

Stock Code: 2329



Orient Semiconductor Electronics, Ltd.

2019 Annual Meeting of Shareholders

Meeting Handbook

Time: June 18, 2019

**Venue: No. 600, Chia-Chang Road, Nan-Zih District, Kaohsiung City, Taiwan
(Nanzih Export Processing Zone Administration / Auditorium)**

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Orient Semiconductor Electronics, Ltd. **Procedure for 2019 Annual Meeting of Shareholders**

One. Call the Meeting to Order

Two. Chairperson Remarks

Three. Management Presentation

Four. Proposals for Recognition

Five. Discussion Matters

Six. Election Matters

Seven. Discussion Matters

Eight. Questions and Motions

Nine. Adjournment

Orient Semiconductor Electronics, Ltd.

2019 Annual Meeting of Shareholders

Time: 10:00 am on June 18, 2019 (Tuesday)

Venue: No. 600, Chia-Chang Road, Nan-Zih District, Kaohsiung City, Taiwan (Nanzih Export Processing Zone Administration / Auditorium)

One. Call the Meeting to Order

Two. Chairperson Remarks

Three. Management Presentation

- I. 2018 Business Report.
- II. Supervisor's Review Report for 2018 Financial Statements.
- III. Implementation Progress for Capital Reduction to Offset Losses and Strengthening Operation Program.

Four. Proposals for Recognition

- I. 2018 Business Report and Financial Statements.
- II. 2018 Deficit compensation.

Five. Discussion Matters

- I. Amendment to parts of clauses of the "Articles of Incorporation".
- II. Amendment to parts of clauses of the "Procedure for Acquisition or Disposal of Assets".
- III. Amendment to parts of clauses of the "Procedure for Endorsements and Guarantees".
- IV. Amendment to parts of clauses of the "Procedure for Lending Funds to Others".
- V. Amendment to parts of clauses of the "Rule for Director and Supervisor Elections".

Six. Election Matters

- I. Election of the 17th term of Directors (Including 3 Independent Directors).

Seven. Discussion Matters

- VI. Proposal for releasing the restrictions on the new directors' non-competition.

Eight. Questions and Motions

Nine. Adjournment

I. Management Presentation

Report No. 1

Proposal: 2018 Business Report, please review.

Explanation: Please refer to Annex 1 for the 2018 business report.

Report No. 2

Proposal: Supervisor's Review Report for the 2018 Financial Statements, please review.

Explanation: I. The business report and various financial statements (including consolidated financial statements) for the year 2018 have been audited by the independent auditors, Lee, Fang-Wen and Chen, Cheng-Chu of Ernst and Young Global Limited and have been reviewed by the supervisor of the Company.

II. Please refer to Annex 2 for the Supervisor's Review Report.

Report No. 3

【Proposed by the Board of Director】

Proposal: Implementation Progress for capital reduction to offset losses and strengthen the operating program.

Explanation: In order to improve the financial structure, the annual meeting of shareholders on June 29, 2018 resolved the proposal for capital reduction to offset losses, and has been approved to take effect by the Financial Supervisory Commission. This capital reduction has been finished. Please refer to Annex 3.

II. Proposals for Recognition

Proposal 1 for Recognition

【Proposed by the Board of Director】

Proposal: 2018 Business report and various financial statements, herein reported for recognition.

Explanation: I. The business report and various financial statements for the year of 2018 were prepared by the Company, and were audited by the independent auditors, Lee, Fang-Wen and Chen, Cheng-Chu of Ernst & Young; Also the aforesaid reports have been approved by the board of director and then been reviewed by the supervisors.

II. The business report and various financial statements are attached for recognition.

1. Business report 【Please refer to Annex 1】.
2. Auditor's report of the parent company 【Please refer to Annex 4】
3. Financial statements for the parent company 【Please refer to Annex 5 to 8】
4. Consolidated independent auditor's report 【Please refer to Annex 9】
5. Consolidated financial statement 【Please refer to Annex 10 to 13】

Resolutions:

Proposal 2 for Recognition

【Proposed by the Board of Director】

Proposal: 2018 deficit compensation, herein reported for recognition.

Explanation: 2018 deficit compensation is proposed as a Deficit Compensation Statement with the resolution of the board of directors as follows:

Orient Semiconductor Electronics, Ltd.

2018 Deficit Compensation Statement

Unit: NT\$

Item	Amount	
	Sub-total	Total
Beginning accumulated deficit not yet compensated		(2,536,872,497)
Add:		
Effects of Retrospective application	260,065,468	
Capital Reduction to offset losses	2,536,872,490	
Other Comprehensive Income (Re-measurement of Defined Benefit Plans)	(31,860,474)	
Other Comprehensive Income (Disposal for equity instrument measured at fair value through other comprehensive income)	(161,490,000)	
Add: net loss after-tax in the year	(111,547,312)	2,492,040,172
Ending accumulated deficit to be compensated		(44,832,325)

Resolutions:

III. Discussion Matters

Proposal 1 for Discussion

【Proposed by board of director】

Proposal: Amendments to parts of clauses of the "Articles of Incorporation" for discussion.

Explanation:

- I. In response to the establishment of the audit committee and in line with the amendment to the Company Act, the relevant regulations for the audit committee are added and the relevant regulations for supervisors are deleted, as well as parts of clauses of the Articles of Incorporation are amended.
- II. Please refer to Annex 14 for the comparison table for the amendment clauses.

Resolutions:

Proposal 2 for Discussion

【Proposed by board of director】

Proposal 2: Amendments to parts of clauses of the "Procedure for Acquisition or Disposal of Assets" for discussion.

Explanation:

- I. In response to the establishment of the audit committee and in line with Rule 1070341072 stipulated by the Financial Supervisory Commission on November 26, 2018, the parts of clauses of the "Procedure for the Acquisition or Disposal of Assets" are amended.
- II. Please refer to Annex 15 for the comparison table for the amendment clauses.

Resolutions:

Proposal 3 for Discussion**【Proposed by board of director】**

Proposal: Amendment to parts of clauses of the "Operational Procedures for Endorsements and Guarantees" for discussion.

Explanation:

- I. In response to the establishment of the audit committee and in line with Rule 1080304826 announced by the Financial Supervisory Commission on March 7, 2019, the parts of clauses of the "Procedures for Endorsements and Guarantees" are amended.
- II. Please refer Annex 16 for the comparison table for the amended clauses.

Resolutions:

Proposal 4 for Discussion**【Proposed by board of director】**

Proposal: Amendment to parts of clauses of the "Operational Procedures for Loaning of Company Funds" for discussion.

Explanation:

- I. In response to the establishment of the audit committee and in line with Rule 1080304826 announced by the Financial Supervisory Commission on March 7, 2019, the parts of clauses of the "Procedures for Lending Funds to Others" are amended.
- II. Please refer to Annex 17 for the comparison table for the amended clauses.

Resolutions:

Proposal 5 for Discussion**【Proposed by board of director】**

Proposal: Amendment to parts of clauses of the "Rules for Director and Supervisor Elections " for discussion.

Explanation:

- I. In response to the establishment of the audit committee, the parts of clauses of the " Rules for Director and Supervisor Elections " are amended.
- II. Please refer to Annex 18 for the comparison table for the amended clauses.

Resolutions:

IV. Election Matters**Election****【Proposed by board of director】**

Proposal: Election of the 17th term of Directors (Including 3 Independent Directors).

Explanation:

- I. The 16th term of directors and supervisors will end on June 21, 2019.
- II. According to the Article of Incorporation, the Company shall have 7 directors (including 3 independent directors) with three-year terms, from June 18, 2019 to June 17, 2022, who shall be elected by the shareholders' meeting from the persons with disposing capacity. The election of directors (including independent directors) shall adopt the candidate nomination system.
- III. The qualifications of the nominated independent directors have been reviewed by the 18th meeting of the 16th board of directors. Information for the nominees of the directors and independent directors is as follows:

Nominees for directors

Serial Number	Name	Shareholdings (shares)	Major Education (Experience)
1	Edward Shaw-Yau Duh	479,680	<p>Education: Master of Industry Management, Carnegie Mellon University Master of Computer Science, University of Southern California</p> <p>Experience: President, Orient Semiconductor Electronics, Ltd.</p> <p>Current Position: Chairperson, Orient Semiconductor Electronics, Ltd. Chairperson, OSE PHILIPPINES, INC. Chairperson, Infotab Inc. Director, OSE USA, INC. Independent Director, Merry Electronics Co., Ltd. Chairperson, Coreplus (HK) LTD.</p>
2	Yueh-Ming Tung	34,739	<p>Education: Department of Electronic Engineering, Tung Fang Institute of Technology (Current: Tung Fang Design University)</p> <p>Experience: Vice President, Orient Semiconductor Electronics, Ltd.</p> <p>Current Position: President and Director, Orient Semiconductor Electronics, Ltd. Representative of legal person director, Coreplus (HK) LTD.</p>
3	Hok-Ngang Chui (Note)	0	<p>Education: St. Margaret's Girls' College (ST. MARGARET'S GIRLS' COLLEGE)</p> <p>Experience: Director, Netcom Tech (HK) LTD. Director, Longsys Electronic (HK) Co. Ltd.</p>
4	Phison Electronics Corp.		<p>Current Position: Director, Orient Semiconductor Electronics, Ltd.</p>

(Note): It is the same person as the shareholder account Number: 364906 "CTBC Bank Custodial Investment Account for Hao-Ying Chuhe."

Nominees for independent directors

Serial Number	Name	Shareholdings (shares)	Major Education (Experience)
1	Ching-Tien Tsai	0	<p>Education: Department of Accountancy, NCKU</p> <p>Experience: Partnership CPA, Ernst & Young (original: Diwan and Company) Executive Director, Kaohsiung CPA Association</p> <p>Current Position: Owner, Wen-Ping Accountancy Firms Member of Remuneration Committee, Orient Semiconductor Electronics, Ltd. Independent Director, Orient Semiconductor Electronics, Ltd.</p>
2	Jerry Chiu	0	<p>Education: Ph.D. in Finance, the City University of New York, USA</p> <p>Experience: CFO, NCKU Director and Supervisor of Taiwan Corporate Governance Association Professor and Chairperson of Department of Accountancy, Director of Graduate Institute of Accountancy, NCKU CEO, University Funds Management Committee, NCKU</p> <p>Current Position: Independent Director, Jung Shing Wire Co., Ltd. Independent Director, StrongLED Lighting Systems (Cayman) Co., Ltd. Member of Remuneration Committee, Orient Semiconductor Electronics, Ltd. Independent Director, Orient Semiconductor Electronics, Ltd.</p>
3	Philip Wei	0	<p>Education: Department of Transportation management, NCKU Master of Public Finance Institute, National Chengchi University Master of Tax Law Institute, Northrop University, USA</p> <p>Experience: Chairperson, China Airlines</p> <p>Current Position: Chairperson, Fortune Information Systems Corp. Independent Director, Powertech Technology Inc. Director, CyberSoft Digital Services Corp. Supervisor, Taishin Insurance Agency charity foundation</p>

V. Discussion Matters

Proposal 6 for Discussion

【Proposed by board of director】

Proposal: Proposal for releasing the restrictions on new directors' non-competition for discussion.

Explanation: The Article 209 of the Company Act stipulated that "the directors who conduct the actions for themselves or other persons that are within the scope of the company's business shall explain the important contents of their actions to the shareholders' meeting and obtain their approval." It is hereby proposed to release the restrictions on new directors' non-competition.

Resolutions:

VI. Questions and Motions

VII. Adjournment

2018 Business Report

2018 Business Report

The Company's semiconductor group concentrates its operations on the package and probe for various application products of flash memory and has occupied an important place in the packaging field of the flash memory. In the future, except for intensively developing the CSP BGA market, constantly improving the production efficiency and deeply cultivating the memory market, we will also widely develop the application markets of IoT and automobile electronics related products in order to enhance the Company's business sources.

In the past 45 years, with full-grown technologies, experiences and processes, the EMS group has been providing the customers the all-round services including the advanced assembly for PCB and finished products. In order to meet the customers' demand, our services are ranged from small batches with highly mixture to mass production. In Taiwan, we are acknowledged as a leader. Except for existing servers, high-end technological OEM (petroleum and satellite) and industrial computers, in 2018, we further developed the customers from the network communication/information security, in-vehicle, high-end graphics card and FPGA, which industries cover AI, 5G, machine Learning, big data, unmanned vehicle, electric vehicle and e-sports. Besides, we have been in an irreplaceable position in the field of petroleum technology due to deeply cultivation for a long time. In 2018, due to the increasing orders of solid-state disk (SSD), we have expanded the production capacity that is fully utilized the mature automation capability to cooperate with customers and suppliers to introduce the dedicated automation machinery to increase efficiency.

Business Results

Unit: NT\$ thousand

Year	2018	2017	Variance	%
Net Revenue	15,188,192	13,886,312	1,301,880	9.38%
Cost of goods sold	14,656,055	13,704,676	951,379	6.94%
Gross Profit	532,137	181,636	350,501	192.97%
Operating Expenses	938,200	906,009	32,191	3.55%
Operating Income (Loss)	(406,063)	(724,373)	318,310	43.94%
Non-operating Income and (Expenses)	43,527	(27,152)	70,679	260.31%
Other Income	74,246	122,843	(48,597)	(39.56%)
Other Gains and Losses	26,770	(56,432)	83,202	147.44%
Finance Costs	125,986	139,087	(13,101)	(9.42%)
Share of Profit or Loss of Associate under the Equity Method	68,497	45,524	22,973	50.46%
Profit (Loss) before Tax	(362,536)	(751,525)	388,989	51.76%
Income Tax Benefit (Expenses)	250,988	36,721	214,267	583.50%
Net Income (Loss)	(111,548)	(714,804)	603,256	84.39%

The Company's gross profit, operating loss, non-operating income and expenses and net income are explained for the year of 2018 as follows:

I. Gross Profit, Operating (Loss):

The semiconductor business center benefited from the getting stable supply and demand of raw material from upstream, so the price of the raw material continued to decline which drives the demand from the terminal and leads to an increase on sales volume of package for the memory products. In addition, because the EMS business center's existing customers increased their order quantities and its

new customers' products continually entered into mass production, its revenue increased accordingly. The entire revenue of the company increased by 9.38%.

For operating cost, because sales quantities increased and the new leave policy launched, the labor cost increased as well. However, the operating costs slightly increased by 6.94% in 2018 compared with 2017 due to the proper control of the manufacturing expenses. Therefore, the gross profit in 2018 was ahead of 2017 by 192.97%.

II. Non-operating Income and (Expenses):

Compared with the same period of last year, it increased 260.31% mainly due to the impairment of the property, plant and equipment from the important subsidiary in the same period of last year. It did not occur in this period, so the share of profit or loss of associate under the equity method increased by 50.76%.

III. In the future, the business strategy will focus on the solid product portfolios as well as broaden sources of revenue and reduce expenditure in order to create profits and improve the structure.

Financial Positions and Profitability Analysis

Analysis Items		Year	
		2018	2017
Financial structure	Debt Ratio (%)	67.14	66.13
	Long-term Fund to Property, Plant and Equipment Ratio (%)	102.15	102.41
Profitability	Return on Total Assets (%)	(0.06)	(3.44)
	Return on Equity (%)	(2.00)	(11.75)
	Net Income to Sales (%)	(0.73)	(5.14)
	Earnings per Share (NT\$)(Note)	(0.20)	(1.29)

(Note) Effects of capital reduction to offset losses has been retroactively adjusted.

Research and Development Situation

Research and development expenditure in 2018 was NT\$270,528 thousand.

IC: we not only have successfully assisted Japanese largest game console manufacturer in mass production of the memory card that is used for such company's latest game console, but also have smoothly introduced the mass production of the 3D NAND flash. Besides, in order to continue to implement environmental protection, the Company will continue to pay attention to the amendments of environmental regulations in various countries and verify new eco-friendly materials to meet the new environmental regulations.

EMS: we constantly develop the latest PCB assembly technology and the surface-mount technology (SMT) process, including placing 01005 ultra-fine micro components, fine pitch and I/O BGA (>4000) as well as selective wave soldering. For inspections, we use the latest equipment of SPI, AOI and X-ray to proceed the inspections. For testing, we develop boundary scan to detect problems earlier by using robotic arm to carry out a large number of tests. In functional testing and burn-in testing, we introduce the latest software and hardware to reduce the cost and increase test coverage.

In supply chain management, we have shifted from a narrow functional management into a key differentiated management. In 2018, we have worked with MIS to successfully establish the most effective supply chain system in the industry through industry and practical operational experiences: 5-System can introduce different supply chain system for different customers in order to meet different customers' urgent orders caused by market fluctuation and seasonal demand as well as adjust inventory and rapidly respond to the fluctuations of the market price. It will make the customers more competitive.

This Year's Business Plan Overview

For the Company's business strategy, except for constantly develop towards the flash memory market, we will sift out the domestic and overseas strategic partners with the advantages. In addition to constantly research and development on the package and probe of IoT and automotive electronics related products, we will evaluate and develop the artificial intelligence (AI) related products this year. The Company has considerable advantages in the package for semiconductor and the assembly for electronics finished products as well as manufacturing services. Looking forward to 2018, as the yield of 3D NAND Flash continues to rise and the production capacity of various NAND flash manufacturers continues to launch, the NAND flash will continue to be supplied to the market in large quantities in the second half of 2018.

Therefore, the semiconductor group (IC package and probe) will endeavor to the following business directions in order to enhance profits:

- I. Continue to reduce the material costs.
- II. Adjust the products portfolios (aimed at logic IC) and eliminate the low-profit and low-demand products to reduce the operating costs.
- III. Continue to deepen the memory market and assist the customers in developing new products.
- IV. Develop LPDDR and standard DDR related products.
- V. Introduce the smart production management system.

The EMS group has started to introduce the mass production orders for SSD that is mainly planned with years of logistics and IPC-610 class 3 that is required with higher quality.

- I. The expansion of SSD production capacity and its automation have been in place. In the future, we will fully utilize the production capacity and the automation equipment to challenge the growth of multiples.
- II. Considering the unlimited the business opportunity for data, the assembly OEM of the server products is still the main business project of deep cultivation. Except for existing customers, we must continue to break through the world's top ten server companies to seek the opportunity of order cooperation. Along with the security issues of the network information derived from servers, in addition to ensuring the successful mass production of the existing pilot products, we must continue to strive for the pilot run for new products and enter into mass production.
- III. With the effort in 2018, we have smoothly entered into the e-sports market. The production capacity of the high-end graphics card has also been planned completely and entered into mass production. The focus this year is to enhance production efficiency and get the products out.
- IV. Due to the effect of the transfer of orders derived from the US-China trade war, the industrial computers have also grown substantially. In order to avoid the production capacity crowding, we will focus on niche customers and products.
- V. For in-vehicle products, in order to maintain the existing customers from electric vehicle and electric motorcycle as well as serve the customers of the world-class companies, the focus at this stage is to pass the certification and pilot run. With the customers' products distribution, we are expecting to grow steadily.
- VI. FPGA cards are widely used in artificial intelligence, computing and unmanned vehicles. Because the customers have got good results in Chinese market, we are expecting to have multiple growth.

Future Company's Development Strategy

The semiconductor group has invested more resources in deepening the niche market of package for the flash memory. In the future, with the existing advantages of competitiveness, it will not only meet the requirement of the quality, production capacity and cost from the market of package for the flash memory, but also invest in the market of the IoT related products.

- I. Advantages of technology integration and quality yield: the flash memory module and the IoT product module not only apply the front-end process of the package, but also use the SMT process. The Company has the technology and production capacity for the package of the semiconductor and the assembly of the electronic finished product. Compared with domestic manufacturers with the same process, scale and manufacture in the same industry, the Company has an outstanding advantage in manufacturing services.
- II. A complete supply chain leads to a continuous decline in material cost: after years of transformation, we have successfully formed a complete supply chain with related material suppliers. Through both parties' cooperation for development, we will continue to find the low-cost materials and processes.
- III. Owning complete product development team: we will constantly strengthen investment in software and hardware for product development. Currently, in addition to assisting the related customers of the flash memory in proceeding the product's electrical and heat transfer analysis, the Company continuously cooperates with customers to develop the related customized products.
- IV. Development of emerging markets: except for constantly cultivating the emerging markets of China and India, we have also extended the markets to the ASEAN countries recently.
- V. Expansion of memory product lines: in addition to continuing to expand the production capacity for the package of flash memory, we have also introduced LPDDR pellet products into mass production and are going to develop the standard DDR product.

The EMS group has been constantly advancing and improving over the years, and has been in place in product positioning, production capacity planning and equipment coordination. Except for constantly looking for the customers with potentialities, we will adopt our existing advantages and the new established systems to reduce cost and enhance efficiency in order to ensure the timeliness of the new products and the punctuality of delivery. At the same time, we will provide the customers the supply chain's expertise and the necessary resources in order to let them having more competitiveness in the market.

- I. The SSD product benefited from the smooth supply of flash material, so its product price reached the reasonable price which is favored to users. The demand of SSD product is estimated to continue to climb in 2019 with a significant growth compared with 2018.
- II. In the petroleum exploration market, the EMS has getting mature in manufacturing technology. In the future, we will continue to expand the production capacity and strengthen the personnel training. We anticipate that the sale orders will grow greatly in 2019.
- III. In the e-sports market, the EMS has been expanding new plants and product lines and plans to launch more high-end models in 2019, so we expect to have a breakthrough growth.
- IV. In response to the big data environment, the cloud-related industries are flourishing. In addition to stabilizing the growth of the existing customers, the EMS group is also actively contacting the world-class companies of network information security to obtain more market orders.

Impact of External Competitive Environment, Regulatory Environment and Overall Business Environment

According to a recent study from Topology Research, pushing forward by the package and probe markets in the fields of communications, automotive electronics and memory, the revenue from the global IC package and probe market was USD 53.92 billion in 2018 with a slight growth of 1.4% compared with 2017. Topology Research also pointed out that the output value of the package and probe in 2019 has the situation that the sale volume of mobile phone declines and the price of the memory continues to bottom out. However, pushing forward by automotive electronics, AI and IoT, the Topology Research estimated that the output value of the package will reach USD 54.46 billion in 2019 with a growth of 1.0%.

In response to the tendency of electronic products development, the Company will focus on niche products to avoid the price competition to affect the profit. Along with the popularity of smart phone devices and the increasing demand of AI and big data, the various applications of flash memory, such as embedded memory modules (eMMC, eMMC) and Flash BGA, will be the mainstream products of flash memory applications in the future. The Company will cooperate with the world's major memory industry chain and channel distributors to constantly develop the manufacturing services for various flash memory applications with the advantages of the existing manufacturing platform.

In terms of external risks, even though the EMS group has benefited from the US-China trade war this year, how long the benefits of the transfer of orders will last is still a variable. In the market, there are still lots of other large external manufacturers who cast their covetous eyes on. We need close observation and maintain close relationships with the customers in order to take preventive actions in a timely manner. However, the Company's EMS group has established a deep cooperation foundation and partnership with customers in the market. By providing high quality and comprehensive services, it has reached a level which general competitors will have difficulty to achieve.

In the past, the Company was greatly affected by the lack of materials in the environment, the accommodation period of generation exchanges and the amendments of the labor regulations. As a result, we are unable to continue to make profit. However, under these difficulties, the Company is still uncompromisingly moving towards the goal of making profits and is doing its utmost to strive for profitable results this year. In the future, the Company will constantly strengthen its product portfolio and endeavor to the direction of actively expanding the revenue base, enhancing the effective output and utilization of production capacity as well as cooperating the throttling policy of operating cost control. Furthermore, we will aggressively adopt the more efficient and friendly way to achieve a win-win situation of business results and legal compliance.

Supervisor's Review Report

The parent company only and the consolidated financial statements for the year of 2018 that were prepared by the board of director of the Company and were audited by the independent auditors, Fang-Wen Li and Zheng-Chu Chen of Ernst & Young Global Limited with independent auditors' reports issued, as well as the business report and the deficit compensation statement have been reviewed by the supervisors and determined to be in compliance with the relevant regulations of the Company Act. According to Article 219 of the Company Act, we hereby submit this report.

Best Regards,

Orient Semiconductor Electronics, Ltd. 2019 Annual Meeting of Shareholders

Orient Semiconductor Electronics, Ltd.

Supervisor: DS Fund LLC

Representative: Daphne Wu

March 29, 2019

【Annex 3】

Implementation of Strengthening Operation Program

I. Summary of Strengthening Operation Program

(I) Research/Development and Business Marketing

1. In the semiconductor business, the current supply and demand of the materials from the upstream for the flash memory has been stabilized. In addition to continuing to focus on the various new applications of flash memory and the demand of cloud servers, we will also work harder on the applications of the IoT, LPDDR and automotive electronics, cooperate with customers to constantly progress the development in order to expand the scope of business and provide the customers with timely and completeness of the services and technical support to build up the long-term and stable relationships with customers.
2. In EMS, it has deployed with the customers with special industrial demands for many years; its quality requirements exceed IPC-610 class 3. The customers have recognized the current process and its quality and have started to place the mass production orders with us. The introduction of this process technology has laid the foundation to enter into the industries of the vehicle, aerospace and military in the future. It will enhance the overall profitability for EMS.

(II) Production / Manufacture

Proceeding with two main directions: we not only enhance the production efficiency and control the production cost to strengthen the advantages of cost competitiveness, but also speed up to introduce the Industry 4.0. In addition, we will constantly conduct the strictly quality management to provide the best quality products in the industry.

(III) Financial Structure

1. Operating turnover and financial management activities: on the premise of maintaining a sound financial structure, we raise the funds at the right moment for operating requirements in order to provide energy for business growth and sustainable operations.
2. Investing activities: we use the limited amount to invest in the equipment for developing new product processes and enhancing production efficiency.

(IV) Personnel Cultivation and Retention

Employees are the important assets for the Company. In addition to the comprehensive welfare measures, we also provide complete education and training, as well as the necessary rewards to attract excellent talents, breed and retain the excellent employees.

II. 2018 Implementation SituationUnit: NT\$ thousand

Year	2018	2017	Variance	%
Operating Revenue	15,188,192	13,886,312	1,301,880	9.38%
Gross Profit	532,137	181,636	350,501	192.97%
Operating (Loss)	(406,063)	(724,373)	318,310	43.94%
Net profit before tax (Loss)	(362,536)	(751,525)	388,989	51.76%
Net (Loss)	(111,548)	(714,804)	603,256	84.39%

- (I) The semiconductor group benefited from getting the stable supply and demand of raw materials from upstream, so the price of the NAND Flash continued to decline which drives the demand from the terminal and leads to an increase on sales volume of the package for the memory products. In addition, because the EMS group's existing customers increased their order quantities and its new customers' products continuously entered into mass production, its revenue increased accordingly. The entire revenue of the company increased by 9.38%.
- (II) For operating cost, because sales quantities increased and the new leave policy launched, the labor cost increased as well. However, the operating costs slightly increased by 6.94% in 2018 compared with 2017 due to the proper control of the manufacturing expenses. Therefore, the gross profit in 2018 was ahead of 2017 by 192.97%.
- (III) The Company's future business strategy will focus on a niche product portfolio, broaden sources of revenue and reduce expenditure in order to create profits and improve structure as well as protect the shareholders' rights and interests.

