

Stock Code: 2356

Inventec Corporation

Inventec

2019 Annual General Shareholders' Meeting

Meeting Agenda

Time: Friday, June 14, 2019. 9:00 a.m.

Place: No.16, Sec. 4, Jhongshan N. Rd., Shilin District, Taipei City.

Chientan Youth Activity Center's Ching-Kuo Memorial Hall.

This English version is a translation based on the original Chinese version. Where any discrepancy arises between the two versions, the Chinese version shall prevail.

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A. Meeting Agenda

Time: Friday, June 14, 2019. 9:00 a.m.

Place: No.16, Sec. 4, Jhongshan N. Rd., Shilin District, Taipei City.
Chientan Youth Activity Center's Ching-Kuo Memorial Hall.

A. Call the Meeting to Order

B. Chairman Remarks

C. Report Items:

- (1) 2018 Business Report
- (2) 2018 Audit Committee's Review Report
- (3) The Status of Distribution Remuneration of Employees and Directors in 2018

D. Ratification Items

- (1) Ratification of the 2018 Business Report and Financial Statements
- (2) Adoption of the Proposal for Distribution of 2018 Profits

E. Discussion Items:

- (1) Amendment to the "Articles of Incorporation"
- (2) Amendment to the "Rules of Procedure for Shareholders Meetings"
- (3) Amendment to the "Regulations Governing Loaning of Funds"
- (4) Amendment to the "Regulations Making of Endorsements/Guarantees"
- (5) Amendment to the "Procedures for Acquisition or Disposal of Assets"
- (6) Proposal for release the prohibition on Directors Chen, Ruey-Long and Shyu, Jyuo-Min from participation in competitive business

F. Extraordinary Motions

G. Adjournment

B. Report Items

1. 2018 Business Report (Please refer to Appendix 1)
2. 2018 Audit Committee's Review Report (Please refer to Appendix 2)
3. The Status of Distribution Remuneration of Employees and Directors in 2018

Explanation: (1) According to the article 26 of Articles of Incorporation, if the Company has a profit of the year shall distribute not less than 3% of the balance as remuneration to Employees and not more than 3% to Directors of the Corporation.

- (2) The board of directors and remuneration committee resolved to distribute NT \$ 490,802,732 to remuneration of employees in cash and NT\$ 97,342,541 to remuneration of directors. There is no difference between the amount of distribution and the expense which is recognized in 2018.

C. Ratification Items

Item 1

Proposed by the Board

Proposal: Ratification of the 2018 Business Report and Financial Statements.

Explanation: The Company's 2018 Individual Financial Statements and Consolidated Financial Statements, including the balance sheet, comprehensive income statement, statements of cash flows, and statement of changes in equity, were audited by independent accountants, Lin, Wan-Wan and Yang, Liu-Fong of KPMG Certified Public Accountants. Also Business Report and Financial Statements have been approved by the Board and examined by the Audit Committee of Inventec Corporation. (Please refer to Appendix 1 for Business Report, Appendix 3 for Independent Accountants' Audit Report and Individual Finance Statements, and Appendix 4 for Independent Accountants' Audit Report and Consolidated Finance Statements.)

Resolution:

Item2

Proposed by the Board

Proposal: Adoption of the Proposal for Distribution of 2018 Profits

Explanation: (1) With regard to earnings in 2018, an earnings distribution table has been prepared in accordance with the Company's Articles of Incorporation. The distributable net profit for 2018 is NT\$ 5,777,236,956 and the proposed cash dividend to shareholders is NT\$1.5 per share (NT\$ 5,381,212,599).The earnings distribution table was reviewed by the Audit Committee and attached in Appendix 5.

(2) In the event that, before the distribution record date, the proposed profit distribution is affected by buyback of shares, it is proposed that the Board of Directors be authorized to adjust the cash distribution ratio based on the number of actual shares outstanding on the record date.

(3) Upon the approval of the Annual Meeting of Shareholders, it is proposed that the Board of Directors is authorized to resolve the ex-dividend record date.

Resolution:

D. Discussion Items

Item 1

Proposed by the Board

Proposal: Discussion of Amendments to the “Articles of Incorporation”.

Explanation: Propose to amend “Articles of Incorporation” according to the presidential order NO. 10700083291 promulgated on August 1st, 2018. Please refer to the comparison chart of amendments below.

Comparison Chart of Amendments to “Articles of Incorporation”

Original Version		Amendment Version		Reason
Article 1	This Company is incorporated under the Company Act, with the name of Inventec Corporation.	Article 1	This Company is incorporated under the Company Act, with the name and the foreign name of Inventec Corporation.	Comply with Article 392-1 of the Company Act; the foreign name of the Company shall be registered in accordance with the foreign name indicated in the Articles of Incorporation.
Article 19	Business policy of the Company and other important matters shall be decided by resolutions adopted by the Board of Directors. Any meeting of Board of Directors shall be convened by the Chairman of the Board of Directors who shall also be the chairman of the meeting, provided that the first meeting of each term of the Board of Directors shall be convened in accordance with Article 203 of the Company Act. In case the chairman of the board of directors is on leave or absent or cannot exercise his power and authority for any cause, the chairman of the board of directors shall designate one of the directors to act on his behalf. (The following omitted)	Article 19	Business policy of the Company and other important matters shall be decided by resolutions adopted by the Board of Directors. Any meeting of Board of Directors shall be convened by the Chairman of the Board of Directors who shall also be the chairman of the meeting, provided that the first meeting of each term of the Board of Directors shall be convened in accordance with Article 203 or <u>Article 203-1</u> of the Company Act. In case the chairman of the board of directors is on leave or absent or cannot exercise his power and authority for any cause, the chairman of the board of directors shall designate one of the directors to act on his behalf. (The following omitted)	Add procedure for convening Board of Directors’ Meeting to comply with Company Act
Article 25	At the close of each fiscal year, the board of directors shall prepare the following statements and records and then submit the same to the shareholders' meeting for recognition in accordance with legal procedures	Article 25	At the close of each fiscal year, the board of directors shall prepare the following statements and records and then submit the same to the shareholders' meeting in accordance with legal procedures	Revise the wording.

	1. Business Report, 2. Financial Statements, and 3. Proposal for distribution of profit or appropriation of losses.		1. Business Report, 2. Financial Statements, and 3. Proposal for distribution of profit or appropriation of losses.	
Article 27	If the Company has profit as a result of the yearly accounting closing, the Corporation shall first pay taxes, then offset its accumulated losses and set aside a legal capital reserve at 10% of the profits left over, until the accumulated legal capital reserve has equaled the paid-in capital of the Corporation then set aside special capital reserve in accordance with relevant laws or regulations or as requested by business. The remaining earnings along with accumulated retained earnings shall reserve appropriate quota depend on business demand, then distribute dividends according to shareholders' meeting resolution and the dividends shall not less than 10% of the current earnings. The dividend policy of the Company consider capital requirements in the future long-term investment plans needs to be adopted and stockholders' demand of cash inflow, if the Company has profit, dividends paid by cash shall not be less than 10% of the total dividends.	Article 27	If the Company has profit as a result of the yearly accounting closing, the Corporation shall first pay taxes, then offset its accumulated losses and set aside a legal capital reserve at 10% of the profits left over, until the accumulated legal capital reserve has equaled the paid-in capital of the Corporation then set aside special capital reserve in accordance with relevant laws or regulations or as requested by business. The remaining earnings along with accumulated retained earnings shall reserve appropriate quota depend on business demand, and then distribute dividends not less than 10% of the current earnings. <u>When dividends paid by the form of issuing new shares, it shall be proposed to shareholders' meeting and distribute according to the resolution of the meeting.</u> The dividend policy of the Company consider capital requirements in the future long-term investment plans needs to be adopted and stockholders' demand of cash inflow, if the Company has profit, dividends paid by cash shall not be less than 10% of the total dividends. <u>According to provisions of Company Act Article 240, the Company authorizes the distributable dividends and bonuses, or legal reserve and capital reserve as stipulated in Article 241 of Company Act, in whole or in part may be paid in cash after a resolution has been adopted by a majority vote at a meeting of the Board of Directors attended by two-thirds of the total number of directors; and in addition thereto a report of such distribution shall be submitted to the shareholders' meeting.</u>	Add procedure for authorized by Articles of Incorporation to comply with Company Act
Article 29	This Articles of Incorporation was established on April 15, 1975.(The following omitted) The forty-eighth amendment was made on June 12, 2014.	Article 29	This Articles of Incorporation was established on April 15, 1975.(The following omitted) The forty-eighth amendment was made on June 12, 2014.	Add amendment number and date.

	The forty-ninth amendment was made on June 20, 2016. The fiftieth amendment was made on June 16, 2017. The fiftieth-first amendment was made on June 14, 2018.		The forty-ninth amendment was made on June 20, 2016. The fiftieth amendment was made on June 16, 2017. The fiftieth-first amendment was made on June 14, 2018. <u>The fifty-second amendment was made on June 14, 2019.</u>	
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Resolution:

Item 2

Proposed by the Board

Proposal: Discussion of Amendments to the “Rules of Procedure for Shareholders Meetings”.

Explanation: (1) Propose to amend Article 2 of “Rules of Procedure for Shareholders Meetings” according to the presidential order NO. 10700083291 promulgated on August 1st, 2018. Please refer to the comparison chart of amendments below.

Comparison Chart of Amendments to “Rules of Procedure for Shareholders Meetings”

Original Version		Amendment Version		Reason
Article 2	The Company’s shareholders meeting shall be convened by the board of directors unless applicable laws and regulations provide otherwise. (The following omitted) The election or discharge of directors, the amendment of this Company’s Articles of Incorporation, the dissolution, merger, or spin-off the Company, or the matters specified in Article 185, paragraph 1 of the Company Law, or Article 26-1 or Article 43-6 of the Securities and Exchange Law, or Article 56-1 or Article 60-2 of the Regulations Governing the Offering and Issuance of Securities by Securities Issuers shall be listed among the reasons for the meeting, and may not be proposed as extraordinary motions.	Article 2	The Company’s shareholders meeting shall be convened by the board of directors unless applicable laws and regulations provide otherwise. <u>The Board of Directors or other authorized conveners of shareholders’ meetings may require the Company or the shareholder service agent to provide with the roster of shareholders.</u> (The following omitted) The election or discharge of directors, the amendment of this Company’s Articles of Incorporation, <u>reduction of capital, application for the approval of ceasing its status as a public company, approval of competing with the company by directors, surplus profit distributed in the form of new shares, reserve distributed in the form of new shares,</u> the dissolution, merger, or spin-off the Company, or the matters specified in Article 185, paragraph 1 of the Company Law, or Article 26-1 or Article 43-6 of the Securities and Exchange Law,	Amend to comply with Article 172 and Article 210-1 of Company Act

			or Article 56-1 or Article 60-2 of the Regulations Governing the Offering and Issuance of Securities by Securities Issuers shall be listed <u>and the essential contents shall be explained</u> among the reasons for the meeting, and may not be proposed as extraordinary motions.	
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Resolution:

Item 3

Proposal: Discussion of Amendments to the “Regulations Governing Loaning of Funds”.

