public company with</u></p>	
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		<u>its parent or subsidiaries, or by its subsidiaries in which it directly or indirectly holds 100 percent of the issued shares or authorized capital.</u>	
Article 9	<u>(7)</u> Subparagraph <u>5</u> , paragraph 3 of this Article shall be also observed if other evidence is in place proving that the transaction in which our Company acquires real estate property from a stakeholder does not conform to common practice.	<u>(8)</u> Subparagraph <u>6 and 7</u> , paragraph 3 of this Article shall be also observed if other evidence is in place proving that the transaction in which our Company acquires <u>real estate property or right-of-use asset</u> from a stakeholder does not conform to common practice.	
Article 10	<p>Procedure for Acquisition or Disposal of Membership Certificate or Intangible Asset</p> <p>1. Assessment and operational procedure</p> <p>Our Company's acquisition or disposal of membership certificate or intangible asset shall comply with our Company's internal control system for fixed asset cyclical procedure.</p> <p>2. Transaction terms and conditions and authorization granting procedure</p> <p>(1) Our Company's acquisition or disposal of membership certificate should refer to the fair market price of the market, transaction conditions of resolution and transaction price, and make an analysis report to the chairman. If the amount is less than 1% of the paid-up capital or NT\$3 million (inclusive), it should be submitted to the chairman for approval and should be</p>	<p>Procedure for Acquisition or Disposal of Membership Certificate or Intangible Asset</p> <p>1. Assessment and operational procedure</p> <p>Our Company's acquisition or disposal of membership certificate or intangible asset shall comply with our Company's internal control system for fixed asset cyclical procedure.</p> <p>2. Transaction terms and conditions and authorization granting procedure</p> <p>(1) Our Company's acquisition or disposal of membership certificate should refer to the transaction conditions and prices of fair market price resolution, and make an analysis report to the chairman. If the amount is less than 1% of the paid-up capital or NT\$3 million (inclusive), it should be submitted to the chairman for approval and should be reported in the latest board meeting</p>	<p>1. Coordinate with the provisions of article 8 of "Regulations Governing the Acquisition and Disposal of Assets by Public Companies", subparagraph 3 of paragraph 2 are removed, and are moved to Article 19.</p> <p>2. Coordinate with the provisions of the International Financial Reporting Standards No. 16 (IFRS 16) of Lease to amend subparagraph 3 of paragraph 4, includes the right-of-use assets into this standard.</p>

	<p>reported in the latest board meeting afterwards; more than NT\$3 million. It must be submitted to the board of directors for approval.</p> <p>(2) Our Company's acquisition or disposal of intangible assets should refer to the assessment report of experts, the transaction conditions and prices of fair market price resolution, and make an analysis report to the chairman. If the amount is less than 10% of the paid-up capital or NT\$20 million (inclusive), it should be submitted to the chairman for approval and should be reported in the latest board meeting afterwards; more than NT\$20 million. It must be submitted to the board of directors for approval.</p> <p>(3) <u>The procedure provided by our Company or other procedures require by the laws for asset acquisition and disposal shall require approval by the board. An objection raised by a director, whether documented or in the form of written affidavit, shall be presented to the supervisors. In addition, if our Company already has independent directors in place, their opinions and reasoning shall be thoroughly considered and documented in the meeting record, whether for or against, regarding to asset acquisition or disposal.</u></p>	<p>afterwards; more than NT\$3 million. It must be submitted to the board of directors for approval.</p> <p>(2) Our Company's acquisition or disposal of intangible assets should refer to the assessment report of experts, the transaction conditions and prices of fair market price resolution, and make an analysis report to the chairman. If the amount is less than 10% of the paid-up capital or NT\$20 million (inclusive), it should be submitted to the chairman for approval and should be reported in the latest board meeting afterwards; more than NT\$20 million. It must be submitted to the board of directors for approval.</p> <p>(3) Deleted</p> <p>3.Execution unit Our Company acquiring or disposing membership certificate or intangible asset shall obtain approval according to the authorization level above mentioned and the user unit and finance or administration department shall be responsible for execution.</p> <p>4.Appraisal and opinion report by expert on membership certificate or intangible asset (1) If the transaction amount of the company's acquiring or disposing of the membership certificate reaches 1% of the paid-in capital or more than NT\$3 million, the expert should be</p>	
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	<p>3. Execution unit Our Company acquiring or disposing membership certificate or intangible asset shall obtain approval according to the authorization level above mentioned and the user unit and finance or administration department shall be responsible for execution.</p> <p>4. Appraisal and opinion report by expert on membership certificate or intangible asset</p> <p>(1) If the transaction amount of the company's acquiring or disposing of the membership certificate reaches 1% of the paid-in capital or more than NT\$3 million, the expert should be asked to issue an appraisal report.</p> <p>(2) If the transaction amount of the company's acquiring or disposing of the intangible assets reaches 10% of the paid-in capital or more than NT\$20 million, the expert should be asked to issue an appraisal report.</p> <p>(3) Our Company acquiring or disposing <u>membership certificate or intangible asset</u> with transaction amount of 20% of our Company's paid-up capital or TWD 300 million or more, unless the said transaction is made with the government, shall have the accountant to present opinion on the reasonability of the transaction price prior to the actual occurrence date. The said accountant shall comply with Audit Principle</p>	<p>asked to issue an appraisal report.</p> <p>(2) If the transaction amount of the company's acquiring or disposing of the intangible assets reaches 10% of the paid-in capital or more than NT\$20 million, the expert should be asked to issue an appraisal report.</p> <p>(3) Our Company acquiring or disposing <u>membership certificate, right-of-use asset or intangible asset</u> with transaction amount of 20% of our Company's paid-up capital or TWD 300 million or more, unless the said transaction is made with the <u>domestic government</u>, shall have the accountant to present opinion on the reasonability of the transaction price prior to the actual occurrence date. The said accountant shall comply with Audit Principle Gazette No. 20 issued by the ARDF.</p>	
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	Gazette No. 20 issued by the ARDF.		
Article 12	<p>Procedure for acquiring or disposing derivatives</p> <p>4. Authorization level of derivatives  (3) The procedure provided by our Company or other procedures require by the laws for asset acquisition and disposal shall require approval by the board. An objection raised by a director, whether documented or in the form of written affidavit, shall be presented to the supervisors. In addition, if our Company already has independent directors in place, their opinions and reasoning shall be thoroughly considered and documented in the meeting record, whether for or against, regarding to asset acquisition or disposal.</p> <p>5. Where engaging in derivatives trading, its board of directors shall faithfully supervise and manage such trading in accordance with the following principles:  (1) Senior management personnel authorized by the board of directors shall manage derivatives trading in accordance with the following principles:  1. Periodically evaluate the risk management measures currently employed are appropriate and are faithfully conducted in accordance with these Regulations and the procedures for engaging in derivatives trading</p>	<p>Deleted.</p> <p>5. Where engaging in derivatives trading, its board of directors shall faithfully supervise and manage such trading in accordance with the following principles:  (1) Senior management personnel authorized by the board of directors shall manage derivatives trading in accordance with the following principles:  1. Periodically evaluate the risk management measures currently employed are appropriate and are faithfully conducted in accordance with these Regulations and the procedures for engaging in derivatives trading formulated by the company.  2. When irregular circumstances are</p>	<p>1. Coordinate with the provisions of article 8 of "Regulations Governing the Acquisition and Disposal of Assets by Public Companies", subparagraph 3 of paragraph 2 are removed, and are moved to Article 19.</p> <p>2. Coordinate with the provisions of article 22 of "Regulations Governing the Acquisition and Disposal of Assets by Public Companies" of Order No. Financial-Supervisory-Securities-Corporate-107034107 2 of the Financial Supervisory Commission , add subparagraph 5 of paragraph 5.</p>

	<p>formulated by the company.</p> <p>2. When irregular circumstances are found in the course of supervising trading and profit-loss circumstances, appropriate measures shall be adopted and a report immediately made to the board of directors; where a company has independent directors, an independent director shall be present at the meeting and express an opinion.</p> <p>(2) Periodically evaluate whether derivatives trading performance is consistent with established operational strategy and whether the risk undertaken is within the company's permitted scope of tolerance.</p> <p>(3) Our company shall report to the soonest meeting of the board of directors after it authorizes the relevant personnel to handle derivatives trading in accordance with its Procedures for Engaging in Derivatives Trading.</p> <p>(4) A public company engaging in derivatives trading shall establish a log book in which details of the types and amounts of derivatives trading engaged in, board of directors approval dates, and the matters required to be carefully evaluated under subparagraph 2 of paragraph 4, point 1, subparagraph 1 of</p>	<p>found in the course of supervising trading and profit-loss circumstances, appropriate measures shall be adopted and a report immediately made to the board of directors; where a company has independent directors, an independent director shall be present at the meeting and express an opinion.</p> <p>(2) Periodically evaluate whether derivatives trading performance is consistent with established operational strategy and whether the risk undertaken is within the company's permitted scope of tolerance.</p> <p>(3) Our company shall report to the soonest meeting of the board of directors after it authorizes the relevant personnel to handle derivatives trading in accordance with its Procedures for Engaging in Derivatives Trading.</p> <p>(4) A public company engaging in derivatives trading shall establish a log book in which details of the types and amounts of derivatives trading engaged in, board of directors approval dates, and the matters required to be carefully evaluated under subparagraph 2 of paragraph 4, point 1, subparagraph 1 of paragraph 5, and subparagraph 2 of paragraph 5 of this article shall be recorded in detail in the log book.</p> <p>(5) In our company which</p>	
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	<p>paragraph 5, and subparagraph 2 of paragraph 5 of this article shall be recorded in detail in the log book.</p>	<p><u>already has independent directors or audit committee in place, if any material violation of derivatives is discovered, independent directors or audit committee shall be notified in writing.</u></p>	
<p>Article 14</p>	<p>Procedure for information disclosure 1. Information to be reported and the report standard (1) Acquisition or disposal of <u>real estate property</u> from or with a stakeholder, or property other than <u>real estate property</u>, of which transaction amount exceeds 20% of our Company's paid-up capital, 10% of total asset, or TWD 300 million. However, this rule does not apply to the <u>government bonds</u>, re-purchase or re-sale of bonds, subscription or redemption of domestic monetary funds. (2) Engaging in merger, division, acquisition, or share receiving (3) Loss realized from derivatives transactions, of which loss amount satisfies the upper limit of all or individual contracts in accordance with the stipulated handling procedure. (4) Where <u>equipment</u> thereof for business use are acquired or disposed of, and furthermore the transaction counterparty is not a related party, and the transaction amount meets any of the following criteria:  1. For a public company whose paid-in capital is less than NT\$10 billion, the</p>	<p>Procedure for information disclosure 1. Information to be reported and the report standard (1) Acquisition or disposal of <u>real estate property or right-of-use asset</u> from or with a stakeholder, or property other than <u>real estate property or right-of-use asset</u>, of which transaction amount exceeds 20% of our Company's paid-up capital, 10% of total asset, or TWD 300 million. However, this rule does not apply to the <u>domestic government bonds</u>, re-purchase or re-sale of bonds, subscription or redemption of domestic monetary funds. (2) Engaging in merger, division, acquisition, or share receiving (3) Loss realized from derivatives transactions, of which loss amount satisfies the upper limit of all or individual contracts in accordance with the stipulated handling procedure. (4) Where <u>equipment or right-of-use assets</u> thereof for business use are acquired or disposed of, and furthermore the transaction counterparty is not a related party, and the transaction amount meets any of the following criteria:  1. For a public company</p>	<p>Coordinate with the provisions of article 31 and 32 of "Regulations Governing the Acquisition and Disposal of Assets by Public Companies" of Order No. Financial-Supervisory-Securities-Corporate-107034107 2 of the Financial Supervisory Commission, amend this article.</p>