Independent Auditors' Audit Report
English Translation of a Report Originally Issued in Chinese

To Orient Semiconductor Electronics Limited

Opinion

We have audited the accompanying parent company only balance sheets of Orient Semiconductor Electronics Limited (the “Company”) as of December 31, 2018 and 2017, and the related statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2018 and 2017, and notes to the financial statements, including the summary of significant accounting policies (collectively referred to as “the financial statements”).

In our opinion, based on our audits and the reports of other auditors (please refer to the Other Matter – Making Reference to the Audits of Component Auditors section of our report), the financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2018 and 2017, and their financial performance and cash flows for the years ended December 31, 2018 and 2017, in conformity with the requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Parent Company Only Financial Statements section of our report. We are independent of the Company and its subsidiaries in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China (the “Norm”), and we have fulfilled our other ethical responsibilities in accordance with the Norm. Based on our audits and the reports of other auditors, 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 2018 parent company only financial statements. 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, and we do not provide a separate opinion on these matters.

1. Revenue recognition

Net sales recognized by the Company amounted to \$14,924,371 thousand for the year ended December 31, 2018, including assembly and testing service in the amount of \$8,533,978 thousand which accounted for 57% of total revenue. The service process includes enhancing the work in process, and customers obtain control of the service when enhanced. Therefore, the revenue will be recognized over time. The management recognizes assembly and testing service revenue based on the progress of work at end of every month. As the aforementioned transaction involves estimation and manual control, the risk of revenue been recognized incorrectly exists. Therefore, we considered this a key audit matter.

Our audit procedures included, but not limited to, assessing the appropriateness of the accounting policy of revenue recognition, including the reassessment of revenue recognition and measurement upon first-time adoption of IFRS 15; evaluating and testing the design and operating effectiveness of internal controls around revenue recognition; performing cut-off tests by selecting samples of transactions from either side of the balance sheet date and vouching related certificates to verify correctness of the timing of recognizing transaction; selecting samples to perform test of details and reviewing significant contract terms and conditions; recalculating manual sales journal entries recognized over time to validate the correctness of the timing of recognizing sales revenue.

We also considered the appropriateness of the disclosures of sales. Please refer to Note 4 and Note 6 to the parent company only financial statements.

2. Deferred tax assets

The Company recognized deferred tax assets in the amount of \$1,654,524 thousand, for the year ended December 31, 2018. The recognition of deferred tax assets for the related unused tax losses, unused tax credits, and deductible temporary differences arising from operating entities located in other areas is based on management estimates of its future available taxable profits and the probability that the related deferred tax assets will be realized. As a result, we determined the matter to be a key audit matter.

Our audit procedures include (but are not limited to) understanding and testing the controls surrounding the Company's assessment process for recognition of deferred tax assets; understanding the Company's significant operating entities for which deferred tax assets are recognized and assessing the management estimates for assumptions used in the future cash flow projection and future taxable profits calculation; retrospectively reviewing the accuracy of assumptions used in prior-period estimates of future cash flow projection and assessing whether there are any other matters that will affect the recognition of deferred tax assets; and assessing the adequacy of the Company's disclosures regarding its deferred tax asset recognition policy and other related disclosures.

We also considered the appropriateness of the income tax disclosures. Please refer to Note 5 and Note 6 to the parent company only financial statements.

Other Matter – Making Reference to the Audits of Component Auditors

We did not audit the financial statements of certain associates and joint ventures accounted for under the equity method whose statements are based solely on the reports of other auditors. These associates and joint ventures, OSE PHILIPPINES, INC., OSE PROPERTIES, INC. and OSE USA, INC., the balances of investments accounted for using the equity method on these investee companies amounted to \$123,476 thousand and \$153,735 thousand, representing 0.74% and 0.93% of parent company only total assets as of December 31, 2018 and 2017, respectively. The related shares of profits from the associates and joint ventures under the equity method amounted to (\$34,437) thousand and (\$106,682) thousand, representing 9.20% and 13.85% of the parent company only net loss and net income before tax for the years ended December 31, 2018 and 2017, respectively. As of December 31, 2018, and 2017 the share of other comprehensive income of associates and joint ventures were both \$0 thousand.

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 requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards, International Accounting Standards, interpretations developed by the International Financial Reporting Interpretations Committee or the former Standing Interpretations Committee as endorsed by Financial Supervisory Commission of the Republic of China and for such internal control as management determines is necessary to enable the preparation of parent company only financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance, including audit committee or supervisors, are responsible for overseeing the financial reporting process of the Company and its subsidiaries.

Auditor's Responsibilities for the Audit of the Parent Company Only Financial Statements

Our objectives are to obtain reasonable assurance about whether the parent company only financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in the Republic of China 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 auditing standards generally accepted in the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

5. Evaluate the overall presentation, structure and content of the parent company only financial statements, including the accompanying notes, and whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company and its subsidiaries to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of 2018 parent company only financial statements 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.

Lee, Fang-Wen

Chen, Cheng-Chiu

Ernst & Young, Taiwan

March 29, 2019

English Translation of Financial Statements Originally Issued in Chinese

ORIENT SEMICONDUCTOR ELECTRONICS LIMITED

PARENT COMPANY ONLY BALANCE SHEETS

As of December 31, 2018 and 2017

(Amounts expressed in Thousands of New Taiwan Dollars)

Items	Notes	December 31, 2018		December 31, 2017	
		Amount	%	Amount	%
Current assets					
Cash and cash equivalents	4, 6.(1)	\$555,480	3	\$1,060,043	7
Financial assets at fair value through profit or loss-Current	4, 6.(2), 8	—	—	30,813	—
Contract assets-Current	4, 6.(20)	425,684	3	—	—
Notes receivable	4, 6.(3)	10,510	—	11,950	—
Accounts receivable-Non Affiliates	4, 6.(4), 8	2,355,244	14	2,283,089	14
Accounts receivable-Affiliates	4, 6.(4), 7	694,335	4	237,785	1
Other receivable-Non Affiliates		41,993	—	27,805	—
Other receivable-Affiliates	7	14,376	—	9,751	—
Inventories	4, 6.(5)	1,254,084	8	1,193,312	8
Prepayments	4, 6.(12)	42,887	—	34,602	—
Other current assets		37,863	—	22,892	—
Other financial assets-Current	8	243,615	2	510,960	3
Total current assets		5,676,071	34	5,423,002	33
Non-current assets					
Financial assets at fair value through other comprehensive income-Non current	4, 6.(6)	234,878	1	—	—
Available-for-sale financial assets-Non current	4, 6.(7)	—	—	215,537	1
Financial assets measured at cost-Non current	4, 6.(8)	—	—	32,689	—
Investments accounted for using the equity method	4, 6.(9), 8	1,099,290	7	1,035,870	6
Property, plant, and equipment	4, 6.(10), 8	7,012,652	42	7,600,104	46
Intangible assets	4, 6.(11)	89,266	1	78,985	1
Deferred income tax assets	4, 6.(26)	1,654,524	10	1,394,979	8
Prepayment for equipment	4, 6.(12)	180,354	1	79,953	1
Refundable deposits	8	168,428	1	186,562	1
Long-term receivables-Affiliates	4, 6.(13), 7	499,401	3	476,791	3
Other non-current assets	4	6,556	—	9,454	—
Total non-current assets		10,945,349	66	11,110,924	67
Total assets		\$16,621,420	100	\$16,533,926	100

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

English Translation of Financial Statements Originally Issued in Chinese

ORIENT SEMICONDUCTOR ELECTRONICS LIMITED

PARENT COMPANY ONLY BALANCE SHEETS

As of December 31, 2018 and 2017

(Amounts expressed in Thousands of New Taiwan Dollars)

Items	Notes	December 31, 2018		December 31, 2017	
		Amount	%	Amount	%
Current liabilities					
Short-term loans	6.(14)	\$2,806,857	17	\$2,192,678	14
Short-term notes payable	6.(15)	349,610	2	398,938	2
Contract Liabilities-Current	4, 6.(20)	15,150	—	—	—
Notes payable		49,126	—	25,116	—
Other notes payable		13,072	—	1,249	—
Accounts payable-Non Affiliates		3,097,264	19	2,954,308	18
Accounts payable-Affiliates	7	142,171	1	118,127	1
Accrued expenses		702,482	4	602,797	4
Payables on equipment		239,748	2	55,665	—
Current portion of long-term loans	6.(16)	1,340,270	8	1,586,951	10
Lease payable-Current	4, 6.(17)	2,610	—	24,495	—
Other current liabilities		147,895	1	201,688	1
Total current liabilities		8,906,255	54	8,162,012	50
Non-current liabilities					
Long-term loans	6.(16)	1,713,245	10	2,170,755	13
Lease payable-Non current	4, 6.(17)	—	—	56	—
Net defined benefit liabilities-noncurrent	4, 6.(18)	495,896	3	537,783	3
Other non-current liabilities	4	3,424	—	3,474	—
Total non-current liabilities		2,212,565	13	2,712,068	16
Total liabilities		11,118,820	67	10,874,080	66
Equity	4, 6.(19)				
Capital					
Common stock		5,523,285	33	8,060,158	48
Additional paid-in capital		20,104	—	21,420	—
Retained earnings					
Retained deficits		(44,832)	—	(2,536,872)	(15)
Other Components of Equity		4,043	—	115,140	1
Total stockholders' equity		5,502,600	33	5,659,846	34
Total liabilities and stockholders' equity		\$16,621,420	100	\$16,533,926	100

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

ORIENT SEMICONDUCTOR ELECTRONICS LIMITED

PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME

For the Years Ended December 31, 2018 and 2017

(Amounts expressed in Thousands of New Taiwan Dollars)

Items	Notes	2018		2017	
		Amount	%	Amount	%
Net revenue	4, 6.(20), 7	\$14,924,371	100	\$13,468,695	100
Cost of goods sold	4, 6.(5), 6.(23)	(14,480,558)	(97)	(13,462,884)	(100)
Gross profit		443,813	3	5,811	—
Operating expenses	4, 6.(23)				
Selling and administration expenses		(555,916)	(4)	(542,680)	(4)
Research and development expenses		(270,528)	(2)	(239,285)	(2)
Expected credit losses	4, 6.(21)	(15,338)	—	—	—
Subtotal		(841,782)	(6)	(781,965)	(6)
Operating loss		(397,969)	(3)	(776,154)	(6)
Non-operating income and expenses	6.(24)				
Other income		64,328	—	123,267	1
Other gains and losses		21,241	—	25,903	—
Financial costs		(125,986)	—	(138,112)	(1)
Share of profits of associates and joint ventures	4, 6.(9)	68,766	—	(4,931)	—
Pretax loss from continuing operations		(369,620)	(3)	(770,027)	(6)
Income tax benefit	4, 6.(26)	258,072	2	56,450	1
Net loss		(111,548)	(1)	(713,577)	(5)
Other comprehensive loss	4, 6.(25)				
Items that will not be reclassified subsequently to profit or loss					
Remeasurements of defined benefit plans		(42,568)	—	(32,557)	—
Unrealized gains or losses on financial assets measured at fair value through other comprehensive income		(17,627)	—	—	—
Unrealized gains or losses from equity instruments investments measured at fair value through other comprehensive income of subsidiaries, associates and joint ventures accounting for using the equity method		(4,553)	—	—	—
Income tax benefit (expense) related to items that will not be reclassified		8,780	—	5,535	—
Items that may be reclassified subsequently to profit or loss					
Exchange differences on translation of foreign operations		17,469	—	(49,747)	—
Unrealized (loss) gain from available-for-sale financial assets		—	—	(50,453)	—
Share of other comprehensive (loss) income of associates and joint ventures		—	—	(233)	—
Income tax related to components of other comprehensive income (loss)		(7,408)	—	17,034	—
Total other comprehensive (loss) for the period, net of tax		(45,907)	—	(110,421)	—
Total comprehensive income		(\$157,455)	(1)	(\$823,998)	(5)
Basic earnings per share (Expressed in NTD)	4, 6.(27)	(\$0.20)		(\$1.29)	

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

English Translation of Financial Statements Originally Issued in Chinese

ORIENT SEMICONDUCTOR ELECTRONICS LIMITED

PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY

For the Years ended December 31, 2018 and 2017

(Amounts expressed in Thousands of New Taiwan Dollars)

Items	Common stock	Capitla Surplus	Retained earnings	Other equity			Total Equity
			Retained deficits	Exchange differences on translation of foreign operations	Unrealized gains or losses on financial assets measured at fair value through other comprehensive income	Unrealized gains or losses from available-for-sale financial assets	
Balance as of January 1, 2017	\$8,060,158	\$21,868	(\$1,796,040)	\$11,134	—	\$187,172	\$6,484,292
Share of changes in net assets of associates and joint ventures accounted for using the equity method		(1,113)					(1,113)
Loss for the years ended December 31, 2017			(713,577)				(713,577)
Other comprehensive income for the year ended December 31, 2017			(27,255)	(41,290)		(41,876)	(110,421)
Total comprehensive income	—	—	(740,832)	(41,290)	—	(41,876)	(823,998)
From shares of changes in equities of subsidiaries		665					665
Balance as of December 31, 2017	\$8,060,158	\$21,420	(\$2,536,872)	(\$30,156)	—	\$145,296	\$5,659,846
Balance as of January 1, 2018	\$8,060,158	\$21,420	(\$2,536,872)	(\$30,156)	—	\$145,296	\$5,659,846
Impact of retroactive applications			260,065		(\$113,244)	(145,296)	1,525
Adjusted balance as of January 1, 2018	8,060,158	21,420	(2,276,807)	(30,156)	(113,244)	—	5,661,371
Share of changes in net assets of associates and joint ventures accounted for using the equity method		(1,316)					(1,316)
Loss for the years ended December 31, 2018			(111,548)				(111,548)
Other comprehensive income for the year ended December 31, 2018			(31,860)	10,061	(24,108)	—	(45,907)
Total comprehensive income	—	—	(143,408)	10,061	(24,108)	—	(157,455)
Capital reduction for cover accumulated deficits	(2,536,873)		2,536,873				—
Proceeds from disposal of equity instruments at fair value through other comprehensive income			(161,490)		161,490		—
Balance as of December 31, 2018	\$5,523,285	\$20,104	(\$44,832)	(\$20,095)	\$24,138	—	\$5,502,600

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

English Translation of Financial Statements Originally Issued in Chinese

ORIENT SEMICONDUCTOR ELECTRONICS LIMITED
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
For the years ended December 31, 2018 and 2017
(Amounts expressed in Thousands of New Taiwan Dollars)

Items	2018	2017	Items	2018	2017
	Amount	Amount		Amount	Amount
Cash flows from operating activities:			Cash flows from investing activities:		
Net loss before tax	(\$369,620)	(\$770,027)	Disposal of financial asset at fair value through profit or loss	38,184	57,651
Adjustments to reconcile net loss before tax to net cash provided by operating activities:			Acquisition of property, plant and equipment	(762,947)	(680,096)
The profit or loss items which did not affect cash flows:			Disposal of property, plant and equipment	41,029	76,257
Depreciation	1,382,760	1,454,409	(Increase) in refundable deposits	—	(46,518)
Amortization	61,468	57,383	Decrease in refundable deposits	18,134	—
Expected credit loss (profit)	15,338	(1,321)	Acquisition of intangible assets	(63,714)	(25,854)
Net income of financial assets and liabilities at fair value through profit or loss	(7,371)	(53,198)	(Increase) Decrease in long-term receivables	(22,610)	33,464
Interest expense	125,986	138,112	Acquisition of dividend	—	3,677
Interest revenue	(13,386)	(11,616)	Net cash (used in) investing activities	(751,924)	(581,419)
Dividend revenue	—	(3,677)			
Share of (profit) loss of associates accounted for using the equity method	(68,766)	4,931			
(Gain) on disposal of property, plant and equipment	(6,464)	(25,294)	Cash flows from financing activities:		
Loss on disposal of investments	—	872	Increase in short-term loans	614,356	741,178
Loss on inventory valuation	43,705	21,662	Increase in short-term notes payable	349,610	398,938
Changes in operating assets and liabilities:			(Decrease) in short-term notes payable	(398,938)	(249,131)
(Increase) in contract assets	(213,080)	—	Increase in long-term loans	1,011,376	1,386,000
Decrease in notes receivable	1,440	835	Repayment of long-term loans	(1,711,897)	(1,577,950)
(Increase) in accounts receivable-non affiliates	(86,679)	(46,093)	(Decrease) in guarantee deposits received	(50)	(7)
(Increase) Decrease in accounts receivable-affiliates	(457,354)	50,534	(Decrease) in other payables-affiliates	—	(245,000)
(Increase) Decrease in other receivable-non affiliates	(5,439)	62,880	Increase in lease payable	30,380	2,177
Decrease in other receivable-affiliates	12,668	44,190	(Decrease) in lease payable	(52,321)	(159,513)
(Increase) in inventories	(319,835)	(126,581)	Inter-set paid	(123,894)	(150,805)
(Increase) Decrease in prepayments	(1,902)	28,949	Other financing activities	267,345	(242,909)
(Increase) Decrease in other current assets	(14,970)	33,212	Net cash (used in) financing activities	(14,033)	(97,022)
Decrease (Increase) in other operating assets	1,040	(2,229)			
(Decrease) in contract liabilities	(30,632)	—			
Increase (Decrease) in notes payable-non affiliates	35,833	(30,310)	Net (Decrease) Increase in cash	(504,563)	257,953
Increase in accounts payable-non affiliates	142,956	53,848	Cash and cash equivalents, beginning of period	1,060,043	802,090
Increase in accounts payable-affiliates	24,034	52,962	Cash and cash equivalents, end of period	\$555,480	\$1,060,043
(Decrease) Increase in other payable	(2,092)	12,693			
Increase in other current liabilities	91,674	71,155			
(Decrease) in net defined benefit liabilities	(84,455)	(90,496)			
Cash generated from operating activities	256,857	927,785			
Interest received	4,637	8,609			
Income tax paid	(100)	—			
Net cash provided by operating activities	261,394	936,394			

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

Independent Auditors' Report
English Translation of a Report Originally Issued in Chinese

To Orient Semiconductor Electronics Limited

Opinion

We have audited the accompanying consolidated balance sheets of Orient Semiconductor Electronics Limited (the "Company") and its subsidiaries as of December 31, 2018 and 2017, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2018 and 2017, and notes to the consolidated financial statements, including the summary of significant accounting policies (collectively referred to as "the consolidated financial statements").

In our opinion, based on our audits and the reports of other auditors (please refer to the Other Matter – Making Reference to the Audits of Component Auditors section of our report), the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Company and its subsidiaries as of December 31, 2018 and 2017, and their consolidated financial performance and cash flows for the years ended December 31, 2018 and 2017, in conformity with the requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards, International Accounting Standards, interpretations developed by the International Financial Reporting Interpretations Committee or the former Standing Interpretations Committee as endorsed by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company and its subsidiaries in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China (the "Norm"), and we have fulfilled our other ethical responsibilities in accordance with the Norm. Based on our audits and the reports of other auditors, 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 2018 consolidated financial statements. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matter.

1. Revenue recognition

Net sales recognized by the Company amounted to \$15,188,192 thousand for the year ended December 31, 2018, including assembly and testing service in the amount of \$8,533,978 thousand which accounted for 56% of total revenue. The service process includes enhancing the work in process, and customers obtain control of the service when enhanced. Therefore, the revenue will be recognized over time. The management recognizes assembly and testing service revenue based on the progress of work at end of every month. As the aforementioned transaction involves estimation and manual control, the risk of revenue been recognized incorrectly exists. Therefore, we considered this a key audit matter.

Our audit procedures included, but not limited to, assessing the appropriateness of the accounting policy of revenue recognition, including the reassessment of revenue recognition and measurement upon first-time adoption of IFRS 15; evaluating and testing the design and operating effectiveness of internal controls around revenue recognition; performing cut-off tests by selecting samples of transactions from either side of the balance sheet date and vouching related certificates to verify correctness of the timing of recognizing transaction; selecting samples to perform test of details and reviewing significant contract terms and conditions; recalculating manual sales journal entries recognized over time to validate the correctness of the timing of recognizing sales revenue.

We also considered the appropriateness of the disclosures of sales. Please refer to Note 4 and Note 6 to the Company's consolidated financial statements.

2. Deferred tax assets

The Company recognized deferred tax assets and deferred tax liabilities in the amount of \$1,654,524 thousand and \$0 thousand, for the year ended December 31, 2018. The recognition of deferred tax assets for the related unused tax losses, unused tax credits, and deductible temporary differences arising from operating entities located in other areas was based on management estimates of its future available taxable profits and the probability that the related deferred tax assets will be realized. As a result, we determined the matter to be a key audit matter.

Our audit procedures include (but are not limited to) understanding and testing the controls surrounding the Company's assessment process for recognition of deferred tax assets; understanding the Company's significant operating entities for which deferred tax assets are recognized and assessing the management estimates for assumptions used in the future cash flow projection and future taxable profits calculation; retrospectively reviewing the accuracy of assumptions used in prior-period estimates of future cash flow projection and assessing whether there are any other matters that will affect the recognition of deferred tax assets; and assessing the adequacy of the Company's disclosures regarding its deferred tax asset recognition policy and other related disclosures.

We also considered the appropriateness of the income tax disclosures. Please refer to Note 5 and Note 6 to the Company's consolidated financial statements.

Other Matter – Making Reference to the Audits of Component Auditors

We did not audit the financial statements of certain consolidated subsidiaries, whose statements reflected total assets of \$767,296 thousand and \$768,667 thousand accounting for 4.58% and 4.60% of consolidated total assets as of December 31, 2018 and 2017, respectively; total operating revenues amounted to \$53,080 thousand and \$33,714 thousand, constituting 0.35% and 0.24% of consolidated operating revenues for the years ended December 31 2018 and 2017, respectively. Those financial statements were audited by other auditors, whose reports thereon have been furnished to us, and our opinions expressed herein are based solely on the audit reports of the other auditors. We did not audit the financial statements of certain associates and joint ventures accounted for under the equity method whose statements are based solely on the reports of other auditors. These associates and joint ventures under equity method amounted to \$449,790 thousand and \$414,213 thousand, representing 2.69% and 2.48% of consolidated total assets as of December 31, 2018 and 2017, respectively. The related shares of profits from the associates and joint ventures under the equity method amounted to \$64,846 thousand and \$43,225 thousand, representing (17.89%) and 5.75% of the consolidated net loss before tax for the years ended December 31 2018 and 2017, respectively, and the related shares of other comprehensive income from the associates and joint ventures under the equity method amounted to \$0 thousand and \$0 thousand, representing 0% and 0% of the consolidated other comprehensive income for the years ended December 31, 2018 and 2017, respectively.

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 requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards, International Accounting Standards, interpretations developed by the International Financial Reporting Interpretations Committee or the former Standing Interpretations Committee as endorsed by Financial Supervisory Commission of the Republic of China 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 ability to continue as a going concern of the Company and its subsidiaries, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company and its subsidiaries or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, including audit committee or supervisors, are responsible for overseeing the financial reporting process of the Company and its subsidiaries.

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 auditing standards generally accepted in the Republic of China 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 auditing standards generally accepted in the Republic of China, 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 internal control of the Company and its subsidiaries.
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 ability to continue as a going concern of the Company and its subsidiaries. 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 Company and its subsidiaries to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the accompanying notes, 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 Company and its subsidiaries 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 2018 consolidated financial statements 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.

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

Lee, Fang-Wen

Chen, Cheng-Chu

Ernst & Young, Taiwan

March 29, 2019

English Translation of Financial Statements Originally Issued in Chinese
ORIENT SEMICONDUCTOR ELECTRONICS LIMITED AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
As of December 31, 2018 and 2017
(Amounts expressed in Thousands of New Taiwan Dollars)

Items	Notes	December 31, 2018		December 31, 2017	
		Amount	%	Amount	%
Current assets					
Cash and cash equivalents	4, 6.(1)	\$762,311	5	\$1,294,247	8
Financial assets at fair value through profit or loss-Current	4, 6.(2)	—	—	30,813	—
Contract assets-Current	4, 6.(21)	425,684	3	—	—
Notes receivable	4, 6.(3)	10,510	—	11,950	—
Accounts receivable-Non Affiliates	4, 6.(4), 8	2,385,100	14	2,326,128	14
Accounts receivable-Affiliates	4, 6.(4), 7	694,148	4	237,354	2
Other receivable-Non Affiliates		44,844	—	55,870	—
Other receivable-Affiliates	7	54,767	1	45,095	—
Inventories	4, 6.(5)	1,567,469	9	1,427,892	9
Prepayments	4, 6.(13)	51,448	—	56,390	—
Other current assets		36,377	—	30,802	—
Other financial assets-Current	8	243,615	1	510,960	3
Total current assets		6,276,273	37	6,027,501	36
Non-current assets					
Financial assets at fair value through other comprehensive income-Non current	4, 6.(6)	234,878	1	—	—
Available-for-sale financial assets-Non current	4, 6.(7)	—	—	215,537	2
Financial assets measured at cost-Non current	4, 6.(8)	—	—	37,246	—
Investments accounted for using the equity method	4, 6.(9), 8	458,078	3	419,287	3
Property, plant, and equipment	4, 6.(10), 8	7,063,908	42	7,646,666	46
Investment Property	4, 6.(11)	481,619	3	494,849	3
Intangible assets	4, 6.(12)	89,633	1	79,680	—
Deferred income tax assets	4, 6.(28)	1,654,524	10	1,394,979	8
Prepayment for equipment	4, 6.(13)	180,354	1	79,953	—
Refundable deposits	8	201,903	1	208,969	1
Long-term receivables-Affiliates	4, 6.(14), 7	95,300	1	92,384	1
Other non-current assets	4	9,973	—	14,257	—
Total non-current assets		10,470,170	63	10,683,807	64
Total assets		\$16,746,443	100	\$16,711,308	100

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

English Translation of Financial Statements Originally Issued in Chinese
ORIENT SEMICONDUCTOR ELECTRONICS LIMITED AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
As of December 31, 2018 and 2017
(Amounts expressed in Thousands of New Taiwan Dollars)

Items	Notes	December 31, 2018		December 31, 2017	
		Amount	%	Amount	%
Current liabilities					
Short-term loans	6.(15), 7	\$2,806,857	17	\$2,192,678	13
Short-term notes payable	6.(16)	349,610	2	398,938	3
Contract Liabilities-Current	4, 6.(21)	15,821	1	—	—
Notes payable		49,126	—	25,116	—
Other notes payable		13,072	—	1,249	—
Accounts payable-Non Affiliates		3,295,988	20	3,177,352	19
Accounts payable-Affiliates	7	49,210	—	18,447	—
Accrued expenses		751,041	4	657,298	4
Payables on equipment		239,748	1	55,665	—
Current income tax liabilities	4, 6.(28)	2,175	—	5,704	—
Current portion of long-term loans	6.(17)	1,340,270	8	1,586,951	10
Lease payable-Current	4, 6.(18)	2,610	—	24,495	—
Other current liabilities		115,652	1	195,401	1
Total current liabilities		9,031,180	54	8,339,294	50
Non-current liabilities					
Long-term loans	6.(17)	1,713,245	10	2,170,755	13
Lease payable-Non current	4, 6.(18)	—	—	56	—
Net defined benefit liability-Non current	4, 6.(19)	495,896	3	537,783	3
Other non-current liabilities-Others	4	3,522	—	3,574	—
Total non-current liabilities		2,212,663	13	2,712,168	16
Total liabilities		11,243,843	67	11,051,462	66
Equity attributable to the parent company	4, 6.(20)				
Capital					
Common stock		5,523,285	33	8,060,158	48
Additional paid-in capital		20,104	—	21,420	—
Retained earnings					
Retained deficits		(44,832)	—	(2,536,872)	(15)
Other Components of Equity		4,043	—	115,140	1
Equity attributable to stockholders of the parent		5,502,600	33	5,659,846	34
Total stockholders' equity		5,502,600	33	5,659,846	34
Total liabilities and stockholders' equity		\$16,746,443	100	\$16,711,308	100