Explanation: In order to conform to the amendments of “Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies” of Financial Supervisory Commission’s official document NO. 1080304826 on March 7, 2019, hereby propose to amend Article 4 of “Regulations Governing Loaning of Funds”. Please refer to the comparison chart of amendments below.

Comparison Chart of Amendments to “Regulations Governing Loaning of Funds”

Original Version		Amendment Version		Reason
Article 4	<p>Financing amount shall not exceed 50% of the Company’s net worth on the most current financial statements. (The following omitted)</p> <p>The restriction in the preceding paragraph 1 shall not apply to loan made between foreign companies in which the company holds, directly or indirectly, 100% of the voting shares. Total financing amount shall not exceed 50% of the Company's net worth of latest financial report, individual financing amount shall not exceed 50% of loanable funds. The durations of loans means one year, or where the Company's operating cycle exceeds one year, one operating cycle.</p>	Article 4	<p>Financing amount shall not exceed 50% of the Company’s net worth on the most current financial statements. (The following omitted)</p> <p>The restriction in the preceding paragraph 1 shall not apply to loan made between foreign companies in which the Company holds, directly and indirectly, 100% of the voting shares, <u>or a foreign company in which the Company directly and indirectly holds 100% of the voting shares, loaning of funds to the Company.</u> Total financing amount shall not exceed 50% of the Company's net worth of latest financial report, individual financing amount shall not exceed 50% of loanable funds. The durations of loans means one year, or where the Company's operating cycle exceeds one year, one operating cycle.</p>	Amend to comply with “Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies”

Resolution:

Item 4

Proposal: Discussion of Amendments to the “Regulations Making of Endorsements/Guarantees”.

Explanation: In order to conform to the amendments of “Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies” of Financial Supervisory Commission’s official document NO. 1080304826 on March 7, 2019, hereby propose to amend Article 8 of “Regulations Making of Endorsements/Guarantees”. Please refer to the comparison chart of amendments below.

Comparison Chart of Amendments to “Regulations Making of Endorsements/Guarantees”

Original Version		Amendment Version		Reason
Article 8	<p>The company shall announce and report the previous month's balance of endorsements /guarantees of itself and its subsidiaries by the 10th day of each month.</p> <p>The company whose balance of endorsements/guarantees reaches one of the following levels shall announce and report such event within two days commencing immediately from the date of occurrence:</p> <ol style="list-style-type: none"> 1. The aggregate balance of endorsements/guarantees by the company and its subsidiaries reaches 50% or more of the public company's net worth as stated in its latest financial statement. 2. The balance of endorsements /guarantees by the company and its subsidiaries for a single enterprise reaches 20% or more of the company's net worth as stated in its latest financial statement. 3. The balance of endorsements /guarantees by the company and its subsidiaries for a single enterprise reaches NT\$10 million or more and the aggregate amount of all endorsements/guarantees for, investment of a long-term nature in, and balance of loans to, such enterprise reaches 30% or more of company's net worth as stated in its latest financial statement. 4. The amount of new endorsements/guarantees 	Article 8	<p>The company shall announce and report the previous month's balance of endorsements /guarantees of itself and its subsidiaries by the 10th day of each month.</p> <p>The company whose balance of endorsements/guarantees reaches one of the following levels shall announce and report such event within two days commencing immediately from the date of occurrence:</p> <ol style="list-style-type: none"> 1. The aggregate balance of endorsements/guarantees by the company and its subsidiaries reaches 50% or more of the public company's net worth as stated in its latest financial statement. 2. The balance of endorsements /guarantees by the company and its subsidiaries for a single enterprise reaches 20% or more of the company's net worth as stated in its latest financial statement. 3. The balance of endorsements /guarantees by the company and its subsidiaries for a single enterprise reaches NT\$10 million or more and the aggregate amount of all endorsements/guarantees for, <u>book value of investments accounted for using equity method</u>, and balance of loans to, such enterprise reaches 30% or more of company's net worth as stated in its latest financial statement. 4. The amount of new endorsements/guarantees 	Amend to comply with “Regulations Governing Loaning of Funds and Making of Endorsements/ Guarantees by Public Companies”

	made by the company or its subsidiaries reaches NT\$30 million or more, and reaches 5% or more of the company's net worth as stated in its latest financial statement. (The following omitted)		made by the company or its subsidiaries reaches NT\$30 million or more, and reaches 5% or more of the company's net worth as stated in its latest financial statement. (The following omitted)	
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Resolution:

Item 5

Proposal: Discussion of Amendments to the “Procedures for Acquisition or Disposal of Assets”.

Explanation: In order to conform to “Regulations Governing the Preparation of Financial Reports by Securities Issuers” which is amended to apply to IFRS16: Leases in accordance with Financial Supervisory Commission’s official document NO.1070324155 on July 13th, 2018, and comply with “Regulations Governing the Acquisition and Disposal of Assets by Public Companies” which is amended according to NO. 1070341072 on Nov 26th, 2018 issued by Financial Supervisory Commission hereby propose to amend “Procedures for Acquisition or Disposal of Assets”. Please refer to the comparison chart of amendments below.

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

Original Version		Amendment Version		Reason
Article 2	The term "assets" as used in these Procedures includes the following: 1. Investments in stocks, government bonds, corporate bonds, financial bonds, securities representing interest in a fund, depositary receipts, call (put) warrants, beneficial interest securities, and asset-backed securities. 2. Real estate (including land, houses and buildings, investment property, <u>rights to use land</u>) and equipment. 3. Memberships. 4. Patents, copyrights, trademarks, franchises, and other intangible assets. 5. Derivatives. 6. Assets acquired or disposed of in connection with mergers, demergers, acquisitions, or transfer of shares in accordance with law. 7. Other major assets.	Article 2	The term "assets" as used in these Procedures includes the following: 1. Investments in stocks, government bonds, corporate bonds, financial bonds, securities representing interest in a fund, depositary receipts, call (put) warrants, beneficial interest securities, and asset-backed securities. 2. Real estate (including land, houses and buildings, investment property) and equipment. 3. Memberships. 4. Patents, copyrights, trademarks, franchises, and other intangible assets. 5. <u>Right-of-use assets.</u> 6. Derivatives. 7. Assets acquired or disposed of in connection with mergers, demergers, acquisitions, or transfer of shares in accordance with law. 8. Other major assets.	Add scope of assets to comply with the provisions of IFRS 16: Leases.

<p>Article 3</p>	<p>Terms used in these Procedures are defined as follows:</p> <p>1. Assets acquired or disposed through mergers, demergers, acquisitions, or transfer of shares in accordance with law: Refers to assets acquired or disposed through mergers, demergers, or acquisitions conducted under the Business Mergers and Acquisitions Act and other acts, or to transfer of shares from another company through issuance of new shares of its own as the consideration therefore (hereinafter "transfer of shares") under Article 156, <u>paragraph 8</u> of the Company Act.</p> <p>(Item 2 to 6 omitted)</p> <p>Professional appraisers and their officers, certified public accounts, attorneys, and securities underwriters that provide public companies with appraisal reports, certified public accountant's opinions, attorney's opinions, or underwriter's opinions shall not be a related party of any party to the transaction.</p>	<p>Article 3</p>	<p>Terms used in these Procedures are defined as follows:</p> <p>1. Assets acquired or disposed through mergers, demergers, acquisitions, or transfer of shares in accordance with law: Refers to assets acquired or disposed through mergers, demergers, or acquisitions conducted under the Business Mergers and Acquisitions Act and other acts, or to transfer of shares from another company through issuance of new shares of its own as the consideration therefore (hereinafter "transfer of shares") under Article 156-3 of the Company Act.</p> <p>(Item 2 to 6 omitted)</p> <p>Professional appraisers and their officers, certified public accounts, attorneys, and securities underwriters that provide public companies with appraisal reports, certified public accountant's opinions, attorney's opinions, or underwriter's opinions <u>shall meet the following requirements:</u></p> <p>1. <u>May not have previously received a final and unappealable sentence to imprisonment for 1 year or longer for a violation of the Securities and Exchange Act, the Company Act, the Banking Act of The Republic of China, the Insurance Act, the Financial Holding Company Act, or the Business Entity Accounting Act, or for fraud, breach of trust, embezzlement, forgery of documents, or occupational crime. However, this provision does not apply if 3 years have already passed since completion of service of the sentence, since expiration of the period of a suspended sentence, or since a pardon was received.</u></p> <p>2. <u>May not be a related party or de facto related party of any party to the transaction.</u></p> <p>3. <u>If the Company is required to obtain appraisal reports from two or more professional appraisers, the different professional appraisers or appraisal officers may not be</u></p>	<p>Amend to comply with "Regulations Governing the Acquisition and Disposal of Assets by Public Companies"</p>
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			<p><u>related parties or de facto related parties of each other.</u></p> <p><u>When issuing an appraisal report or opinion, the personnel referred to in the preceding paragraph shall comply with the following:</u></p> <ol style="list-style-type: none"> <u>1. Prior to accepting a case, they shall prudently assess their own professional capabilities, practical experience, and independence.</u> <u>2. When examining a case, they shall appropriately plan and execute adequate working procedures, in order to produce a conclusion and use the conclusion as the basis for issuing the report or opinion. The related working procedures, data collected, and conclusion shall be fully and accurately specified in the case working papers.</u> <u>3. They shall undertake an item-by-item evaluation of the comprehensiveness, accuracy, and reasonableness of the sources of data used the parameters, and the information, as the basis for issuance of the appraisal report or the opinion.</u> <u>4. They shall issue a statement attesting to the professional competence and independence of the personnel who prepared the report or opinion, and that they have evaluated and found that the information used is reasonable and accurate, and that they have complied with applicable laws and regulations.</u> 	
Article 4	<p>Procedures of Evaluation and Operation for the Acquisition or Disposal of Assets:</p> <p>1. The case-handling units shall submit items such as the reasons for the proposed acquisition or disposal, targeted assets, counterparties, price of transfer, receipt and payment terms, and price reference, etc. to the responsible department for the decision and executed by the asset management department. Related matters shall be processed in accordance with the Company's</p>	Article 4	<p>Procedures of Evaluation and Operation for the Acquisition or Disposal of Assets:</p> <p>1. The case-handling units shall submit items such as the reasons for the proposed acquisition or disposal, targeted assets, counterparties, price of transfer, receipt and payment terms, and price reference, etc. to the responsible department for the decision and executed by the asset management department. Related matters shall be processed in accordance with the</p>	Amend to comply with "Regulations Governing the Acquisition and Disposal of Assets by Public Companies"