	<p>transaction amount reaches NT\$500 million or more.</p> <p>2.For a public company whose paid-in capital is NT\$10 billion or more, the transaction amount reaches NT\$1 billion or more.</p> <p>(5) 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 the amount the company expects to invest in the transaction reaches NT\$500 million.</p> <p>(6) Where an asset transaction other than any of those referred to in the preceding 5 subparagraphs, a disposal of receivables by a financial institution, or an investment in the mainland China area reaches 20 percent or more of paid-in capital or NT\$300 million; provided, this shall not apply to the following circumstances:</p> <ol style="list-style-type: none"> <li>1. Trading of <u>government bonds.</u></li> <li>2. Trading of bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic</li> </ol>	<p>whose paid-in capital is less than NT\$10 billion, the transaction amount reaches NT\$500 million or more.</p> <p>2.For a public company whose paid-in capital is NT\$10 billion or more, the transaction amount reaches NT\$1 billion or more.</p> <p>(5) 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, <u>and furthermore the transaction counterparty is not a related party,</u> and the amount the company expects to invest in the transaction reaches NT\$500 million.</p> <p>(6) Where an asset transaction other than any of those referred to in the preceding 5 subparagraphs, a disposal of receivables by a financial institution, or an investment in the mainland China area reaches 20 percent or more of paid-in capital or NT\$300 million; provided, this shall not apply to the following circumstances:</p> <ol style="list-style-type: none"> <li>1.Trading of <u>domestic government bonds.</u></li> <li>2.Trading of bonds under repurchase</li> </ol>	
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	<p>securities investment trust enterprises.</p> <p>(7) The transaction amount of the previous 6 subparagraphs is calculated according to the method in below, and the abovementioned within one year shall be the year before the record date of the actual happening of this transaction. The part announced in compliance with the regulations is not included.</p> <ol style="list-style-type: none"> <li>1.The amount of any individual transaction.</li> <li>2.The cumulative transaction amount of acquisitions and disposals of the same type of underlying asset with the same transaction counterparty within the preceding year.</li> <li>3.The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of <u>real property</u> thereof within the same development project within the preceding year.</li> <li>4.The cumulative transaction amount of acquisitions and</li> </ol>	<p>and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises.</p> <p>(7) The transaction amount of the previous 6 subparagraphs is calculated according to the method in below, and the abovementioned within one year shall be the year before the record date of the actual happening of this transaction. The part announced in compliance with the regulations is not included.</p> <ol style="list-style-type: none"> <li>1.The amount of any individual transaction.</li> <li>2.The cumulative transaction amount of acquisitions and disposals of the same type of underlying asset with the same transaction counterparty within the preceding year.</li> <li>3.The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of <u>real property or right-of-use assets</u> thereof within the same development project within the preceding year.</li> <li>4.The cumulative transaction amount of acquisitions and</li> </ol>	
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	<p>disposals (cumulative acquisitions and disposals, respectively) of the same security within the preceding year.</p> <p>(8) The calculation of the amount and date of Articles 7, 8, 9 and 10 shall be handled in accordance with the provisions of the preceding subparagraph. The parts have acquired an appraisal report issued by a professional appraiser or opinion stated by an accountant are not included.</p>	<p>disposals (cumulative acquisitions and disposals, respectively) of the same security within the preceding year.</p> <p>(8) The calculation of the amount and date of Articles 7, 8, 9 and 10 shall be handled in accordance with the provisions of the preceding subparagraph. The parts have acquired an appraisal report issued by a professional appraiser or opinion stated by an accountant are not included.</p>	
Article 15	<p>Our Company's subsidiary shall comply with the followings:</p> <p>1. When a subsidiary is a publicly-issued company in our country, it shall comply with the Regulations Governing the Acquisition and Disposal of Assets by Public Companies for its Procedure for Property Acquisition and Disposal. After the approval of the board of directors of the subsidiary, it will be reported to the shareholders' meeting of both parties. Amendment shall follow the same procedure.</p> <p>2. If the subsidiary is not a publicly-issued company, the relevant procedures may not be established. When the company acquires or disposes of the assets, it shall be handled by the company in accordance with the provisions of this procedure.</p>	<p>Our Company's subsidiary shall comply with the followings:</p> <p>1. When a subsidiary is a publicly-issued company in our country, it shall comply with the Regulations Governing the Acquisition and Disposal of Assets by Public Companies for its Procedure for Property Acquisition and Disposal. After the approval of the board of directors of the subsidiary, it will be reported to the shareholders' meeting of both parties. Amendment shall follow the same procedure.</p> <p>2. If the subsidiary is not a publicly-issued company, the relevant procedures may not be established. When the company acquires or disposes of the assets, it shall be handled by the company in accordance with the provisions of this procedure.</p>	<p>Coordinate with the provisions of article 34 of "Regulations Governing the Acquisition and Disposal of Assets by Public Companies" of Order No. Financial-Supervisory-Securities-Corporate-107034107 2 of the Financial Supervisory Commission, amend paragraph 4 of this article.</p>

	<p>3.If the subsidiary is not a publicly-issued company, and the company acquires or disposes of the assets as of the announcing and reporting standard set out in Article 14 of the processing procedure, our company also handles the announcement and report matters on behalf of the subsidiary.</p> <p>4.The announcement and report standard applicable to a subsidiary that “<u>exceeds 20% of our Company’s paid-up capital or 10% of total asset</u>” shall mean the principal (our) Company’s paid-up capital.</p>	<p>3.If the subsidiary is not a publicly-issued company, and the company acquires or disposes of the assets as of the announcing and reporting standard set out in Article 14 of the processing procedure, our company also handles the announcement and report matters on behalf of the subsidiary.</p> <p>4.The announcement and report standard applicable to a subsidiary that “<u>relevant to the paid-in capital or total assets regulations</u>” shall mean the principal (our) Company’s paid-up capital.</p>	
Article 16	<p>For the calculation of 10 percent of total assets under these Regulations, 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.</p>	<p>For the calculation of 10 percent of total assets under these Regulations, 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. <u>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 under these Regulations, 10 percent of equity attributable to owners of the parent shall be substituted.</u></p>	<p>Coordinate with the provisions of article 35 of "Regulations Governing the Acquisition and Disposal of Assets by Public Companies" of Order No. Financial-Supervisory-Securities-Corporate-107034107 2 of the Financial Supervisory Commission, add paragraph 2 of this article.</p>
Article 18	<p>Implementation and amendment Our Company’s Procedures for Asset Acquisition or Disposal is to be approved by the board of directors with carbon copies delivered to the supervisors, and will be proposed to the shareholders’ meeting for approval. Amendment shall follow the same procedure. Our Company shall deliver any objection raised by any director, documented, or made in</p>	<p>Implementation and amendment Our Company’s Procedures for Asset Acquisition or Disposal is to be approved by the board of directors with carbon copies delivered to the supervisors, and will be proposed to the shareholders’ meeting for approval. Amendment shall follow the same procedure. Our Company shall deliver any objection raised by any director, documented, or made in</p>	<p>Coordinate with Article 14-5 of the Securities Exchange Act, stipulating the terms of reference of the Audit Committee, add the third paragraph that should be approved by the audit committee.</p>

	<p>written statement to the supervisors. <u>In addition</u>, if independent directors are <u>already</u> in place, their opinions, for or against, shall be given thorough considerations in the board's review of the Procedures for Asset Acquisition and Disposal and recorded in the board meeting's record.</p>	<p>written statement to the supervisors. <u>After independent directors</u> are set in place, their opinions, for or against, shall be given thorough considerations in the board's review of the Procedures for Asset Acquisition and Disposal and recorded in the board meeting's record.</p> <p><u>After an audit committee has been established, when the procedures for the acquisition and disposal of assets are adopted or amended, they shall be approved by more than half of all audit committee members and submitted to the board of directors for a resolution. If approval of more than half of all audit committee members as required in the preceding paragraph is not obtained, the procedures may be implemented if approved by more than two-thirds of all directors, and the resolution of the audit committee shall be recorded in the minutes of the board of directors meeting.</u></p>	
<p>Article 19</p>	<p>Omitted.</p>	<p><u>With respect to a public company's acquisition or disposal of assets that is subject to the approval of the board of directors under the company's procedures or other laws or regulations, if 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.</u></p> <p><u>After independent directors are set in place, when a matter of acquiring or disposing of asset transactions is submitted for discussion by the board of directors in accordance with the regulation, any objection or reserve opinion raised by an independent director shall be recorded in the meeting record of the board meeting.</u></p> <p><u>After an audit committee has been</u></p>	<p>Coordinate with the provisions of article 8 of "Regulations Governing the Acquisition and Disposal of Assets by Public Companies", adding independent directors and audit committees, and about acquiring or disposing of assets, major assets or transactions of derivatives, any objection or reserve opinion raised by an independent director shall be recorded in the meeting record of</p>

		<p><u>established, any transaction involving major assets or derivatives shall be approved by more than half of all audit committee members and submitted to the board of directors for a resolution.</u></p> <p><u>If approval of more than half of all audit committee members as required in the preceding paragraph is not obtained, the procedures may be implemented if approved by more than two-thirds of all directors, and the resolution of the audit committee shall be recorded in the minutes of the board of directors meeting.</u></p>	<p>the board meeting and should be approved by the audit committee.</p>
<p>Article 20</p>	<p><u>Article 19</u>    Miscellaneous</p>	<p>Omitted.</p>	<p>The current Article 19 is moved to Article 20.</p>

## Appendix I

### SPEED TECH CORP.

#### Company Policy

June 28, 2017

Amended by 2017 Shareholders Meeting

#### Chapter I General Provisions

Article 1 : This Corporation shall be incorporated, as a company limited by shares, under the Company Law of the Republic of China, and its name shall be 宣德科技股份有限公司 in the Chinese language, and Speed Tech Corp. in the English language.

Article 2: The scope of this Corporation shall be as follows:

1. CC01020 Electric wire and cable manufacturing
2. CC01060 Wired communication apparatus manufacturing machinery
3. CQ01010 Die manufacturing
4. CC01080 Electronic parts and components manufacturing
5. CA01130 Copper rolling, drawing, and extruding
6. CA02010 Metal architectural components manufacturing
7. C804020 Industrial rubber products manufacturing
8. C805050 Industrial plastic products manufacturing
9. I501010 Product design
10. F119010 Wholesale of electronic materials
11. CC01030 Electronic appliances and audio-visual electronic products manufacturing
12. CC01110 Computers and computing peripheral equipment manufacturing.
13. CB01010 Machinery and equipment manufacturing.

Article 2-1: This Corporation may provide endorsement and guarantee for business and investing purpose.