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

English Translation of Financial Statements Originally Issued in Chinese
ORIENT SEMICONDUCTOR ELECTRONICS LIMITED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
For the years ended December 31, 2018 and 2017
(Amounts expressed in Thousands of New Taiwan Dollars)

Items	Notes	2018		2017	
		Amount	%	Amount	%
Net revenue	4, 6.(21), 7	\$15,188,192	100	\$13,886,312	100
Cost of goods sold	4, 6.(5), 6.(25)	(14,656,055)	(96)	(13,704,676)	(99)
Gross profit		532,137	4	181,636	11
Operating expenses	4, 6.(25)				
Selling and administration expenses		(652,527)	(4)	(666,725)	(5)
Research and development expenses		(270,528)	(2)	(239,284)	(1)
Expected credit losses	4, 6.(22)	(15,145)	—	—	—
Subtotal		(938,200)	(6)	(906,009)	(6)
Operating loss		(406,063)	(2)	(724,373)	(5)
Non-operating income and expenses	6.(26)				
Other income		74,246	—	122,843	1
Other gains and losses		26,770	—	(56,432)	—
Financial costs		(125,986)	(1)	(139,087)	(1)
Share of profit of associates under equity method	4, 6.(9)	68,497	—	45,524	—
Pretax loss		(362,536)	(3)	(751,525)	(5)
Income tax benefit	4, 6.(28)	250,988	2	36,721	—
Aftertax loss from continuing operations		(111,548)	(1)	(714,804)	(5)
Consolidated net loss		(111,548)	(1)	(714,804)	(5)
Other comprehensive loss	4, 6.(27)				
Items that will not be reclassified subsequently to profit or loss					
Remeasurements of defined benefit plans		(42,568)	—	(32,557)	—
Unrealized gains or losses on financial assets at fair value through other comprehensive income		(22,180)	—	—	—
Income tax related to items that will not be reclassified		8,780	—	5,535	—
Items that may be reclassified subsequently to profit or loss					
Exchange differences on translation of foreign operations		17,469	—	(51,640)	—
Unrealized (loss) gain from available-for-sale financial assets		—	—	(50,453)	—
Share of other comprehensive (loss) income of associates and joint ventures		—	—	(233)	—
Income tax relating to components of other comprehensive income		(7,408)	—	17,034	—
Total other comprehensive (loss) for the period, net of tax		(45,907)	—	(112,314)	—
Total comprehensive income		(\$157,455)	(1)	(\$827,118)	(5)
Consolidated net income attributable to:					
Common stockholders of the parent		(\$111,548)	(1)	(\$713,577)	(5)
Non controlling interests		—	—	(1,227)	—
		(\$111,548)	(1)	(\$714,804)	(5)
Consolidated comprehensive income attributable to:					
Common stockholders of the parent		(\$157,455)	(1)	(\$823,998)	(5)
Non-controlling interests		—	—	(3,120)	—
		(\$157,455)	(1)	(\$827,118)	(5)
Basic earnings per share (Expressed in NTD)	4, 6.(29)	(\$0.20)		(\$1.29)	

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

English Translation of Financial Statements Originally Issued in Chinese
ORIENT SEMICONDUCTOR ELECTRONICS LIMITED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
For the years ended December 31, 2018 and 2017
(Amounts expressed in Thousands of New Taiwan Dollars)

Items	Equity attributable to stockholders of the parent						Non-Controlling Interests	Total Equity	
	Common stock	Capital surplus	Retained earnings	Other equity					Total
			Retained deficits	Exchange differences on translation of foreign operations	Unrealized gains or losses on financial assets measured at fair value through other comprehensive income	Unrealized gains from available-for-sale financial assets			
Balance as of January 1, 2017	\$8,060,158	\$21,868	(\$1,796,040)	\$11,134	—	\$187,172	\$6,484,292	\$192,208	\$6,676,500
Share of changes in net assets of associates and joint ventures accounted for using equity method		(1,113)					(1,113)	—	(1,113)
Loss for the years ended December 31, 2017			(713,577)				(713,577)	(1,227)	(714,804)
Other comprehensive income for the years ended December 31, 2017			(27,255)	(41,290)		(41,876)	(110,421)	(1,893)	(112,314)
Total comprehensive income	—	—	(740,832)	(41,290)	—	(41,876)	(823,998)	(3,120)	(827,118)
Effect of deconsolidation of subsidiary							—	(192,208)	(192,208)
From shares of changes in equities of subsidiaries		665					665	—	665
Changes in non-controlling interests							—	3,120	3,120
Balance as of December 31, 2017	\$8,060,158	\$21,420	(\$2,536,872)	(\$30,156)	—	\$145,296	\$5,659,846	—	\$5,659,846
Balance as of January 1, 2018	\$8,060,158	\$21,420	(\$2,536,872)	(\$30,156)	—	\$145,296	\$5,659,846	—	\$5,659,846
Impact of retroactive applications			260,065		(\$113,244)	(145,296)	1,525		1,525
Adjusted balance as of January 1, 2018	8,060,158	21,420	(2,276,807)	(30,156)	(113,244)	—	5,661,371	—	5,661,371
Share of changes in net assets of associates and joint ventures accounted for using equity method		(1,316)					(1,316)		(1,316)
Loss for the years ended December 31, 2018			(111,548)				(111,548)		(111,548)
Other comprehensive income for the years ended December 31, 2018			(31,860)	10,061	(24,108)		(45,907)		(45,907)
Total comprehensive income	—	—	(143,408)	10,061	(24,108)	—	(157,455)	—	(157,455)
Capital reduction for cover accumulated deficits	(2,536,873)		2,536,873				—		—
Proceeds from disposal of equity instruments at fair value through other comprehensive income			(161,490)		161,490		—		—
Balance as of December 31, 2018	\$5,523,285	\$20,104	(\$44,832)	(\$20,095)	\$24,138	—	\$5,502,600	—	\$5,502,600

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

English Translation of Financial Statements Originally Issued in Chinese
ORIENT SEMICONDUCTOR ELECTRONICS LIMITED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the years ended December 31, 2018 and 2017
(Amounts expressed in Thousands of New Taiwan Dollars)

Items	2018	2017	Items	2018	2017
	Amount	Amount		Amount	Amount
Cash flows from operating activities:			Cash flows from investing activities:		
Pretax loss	(\$362,536)	(\$751,525)	Disposal of financial assets at fair value through profit or loss	38,184	57,651
Adjustments to reconcile net income (loss) before tax to net			Cashflow of subsidiaries derecognition	—	(98,513)
The profit or loss items which did not affect cash flows:			Acquisition of property, plant and equipment	(772,963)	(677,436)
Depreciation	1,414,983	1,483,370	Disposal of property, plant and equipment	41,696	80,661
Amortization	61,792	58,097	(Increase) in refundable deposits	—	(44,704)
Expected credit loss (profit)	15,145	(996)	Decrease in refundable deposits	7,066	—
Net (gain) of financial assets and liabilities at fair value through profit or loss	(7,371)	(53,198)	Acquisition of intangible assets	(63,714)	(26,388)
Interest expense	125,986	139,087	(Increase) Decrease in long-term receivables	(2,916)	7,663
Interest revenue	(8,754)	(6,794)	Dividend received	—	3,677
Dividend income	—	(3,677)	Other investing activities	(879)	1,569
Share of (profit) of associates accounted for using the equity method	(68,497)	(45,524)	Net cash (used in) investing activities	(753,526)	(695,820)
(Gain) on disposal of property, plant and equipment	(6,187)	(21,865)			
Loss on disposal of investments	—	872			
Loss of impairment of non-financial assets	—	75,591			
Loss on inventory valuation	48,841	21,502	Cash flows from financing activities:		
Changes in operating assets and liabilities:			Increase in short-term loans	614,356	741,178
(Increase) in contract assets	(213,080)	—	Increase in short-term notes payable	349,610	398,938
Decrease in notes receivable-non affiliates	1,440	835	(Decrease) in short-term notes payable	(398,938)	(249,131)
(Increase) in accounts receivable-non affiliates	(73,314)	(63,136)	Increase in long-term loans	1,010,584	1,386,000
(Increase) Decrease in accounts receivable-affiliates	(457,608)	55,933	Repayment of long-term loans	(1,711,897)	(1,577,950)
Decrease in other receivable-non affiliates	7,483	45,026	(Decrease) in guarantee deposits received	(52)	(9)
Decrease in other receivable-affiliates	23,538	66,409	(Decrease) in other payable-affiliates	—	(245,000)
(Increase) in inventories	(404,134)	(3,248)	Increase in lease payable	30,380	2,177
Decrease in prepayments	11,325	20,536	(Decrease) in lease payable	(52,321)	(159,513)
(Increase) Decrease in other current assets	(5,567)	25,139	Interest paid	(123,894)	(151,780)
Decrease (Increase) in other operating assets	2,426	(4,556)	Changes in non-controlling interests	—	3,120
(Decrease) in contract liabilities	(35,931)	—	Other financing activities	267,345	(244,973)
Increase (Decrease) in notes payable-non affiliates	35,833	(30,310)	Net cash (used in) financing activities	(14,827)	(96,943)
Increase in accounts payable-non affiliates	118,636	15,633			
Increase in accounts payable-affiliates	30,763	4,831			
(Decrease) Increase in other payable	(2,092)	12,693			
Increase in other current liabilities	65,746	75,926			
(Decrease) in accrued pension liabilities	(84,455)	(90,496)			
Cash generated from operations	234,411	1,026,155	Effect of exchange rate changes on cash and cash equivalents	430	(2,808)
Interest received	8,761	6,723	Net (Decrease) Increase in cash and cash equivalents	(531,936)	220,526
Income tax (paid)	(7,185)	(16,781)	Cash and cash equivalents, beginning of period	1,294,247	1,073,721
Net cash provided by operating activities	235,987	1,016,097	Cash and cash equivalents, end of period	\$762,311	\$1,294,247

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

【Annex 14】

Orient Semiconductor Electronics, Ltd.

"Article of Incorporation"

Comparison Table of Amendment Clauses

Clause No.	Content		Amendment Basis and reasons
	After Amendment	Before Amendment	
Article 17	<p><u>Chapter 5 Director and Audit Committee</u></p> <p>The Company has set up 5 to 9 directors, including at least 3 independent directors with the 3-year term, who shall be elected among the persons with disposing capacity by the shareholders' meeting and shall be re-elected. The elections of directors shall adopt the candidate nomination system. The nomination acceptance methods for the candidates of the directors and its announcement shall be subject to the applicable regulations of the Company Act and the Securities and Exchange Act. Independent directors and non-independent directors shall conduct elections together and calculate the number of elected seats, respectively. However, the total number of registered shares held by the directors other than independent directors shall be subject to the "Rules and Review Procedures for Director and Supervisor Share Ownership Ratios at Public Companies" published by the competent authority.</p> <p>For the remuneration of all directors of the Company, the board of the director is authorized to resolve it according to their participation in the Company's operation, the contribution value to the Company and the reference to the standard in the same industry.</p>	<p>Chapter 5 Director and Supervisor</p> <p>The Company has set up 5 to 9 directors since 16th term, including at least 2 independent directors who shall not be less than one-fifth of the directors to be elected, as well as 2 supervisors with three-year term, who shall be elected among the persons with disposing capacity by the shareholders' meeting and shall be re-elected. The elections of directors and supervisors shall all adopt the candidate nomination system in accordance with Article 192-1 of the Company Act. The nomination acceptance methods for the candidates of the directors and the supervisors and its announcement shall be subject to the applicable regulations of the Company Act and the Securities and Exchange Act. Independent directors and non-independent directors shall conduct elections together and calculate the number of elected seats, respectively. However, the total number of registered shares held by all directors and supervisors shall be subject to the "Rules and Review Procedures for Director and Supervisor Share Ownership Ratios at Public Companies" published by the competent authority.</p> <p>For the remuneration of all directors and supervisors of the Company, the board of the director is authorized to resolve it according to their participation in the Company's operation, the contribution value to the Company and the reference to the standard in the same industry.</p>	<p>In order to be in line with the establishment of the Company's audit committee, the related words for the supervisors are deleted.</p>
Article 17-1	<p>When the vacancy of the directors reaches one-thirds, the board of director shall hold the special shareholders' meeting within 60 days to conduct by-election; and the term shall be the remaining period of the current term.</p>	<p>When the vacancy of the directors reaches one-thirds or all supervisors are dismissed, the board of director shall hold the special shareholders' meeting within 60 days to conduct by-election; and the term shall be the remaining period of the current term.</p>	<p>In order to be in line with the establishment of the Company's audit committee, the related words for the supervisors are deleted.</p>
Article 17-3	<p>The Company may purchase the liability insurance for the directors against the indemnification that shall be liable in accordance with the law in the execution of their duties during their term of office in order to reduce and mitigate the risk of material damage to the Company and shareholders due to errors or negligence. The board of directors is authorized to handle the insurance-related matters.</p>	<p>The Company may purchase the liability insurance for the directors and the supervisors against the indemnification that shall be liable in accordance with the law in the execution of their duties during their term of office in order to reduce and mitigate the risk of material damage to the Company and shareholders due to errors or negligence. The board of directors is authorized to handle the insurance-related matters.</p>	<p>In order to be in line with the establishment of the Company's audit committee, the related words for the supervisors are deleted.</p>
Article 17-4	<p><u>The Company shall establish the audit committee, and may establish other functional committee.</u></p> <p><u>The audit committee shall be constructed by all independent directors. Its members shall not be less than 3 persons; one of them shall be the convener; and at least one person shall have the professional in accounting or finance field.</u></p> <p><u>The audit committee shall be responsible for executing the supervisors' authority stipulated in the Company Act, the Securities and Exchange Act and other laws and shall comply with the relevant laws and the Article of Incorporation.</u></p>	<p>(New)</p>	<p>Explanation to be in line with the establishment of the Company's audit committee</p>

Clause No.	Content		Amendment Basis and reasons
	After Amendment	Before Amendment	
Article 21	Deletion.	The supervisors shall be responsible for supervising all the Company's business in accordance with the laws and the resolutions of the shareholders' meeting.	In order to be in line with the establishment of the Company's audit committee, the related words for the supervisors are deleted.
Article 25	At the end of each fiscal year, the Company's board of director shall prepare the following reports and shall report to the annual meeting of the shareholders for recognition: I. Business Report. II. Financial Statement. III. Proposal for earnings distribution or deficit compensation.	At the end of each fiscal year, the Company's board of director shall prepare the left-listed reports and shall submit to the supervisors for review before 30 days of the shareholders' meeting , and shall report to the annual meeting of the shareholders for recognition according to law. I. Business Report. II. Financial Statement. III. Proposal for earnings distribution or deficit compensation.	In order to be in line with the establishment of the Company's audit committee, the related words for the supervisors are deleted.
Article 26	The Company shall first reserve the amount of the accumulated loss from the Profit before-tax of the year prior to deducting the compensation of the employees and remuneration of the directors. In the event of the remaining profit, it shall set aside 8% to 12% for the compensation of the employees and not higher than 3% for the remuneration of the directors. The distribution ratios for the compensation of the employees and the remuneration of the directors as well as the distribution form by stock or cash shall be determined by the board of director with the attendance of two-thirds or more of the directors and resolution of one-half or more of the attending directors. And it shall be reported to the shareholders' meeting. The counterparty of the employees' compensation with stock or cash may include the employees of the controlled or subordinate company who shall meet certain conditions.	The Company shall first reserve the amount of the accumulated loss from the Profit before-tax of the year prior to deducting the compensation of the employees and remuneration of the directors and the supervisors. In the event of the remaining profit, it shall set aside 8% to 12% for the compensation of the employees and not higher than 3% for the remuneration of the directors. The distribution ratios for the compensation of the employees and the remuneration of the directors and the supervisors as well as the distribution form by stock or cash shall be determined by the board of director with the attendance of two-thirds or more of the directors and resolution of one-half or more of the attending directors. And it shall be reported to the shareholders' meeting. The counterparty of the employees' compensation with stock or cash may include the employees of the subordinate company who shall meet certain conditions.	In order to be in line with the establishment of the Company's audit committee, the related words for the supervisors are deleted. And the distributing counterparties of the employees' rewards are broadened in order to be in line with the amendment of the Company Act.
Article 30	Omission The forty-fourth amendment was made on June 22, 2016. The forty-fifth amendment was made on June 18, 2019.	Omission The forty-fourth amendment was made on June 22, 2016.	Add the date of the amendment.

Orient Semiconductor Electronics, Ltd.

"Procedure for Acquisition or Disposal of Assets"

Comparison Table of Amendment Clauses

Clause No.	Content		Amendment Basis and reasons
	After Amendment	Before Amendment	
Article 2	<p>Laws Basis</p> <p>This procedure is conducted pursuant to Article 36-1 of the Securities and Exchange Act (hereinafter referred to as the "Law") and the "Regulations Governing the Acquisition or Disposal of Assets by Public Companies" published by the Financial Supervision Commission (hereinafter referred to as the "FSC"). However, other regulations provided by <u>financial relevant laws</u> shall prevail.</p>	<p>Laws Basis</p> <p>This procedure is conducted pursuant to Article 36-1 of the Securities and Exchange Act (hereinafter referred to as the "Law") and the "Regulations Governing the Acquisition or Disposal of Assets by Public Companies" published by the Financial Supervision Commission (hereinafter referred to as the "FSC"). However, other regulations provided laws shall prevail.</p>	Amendment in accordance with the laws.
Article 3	<p>Scope of Assets (Omission)</p> <p><u>V. Rights-of-use assets.</u></p> <p><u>VI. Claims of financial institutions (including receivables, bills purchased and discounted, loans, and overdue receivables)</u></p> <p><u>VII. Derivatives.</u></p> <p><u>VIII. Assets acquired or disposed of through mergers, demergers, acquisitions, or transfer of shares pursuant to laws.</u></p> <p><u>IX. Other important assets.</u></p>	<p>Scope of Assets (Omission)</p> <p>V. Claims of financial institutions (including receivables, bills purchased and discounted, loans, and overdue receivables)</p> <p>VI. Derivatives.</p> <p>VII. Assets acquired or disposed of through mergers, de-mergers, acquisitions, or transfer of shares pursuant to laws.</p> <p>VIII. Other important assets.</p>	For the amendments in accordance with laws, the rights-of-use assets are involved into the scope of regulations in accordance with IFRS 16 Leases.
Article 4	<p>Definition of Terms</p> <p>I. Derivatives: refers to forward contracts, options contracts, futures contracts, leverage contracts and swap contracts whose value is derived from <u>specific interest rates, financial instrument prices, commodity prices, exchange rates, indices of price or rate, credit ratings or credit indexes, or other variables, as well as hybrid contracts combining the above contracts, or hybrid contracts or structured commodities 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>II. Assets acquired or disposed of through mergers, de-mergers, acquisitions or transfer of shares in accordance with law: refers to assets acquired or disposed of through mergers, de-mergers or acquisitions pursuant to the Business Mergers and Acquisitions Act, Financial Holding Company Act, Financial Institution Merger Act and other acts; or issuance of new shares due to acquisition of shares of another company (hereinafter referred to as the "transfer of shares") stipulated by Article 156-3 of the Company Act.</p> <p>III. to VI. (Omission)</p> <p><u>VII. Professional investors: refers to financial holding companies, banks, insurance companies, bill financing companies, trust enterprises, securities dealers or securities underwriters, futures dealers, securities investment trust enterprises, securities investment consulting enterprises and fund management companies, which are established according to the laws and are</u></p>	<p>Definition of Terms</p> <p>I. Derivatives: refers to forward contracts, options contracts, futures contracts, leverage contracts and swap contracts whose value is derived from assets, interest rates, exchange rates, indices or other commodity benefits etc., as well as hybrid contracts combining the above commodities etc.. 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>II. Assets acquired or disposed of through mergers, de-mergers, acquisitions or transfer of shares in accordance with law: refers to assets acquired or disposed of through mergers, de-mergers or acquisitions pursuant to the Business Mergers and Acquisitions Act, Financial Holding Company Act, Financial Institution Merger Act and other acts; or issuance of new shares due to the acquisition of shares of another company (hereinafter referred to as the "transfer of shares") stipulated by Paragraph 6 of Article 156 of the Company Act.</p> <p>III. to VIII. (Omission)</p>	Textual amendments are made in accordance with the definition of IFRS 9 - Financial Instruments.

Clause No.	Content		Amendment Basis and reasons
	After Amendment	Before Amendment	
	<p>governed by the local financial authority.</p> <p>VIII. <u>Securities exchange: domestic securities exchange refers to Taiwan Stock Exchange Corporation; overseas securities exchange refers to any securities exchange markets who have an organization and are governed by the securities authority of such country.</u></p> <p>IX. <u>OTC: domestic OTC refers to the special counter for the securities dealers to trade at the places of business of securities firms; overseas OTC refers to the places of business of the financial institutions where are governed by foreign securities authority to operate securities business.</u></p> <p>XI. <u>The term "latest financial statement" shall refer to the announced audited financial statement pursuant to laws before acquisition or disposal of assets by the Company.</u></p>		
Article 6	<p>When the Company obtains the appraisal reports or the opinion of CPA, lawyer or securities underwriter, such professional appraiser and its appraisers, CPA, lawyer or securities underwriter shall comply with the following regulations:</p> <p><u>I. No violation of the Law, the Company Act, the Banking Act, the Insurance Act, the Financial Holding Company Act, the Business Entity Accounting Act, or fraud, breach of trust, embezzlement, forgery of documents or occupational crime, that is subject to the declaration of more than one year imprisonment. However, completion of service of the sentence, expiration of the period of a suspended sentence or receiving the pardon for three years shall not be subject to the restrictions.</u></p> <p><u>II. They shall not be the related party or de facto related party with any party of transaction.</u></p> <p><u>III. In case the Company shall obtain the appraisal reports from two or more professional appraisers, the different professional appraisers or the appraisal officers shall not be the related party or de facto related party of each other.</u></p> <p>When the persons stated in the preceding paragraph issue the appraisal report or their opinions, they shall comply with the following items:</p> <p><u>I. Prior to accepting a project, they shall carefully assess themselves the professional ability, the practical experience and the independence.</u></p> <p><u>II. When auditing a project, they shall properly plan and perform the appropriate operational procedures to work out the conclusions and issue the report or opinions. The procedure performed, the data collected and conclusions shall be recorded in detail in the working paper of such project.</u></p> <p><u>III. The source, parameters and information of the data used shall be assessed item by item for its completeness, accuracy and reasonableness to become the basis of the issuance of appraisal report or opinions.</u></p> <p><u>IV. The statement items shall include the professionalism and independence of the relevant persons, the reasonableness and accuracy of the information used for appraisal and the compliance with the relevant laws.</u></p>	<p>When the Company obtains the appraisal reports or the opinion of CPA, lawyer or securities underwriter, such professional appraiser and its appraisal officers, CPA, lawyer or securities underwriter shall not be the related party with any party of the transaction.</p>	<p>For the amendment in accordance with the law, it shall clarify the responsibility of external experts and define the items of the assessment, audit and statement for the appraisal report or opinions issued by the external experts.</p>

Clause No.	Content		Amendment Basis and reasons
	After Amendment	Before Amendment	
Article 7	<p>Procedure for Acquisition or Disposal of Real Estate, <u>Equipment or Its Rights-of-Use Assets</u> (Omission)</p> <p>I. Appraisal and Operating Procedure The real estate, <u>equipment or its rights-of-use assets</u> acquired or disposed of by the Company shall be subject to this procedure.</p> <p>II. Decision Procedure for Transaction Conditions and Authorized Maximum Amount (I) Omission (II) The acquisition or disposal of <u>equipment or its rights-of-use assets</u> shall be made by one of the way of price comparison, price negotiation or bidding; its amount shall be approved according to the rule of each level's authorization.</p> <p>IV. Appraisal Report of Real Estate, <u>Equipment or Its Rights-of-Use Assets</u> Except for trading with <u>domestic</u> governments, engaging others to build on its own land, engaging others to build on rented land, or acquiring/disposing <u>equipment or its rights-of-use assets</u> for business use, for the acquisition or disposal of real estate, <u>equipment or its rights-of-use assets</u>, when the transaction amount reaches 20% of the Company's paid-in capital or NT\$300 million or more, the Company shall obtain the appraisal report (the items that shall be stated in the appraisal report are specified in Annex 1) issued by the professional appraiser before the date of occurrence of the facts, and shall meet the following requirements: (I) When the transaction price refers to the prescribed price, specific price or special price due to special reasons, such transaction shall first be reported to the board of directors for a resolution. If the transaction condition changes <u>afterwards</u>, it shall also apply <u>the same</u> procedure.</p> <p>(Omission)</p>	<p>Procedure for Acquisition or Disposal of Real Estate or Other Fixed Assets (Omission)</p> <p>I. Appraisal and Operating Procedure The real estate and other fixed assets acquired or disposed of by the Company shall be subject to this procedure.</p> <p>II. Decision Procedure for Transaction Conditions and Authorized Maximum Amount (I) Omission (II) The acquisition or disposal of other fixed assets shall be made by way of a price inquiry, price comparison, price negotiation or bidding; its amount shall be approved according to the rule of hierarchical authorization.</p> <p>IV. Appraisal Report of Real Estate or Other Fixed Assets Except for trading with government, engaging others to build on its own land, engaging others to build on rented land, or acquiring/disposing equipment for business use, for the acquisition or disposal of real estate or equipment, when the transaction amount reaches 20% of the Company's paid-in capital or NT\$300 million or more, the Company shall obtain the appraisal report (the items that shall be stated in the appraisal report are specified in Annex 1) issued by the professional appraiser before the date of occurrence of the facts and shall meet the following requirements: (I) When the transaction price refers to the prescribed price, specific price or special price due to special reasons, such transaction shall first be reported to the board of directors for resolution. If the transaction condition changes in the future, it shall also apply the aforesaid procedure.</p> <p>(Omission)</p>	<p>For the amendments in accordance with laws, the rights-of-use assets are involved into the scope of regulations in accordance with IFRS 16 Leases.</p>
Article 9	<p>Transaction with the Related Party I. Omission. II. Appraisal and Operational Procedure When the Company acquires or disposes of the real estate <u>or its right-of-use assets</u> from the related party, or when it acquires or disposes of other assets other than real estate <u>or its right-of-use assets</u> from the related party and the transaction amount reaches 20% of the Company's paid-in capital, 10% of the total assets or NT\$300 million or more, in addition to trading in <u>domestic</u> government bonds, or bonds with re-purchase and re-sale agreements or subscription or redemption of money market funds issued by domestic securities investment trust enterprises, the following information <u>shall be approved by more than one-half of all members of the audit committee</u> and shall be reported to the board of directors <u>for resolution</u> before signing the transaction contract and making payment: (I), (II) Omission. (III) The relevant information that assesses the reasonableness of the pre-</p>	<p>Transaction with the Related Party I. Omission. II. Appraisal and Operational Procedure When the Company acquires or disposes of the real estate from the related party, or when it acquires or disposes of assets other other than real estate from the related party and the transaction amount reaches 20% of the Company's paid-in capital, 10% of the total assets or NT\$300 million or more, in addition to trading in government bonds, or bonds with re-purchase and re-sale agreement, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises, the following information shall be approved by the board of directors and recognized by the supervisors before signing the transaction contract and making payment: (I), (II) Omission. (III) The relevant information that assesses the reasonableness of the pre-</p>	<p>1. For the amendment in accordance with laws, the rights-of-use assets is involved into the scope of regulations in accordance with IFRS 16 Leases. 2. In order to be in line with the establishment of the Company's audit committee, the words for the supervisors is amended.</p>