	<p>Procedures relating to the internal control procedure.</p> <p>(1) The means of price determination and supporting reference materials not only refer to the opinions of professional appraisers and accountants but also conduct as below:</p> <p>(a) Omitted</p> <p>(b) The price of acquisition or disposal of real estate and equipment shall be determined by reference to the publicly announced current value. (The following omitted)</p> <p>(c) For acquisition or disposal of memberships, patents, copyrights, trademarks, and franchises, shall consider of produced benefit, international practice and useful life. The price shall be determined by reference to recent trade price and carried out by inquiry, price comparison, and price negotiation. (Item (d) to (e) omitted)</p> <p>(2) Level of authority: Transaction amount reaches 5% or more of the Company's net worth of latest financial report shall be subject to the consent of audit committee and be submitted to board of director for a resolution.</p> <p>(a) Acquisition or disposal of long-term securities shall be evaluated by finance department and be approved by the board of directors.</p> <p>(b) Acquire or dispose of real estate from related party shall prepare relevant information and be approved by the board of directors in accordance with article 8. (The following omitted)</p> <p>3. In acquiring or disposing of real property or equipment, unless transactions with governmental agencies, engaging others to build on its own land, engaging others to build on rented land or the acquisition or disposal of</p>		<p>Company's Procedures relating to the internal control procedure.</p> <p>(1) The means of price determination and supporting reference materials not only refer to the opinions of professional appraisers and accountants but also conduct as below:</p> <p>(a) Omitted</p> <p>(b) The price of acquisition or disposal of real estate, equipment and <u>right-of-use assets</u> shall be determined by reference to the publicly announced current value. (The following omitted)</p> <p>(c) For acquisition or disposal of memberships, patents, copyrights, trademarks, and franchises, shall consider of produced benefit, <u>implementation of the authorization</u>. The price shall be determined by reference to recent <u>transactions</u> price and carried out by price negotiation. (Item (d) to (e) omitted)</p> <p>(2) Level of authority: Transaction amount reaches 5% or more of the Company's net worth of latest financial report shall be subject to the consent of audit committee and be submitted to board of director for a resolution.</p> <p>(a) Acquisition or disposal of long-term securities shall be evaluated by finance department and be approved by the board of directors.</p> <p>(b) Acquire or dispose of real estate or <u>right-of-use assets</u> from related party shall prepare relevant information and be approved by the board of directors in accordance with article 8. (The following omitted)</p> <p>3. In acquiring or disposing of real property, equipment or <u>right-of-use assets</u> unless transactions with <u>domestic</u></p>	
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	<p>equipment for business use, the appraisal report shall be obtained prior to the date of occurrence of the event from a professional appraiser if the transaction amount is more than 20% of the Company's paid-in capital or NTD 300 million and shall further comply with the following provisions:</p> <p>(1) Where due to special circumstances it is necessary to give a limited price, specified price, or special price as a reference basis for the transaction price, the transaction shall be submitted for approval in advance by the board of directors, and the same procedure shall be followed for any future changes to the terms and conditions of the transaction.</p> <p>(The following omitted)</p>		<p>governmental agencies, engaging others to build on its own land, engaging others to build on rented land or the acquisition or disposal of equipment for business use <u>or right-of-use assets</u> , the appraisal report shall be obtained prior to the date of occurrence of the event from a professional appraiser if the transaction amount is more than 20% of the Company's paid-in capital or NTD 300 million and shall further comply with the following provisions:</p> <p>(1) Where due to special circumstances it is necessary to give a limited price, specified price, or special price as a reference basis for the transaction price, the transaction shall be submitted for approval in advance by the board of directors, and the same procedure shall <u>also</u> be followed <u>whenever there is any subsequent</u> change to the terms and conditions of the transaction.</p> <p>(The following omitted)</p>	
Article 6	<p>Where the Company acquires or disposes of memberships or intangible assets and the transaction amount reaches 20 percent or more of paid-in capital or NT\$300 million or more, except in transactions with a government agency, the company shall engage a certified public accountant prior to the date of occurrence of the event to render an opinion on the reasonableness of the transaction price; the CPA shall comply with the provisions of Statement of Auditing Standards No. 20 published by the ARDF.</p>	Article 6	<p>Where the Company acquires or disposes of intangible assets, <u>right-of-use assets or memberships</u> and the transaction amount reaches 20 percent or more of paid-in capital or NT\$300 million or more, except in transactions with a <u>domestic</u> government agency, the Company shall engage a certified public accountant prior to the date of occurrence of the event to render an opinion on the reasonableness of the transaction price; the CPA shall comply with the provisions of Statement of Auditing Standards No. 20 published by the ARDF.</p>	Amend to comply with "Regulations Governing the Acquisition and Disposal of Assets by Public Companies"
Article 8	<p>When the Company engages in any acquisition or disposal of assets from or to a related party, in addition to ensuring that the necessary resolutions are adopted and the reasonableness of the transaction terms is appraised, if the transaction amount reaches</p>	Article 8	<p>When the Company engages in any acquisition or disposal of assets from or to a related party, in addition to ensuring that the necessary resolutions are adopted and the reasonableness of the transaction terms is appraised, if the transaction amount reaches</p>	Amend to comply with "Regulations Governing the Acquisition and Disposal of Assets by Public

	<p>10 percent or more of the company's total assets, the company shall also obtain an appraisal report from a professional appraiser or a CPA's opinion in compliance with the provisions of the preceding section. The calculation of the transaction amount referred to in the preceding paragraph shall be made in accordance with Article 6-1 herein.</p> <p>When judging whether a trading counterparty is a related party, in addition to legal formalities, the substance of the relationship shall also be considered.</p> <p>When the Company intends to acquire or dispose of real property from or to a related party, or when it intends to acquire or dispose of assets other than real property from or to a related party and the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the Company's total assets, or NT\$300 million or more, except in trading of government bonds or bonds under repurchase and resale agreements, or subscription or repurchase of domestic money market funds which is published by domestic securities investment trust enterprises,, the Company may not proceed to enter into a transaction contract or make a payment until the following matters have been approved by audit committee and passed by the board of directors .</p> <ol style="list-style-type: none"> 1. The purpose, necessity and anticipated benefit of the acquisition or disposal of assets. 2. The reason for choosing the related party as a trading counterparty. 3. With respect to the acquisition of real property from a related party, information regarding appraisal of the reasonableness of the preliminary transaction terms in accordance with Article 9 and Article 10. <p>(The following omitted)</p>		<p>10 percent or more of the company's total assets, the company shall also obtain an appraisal report from a professional appraiser or a CPA's opinion in compliance with the provisions of the preceding section. The calculation of the transaction amount referred to in the preceding paragraph shall be made in accordance with Article 6-1 herein.</p> <p>When judging whether a trading counterparty is a related party, in addition to legal formalities, the substance of the relationship shall also be considered.</p> <p>When the Company intends to acquire or dispose of real property <u>or right-of-use assets</u> from or to a related party, or when it intends to acquire or dispose of assets other than real property <u>or right-of-use assets</u> from or to a related party and the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the Company's total assets, or NT\$300 million or more, except in trading of <u>domestic</u> government bonds or bonds under repurchase and resale agreements, or subscription or repurchase of domestic money market funds which is published by domestic securities investment trust enterprises,, the Company may not proceed to enter into a transaction contract or make a payment until the following matters have been approved by audit committee and passed by the board of directors .</p> <ol style="list-style-type: none"> 1. The purpose, necessity and anticipated benefit of the acquisition or disposal of assets. 2. The reason for choosing the related party as a trading counterparty. 3. With respect to the acquisition of real property <u>or right-of-use assets</u> from a related party, information regarding appraisal of the reasonableness of the preliminary transaction terms in accordance with Article 9 and Article 10. <p>(The following omitted)</p>	Companies”
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<p>Article 9</p>	<p>The Company that acquires real property from a related party shall evaluate the reasonableness of the transaction costs by the following means: (The following omitted) Where land and structures thereupon are combined as a single property purchased in one transaction, the transaction costs for the land and the structures may be separately appraised in accordance with either of the means listed in the preceding paragraph. The Company that acquires real property from a related party and appraises the cost of the real property in accordance with paragraph 1 and paragraph 2 shall also engage a CPA to check the appraisal and render a specific opinion. Where the Company acquires real property from a related party and one of the following circumstances exists, the acquisition shall be conducted in accordance with Article 8 and the preceding three paragraphs do not apply:</p> <ol style="list-style-type: none"> 1. The related party acquired the real property through inheritance or as a gift. 2. More than 5 years will have elapsed from the time the related party signed the contract to obtain the real property to the signing date for the current transaction. 3. The real property is acquired through signing of a joint development contract with the related party, or through engaging a related party to build real property, either on the company's own land or on rented land,. 	<p>Article 9</p>	<p>The Company that acquires real property <u>or right-of-use assets</u> from a related party shall evaluate the reasonableness of the transaction costs by the following means: (The following omitted) Where land and structures thereupon are combined as a single property purchased <u>or leased</u> in one transaction, the transaction costs for the land and the structures may be separately appraised in accordance with either of the means listed in the preceding paragraph. The Company that acquires real property <u>or right-of-use assets</u> from a related party and appraises the cost of the real property <u>or right-of-use assets</u> in accordance with <u>preceding two paragraphs</u> shall also engage a CPA to check the appraisal and render a specific opinion. Where the Company acquires real property <u>or right-of-use assets</u> from a related party and one of the following circumstances exists, the acquisition shall be conducted in accordance with <u>the preceding Article</u> and the preceding three paragraphs do not apply:</p> <ol style="list-style-type: none"> 1. The related party acquired the real property <u>or right-of-use assets</u> through inheritance or as a gift. 2. More than 5 years will have elapsed from the time the related party signed the contract to obtain the real property <u>or right-of-use assets</u> to the signing date for the current transaction. 3. The real property is acquired through signing of a joint development contract with the related party, or through engaging a related party to build real property, either on the company's own land or on rented land,. 4. <u>The real property or right-of-use assets for business use are acquired by the Company with subsidiaries, or by its subsidiaries in which it directly or indirectly holds 100 percent of the issued shares or authorized capital.</u> 	<p>Amend to comply with “Regulations Governing the Acquisition and Disposal of Assets by Public Companies”</p>
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Article 10	<p>When the results of the Company's appraisal conducted in accordance with paragraph 1 and paragraph 2 of the preceding Article are uniformly lower than the transaction price, the matter shall be handled in compliance with Article 11.</p> <p>However, where the following circumstances exist, objective evidence has been submitted and specific opinions on reasonableness have been obtained from a professional real property appraiser and a CPA, this restriction shall not apply:</p> <ol style="list-style-type: none"> 1. Where the related party acquired undeveloped land or leased land for development, it may submit proof of compliance with one of the following conditions: <ol style="list-style-type: none"> (1) Where undeveloped land is appraised in accordance with the means in the preceding Article, and structures according to the related party's construction cost plus reasonable construction profit are valued in excess of the actual transaction price. The "Reasonable construction profit" shall be deemed the average gross operating profit margin of the related party's construction division over the most recent 3 years or the gross profit margin for the construction industry for the most recent period as announced by the Ministry of Finance, whichever is lower. (2) Completed transactions by unrelated parties within the preceding year involving other floors of the same property or neighboring or closely valued parcels of land, where the land area and transaction terms are similar after calculation of reasonable price discrepancies in floor or area land prices in accordance with standard property market practices. (3) Completed leasing 	Article 10	<p>When the results of the Company's appraisal conducted in accordance with paragraph 1 and paragraph 2 of the preceding Article are uniformly lower than the transaction price, the matter shall be handled in compliance with Article 11.</p> <p>However, where the following circumstances exist, objective evidence has been submitted and specific opinions on reasonableness have been obtained from a professional real property appraiser and a CPA, this restriction shall not apply:</p> <ol style="list-style-type: none"> 1. Where the related party acquired undeveloped land or leased land for development, it may submit proof of compliance with one of the following conditions: <ol style="list-style-type: none"> (1) Where undeveloped land is appraised in accordance with the means in the preceding Article, and structures according to the related party's construction cost plus reasonable construction profit are valued in excess of the actual transaction price. The "Reasonable construction profit" shall be deemed the average gross operating profit margin of the related party's construction division over the most recent 3 years or the gross profit margin for the construction industry for the most recent period as announced by the Ministry of Finance, whichever is lower. (2) Completed transactions by unrelated parties within the preceding year involving other floors of the same property or neighboring or closely valued parcels of land, where the land area and transaction terms are similar after calculation of reasonable price discrepancies in floor or area land prices in accordance with standard 	Amend to comply with "Regulations Governing the Acquisition and Disposal of Assets by Public Companies"