Article 2-2: The total amount of this Corporation's reinvestment shall not be the subject to the provisions of Article 13 of the Company Act.

Article 3: This Corporation shall have its head office in Taoyuan City, and shall be free, upon resolutions by the Board Directors, to set up branch offices within and without the territory of the Republic of China.

Article 4: (Deleted)

#### Chapter II Shares

Article 5: The total capital stock of this Corporation shall be in the amount of NT\$4,000,000,000, divided into 400,000,000 shares, at NT\$10 each, and may be issued in installments, as common shares or preferred shares. The unissued shares may be issued by a resolution adopted by the Board of Directors. NT\$167,800,000, in the above capital amount, divided into 16,780,000 shares, at NT\$10 each, are reserved for issuing employee stock options, and shall be issued by installments based on the Board of Directors resolution.

Article 5-1: (Deleted)

Article 6: (Deleted)

Article 7: This Corporation may issue shares without printing share certificate(s), and shall be in compliant with Regulations Governing Book-Entry Operations for Centrally deposited Securities.

Article 8: Registration for transfer of shares shall be suspended sixty days immediately before the date of regular meeting of shareholders, and thirty days immediately before the date of any special meeting of shareholders, or within five days before the day on which dividend, bonus, or any other benefit is scheduled to be paid by the Corporation.

### **Chapter III: Shareholder's Meeting**

Article 9: Shareholders' meetings of the Corporation are of two types, namely: (1) regular meetings and (2) special meetings. Regulars meeting shall be convened, by the Board of Directors, within 6 months after the close of each fiscal year. Special meeting is held in accordance with laws if necessary. To convene a shareholders' meeting, a notice of the meeting with the consent of the addressee, the meeting notice may be given in electronic form.

Notwithstanding the foregoing, a public notice may be made in lieu of separate notice in the case of shareholders with less than 1,000 registered shares.

Article 10: If a shareholder is unable to attend the shareholders meeting, he/she may appoint a representative to attend it, and to exercise, on his/her behalf, with a proxy form printed and issued by the Corporation.

Article 11: A shareholder shall be entitled to one vote for each share held, except when the shares are restricted shares or are deemed non-voting shares under Article 179, paragraph 2 of the Company Act.

Article 12: The resoultins of the shareholders' meeting, except as otherwise provided in the Company Act, shall require an affirmative vote of a majority of the voting rights represented by the attending shareholders.

The distribution of the meeting minutes and recording may be made under Article 183 of the Company Act.

Article 12-1: This Corporation, obtained the consent of a majority of the voting rights represented at least two-thirds of attending shareholders, may transfer shares to employees at less than average actual share repurchase price, or issue employee stock warrants, which exercise price may be lower than the closing price of the company stocks as of the issuing date.

### **Chapter IV Directors and Supervisors**

Article 13 : This Corporation shall have 7 to 9 Directors elected from the persons of legal ability in the shareholders meeting. They are eligible for reelection after the term of 3 years. The corporation shall take out Directors liability insurance with respect to liabilities resulting from exercising their duties during their terms of occupancy. The percentage of total registered shares owned by the directors and supervisors of the company shall be prescribed by the Competent Authority

Article 13-1: In accordance with Article 14-2 of the Securities and Exchange Act, the Corporatiob shall have independent Directors, whose number, to be included in the number of Directors under the preceding Article, shall be not less than two in number and not less than one-fifth of the total number of directors. The independent Directors shall be elected based on candidate nomination mechanism, and appointed from the candidate list by the Board of Directors. The professional qualifications, restrictions on shareholding and concurrent holding of office, determination of independence, method of nomination and election, exercise of power, and other compliance matters with respect to independent Directors shall be prescribed by the Competent Authority of Securities.

Article 14: The Board of Directors shall be composed of all Directors. The Chairman shall be elected from among the Directors by a majority vote at a Board of Directors meeting attended by at least two-thirds of the total number of directors. The Chairman of the Board of Diectors shall have the authority to represent this Corporation.

Article 14-1: To convene a meeting of the Board of Directors, a notice of the meeting shall be given to each Directors by 7 days before the meeting, provided that a meeting may be convened at any time in case of emergency. The notice of a meeting under the preceding paragraph may be given by means of personal delivery, registered mail, facsimile or electronic mail.

Article 15: When the Chairman is on leave or unable to exercise his rights due to any cause, the designation shall be handled according to Article 208 of the Companies Act.

When a director is unable to be present at a meeting, he may appoint another Director to

act on his/her behalf, with a proxy form specifying the scope of authorization. A Director may accept only one appointment per meeting.

Article 15-1: The shareholders' meeting shall be convened by the Board of Directors. The Chairman shall preside as chairman at meeting. If, for any reason, the Chairman is unable to present at a meeting, he may appoint one of the Directors to take his place. In the absence of such a designation, the Directors shall elect from among themselves an acting chairman to preside at the meeting. If a shareholders' meeting is called by someone other than the Board of Directors, then the person calling the meeting shall preside at the meeting. In the event a shareholders' meeting is called by two or more persons, the chairman shall be elected from among themselves.

Article 16: When the Chairman, Directors and Supervisors exercise their duty for the corporation, the corporation shall pay salary accordingly. The Board of Directors is authorized to determine the salary for them, considering the extent and value of the services provided for the management of the Corporation and the standards of the industry within R.O.C and overseas.

### **Chapter V Manager**

Article 17: This Corporation shall appoint one General Manager, and several Deputy General Managers. The appointment, removal and remuneration of such managerial officers shall be determined in accordance with Article 29 of the Company Act.

### **Chapter VI Accounting**

Article 18: At the end of each fiscal year, the Board of Directors shall make the following reports and submit to the general shareholders meeting for approval.

1. Operation Report
2. Financial Statement
3. Proposal for Profit Distribution or Loss Replenishment

Article 19: In order to reward and encourage employees and management team, this Corporation, before paying dividends or bonuses to shareholders, shall set aside not less than 3% of profit sharing bonuses to its employees and not more than 3% of its annual profits as compensation to its directors and supervisors; provided, however, that this Corporation shall have reserved a sufficient amount to offset its accumulated losses first.

Employees' profit sharing shall be distributed by way of cash dividend and/or stock dividend. The compensation to directors and supervisors shall be distributed only in cash. Proposal of compensation shall be resolved by a majority vote at a Board of Directors meeting attended by at least two-thirds of the total number of directors and shall be reported to the shareholders' meeting.

Employees' compensation may be distributed by way of cash dividend and/or stock dividend, but only cash compensation to directors and supervisors. Proposal of compensation shall be resolved by a majority vote at a Board of Directors meeting attended by at least two-thirds of the total number of directors and shall be reported to the shareholders' meeting.

Article 20: When allocating the earnings after having paid all taxes and dues for each fiscal year, this Corporation shall first offset its losses in previous years, and set aside a legal capital reserve at 10% of the profits. It is not subject to regulation, if the accumulated legal capital reserve has equaled the total capital of the Corporation. Aside from aforesaid legal reserve or reverse special capital reserve in accordance with relevant laws or regulations or as requested by the authorities in charge, any remaining profit plus unappropriated retained shall be distributable earnings. The Board of the Directors shall propose the earnings distribution in a shareholders' meeting for a resolution.

The earnings distribution shall be based on the net profit after tax for the current year, however, considering the interests of shareholders, balanced dividends and the

company's long-term financial planning, the Corporation may draft the unappropriated retained earnings from the previous year for insufficient earnings for distribution. When allocating earnings distribution, the Corporation shall consider company's future expanding plans and the needs of cash flow. Dividends shall be distributed by way of cash dividend and/or stock dividend, of which, cash dividends shall be not less than 10% of the total dividend. The proceeding earning distribution ratio and ration of cash dividend, shall be adjusted depending on the actual earnings and capital position with a resolution reached in a shareholders meeting.

Article 21: The matters are not provided for in these Articles of Incorporation, the Company Act or other laws and regulations shall govern.

Article 22: The constitution was enacted on October 4, 1990.

The 1st Amendment was made on October 19, 1991.

The 2nd Amendment was made on January 17, 1995.

The 3rd Amendment was made on November 24, 1995.

The 4th Amendment was made on October 1, 1997.

The 5th Amendment was made on April 20, 1998.

The 6th Amendment was made on June 17, 1998

The 7th Amendment was made on April 28, 2000.

The 8th Amendment was made on May 10, 2001.

The 9th Amendment was made on May 28, 2002.

The 10th Amendment was made on June 27, 2003.

The 11th amendment was made on June 27, 2003.

The 12th amendment was made on June 16, 2004.

The 13th amendment was made on June 20, 2005.

The 14th amendment was made on June 15, 2006.

The 15th amendment was made on June 13, 2008.

The 16th amendment was made on June 19, 2009.

The 17th amendment was made on April 23, 2010.

The 18th amendment was made on June 15, 2012.

The 19th amendment was made on June 30, 2015.

The 20th amendment was made on June 24, 2016.

The 21st amendment was made on June 28, 2017.

The 22nd amendment was made on May 31, 2018.



## 【Annex II】

### **SPEED TECH CORP.**

#### **Regulations Governing the Acquisition and Disposal of Assets**

June 28,2017 passed at the shareholders meeting

##### Article 1 Purpose

To protect assets and implement information disclosure, this processing procedure is specially formulated.

##### Article 2 Source of law

These Procedures are provided in accordance with Article 36-1 of the Securities and Exchange Act and "Regulations Governing the Acquisition and Disposal of Assets by Public Companies" issued by the Financial Supervisory Commission.

##### Article 3 Scope of assets

- 1.Securities: Including investments in stocks, government bonds, corporate bonds, financial bonds, securities representing interest in a fund, domestic beneficiary certificate, foreign mutual fund, depositary receipts, call (put) warrants, beneficial interest securities, and asset-backed securities, etc.
- 2.Real property (including land, houses and buildings, investment property, land access, and construction enterprise inventory) and equipment.
- 3.Memberships.
- 4.Intangible assets: Including patents, copyrights, trademarks, franchise rights, and other intangible assets.
- 5.Claims of financial institutions (including receivables, bills purchased and discounted, loans, and overdue receivables).
- 6.Derivatives.
- 7.Assets acquired or disposed of in connection with mergers, demergers, acquisitions, or transfer of shares in accordance with law.
- 8.Other major assets.

##### Article 4 The definition of terms

- 1.Derivatives: Forward contracts, options contracts, futures contracts, leverage contracts, or swap contracts, whose value is derived from an asset, rate, foreign exchange rate, index, or other interests and commodities; or compound contract composed of the above commodities. The term "forward contracts" does not include insurance contracts, performance contracts, after-sales service contracts, long-term leasing contracts, or long-term purchase (sales) contracts.
- 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.

3. Related party or subsidiary: As defined in the Regulations Governing the Preparation of Financial Reports by Securities Issuers.
4. Professional appraiser: Refers to a real property appraiser or other person duly authorized by law to engage in the value appraisal of real property or equipment.
5. Date of occurrence: Refers to the date of contract signing, date of payment, date of consignment trade, date of transfer, dates of boards of directors resolutions, or other date that can confirm the counterpart and monetary amount of the transaction, whichever date is earlier; provided, for investment for which approval of the competent authority is required, the earlier of the above date or the date of receipt of approval by the competent authority shall apply.
6. Mainland China area investment: Refers to investments in the mainland China area approved by the Ministry of Economic Affairs Investment Commission or conducted in accordance with the provisions of the Regulations Governing Permission for Investment or Technical Cooperation in the Mainland Area.
7. What is called "within a year" refers to be based on the occurrence date of the transaction and retrospect to the previous year. The part announced in compliance with the regulations is not included.
8. What is called "the latest financial report" shall mean the financial report audited, attested, or scrutinized by an accountant and released to the public before a company's acquisition or disposal of asset.