Clause No.	Content		Amendment Basis and reasons
	After Amendment	Before Amendment	
	<p>determined trading conditions for acquisition of the real estate <u>or its rights-of-use assets</u> from the related party pursuant to Sub-paragraph (I) and Sub-paragraph (IV) of Paragraph 3 of this Article.</p> <p>(IV) to (VII) Omission.</p> <p>The transaction amount in the preceding paragraph shall be calculated pursuant to Subparagraph (V) of first Paragraph of Article 14. The term "within one year" shall be based on the date of occurrence of the facts for the transaction and is retro-actively calculated for one year. Those that have been approved by more than <u>one-half of all members of the audit committee and have been reported</u> to the board of director <u>for resolution</u> shall not be counted in. When <u>the following transactions are engaged</u> between the Company, its parent company <u>or its subsidiaries, or between the subsidiaries whose shares issued or total capital are 100% held by the Company directly or directly</u>, the board of directors may authorize the chairperson to approve them first within a certain amount pursuant to the Sub-paragraph 3 of first Paragraph of Article 7 and afterward shall be reported to the latest board of director for ratification.</p> <p>(I) Acquisition or disposal of equipment <u>or its rights-of-use assets for business use.</u></p> <p>(II) Acquisition or disposal of real estate <u>or its rights-of-use assets for business use.</u></p> <p>III. Assessment for the Reasonableness of the Transaction Cost</p> <p>(I) When the Company acquires the real estate <u>or its rights-of-use assets</u> from the related party, it shall conduct the following methods to appraise the reasonableness of transaction cost:</p> <p>1. The transaction amount with the related party shall be added by the necessary interest of the fund and the cost that shall be borne by the buyer pursuant to law. The term "necessary interest of the fund" shall be calculated based on the weighted average interest rates of the borrowings for the year in which the assets are purchased by the Company. However, it shall not be higher than the maximum borrowing interest rate of the non-financial industry announced by the Ministry of Finance.</p> <p>2. Total appraisal value loaned on such subject matter from the financial institutions, if the related party is used to set up the mortgages on such subject matter to the financial institutions; however, the actual accumulated amount loaned by the financial institution on such subject matter shall reach 70% or more of the total appraisal value loaned and the loan period shall have been more than one year. However, this shall not be applicable if the financial institution and the transaction counterparty are the related parties.</p> <p>(II) If the lands and houses of the same subject are purchased <u>or leased</u> together, the transaction cost of the lands and houses shall be appraised, respectively, according to any one of</p>	<p>determined trading conditions for the acquisition of the real estate from the related party pursuant to Sub-paragraph (I) and Sub-paragraph (IV) of Paragraph 3 of this Article.</p> <p>(IV) to (VII) Omission.</p> <p>The transaction amount in the preceding paragraph shall be calculated pursuant to Sub-paragraph (V) of first Paragraph of Article 14. The term "within one year" shall be based on the date of occurrence of the facts for the transaction and is retro-actively calculated for one year. Those that have been approved by the board of directors and recognized by the supervisors pursuant to this procedure shall not be counted in. When the equipment for business use is acquired or disposed of between the public company and its parent company or its subsidiaries, the board of directors may authorize the chairperson to approve first within certain amounts pursuant to Sub-paragraph 3 of first Paragraph of Article 7 and afterward shall be reported to the latest board of directors for ratification.</p> <p>III. Assessment for the Reasonableness of the Transaction Cost</p> <p>(I) When the Company acquires the real estate from the related party, it shall conduct the following methods to appraise the reasonableness of transaction cost:</p> <p>1. The transaction amount with the related party shall be added by the necessary interest of the fund and the cost that shall be borne by the buyer pursuant to law. The term "necessary interest of the fund" shall be calculated based on the weighted average interest rates of the borrowings for the year in which the assets are purchased by the Company. However, it shall not be higher than the maximum borrowing interest rate of the non-financial industry announced by the Ministry of Finance.</p> <p>2. Total appraisal value loaned on such subject matter from the financial institutions, if the related party is used to set up the mortgages on such subject matter to the financial institutions; however, the actual accumulated amount loaned by the financial institution on such subject matter shall reach 70% or more of the total appraisal value loaned and the loan period shall have been more than one year. However, this shall not be applicable if the financial institution and the transaction counterparty are the related parties.</p> <p>(II) If the lands and houses of the same subject are purchased together, the transaction cost of the lands and houses shall be appraised, respectively, according to any one of the methods listed in the preceding</p>	

Clause No.	Content		Amendment Basis and reasons
	After Amendment	Before Amendment	
	<p>the methods listed in the preceding paragraph.</p> <p>(III) When the Company acquires the real estate <u>or its rights-of-use assets</u> from the related party, it shall appraise the cost of the real estate pursuant to the Sub-paragraphs (I) and (II) of Paragraph 3 of this Article and shall consult with a CPA for review and expression of the specific opinions.</p> <p>(IV) Where the Company acquires the real estate <u>or its rights-of-use assets</u> from the related party to carry out the appraisal pursuant to the Sub-paragraph (I) and (II) of Paragraph 3 of this Article, provided that the appraisal result is less than the transaction price, it shall be subject to Sub-paragraph (V) of Paragraph 3 of this Article. However, if there are the following circumstances and the objective evidence can be provided as well as the specific reasonable opinions from the real estate professional appraisers and CPAs can be obtained, it shall not be limited to this restriction:</p> <p>1. When the related party acquires the undeveloped land or leased land for construction, its evidences shall meet one of the following conditions:</p> <p>(1) Omission.</p> <p>(2) For the transaction cases from other unrelated parties in other floors of the same subject's premise or the adjacent areas within one year, its measurements are similar and the terms of transaction that are appraised by the consideration of the reasonable price discrepancies in floors or areas according to the practice of transactions <u>or lease</u> of real estate are similar.</p> <p>2. The Company provides evidence that proves the transaction terms for real estate <u>or the lease to acquire the real estate rights-of-use assets</u> from the related party are similar to the terms of <u>transaction cases</u> of other unrelated parties in the adjacent area within one year and the measurements are similar as well. The aforesaid <u>transaction cases</u> in the adjacent area shall refer to the same or adjacent street and the distance to the transaction subject is less than 500 meters or its announced current value is equivalent in principle. The similar measurement herein shall refer to the <u>transaction cases</u> of other unrelated parties and that its measurements are not less than 50% of the measurements of the trading subject in principle. The aforesaid "within one year" shall be based on the date of occurrence of the facts for the acquisition of real estate <u>or its rights-of-use assets</u> and is retroactively calculated for one year.</p> <p>(V) Where the Company acquires the real estate <u>or its rights-of-use assets</u> from</p>	<p>paragraph.</p> <p>(III) When the Company acquires the real estate from the related party, it shall appraise the cost of the real estate pursuant to the Sub-paragraphs (I) and (II) of Paragraph 3 of this Article and shall consult with the CPA for review and expression of the specific opinions.</p> <p>(IV) Where the Company acquires the real estate from the related party to carry out the appraisal pursuant to the Sub-paragraph (I) and (II) of Paragraph 3 of this Article, provided that the appraisal result is less than transaction price, it shall be subject to Sub-paragraph (V) of Paragraph 3 of this Article. However, if there are the following circumstances and the objective evidence can be provided as well as the specific reasonable opinions from the real estate professional appraisers and CPAs can be obtained, it shall not be limited to this restriction:</p> <p>1. When the related party acquires the undeveloped land or leased land for construction, its evidences shall meet one of the following conditions:</p> <p>(1) Omission.</p> <p>(2) For the completed transactions from other unrelated parties in other floors of the same subject's premises or the adjacent areas within one year, its measurements are similar and the terms of the transaction that are appraised by the consideration of the reasonable price discrepancies in floors or areas according to similar real estate transaction practices.</p> <p>(3) Lease cases from other unrelated parties in other floors of the same subject's premises within one year and its terms of transactions appraised in consideration of the reasonable price discrepancies in floors according to similar real estate leasing practices.</p> <p>2. The Company provides evidence that proves the transaction terms for real estate with the related party are similar to the terms of completed transactions of the other unrelated party in the adjacent area within one year and the measurements are similar as well. The aforesaid completed transactions in the adjacent area shall refer to the same or adjacent street and the distance to the transaction subject is less than 500 meters or its announced current value is equivalent in principle. The similar measurement herein shall refer to the completed transactions of other unrelated party that its measurements are not less than 50% of the measurements of the trading subject in principle. The aforesaid "within one year" shall be based on the date of occurrence of the facts for the acquisition of real estate and is retroactively calculated for one year.</p> <p>(V) Where the Company acquires the real estate from the related party, if the appraisal results, pursuant to Sub-</p>	

Clause No.	Content		Amendment Basis and reasons
	After Amendment	Before Amendment	
	<p>the related party, if the appraisal result, pursuant to Sub-paragraph (I) and (II) of Paragraph 3 of this Article, is lower than the transaction price, the following matters shall be conducted. And when the Company and the public company who invests in the Company with the equity method have set aside the special reserve pursuant to the aforesaid regulations, such special reserve shall not be utilized before the assets which are purchased or leased at a higher price have recognized the valuation loss or have been disposed of <u>or have terminated the lease contract</u> or have been adequately compensated or have been restored, or other evidences to ensure that there is no unreasonable and have been approved by the securities authorities.</p> <p>1. With respect of the variance between the transaction amount of the real estate <u>or it rights-of-use assets</u> and the appraisal cost, the Company shall, pursuant to Paragraph 1 of Article 41 of the Securities and Exchange Act, set aside the special reserve and it shall not be distributed or transferred for capital increase or stock dividends. An investor who invests in the Company using the equity method is a public company shall also set aside the special reserve in proportion to its shareholdings pursuant to Paragraph 1 of Article 41 of the Securities and Exchange Act.</p> <p>2. <u>The independent directors as the members in the Company's audit committee shall be applicable to Article 218 of the Company.</u></p> <p>3. Omission.</p> <p>(VI) Where the Company acquires real property from a stakeholder and one of the following circumstances exists, the acquisition shall be conducted in accordance with the evaluation and operating procedure referred to in Paragraph 2 of this Article, while the evaluation on reasonableness of transaction costs requirements referred to in the sub-paragraphs (I), (II) and (III) of this paragraph shall not apply:</p> <p>1. The related party acquires the real estate <u>or its rights-of-use assets</u> due to inheritance or grant.</p> <p>2. There have been more than 5 years from the time the contract was signed by the related party to acquire the real estate <u>or its rights-of-use assets</u> to the date of current transaction signed.</p> <p>3. The real estate is acquired through signing a joint construction contract with the related party or assigning the related party to build the real estate on its own land or on rented land.</p> <p>4. <u>The real estate rights-of-use assets for business use are acquired between the Company, its parent company and its subsidiaries, or between its subsidiaries whose issued shares or total capital are 100% held by the Company directly or indirectly.</u></p> <p>(VII) Where the Company acquires the real estate <u>or its rights-of-use assets</u> from the related party, if there is</p>	<p>paragraph (I) and (II) of Paragraph 3 of this Article, is lower than the transaction price, the following matters shall be conducted. And when the Company and the public company who invests in the Company with the equity method have set aside the special reserve pursuant to aforesaid regulations, such special reserve shall not be utilized before the assets that are purchased at a higher price have recognized the valuation loss or have been disposed of or have been adequately compensated or have been restored or other evidences to ensure that there is no unreasonable and have been approved by the securities authorities.</p> <p>1. With respect to the variance between the transaction amount of the real estate and the appraisal cost, the Company shall, pursuant to Paragraph 1 of Article 41 of the Securities and Exchange Act, set aside the special reserve and it shall not be distributed or transferred for capital increase and stock dividends. An investor who invests in the Company using the equity method is a public company shall also set aside the special reserve in proportion to its shareholdings pursuant to Paragraph 1 of Article 41 of the Securities and Exchange Act.</p> <p>2. The supervisors shall conduct them in accordance with Article 218 of the Company Act.</p> <p>3. Omission.</p> <p>(VI) Where the Company acquires real property from a stakeholder and one of the following circumstances exists, the acquisition shall be conducted in accordance with the evaluation and operating procedure referred to in Paragraph 2 of this Article, while the evaluation on reasonableness of transaction costs requirements referred to in the sub-paragraphs (I), (II) and (III) of this paragraph shall not apply:</p> <p>1. The related party acquires the real estate due to an inheritance or a grant.</p> <p>2. There have been more than 5 years that have elapsed from the time the contract was signed by the related party to acquire the real estate to the date the current transaction was signed.</p> <p>3. The real estate is acquired through signing a joint construction contract with the related party or assigning the related party to build the real estate on its own land or on rented land.</p> <p>(VII) Where the Company acquires the real estate from the related party, if there is other evidence that proves the transaction has irregular</p>	

Clause No.	Content		Amendment Basis and reasons
	After Amendment	Before Amendment	
	other evidence that proves that the transaction has irregular business practices, it shall also be conducted pursuant to Sub-paragraph (V) of Paragraph 3 of this Article.	business practices, it shall also be conducted pursuant to Sub-paragraph (V) of Paragraph 3 of this Article.	
Article 10	<p>Procedure for Acquisition or Disposal of Memberships or Intangible Assets or its rights-of-use assets</p> <p>I. Appraisal and Operating Procedure</p> <p>The memberships or intangible assets or its rights-of-use assets acquired or disposed of by the Company shall be subject to this procedure.</p> <p>II. Decision Procedure for Transaction Conditions and Authorized Maximum Amount</p> <p>(I) Omission.</p> <p>(II) The acquisition or disposal of the intangible assets or its rights-of-use assets shall refer to the expert's appraisal report or the fair market price. The resolutions of the trading conditions and transaction price shall be prepared as analysis report and shall be reported to the presidents. If its amount is NT\$50 million or below, it shall be approved by the chairperson and afterward shall be reported to the latest board of director for reference; if exceeding NT\$50 million, it shall be reported to the board of director for approval.</p> <p>(III) Where the Company acquires or disposes of assets that shall be approved by more than one-half of all members of the audit committee pursuant to the established procedure or other laws, afterwards it shall report to the board of directors for resolution.</p> <p>III. Executive Department</p> <p>After the memberships or intangible assets or its rights-of-use assets acquired or disposed of by the Company is approved pursuant to the authorization of approval in the preceding paragraph, the using department, accounting department and administrative department shall be responsible for implementation.</p> <p>IV. Expert's Appraisal Opinions Report for Memberships or Intangible Assets</p> <p>When the transaction amount of the memberships or intangible assets or its rights-of-use assets acquired or disposed of by the Company reaches 20% of the Company's paid-in capital or NT\$300 million or more, except for the transaction with domestic governmental institution, the CPA shall be consulted to express opinions on the reasonableness of the transaction price before the date of occurrence of the facts; and the CPA shall conduct pursuant to the Statement of Auditing Standards No. 20 published by the ARDF.</p>	<p>Procedure for Acquisition or Disposal of Memberships or Intangible Assets</p> <p>I. Appraisal and Operating Procedure</p> <p>The memberships or intangible assets acquired or disposed of by the Company shall be subject to this procedure.</p> <p>II. Decision Procedure for Transaction Conditions and Authorized Maximum Amount</p> <p>(I) Omission.</p> <p>(II) The acquisition or disposal of the intangible assets shall refer to the expert's appraisal report or the fair market price. The resolutions of the trading conditions and transaction price shall be prepared as analysis report and shall be reported to the presidents. If its amount is NT\$50 million or below, it shall be approved by the chairperson and afterward shall be reported to the latest board of director for reference; if exceeding NT\$50 million, it shall be reported to the board of directors for approval.</p> <p>(III) Where the Company acquires or disposes of assets that shall be approved by the board of director pursuant to the established procedure or other laws, if a director expresses an objection and has a recorded or written statement, the Company shall submit the director's objection information to each supervisor. In addition, if the Company has set up the independent directors and the acquisition or disposal of the assets is reported to the board of director for discussion pursuant to regulations, each independent director's opinion shall be fully taken into account, and its consent or the opinions of objection and its reasons shall be recorded into the meeting minutes.</p> <p>III. Executive Department</p> <p>After the memberships or intangible assets acquired or disposed of by the Company are approved pursuant to the authorization of approval in the preceding paragraph, the using department, accounting department and administrative department shall be responsible for implementation.</p> <p>IV. Expert's Appraisal Opinions Report for Memberships or Intangible Assets</p> <p>When the transaction amount of the memberships or intangible assets acquired or disposed of by the Company reaches 20% of the Company's paid-in capital or NT\$300 million or more, except for the transaction with governmental institution, the CPA shall be consulted to express the opinions on the reasonableness of the transaction price before the date of occurrence of the facts; and the CPA shall conduct pursuant to the Statement of Auditing Standards No. 20 published by the ARDF.</p>	<p>1. For the amendment in accordance with laws, the rights-of-use assets is involved into the scope of regulations in accordance with IFRS 16 Leases.</p> <p>2. In order to be in line with the establishment of the Company's audit committee, the words for the supervisors is amended.</p>
Article 12	<p>Procedure for Acquisition or Disposal of Derivatives</p> <p>I. Transaction Principle and Guidelines</p> <p>(I),(II) (Omission)</p>	<p>Procedure for Acquisition or Disposal of Derivatives</p> <p>I. Transaction Principle and Guidelines</p> <p>(I),(II) (Omission)</p>	<p>1. In order to be in line with the establishment of the Company's audit committee, the words</p>

Clause No.	Content		Amendment Basis and reasons								
	After Amendment	Before Amendment									
	<p>(III) Delegation of Authorization and Duties</p> <p>1. Finance/Accounting Department</p> <p>(1)~(3) Omission</p> <p>(4) Derivatives Authorized Limits</p> <p>A. Hedging Trading Authorized Limits</p> <table><tr><th>Approver</th></tr><tr><td>Chief of Finance Department</td></tr><tr><td>Chief of General Administration Division</td></tr><tr><td>President</td></tr></table> <p>B. Omission</p> <p>C. Where the Company acquires or disposes of assets that shall be approved by more than <u>one-half of all members of the audit committee</u> pursuant to the established procedure or other laws, afterwards it shall be reported to the board of directors <u>for resolution</u>.</p> <p>II. (Omission)</p> <p>III. Internal Audit System</p> <p>(I) The internal auditor shall regularly understand the appropriateness of internal control for derivatives trading, monthly audit the compliance of the trading department on derivatives trading procedure, analyze the transaction cycle and prepare the audit report. In the event of any material violations, it shall be notified to the <u>audit committee</u> in writing.</p> <p>(II) Omission.</p> <p>IV. (Omission).</p> <p>V. The Supervision Management Principles of the Board of Directors When Engaging in Derivatives Trading</p> <p>(I) The board of directors shall appoint the senior executives to always pay attention to the supervision and control for the risk of the derivatives trading. Its management principles are as follows:</p> <p>1. To regularly evaluate whether or not the currently used risk management measures are appropriate and make sure to conduct in accordance with this procedure and the procedure for derivatives trading established by the Company.</p> <p>2. Omission</p> <p>(II) Omission.</p> <p>(III) When the Company engages in the derivatives trading and authorizes the related persons to execute it pursuant to the established procedure for derivatives trading, it shall be reported to the latest board of director afterwards.</p> <p>(IV) Omission.</p>	Approver	Chief of Finance Department	Chief of General Administration Division	President	<p>(III) Delegation of Authorization and Duties</p> <p>1. Finance/Accounting Department</p> <p>(1)~(3) Omission</p> <p>(4) Derivatives Authorized Limits</p> <p>A. Hedging Trading Authorized Limits</p> <table><tr><th>Approver</th></tr><tr><td>Finance Manager</td></tr><tr><td>Vice President, General Administration Division</td></tr><tr><td>President</td></tr></table> <p>B. Omission</p> <p>C. Where the Company acquires or disposes of assets that shall be approved by the board of director pursuant to the established procedure or other laws, if a director expresses objection and has record or written statement, the Company shall submit the director's objection information to each supervisor. In addition, if the Company has set up the independent directors and acquisition or disposal of the assets is reported to the board of director for discussion pursuant to regulations, each independent director's opinion shall be fully taken into account, and its consent or the opinions of objection and its reasons shall be recorded into the meeting minutes.</p> <p>II. (Omission)</p> <p>III. Internal Audit System</p> <p>(I) The internal auditor shall regularly understand the appropriateness of internal control for derivatives trading, monthly audit the compliance of the trading department on derivatives trading procedure, analyze the transaction cycle and prepare the audit report. In the event of any material violation, it shall be notified to the supervisors in writing.</p> <p>(II) Omission.</p> <p>IV. (Omission).</p> <p>V. The Supervision Management Principles of the Board of Directors When Engaging in Derivatives Trading</p> <p>(I) The board of directors shall appoint the senior executives to always pay attention to the supervision and control for the risk of the derivatives trading. Its management principles are as follows:</p> <p>1. To regularly evaluate whether or not the current used risk management measures are appropriate and make sure to conduct in accordance with this procedure and the procedure for derivatives trading established by the Company.</p> <p>2. Omission</p> <p>(II) Omission.</p> <p>(III) When the Company engages in the derivatives trading and authorizes the related persons to execute it pursuant to the established procedure for derivatives trading, it shall be reported to the latest board of director afterwards.</p> <p>(IV) Omission.</p>	Approver	Finance Manager	Vice President, General Administration Division	President	for the supervisors is amended.
Approver											
Chief of Finance Department											
Chief of General Administration Division											
President											
Approver											
Finance Manager											
Vice President, General Administration Division											
President											

Clause No.	Content		Amendment Basis and reasons
	After Amendment	Before Amendment	
Article 14	<p>Information Disclosure Procedures</p> <p>I. Announcement Items and Standards</p> <p>(I) Where acquisition or disposal of real estate <u>or its rights-of-use assets</u> from the related party, or where acquisition or disposal of other assets other than real estate <u>or its rights-of-use assets</u> from the related party and the transaction amount reaches 20% of the Company's paid-in capital, 10% of the total assets or NT\$300 million or more. However, trading in <u>domestic</u> government bonds, bonds with repurchase and resale agreement, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises shall not be subject to this restriction.</p> <p>(II) Omission</p> <p>(III) The loss of the derivatives trading reaches the maximum limited loss amount of the whole or individual agreement stipulated in the procedure <u>established</u>.</p> <p>(IV) Assets acquired or disposed of are the <u>equipment or its rights-of-use assets</u> for business use, and its transaction counterparty is not the related party, and the transaction amount reaches one of the following regulations:</p> <p>1.~2.(Omission)</p> <p>(V) Where the Company engages in construction business to acquire or dispose of the real estate <u>or its rights-of-use assets</u> for construction use, its transaction counterparty is not the related party and its transaction amount reaches NT\$500 million or more. <u>Among which, if a company whose paid-in capital reaches NT\$10 billion or more disposes of the completed construction of real estate which is built by itself and the transaction counterparty is not the related party, the threshold for transaction amount shall be NT\$1 billion or more.</u></p> <p>(VI) Where the real estate is acquired by the way of building on its own land, building on rented land, joint construction and allocation of housing units, joint construction and allocation of ownership percentages, or joint construction and separate sale, <u>its transaction counterparty is not the related part</u> and the estimated transaction amount invested by the Company reaches NT\$500 million or more.</p> <p>(VII) Except for the preceding six subparagraphs, for the assets transactions, the claims of the financial institutions or investment in mainland China, its transaction amount reaches 20% of the Company's paid-in capital or NT\$300 million or more. However, the following circumstances are not subject to the restrictions herein:</p> <p>1. Trading <u>domestic</u> government bonds.</p> <p>2. Where a professional investor trades the securities on domestic or oversea securities exchanges or OTC, or where a securities firm subscribes the ordinary corporate bond or general bank debentures without equity characteristics <u>(excluding subordinated debentures)</u> that are offered and issued in the domestic primary market, <u>or subscribes or redeems the securities investment trust fund or future trust fund,</u> or where a securities firm subscribes the securities due to the demand of its underwriting business or the regulations from the Taipei Exchange for acting as the counseling recommending</p>	<p>Information Disclosure Procedures</p> <p>I. Announcement Items and Standards</p> <p>(I) Where acquisition or disposal of real estate from the related party, or where the acquisition or disposal of other assets other than real estate from the related party and the transaction amount reaches 20% of the Company's paid-in capital, 10% of the total assets or NT\$300 million or more. However, trading in government bonds, bonds with repurchase and re-sale agreements or subscriptions or redemption of money market funds issued by domestic securities investment trust enterprises shall not be subject to this restriction.</p> <p>(II) Omission</p> <p>(III) The loss of the derivatives trading reaches the maximum limited loss amount of the whole or individual agreement stipulated in the established procedure.</p> <p>(IV) Assets acquired or disposed of are the equipment for business use and its transaction counterparty is not the related party and the transaction amount reaches one of the following regulations:</p> <p>1.~2.(Omission)</p> <p>(V) Where the Company engages in construction business to acquire or dispose of the real estate for construction use, its transaction counterparty is not the related party and its transaction amount reaches NT\$500 million or more.</p> <p>(VI) Where the real estate is acquired by the way of building on its own land, building 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 estimated transaction amount invested by the Company reaches NT\$500 million or more.</p> <p>(VII) Except for the preceding six subparagraphs, for the assets transactions, the claims of the financial institutions or investment in mainland China, its transaction amount reaches 20% of the Company's paid-in capital or NT\$300 million or more. However, the following circumstances are not subject to the restrictions herein:</p> <p>1. Trading government bonds.</p> <p>2. Where a professional investor trades the securities on domestic or oversea securities exchanges or OTC, or where a securities firm subscribes to the ordinary corporate bonds or general bank debentures without equity characteristics that are offered and issued in the domestic primary market or where a securities firm subscribes the securities due to the demand of its underwriting business or the regulations from the Taipei Exchange for acting as the counseling recommending securities firms for an emerging stock company.</p>	<p>1. Amendment in accordance with laws.</p> <p>2. In order to be in line with the establishment of the Company's audit committee, the words for the supervisors is amended.</p>

Clause No.	Content		Amendment Basis and reasons
	After Amendment	Before Amendment	
	securities firms for an emerging stock company. 3. Omission (VIII) Omission. 1. Omission. 2. Omission. 3. The accumulated amount of acquisition or disposal of (acquisition and disposal are accumulated respectively) real estate or its <u>rights-of-use assets</u> for the same development project within one year. 4. Omission II. (Omission) III. (Omission) IV. (I),(II) (Omission) (III) When acquiring or disposing of real estate or other fixed assets <u>or its rights-of-use assets</u> , or acquiring real estate from the related party, the announcement format is as shown in Annex 4.	3. Omission (VIII) Omission. 1. Omission. 2. Omission. 3. The accumulated amount of acquisition or disposal of (acquisition and disposal are accumulated respectively) real estate for the same development project within one year. 4. Omission II. (Omission) III. (Omission) IV. (I),(II) (Omission) (III) When acquiring or disposing of real estate or other fixed assets, or acquiring real estate from the related party, the announcement format is as shown in Annex 4.	
Article 15	The Company's subsidiaries shall comply with the following regulations: I. The subsidiaries shall also comply with the "Regulations Governing the Acquisition or Disposal of Assets by Public Companies" to establish the "Procedure for Acquisition or Disposal of Assets." <u>Such procedure shall be submitted to its audit committee and/or the board of director and/or the shareholders' meeting for resolution before implementation according to the relevant regulations.</u> The amendment shall apply the same. II. Omission. III. Omission. IV. For the announcement standards for the subsidiaries, the "paid-in capital or total assets" shall refer to the paid-in capital or total assets of the parent company (the Company).	The Company's subsidiaries shall comply with the following regulations: I. The subsidiaries shall also comply with the "Regulations Governing the Acquisition or Disposal of Assets by Public Companies" to establish the "Procedure for Acquisition or Disposal of Assets." After such procedure is approved by its board of directors, it shall be submitted to every supervisor and reported to its shareholders' meeting for approval. The amendment shall apply the same. II. Omission. III. Omission. IV. For the announcement standards for the subsidiaries, the "reaches 20% of the company's paid-in capital or 10% of total assets" shall refer to the paid-in capital or total assets of the parent company (the Company).	1. Amendment in accordance with laws. 2. In order to be in line with the establishment of the Company's audit committee, the words for the supervisors is amended.
Article 15-1	For the regulation of 10% of total assets stated in this procedure, it shall refer to the total assets stated in the latest parent company or individual financial statement that shall be prepared pursuant to the Regulations Governing the Preparation of Financial Reports by Securities Issuers. When a company's share has no par value or a par value other than NT\$10, 20% of paid-in capital for transaction amounts stipulated in this procedure shall be replaced by 10% of equity attributable to owners of the parent company; <u>and NT\$10 billions of paid-in capital for the transaction amount stipulated in this procedure shall be replaced by NT\$20 billions of equity attributable to owners of the parent company.</u>	For the regulation of 10% of total assets stated in this procedure, it shall refer to the total assets stated in the latest parent company or individual financial statement that shall be prepared pursuant to the Regulations Governing the Preparation of Financial Reports by Securities Issuers. When a company's share has no par value or a par value other than NT\$10, 20% of the paid-in capital for transaction amounts stipulated in this procedure shall be replaced by 10% of equity attributable to owners of the parent company.	Amendment in accordance with laws.
Article 18	Announcement and Implementation <u>The establishment or amendment for the "Procedure for Acquisition or Disposal of Assets" of the Company shall be approved by one-half of all members of the audit committee and reported to the board of director for resolution; afterward it shall be reported to the shareholders' meeting for approval. The same shall apply to the amendment. When it is not approved by one-half or more of all members of the audit committee, it may be approved by two-thirds or more of all directors before implementation, and shall state the resolution of the audit committee in the meeting minutes of the board of directors.</u>	Announcement and Implementation After the "Procedure for Acquisition or Disposal of Assets" of the Company is approved by the board of director, it shall be submitted to every supervisor and reported to the shareholders' meeting for approval. The amendment shall apply the same. If a director expresses an objection and has put it on record or made a written statement, the Company shall submit the objections of the director to every supervisor. In addition, where the Company has set up the independent directors according to the Securities and Exchange Act, when the "Procedure for Acquisition or Disposal of Assets" is reported to the board of directors for discussion pursuant to Paragraph 2 of Article 9, each independent director's opinions shall be fully taken into	Amendment in accordance with laws.