	<p>transactions by unrelated parties for other floors of the same property from within the preceding year, where the transaction terms are similar after calculation of reasonable price discrepancies among floors in accordance with standard property leasing market practices.</p> <p>2. Where the Company acquiring real property from a related party provides evidence that the terms of the transaction are similar to the terms of transactions completed for the acquisition of neighboring or closely valued parcels of land of a similar size by unrelated parties within the preceding year. Completed transactions for neighboring or closely valued parcels of land in the preceding paragraph in principle refers to parcels on the same or an adjacent block and within a distance of no more than 500 meters or parcels close in publicly announced current value; transaction for similarly sized parcels in principle refers to transactions completed by unrelated parties for parcels with a land area of no less than 50 percent of the property in the planned transaction; within the preceding year refers to the year preceding the date of occurrence of the acquisition of the real property.</p>		<p>property market sale <u>or leasing</u> practices.</p> <p>2. Where the Company acquiring real property, <u>or obtaining real property right-of-use assets through leasing</u> from a related party provides evidence that the terms of the transaction are similar to the terms of <u>transactions</u> for the acquisition of neighboring or closely valued parcels of land of a similar size by unrelated parties within the preceding year. <u>Transactions</u> for neighboring or closely valued parcels of land in the preceding paragraph in principle refers to parcels on the same or an adjacent block and within a distance of no more than 500 meters or parcels close in publicly announced current value; transaction for similarly sized parcels in principle refers to transactions completed by unrelated parties for parcels with a land area of no less than 50 percent of the property in the planned transaction; within the preceding year refers to the year preceding the date of occurrence of the acquisition of the real property or <u>obtainment of the right-of-use assets</u>.</p>	
Article 11	<p>Where the Company acquires real property from a related party and the results of appraisals conducted in accordance with Article 8 and Article 9 are uniformly lower than the transaction price, the following steps shall be taken:</p> <p>1. A special reserve shall be set aside in accordance with Article 41, paragraph 1 of the Securities and Exchange Act against the difference between the real property transaction price and the appraised cost, and may not be distributed or used for capital increase or issuance of bonus shares. Where a public company uses the equity method to account for its</p>	Article 11	<p>Where the Company acquires real property <u>or right-of-use assets</u> from a related party and the results of appraisals conducted in accordance with <u>the preceding two Articles</u> are uniformly lower than the transaction price, the following steps shall be taken:</p> <p>1. A special reserve shall be set aside in accordance with Article 41, paragraph 1 of the Securities and Exchange Act against the difference between the real property <u>or right-of-use assets</u> transaction price and the appraised cost, and may not be distributed or used for capital increase or issuance of bonus shares. Where a public</p>	Amend to comply with “Regulations Governing the Acquisition and Disposal of Assets by Public Companies”

	<p>investment in another company, then the special reserve called for under Article 41, paragraph of the Securities and Exchange Act shall be set aside pro rata in a proportion consistent with the share of public company's equity stake in the other company.</p> <p>2. Audit committee shall comply with Article 14-4 of Securities and Exchange Act.</p> <p>3. Actions taken pursuant to subparagraph 1 and subparagraph 2 shall be reported to a shareholders' meeting, and the details of the transaction shall be disclosed in the annual report and any investment prospectus.</p> <p>The Company that has set aside a special reserve under the preceding paragraph may not utilize the special reserve until it has recognized a loss on decline in market value of the assets it purchased at a premium, or they have been disposed of, or adequate compensation has been made, or the status quo ante has been restored, or there is other evidence confirming that there was nothing unreasonable about the transaction, and the FSC has given its consent.</p> <p>When the Company obtains real estate from a related party, it shall also comply with the preceding two paragraphs if there is other evidence indicating that the acquisition was not an arm's length transaction.</p>		<p>company uses the equity method to account for its investment in another company, then the special reserve called for under Article 41, paragraph of the Securities and Exchange Act shall be set aside pro rata in a proportion consistent with the share of public company's equity stake in the other company.</p> <p>2. Audit committee shall comply with Article 14-4 of Securities and Exchange Act.</p> <p>3. Actions taken pursuant to <u>the preceding two subparagraphs</u> shall be reported to a shareholders' meeting, and the details of the transaction shall be disclosed in the annual report and any investment prospectus.</p> <p>The Company that has set aside a special reserve under the preceding paragraph may not utilize the special reserve until it has recognized a loss on decline in market value of the assets it purchased <u>or leased</u> at a premium, or they have been disposed of, <u>or the leasing contract has been terminated</u>, or adequate compensation has been made, or the status quo ante has been restored, or there is other evidence confirming that there was nothing unreasonable about the transaction, and the FSC has given its consent.</p> <p>When the Company obtains real estate <u>or right-of-use assets</u> from a related party, it shall also comply with the preceding two paragraphs if there is other evidence indicating that the acquisition was not an arm's length transaction.</p>	
Article 12	<p>Engaging in derivatives trading shall aims to ensure the Company's operating profit and avoid the risk which is triggered by exchange rate, interest rate or asset price volatility, and the target is not to gain speculative profit.</p> <p>1. Transaction types: Forward contracts (not include insurance contracts, performance contracts, after-sales service contracts, long-term leasing</p>	Article 12	<p>Engaging in derivatives trading shall aims to ensure the Company's operating profit and avoid the risk which is triggered by exchange rate, interest rate or asset price volatility, and the target is not to gain speculative profit.</p> <p>1. Transaction types: Forward contracts (not include insurance contracts, performance contracts, after-sales service contracts, long-term leasing</p>	Amend scope of derivatives to comply with the definition of financial instruments of IFRS 9

	<p>contracts, or long-term purchase (sales) agreements), options contracts, futures contracts, leverage contracts, and swap contracts, and compound contracts combining the above products, whose value is derived from assets, interest rates, foreign exchange rates, indexes or other interests.</p> <p>2. Level of authority: (1) The amount of individual contract is more than USD 10 million dollars: general manager. (The following omitted)</p>		<p>contracts, or long-term purchase (sales) <u>contracts</u>), options contracts, futures contracts, leverage contracts, and swap contracts, whose value is derived from a <u>specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable; or hybrid contracts combining the above contracts; or hybrid contracts or structured products containing embedded derivatives.</u></p> <p>2. Level of authority: (1) The amount of individual contract is <u>more than</u> USD 10 million dollars: general manager. (The following omitted)</p>	
Article 16	<p>The Company engaging in derivatives transaction shall adopt the following risk management measures:</p> <p>1. Scope of risk management: (1) to (6) omitted 2 to 3 omitted 4. Derivatives trading positions held shall be evaluated at least once per week; however, positions for hedge trades required by business shall be evaluated at least twice per month. Evaluation reports shall be submitted to senior management personnel authorized by the board of directors. 5. Other important risk management measures.</p>	Article 16	<p>The Company engaging in derivatives transaction shall adopt the following risk management measures:</p> <p>1. Scope of risk management: (1) to (6) omitted (7) <u>Commodity risk management: the Company shall have complete and correct professional knowledge of financial instruments, and shall require banks to fully disclosure of risk in order to avoid the risk of misuse of financial instruments.</u> 2 to 3 omitted</p>	Revise the wording.
Article 17	<p>Where the Company engaging in derivatives trading, the board of directors shall faithfully supervise and manage such trading. (The following omitted) Senior manager authorized by the board of directors shall manage derivatives trading in accordance with the following principles:</p> <p>1. Periodically evaluate the risk management measures currently employed are appropriate and are faithfully conducted in accordance with <u>Regulations Governing the Acquisition and Disposal of Assets by Public</u></p>	Article 17	<p>Where the Company engaging in derivatives trading, the board of directors shall faithfully supervise and manage such trading. (The following omitted) Senior manager authorized by the board of directors shall manage derivatives trading in accordance with the following principles:</p> <p>1. Periodically evaluate the risk management measures currently employed are appropriate and are faithfully conducted in accordance with these Procedures. 2. When irregular circumstances</p>	Revise the wording.