#### Article 5 Quota on investment of non-operational purpose real estate property and securities

The amount of the above assets acquired by the Company and each subsidiary individually is as follows:

1. The total amount of real property for non-operating purpose shall not exceed 15% of the net value.
2. The total amount of investment in long-term and short-term securities shall not exceed 50% of the net value.
3. The amount of investment in individual securities may not exceed 25% of the net value.

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

#### Article 7 The procedures for acquisition or disposal of property or equipment

### 1. Appraisal and operational procedure

Our Company's acquisition or disposal of real estate property or equipment shall comply with our Company's internal control system and real estate property, plant and equipment cycle procedure rules.

### 2. Trade terms and conditions and credit limit decision-making procedure

- (1) Acquisition or disposal of asset shall first refer to announced present value, assessed value, actual transaction prices of the neighboring area to determine transaction terms and conditions and price. An analysis report is delivered to the chairman of the board of directors, the amount of which is less than NT\$20 million (inclusive), should be submitted to the chairman of the board for approval and should be reported in the latest board meeting afterwards; if it exceeds NT\$20 million, It must be approved by the board of directors.
- (2) Acquisition or disposal of other fixed assets shall choose one method among price inquiry, price competition, price negotiation, or bidding, and the amount is less than NT\$10 million (inclusive), it shall be approved step by step according to the authorization method; those exceeding NT\$10 million shall be submitted to the chairman for approval and shall be approved by the board of directors.
- (3) With respect to a public company's acquisition or disposal of assets that is subject to the approval of the board of directors under the company's procedures or other laws or regulations, if 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. Where the position of independent director has been created in accordance with the provisions of the Act, when a transaction involving the acquisition or disposal of assets is submitted for discussion by the board of directors pursuant to the 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.

### 3. Execution unit

When our Company acquires or disposes real estate property or equipment, the user unit and the Administration Department shall be responsible for execution after approval is obtained through the due process stipulated in the previous subparagraph.

### 4. Appraisal reports on property or equipment

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 government agency, Cooperating others to build on its own land, competitive others to build on rented land, or acquiring or disposing of equipment or right-of-use assets) held for business use, shall obtain an appraisal report prior to the date of occurrence of the event From a professional appraiser and shall further comply with the following provisions:

- (1) Where due to special circumstances it is necessary to give a 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; the same procedure shall also be followed whenever there is any subsequent change to the terms and conditions of the transaction.
- (2) Where the transaction amount is NT\$1 billion or more, appraisals from two or more professional appraisers shall be obtained.
- (3) Where any one of the following circumstances applies with respect to the professional appraiser's appraisal results, unless all the appraisal results for the assets to be acquired are higher than the transaction amount, or all the appraisal results for the assets to be disposed of are lower than the transaction amount, a certified public accountant shall be engaged to perform the appraisal in accordance with the provisions of Statement of Auditing Standards No. 20 published by the ROC Accounting Research and Development Foundation (ARDF) and render a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price:
  1. The discrepancy between the appraisal result and the transaction amount is 20 percent or more of the transaction amount.
  2. The discrepancy between the appraisal results of two or more professional appraisers is 10 percent or more of the transaction amount.
- (4) No more than 3 months may elapse between the date of the appraisal report issued by a professional appraiser and the contract execution date; provided, where the publicly announced current value for the same period is used and not more than 6 months have elapsed, an opinion may still be issued by the original professional appraiser.
- (5) Where our company acquires or disposes of assets through court auction procedures, the evidentiary documentation issued by the court may be substituted for the appraisal report or CPA opinion.

#### Article 8 Procedure for acquiring or disposing securities investment

##### 1. Appraisal and operational procedure

Our Company's purchase and sale of both long- and short-term securities shall comply with our Company's internal control system and investment cycle procedure rules.

##### 2. Decision-making procedure for transaction terms and conditions and credit authorization

- (1) Trade of securities conducted at the stock exchange market or through a business site of a securities dealer shall be determined by the responsible unit with reference to the market status. If the transaction amount is less than NT\$30 million (inclusive), it shall be approved by the chairman and submitted to the board of directors lately. At the same time, it proposes that the long-term and short-term securities unrealized interest or loss analysis report; the amount exceeds NT\$30 million, and it must be approved by the board of directors.

- (2) Trade of securities conducted not at the stock exchange market or not through a business site of a securities dealer shall use the target company's latest financial statements audited, attested, or scrutinized by a CPA as reference for transaction assessment with considerations of net value per share, profitability, and future potential of the target company. If the transaction amount is less than NT\$30 million (inclusive), it shall be approved by the chairman and submitted to the board of directors lately. At the same time, it proposes that the long-term and short-term securities unrealized interest or loss analysis report; the amount exceeds NT\$30 million, and it must be approved by the board of directors.
- (3) The procedure provided by our Company or other procedures require by the laws for asset acquisition and disposal shall require approval by the board. An objection raised by a director, whether documented or in the form of written affidavit, shall be presented to the supervisors. In addition, if our Company already has independent directors in place, their opinions and reasoning shall be thoroughly considered and documented in the meeting record, whether for or against, regarding to asset acquisition or disposal.

### 3. Execution unit

When our Company acquires or disposes securities investment, the accounting department shall be responsible for execution.

### 4. Obtaining expert's opinion

- (1) Acquiring or disposing of securities of our company, if the dollar amount of the transaction is 20 percent of the company's paid-in capital or NT\$300 million or more, the company shall additionally engage a certified public accountant prior to the date of occurrence of the event to provide an opinion regarding the reasonableness of the transaction price. If the CPA needs to use the report of an expert as evidence, the CPA shall do so in accordance with the provisions of Statement of Auditing Standards No. 20 published by the ARDF of ROC. This requirement does not apply, however, to publicly quoted prices of securities that have an active market, or where otherwise provided by regulations of the Financial Supervisory Commission (FSC).
- (2) Where our company acquires or disposes of assets through court auction procedures, the evidentiary documentation issued by the court may be substituted for the appraisal report or CPA opinion.

## Article 9 Procedure for transaction with stakeholders

1. Our Company's acquisition or disposal of asset from or with stakeholders shall comply with, in addition to Article 7~10 pertaining to the procedure for real estate property acquisition, the following rules for the decision-making procedure and reasonability of the transaction's terms and conditions. If the amount exceeds 10% of our Company's total asset, then an appraisal report issued by a professional appraiser or opinion stated by

an accountant is required according to Article 7, 8 and 10.

The calculation of the transaction amount of the preceding paragraph shall be handled in accordance with the provisions of subparagraph 7 of paragraph 1 of Article 14. In addition, when identifying the counterparty's identity as a stakeholder shall take into account not only the legal formality, but also de facto relation.

## 2. Assessment and operational procedure

Our Company's acquisition or disposal of real estate property from or with a stakeholder, or acquisition or disposal of other non-real estate property, with transaction amount equals to or more than 20% of our Company's paid-up capital, 10% of total asset, or NT\$ 300 million, except for government bonds, re-purchase or re-sale of bonds, subscription or redemption of domestic monetary funds, shall also require presenting the following information to the board of directors and supervisors for approval before the respective transaction agreement may be executed and payment be made:

- (1) The purpose, necessity, and expected benefit of the asset acquisition or disposal
- (2) The reason for choosing a stakeholder as transaction counterparty.
- (3) Obtain real estate property from related parties. The information regarding to assessing the reasonability of the intended transaction's terms and conditions in accordance with Paragraph 3, Subparagraph (1) and (4) of this Article.
- (4) The date and price of the property originally acquired by the stakeholder, and the counterparty's relation with our Company and the stakeholder.
- (5) Monthly cash flow forecasts for the 12 months from the month when the agreement is expected to be executed. The necessity of the transaction and the reasonability of the capital maneuver shall be assessed as well.
- (6) Appraisal report issued by a professional appraiser or opinion presented by accountant shall be obtained in accordance with Paragraph 1 of this Article.
- (7) Restrictions or other important considerations applicable to the transaction in concern.

The calculation of the transaction amount of the preceding paragraph shall be handled in accordance with the provisions of subparagraph 7 of paragraph 1 of Article 14.

The term one year shall be the past year before the actual occurrence date of the transaction.

The parts have submitted to the board of directors and approved by the supervisor in accordance with the provisions of this procedure are not included.

About the acquisition or disposal of the equipment for business use of the company and the parent company or subsidiaries, the board of directors may authorize the chairman to make a decision within a certain amount in accordance with paragraph 4 of Article 7, and then report to the board of directors for confirmation in the most recent period.

The chairman is authorized by the board of directors to make decision with paragraph 4 of Article 7 for acquisition or disposal of business equipment of a certain value between our Company and the parent company or subsidiary, provided the transaction is reported afterwards to the board for approval.

If independent directors are already in place, their opinions as the previous Paragraph may concern shall be thoroughly considered. Any objection or reserve opinion raised by an independent director shall be recorded in the meeting record of the board meeting.

### 3. Assessment of the reasonability of the transaction costs

(1) Our Company's acquisition or disposal of property from or with stakeholder shall require assessment on the reasonability of transaction cost pursuant to the following methods:

1. Adding necessary capital interest and costs to be carried by the buyer as the laws may require to the stakeholder's transaction price. The term of necessary capital interest cost shall be the weighted average interest of the fiscal year for the loan borrowed by the Company for the purchase of asset, and may not exceed the maximum loan interest rate for non-financial business announced by the Ministry of Finance.

2. If the stakeholder has ever pledged the target with a financial institute, then assess the total value of the target appraised by the same financial institute for the mortgage. The total accumulated loan granted by the same financial institute on the same target shall be 70% or more of the assessed value of the target and the loan has been made for longer than one year. However, if the financial institute is a stakeholder to either party of the transaction, then this rule does not apply.

(2) For joint acquisition of a same land and house, the separate assessments for the transaction cost of the land and the house shall be made pursuant to any of the above paragraph.

(3) Our company's acquisition of real estate property from a stakeholder shall require assessment on the real estate property cost pursuant to subparagraphs 1 and 2, paragraph 3 of this Article, and a secondary review and opinion from accountant are required.

(4) If the assessment on the property that our company is to acquire from a stakeholder pursuant to subparagraphs 1 and 2, paragraph 3 of this Article suggests the cost is lower than the transaction cost, then follow subparagraph 5, paragraph 3 of this Article. However, this rule does not apply to the following situations, provided objective evidence, real estate professional appraiser's and accountant's opinions on reasonability are obtained:

1. The stakeholder builds building on the raw land acquired or leased shall prove any of the following qualification:

( 1 ) The raw land is appraised pursuant to the subparagraph 1~3 provided in the previous Article, while the cost of the house shall be the stakeholder's construction cost plus reasonable construction profit, and the sum of the two exceeds the actual transaction price. The term reasonable construction profit shall be the average gross profit from operation of the construction

department of the stakeholder over the past 3 years, or the construction industry gross profit ratio announced by the Ministry of Finance, whichever is lower.