Clause No.	Content		Amendment Basis and reasons
	After Amendment	Before Amendment	
		account. If the independent director has an objection opinion or qualified opinion, it shall be recorded in the meeting minutes of the board of directors.	

Orient Semiconductor Electronics, Ltd.

"Procedure for Endorsements and Guarantees "

Comparison Table of Amendment Clauses

Clause No.	Content		Amendment Basis and reasons
	After Amendment	Before Amendment	
Article 6	Decision and Authorization Hierarchy I. Omission. II. Omission. III. When the Company has set up the independent director, the discussion of the endorsements and guarantees pursuant to Sub-paragraph 2 shall fully take into account the opinions of each independent director. <u>If an independent director expresses an objection or a qualified opinion, it shall be recorded in the meeting minutes of the board of directors.</u> IV. Omission. V. Omission.	Decision and Authorization Hierarchy I. Omission. II. Omission. III. When the Company has set up the independent director, the discussion of the endorsements and guarantees pursuant to Sub-paragraph 2 shall fully take into account the opinions of each independent director, and their consent and their specific objections and the reasons for the objection shall be recorded in the meeting minutes of the board of directors. IV. Omission. V. Omission.	Amendment in accordance with the laws.
Article 10	Announcement and Declaration Procedure I. Omission. II. The date of occurrence of the facts stated in this procedure shall refer to the earliest date among the date on which the contract is signed, the date of payment, the resolution date of the board of director or other date on which the counterparty of the <u>endorsements and guarantees</u> and its amount are determined. III. Omission. IV. When the endorsements and guarantees made by the Company meet one of the following criterion, it shall be announced within 2 days from the date of occurrence of the facts: (I) Omission. (II) Omission. (III) The balance of the endorsements and guarantees provided by the Company and its subsidiaries to a single enterprise reaches NT\$10 million or more, and the aggregate amount of the endorsements and guarantees, <u>investment carrying amount adopted by the equity method</u> and the balance of lending for such enterprise reaches 30% or more of the Company's net worth stated in the latest financial statement. (IV) Omission. V. Omission.	Announcement and Declaration Procedure I. Omission. II. The date of occurrence of the facts stated in this procedure shall refer to the earliest date among the date on which the transaction is signed, the date of payment, the resolution date of the board of director or other date on which the counterparty of the transaction and its amount are determined. III. Omission. IV. When the endorsements and guarantees made by the Company meet one of the following criterion, it shall be announced within 2 days from the date of occurrence of the facts: (I) Omission. (II) Omission. (III) The balance of the endorsements and guarantees provided by the Company and its subsidiaries to a single enterprise reaches NT\$10 million or more and the aggregate amount of the endorsements and guarantees, long-term investment and the balance of lending for such enterprise reaches 30% or more of the Company's net worth stated in the latest financial statement. (IV) Omission. V. Omission.	Amendment in accordance with the laws.
Article 11	Internal Audit The Company's internal auditors shall, at least quarterly, audit the Operational Procedures for Endorsements and Guarantees and its implementation, and prepare the written records; in the event of any material violation, it shall be notified to <u>the audit committee</u> immediately.	Internal Audit The Company's internal auditors shall audit the Operational Procedures for Endorsements and Guarantees and its implementation at least quarterly, and prepare the written records; in the event of any material violations, it shall be notified to every supervisor immediately.	Amendment in accordance with the laws and in line with the establishment of the audit committee.

Clause No.	Content		Amendment Basis and reasons
	After Amendment	Before Amendment	
Article 12	<p>Controlling Procedure for Subsidiary's Endorsements and Guarantees</p> <p>I. When the Company's subsidiary intends to endorse others or provide guarantees, the Company shall instruct such subsidiary to establish the "Operational Procedures for Endorsements and Guarantees" pursuant to the "Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies" published by the FSC. <u>Such procedure shall be submitted to its audit committee and/or its board of directors and/or its shareholders' meeting for resolution pursuant to the relevant regulations before implementation.</u> The same shall apply to the amendment. The subsidiary shall be subject to the procedure established.</p> <p>II. Omission.</p>	<p>Controlling Procedure for Subsidiary's Endorsements and Guarantees</p> <p>I. When the Company's subsidiary intends to endorse others or provide guarantees, the Company shall instruct such subsidiary to establish the "Operational Procedures for Endorsements and Guarantees" pursuant to the "Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies" published by the FSC. After the approval of such subsidiary's board of directors, such procedure shall be submitted to every supervisor and be reported to its shareholders' meeting for approval. The same shall apply to the amendment. The subsidiary shall be subject to the procedure established.</p> <p>II. Omission.</p>	Amendment to be in line with the establishment of the audit committee.
Article 14	<p>Other Matters</p> <p>I. In the event of the changes in circumstances, the counterparty of the endorsements and guarantees by the Company does not conform with the regulation of this procedure or the amount exceeds the limit. The Company shall set up the improvement plans, submit the relevant improvement plans to <u>the audit committee</u> and complete the improvement according to the schedule.</p> <p>II. Omission.</p> <p>III. Omission.</p>	<p>Other Matters</p> <p>I. In the event of the changes in circumstances, the counterparty of the endorsements and guarantees by the Company does not conform with the regulation of this procedure or the amount exceeds the limit. The Company shall set up the improvement plans, submit the relevant improvement plans to every supervisor and complete the improvement according to the schedule.</p> <p>II. Omission.</p> <p>III. Omission.</p>	Amendment in accordance with the laws and in line with the establishment of the audit committee.
Article 16	<p>Announcement and Implementation</p> <p>The <u>establishment or amendment</u> of this procedure shall be approved by one-half or more of all members of the audit committee and shall be reported to the board of director for <u>resolution</u>, as well as reported to the shareholders' meeting for approval before implementation.</p> <p><u>Provided that it is not approved by more than one-half of all members of the audit committee, it may be approved by two-thirds or more of all directors before implementation, and shall state the resolution of the audit committee in the meeting minutes of the board of directors.</u></p>	<p>Announcement and Implementation</p> <p>The establishment of this procedure shall be approved by the board of directors, submitted to every supervisor and reported to the shareholders' meeting for resolution before implementation.</p> <p>Provided that a director expresses an objection which is recorded or included in the written statement, the Company shall submit its objection to every supervisor and report to the shareholders' meeting for discussion. The same shall apply to any amendments. For the establishment and amendment of this procedure under the discussion of the board of directors, the opinions of each independent director shall be fully taken into account and their consent or the specific opinions of objection and the reasons of the objections shall be recorded into the meeting minutes of the board of directors.</p>	Amendment in accordance with the laws and in line with the establishment of the audit committee.

Orient Semiconductor Electronics, Ltd.

"Procedure for Lending Funds to Others "

Comparison Table of Amendment Clauses

Clause No.	Content		Amendment Basis and reasons
	After Amendment	Before Amendment	
Article 8	Decision Hierarchy When the Company intends to lend funds to others, it shall be subject to the resolution of the board of directors and shall not authorize other persons to make decisions. When the Company has set up the independent directors and intends to lend funds to others, the opinions of each independent director shall be fully taken into account. <u>If an independent director expresses the opinion of objection or the qualified opinion, it shall be recorded in the meeting minutes of the board of directors.</u>	Decision Hierarchy When the Company intends to lend funds to others, it shall be subject to the resolution of the board of directors and shall not authorize other persons to make decisions. When the Company has set up the independent directors and intends to lend funds to others, the opinions of each independent director shall be fully taken into account, and their consent or specific objections and the reasons for the objection shall be recorded in the meeting minutes of the board of directors.	Amendment in accordance with the laws.
Article 10	Announcement and Declaration Procedure I. Omission. II. The date of occurrence of the facts stated in this procedure shall refer to the earliest date among the date on which the contract is signed, the date of payment, the resolution date of the board of directors meeting or other date on which the counterparty of the lending and its amount are determined. III. to V. Omission.	Announcement and Declaration Procedure I. Omission. II. The date of occurrence of the facts stated in this procedure shall refer to the earliest date among the date on which the transaction is signed, the date of payment, the resolution date of the board of director or other date on which the counterparty of the transaction and its amount are determined. III. to V. Omission.	Amendment in accordance with the laws.
Article 11	Internal Audit The Company's internal auditors shall, , audit the Operational Procedures for Loaning of Company Funds and its implementation at least quarterly and prepare the written records; in the event of any material violation, it shall be notified to <u>the audit committee</u> immediately.	Internal Audit The Company's internal auditors shall audit the Operational Procedures for Loaning of Company Funds and its implementation at least quarterly and prepare the written records; in the event of any material violations, it shall be notified to every supervisor immediately.	Amendment in accordance with the laws and in line with the establishment of the audit committee.
Article 12	Controlling Procedure for Subsidiary's Lending Funds to Others I. When the Company's subsidiary intends to lend funds to others, the Company shall instruct such subsidiary to establish the "Operational Procedures for Loaning of Company Funds" pursuant to the "Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies" published by the FSC. <u>Such procedure shall be submitted to its audit committee and/or board of director and/or shareholders' meeting for resolution pursuant to the relevant regulations before implementation.</u> The same shall apply to the amendment. The subsidiary shall be subject to the procedure established. II. to V. Omission.	Controlling Procedure for Subsidiary's Lending Funds to Others I. When the Company's subsidiary intends to lend funds to others, the Company shall instruct such subsidiary to establish the "Operational Procedures for Loaning of Company Funds" pursuant to the "Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies" published by the FSC. After the approval of such subsidiary's board of director, such procedure shall be submitted to every supervisor and reported to its shareholders' meeting for approval. The amendment shall apply the same. The subsidiary shall be subject to the procedure established. II. to V. Omission.	Amendment to be in line with the establishment of the audit committee.
Article 16	Other Matters IV. Omission. V. In the event of the changes in circumstances, the counterparty of the Company's lending does not conform with the regulation of this procedure or the balance exceeds the limit. The Company shall set up the improvement plans, submit the relevant improvement plans to <u>the audit committee</u> and complete the improvement according to the schedule. III. to IV. Omission.	Other Matters IV. Omission. V. In the event of the changes in circumstances, the counterparty of the Company's lending does not conform with the regulation of this procedure or the balance exceeds the limit. The Company shall set up the improvement plans, submit the relevant improvement plans to every supervisor and complete the improvement according to the schedule. II. to IV. Omission.	Amendment in accordance with the laws and in line with the establishment of the audit committee.

Clause No.	Content		Amendment Basis and reasons
	After Amendment	Before Amendment	
Article 18	<p>Announcement and Implementation</p> <p>The establishment <u>or amendment</u> of this procedure shall be approved by <u>one-half or more</u> of all members of the audit committee and <u>shall be reported</u> to the board of director for resolution, as well as reported to the shareholders' meeting for approval before implementation.</p> <p><u>Provided that the preceding paragraph is not approved by one-half or more of all members of the audit committee, it may be approved by two-thirds or more of all directors before implementation, and shall state the resolution of the audit committee in the meeting minutes of the board of director.</u></p>	<p>Announcement and Implementation</p> <p>The establishment of this procedure shall be approved by the board of directors, submitted to every supervisor and reported to the shareholders' meeting for resolution before implementation.</p> <p>Provided that a director expresses an objection which is recorded or included in the written statement, the Company shall submit its objection to every supervisor and report to the shareholders' meeting for discussion. The same shall apply to any amendments. For the establishment and amendment of this procedure under the discussion of the board of directors, the opinions of each independent director shall be fully taken into account, and their consent or the specific objections and the reasons for the objections shall be recorded into the board of directors meeting minutes.</p>	<p>Amendment in accordance with the laws and in line with the establishment of the audit committee.</p>

Orient Semiconductor Electronics, Ltd.

"Rules for Director Elections"

Comparison Table of Amendment Clauses

Clause No.	Content		Amendment Basis and reasons
	After Amendment	Before Amendment	
Article 1	The elections of the directors for the Company shall be subject to this rule.	The elections of the directors and the supervisors for the Company shall be subject to this rule.	In order to be in line with the establishment of the Company's audit committee, the related words for the supervisors are deleted.
Article 2	For the election of the directors for the Company, each share shall have voting rights in number equal to the directors to be elected, and may be cast for a single candidate or split among multiple candidates.	For the election of the directors and supervisors for the Company, each share shall have voting rights in number equal to the directors to be elected, and may be cast for a single candidate or split among multiple candidates.	In order to be in line with the establishment of the Company's audit committee, the related words for the supervisors are deleted.
Article 4	The election of the directors (including independent directors) for the Company shall adopt the candidate nomination system. The shareholders shall elect the number of persons designated by the Article of Incorporation from the list of the candidates. According to the statistical results from the electronic communication platform and the ballots, those persons whose received votes representing the highest number of voting rights will be elected in turn. When two or more persons receive the same voting rights and result in an excess of the number of persons to be elected, they shall draw lots to determine and the chairperson shall draw lots on behalf of the absent persons.	The election of the directors (including independent directors) and the supervisors for the Company shall adopt the candidate nomination system. The shareholders shall elect the number of persons designated by the Article of Incorporation from the list of the candidates. According to the statistical results from the electronic communication platform and the ballots, those persons whose received votes representing the highest number of voting rights will be elected in turn. When two or more persons receive the same voting rights and result in an excess of the number of persons to be elected, they shall draw lots to determine and the chairperson shall draw lots on behalf of the absent persons. For those persons who are elected as directors and supervisors at the same time according to the preceding paragraph shall, they shall, at their own discretion, decide to act as directors or supervisors. The vacancies shall be replenished from the original candidates with the highest number of votes received.	In order to be in line with the establishment of the Company's audit committee, the related words for the supervisors are deleted.
Article 5	The board of director shall print the number of the ballots that are the same as the number of directors to be elected, add in the number of voting rights and distribute to the shareholders who will attend the shareholders' meeting.	The board of director shall print the number of the ballots that are the same as the number of directors or supervisors to be elected, add in the number of voting rights and distribute to the shareholders who will attend the shareholders' meeting.	In order to be in line with the establishment of the Company's audit committee, the related words for the supervisors are deleted.
Article 6	For the election of directors, the board of director shall set up the ballot boxes, which shall be opened in public by the scrutineers before the voting.	For the election of directors and supervisors , the board of director shall set up the ballot boxes, which shall be opened in public by the scrutineers before the voting.	In order to be in line with the establishment of the Company's audit committee, the related words for the supervisors are deleted.
Article 10	The board of director shall issue the notifications to the elected directors respectively.	The board of director shall issue the notifications to the elected directors and supervisors respectively.	In order to be in line with the establishment of the Company's audit committee, the related words for the supervisors are deleted.

【Appendix 1】

Orient Semiconductor Electronics, Ltd.

Rules of Procedure for Shareholders' Meetings

Establishment on March 8, 1990

Amendment on June 08, 2002

Amendment on June 11, 2013

- I. Unless otherwise provided by laws, the Company's shareholders' meeting shall be subject to this rule.
- II. The attending shareholders shall provide the sign-in card instead of signing in, and the number of attending shares shall be calculated according to the number of the sign-in cards.
- III. The attendance and voting for the shareholders meeting shall be calculated by the shares.
- IV. The place where the shareholders' meeting is held shall be at the place where the Company is located or where it is convenient for the shareholders' attending and shall be suitable for the shareholders' meeting. The starting time for the meeting shall not be earlier than 9.00 am or later than 3.00 pm.
- V. When the shareholders' meeting is convened by the board of directors, the chairperson shall chair the meeting. If the chairperson is on leave or unable to exercise the duties for certain reasons, the vice chairperson shall represent. If there is no vice chairperson or the vice chairperson is also on leave or unable to exercise the duties for certain reasons, the chairperson shall appoint one of the executive directors to represent. If there is no executive directors, one of the directors shall be appointed to represent. If the chairperson does not appoint the representative, the executive directors or directors shall recommend one of them to represent.
Provided that the shareholders' meeting is convened by a person other than the board of directors who has authority to convene, such convener shall chair the meeting.
- VI. The Company may appoint its assigned lawyers, CPAs or the related persons to attend the shareholders' meeting.
The staff who are in charge of the matters of the shareholders' meeting shall wear identification badges or armbands.
- VII. The Company shall conduct the sound recording or video recording for the entire process of the shareholders' meeting and keep it for at least one year.
- VIII. At the time of the meeting, the chairperson shall call the meeting to order. However, if the attending shareholders do not represent more than half of the total number of shares issued, the chairperson may announce to postpone the meeting. The number of delays shall be limited to two times and total time delayed shall not exceed one hour. If the attending shareholders still do not represent one-thirds or more of the total numbers of shares issued after two-times of delays, the tentative resolutions may be made according to the first Paragraph of the Article 175 of the Company Act.

Before the end of the meeting, if the attending shareholders have represented more than half of the total number of shares issued, the chairperson may re-report the tentative resolutions to the meeting for voting according to Article 174 of the Company Act.

- IX. When the shareholders' meeting is convened by the board of directors, its meeting agenda shall be determined by the board of directors. The meeting shall be conducted according to the scheduled agenda and shall not be changed without the resolution of the shareholders' meeting.
When the shareholders' meeting is convened by persons other than the board of directors who have authority to convene the meeting, the regulations of the preceding paragraph shall be applicable.
Before the scheduled agenda (including Questions and Motions) stated in the preceding two paragraphs are resolved, the chairperson shall not announce the adjournment.
After the adjournment of the meeting, the shareholders shall not elect another chairperson to continue the meeting at the same place or any other place. However, if the chairperson violates the meeting rules to announce the adjournment, the meeting may continue with the consent of more than half of the voting rights represented by the attending shareholders to elect one person to chair the meeting.
- X. Before the attending shareholders speak, they shall fill in the notes stating their subjects, their shareholder account numbers (or their attending certificate number) and their names. The chairperson shall determine the order of speaking.
The attending shareholders who provide the speaking notes but did not speak will be deemed as not having spoken. When the content of speaking is different from the speaking notes, the content of speaking notes shall prevail.
When an attending shareholder speaks, other shareholders shall not speak to interfere without the consent of the chairperson and the speaking shareholder. Any violations shall be prevented by the chairperson.
- XI. Without the consent of the chairperson Each shareholder on the same proposal shall not speak more than twice, and each speaking time shall not exceed 5 minutes. If a shareholder speaks in violation of the regulations stipulated in the preceding paragraph or exceeds the scope of the agenda, the chairperson shall prevent the speaker from going further.
- XII. When a legal person is delegated to attend the shareholders' meeting, such legal person shall only assign one person to present his/her attendance.
When a legal person assigns 2 or more representatives to attend the shareholders' meeting, the same proposal shall only be spoken by one person.
- XIII. After an attending shareholder speaks, the chairperson may answer in person or assign the related persons to answer.
- XIV. When the chairperson considers that the discussion of a proposal has reached the level of voting, such discussion may be stopped discussing and proceed with the voting.

- XV. The scrutineers and the tellers for the voting of the proposals shall be assigned by the chairperson, but the scrutineers shall be shareholders. The results of the voting shall be reported on the spot and made into a record.
- XVI. During the meeting, the chairperson may, at his or her discretion, announce to take a break.
- XVII. Unless otherwise provided by the Company Act and the Articles of Incorporation, the voting on a proposal shall be approved by more than half of the voting rights represented by the attending shareholders.
- While voting, if the chairperson asks for an opinion and results in no objection, the motion shall be deemed to have been passed and its validity shall be the same as the voting.
- XVIII. If there are amendments or alternatives to the same proposal, the chairperson shall combine them together with the original proposal and determine their voting order. If one of the proposals has been passed, the other proposals shall be deemed to have been vetoed and no further votes are required.
- XIX. The chairperson may direct the pickets (or security guards) to assist in maintaining order in the venue. When the pickets (or security guards) are present to assist in maintaining order, the armbands with the printed words of "Picket" shall be worn.
- XX. (Delete)
- XXI. This rule shall be approved by the shareholders' meeting and implemented afterwards. The amendment shall apply the same.

【Appendix 2】

Orient Semiconductor Electronics, Ltd.

The Articles of Incorporation

Chapter 1 General Provisions

Article 1 The Company has been founded in accordance with the Company Act and has been named the Orient Semiconductor Electronics, Ltd.

Article 2 The Company has established its head office at Nanzih Export Processing Zone in Kaohsiung City. If necessary, a branch company or more branches may be established at home or abroad with the resolution of the chairperson according to the laws.

Article 3 delete.

Chapter 2 Shares

Article 4 The Company's total capital is NT\$20 billion, which is divided into 2 billion shares with the par value of NT\$10 per share. The total number of shares is issued in installments, in which ninety million shares are retained for the purpose of the share subscription warrants and the board of directors is authorized to resolve the issuance at a suitable time.

Article 5 The Company's shares are all registered. Share certificates shall be affixed with the signatures and personal seals of three or more of the Company's directors and the serial numbers assigned. According to the laws, it shall be certified by the certifying institutions appointed by the competent authority before issuance. Taiwan Depository and Clearing Corporation may request to integrate and exchange to issue the large par value securities. The Company may deliver the stocks through the book-entry system with non-physical stocks according to the laws. The issuance of other securities shall apply the same.

The shares issued by the Company may be exempt from printing stocks with the registration of the centralized securities depository corporation.

Article 5-1 Delete.

Article 6 The Company shall conduct the stock affairs according to the "Criteria Governing Handling of Stock Affairs by Public Company" and the relevant laws announced by the concerned authority.

Article 7 Delete.

Article 8 Delete.

Article 9 The share transfer registration shall be suspended within 60 days prior to the annual meeting of the shareholders, within 30 days prior to the special shareholders' meeting, or within 5 days prior to the target date fixed by the company for the distribution of dividends, bonus or other benefits.

Chapter 3 Operations

Article 10 The Company's business is listed as the left:

- (I) IC and various types of the semiconductor's parts and components.
- (II) Various types of PCB for electronic, computer and communication.
- (III) Hardware, software, systems and peripheral equipment for computer and communication products.
- (IV) Research and development, design, manufacture, assembly, processing, testing and after-sales service of the aforesaid products.
- (V) General import and export trade business (except for licensing business).

Article 11 The Company may provide external guarantee business for the companies in the same industry.

Chapter 4 Shareholders' meeting

Article 12 The shareholders meeting is divided into general meeting and special meeting. The general meeting shall be held once a year within 6 months after the end of fiscal year. The special meeting shall be held in accordance with the relevant laws when necessary; the special shareholders' meeting shall be held by the board of directors in accordance with the relevant laws when necessary.

Article 13 The resolution of the shareholders' meeting shall, unless otherwise provided by the Company Act, be attended by the shareholders who represent more than half of the total number of the shares issued, and shall be approved by more than half of voting rights represented by the attending shareholders.

Article 14 The Company's shareholders have one vote per share. However, in case there are any circumstances stated in Article 179 of the Company Act, such shares shall not have the voting rights.

Article 15 When a shareholder is unable to attend the shareholders' meeting for reasons, he or she may execute a power of attorney issued by the Company and state the scope of delegation to appoint a proxy to attend the shareholders' meeting. For the method for the shareholders to delegate their attendance, except for complying with Article 177 of the Company Act, it shall be subject to the "Regulations Governing the Use of Proxies for Attendance at the Shareholders' Meetings of Public Companies" published by the competent authority.

Article 16 The resolution of the shareholders meeting shall be included into the meeting minutes, which shall be affixed with the chairperson's signature or personal seal and distributed to all shareholders within 20 days after the meeting. The distribution of the meeting minutes stated in the preceding paragraph shall be subject to Article 183 of the Company Act. The meeting minutes shall record the year, month, date and place of the meeting, the chairperson's name, the resolution method and the essentials of the meeting and its results. The meeting minutes shall be kept together with the sign-in book and the power of attorney in the Company.

Article 16-1 The shareholders' meeting shall be convened by the board of director and the chairperson shall chair the meeting. When the chairperson is absent, the chairperson shall appoint one of the

directors to represent. If the chairperson does not appoint, one of the directors shall be elected as chairperson. If the meeting is convened by a person other than someone from the board of directors, such convener shall act as a chairperson. If there are two or more conveners, one of them shall be recommended as chairperson.