	<p><u>Companies and</u> these Procedures.</p> <p>2. When irregular circumstances are found in the course of supervising trading and profit-loss circumstances, appropriate measures shall be adopted and a report immediately made to the board of directors; <u>where a company has independent directors</u>, an independent director shall be present at the meeting and express an opinion.</p> <p>The Company shall report to the soonest meeting of the board of directors after it authorizes the relevant personnel to handle derivatives trading in accordance with these Procedures.</p>		<p>are found in the course of supervising trading and profit-loss circumstances, appropriate measures shall be adopted and a report immediately made to the board of directors; an independent director shall be present at the meeting and express an opinion.</p> <p>The Company shall report to the soonest meeting of the board of directors after it authorizes the relevant personnel to handle derivatives trading in accordance with these Procedures.</p>	
Article 18	<p>The Company engaging in derivatives trading shall establish a log book in which details of the types and amounts of derivatives trading engaged in, board of directors approval dates, and the matters required to be carefully evaluated under subparagraph 4 of Article 16 and subparagraph 2 of paragraph 1, and subparagraph 1 of paragraph 2, of Article 17 shall be recorded in detail in the log book.</p> <p>The Company's internal audit personnel shall periodically make a determination of the suitability of internal controls on derivatives and conduct a monthly audit of how faithfully derivatives trading by the trading department adheres to the procedures for engaging in derivatives trading, and prepare an audit report. If any material violation is discovered, all supervisors shall be notified in writing.</p>	Article 18	<p>The Company engaging in derivatives trading shall establish a log book in which details of the types and amounts of derivatives trading engaged in, board of directors approval dates, and the matters required to be carefully evaluated under subparagraph 4 of Article 16 and <u>subparagraph 2</u> of paragraph 1, and subparagraph 1 of paragraph 2, of Article 17 shall be recorded in detail in the log book.</p> <p>The Company's internal audit personnel shall periodically make a determination of the suitability of internal controls on derivatives and conduct a monthly audit of how faithfully derivatives trading by the trading department adheres to the procedures for engaging in derivatives trading, and prepare an audit report. If any material violation is discovered, <u>audit committee</u> shall be notified in writing.</p>	Amend to comply with "Regulations Governing the Acquisition and Disposal of Assets by Public Companies"
Article 21	<p>The Company participating in a merger, demerger, or acquisition, unless another act provides. (The following omitted)</p> <p>Where any of the companies participating in a merger, demerger, acquisition, or transfer of another company's shares is neither listed on an exchange nor has its shares traded on an OTC market, the company(s) so listed or traded shall sign an agreement</p>	Article 21	<p>The Company participating in a merger, demerger, or acquisition, unless another act provides. (The following omitted)</p> <p>Where any of the companies participating in a merger, demerger, acquisition, or transfer of another company's shares is neither listed on an exchange nor has its shares traded on an OTC market, the company(s) so listed or traded shall sign an agreement</p>	Amend to comply with "Regulations Governing the Acquisition and Disposal of Assets by Public Companies"

	with such company whereby the latter is required to abide by the provisions of paragraphs 3 and 4.		with such company whereby the latter is required to abide by the provisions of <u>the preceding two paragraphs.</u>	
Article 27	<p>Procedures for Announcement: The Company shall compile monthly reports on the status of derivatives trading engaged in up to the end of the preceding month by itself and any subsidiaries that are not domestic public companies and enter the information in the prescribed format into the information reporting website designated by the FSC by the 10th day of each month. The Company shall report related information to the website designated by FSC for announcement based on its nature in stipulated form and reporting within 2 days of the transaction date if the assets acquired or disposed of by the Company are as below:</p> <ol style="list-style-type: none"> 1. Acquisition or disposal of real property from or to a related party, or acquisition or disposal of assets other than real property from or to a related party where the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the company's total assets, or NT\$300 million or more; provided, this shall not apply to trading of government bonds or bonds under repurchase and resale agreements, or subscription or repurchase of domestic money market funds which is published by domestic securities investment trust enterprises, are not subject to this limit. 2. Merger, demerger, acquisition, or transfer of shares. 3. Losses from derivatives trading reaching the limits on aggregate losses or losses on individual contracts set out in the procedures adopted by the company. 4. Where the type of asset acquired or disposed is equipment/machinery for business use, the trading counterparty is not a related party, and the transaction 	Article 27	<p>Procedures for Announcement: The Company shall compile monthly reports on the status of derivatives trading engaged in up to the end of the preceding month by itself and any subsidiaries that are not domestic public companies and enter the information in the prescribed format into the information reporting website designated by the FSC by the 10th day of each month. The Company shall report related information to the website designated by FSC for announcement based on its nature in stipulated form and reporting within 2 days of the transaction date if the assets acquired or disposed of by the Company are as below:</p> <ol style="list-style-type: none"> 1. Acquisition or disposal of real property <u>or right-of-use assets</u> from or to a related party, or acquisition or disposal of assets other than real property <u>or right-of-use assets</u> from or to a related party where the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the company's total assets, or NT\$300 million or more; provided, this shall not apply to trading of <u>domestic</u> government bonds or bonds under repurchase and resale agreements, or subscription or repurchase of domestic money market funds which is published by domestic securities investment trust enterprises, are not subject to this limit. 2. Merger, demerger, acquisition, or transfer of shares. 3. Losses from derivatives trading reaching the limits on aggregate losses or losses on individual contracts set out in the procedures adopted by the company. 4. Where the type of asset acquired or disposed is equipment/machinery <u>or</u> 	Amend to comply with “Regulations Governing the Acquisition and Disposal of Assets by Public Companies”

	<p>amount reaches NT\$1 billion or more.</p> <p>5. Where real estate is acquired under an arrangement on engaging others to build on the company's own land, engaging others to build on rented land, joint construction and allocation of housing units, joint construction and allocation of ownership percentages, or joint construction and separate sale, and the amount the company expects to invest in the transaction reaches NT\$500 million.</p> <p>6. Where an asset transaction other than any of those referred to in the preceding five subparagraphs, or an investment in the mainland China area reaches 20 percent or more of paid-in capital or NT\$300 million; provided, this shall not apply to the following circumstances:</p> <p>(1) Trading of government bonds.</p> <p>(2) Trading of bonds under repurchase/resale agreements, or subscription or repurchase of domestic money market funds which is published by domestic securities investment trust enterprises.</p> <p>The amount of transactions above shall be calculated as follows:</p> <p>1. The amount of any individual transaction.</p> <p>2. The cumulative transaction amount of acquisitions and disposals of the same type of underlying asset with the same trading counterparty within the preceding year.</p> <p>3. The cumulative transaction amount of real property acquisitions and disposals (cumulative acquisitions and disposals, respectively) within the same development project within the preceding year.</p> <p>4. The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of the same security within the preceding year.</p> <p>(The following omitted)</p>		<p><u>right-of-use assets</u> for business use, the trading counterparty is not a related party, and the transaction amount reaches NT\$1 billion or more.</p> <p>5. Where real estate is acquired under an arrangement on engaging others to build on the company's own land, engaging others to build on rented land, joint construction and allocation of housing units, joint construction and allocation of ownership percentages, or joint construction and separate sale, <u>and furthermore the transaction counterparty is not a related party</u>, and the amount the company expects to invest in the transaction reaches NT\$500 million.</p> <p>6. Where an asset transaction other than any of those referred to in the preceding five subparagraphs, or an investment in the mainland China area reaches 20 percent or more of paid-in capital or NT\$300 million; provided, this shall not apply to the following circumstances:</p> <p>(1) Trading of <u>domestic</u> government bonds.</p> <p>(2) Trading of bonds under repurchase/resale agreements, or subscription or repurchase of domestic money market funds which is published by domestic securities investment trust enterprises.</p> <p>The amount of transactions above shall be calculated as follows:</p> <p>1. The amount of any individual transaction.</p> <p>2. The cumulative transaction amount of acquisitions and disposals of the same type of underlying asset with the same trading counterparty within the preceding year.</p> <p>3. The cumulative transaction amount of real property <u>or right-of-use assets</u> acquisitions and disposals (cumulative acquisitions and disposals, respectively) within the same development project within the preceding year.</p> <p>4. The cumulative transaction</p>	
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			amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of the same security within the preceding year. (The following omitted)	
Article 29	Investment limits of the Company and subsidiary companies: 1. The investment for non-business real estate or the total amount of the securities which is anticipate be sold in the short-term shall be limited no more than <u>50%</u> net worth of the Company. Individually purchase non-business real estate or the investment amount of the securities which will be sold in the short-term shall be limited no more than 50% of the total purchasable amount. (The following omitted)	Article 29	Investment limits of the Company and subsidiary companies: 1. The investment for non-business real estate <u>and right-of-use assets</u> or the total amount of the securities which is anticipate be sold in the short-term shall be limited no more than <u>net worth</u> of the Company. Individually purchase non-business real estate <u>and right-of-use assets</u> or the investment amount of the securities which will be sold in the short-term shall be limited no more than 50% of the total purchasable amount. (The following omitted)	Include right-of-use assets in calculation of limits to comply with the provisions of IFRS 16: Leases

Resolution:

Item 6

Proposal: Proposal for Release the Prohibition on Directors Chen, Ruey-Long and Shyu, Jyuo-Min from Participation in Competitive Business.

Explanation: (1) According to provisions of Company Act Article 209 Item 1, a director who does anything for himself or on behalf of another person that is within the scope of the company's business, shall explain to the meeting of shareholders the essential contents of such an act and secure its approval.

(2) The meeting of shareholders on June 16, 2017 approved that the prohibition of business strife on current directors were lifted from the on board date. Proposal for release the prohibition on current director from participation in competitive business. Please refer the list of current director's new position in other companies below.