- ( 2 ) The assessment on the transaction of other property having comparable acreage on other floor or in adjacent area to the property in concern traded by other non-stakeholders, with terms and conditions complying with common practice in real estate transactions, suggests similar terms and conditions.
  - ( 3 ) The assessment on other property on other floor leased to a non-stakeholder in the past one year, with terms and conditions complying with common practice in real estate transactions and referencing to price difference due to floor number, suggests similar terms and conditions.
2. Our Company presents evidence that proves the transaction terms and conditions for the acquisition of property from a stakeholder are comparable to other transactions property of comparable acreage in adjacent area made between other non-stakeholders. The term transactions in adjacent area shall mean, principally, a property locating on the same or neighboring block with a distance to the target property in concern does not exceed 500 meters and the announced present values are comparable. The term comparable acreage shall mean the transactions of property, having acreage no less than 50% of the target property's acreage, made between other non-stakeholders. The term one year shall be the past year before the actual occurrence date of the property acquisition.
- (5 )Our Company's acquisition of real estate property from a stakeholder shall require completing the following tasks if the assessment made in accordance with subparagraphs 1~4, paragraph 3 of this Article suggests a price lower than transaction price: Our Company and the listed company investing in our Company adopting equity method for investment assessment and having recognized the special reserve abovementioned may not use the said special reserve until the asset purchased at a high price has been recognized as loss or disposal due to price fall or adequately compensated or redeemed, or other evidence proving no unreason ability exists, and approved by the FSC.
1. Regarding to the recognition of special reserve, pursuant to Paragraph 1, Article 40 of the Securities Exchange Act, our Company may not distribute or transfer as common stock for distribution the difference of the real estate property or right-of-use asset transaction's transaction price and assessed cost. A listed company investing in our Company and adopting equity method for assessment shall recognize the special reserve at the shareholding ratio in accordance with Paragraph 1, Article 41 of the Securities Exchange Act.
  - 2.The supervisors shall observe Article 218 of the Company Act.
  - 3.The handling of Points 1 and 2, subparagraph 5, paragraph 3 of this Article shall be reported to the shareholders' meeting and disclose the details of the transaction



in the annual report and the prospectus.

- (6) Our Company acquiring real estate property from a stakeholder having any of the following situations shall comply with paragraph 2 of this Article regarding to the assessment and operation procedures, and subparagraphs 1~3, paragraph 3 of this Article concerning the assessment on transaction reasonability do not apply:
1. The stakeholder acquires the real estate property through heritage or gift.
  2. The stakeholder's acquisition date of the real estate property has been more than 5 years from the current transaction's agreement execution date.
  3. The real estate property is acquired by executing a joint property development agreement with a stakeholder or a construction project commissioned to the stakeholder on own land or leased land.
- (7) Subparagraph 5, paragraph 3 of this Article shall be also observed if other evidence is in place proving that the transaction in which our Company acquires real estate property from a stakeholder does not conform to common practice.

#### Article 10 Procedure for Acquisition or Disposal of Membership Certificate or Intangible Asset

##### 1. Assessment and operational procedure

Our Company's acquisition or disposal of membership certificate or intangible asset shall comply with our Company's internal control system for fixed asset cyclical procedure.

##### 2. Transaction terms and conditions and authorization granting procedure

- (1) Our Company's acquisition or disposal of membership certificate should refer to the fair market price of the market, transaction conditions of resolution and transaction price, and make an analysis report to the chairman. If the amount is less than 1% of the paid-up capital or NT\$3 million (inclusive), it should be submitted to the chairman for approval and should be reported in the latest board meeting afterwards; more than NT\$3 million. It must be submitted to the board of directors for approval.
- (2) Our Company's acquisition or disposal of intangible assets should refer to the assessment report of experts, the transaction conditions and prices of fair market price resolution, and make an analysis report to the chairman. If the amount is less than 10% of the paid-up capital or NT\$20 million (inclusive), it should be submitted to the chairman for approval and should be reported in the latest board meeting afterwards; more than NT\$20 million. It must be submitted to the board of directors for approval.
- (3) The procedure provided by our Company or other procedures require by the laws for asset acquisition and disposal shall require approval by the board. An objection raised by a director, whether documented or in the form of written affidavit, shall be presented to the supervisors. In addition, if our Company already has independent directors in place, their opinions and reasoning shall be thoroughly considered and

documented in the meeting record, whether for or against, regarding to asset acquisition or disposal.

### 3. Execution unit

Our Company acquiring or disposing membership certificate or intangible asset shall obtain approval according to the authorization level above mentioned and the user unit and finance or administration department shall be responsible for execution.

### 4. Appraisal and opinion report by expert on membership certificate or intangible asset

(1) If the transaction amount of the company's acquiring or disposing of the membership certificate reaches 1% of the paid-in capital or more than NT\$3 million, the expert should be asked to issue an appraisal report.

(2) If the transaction amount of the company's acquiring or disposing of the intangible assets reaches 10% of the paid-in capital or more than NT\$20 million, the expert should be asked to issue an appraisal report.

(3) Our Company acquiring or disposing membership certificate or intangible asset with transaction amount of 20% of our Company's paid-up capital or TWD 300 million or more, unless the said transaction is made with the government, shall have the accountant to present opinion on the reasonability of the transaction price prior to the actual occurrence date. The said accountant shall comply with Audit Principle Gazette No. 20 issued by the ARDF.

## Article 11 Procedure for acquiring or disposing financial institute debenture

Basically, our Company does not engage in transactions of acquisition or disposal of financial institute debenture. If such transaction is ever to be engaged in the future, it shall first require approval from the board, followed by respective assessment and operational procedure

## Article 12 Procedure for acquiring or disposing derivatives

### 1. Transaction principles and guidance:

#### (1) Type of transaction

1. Derivatives engaged by our company means those defined in the first paragraph of Article 4. At present, the scope of operation of the company's derivatives is limited to long-term contracts, option contracts and interest rate or exchange rate exchange. If you want to engage in other commodity transactions, you should first obtain it after approval by the board of directors and revision of this processing procedure.

2. Matters relating to bond margin transactions shall be handled in accordance with the relevant provisions of this procedure, and the provisions of this procedure shall not apply to bond transactions subject to the conditions of repurchase.

#### (2) Operating (hedging) strategies

Our company engages in transactions of derivatives and should aim at

hedging. The currency used for operations of trading commodity is limited to the currency of the actual part of the company. Other specific use of transactions must be carefully evaluated and submitted to the Board for approval before proceeding.

(3) Segregation of duties

1. Personnel engaged in trading

- (1) Responsible for the strategy of the entire company's transactions of financial commodity.
- (2) Traders should regularly calculate the location, collect market information for trend judgment and risk assessment, and formulate operational strategies, which are used as the basis for trading after approval by the authority.
- (3) The transaction is executed in accordance with the authorization and the established strategy.
- (4) When there is a major change in the financial market and the trader judges that the established strategy is not applicable, the assessment report is submitted at any time, and the strategy is re-planned. After approval by the general manager, it is used as the basis for trading.

2. Confirmation personnel

- (1) Perform transaction confirmation.
- (2) Review whether the transaction is based on authorization and established strategy.
- (3) The evaluation is carried out monthly and the evaluation report is presented to the general manager.
- (4) Accounting processing.
- (5) Declaration and announcement in accordance with the provisions of the Financial Supervisory Commission.

3. Settlement personnel: Perform the settlement

4. Authorization level of derivatives

(1) Authorization level of hedge trades is as follows:

Approving personnel	Daily trading location	Net cumulative trading location
Manager of accounting	Equivalent to US\$2 million or less	Equivalent to US\$4 million or less

General Manager	Equivalent to US\$4 million or less	Equivalent to US\$8 million or less
President	Equivalent to US\$6 million or less	Equivalent to US\$10 million or less

- (2) Other special-purpose transactions can only be carried out after being reported to the Board of Directors for approval.
- (3) The procedure provided by our Company or other procedures require by the laws for asset acquisition and disposal shall require approval by the board. An objection raised by a director, whether documented or in the form of written affidavit, shall be presented to the supervisors. In addition, if our Company already has independent directors in place, their opinions and reasoning shall be thoroughly considered and documented in the meeting record, whether for or against, regarding to asset acquisition or disposal.

#### 5、Auditing department

Responsible for understanding the admissibility of internal control of derivatives transactions and checking the compliance of the trading department with the operating procedures, and analyzing the trading cycle, making an audit report, and reporting to the board of directors when there is a material weakness.

#### 6、Performance evaluation

##### (1) Hedge trades

A. The cost of exchange rate of the company and the profit and loss generated between the transactions of financial derivatives is the basis of performance evaluation.

B. In order to fully grasp and express the evaluation risk of the transaction, the company evaluates the profit and loss monthly.

C. The finance department shall provide the evaluation of foreign exchange location and foreign exchange market trends and market analysis to the general manager as a management reference and instructions.

##### (2) Special-purpose transactions

The actual profit and loss is used as the basis of performance evaluation, and the accountants must prepare financial statements of the location regularly for managerial level as a reference.

#### 7. Set the total amount of the contract and the maximum loss limit.

##### (1) Total amount of contracts A. Quota of hedge trades

The finance department should grasp the overall position of the company to properly avoid trading risks. The amount of hedge trades is limited to two-thirds of the company's total receivable and payable. If it exceeds two-thirds, it should be reported to the general manager for approval.

##### B. Special-purpose transactions

Based on the forecast of market changes, the finance department may formulate strategies according to needs and report it to the general manager and the chairman of the board for approval. The company's special-purpose transactions are subject to a total contract amount of US\$10 million. If the amount exceeds the above amount, it must be approved by the board of directors and may be based on policy directives.

(2) Setting of the upper limit of loss

A. About hedge trading, if the profit and loss result is negative, the upper limit of the loss is measured by the sum of the profit and loss of the hedging transaction and the original part of the hedged position. If the above measurement is negative, it shall not exceed 5 percent of the transaction contract amount as the upper limit of the loss.

B. In the case of a special purpose transaction contract, after the location is established, a stop loss point should be set to prevent excess losses. The stop loss point shall be set at an upper limit of 10% of the transaction contract amount. If the loss amount exceeds 10% of the transaction amount, it shall be reported to the general manager immediately and reported to the board of directors to discuss the necessary response measures.

C. The maximum annual loss for the company's specific purpose of trading operations is US\$300,000.

2. Risk management measure

(1) Credit risk management

Due to changes in various factors in the market, it is easy to cause operational risks of derivative financial products. Therefore, in market risk management, the following principles are followed:

Transaction target: mainly domestic and foreign famous financial institutions.

Trading commodities: limited to the goods provided by famous financial institutions at home and abroad.

Transaction Amount: The amount of unreversed transaction of the same transaction object is limited to 40% of the total authorized amount, but the general manager approves it.

(2) Market risk management

Based on the open foreign exchange market provided by banks, the futures market will not be considered for the time being.

(3) Liquidity risk management

In order to ensure market liquidity, financial products are selected with high liquidity (that is, they can be flattened at any time in the market), and financial institutions entrusted with transactions must have sufficient information and the ability to trade in any market at any time.