Chapter 5 Director and Supervisor

Article 17 The Company has set up 5 to 9 directors since the 16th term, including at least 2 independent directors who shall not be less than one-fifth of the directors to be elected, as well as 2 supervisors with a three-year term, who shall be elected among the persons with disposing capacity by the shareholders' meeting and shall be re-elected. The elections of directors and supervisors shall adopt the candidate nomination system in accordance with Article 192-1 of the Company Act. The nomination acceptance methods for the candidates for directors and supervisors and its announcements shall be subject to the applicable regulations of the Company Act and the Securities and Exchange Act. Independent directors and non-independent directors shall conduct elections together and calculate the number of elected seats, respectively. However, the total number of registered shares held by all directors and supervisors shall be subject to the "Rules and Review Procedures for Director and Supervisor Share Ownership Ratios at Public Companies" published by the concerned authority.

For the remuneration of all directors and supervisors of the Company, the board of the directors is authorized to resolve it according to their participation in the Company's operations, the contribution value to the Company and with reference to the standard in the same industry.

Article 17-1 When the vacancy of the directors reaches one-thirds or all supervisors are dismissed, the board of directors shall hold the special shareholders' meeting within 60 days to conduct a by-election; and the term shall be the remaining period of the current term.

Article 17-2 The convening of the Company's board of directors' meeting may be notified by writing, e-mail or fax.

Article 17-3 The Company may purchase the liability insurance for the directors and the supervisors against the indemnification that shall be liable in accordance with the law in the execution of their duties during their term of office in order to reduce and mitigate the risk of material damage to the Company and shareholders due to errors or negligence. The board of directors is authorized to handle the insurance-related matters.

Article 18 The Company sets up one chairperson and shall be mutually elected from among the directors according to law. The Chairperson shall represent the Company externally and shall be responsible for all decisions of the Company. If the chairperson is on leave or unable to exercise the duties for certain reasons, the chairperson shall appoint one of the directors to represent. If the chairperson does not appoint the representative, one of the directors shall be recommended to represent.

Article 19 Unless otherwise provided by the Company Act, the resolution of the board of directors shall be

attended by more than half of the directors and approved by more than half of the directors present. When a director is unable to attend the board of directors' meeting for reasons, he or she may conclude the power of attorney that lists the scope of delegation for the meeting to delegate other directors to attend, but one person shall only be delegated by one person.

Article 20 All the Company's business shall be submitted to the president for execution after the resolution of the board of directors. The board of directors shall be responsible for the supervision and evaluation.

Article 21 The supervisors shall be responsible for supervising all the Company's business in accordance with the laws and the resolutions of the shareholders' meeting.

Chapter 6 Managers and Consultants

Article 22 The company may set up a manager; his appointment, dismissal and compensation shall be subject to the Article 29 of the Company Act.

The Company's manager has the authority of managing affairs and signatures within the scope of the delegation stipulated in the Articles of Incorporation or contract.

Article 23 The Company may employ a number of consultants with the resolution of the board of directors.

Chapter 7 Accounting

Article 24 The Company's fiscal year is from January 1 to December 31 of each year.

Article 25 At the end of each fiscal year, the Company's board of directors shall prepare the left-listed reports and shall submit them to the supervisors for review before 30 days of the shareholders' meeting, and shall report to the annual meeting of the shareholders for recognition according to law.

- I. Business Report.
- II. Financial Statement.
- III. Proposal for earnings distribution or deficit compensation.

Article 26 The Company shall first reserve the amount of the accumulated loss from the Profit before tax of the year prior to deducting the compensation of the employees and remuneration of the directors and the supervisors. In the event of there being some remaining profit, it shall set aside 8% to 12% for the compensation of the employees and not higher than 3% for the remuneration of the directors and the supervisors.

The distribution ratios for the compensation of the employees and the remuneration of the directors and the supervisors as well as the distribution form by stock or cash shall be determined by the board of director with the attendance of two-thirds or more of the directors and resolution of one-half or more of the attending directors. And it shall be reported to the shareholders' meeting.

The counterparty of the employees' compensation with stock or cash may include the employees of the subordinate company who shall meet certain conditions.

Article 26-1 According to the Company's annual final accounts, the earnings shall, if any, be first provided for taxation and offset to the accumulated losses, followed by 10% of legal reserve as well as the provision or reverse of the special reserve pursuant to the laws or the regulations of the competent authority; the remaining earnings, if any, adding up the accumulated undistributed earnings in the previous years, shall be proposed by the board of director for the distribution and shall be reported to the shareholders' meeting for resolution.

The Company is situated in the changeable industrial environment and the business life cycle is still in the growing stage. The Company shall take into account the future funds demand and long-term financial plan, as well as meet the demand of cash inflow for shareholders. The distribution of the earnings in the year shall not be less than 10% of the accumulated distributable earnings; however, when the accumulated distributable earnings is less than 1% of paid-in capital, it may not be distributed; in which the cash dividends shall not be less than 10% of the total dividends.

Chapter 8 Supplementary Provisions

- Article 27 The Company's total re-investment may not be subject to 40% of the paid-in capital.
- Article 28 The organizational regulations and operational regulations for the Company shall be determined by the board of directors, additionally.
- Article 29 The items that are not specified in the Articles of Incorporation shall be subject to the Company Act and the relevant laws.
- Article 30 The Company's Article of Incorporation was established on May 27, 1971.
- The first amendment was made on August, 8, 1972.
- The second amendment was made on March 9, 1974.
- The third amendment was made on November 11, 1975.
- The fourth amendment was made on May 10, 1977.
- The fifth amendment was made on November 25, 1978.
- The Sixth amendment was made on July 16, 1979.
- The seventh amendment was made on May 13, 1980.
- The eighth amendment was made on November 5, 1980.
- The ninth amendment was made on July 11, 1981.
- The tenth amendment was made on January 23, 1982.
- The eleventh amendment was made on June 15, 1982.
- The twelfth amendment was made on March 14, 1983.
- The thirteen amendment was made on January 25, 1984.
- The fourteenth amendment was made on April 21, 1984.
- The fifteenth amendment was made on September 13, 1984.
- The sixteenth amendment was made on July 1, 1985.
- The seventeenth amendment was made on June 26, 1987.
- The eighteenth amendment was made on December 12, 1987.
- The nineteen amendment was made on May 31, 1988.
- The twentieth amendment was made on June 24, 1989.
- The twenty-first amendment was made on April 8, 1990.

The twenty-second amendment was made on November 6, 1990.

The twenty-third amendment was made on June 15, 1991.

The twenty-fourth amendment was made on May 30, 1992.

The twenty-fifth amendment was made on May 29, 1993.

The twenty-sixth amendment was made on November 20, 1993.

The twenty-seventh amendment was made on June 11, 1994.

The twenty-eighth amendment was made on September 28, 1994.

The twenty-ninth amendment was made on June 10, 1995.

The thirtieth amendment was made on May 20, 1996.

The thirty-first amendment was made on May 22, 1997.

The thirty-second amendment was made on May 22, 1998.

The thirty-third amendment was made on June 14, 2000.

The thirty-fourth amendment was made on June 19, 2001.

The thirty-fifth amendment was made on June 19, 2002.

The thirty-sixth amendment was made on June 27, 2003.

The thirty-seventh amendment was made on April 28, 2004.

The thirty-eighth amendment was made on June 14, 2005.

The thirty-ninth amendment was made on June 14, 2006.

The fortieth amendment was made on June 21, 2007.

The forty-first amendment was made on June 15, 2010.

The forty-second amendment was made on June 15, 2012.

The forty-third amendment was made on May 6, 2015.

The forty-fourth amendment was made on June 22, 2016.

Orient Semiconductor Electronics, Ltd.

Chairperson: Shao-Yao Du

Orient Semiconductor Electronics, Ltd.

Procedure for Acquisition or Disposal of Assets

May 16, 1995 Establishment
 August 24, 1995 Amendment Announcement
 November 16, 1999 Amendment Announcement
 June 27, 2003 Amendment Announcement
 June 21, 2007 Amendment Announcement
 June 15, 2012 Amendment Announcement
 June 18, 2014 Amendment Announcement
 June 15, 2017 Amendment Announcement

Article 1 Purpose

This procedure has been established in order to protect assets and implement information disclosure.

Article 2 Legal Basis

This procedure is conducted pursuant to Article 36-1 of the Securities and Exchange Act (hereinafter referred to as the "Law") and the "Regulations Governing the Acquisition or Disposal of Assets by Public Companies" published by the Financial Supervision Commission (hereinafter referred to as the "FSC"). However, other regulations provided by law shall prevail.

Article 3 Scope of Assets

- I. Securities: includes stocks, government bonds, corporate bonds, financial bonds, securities of outstanding funds, global depository receipt, Call (Put) warrants, beneficiary securities and assets backed securities etc.
- II. Real Estate (including land, house and building, investment property, rights-of-use land, construction industry's inventory) and equipment.
- III. Memberships.
- IV. Intangible assets: includes patents, copyrights, trademarks and concessions.
- V. Claims of financial institutions (including receivables, bills purchased and discounted, loans, and overdue receivables)
- VI. Derivatives.
- VII. Assets acquired or disposed of through mergers, demergers, acquisitions, or transfer of shares pursuant to laws.
- VIII. Other important assets.

Article 4 Definition of Terms

- I. Derivatives: refers to forward contracts, options contracts, futures contracts, leverage contracts and swap contracts whose value is derived from assets, interest rates, exchange rates, indexes or other commodity benefits etc., as well as hybrid contracts combining the above commodities etc.. 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.
- II. Assets acquired or disposed of through mergers, de-mergers, acquisitions or transfer of

shares in accordance with law: refers to assets acquired or disposed of through mergers, de-mergers or acquisitions pursuant to the Business Mergers and Acquisitions Act, Financial Holding Company Act, Financial Institution Merger Act and other acts; or issuance of new shares due to acquisition of shares of another company (hereinafter referred to as the "transfer of shares") stipulated by Paragraph 6 of Article 156 of the Company Act.

- III. The related party and subsidiary: shall be determined according to the Regulations Governing the Preparation of Financial Reports by Securities Issuers.
- IV. Professional appraiser: refers to the real estate appraiser or other person who is engaged in appraisal for real estate and other fixed assets pursuant to laws.
- V. The date of occurrence of the facts: refers to the earliest date among the date on which the transaction is signed, the date of payment, the date of closing the deal by delegation, the date registered, the resolution date of the board of directors or other dates on which the counterparty of the transaction and its amount are determined. However, investors who are subject to the approval of the competent authority shall be subject to the earlier date between the aforesaid dates or the date when receiving the approval of the concerned authority.
- VI. Investment in Mainland China: refers to investments in Mainland China pursuant to the Regulations Governing the Approval of Investment or Technical Cooperation in Mainland China published by the Investment Commission, MOEA.
- VII. The term "within one year" shall be based on the date of acquisition or disposal of assets and is retroactively calculated for one year. Those that have been announced already shall no longer be counted in.
- VIII. The term "latest financial statement" shall refer to the announced audited financial statement pursuant to law before acquisition or disposal of assets by the Company.

Article 5 Maximum Amount for Investment on Real Estate and Securities for Non-Business Use

The maximum amount for the Company and its subsidiaries to acquire the aforesaid assets individually is set up as follows:

- I. Total amount of real estate for non-business use shall not exceed 15% of the net worth.
- II. Total amount of investment for long-term securities and short-term securities shall not exceed 50% of the net worth.
- III. The amount of investment for individual security shall not exceed 25% of the net worth.

Article 6 When the Company obtains the appraisal reports or the opinion of CPA, lawyer or securities underwriter, such professional appraiser and its appraisal officers, CPA, lawyer or securities underwriter shall not be the related party with any party to the transaction.

Article 7 Procedure for Acquisition or Disposal of Real Estate or Other Fixed Assets

I. Appraisal and Operating Procedure

The real estate and other fixed assets acquired or disposed of by the Company shall be subject to this procedure.

II. Decision Procedure for Transaction Conditions and Authorized Maximum Amount

- (I) The acquisition or disposal of real estate shall refer to the announce current value, appraised value and actual transaction price of adjacent real estate, etc. The transaction conditions and transaction price determined shall be prepared in an analysis report and submitted to the president; its amount shall be approved according to the rule of hierarchical authorization.
- (II) The acquisition or disposal of other fixed assets shall be made by way of price inquiry, price comparison, price negotiation or bidding; its amount shall be approved according to the rule of hierarchical authorization.

III. Executive Department

After the real estate or other fixed assets acquired or disposed of by the Company are approved according to the authorization or approval of the preceding sub-paragraph, the custodial department, accounting department and administration department shall be responsible for the implementation.

IV. Appraisal Report of Real Estate or Other Fixed Assets

Except for trading with government, engaging others to build on its own land, engaging others to build on rented land, or acquiring/disposing equipment for business use, for the acquisition or disposal of real estate or equipment, when the transaction amount reaches 20% of the Company's paid-in capital or NT\$300 million or more, the Company shall obtain the appraisal report (the items that shall be stated in the appraisal report are specified in Annex 1) issued by the professional appraiser before the date of occurrence of the facts and shall meet the following requirements:

- (I) Provided that the transaction price shall refer to the prescribed price, specific price or special price due to special reasons, such transaction shall first be reported to the board of directors for resolution. If the transaction condition changes in the future, it shall also apply the aforesaid procedure.
- (II) Where the transaction amount reaches NT\$1 billion or more, it shall be appraised by 2 or more professional appraisers.
- (III) Where the appraised results by the professional appraiser has one of the following circumstances, it shall, unless the appraised results for acquisition of the assets are all higher than the transaction amount or the appraised results for disposal of the assets are all less than the transaction amount, consult with the CPAs in accordance with the Statement of Auditing Standards No. 20 published by the ROC Accounting Research and Development Foundation (hereinafter referred to as the "ARDF"), and express specific opinions regarding the reasons for the discrepancy and the appropriateness of the transaction price:
 - 1. The discrepancy between appraised results and transaction amount reaches 20% or more of the transaction amount.
 - 2. The discrepancy of the appraised results between the 2 professional appraisers

reaches 10% or more of the transaction amount.

- (IV) The date on which the professional appraiser issues the report and the date of the established contract shall not exceed three months. However, if it applies the same period of the announced current value and does not exceed three months, the original professional appraiser may issue a written opinion.
- (V) When the Company acquires or disposes of the assets through the court auction procedure, the certificated documents issued by the court may replace the appraisal report or CPA's opinions.

Article 8 Procedure for Acquisition or Disposal of the Investment of Securities

I. Appraisal and Operating Procedure

The purchase and selling of long-term securities and short-term securities by the Company shall be subject to this procedure.

II. Decision Procedure for Transaction Conditions and Authorized Maximum Amount

- (I) For the securities that are traded in the centralized securities exchange or the OTC, the department in-charge shall refer to the market conditions to determine. At the same time, it shall also provide an analysis report regarding the unrealized gain or loss for long-term securities and short-term securities. Its amount shall be approved according to the rule of hierarchical authorization.
- (II) For the securities that are not traded in the centralized securities exchange or the OTC, before the date of occurrence of the facts, the department in-charge shall obtain the latest audited financial statements of the targeted company for reference to appraise the trading price by considering its net worth per share, profitability and further development potentials, etc; and at the same time, it shall provide an analysis report regarding the unrealized gain or loss for long-term securities and short-term securities. Its amount shall be approved according to the rule of hierarchical authorization.

III. Executive Department

After the Company's investment of long-term securities and short-term securities is approved pursuant to the authorization of approval in the preceding paragraph, the accounting/finance department shall be responsible for the execution.

IV. Obtaining Expert's Opinions

- (I) When the transaction amount of the securities acquired or disposed of by the Company reaches 20% of the Company's paid-in capital or NT\$300 million or more, it shall consult with the CPA for its opinions on the reasonableness of the transaction price before the date of occurrence of the facts. If the CPA needs to adopt the expert report, it shall be conducted pursuant to the Statement of Auditing Standards No. 20 published by the ARDF. However, provided that such securities have quoted prices from the active market or otherwise provided by the securities authority, it shall not be subject to this restriction.

- (II) When the Company acquires or disposes of assets through the court auction procedure, the certificated documents issued by the court may replace the appraisal report or the CPA's opinions.

Article 9 Transaction with the Related Party

- I. When the Company acquires or disposes of assets from the related parties, except for compliance with the procedure for the acquisition of real estate stated in Article 7, it shall comply with the following regulations to conduct the relevant resolution procedure and evaluate the reasonableness of trading conditions. Besides, when the transaction amount reaches 10% or more of the Company's total assets, the appraisal report issued by the professional appraiser or the CPAs' opinions shall also be obtained pursuant to Article 7, Article 8 and Article 10. The transaction amount of the preceding paragraph shall be calculated pursuant to Article 10-1. In addition, when it judges whether or not the transaction counterparty is the related party, in addition to paying attention to its legal form, the substantial relationship shall be considered.

- II. Appraisal and Operating Procedure

When the Company acquires or disposes of real estate from the related party, or when it acquires or disposes of other assets other than real estate from the related party and the transaction amount reaches 20% of the Company's paid-in capital, 10% of the total assets or NT\$300 million or more, in addition to trading in government bonds, or bonds with re-purchase and re-sale agreements or subscription or redemption of money market funds issued by domestic securities investment trust enterprises, the following information shall be approved by the board of directors and recognized by the supervisors before signing the transaction contract and making payment:

- (I) The purpose and necessity for acquisition or disposal of assets and its anticipated benefits.
- (II) The reasons for selecting the related party as the transaction counterparty.
- (III) The relevant information that assesses the reasonableness of the pre-determined trading conditions for the acquisition of the real estate from the related party pursuant to Sub-paragraph (I) and Sub-paragraph (IV) of Paragraph 3 of this Article.
- (IV) The date and price at which the related party originally acquired, as well as the original transaction counterparty and its relationship with the Company and the related party, etc.
- (V) Monthly cash flow forecast in the coming year starting from the month expected to sign the contract and assess the necessity of transaction and reasonableness of the use of the fund.
- (VI) The appraisal report issued by the professional appraiser or the opinions from CPAs pursuant to the first Paragraph of this Article.
- (VII) The restrictions of this transaction and other important appointment items.

The transaction amount in the preceding paragraph shall be calculated pursuant to

Sub-paragraph (V) of the first Paragraph of Article 14. The term "within one year" shall be based on the date of occurrence of the facts for the transaction and is retroactively calculated for one year. Those that have been approved by the board of directors and recognized by the supervisors pursuant to this procedure shall not be counted in. When the equipment for business use is acquired or disposed of between the public company and its parent company or its subsidiaries, the board of directors may authorize the chairperson to approve first within a certain amount pursuant to Sub-paragraph 3 of the first Paragraph of Article 7 and afterward shall be reported to the latest board of directors for ratification.

III. Assessment for the Reasonableness of the Transaction Cost

- (I) When the Company acquires the real estate from the related party, it shall conduct the following methods to appraise the reasonableness of the transaction cost:
 1. The transaction amount with the related party shall be added by the necessary interest of the fund and the cost that shall be borne by the buyer pursuant to law. The term "necessary interest of the fund" shall be calculated based on the weighted average interest rates of the borrowings for the year in which the assets are purchased by the Company. However, it shall not be higher than the maximum borrowing interest rate of the non- financial industry announced by the Ministry of Finance.
 2. Total appraisal value loaned on such subject matter from the financial institutions, if the related party is used to set up the mortgages on such subject matter to the financial institutions; however, the actual accumulated amount loaned by the financial institution on such subject matter shall reach 70% or more of the total appraisal value loaned and the loan period shall have been more than one year. However, this shall not be applicable if the financial institution and the transaction counterparty are the related parties.
- (II) If the lands and houses of the same subject are purchased together, the transaction cost of the lands and houses shall be appraised, respectively, according to any one of the methods listed in the preceding paragraph.
- (III) When the Company acquires the real estate from the related party, it shall appraise the cost of the real estate pursuant to Sub-paragraphs (I) and (II) of Paragraph 3 of this Article and shall consult with CPA for review and expression of specific opinions.
- (IV) Where the Company acquires the real estate from the related party to carry out the appraisal pursuant to the Sub-paragraphs (I) and (II) of Paragraph 3 of this Article, provided that the appraisal result is less than the transaction price, it shall be subject to Sub-paragraph (V) of Paragraph 3 of this Article. However, if there are the following circumstances and the objective evidence can be provided as well as the specific reasonable opinions from the real estate professional appraisers and CPAs

can be obtained, it shall not be limited to this restriction:

1. When the related party acquires the undeveloped land or leased land for construction, its evidences shall meet one of the following conditions:
 - (1) The undeveloped land is appraised according to the regulations of the preceding article and the house is based on the related party's construction cost plus the reasonable construction margin; the total amount of the above appraisal exceeds the actual transaction price. The aforesaid reasonable construction margin shall be the average operating margin of the related party's construction department in the latest three years or the latest construction industry's margin ratio announced by the Ministry of Finance, whichever is lower.
 - (2) For the completed transactions from other unrelated parties in other floors of the same subject's premises or the adjacent areas within one year, its measurements are similar and the terms of the transaction that are appraised by the consideration of the reasonable price discrepancies in floors or areas according to similar real estate transaction practices.
 - (3) Lease cases from other unrelated parties in other floors of the same subject's premises within one year and its terms of transactions appraised in consideration of the reasonable price discrepancies in floors according to similar real estate leasing practices.
 2. The Company provides evidence that proves the transaction terms for real estate with the related party are similar to the terms of completed transactions of other unrelated parties in the adjacent areas within one year, and the measurements are similar as well. The aforesaid the completed transactions in the adjacent areas shall refer to the same or adjacent street and the distance to the transaction subject is less than 500 meters or its announced current value is equivalent in principle. The similar measurement herein shall refer to the completed transactions of other unrelated parties that its measurements are not less than 50% of the measurements of the trading subject in principle. The aforesaid "within one year" shall be based on the date of occurrence of the facts for the acquisition of real estate and is retro-actively calculated for one year.
- (V) Where the Company acquires the real estate from the related party, if the appraisal results, pursuant to Sub-paragraph (I) and (II) of Paragraph 3 of this Article, is lower than the transaction price, the following matters shall be conducted. And when the Company and the public company who invests in the Company with the equity method have set aside the special reserve pursuant to aforesaid regulations, such special reserve shall not be utilized before the assets that are purchased at a higher price have recognized the valuation loss or have been disposed of or have been adequately compensated or have been restored or other evidences to ensure

that there is no unreasonable and have been approved by the securities authorities.

1. With respect to the variance between the transaction amount of the real estate and the appraisal cost, the Company shall, pursuant to Paragraph 1 of Article 41 of the Securities and Exchange Act, set aside the special reserve and it shall not be distributed or transferred for capital increase and stock dividends. An investor who invests in the Company using the equity method is a public company shall also set aside the special reserve in proportion to its shareholdings pursuant to Paragraph 1 of Article 41 of the Securities and Exchange Act.
2. The supervisors shall conduct the transaction in accordance with Article 218 of the Company Act.
3. The execution situation for point 1 and point 2 of Sub-paragraph (V) of Paragraph 3 of this Sub-paragraph shall be reported to the shareholders' meeting, and the transaction detailed content shall be disclosed in the annual report and the prospectus.

(VI) Where the Company acquires the real estate from a related party, any of the following circumstances shall be conducted according to the regulations of the appraisal and operating procedure stipulated in Paragraph 1 and Paragraph 2 of this Article and shall not be subject to the appraisal regulations for the reasonableness of the transaction cost stipulated in Paragraph 3(I),(II) and (III) of this Article:

1. The related party acquires the real estate due to an inheritance or a grant.
2. There have been more than 5 years that have elapsed from the time the contract was signed by the related party to acquire the real estate to the date the current transaction was signed.
3. The real estate is acquired through signing a joint construction contract with the related party or assigning the related party to build the real estate on its own land or on rented land.

(VII) Where the Company acquires the real estate from the related party, if there is other evidence that proves the transaction has irregular business practices, it shall also be conducted pursuant to Sub-paragraph (V) of Paragraph 3 of this Article.

Article 10 Procedure for the Acquisition or Disposal of Memberships or Intangible Assets

I. Appraisal and Operating Procedure

The memberships or intangible assets acquired or disposed of by the Company shall be subject to this procedure.

II. Decision Procedure for Transaction Conditions and Authorized Maximum Amount

- (I) The acquisition or disposal of memberships shall refer to the fair market price. The resolutions of the trading conditions and transaction price shall be prepared as an analysis report and shall be reported to the president. If its amount is NT\$5 million or less, it shall be approved by the president and afterward shall be reported to the latest board of directors; if exceeding NT\$5 million, it shall be reported to the board

of directors for approval.

(II) The acquisition or disposal of the intangible assets shall refer to the expert's appraisal report or the fair market price. The resolutions of the trading conditions and transaction price shall be prepared as an analysis report and shall be reported to the president. If its amount is NT\$50 million or below, it shall be approved by the chairperson and afterward shall be reported to the latest board of directors meeting for information; if exceeding NT\$50 million, it shall be reported to the board of directors for approval.

(III) Where the Company acquires or disposes of assets that shall be approved by the board of directors pursuant to the established procedure or other laws, if a director expresses an objection and has a record or written statement, the Company shall submit the director's objection information to each supervisor. In addition, if the Company has set up the independent directors and acquisition or if the disposal of the assets is reported to the board of directors for discussion pursuant to the regulations, each independent director's opinion shall be fully taken into account and its consent or objections and its reasons shall be recorded into the meeting minutes.

III. Executive Department

After the memberships or intangible assets acquired or disposed of by the Company are approved pursuant to the authorization of approval in the preceding paragraph, the using department, accounting department and administrative department shall be responsible for implementation.

IV. Expert's Appraisal Opinions Report for Memberships or Intangible Assets

When the transaction amount of the memberships or intangible assets acquired or disposed of by the Company reaches 20% of the Company's paid-in capital or NT\$300 million or more, except for the transaction with governmental institution, the CPA shall be consulted to express the opinions on the reasonableness of the transaction price before the date of occurrence of the facts; and the CPA shall conduct pursuant to the Statement of Auditing Standards No. 20 published by the ARDF.

Article 10-1

The transaction amount stated in Article 7, Article 8 and Article 10 shall be calculated pursuant to Sub-paragraph (V) of Paragraph 1 of Article 14; and the term "within one year" shall be based on the date of occurrence of the fact for the transaction and shall be retroactively calculated for one year. Those who have obtained the appraisal report issued by the professional appraiser or the CPA's opinions pursuant to this procedure shall not be counted in.

Article 11 Procedure on the Acquisition or Disposal of a Financial Institution's Claims

The Company does not engage in the transaction of the acquisition or disposal of a financial institution's claims in principle. If the Company intends to engage in the transaction of

acquisition or disposal of a financial institution's claims in the future, it shall report to the board of directors for approval and then establish the procedure for its appraisal and operation.

Article 12 Procedure for the Acquisition or Disposal of Derivatives

I. Transaction Principle and Guidelines

(I) Transaction Type

1. The derivative financial commodities engaged by the Company refers to a transaction contract whose value is derived from assets, interest rates, exchange rates, indices or other commodity benefits etc. (such as forward contracts, options, futures, interest rate or exchange rate and swap, and hybrid contracts combining the above commodities, etc.).
2. The matters related to bond margin transactions shall be subject to the relevant regulations of this procedure. The engagement in the transaction of bonds under a re-purchase agreement shall not apply to this procedure.