List of Current Director's New Position in Other Companies

Position	Name	Serve in other Company	Position in other company
Independent director	Chen, Ruey-Long	Powerchip Semiconductor Manufacturing Corporation	Director
Independent director	Shyu, Jyuo-Min	United Microelectronics Corporation	Independent director

Resolution:

E. Extraordinary Motions

F. Adjournment

Appendix 1

Business Report

Honorable ladies and gentlemen, welcome to be present in the 2019 Shareholders' meeting of Inventec Corporation. The comprehensive impacts of the trade war between China and The United States, fluctuations in exchange rate and Brexit development have led the market recovery in uncertain sentiment for the World's major economies. Due to the profound influence of the trade war between China and The United States on the global economy, the worldwide industry chain faces challenge of readjustment on optimization of industrial layout, and the information industry also embraces the severe adaption consequently. However, Inventec continues actively to implement resource integration and provide customers with superb products of core competency on the basis of its strong R&D capability along with the manufacturing advantage on the skill of software and hardware. Thanks to the efforts of all our employees, we had achieved performance growth for the past four years and had more than TWD 500 billion turnover for the first time in 2018. The business performance of 2018 and the business plan and outlook of 2019 are described as follows:

Business performance report for year 2018:

Regarding revenue and profit in 2018, the consolidated revenue reached more than TWD \$506.8 billion, 8.42% growth compared with 2017 (Consolidated revenue of TWD 467.5 billion). Consolidated pre-tax operating profit was more than TWD 8.1 billion, indicating a growth of 13.17% compared with 2017. The after-tax net profit attributable to the parent company's shareholders was more than TWD 6.4 billion, a slight decrease compared with the previous year due to the influence of product portfolio factors; consolidated after-tax earnings per share was TWD 1.81, decreasing from the previous year (2017) when it was TWD 1.88.

Overall, the performance growth of 2018 continues to be attributed to the customer product layout and differentiated operation of the group's manufacturing process. Of those, the revenue of the company's main product, the notebook computer which was about TWD 232.0 billion, increased by 14.46% compared with the same period last year due to increasing business demand. The revenue of server products was about TWD 181.0 billion, indicating 10.76% growth compared with the same period last year due to actively developing new customers and new products. With the impact of market demand and extreme production capacity, the operating revenue of smart device products was TWD 85.6 billion, which is generally in line with that of the same period last year. Since the overall industry outlook is still pessimistic with a stagnant market, despite having approximately TWD 8 billion in revenue, the solar energy company of the group is continuously making efforts to adjust its resource allocation strategy in pursuit of future opportunities.

Corporate governance and corporate social responsibility

Inventec prioritizes its reputation and thus operates with integrity and sustainability. Inventec espouses "innovation, quality, open mind, and execution" in its operations and maximum asset accumulation during operation as its business philosophy. The company abides by corporate governance internally and practices corporate citizenship externally. With its high regard for corporate governance and its various implementation forms, Inventec was ranked among the top 5% of the most

excellent corporate-governance companies for four consecutive years of Corporate Governance Assessment. In the spirit of "one more responsibility, one more concern", we will continue to improve corporate governance by strengthening the functional committee of the board and establishing a corporate governance organization, in addition to continuing to serve society, contributing to society, and fulfilling our corporate social responsibility through Inventec Group Charity Foundation.

Impact of external competition, the regulatory environment, and the overall operating environment and countermeasures

In 2018, a challenging year, performance was affected by significant changes in the political and economic environment, the exchange rate, and the business cycle. Despite facing adverse condition of the trade war between The United States and China, Inventec has still managed good performance by changing its operating plan and adjusting its production line layout. Inventec continues to maintain an experimental spirit and actively seeks transformation and innovation to overcome changes in both the external and internal environment and achieve its objectives and plans.

Business plan and future prospect for year 2019

Inventec focuses on software and hardware integration and develops high-quality and efficient products through its strong R&D capability and efficient operations team to meet customer needs. The specific implementation policy is divided into the following aspects:

- (1) Product business: As the leader of high-end laptop design and professional manufacturing in the past years, Inventec endeavors to continue thorough customer development, improve product average prices, and maintain the same level of operations. With regard to server business development, driven by the strong capital expenditure of major global network technology enterprises and the continuous demand from data centers, this year, the company will expand its cooperation with strategic partners and focus on designing and manufacturing a new generation of platforms to enhance operation performance. As for intelligent device products, based on its accumulated experience in smart terminal, broadband, and acoustic fields, the company expects to achieve more diversified development.
- (2) Product technology: The company will continuously invest in the key technology fields of ABCD5 (Artificial Intelligence, Blockchain, Cloud Computing, Big Data, and 5G), including the artificial intelligence application research center deployed in Taiwan, integrate resources of all factories and 5G application research and development, and simultaneously recruit talents in related fields to develop in the direction of new trends.
- (3) Establishment of smart factory: Detailed strategies and development plans are respectively created according to four aspects: improvement on production process (industry 4.0), Toyota production system (TPS), lean six sigma (LSS), and production line automation (Automation).
- (4) Continue to focus and develop new businesses: The company will develop business opportunities in the automotive electronics and health care fields. The company will extensively develop product innovation to meet market demands.

With rapid changes in the global market and rapid technical development, Inventec will adopt three strategies, namely "customer satisfaction", "value creation, profit pursuit" and "promotion on younger talented executives" to foresee customers' needs, create value for customers, and pursue profits for the company's shareholders. We deeply believe that only by enhancing ability, quality, and customized service, our core competitiveness can be improved through the circular system of value creation value through knowledge for the company to create greater enterprise value for both shareholders and employees.

Best wishes to all of you !

Chairman: Cho, Tom-Hwar

President: Wu, Yung-Tsai

Accounting Officer: Yu, Chin-Pao

Audit Committee's Review Report

Date: Mar.26, 2019

The Board of Directors has prepared and submitted to us the Company's 2018 Business Report, Financial Statements and proposal for profit distribution. The Financial Statements have been audited, certified and issued an audit report by Wan-Wan Lin and Liu-Fong Yang of KPMG Certified Public Accountants. The Business Report, Financial Statements and profit distribution proposal have been reviewed and determined to be correct and accurate by the Audit Committee members. According to Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act, we hereby submit this report.

Inventec Corporation

Convener of the Audit Committee: Chang, Chang-Pang

Appendix 3-Independent Auditors' Report and Individual Financial Statements for Year 2018
Independent Auditors' Report

To the Board of Directors of Inventec Corporation:

Opinion

We have audited the financial statements of Inventec Corporation(“the Company”), which comprise the balance sheet as of December 31, 2018 and 2017, and the 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 a summary of significant accounting policies.

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

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Certification of Financial Statements by Certified Public Accountants and the 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 Financial Statements section of our report. We are independent of the Company in accordance with the Certified Public Accountants Code of Professional Ethics in Republic of China (“the Code”), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our opinion.

Key Audit Matters

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

1. Inventory Valuation

Please refer to Note 4(g), and Note 6(e) for accounting policies, and related disclosure information for inventory, respectively.

Description of the key audit matter:

The Company's materials may be obsolescence or slow-moving due to the risk of price decline in inventory, the material prepared for designing products and forecast orders may be canceled or changed, or changed on components and quantities. Therefore, the valuation of inventories has been identified as a key audit matter.

How the matter was addressed in our audit:

In relation to the key audit matter above, we have performed certain key audit procedures that included assessing the appropriateness of inventories valuation policies; ensuring the process of inventory valuation is in conformity with the accounting policies; inspecting the inventory aging report; recalculating estimation of inventory valuation based on the Company's policies.

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

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

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

Those charged with governance (including the Audit Committee) are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the 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 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 financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern.

If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the 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 investment in other entities accounted for using the equity method to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

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

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

The engagement partners on the audit resulting in this independent auditors' report are Wan-Wan Lin and Liu-Fong Yang.

KPMG

Taipei, Taiwan (Republic of China)
March 26, 2019

Notes to Readers

The accompanying parent company only financial statements are intended only to present the statement of financial position, financial performance and cash flows in accordance with the accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such parent company only financial statements are those generally accepted and applied in the Republic of China.

The independent auditors' report and the accompanying parent company only financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' report and parent company only financial statements, the Chinese version shall prevail.

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)
INVENTEC CORPORATION
BALANCE SHEETS
December 31, 2018 and 2017
(Expressed in Thousands of New Taiwan Dollars)

ASSETS		2018.12.31		2017.12.31		LIABILITIES AND EQUITY		2018.12.31		2017.12.31	
		Amount	%	Amount	%			Amount	%	Amount	%
Current Assets :						Current Liabilities :					
1100	Cash and cash equivalents (Notes (4) and (6)(a))	\$ 2,373,511	1	5,205,101	3	2100	Short-term borrowings (Note (6)(j))	\$ 25,244,660	14	14,167,878	9
1110	Current financial assets at fair value through profit or loss (Notes (4) and (6)(b))	71,557	-	23,286	-	2120	Current financial liabilities at fair value through profit or loss (Notes (4) and (6)(b))	4,958	-	21,669	-
1120	Current financial assets at fair value through other comprehensive income (Notes (4) and (6)(b))	479,397	-	-	-	2130	Current contract liabilities (Note (6)(p))	5,850,432	3	-	-
1125	Current available-for-sale financial assets, net (Notes (4) and (6)(b))	-	-	1,149,740	1	2170	Accounts payable	32,507,121	18	30,096,212	20
1170	Accounts receivable, net (Note (4) and (6)(c))	48,804,422	27	28,112,409	18	2180	Accounts payable due to related parties net (Note (7))	42,944,150	24	30,844,738	20
1180	Accounts receivable due from related parties, net (Notes (4), (6)(c) and (7))	28,667,039	16	40,524,564	26	2230	Current tax liabilities	954,793	1	318,516	-
1200	Other receivables, net (Notes (4), (6)(d) and (7))	52,978,971	30	28,735,991	19	2200	Other payables (Note (7))	5,767,304	3	5,265,263	3
1310	Inventories, manufacturing business, net (Notes (4) and (6)(e))	2,183,875	1	2,337,142	2	2322	Long-term borrowings, current portion (Note (6)(j))	250,000	-	-	-
1479	Other current assets, others (Notes (4) and (6)(i))	1,166,284	1	101,953	-	2399	Other current liabilities	5,506,148	3	8,523,323	6
		<u>136,725,056</u>	<u>76</u>	<u>106,190,186</u>	<u>69</u>	2313	Deferred income	-	-	3,628,059	2
Non-current assets :						Non-current Liabilities :					
1517	Non-current financial assets at fair value through other comprehensive income (Notes 4 and 6(b))	312,865	-	-	-	2540	Long-term borrowings (Note (6)(j))	3,350,000	2	3,600,000	2
1523	Non-current available-for-sale financial assets, net (Notes (4) and (6)(b))	-	-	171,327	-	2640	Net defined benefit liability, non-current (Notes (4) and (6)(l))	633,815	-	657,784	1
1543	Non-current financial assets at cost, net (Notes (4) and (6)(b))	-	-	370,916	-	2670	Other non-current liabilities, others (Notes (4) and (6)(m))	1,303,771	1	948,627	1
1550	Investments accounted for using equity method, net (Notes (4) and (6)(f))	29,375,472	16	33,309,968	22			<u>5,287,586</u>	<u>3</u>	<u>5,206,411</u>	<u>4</u>
1600	Property, plant and equipment (Notes (4) and (6)(g))	11,531,196	7	12,407,998	8			<u>124,317,152</u>	<u>69</u>	<u>98,072,069</u>	<u>64</u>
1780	Intangible assets (Notes (4) and (6)(h))	74,619	-	80,691	-						
1900	Other non-current assets (Notes (4), (6)(i), (6)(m), (7) and (8))	1,662,425	1	1,223,820	1						
		<u>42,956,577</u>	<u>24</u>	<u>47,564,720</u>	<u>31</u>						
TOTAL ASSETS						TOTAL LIABILITIES AND EQUITY					
		<u>\$ 179,681,633</u>	<u>100</u>	<u>153,754,906</u>	<u>100</u>			<u>\$ 179,681,633</u>	<u>100</u>	<u>153,754,906</u>	<u>100</u>