(4) Cash flow risk management

To ensure the stability of the company's working capital turnover, our

company's source of funds for derivatives transactions is limited to its own funds, and its operating amount should consider the funding needs for the forecast of cash receipts and payments for the next three months.

(5) Operational risk management

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

(6) Commodity risk management

Internal traders should have complete and correct professional knowledge of financial commodities, and require banks to fully expose risks to avoid misuse of financial commodity risks.

(7) Legal risk management

Documents signed with financial institutions should be formally signed by special personnel of foreign exchange and legal or legal advisers before they can be formally signed to avoid legal risks.

3. Internal audit system

- (1) The internal audit personnel shall periodically make a determination of the suitability of internal controls on derivatives and conduct a monthly audit of how faithfully derivatives trading by the trading department adheres to the procedures for engaging in derivatives trading, and prepare an audit report. If any material violation is discovered, all supervisors shall be notified in writing.
- (2) The internal audit personnel shall report the audit report and the annual audit of the internal audit operation to the Securities and Futures Bureau before the end of February of the following year, and report the abnormal situation improvement report to the Securities and Futures Bureau for reference at the end of May of the following year.

4. Scheduled assessment method

- (1) The board of directors shall authorize the senior executives to regularly supervise and evaluate whether the transactions in the derivatives are actually handled in accordance with the company's trading procedures, and whether the risks assumed are within the scope of the allowable undertaking and the

market price assessment report has abnormal circumstances (such as the holding position). When the loss has been exceeded, report to the board of directors immediately and take the appropriate measures.

- (2) The positions of derivatives on hand shall be reviewed at least once per week. Risk-preventive transactions shall be reviewed twice per month if so, required for business. The review report shall be presented to the high-ranking management authorized by the board of directors.

5. The board of directors shall thoroughly perform their duties of supervision and control according to the following principles regarding to our Company's engagement in derivative transactions:

- (1) The board of directors shall designate senior management personnel to pay continuous attention to monitoring and controlling derivatives trading risk. The management principles are as follows:
  1. Periodically evaluate the risk management measures currently employed are appropriate and are faithfully conducted in accordance with these Regulations and the procedures for engaging in derivatives trading formulated by the company.
  2. When irregular circumstances are found in the course of supervising trading and profit-loss circumstances, appropriate measures shall be adopted and a report immediately made to the board of directors; where a company has independent directors, an independent director shall be present at the meeting and express an opinion.
- (2) Periodically review derivative transactions and determine their conformity to existing operation strategy and risk tolerance stipulated by our Company.
- (3) Our company shall report to the soonest meeting of the board of directors after it authorizes the relevant personnel to handle derivatives trading in accordance with its Procedures for Engaging in Derivatives Trading.
- (4) A public company engaging in derivatives trading shall establish a log book in which details of the types and amounts of derivatives trading engaged in, board of directors approval dates, and the matters required to be carefully evaluated under subparagraph 2, paragraph 4, and point 1, subparagraph 1 of paragraph 5, and subparagraph 2 of paragraph 5 of this article, of the preceding article shall be recorded in detail in the log book.

#### Article 13 Procedure for merger, division, acquisition, or share receiving

##### 1. Assessment and operational procedure

- (1) Our Company that conducts a merger, demerger, acquisition, or transfer of shares, prior to convening the board of directors to resolve on the matter, shall engage a CPA, attorney, or securities underwriter to give an opinion on the reasonableness of the share exchange ratio, acquisition price, or distribution of cash or other property to shareholders, and submit it to the 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 by a public company of a subsidiary in which it 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 public company directly or indirectly holds 100 percent of the respective subsidiaries' issued shares or authorized capital.

- (2) Our company shall prepare a public report to shareholders detailing important contractual content and matters relevant to the merger, demerger, or acquisition prior to the shareholders meeting and include it along with the expert opinion referred to in paragraph 1 of the preceding Article when sending shareholders notification of the shareholders meeting for reference in deciding whether to approve the merger, demerger, or acquisition. Provided, where a provision of another act exempts a company from convening a shareholders meeting to approve the merger, demerger, or acquisition, this restriction shall not apply.

Where the shareholders meeting of any one of the companies participating in a merger, demerger, or acquisition fails to convene or pass a resolution due to lack of a quorum, insufficient votes, or other legal restriction, or the proposal is rejected by the shareholders meeting, the companies participating in the merger, demerger or acquisition shall immediately publicly explain the reason, the follow-up measures, and the preliminary date of the next shareholders meeting.

## 2. Other issues

- (1) Board meeting date: Unless otherwise stipulated by laws or excused by FSC in advance for special reason, the companies participating in a merger, division, or acquisition shall begin their board meeting and shareholders' meeting on the same day to determine the said merger, division, and acquisition. Unless otherwise stipulated by laws or excused by our Commission in advance for special reason, the company participating in receiving shares shall also begin its board meeting on the same day. The listed companies or companies traded at securities brokers' business sites, participating in a merger, division, acquisition, or share receiving, shall keep the following information in their archive for at least 5 years for future reference:

1. Personnel basic information: including the names, job titles, Citizen ID (passport number for foreigner) of the persons who plan and/or execute the merger, division, acquisition, or share receiving prior to the disclosure of the said transaction.
2. Important dates: including the execution dates of letter of intent, memorandum, commissioning of financial or legal consultants, execution of agreements, and board meetings.
3. Important document and meeting record: including the plan for merger,



division, acquisition, or share receiving, letter of intent, memorandum, important agreements, and board meetings' meeting records.

When participating in a merger, demerger, acquisition, or transfer of another company's shares, a company that is listed on an exchange or has its shares traded on an OTC market shall, within 2 days counting inclusively from the date of passage of a resolution by the board of directors, report (in the prescribed format and via the Internet-based information system) the information set out in subparagraphs 1 and 2 of paragraph 2 of this article to the FSC for recordation. Where any of the companies participating in a merger, demerger, acquisition, or transfer of another company's shares is neither listed on an exchange nor has its shares traded on an OTC market, the company(s) so listed or traded shall sign an agreement with such company whereby the latter is required to abide by the provisions of the preceding two paragraphs.

(2) Non-disclosure agreement:

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

(3) Principles for share exchange or purchase price determination and change:

The companies participating in the merger, division, acquisition, or share receiving shall have their respective accountants lawyers, and securities underwriters to present their opinions regarding to the reasonability of the share exchange ratio, purchase price, cash or other property distributed among shareholders before the board meeting, and such companies shall disclose these opinions in their shareholders' meetings. Basically, share exchange ratio or purchase price may not be changed without justifiable cause unless otherwise the conditions to the said change has been agreed in the agreement and disclosed to the public. Share exchange ratio and purchase price may be changed if:

1. Cash capital increase, issuance of convertible corporate bonds, or the issuance of bonus shares, issuance of corporate bonds with warrants, preferred shares with warrants, stock warrants, or other equity based securities.
2. An action, such as a disposal of major assets, that affects the company's financial operations.
3. An event, such as a major disaster or major change in technology, that affects shareholder equity or share price.

4. An adjustment where any of the companies participating in the merger, demerger, acquisition, or transfer of shares from another company, buys back treasury stock.
5. An increase or decrease in the number of entities or companies participating in the merger, demerger, acquisition, or transfer of shares.
6. Other terms/conditions that the contract stipulates may be altered and that have been publicly disclosed.

(4) Information required to be stated:

The companies participating in the merger, division, - 110 - acquisition, or share receiving shall observe Article 317-1 of the Company Act and Article 22 of the Business Mergers and Acquisitions Act and clearly state the following information:

1. Handling of breach of contract.
2. Principles for the handling of equity-type securities previously issued or treasury stock previously bought back by any company that is extinguished in a merger or that is demerged.
3. The amount of treasury stock participating companies are permitted under law to buy back after the record date of calculation of the share exchange ratio, and the principles for handling thereof.
4. The manner of handling changes in the number of participating entities or companies.
5. Preliminary progress schedule for plan execution, and anticipated completion date.
6. Scheduled date for convening the legally mandated shareholders meeting if the plan exceeds the deadline without completion, and relevant procedures.

(5) Upon change of number of companies participating in the merger, division, acquisition, or share receiving:

After public disclosure of the information, if any company participating in the merger, demerger, acquisition, or share transfer intends further to carry out a merger, demerger, acquisition, or share transfer with another company, all of the participating companies shall carry out anew the procedures or legal actions that had originally been completed toward the merger, demerger, acquisition, or share transfer; except that where the number of participating companies is decreased and a participating company's shareholders meeting has adopted a resolution authorizing the board of directors to alter the limits of authority, such participating company may be exempted from calling another shareholders meeting to resolve on the matter anew.

(6) Our Company shall make and enter into agreement with non-listed companies participating in the merger, division, acquisition, or share receiving and

observe Subparagraph 1, Paragraph 2 of this Article regarding to the board meeting date, Subparagraph 2 regarding to the non-disclosure agreement, and Subparagraph 5 regarding to the change of the number of companies participating in the merger, division, acquisition, or share receiving.

#### Article 14 Procedure for information disclosure

##### 1. Information to be reported and the report standard

- (1) Acquisition or disposal of real estate property from or with a stakeholder, or property other than real estate property, of which transaction amount exceeds 20% of our Company's paid-up capital, 10% of total asset, or TWD 300 million. However, this rule does not apply to the government bonds, re-purchase or re-sale of bonds, subscription or redemption of domestic monetary funds.
- (2) Engaging in merger, division, acquisition, or share receiving.
- (3) Loss realized from derivatives transactions, of which loss amount satisfies the upper limit of all or individual contracts in accordance with the stipulated handling procedure.
- (4) Where equipment thereof for business use are acquired or disposed of, and furthermore the transaction counterparty is not a related party, and the transaction amount meets any of the following criteria:
  1. For a public company whose paid-in capital is less than NT\$10 billion, the transaction amount reaches NT\$500 million or more.
  2. For a public company whose paid-in capital is NT\$10 billion or more, the transaction amount reaches NT\$1 billion or more.
- (5) 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 the amount the company expects to invest in the transaction reaches NT\$500 million.
- (6) Where an asset transaction other than any of those referred to in the preceding 5 subparagraphs, a disposal of receivables by a financial institution, or an investment in the mainland China area reaches 20 percent or more of paid-in capital or NT\$300 million; provided, this shall not apply to the following circumstances:
  1. Trading of government bonds.
  2. Trading of bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises.
- (7) The transaction amount of the previous 6 subparagraphs is calculated according

to the method in below, and the abovementioned within one year shall be the year before the record date of the actual happening of this transaction. The part announced in compliance with the regulations is not included.

- 1.The amount of any individual transaction.
- 2.The cumulative transaction amount of acquisitions and disposals of the same type of underlying asset with the same transaction counterparty within the preceding year.
- 3.The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of real property thereof within the same development project within the preceding year.
- 4.The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of the same security within the preceding year.

(8) The calculation of the amount and date of Articles 7, 8, 9 and 10 shall be handled in accordance with the provisions of the preceding subparagraph. The parts have acquired an appraisal report issued by a professional appraiser or opinion stated by an accountant are not included.