(II) Operation (Hedge) Strategy

The Company shall aim at avoiding the risk to engage in the transaction of derivative financial commodities. The trading products shall be selected to avoid the risks arising from the Company's operation. The currency held must be in line with the foreign currency demands from the Company's actual import and export transactions and shall be based on the principles that the Company's overall internal position (referring to foreign currency income and expenses) can be squared off by itself in order to reduce the Company's overall risk on foreign exchange and save the cost on foreign exchange operation. Other specific purpose transactions shall be carefully evaluated and shall be reported to the board of directors for approval before proceeding.

(III) Delegation of Authorization and Duties

1. Finance/Accounting Department

(1) Trader

- A. Be responsible for the strategy establishment for the entire financial commodities transactions for the Company.
- B. The traders shall regularly calculate the position every two weeks, collect market information, justify the tendency and evaluate the risk as well as draft the operating strategy that will be the trading basis after approval by the authorized hierarchy.
- C. Execute transactions according the authorized limits and the established strategy.
- D. When the financial market has material changes and the trader judges that the existing established strategy is not applicable, the trader shall provide the assessment report at any time and renew the established strategy that shall be approved by the president as the basis of the

trading.

(2) Finance/Accounting Personnel

- A. Performing the transaction confirmation.
- B. Review whether the transaction is proceeded based on the authorized limits and the established strategy.
- C. Proceed with monthly assessments and report the assessment to the president.
- D. Accounting processing.
- E. Reporting and announcement according to the regulations of the security authority.

(3) Settlement Personnel: perform settlement tasks.

(4) Derivatives Authorized Limits

A. Hedging Trading Authorized Limits

Approver	Daily trading limits	Net Accumulated Position Trading Limits
Finance Manager	USD 1 million and below	USD 2 million and below
Vice President, General Administration Division	USD 2 million and below	USD 5 million and below
President	USD 4 million and below	USD 10 million and below

B. Other specific purpose transactions shall be reported to the board of directors for approval before proceeding.

C. For the assets acquired or disposed of by the Company that shall be approved by the board of directors pursuant to the established procedure or other laws, if a director expresses an objection and has a record or written statement, the Company shall submit the director's objection information to each supervisor. In addition, if the Company has set up the independent directors and acquisition or if the disposal of the assets is reported to the board of directors for discussion pursuant to the regulations, each independent director's opinion shall be fully taken into account and its consent or objections and its reasons shall be recorded into the meeting minutes.

2. Audit Department

Be responsible for understanding the appropriateness of internal control for the derivatives trading, auditing the compliance of the operating procedures for the trading department, analyzing the trading cycle and preparing an audit report. Any material deficiency shall be reported to the board of directors.

3. Performance Evaluation

(1) Hedging transaction

- A. The profit and loss generated from the derivatives financial transactions with the exchange rate booking cost shall be the basis of the performance evaluation.
- B. In order to completely control and express the evaluation risk of the transaction, the Company adopts the monthly evaluation method to assess the profit and loss.

C. The finance department shall provide the evaluation for foreign exchange position, the foreign exchange market trend and market analysis to the president as a management reference and instructions.

(2) Specific Purpose Transactions

The actual profit and loss generated shall be the basis of the performance evaluation and the finance department shall regularly prepare the report for its position for management reference.

4. Establishment for Total Contract Amount and Loss Limit

(1) Total Contract Amount

A. Maximum Amount of Hedging Transactions

The finance department shall control the Company's overall position to avoid the trading risk. The hedging trading amount shall not exceed one-half of the Company's overall net position; any amount exceeding one-half of the overall net position shall be reported to president for approval.

B. Specific Purpose Transactions

Based on the forecast of market changes, the finance unit may formulate the strategy as needed and report to the president and chairperson for approval before execution. The total contract amount of the Company's overall net accumulated position for the specific purpose transaction shall be limited to USD 10 million. When exceeding the aforesaid amount, it shall be subject to the approval of the board of directors and follow its strategic instructions before execution.

(2) Establishment of Loss Limit

A. The hedging transactions are made to avoid the risk, so it is not necessary to set a limit for loss.

B. In the case of a transaction contract for special purposes, after the position is established, a stop loss point shall be set to prevent an excess loss. The stop loss point shall not exceed 10% of the transaction contract amount. In case the loss amount exceeds 10% of the transaction amount, it shall be reported to the president immediately and shall be reported to the board of directors to discuss the necessary countermeasures.

C. The loss amount for the individual contract shall not exceed USD 20,000 or 5% of the transaction contract amount, of which the lower amount is the limit of loss.

D. The maximum annual loss for the specific purpose trading operations for the Company shall be limited to USD 300,000.

II. Risk Management Measures

(I) Credit Risk Management

Because various factors will change the market, it is easy to cause operating risks of derivatives financial commodities. With respect to market risk management, it shall be conducted according to the following principles:

Transaction Counterparty: mainly domestic and famous foreign financial institutions.

Trading Product: limited to the products provided by the domestic and famous foreign financial institutions.

Transaction Amount: the amount of open position for the same transaction counterparty shall not exceed 10% of the total authorized amount; however if it is approved by the president, this restriction shall not be applicable.

(II) Market Risk Management

The open foreign exchange market provided by banks is the main market and the futures market is not considered at the moment.

(III) Liquidity Risk Management

In order to ensure the market liquidity, the financial products are mainly selected with higher liquidity (that is, it can be squared off at any time in the market). The financial institutions that we delegated with the transaction shall have sufficient information and the capability of trading in any market at any time.

(IV) Cash Flow Risk Management

In order to ensure the stability of the Company's working capital's turnover, the source of funds for the Company's derivatives trading is limited to its own funds. Its operated amount shall take into account the fund demand according to the cash flow forecast in the coming three months.

(V) Operational Risk Management

1. The Company's authorized maximum amount, operating procedure and internal audit shall be adhered to in order to avoid operating risks.
2. Traders who are engaged in derivatives trading and the operators who are responsible for confirmation and settlement shall not act for each other.
3. The persons who are responsible for risk measurement, supervision and controlling shall be in different departments from the persons stated in the preceding sub-paragraph, and shall report to the board of directors or senior executives who are not responsible for making the decision on the transaction or the position.
4. The holding position for the derivatives trading shall be evaluated at least once a week. However, the hedging transactions for the business demand shall be evaluated at least twice a month. Its appraisal report shall be submitted to the senior executives who are authorized by the board of directors.

(VI) Commodity Risk Management

Internal traders shall have complete and correct professional knowledge for financial commodities and shall ask banks to fully disclose the risks to avoid the misuse risk of financial commodities.

(VII) Legal Risk Management

The document to be signed with financial institutions shall be reviewed by the professional persons from foreign the exchange unit, the legal and law counsel before being officially signed to avoid legal risks.

III. Internal Audit System

- (I) The internal auditor shall regularly understand the appropriateness of internal control for derivatives trading, monthly audit the compliance of the trading department on the derivatives trading procedure, analyze the transaction cycle and prepare the audit report. In the event of any material violations, it shall be notified to the supervisors in writing.
- (II) The internal auditor shall make the audit reports and the annual auditing situation of the internal audit operations to the Securities and Futures Bureau before the end of February of the following year; and the improvement situation for any abnormal items shall be reported to the securities authority for reference by the end of May of the following year.

IV. Regularly Evaluation Method

- I. The board of directors shall authorize the senior executives to regularly supervise and evaluate whether or not the derivatives trading are actually conducted according to the transaction procedures established by the Company and whether or not the risk borne is within the undertaking scope allowed. When there is an abnormal

situation in the market price appraisal report (such as the holding position has exceeded the limit of loss), it shall be reported to the board of directors immediately and shall take the appropriate countermeasures.

- II. The holding position for the derivatives trading shall be evaluated at least once a week. However, the hedging transactions for the business demand shall be evaluated at least twice a month. Its appraisal report shall be submitted to the senior executives who are authorized by the board of directors.

V. The Supervision Management Principles of the Board of Directors When Engaging in Derivatives Trading

- (I) The board of directors shall appoint the senior executives to always pay attention to the supervision and control for the risk of the derivatives trading. Its management principles are as follows:
 - 1. To regularly evaluate whether or not the current used risk management measures are appropriate and make sure to conduct them in accordance with this procedure and the procedure for derivatives trading established by the Company.
 - 2. To supervise the trading and its profit and loss. In the event of an abnormal circumstance, the necessary countermeasures shall be taken and the board of directors shall be informed immediately. If the Company has set up the independent directors, they shall attend such board of directors' meeting and express their opinions.
- (II) To regularly evaluate whether or not the performance of the derivatives trading meets the established operating strategy and whether or not the risk borne is within the scope allowed by the Company.
- (III) When the Company engages in the derivatives trading and authorizes the related persons to execute it pursuant to the established procedure for derivatives trading, it shall be reported to the latest board of director afterwards.
- (IV) When the Company engages in the derivatives trading, it shall set up the memorandum book. The type of the derivatives trading, its amount, the date approved by the board of directors and the items that shall be carefully assessed according to Sub-paragraph (II) of Paragraph 4 and Sub-paragraph (I) and (II) of Paragraph 5 in this Article shall be recorded in detail on the memorandum book for reference.

Article 13 Procedure for Mergers, De-mergers, Acquisitions or Transfer of Shares

I. Appraisal and Operating Procedure

- (I) When the Company conducts the mergers, de-mergers, acquisitions or transfer of shares, the lawyers, CPAs and underwriters are recommended to be invited to jointly discuss the statutory procedures and its estimated timetable; and the project team shall be organized to execute it according the statutory procedures. Before convening the board of directors for resolution, the CPAs, lawyers or underwriters shall be appointed to express their opinions on the reasonableness of the share exchange ratio, acquired price or distributing cash or other properties to the shareholders' meeting and it shall be reported to the board of directors' meeting for approval. However, if the parent company merges its subsidiaries whose issued shares or total capital are 100% held by the Company directly or indirectly, or the merger between its subsidiaries whose issued shares or total capital are 100% held by the Company directly or indirectly, the aforesaid experts' opinions on reasonableness are exempt from having to be obtained.
- (II) Before the shareholders' meeting, the important agreed upon contents and related matters for the Company's mergers, de-mergers or acquisitions shall be prepared into the public documents for the shareholders, together with the experts' opinions

stated in Sub-paragraph (I) of Paragraph 1 of this Article as well as the meeting notice, and shall be submitted to the shareholders as a reference for whether or not to agree with such merger, de-merger or acquisition. However, if other laws stipulate that the shareholders' meeting may not be held to resolve the matters of mergers, de-mergers or acquisitions, it shall not be subject to this restriction. In addition, with respect to any of the companies who participates in the mergers, de-mergers or acquisition, its shareholders' meeting is unable to be convened and resolved due to insufficient attendance and voting rights or other legal restrictions, or the proposal is rejected by the shareholders' meeting, such company shall immediately publicly explain the reasons for the occurrence, the subsequent processing and the date of the expected shareholders' meeting.

- (III) When the Company conducts the mergers, de-mergers, acquisitions or transfer of shares, the following information shall be fully included into the minutes and shall be kept for 5 years for verification:
1. Basic Personnel Information: includes all persons who participate in the planning of mergers, de-mergers, acquisitions or transfer of shares before the news is published and its executors, their positions, names, identification card number (passport number for foreigner).
 2. Date of Important Matters: includes the date of signing the letter of intent or memorandum, the financial or legal counsel delegated, signing the contract and the board of directors, etc.
 3. Important Letters and Meeting Minutes: include the plans for the mergers, de-mergers, acquisitions or transfer of shares, the letter of intent, memorandum, important contract and the meeting minutes for the board of directors', etc.
- (IV) The information stated in the preceding Sub-paragraphs 1 and 2 shall be declared with the defined format through the internet information system to the FSC within 2 days from the date of approval by the board of directors.
- (V) Where a company who participates in the mergers, de-mergers, acquisitions or transfer of shares is neither the public company nor its shares are traded in OTC, the Company shall comply with the regulations of Sub-paragraphs (III) and (IV) to sign the agreement with such company.

II. Other Precautionary Matters

- (I) Date of the board of director: a company who participates in the mergers, de-mergers or acquisitions shall, except when otherwise provided by law or special factors approved by the board of directors in advance, holds the board of directors meeting and the shareholders' meeting on the same day to resolve the related matters of the mergers, de-mergers or acquisitions. A Company who participates in the transfer of shares shall, except when otherwise provided by law or special factors approved by the securities authority in advance, holds the board of directors'

on the same day.

- (II) Confidentiality commitment beforehand: all persons who participate in or know the Company's plans for mergers, de-mergers, acquisitions or transfer of shares shall submit a written confidentiality commitment. Before the information is published, they shall neither disclose the contents of the plans to others nor trade the stocks and other equity-type securities of all companies related to mergers, de-mergers, acquisitions or transfer of shares on their own or in the name of others.
- (III) Principle for setting and changing the share exchange ratio or acquired price: the companies who participate in the mergers, de-mergers, acquisitions or transfer of shares shall, before both parties' board of directors, assign CPAs, lawyers or the securities underwriters to express their opinions on the reasonableness of the share exchange ratio, acquired price or distributing cash or other properties to the shareholders and shall report them to the shareholders' meeting. In principle, the share exchange ratio or acquired price shall not be changed arbitrarily; however, if the contract has specified the conditions of the change and has disclosed publicly, it shall not be subject to this restriction. The share exchanges ratio or acquired price may be changed based on the following conditions:
 - 1. Conducting the capital increase by cash, issuance of the convertible bonds, distribution of stock dividends, issuance of corporate bonds with warrants, preferred shares with warrants, stock warrants and other equity-type securities.
 - 2. The Company disposes of the major assets and other activities that impact the Company's financial operation.
 - 3. Material disasters and material technological changes that impact on the shareholders' rights and interests or the securities' prices.
 - 4. Any of the companies who participate in the mergers, de-mergers, acquisitions or transfer of shares buys back the treasury stock for adjustment according to laws.
 - 5. The main entity or the number of entities who participates in the mergers, de-mergers, acquisitions or transfer of shares has changed.
 - 6. The contract has specified the other change conditions and has them disclosed publicly.
- (IV) The contents that shall be stated in the contract: the contract for the mergers, de-mergers, acquisitions or transfer of shares shall, except for the regulations of Article 317-1 of the Company Act and Article 22 of the Business Mergers and Acquisitions Act, specify the following items:
 - 1. Dealing with the violation.
 - 2. The processing principles for the equity-type securities previously issued by or the treasury stocks previously bought back by the companies that are extinguished in a merger or are demerged.
 - 3. The number of treasury shares bought back by the participating companies after

the target date of calculating the share exchange ratio and their processing principles.

4. The processing principles for the changes on the main entity or the number of entities participating.
 5. The executing progress of the estimated plans and the estimated completion schedule.
 6. When the plan is not completed before the scheduled deadline, the date of the scheduled shareholders' meeting according to law and other relevant processing procedures.
- (V) Changes in the number of the companies who participate in the mergers, de-mergers, acquisitions or transfer of shares: where the information of the mergers, de-mergers, acquisitions or transfer of shares has been disclosed publicly, if any of the participating companies intends to merge, de-merge, acquire or transfer shares with another company, the procedures or legal actions that have been completed towards the original mergers, de-mergers, acquisitions or transfer of shares shall be re-done by all the participating companies; except when the number of the participating companies is decreased and the shareholder's meeting has resolved and authorized the board of directors to change the limits of authorization; in that event the participating companies are exempted from holding another shareholders' meeting to resolve the new matters.
- (VI) When a company who participates in the mergers, de-mergers, acquisitions or transfer of shares is not a public company, the Company shall sign the agreement with such company and shall be subject to the date of the board of directors' meeting stipulated in Sub-paragraph (I), the confidentiality commitment beforehand stipulated in Sub-paragraph (II) and the changes in the number of the companies who participate in the mergers, de-mergers, acquisitions or transfer of shares stipulated in Sub-paragraph (V), under the Paragraph 2 of this Article.

Article 14 Information Disclosure Procedures

I. Announcement Items and Standards

- (I) Where acquisition or disposal of real estate from the related party, or where the acquisition or disposal of other assets other than real estate from the related party and the transaction amount reaches 20% of the Company's paid-in capital, 10% of the total assets or NT\$300 million or more. However, trading in government bonds, bonds with re-purchase and re-sale agreements or subscriptions or redemption of money market funds issued by domestic securities investment trust enterprises shall not be subject to this restriction.
- (II) Proceedings for the mergers, demergers, acquisitions or transfer of shares.
- (III) The loss of the derivatives trading reaches the maximum limited loss amount of the whole or individual agreement stipulated in the established procedure.

- (IV) Assets acquired or disposed of are the equipment for business use and its transaction counterparty is not the related party and the transaction amount reaches one of the following regulations:
 - 1. Paid-in capital does not reach NT\$10 billion and the transaction amount reaches NT\$500 million or more.
 - 2. Paid-in capital reaches NT\$10 billion or more and transaction amount reaches NT\$2 billion or more.
- (V) Where the Company engages in construction business to acquire or dispose of the real estate for construction use, its transaction counterparty is not the related party and its transaction amount reaches NT\$500 million or more.
- (VI) Where the real estate is acquired by the way of building on its own land, building 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 estimated transaction amount invested by the Company reaches NT\$500 million or more.
- (VII) Except for the preceding six sub-paragraphs, for the assets transactions, the claims of the financial institutions or investments in Mainland China, its transaction amount reaches 20% of the Company's paid-in capital or NT\$300 million or more. However, the following circumstances are not subject to the restrictions herein:
 - 1. Trading government bonds.
 - 2. Where a professional investor trades the securities on domestic or overseas securities exchanges or OTC, or where a securities firm subscribes to the ordinary corporate bonds or general bank debentures without equity characteristics that are offered and issued in the domestic primary market or where a securities firm subscribes the securities due to the demand of its underwriting business or the regulations from the Taipei Exchange for acting as the counseling recommending securities firms for an emerging stock company.
 - 3. Trading in bonds with re-purchase and re-sale agreement or subscription of redemption of money market funds issued by domestic securities investment trust enterprises.
- (VIII) The transaction amount stated in this paragraph shall be calculated as follows, and the term "within one year" shall be based on the date of occurrence of the facts for the transaction and shall be retroactively calculated for one year. Those that have already announced according to regulations shall not be counted in.
 - 1. The amount of each transaction.
 - 2. The accumulated transaction amount of acquisition or disposal of the same character with the same transaction counterparty within one year.
 - 3. The accumulated amount of acquisition or disposal of (acquisition and disposal are accumulated respectively) real estate for the same development project within one

year.

4. The accumulated amount of acquisition or disposal of (acquisition and disposal are accumulated respectively) the same securities within one year.

II. Deadline of Announcements and Declarations

When the Company acquires or disposes of the assets that contain the announced the items stated in the paragraphs of this article and the transaction amount reaches the standards of the announcement stipulated in this article, such transaction shall be announced within 2 days from the date of occurrence of the facts.

III. Announcement and Declaration Procedure

- (I) The Company shall report the relevant information to the website designated by the securities authority for the announcement.
- (II) The Company shall, on a monthly basis, enter the derivatives transactions information for the Company and its non-domestic subsidiaries as of the end of the previous month with the defined format into the website designated by the securities authority before 10 days of each month.
- (III) For the items that should be announced according to the regulations, if there are any errors or omissions for the announcement that should be remedied, the Company shall re-declare all items within 2 days from the date of knowing.
- (IV) When the Company acquires or dispose of the assets, the relevant contracts, the meeting minutes, the memorandum book, the appraisal reports, the opinions of the CPAs, the lawyers or the securities underwriters shall be kept by the Company at least 5 years, unless otherwise provided by laws.
- (V) After the Company announces the transactions according to the regulations of the preceding article, in the event of one of the following circumstances, the relevant information shall be declared in the website designated by the securities authority within 2 days of the date of occurrence of the facts:
 1. The relevant signed contacts for the original transaction have been changed, terminated or cancelled.
 2. The mergers, demergers, acquisitions or transfer of shares are not completed according to the contractual estimated schedule.
 3. The contents of the original announcement have been changed.

IV. Announcement Format

- (I) When the Company trades the securities of its parent company, subsidiaries or affiliates in the centralized securities markets or OCT markets at home or overseas, the announcement format of the items and contents that shall be announced is as shown in Annex 2.
- (II) When the real estate is acquired by the way of building on its own land, joint construction and allocation of housing units, joint construction and allocation of ownership percentages or joint construction and separate sale, the announcement

format of the items and contents that shall be announced is as shown in Annex 3.

- (III) When acquiring or disposing of real estate or other fixed assets, or acquiring real estate from the related party, the announcement format is as shown in Annex 4.
- (IV) The announcement format for the securities, memberships, intangible assets and the claims of the financial institutions that are not traded in the centralized securities market or OCT market is as shown in Annex 5.
- (V) The announcement format for the investment in main China is as shown in Annex 6.
- (VI) The announcement format for the derivatives transactions that shall be announced within 2 days from the date of occurrence of the facts is as shown in Annex 7-1.
- (VII) The announcement format for the derivatives transactions that shall be announced by 10th day of each month is as shown in Annex 7-2.
- (VIII) The announcement format for the mergers, demergers, acquisitions or transfer of shares is as shown in Annex 8.

Article 15 The Company's subsidiaries shall comply with the following regulations:

- I. The subsidiaries shall also comply with the "Regulations Governing the Acquisition or Disposal of Assets by Public Companies" to establish the "Procedure for Acquisition or Disposal of Assets." After such procedure is approved by its board of directors, it shall be submitted to every supervisor and reported to its shareholders' meeting for approval. The same shall apply to amendment.
- II. When a subsidiary acquires or disposes of the assets, it shall also be subject to the regulations of the Company.
- III. Where a subsidiary is not the public company, if its acquisition or disposal of the assets reaches the announcement standards stipulated in Article 14 of the "Regulations Governing the Acquisition or Disposal of Assets by Public Companies," the parent company shall act for its subsidiary conducting the announcement.
- IV. For the announcement standards for the subsidiaries, the "reaches 20% of the company's paid-in capital or 10% of total assets" shall refer to the paid-in capital or total assets of the parent company (the Company).

Article 15-1

For the regulation of 10% of total assets stated in this procedure, it shall refer to the total assets stated in the latest parent company or individual financial statement that shall be prepared pursuant to the Regulations Governing the Preparation of Financial Reports by Securities Issuers. When a company's share has no par value or a par value other than NT\$10, 20% of the paid-in capital for transaction amounts stipulated in this procedure shall be replaced by 10% of equity attributable to owners of the parent company.

Article 16 Penalty

When the Company's managers and the persons in-charge conduct the lending funds to others in violation of the "Regulations Governing the Acquisition or Disposal of Assets by Public Companies" published by the securities authority or the Company's "Procedure for Acquisition or Disposal of Assets," they shall be punished according to the working rules of the Company.

Article 17 Supplementary to Relevant Laws

The matters that are not covered in this procedure shall be subject to the relevant laws.

Article 18 Announcement and Implementation

After the "Procedure for Acquisition or Disposal of Assets" of the Company is approved by the board of directors, it shall be submitted to every supervisor and reported to the shareholders' meeting for approval. The same shall apply to the amendment. If a director expresses an objection and has put it on record or made a written statement, the Company shall submit the objections of the director to every supervisor. In addition, where the Company has set up the independent directors according to the Securities and Exchange Act, when the "Procedure for Acquisition or Disposal of Assets" is reported to the board of directors for discussion pursuant to Paragraph 2 of Article 9, each independent director's opinions shall be fully taken into account. If the independent director has an objection opinion or qualified opinion, it shall be recorded in the meeting minutes of the board of directors.

Orient Semiconductor Electronics, Ltd.

Procedures for Endorsements and Guarantees

March 8, 1990 Establishment
 April 19, 1994 Amendment Announcement
 March 26, 1997 Amendment Announcement
 June 27, 2003 Amendment Announcement
 June 14, 2005 Amendment Announcement
 June 14, 2006 Amendment Announcement
 June 10, 2009 Amendment Announcement
 June 15, 2010 Amendment Announcement
 June 11, 2013 Amendment Announcement

Article 1 Purpose

In order to protect the shareholders' rights and interests, strengthen the financial management for the endorsements and guarantees and reduce its operational risks, this procedure has been established by the Company.

The Company's external endorsements and guarantees shall be subject to this procedure.

However, other regulations provided by law shall prevail.

Article 2 Legal Basis

This procedure has been established in accordance with the "Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies" (hereinafter referred to as the "Regulations") published by the Financial Supervisory Commission (hereinafter referred to as the "FSC").

Article 3 Scope of Application

The endorsements and guarantees stated in this procedure shall refer to the following items:

I. Financing endorsements and guarantees include:

(I) Discounted Notes financing.

(II) Endorsements and guarantees for the purpose of other companies' financing.

(III) The guarantees for the notes issued by the Company to non-financial entities for the purpose of the Company's financing.

II. Tariffs Endorsements and guarantees refers to the endorsements and guarantees of the relevant tariff matters of the Company or other companies.

III. Other endorsements and guarantees refers to the endorsements and guarantees that cannot be classified in the preceding 2 sub-paragraphs.

The *lien* or pledge provided by the Company against its movable or immovable properties to guarantee the loan of other companies shall also be subject to this procedure.

Article 4 Counterparty of the Endorsements and Guarantees

The Company may provide the endorsements and guarantees to the following companies:

I. A company who has business dealings with the Company.

II. A company whose voting shares are more than 50% held by the Company directly or indirectly.

III. A company who directly or indirectly holds more than 50% of the Company's voting shares.

The companies whose voting shares are 90% or more held by the Company directly or indirectly may provide the endorsements and guarantees to each other and its amount shall not exceed 10% of the Company's net worth. However, the endorsements and guarantees between the companies whose voting shares are 100% held by the Company directly or indirectly shall not be subject to this restriction.

When the Company provides mutual endorsements and guarantees for other companies in the same industry or joint builders according to the contract for the purpose of undertaking a construction project, or all capital contributing shareholders provide endorsements and guarantees to their invested company according to their shareholding ratios because of a joint investment relationship, or the companies in the same industry provide joint and several guarantees to each other for the performance guarantee of a sales contract for pre-construction homes pursuant to the Consumer Protection Act., such endorsements and guarantees shall not be subject to the restrictions of the preceding two paragraphs.

The capital contribution stated in the preceding paragraph shall refer to the capital contribution made directly by the Company or through a company whose voting shares are 100% held by the Company.

The subsidiary and parent company herein shall be determined according to the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Article 5 Maximum amount and Evaluation Criterion for Endorsements and Guarantees

The total amounts of the Company's external endorsements and guarantees as well as the amount for a single enterprise's endorsements and guarantees shall be limited as follows:

- I. The total amounts of the endorsements and guarantees for the Company shall be limited by the Company's net worth. The endorsed amount on a single enterprise shall be limited to 30% of the total amount of the endorsements and guarantees.
- II. The amount of the endorsements and guarantees on a single enterprise that is made due to the business relationship shall not, in addition to compliance with the regulations of the first Sub-paragraph, exceed both parties' transaction amount in the most recent year. The foregoing amount of business transactions shall refer to the highest amount of purchase or sales between both parties.
- III. The total amount of the endorsements and guarantees for the Company and its subsidiaries shall be limited to the Company's net worth. The amount of the endorsements and guarantees on a single enterprise shall be limited to 50% of the total amount of the endorsements and guarantees.

When the total amount of the endorsements and guarantees for the Company and its subsidiaries reaches 50% or more of the Company's net worth, it shall explain its necessity and rationality at the shareholders' meeting.

The foregoing "net worth" shall be based on the financial statements audited by the CPAs in the most recent period.