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

(English Translation of Parent Company Only Financial Statements and Report Originally Issued in Chinese)
INVENTEC CORPORATION

STATEMENTS OF COMPREHENSIVE INCOME

For the Years Ended December 31, 2018 and 2017

(Expressed in Thousands of New Taiwan Dollars)

		2018		2017	
		Amount	%	Amount	%
4110	Total sales revenue (Notes (4), (6)(p), (6)(q) and (7))	\$ 348,798,356	100	323,126,751	100
5000	Total operating costs (Notes (4), (6)(e) and (7))	334,753,253	96	309,064,140	96
	Gross profit from operations	14,045,103	4	14,062,611	4
5910	Less: Unrealized profit (loss) from sales (Note (7))	18,889	-	13,751	-
5920	Add: Realized profit (loss) from sales (Note (7))	13,751	-	15,140	-
	Gross profit from operations	14,039,965	4	14,064,000	4
	Operating expenses (Notes (4)(r)):				
6100	Selling expenses	1,595,103	-	1,764,145	-
6200	Administrative expenses	1,794,062	1	1,970,354	1
6300	Research and development expenses	5,036,707	1	4,770,947	1
6450	Expected credit loss (gain)	6,267	-	-	-
	Total operating expenses	8,432,139	2	8,505,446	2
	Net operating income	5,607,826	2	5,558,554	2
	Non-operating income and expenses (Notes (4), (6)(f) and (6)(s)):				
7010	Other income	63,464	-	44,445	-
7020	Other gains and losses, net	1,093,732	-	(7,797)	-
7050	Finance costs, net	(1,151,655)	-	(737,112)	-
7775	Share of profit (loss) of subsidiaries, associates and joint ventures accounted for using equity method	1,978,533	-	3,053,598	-
	Total non-operating income and expenses	1,984,074	-	2,353,134	-
7900	Profit from continuing operations before tax	7,591,900	2	7,911,688	2
7950	Less: Tax expense (Notes (4) and (6)(m))	1,092,044	-	1,156,776	-
	Profit for the period	6,499,856	2	6,754,912	2
	Other comprehensive income (loss):				
8310	Items that will not be reclassified subsequently to profit and loss				
8311	Remeasurements of defined benefit plans	(15,243)	-	(23,969)	-
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	(844,849)	-	-	-
8330	Share of other comprehensive income of subsidiaries, associates and joint ventures accounted for using equity method, components of other comprehensive income that will not be reclassified to profit or loss	(25,100)	-	(16,956)	-
8349	Less: Income tax benefit (expense) related to items that will not be reclassified subsequently	3,049	-	4,075	-
	Total items that will not be reclassified subsequently to profit and loss	(882,143)	-	(36,850)	-
8360	Items that will be reclassified to profit or loss				
8361	Exchange differences on translation	47,215	-	(111,394)	-
8362	Unrealized gains (losses) on valuation of available-for-sale financial assets	-	-	486,121	-
8380	Share of other comprehensive income of subsidiaries, associates and joint ventures accounted for using equity method, components of other comprehensive income that will be reclassified to profit or loss	(65,106)	-	(1,000,986)	-
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss	-	-	-	-
	Total items that will be reclassified subsequently to profit and loss	(17,891)	-	(626,259)	-
	Other comprehensive income (net of tax)	(900,034)	-	(663,109)	-
8500	Total comprehensive income	\$ 5,599,822	2	6,091,803	2
	Earnings per share attributable to stockholders of parent (Notes (4) and (6)(o))				
9750	Basic earnings per share (NT dollars)	\$ 1.81		1.88	
9850	Diluted earnings per share (NT dollars)	\$ 1.80		1.87	

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

(English Translation of Parent Company Only Financial Statements and Report Originally Issued in Chinese)
INVENTEC CORPORATION

STATEMENTS OF CHANGES IN EQUITY
For the Years Ended December 31, 2018 and 2017
(Expressed in Thousands of New Taiwan Dollars)

	Capital Stock		Retained Earnings			Other Equity Interest			Total Equity
	Share Capital	Capital Surplus	Legal Reserve	Special reserve	Unappropriated Retained Earnings	Exchange Differences on Translation of Foreign Financial Statements	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Unrealized Gains (Losses) on Available for Sale Financial Assets	
Balance at January 1, 2017	\$ 35,874,751	2,913,096	8,910,416	-	6,575,897	222,227	-	296,486	54,792,873
Net income (loss) for the period	-	-	-	-	6,754,912	-	-	-	6,754,912
Other comprehensive income (loss) for the period	-	-	-	-	(36,850)	(1,194,586)	-	568,327	(663,109)
Total comprehensive income (loss) for the period	-	-	-	-	6,718,062	(1,194,586)	-	568,327	6,091,803
Appropriation and distribution of retained earnings:									
Legal reserve appropriated	-	-	563,712	-	(563,712)	-	-	-	-
Cash dividends of ordinary shares	-	-	-	-	(5,201,839)	-	-	-	(5,201,839)
Balance at December 31, 2017	35,874,751	2,913,096	9,474,128	-	7,528,408	(972,359)	-	864,813	55,682,837
Effects of retrospective application	-	-	-	-	647,702	-	218,474	(864,813)	1,363
Equity at beginning of period after adjustments	35,874,751	2,913,096	9,474,128	-	8,176,110	(972,359)	218,474	-	55,684,200
Net income (loss) for the period	-	-	-	-	6,499,856	-	-	-	6,499,856
Other comprehensive income (loss) for the period	-	-	-	-	(7,562)	(17,891)	(874,581)	-	(900,034)
Total comprehensive income (loss) for the period	-	-	-	-	6,492,294	(17,891)	(874,581)	-	5,599,822
Appropriation and distribution of retained earnings:									
Legal reserve appropriated	-	-	675,491	-	(675,491)	-	-	-	-
Special reserve appropriated	-	-	-	107,546	(107,546)	-	-	-	-
Cash dividends of ordinary shares	-	-	-	-	(5,919,334)	-	-	-	(5,919,334)
Changes in share of associates and joint ventures accounted for using equity method	-	(207)	-	-	-	-	-	-	(207)
Balance at December 31, 2018	\$ 35,874,751	2,912,889	10,149,619	107,546	7,966,033	(990,250)	(656,107)	-	55,364,481

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

INVENTEC CORPORATION

STATEMENTS OF CASH FLOWS

For the Years Ended December 31, 2018 and 2017

(Expressed in Thousands of New Taiwan Dollars)

	2018	2017
Cash flows from operating activities:		
Profit before income tax	\$ 7,591,900	7,911,688
Adjustments:		
Adjustments to reconcile profit before income tax to net cash provided by operating activities		
Depreciation expense	347,395	297,436
Amortization expense	542,980	540,161
Expected credit loss (gain) / provisions for bad debt expenses	6,267	331,955
Interest expense	1,151,655	737,112
Interest income	(63,464)	(44,445)
Dividend income	(28,866)	(36,502)
Share of profit of subsidiaries, associates and joint ventures accounted for using equity method	(1,978,533)	(3,053,598)
Loss on disposal of property, plant and equipment	7,218	11,748
Gain on disposal of investments	(64)	(1,094,768)
Unrealized foreign exchange (gain) loss	(253,809)	413,931
Total adjustments to reconcile profit	(269,221)	(1,896,970)
Changes in operating assets and liabilities:		
Changes in operating assets:		
Decrease in financial assets held for trading	-	68,130
Decrease in financial assets at fair value through profit or loss, mandatorily measured at fair value	40,555	-
Increase in accounts receivable	(9,178,676)	(9,933,366)
Increase in other receivables	(24,117,175)	(1,588,814)
Decrease (increase) in inventories	153,267	(1,673,331)
(Increase) decrease in other current assets	(60,079)	23,695
Total changes in operating assets	(33,162,108)	(13,103,686)
Changes in operating liabilities:		
(Decrease) increase in financial liabilities held for trading	(16,711)	21,669
Increase in contract liabilities	547,683	-
Decrease in notes payable	-	(12,132)
Increase in accounts payable	14,829,831	1,402,495
Increase in other payables	444,183	86,358
Decrease in other current liabilities	(1,619,093)	(172,927)
Decrease in net defined benefit liabilities	(39,212)	(75,350)
Increase in deferred income	-	660,388
Total changes in operating liabilities	14,146,681	1,910,501
Total changes in operating assets and liabilities	(19,015,427)	(11,193,185)
Total adjustments	(19,284,648)	(13,090,155)
Cash outflow generated from operations	(11,692,748)	(5,178,467)
Interest received	63,445	44,700
Dividends received	5,849,682	2,512,095
Interest paid	(1,068,934)	(724,523)
Income taxes paid	(207,354)	(1,211,682)
Net cash flows used in operating activities	(7,055,909)	(4,557,877)

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

INVENTEC CORPORATION

STATEMENTS OF CASH FLOWS (CONT'D)