## 2.Time limit for handling announcements and reports

Our company acquiring or disposing of assets, have information to be reported in paragraph 1 of this article, and the trading amount has reached the reported standard, shall publicly announce and report within 2 days counting inclusively from the date of occurrence of the event.

## 3.Disclosure and reporting procedure

- (1) Our Company shall disclose and report the related information at the website designated by the FSC.
- (2) Our Company shall upload the information of the derivatives transactions made by our Company and subsidiary not domestically listed as of the end of the previous month as stipulated by the FSC, in the form stipulated, by the 10th day of each month.
- (3) Our Company shall make prompt correction if the information disclosed as required by laws is found to be incorrect or incomplete, and re-disclose and re-report all information again within 2 days counting inclusively from the date of being informed.
- (4) Unless otherwise stipulated by laws, our Company shall keep the contracts, meeting records, memorandum, appraisal report, accountant/lawyer/securities broker opinion regarding to our Company's acquisition or disposal of asset in archive at our Company for at least 5 years.
- (5) Our Company shall disclose and report the related information within two days from the occurrence date at the website designated by our Commission if any of the following occurs after our Company has completed disclosure and

reporting in accordance with regulations:

1. Change, termination, or cancellation of the original executed contract.
2. The merger, division, acquisition, or share receiving is not completed as scheduled.
3. Change of the information disclosed and reported

Article 15 Our Company's subsidiary shall comply with the followings:

1. When a subsidiary is a publicly-issued company in our country, it shall comply with the Regulations Governing the Acquisition and Disposal of Assets by Public Companies for its Procedure for Property Acquisition and Disposal. After the approval of the board of directors of the subsidiary, it will be reported to the shareholders' meeting of both parties. Amendment shall follow the same procedure.
2. If the subsidiary is not a publicly-issued company, the relevant procedures may not be established. When the company acquires or disposes of the assets, it shall be handled by the company in accordance with the provisions of this procedure.
3. If the subsidiary is not a publicly-issued company, and the company acquires or disposes of the assets as of the announcing and reporting standard set out in Article 14 of the processing procedure, our company also handles the announcement and report matters on behalf of the subsidiary.
4. The announcement and report standard applicable to a subsidiary that "exceeds 20% of our Company's paid-up capital or 10% of total asset" shall mean the principal (our) Company's paid-up capital.

Article 16 For the calculation of 10 percent of total assets under these procedures, 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.

Article 17 Penalty

Employee handling acquisition and disposal of asset who violates these Procedures shall be subject to penalty provided by our Company's Employee Management Rules depending on the severity. The said violation will be considered in the scheduled review.

Article 18 Implementation and amendment

Our Company's Procedures for Asset Acquisition or Disposal is to be approved by the board of directors with carbon copies delivered to the supervisors, and will be proposed to the shareholders' meeting for approval. Amendment shall follow the same procedure. Our Company shall deliver any objection raised by any director, documented, or made in written statement to the supervisors.

In addition, if independent directors are already in place, their opinions, for or against, shall be given thorough considerations in the board's review of the Procedures for Asset Acquisition and Disposal and recorded in the board meeting's record.

Article 19 Miscellaneous

Any issue not comprehensively covered in these Procedures shall be governed by the applicable laws.

## Appendix III

### SPEED TECH CORP.

#### Rules and Procedures of Shareholders' Meeting

Shareholders resolution on June 15, 2012

##### **Article 1 (Rule Basis)**

To develop a good governance system, supervision capabilities and management mechanism of this Corporation Board of Directors, these rules and procedures are established in accordance with Article 5 of the Taiwan "Corporate Governande Best Practice Principle for TWSE/TPEX Listed Companies".

**Article 2** Unless otherwise provided by relevant laws or regulations, the Company's shareholders' meetings shall be conducted in accordance with these Rules and Procedures of Shareholders' Meetings.

##### **Article 3 (Convening shareholders meetings and shareholders meeting notices)**

Unless otherwise provided by law or regulation, the shareholders meetings shall be convened by the Board of Directors.

The convening of the shareholders' general meeting shall be notified to the shareholders 30 days before the date. To notify the shareholders holding less than one thousand shares of the registered shares, the corporation shall upload the information to the Market Observation Post System (MOPS) 30 days before the meeting. The convening of the special shareholders meeting shall be notified to the shareholders 15 days before the meeting. To notify the shareholders holding less than one thousand shares of the registered shares, the corporation shall upload the information to MOPS 15 days before the meeting date.

The notification and the announcement shall state the purpose of the meeting.

Re-election of directors or supervisors, amendments to the articles of incorporation, the dissolution, merger, or demerger of the corporation matter under Article 185, paragraph 1 of the Company Act, Articles 26-1 and 43-6 of the Securities and Exchange Act, shall be set out in the notice of the reasons for convening the shareholders meeting. None of the above matters may be raised by an extraordinary motion.

##### **Article 4 (Proxy appointing)**

For each shareholders meeting, a shareholder may appoint a proxy to attend the meeting by providing the proxy form issued by this Corporation and stating the scope of the proxy's authorization.

A shareholder may issue only one proxy form and appoint only one proxy for any given shareholders meeting, and shall deliver the proxy form to this Corporation before 5 days before the date of the shareholders meeting. When duplicate proxy forms are delivered, the one received earliest shall prevail unless a declaration is made to cancel the previous proxy appointment.

##### **Article 5 (The principles of the time and place of a shareholders meeting)**

The Meeting shall be held at the head office of the Company or at any other appropriate

place that is convenient for the 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.

**Article 6 (Preparation of documents such as the attendance book)**

This Corporation shall furnish the attending shareholders and their proxies (collectively, "shareholders") with an attendance book to sign, or attending shareholders may hand in a sign-in card in lieu of signing in. Attendance and voting rights at shareholders meetings shall be calculated based on numbers of shares. The number of shares in attendance shall be calculated according to the shares indicated by the attendance book and sign-in cards handed in, plus the number of shares whose voting rights are exercised by correspondence or electronically.

This Corporation shall furnish attending shareholders with the meeting agenda book, annual report, attendance card, speaker's slips, voting slips, and other meeting materials. Where there is an election of directors or supervisors, pre-printed ballots shall also be furnished.

Shareholders shall attend shareholders meetings based on attendance cards, sign-in cards, or other certificates of attendance. Solicitors soliciting proxy forms shall also bring identification documents for verification.

When the government or a juristic person is a shareholder, it may be represented by more than one representative at a shareholders meeting. When a juristic person is appointed to attend as proxy, it may designate only one person to represent it in the meeting.

**Article 7 (The chair and non-voting participants of a shareholders meeting)**

If a shareholders meeting is convened by the board of directors, the meeting shall be chaired by the chairman of the board. When the chairman of the board is on leave or for any reason unable to exercise the powers of the chairman, the vice chairman shall act in place of the chairman; if there is no vice chairman or the vice chairman also is on leave or for any reason unable to exercise the powers of the vice chairman, the chairman shall appoint one of the managing directors to act as chair, or, if there are no managing directors, one of the directors shall be appointed to act as chair. Where the chairman does not make such a designation, the managing directors or the directors shall select from among themselves one person to serve as chair.

It is advisable that shareholders meetings convened by the Board of Directors, more than a half of the Board of Directors shall present at the meeting. If a shareholders meeting is convened by a party with power to convene but other than the board of directors, the convening party shall chair the meeting. When there are two or more such convening parties, they shall mutually select a chair from among themselves.

This Corporation may appoint its attorneys, certified public accountants, or related persons retained by it to attend a shareholders meeting in a non-voting capacity. The Company may appoint counsel appointed, accountant or personnel to attend the shareholders' meeting.

**Article 8 (Taperecorded or videotaped shareholders' meeting process)**



All shareholders' meetings shall be taperecorded or videotaped, and these tapes shall be preserved for at least one year; provided however, if there is any Shareholder bringing any proceeding against the Company pursuant to Article 189 of the Company Act, the relevant tapes shall be preserved till the end of the proceedings.

**Article 9 (Calculation of the number of shareholders attendance)**

The Attendance at shareholders meetings shall be calculated based on numbers of shares. The number of shares in attendance shall be calculated according to the shares indicated by the attendance book and sign-in cards handed in.

The chair shall call the meeting to order at the appointed meeting time. However, when the attending shareholders do not represent a majority of the total number of issued shares, the chair may announce a postponement, provided that no more than two such postponements, for a combined total of no more than 1 hour, may be made. If the quorum is not met after two postponements and the attending shareholders still represent less than one third of the total number of issued shares, the chair shall declare the meeting adjourned.

If the quorum is not met after two postponements as referred to in the preceding paragraph, but the attending shareholders represent one third or more of the total number of issued shares, a tentative resolution may be adopted pursuant to Article 175, paragraph 1 of the Company Act; all shareholders shall be notified of the tentative resolution and another shareholders meeting shall be convened within 1 month.

When, prior to conclusion of the meeting, the attending shareholders represent a majority of the total number of issued shares, the chair may resubmit the tentative resolution for a vote by the shareholders meeting pursuant to Article 174 of the Company Act.

**Article 10 (Discussion of proposals)**

If a shareholders meeting is convened by the Board of Directors, the meeting agenda shall be set by the Board of Directors. The meeting shall proceed in the order set by the agenda, which may not be changed without a resolution of the shareholders meeting.

The provisions of the preceding paragraph apply *mutatis mutandis* to a shareholders meeting convened by a party with the power to convene that is not the board of directors.

The chair may not declare the meeting adjourned prior to completion of deliberation on the meeting agenda of the preceding two paragraphs (including extraordinary motions), except by a resolution of the shareholders meeting. If the chair declares the meeting adjourned in violation of the rules of procedure, the other members of the board of directors shall promptly assist the attending shareholders in electing a new chair in accordance with statutory procedures, by agreement of a majority of the votes represented by the attending shareholders, and then continue the meeting.

The chair shall allow ample opportunity during the meeting for explanation and discussion of proposals and of amendments or extraordinary motions put forward by the shareholders; when the chair is of the opinion that a proposal has been discussed sufficiently to put it to a vote, the chair may announce the discussion closed and call for a vote.

**Article 11 (shareholder speech)**

Before speaking, an attending shareholder must specify on a speaker's slip the subject of the speech, his/her shareholder account number (or attendance card number), and account

name. The order in which shareholders speak will be set by the chair.

A shareholder in attendance who has submitted a speaker's slip but does not actually speak shall be deemed to have not spoken. When the content of the speech does not correspond to the subject given on the speaker's slip, the spoken content shall prevail.

Except with the consent of the chair, a shareholder may not speak more than twice on the same proposal, and a single speech may not exceed 5 minutes. If the shareholder's speech violates the rules or exceeds the scope of the agenda item, the chair may terminate the speech.

When an attending shareholder is speaking, other shareholders may not speak or interrupt unless they have sought and obtained the consent of the chair and the shareholder that has the floor; the chair shall stop any violation.

When a juristic person shareholder appoints two or more representatives to attend a shareholders meeting, only one of the representatives so appointed may speak on the same proposal.

After an attending shareholder has spoken, the chair may respond in person or direct relevant personnel to respond.

#### **Article 12 (Calculation of voting shares and recusal system)**

Voting at a shareholders meeting shall be calculated based the number of shares.

With respect to resolutions of shareholders meetings, the number of shares held by a shareholder with no voting rights shall not be calculated as part of the total number of issued shares.