Provided that the financial reports are prepared in accordance with the IFRS, the net worth stated in this procedure shall refer to the equity attributable to the shareholder of the parent company in the balance sheet pursuant to the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Article 6 Decision and Authorization Hierarchy

- I. When the Company makes the endorsements and guarantees, it shall process the approval procedure stipulated in Article 7 of this procedure. It shall not be implemented before the resolution of the board of directors; or the chairperson makes a decision to process first within the authorized amount pursuant to Sub-paragraph 4 of this Article and afterward shall report it to the latest board of directors' meeting for ratification; the processing situation and the relevant matters shall be reported to the shareholders' meeting for reference.
- II. For the Company's endorsements and guarantees, in case the limits stated in the preceding article have the necessity to be exceeded in order to conform to business demands and such event meets the criteria stipulated in the Operational Procedures for Endorsements and Guarantees, a resolution of the board of directors shall be obtained and more than half of the directors shall jointly secure with their names for the potential loss to the Company that may be brought about by the excess limits. This procedure shall also be amended and reported to the shareholders' meeting for ratification. If the amended procedure is not ratified at the shareholders' meeting, a plan to withdraw the excess of limits within a certain period of time shall be set up.
- III. When the Company has set up the independent directors, the discussion of the endorsements and guarantees pursuant to Sub-paragraph 2 shall fully take into account the opinions of each independent director, and their consent and the specific opinions on the objections and the reasons for the objection shall be recorded in the board of directors' meeting minutes.
- IV. The amount of external endorsements and guarantees authorized by the chairperson shall not exceed 10% of the Company's net worth.

- V. For a subsidiary whose voting shares are 90% or more held by the Company directly or indirectly, before such subsidiary engages in the endorsements and guarantees pursuant to Paragraph 2 of Article 4, it shall be reported to the board of directors of the Company for resolution. However, the endorsements and guarantees between the companies whose voting shares are 100% held by the Company directly or indirectly shall not be subject to this restriction.

Article 7 Execution and Review Procedure of the Endorsements and Guarantees

I. Execution Department

The finance department shall be responsible for the relating operations of the Company's endorsements and guarantees. If necessary, the presidents may appoint other dedicated persons to assist in the processing.

II. Review Procedure

- (I) When the Company conducts the endorsements and guarantees, the executing department shall prepare the specific review and evaluation report, the contents of the report shall include the following items:
 - 1. Necessity and rationality of the endorsements and guarantees.
 - 2. Credit investigation and risk assessment for the counterparty of the endorsements and guarantees.
 - 3. The impact on the Company's operational risk, financial position and shareholders' rights and interests.
 - 4. Whether or not the collateral should be obtained and the assessed value of the collateral.
- (II) When the Company conducts the endorsements and guarantees, the executing department shall submit a letter that states the endorsed and guaranteed company, counterparty, type, reasons and amounts etc., as well as the evaluation report stated in the aforesaid (I), for the approval of the president and chairperson, then report to the board of directors for resolution. However, in the event of business needs, the chairperson may approve first within the authorized amount stated in Article 6 of this procedure, and afterward report it to the latest board of directors for ratification. The executing situation and the relevant matters shall be reported to the shareholders' meeting for reference.
- (III) Provided that the counterparty of the endorsements and guarantees is a subsidiary whose net worth is less than one-half of the paid-in capital, it shall specify the relevant subsequent control measures.
- (IV) For the subsidiaries whose shares have no par value or a par value other than NT\$10, the calculation of the paid-in capital stipulated in the preceding sub-paragraph shall be the total of the share capital plus capital reserves minus the issue premium.
- III. When the executing department conducts the endorsements and guarantees, it shall specifically assess the risk. If necessary, the collateral shall be obtained from the endorsed and guaranteed company.
- IV. The finance department shall set up the memorandum book for endorsements and guarantees (as Annex 1) to record in detail for the endorsed/guaranteed counterparty, amount, the date approved by the board of directors or chairperson, the endorsed/guaranteed date and the matters that shall be carefully evaluated according to Sub-paragraph 2(I).
- V. The finance department shall prepare the declaration detail statement (as Annex 2) for the previous month's external endorsements/guarantees amount before the 5th day of each month.

Article 8 Cancellation of the Endorsements and Guarantees

- I. When the relevant credentials or notes of the endorsements and guarantees need to be cancelled due to the re-payment of the debt or renewal for extension, the endorsed/guaranteed company shall prepare an official letter together with the relevant credentials to the Company's finance department for a seal of "Cancellation," then have the credentials returned; the application letter will be filed by the Company for reference.
- II. The finance department shall always record the cancelled endorsements and guarantees into the memorandum book to reduce the endorsed/guaranteed amount.

Article 9 Seal Use and Safekeeping

The Company shall adopt the company seal that is used for the registration with the Ministry of Economic Affairs as a designated seal of the endorsements and guarantees. The board of directors will authorize the chairperson to appoint one dedicated person to keep the seal. Sealing

or issuing notes shall comply with the procedure of sealing management for the Company.

When the Company provides the guarantees to a foreign company, the board of directors shall authorize the chairperson to sign on such a guaranteed letter.

Article 10 Announcement and Declaration Procedure

- I. The announcement stated in this procedure shall refer to the information declaration website of the FSC.
- II. The date of occurrence of the facts stated in this procedure shall refer to the earliest date among the date on which the transaction is signed, the date of payment, the resolution date of the board of directors or other dates on which the counterparty of the transaction and its amount are determined.
- III. The Company shall announce the previous month's endorsed/guaranteed balance for the Company and its subsidiaries before 10th of each month.
- IV. When the endorsements and guarantees made by the Company meet one of the following criterion, it shall be announced within 2 days from the date of occurrence of the facts:
 - (I) If the endorsed/guaranteed balance by the Company and its subsidiaries reaches 50% or more of the Company's net worth in the latest financial statement.
 - (II) The endorsed/guaranteed balance by the Company and its subsidiaries for a single enterprise reaches 20% or more of the Company's net worth in the latest financial statement.
 - (III) If the balance of the endorsements and guarantees provided by the Company and its subsidiaries to a single enterprise reaches NT\$10 million or more, and the aggregate amount of the endorsements and guarantees, long-term investment and the balance of lending for such enterprise reaches 30% or more of the Company's net worth in the latest financial statement.
 - (IV) If the new endorsed/guaranteed amount by the Company or its subsidiaries reaches NT\$30 million or more, and reaches 5% of the Company's net worth in the latest financial statement.
- V. When the Company's subsidiary is not the domestic public company, such subsidiary's announced items stipulated in Sub-paragraph 4 of the preceding paragraph shall be conducted by the Company.

Article 11 Internal Audit

The Company's internal auditors shall, at least quarterly, audit the Operational Procedures for Endorsements and Guarantees and its implementation, and prepare the written records; in the event of any material violation, it shall be notified to every supervisor immediately.

Article 12 Controlling Procedure for Subsidiary's Endorsements and Guarantees

- I. When the Company's subsidiary intends to endorse others or provide guarantees, the Company shall instruct such subsidiary to establish the "Operational Procedures for Endorsements and Guarantees" pursuant to the "Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies" published by the FSC. After the approval of such subsidiary's board of directors, such procedure shall be submitted to every supervisor and reported to its shareholders' meeting for approval. The same shall apply to amendments. The subsidiary shall be subject to the procedure established.
- II. When the Company's subsidiary intends to endorse others or provide guarantees, it shall report to the Company for approval; the Company's finance department and the dedicated persons designated by the presidents shall specifically assess such endorsements and guarantees for its necessity, rationality, risk, the operational risk for the parent company and subsidiary as well as the impact on the financial position and the shareholders' rights and interests, then shall report to the president and chairperson for approval.
- III. The finance department shall obtain the declaration detail statement for external endorsements/guarantees amount from each subsidiary before the 5th day of each month.
- IV. The Company's internal auditor shall regularly audit the compliance of each subsidiary's "Operational Procedures for Endorsements and Guarantees" and make an audit report; after the funding and recommendations stated in the audit report are reported and reviewed, the internal auditor shall notify the subsidiaries who are required to be audited to make an improvement and shall regularly make the tracking reports to ensure that the appropriate improvement measures are taken by such subsidiary in time

Article 13 Penalty

Should the Company's managers and the persons in-charge conduct the endorsements and

guarantees in violation of the "Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies" published by the FSC or the Company's "Operational Procedures for Endorsements and Guarantees", they shall be punished according to the working rules of the Company.

Article 14 Other Matters

- I. In the event of changes in circumstances, the counterparty of the endorsements and guarantees by the Company does not conform with the regulations of this procedure or the amount exceeds the limit, the Company shall set up the improvement plans, submit the relevant improvement plans to every supervisor and complete the improvements according to the schedule.
- II. The Company shall evaluate or recognize the contingent loss for the endorsements and guarantees, properly disclose the relevant information of the endorsements and guarantee in the financial report and provide the relevant information to the CPAs to perform the necessary audit procedures.
- III. Pursuant to Article 165-1 of the Securities and Exchange Act, the foreign company (hereinafter referred to as the "foreign company") who engages in endorsing others or providing guarantees shall be subject to this procedure.

The foreign company who has no seal shall not be subject to the regulations of Article 9.

The foreign company's net worth stated in this procedure shall refer to the equity attributable to the shareholders of the parent company in the balance sheet.

Article 15 Supplementary to the Relevant Laws

The matters that are not covered in this procedure shall be subject to the relevant laws.

Article 16 Announcement and Implementation

The establishment of this procedure shall be approved by the board of directors, submitted to every supervisor and reported to the shareholders' meeting for resolution before implementation. Provided that a director expresses an objection which is recorded or included in the written statement, the Company shall submit its objection to every supervisor and report to the shareholders' meeting for discussion. The same shall apply to any amendments. For the establishment and amendment of this procedure under the discussion of the board of directors, the opinions of each independent director shall be fully taken into account, and their consent or the specific objections and the reasons for the objections shall be recorded into the board of directors meeting minutes.

【Appendix 5】

Orient Semiconductor Electronics, Ltd.

Procedure for Lending Funds to Others

Establishment on March 8, 1990
 April 19, 1994 Amendment Announcement
 June 19, 2002 Amendment Announcement
 June 27, 2003 Amendment Announcement
 June 14, 2005 Amendment Announcement
 June 14, 2006 Amendment Announcement
 June 10, 2009 Amendment Announcement
 June 15, 2010 Amendment Announcement
 June 15, 2011 Amendment Announcement
 June 11, 2013 Amendment Announcement

Article 1 Purpose

In order to meet the real business demands and not violate Article 15 of the Company Act, the Company has established this procedure.

Unless otherwise provided by law, the Company's lending funds to others shall be subject to this procedure.

Article 2 Legal Basis

This procedure has been established in accordance with the "Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies" (hereinafter referred to as the "Regulations") published by the Financial Supervisory Commission (hereinafter referred to as the "FSC").

Article 3 The Counterparty of Lending Funds

In addition to the following circumstances, the Company shall not lend funds to shareholders or other persons:

I. A company or firm who has business dealings with the Company.

II. A company or firm who is deemed to have necessity of the short-term financing funds by the board of directors.

The foregoing "short-term" shall refer to the period of one year or one business cycle, whichever is longer.

The lending funds between the foreign companies whose voting shares are 100% held by the Company directly and indirectly shall not be subject to the Sub-paragraph 2 of the first Paragraph and the latter part of the first Sub-paragraph of the first Paragraph of Article 5. However, the limited amount and the term of the lending funds stipulated in Article 5 and Article 7 shall still be adhered to.

Article 4 Evaluation Criterion for Lending Funds to Others

I. The Company that engages in lending funds to other companies or firms because of a business relationship shall comply with the second Paragraph of Article 5.

II. The Company that engages in lending funds to other companies or firms after the board of directors recognizes the necessity of the short-term financing shall be limited to the following circumstances:

(I) A company whose shares are 20% or more held by the Company and having the necessity of the short-term financing for business needs.

(II) A company or firm having the necessity of the short-term financing for the purchase of materials or operational turnover.

(III) Other borrowers that are agreed upon by the Company's board of directors.

Article 5 Limit on Total Amount and Individual Counterparty of Lending

I. The total amount of the Company's lending to others shall not exceed 30% of the net worth of the Company; however, provided that the board of directors recognizes the necessity of the short-term financing, the total amount of the lending to others shall not exceed 40% of the Company's net worth. The foregoing financing amount shall refer to the accumulated balance of the Company's short-term financing.

II. The amount of individual lending with a company or firm who has business dealings with the Company shall not exceed the amount of business transactions between both parties in the most recent year. The foregoing amount of business transactions shall refer to the highest amount of purchase or sales between both parties.

III. The amount of individual lending with a company or firm who has the necessity of the short-term financing shall not exceed 30% of the Company's net worth.

The foregoing "net worth" shall be based on the financial statements audited by the CPAs in the most recent period.

Provided that the financial reports are prepared in accordance with the IFRS, the net worth stated in this procedure shall refer to the equity attributable to the shareholder of the parent company in the balance sheet pursuant to the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

The lending between the foreign companies whose voting shares are 100% held by the Company directly and indirectly shall not be subject to the first Sub-paragraph and the third Subparagraph of the first Paragraph; however, the amount of lending shall not exceed 200% of the net worth of each lending company.

Article 6 Term of Lending

Each of the Company's lending shall be limited to one year or less. However, provided that the Company's business cycle is longer than one year, it shall refer to the business cycle.

Article 7 Method of Interest Calculation

The interest rate for the Company's lending shall not be less than 2% of the annual interest rate, but the actual interest rates shall be assessed by the Company according to the market interest rate at the time. The calculation and collection of the interest for the Company's lending shall be collected once a month in principle. In the event of special circumstances, it may be adjusted according to actual demand after the approval of the board of directors.

Article 8 Decision Hierarchy

When the Company intends to lend funds to others, it shall be subject to the resolution of the board of directors and shall not authorize other persons to make decisions.

When the Company has set up the independent directors and intends to lend funds to others, the opinions of each independent director shall be fully taken into account and their consent or specific opinions or objections and the reasons for the objection shall be recorded in the minutes of meeting of the board of directors.

Pursuant to the regulations of the preceding paragraph, the lending between the Company and its subsidiaries or between its subsidiaries shall be reported to the board of directors for resolution. For the same lending counterparty, it may authorize the chairperson to remit in multiples or be revolving within a certain amount resolved by the board of directors and a period of no more than one year.

In addition to compliance with the regulations of Paragraph 3 of Article 3, with regards to a certain amount stated in the preceding paragraph, the authorized amount for the lending funds provided by the Company and its subsidiaries' to a single enterprise shall not exceed 10% of the net worth of the Company or its subsidiaries in the latest financial statements.

Article 9. Execution and Review Procedure of Lending Funds

I. Execution Department

The finance department shall be responsible for the related operations of the Company's lending funds to others. If required, the presidents may appoint other dedicated personnel to assist in the processing.

II. Review Procedure

(I) Credit Investigation

When the Company conducts the lending funds, the borrower shall first provide its company information and financial information to the Company in writing for the application of the financing facility.

After the application is accepted by the Company, the finance department shall investigate and evaluate the business, financial position, solvency, credit, profitability and the purpose of the borrowing for the lending's counterparty and shall prepare a report.

(II) Review Evaluation

The contents of the evaluation report by the executing department shall include the

following items:

1. The necessity and rationality of the lending funds to others.
2. Credit investigation and risk assessment for the counterparty of the lending.
3. The impact on the Company's operational risk, financial position and shareholders' rights and interests.
4. Whether or not the collateral should be obtained and the assessed value of the collateral.

(III) Security

When the Company conducted the lending funds, the same value of the guaranteed promissory notes shall be obtained; if necessary, the pledge of movable or immovable property shall be set up. With regard to the guarantee of the claims in the preceding paragraph, provided that the borrower provides a person or a company who has considerable financial capability and credit as a guarantee, instead of providing the collateral, the board of directors may refer to the credit investigation report from the finance department to make a decision; provided that a company is a guarantor, it shall pay attention to whether or not its Articles of Incorporation have the clauses that it can be a guarantor.

Article 10 Announcement and Declaration Procedure

- I. The announcement stated in this procedure shall refer to the information declaration website of the FSC.
- II. The date of occurrence of the facts stated in this procedure shall refer to the earliest date among the date on which the transaction is signed, the date of payment, the resolution date of the board of directors or other dates on which the counterparty of the transaction and its amount are determined.
- III. The Company shall announce the previous month's balance of lending for the Company and its subsidiaries before the 10th of each month.
- IV. When the Company's lending reaches one of the following criteria, it shall be announced within 2 days from the date of occurrence of the facts:
 - (I) The balance of lending funds to others of the Company and its subsidiaries reaches 20% or more of the Company's net worth in the latest financial statement.
 - (II) The balance of lending funds for the Company and its subsidiaries on a single enterprise reaches 10% or more of the Company's net worth in the latest financial statement.
 - (III) The amount of new lending funds for the Company and its subsidiaries reaches NT\$10 million or more and also reaches 2% or more of the Company's net worth in the latest financial statement.
- III. Provided that the Company's subsidiary is not a domestic public company, such subsidiary's announced items stipulated in the Sub-paragraph 2-3 of the first Paragraph of this Article shall be conducted by the Company.

The subsidiary and parent company herein shall be determined according to the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Article 11 Subsequent Control Measures for Lent Amount and the Processing Procedures for Overdue Claims

- I. After the amount of the lending is remitted, the financial, business and the related credit situations for the borrower and guarantor shall always be paid attention to. Provided that there is a collateral, the changes in a collateral's value shall be monitored; in the event of any material change, the president shall be notified immediately and appropriate measures shall be implemented according to the instructions.
- II. When the borrower re-pays the loan at the expiration or before expiration, the interest payable shall be calculated first and paid off together with the principal; then the promissory notes for the loan will be cancelled and returned to the borrower or the cancellation of the pledge processed.
- III. The borrower shall pay off the principles and interest at the expiration immediately. In the event of a violation, the Company may dispose of and claim the collateral or guarantee provided pursuant to the laws.

Article 12 Establishment of the Memorandum Book

When the Company conducts the lending of funds, the memorandum book (as Annexes) shall be established for the purpose of the detailed records for the counterparty and the amount of the lending funds, the date of the approval by the board of directors, the date of lending amount remitted and the items that shall be carefully assessed according to the regulations.

Article 13 Internal Audit

The Company's internal auditors shall, at least quarterly, audit the Operational Procedures for Loaning of Company Funds and its implementation and prepare the written records; in the event of any material violations, it shall be notified to every supervisor immediately.

Article 14 Controlling Procedure for Subsidiary's Lending Funds to Others

- I. When the Company's subsidiary intends to lend funds to others, the Company shall instruct such subsidiary to establish the "Operational Procedures for Loaning of Company Funds" pursuant to the "Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies" published by the FSC. After the approval of such subsidiary's board of directors, such procedure shall be submitted to every supervisor and reported to its shareholders' meeting for approval. The same shall apply to the amendment. The subsidiary shall be subject to the procedure established.
- II. When the Company's subsidiary intends to lend funds to others, it shall report to the Company for approval; the Company's finance department and the dedicated personnel designated by the president shall specifically assess such lending funds to others as to its necessity, rationality, risk, the operational risk to the parent company and subsidiary as well as the impact on the financial position and the shareholders' rights and interests, then it shall report to the president and chairperson for approval.
- III. The finance department shall obtain the detailed balance report of the lending of funds to others from each subsidiary before the 5th day of each month.
- IV. The Company's finance department shall regularly assess whether or not the subsequent control measures and overdue claims processing procedure for the subsidiaries' lent amount are appropriate.
- V. The Company's internal auditor shall regularly audit each subsidiary's compliance with its "Operational Procedures for Loaning of Company Funds" and make an audit report; after the funding and recommendations stated in the audit report are reported and reviewed, the internal auditor shall notify the subsidiaries who are required to be audited to make an improvement and shall regularly make the tracking reports to ensure that the appropriate improvement measures are taken by such subsidiary in time.

Article 15 Penalty

If the Company's managers and the persons in-charge conduct the lending funds to others in violation of the "Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies" published by the FSC or the Company's "Operational Procedures for Loaning of Company Funds," they shall be punished according to the working rules of the Company.

Article 16 Other Matters

- I. The board of director of the Company shall ask the finance department to investigate and evaluate the funds that have been lent to others before the implementation of this procedure, then the results shall be reported to the board of directors for ratification. If there is an excess of the approved limit of lending, the finance department shall notify the borrower to repay the excess loans within six months from the date of implementation of this procedure.
- II. In the event of changes in circumstances, the counterparty of the Company's lending does not conform with the regulations of this procedure or the balance exceeds the limit. The Company shall set up the improvement plans, submit the relevant improvement plans to every supervisor and complete the improvement according to the schedule.
- III. The Company shall evaluate the lending funds situation, accrue adequate bad debt provisions, properly disclose the relevant information in the financial report and provide the relevant information to the CPAs to perform the necessary audit procedures.
- IV. Pursuant to Article 165-1 of the Securities and Exchange Act, the foreign company (hereinafter referred to as "foreign company") who engages in the lending of funds to others shall be subject to this procedure.

The foreign company's net worth stated in this procedure shall refer to the equity attributable to the shareholders of the parent company in the balance sheet.

Article 17 Supplementary to Relevant Laws

The matters that are not covered in this procedure shall be subject to the relevant laws.

Article 17 Announcement and Implementation

The establishment of this procedure shall be approved by the board of directors, submitted to every supervisor and reported to the shareholders' meeting for resolution before implementation.

Provided that a director expresses an objection which is recorded or included in the written statement, the Company shall submit its objection to every supervisor and report to the shareholders' meeting for discussion. The same shall apply to any amendments. For the establishment and amendment of this procedure under the discussion of the board of directors, the opinions of each independent director shall be fully taken into account, and their consent or the specific objections and the reasons for the objections shall be recorded into the board of directors meeting minutes.

【Appendix 6】

Orient Semiconductor Electronics, Ltd.

Rule for Director and Supervisor Elections

June 19, 2002 Amendment Announcement

June 22, 2016 Amendment Announcement

Article 1. The elections of the directors and the supervisors for the Company shall be subject to this rule.

Article 2. For the election of the directors and supervisors for the Company, each share shall have voting rights in a number equal to the directors or supervisors to be elected, and may be cast for a single candidate or split among multiple candidates.

Article 3. Before the election begins, the chairperson shall designate a number of scrutineers and tellers to perform various related duties.

Article 4. The election of the directors (including independent directors) and the supervisors of the Company shall adopt the candidate nomination system. The shareholders shall elect the number of persons designated by the Article of Incorporation from the list of the candidates. According to the statistical results from the electronic communication platform and the ballots, those persons whose received votes representing the highest number of voting rights will be elected in turn. When two or more persons receive the same voting rights and result in an excess of the number of persons to be elected, they shall draw lots to determine and the chairperson shall draw lots on behalf of the absent persons.

For those persons who are elected as directors and supervisors at the same time according to the preceding paragraph shall, they shall, at their own discretion, decide to act as directors or supervisors. The vacancies shall be replenished from the original candidates with the highest number of votes received.

Article 4-1. The Company's independent directors and non-independent directors shall conduct elections together according to the relevant regulations of this rule, and the independent directors and non-independent directors shall be counted, respectively. Those persons who receive the highest number of votes shall be elected, respectively.

Article 5. The board of directors shall print the number of the ballots that are the same as the number of directors or supervisors to be elected, add the number of voting rights and distribute them to the shareholders who will attend the shareholders' meeting.

Article 6. For the election of directors and supervisors, the board of directors shall set up the ballot boxes, which shall be opened in public by the scrutineers before the voting.

Article 7. Provided that an electee is a shareholder, the shareholder shall fill in the account name and the shareholder's account number of an electee in the column of "electee" of ballot; if not, the name and identity card or tax ID number of an electee shall be filled in. However, when a government or a legal person shareholder is the electee, the name of such government or legal person shall be filled in the column of the account name of electee of the ballot; it also may be filled in the name of such government or legal person and its representative; provided that there are several representatives,

the names of the representatives should be added respectively.

Article 8. The ballots shall be void in case one of the following circumstances occurs:

(I) A ballot that does not comply with the regulation of this rule.

(II) A ballot that is blank to be put into ballot box.

(III) A ballot with illegible writing or being altered.

(IV) Provided that an electee is a shareholder, the account name and shareholder's account number are different from the shareholder register; or in case an electee is not a shareholder, the name and identity card or tax ID number are checked to make sure there are no discrepancies.

(V) In addition to filling in the electee's account name (name) or shareholder's account number (identity card or tax ID number) and the allocated number of voting rights, the other characters must be written.

(VI) A ballot without filling in the account name (name) or the shareholder's account number (identity card or tax ID number) of the electee.

(VII) A ballot filled in for 2 or more electees.

Article 9. The ballots shall be counted on site after the voting is completed, and the results of voting shall be announced by the chairperson on site.

Article 10. The board of directors shall issue the notifications to the elected directors and supervisors, respectively.

Article 11. The items that are not specified in this rule shall be subject to the Company Act and the relevant laws.

Article 12. This rule shall be implemented after the approval of the shareholders' meeting. The same shall apply to the amendment .

Orient Semiconductor Electronics, Ltd.

List of directors and supervisors

Base Date: April 20, 2019

Position	Name	Date Elected	Shareholding While Elected			Current Shareholding			Remarks
			Type	Number of Shares	Shareholding Ratio (%) at the time	Type	Number of Shares	Shareholding Ratio (%) at the time	
Chairperson	Edward Shaw-Yau Duh	November 8, 2016	Common Stock	700,000	0.09%	Common Stock	479,680	0.09%	
Director	Yueh-Ming Tung	November 8, 2016	Common Stock	50,695	0.01%	Common Stock	34,739	0.01%	
Director	Xi-Ren Tseng	June 22, 2016	Common Stock	13,147	0.00%	Common Stock	9,009	0.00%	
Director	Phison Electronics Corp. Representative: Khein-Seng Pua	June 22, 2016	Common Stock	6,600,000	0.82%	Common Stock	7,336,369	1.13%	
Director	Taiwan Longsys Electronics Co., Ltd. Representative: Dai-Gang Zhang	June 22, 2016	Common Stock	1,000	0.00%	Common Stock	685	0.00%	
Independent Director	Ching-Tien Tsai	June 22, 2016	Common Stock	0	0.00%	Common Stock	0	0.00%	
Independent Director	Jerry Chiu	June 22, 2016	Common Stock	0	0.00%	Common Stock	0	0.00%	
Supervisor	DS Fund LLC Representative: Daphane Wu	June 22, 2016	Common Stock	11,477,420	1.42%	Common Stock	7,864,990	1.42%	
Total			Common Stock	18,842,262		Common Stock	15,725,472		

Total Number of Shares Issued on June 22, 2016: 806,015,782 Shares

Total Number of Shares Issued on November 8, 2016: 806,015,782 Shares

Total Number of Shares Issued on April 20, 2019: 552,328,533 Shares

Note: the minimum shareholdings of all directors required by law: 17,674,513 shares, the shareholdings of all directors on April 20, 2019: 7,860,482 Shares

The minimum shareholdings of all supervisors required by law: 1,767,451 shares, the shareholdings of all supervisors on April 20, 2019: 7,864,990 Shares

© The shares held by independent directors shall not be counted in the calculation of directors' shareholdings.

The Impact of the Stock Dividend Distribution on Business Performance, EPS and Shareholder Return Rate:

2018 annual meeting of shareholders has not proposed the dividends distribution which has not budged in 2019 either, so this is not applicable.