When a shareholder is an interested party in relation to an agenda item, and there is the likelihood that such a relationship would prejudice the interests of this Corporation, that shareholder may not vote on that item, and may not exercise voting rights as proxy for any other shareholder.

The number of shares for which voting rights may not be exercised under the preceding paragraph shall not be calculated as part of the voting rights represented by attending shareholders.

With the exception of a trust enterprise or a shareholder services agent approved by the competent securities authority, when one person is concurrently appointed as proxy by two or more shareholders, the voting rights represented by that proxy may not exceed 3 percent of the voting rights represented by the total number of issued shares. If that percentage is exceeded, the voting rights in excess of that percentage shall not be included in the calculation.

#### **Article 13 (Voting and methods for vote monitoring and counting)**

A shareholder shall be entitled to one vote for each share held, except when the shares are restricted shares or are deemed non-voting shares.

The passage of a proposal, except as otherwise provided in the Company Act and Articles of Incorporation of this Corporation, shall require an affirmative vote of a majority of the voting rights represented by the attending shareholders. At the time of a

vote, for each proposal, the chair or a person designated by the chair shall first announce the total number of voting rights represented by the attending shareholders, followed by a poll of the shareholders.

When a proposal comes to a vote at a board meeting, if no attending director voices an objection following an inquiry by the chair, the proposal will be deemed approved. If there is an objection following an inquiry by the chair, the proposal shall be brought to a vote.

Other than listing proposals in the procedure, the proposal or an amendment or alternative to a proposal proposed by the shareholder shall be seconded by other shareholders. Total shares of proposer and resolutioners shall reach 1% of total voting shares.

When there is an amendment or alternative to a proposal, the chair shall present the amended or alternative proposal together with the original proposal and decide the order in which they will be put to a vote. If any one among them is passed, the other proposals shall then be deemed rejected, and no further voting on them shall be required.

If a vote on a proposal requires monitoring and counting personnel, the chair shall appoint such personnel, providing that all monitoring personnel shall be shareholders. Vote counting shall be conduct in the meeting in public. Voting results shall be made known on-site immediately and recorded in writing.

When this Corporation holds a shareholders meeting, it may allow the shareholders to exercise voting rights by correspondence or electronic means. When voting rights are exercised by correspondence or electronic means, the method of exercise shall be specified in the shareholders meeting notice. A shareholder exercising voting rights by correspondence or electronic means will be deemed to have attended the meeting in person, but to have waived his/her rights with respect to the extraordinary motions and amendments to original proposals of that meeting.

When there is an amendment or alternative to a proposal, the chair shall present the amended or alternative proposal together with the original proposal and decide the order in which they will be put to a vote. If any one among them is passed, the other proposals shall then be deemed rejected, and no further voting on them shall be required.

#### **Article 14 (Election of directors and supervisors)**

The election of directors or supervisors at a shareholders meeting shall be held in accordance with the applicable election and appointment rules adopted by this Corporation, and the voting results shall be announced on-site immediately.

The ballots for the election referred to in the preceding paragraph shall be sealed with the signatures of the monitoring personnel and kept in proper custody for at least 1 year. If, however, a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the ballots shall be retained until the conclusion of the litigation.

#### **Article 15 (Conference record and signed Matters)**

Matters relating to the resolutions of a shareholders meeting shall be recorded in the meeting minutes. The meeting minutes shall be signed or sealed by the chair of the meeting and a copy distributed to each shareholder within 20 days after the conclusion of the meeting.

The meeting minutes may distribute of the preceding paragraph in accordance by the Company Act.

The meeting minutes shall accurately record the year, month, day, and place of the meeting, the chair's full name, the methods by which resolutions were adopted, and a summary of the deliberations and their results, and shall be retained for the duration of the existence of this Corporation.

The methods of proceeding resolution, of which is by an inquiry by the chair with no attending director voices an objection, shall be recorded “ by an inquiry by the chair with no attending director voices an objection”, if there is an objection following an inquiry by the chair, shall be recorded the method of resolution and the ratio of resolution and the votes.

#### **Article 16 (Public disclosure)**

On the day of a shareholders meeting, this Corporation shall compile in the prescribed format a statistical statement of the number of shares obtained by solicitors through solicitation and the number of shares represented by proxies, and shall make an express disclosure of the same at the place of the shareholders meeting.

If matters put to a resolution at a shareholders meeting constitute material information under applicable laws or regulations or under Taiwan Stock Exchange Corporation (or GreTai Securities Market) regulations, this Corporation shall upload the content of such resolution to the MOPS within the prescribed time period.

#### **Article 17 (Maintaining order at the meeting place)**

Staff handling administrative affairs of a shareholders meeting shall wear identification cards or arm bands.

The chair may direct the proctors or security personnel to help maintain order at the meeting place. When proctors or security personnel help maintain order at the meeting place, they shall wear an identification card or armband bearing the word "Proctor."

At the place of a shareholders meeting, if a shareholder attempts to speak through any device other than the public address equipment set up by this Corporation, the chair may prevent the shareholder from so doing.

When a shareholder violates the rules of procedure and defies the chair's correction, obstructing the proceedings and refusing to heed calls to stop, the chair may direct the proctors or security personnel to escort the shareholder from the meeting.

#### **Article 18 (Recess and resumption of a shareholders meeting)**

When a meeting is in progress, the chair may announce a break based on time considerations. If a force majeure event occurs, the chair may rule the meeting

temporarily suspended and announce a time when, in view of the circumstances, the meeting will be resumed.

If the meeting venue is no longer available for continued use and not all of the items (including extraordinary motions) on the meeting agenda have been addressed, the shareholders meeting may adopt a resolution to resume the meeting at another venue.

A resolution may be adopted at a shareholders meeting to defer or resume the meeting within 5 days in accordance with Article 182 of the Company Act.

**Article 19** The matters are not covered by the Rules, it shall follow by the chair's deed.

**Article 20 (Supplementary Provisions)**

These Rules, and any amendments hereto, shall be implemented after adoption by shareholders meetings.

## Appendix IV

### SPEED TECH CORP.

#### Rules for Election of Directors and Supervisors

June 15, 2006

Adopted by 2006 General Shareholders' Meeting

- Article 1 The elections of directors and supervisors of this Corporation shall be proceeded in accordance with this rule.
- Article 2 The elections of the directors and supervisors of this Corporation shall be cast for a single candidate or split among multiple candidates. Each share will have voting rights in number equal to the directors or supervisors to be elected,
- Article 3 The board of directors shall prepare separate ballots for directors and supervisors in numbers corresponding to the directors or supervisors to be elected. The number of voting rights associated with each ballot shall be specified on the ballots, which shall then be distributed to the attending shareholders at the shareholders meeting.
- Article 4 Before the election begins, the chair shall appoint a number of persons with shareholder status to perform the respective duties of vote monitoring and counting personnel.
- Article 5 The elections of directors and supervisors of this Corporation shall have the ballot boxes prepared by the board of directors and publicly checked by the vote monitoring personnel before voting commences.
- Article 6 If a candidate is a shareholder, a voter must enter the candidate's account 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 identity card number. However, when the candidate is a governmental organization or juristic-person shareholder, the name of the governmental organization or juristic-person shareholder shall be entered in the column for the candidate's account name in the ballot paper, or both the name of the governmental organization or 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.
- Article 7 The elections of directors and supervisors of the company, shall be proceeded in the accordance with of this rule.
- Article 8 A ballot is invalid under any of the following circumstances:
1. The ballot was not prepared by the board of directors.
  2. A blank ballot is placed in the ballot box.
  3. The writing is unclear and indecipherable or has been altered.
  4. The candidate whose name is entered in the ballot is a shareholder, but the candidate's account name and shareholder account number do 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.

5. Other words or marks are entered in addition to the candidate's account name or shareholder account number (or identity card number) and the number of voting rights allotted.
6. No shareholder account number or identity card number is provided.
7. The name of the candidate entered in the ballot is identical to that of another shareholder.

Article 9 Directors and supervisors shall be elected from the persons of legal ability in the shareholders meeting. The number of directors will be as specified in the company's Articles of Incorporation. Those receiving ballots representing the highest numbers of voting rights will be elected sequentially according to their respective numbers of votes as independent directors, non-independent directors or supervisors. If two or more persons acquire the same number of votes and the number of such persons exceeds the specified seats available, such persons acquiring the same votes shall draw lots to decide who should win the seats available, and the Chairman shall draw lots on behalf of the candidate who is not present.

By proceeding paragraph he, who is elected as director and supervisor at the same time, shall decide to be either director or supervisor. Where, upon further verification, it is confirmed that the personal information of an elected director is not correct or that the election of an elected director shall be null pursuant to the Applicable Law, the candidate receiving second most votes to such director in the same general Shareholder Meeting shall be elected to fill the vacancy.

Article 10 When audit committee is appointed by this Corporation, no election supervisors will be appointed.

Article 11 The elections of directors and supervisors of this Corporation, shall be proceeded in the accordance with of this rule.

Article 12 In violation of the provisions of paragraph 3 or paragraph 4 of Article 26-3 of Securities and Exchange Act, the election shall be deemed invalid

Article 13 The board of directors of this Corporation shall issue notifications to the persons elected as directors or supervisors.

Article 14 The elections of directors and supervisors of this Corporation, shall be proceeded in the accordance with of this rule.

Article 15 These Procedures, and any amendments hereto, shall be implemented after approval by a shareholders meeting.

## Appendix V

### SPEED TECH CORP. Shareholding of Directors and Supervisors

1. Total common stocks issued: 167,800,000 shares
2. In compliance with the provisions of Article 26 of the Securities Exchange Act, all directors, supervisors should hold a minimum number of shares as follows:
  - (1) The minimum required combined shareholding of all directors: 10,068,000 shares
  - (2) The minimum required combined shareholding of all supervisors: 1,006,800 shares

Book closure date: April 28, 2019

Title	Name	Shareholdings	Shareholdings Ratio (%)
Chairman	Hong Kong Lian Tao Electronics Co., Ltd Representative: Zhen-Long Cai	51,989,551	30.98%
Director	Hong Kong Lian Tao Electronics Co., Ltd Representative: Yi-Ling Ye		
Director	Hong Kong Lian Tao Electronics Co., Ltd Representative: Li-Sheng Chen		
Director	Hong Kong Lian Tao Electronics Co., Ltd Representative: He-Chang Chen		
Director	Guo-Ji Fan	0	0
Independent Director	Cong-Heng Liu	0	0.00%
Independent Director	Zong-Xin Liu	0	0.00%
<b>Shareholdings of all Directors and Ratio</b>		<b>51,989,551</b>	<b>30.98%</b>
Supervisor	Wei Hua Investment Co., Ltd. Representative: Qiu-Tan Lin	8,000,000	4.77%
Supervisor	Jia-de Xu	0	0.00%
<b>Shareholdings of all Supervisors and Ratio</b>		<b>8,000,000</b>	<b>4.77%</b>

Note: In compliance with "Rules and Review Procedures for Directors and Supervisors Share Ownership Ratio at Public Companies" provisions of Article 2, if a public company has elected two or more independent directors, the share ownership figures calculated at the rates set forth in the preceding paragraph for all directors and supervisors other than the independent directors and shall be decreased by 20 percent.