For the Years Ended December 31, 2018 and 2017

(Expressed in Thousands of New Taiwan Dollars)

	<u>2018</u>	<u>2017</u>
Cash flows from investing activities:		
Proceeds from capital reduction of financial assets at fair value through other comprehensive income	2,765	-
Proceeds from disposal of available-for-sale financial assets	-	1,206,773
Proceeds from capital reduction of available-for-sale financial assets	-	11,264
Acquisition of financial assets at cost	-	(15,425)
Proceeds from disposal of investments accounted for using equity method	64	-
Proceeds from liquidation of investments accounted for using equity method	13,660	116
Acquisition of property, plant and equipment	(241,683)	(422,222)
Proceeds from disposal of property, plant and equipment	2,554	1,441
Acquisition of intangible assets	(252,421)	(284,870)
Proceeds from disposal of intangible assets	127	-
Increase in other non-current assets	(619,095)	(192,509)
Net cash flows (used in) from investing activities	<u>(1,094,029)</u>	<u>304,568</u>
Cash flows from financing activities:		
Increase in short-term borrowings	11,233,940	4,491,382
Proceeds from long-term borrowings	12,145,000	8,481,600
Repayments of long-term borrowings	(12,145,000)	(8,481,600)
Increase in other non-current liabilities	3,742	(7,185)
Cash dividends paid	(5,919,334)	(5,201,839)
Net cash flows from (used in) financing activities	<u>5,318,348</u>	<u>(717,642)</u>
Net decrease in cash and cash equivalents	(2,831,590)	(4,970,951)
Cash and cash equivalents at beginning of period	<u>5,205,101</u>	<u>10,176,052</u>
Cash and cash equivalents at end of period	<u>\$ 2,373,511</u>	<u>5,205,101</u>

Appendix 4-Independent Auditors' Report and Consolidated Financial Statements for Year 2018

Independent Auditors' Report

To the Board of Directors of Inventec Corporation:

Opinion

We have audited the consolidated financial statements of Inventec Corporation and its subsidiaries ("the Group"), which comprise the consolidated balance sheets as of December 31, 2018 and 2017, the 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 a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2018 and 2017, and its consolidated financial performance and its consolidated cash flows for the years ended December 31, 2018 and 2017 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the International Financial Reporting Standards ("IFRSs"), International Accounting Standards ("IASs"), Interpretations developed by the International Financial Reporting Interpretations Committee ("IFRIC") or the former Standing Interpretations Committee ("SIC") endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audit in accordance with the Regulations Governing Auditing and Certification of Financial Statements by Certified Public Accountants and the 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 Group in accordance with the Certified Public Accountants Code of Professional Ethics in Republic of China ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

1. Inventory Valuation

Please refer to Note 4(i) and Note 6(e) for accounting policies, and related disclosure information for inventory, respectively.

Description of the key audit matter:

The Group's materials may be obsolescence or slow-moving due to the risk of price decline in inventory, the material prepared for designing products and forecast orders may be canceled or changed, or changed on components and quantities. Therefore, the valuation of inventories has been identified as a key audit matter.

How the matter was addressed in our audit:

In relation to the key audit matter above, we have performed certain key audit procedures that included assessing the appropriateness of inventories valuation policies; ensuring the process of inventory valuation is in conformity with the accounting policies; inspecting the inventory aging report; recalculating estimation of inventory valuation based on the Group's policies.

2. The offsetting agreements of financial assets and liabilities

Please refer to Note 4(g), 6(b) and 6(x) for accounting policy and detailed information on the agreements of financial assets and liabilities offsetting.

Description of the key audit matter:

In order to use fund flexibly, the Group handled multiple kinds of financial instruments which IAS was endorsed by FSC to offset financial assets and liabilities and be reported in the balance sheet. The disclosure of financial instruments which are not expired on the reporting date would influence the judgment of report reader.

How the matter was addressed in our audit:

In relation to the key audit matter above, we have performed certain key audit procedures that included examining whether the amount of the signed contract were within the scope authorized by the Board of Directors; sampling transactions in 2017 to examine whether contracts were signed with banks; review the contracts to check if the regulation of offsetting criteria was met; and assessing whether the disclosure of financial assets and liabilities offsetting is appropriate.

Other Matter

Inventec Corporation has additionally prepared its parent company only financial statements as of and for the years ended December 31, 2018 and 2017, on which we have issued an unmodified opinion.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the IFRSs, IASs, IFRC, SIC endorsed and issued into effect by the 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 Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance (including the Audit Committee or supervisors) are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the 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 Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

The engagement partners on the audit resulting in this independent auditors' report are Wan-Wan Lin and Liu-Fong Yang.

KPMG

Taipei, Taiwan (Republic of China)

March 26, 2019

Notes to Readers

The accompanying consolidated financial statements are intended only to present the consolidated statement of financial position, financial performance and its cash flows in accordance with the accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such consolidated financial statements are those generally accepted and applied in the Republic of China.

The auditor' s report and the accompanying consolidated financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language auditor' s report and consolidated financial statements, the Chinese version shall prevail.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
INVENTEC CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
December 31, 2018 and 2017
(Expressed in Thousands of New Taiwan Dollars)

ASSETS		2018.12.31		2017.12.31		LIABILITIES AND EQUITY		2018.12.31		2017.12.31	
		Amount	%	Amount	%			Amount	%	Amount	%
Current Assets :						Current Liabilities :					
1100	Cash and cash equivalents (Notes (4) and (6)(a))	\$ 25,062,511	12	26,949,180	13	2100	Short-term borrowings (Note (6)(l))	\$ 31,301,280	15	36,605,498	18
1110	Current financial assets at fair value through profit or loss (Notes (4) and (6)(b))	2,467,479	1	125,376	-	2120	Current financial liabilities at fair value through profit or loss (Notes (4) and (6)(b))	4,958	-	21,669	-
1120	Current financial assets at fair value through other comprehensive income (Notes (4) and (6)(b))	479,397	-	-	-	2130	Current contract liabilities (Note (6)(s))	6,717,641	4	-	-
1125	Current available-for-sale financial assets, net (Notes (4) and (6)(b))	-	-	9,224,122	4	2170	Accounts payable	76,453,829	37	73,213,841	35
1170	Accounts receivable, net (Notes (4) and (6)(c))	92,234,720	45	78,596,479	38	2230	Current tax liabilities	2,389,874	1	1,683,273	1
1180	Accounts receivable due from related parties, net (Notes (4), (6)(c) and (7))	-	-	1,085	-	2200	Other payables (Note (7))	12,638,279	6	12,890,156	6
1200	Other receivables, net (Notes (4), (6)(d) and (7))	2,534,539	2	1,048,952	1	2322	Long-term borrowings, current portion (Note (6)(l))	556,670	-	387,609	-
1310	Inventories, manufacturing business, net (Notes (4) and (6)(e))	42,938,996	21	39,548,087	19	2399	Other current liabilities, others	10,629,884	5	13,648,540	7
1479	Other current assets, others (Notes (6)(k))	2,186,792	1	12,831,283	6	2313	Deferred income	-	-	4,379,968	2
		<u>167,904,434</u>	<u>82</u>	<u>168,324,564</u>	<u>81</u>			<u>140,692,415</u>	<u>68</u>	<u>142,830,554</u>	<u>69</u>
Non-current assets :						Non-current Liabilities :					
1517	Non-current financial assets at fair value through other comprehensive income (Notes (4) and (6)(b))	359,816	-	-	-	2540	Long-term borrowings (Note (6)(l))	3,409,061	2	3,965,731	2
1523	Non-current available-for-sale financial assets, net (Notes (4) and (6)(b))	-	-	171,327	-	2640	Net defined benefit liability, non-current (Notes (4) and (6)(n))	633,815	-	672,265	-
1543	Non-current financial assets at cost, net (Notes (4) and (6)(b))	-	-	432,441	-	2670	Other non-current liabilities, others (Notes (4) and (6)(o))	3,347,114	2	2,368,663	1
1550	Investments accounted for using equity method, net (Notes (4) and (6)(f))	273,356	-	326,957	-			<u>7,389,990</u>	<u>4</u>	<u>7,006,659</u>	<u>3</u>
1600	Property, plant and equipment (Notes (4) and (6)(h))	30,324,516	15	33,351,252	16		Total Liabilities	<u>148,082,405</u>	<u>72</u>	<u>149,837,213</u>	<u>72</u>
1760	Investment property, net (Notes (4) and (6)(i))	740,269	-	295,290	-						
1780	Intangible assets (Notes (4) and (6)(j))	885,307	-	892,416	-		Equity attributable to owners of parent :				
1900	Other non-current assets (Notes (4), (6)(k) and (6)(o))	5,316,224	3	4,973,580	3	3110	Ordinary share (Note (6)(p))	35,874,751	18	35,874,751	17
		<u>37,899,488</u>	<u>18</u>	<u>40,443,263</u>	<u>19</u>	3200	Capital surplus (Note (6)(p))	2,912,889	1	2,913,096	1
						3300	Retained earnings (Note (6)(p))	18,223,198	9	17,002,536	8
						3400	Other equity interest (Note (6)(p))	(1,646,357)	(1)	(107,546)	-
							Total equity attributable to owners of parent	<u>55,364,481</u>	<u>27</u>	<u>55,682,837</u>	<u>26</u>
						36XX	Non-controlling interests	2,357,036	1	3,247,777	2
							Total Equity	<u>57,721,517</u>	<u>28</u>	<u>58,930,614</u>	<u>28</u>
TOTAL ASSETS		<u>\$ 205,803,922</u>	<u>100</u>	<u>208,767,827</u>	<u>100</u>	TOTAL LIABILITIES AND EQUITY		<u>\$ 205,803,922</u>	<u>100</u>	<u>208,767,827</u>	<u>100</u>

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

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
INVENTEC CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
For the years ended December 31, 2018 and 2017
(Expressed in Thousands of New Taiwan Dollars)

		For the years ended December 31,			
		2018		2017	
		Amount	%	Amount	%
4110	Total sales revenue (Notes (4), (6)(s), (6)(t) and (7))	\$ 506,884,018	100	467,512,347	100
5000	Total operating costs (Notes (4) and (7))	483,002,434	95	442,473,204	94
	Gross profit from operations	23,881,584	5	25,039,143	6
	Operating expenses (Notes (6)(c), (6)(d) and (6)(u)):				
6100	Selling expenses	2,712,807	-	2,616,051	1
6200	Administrative expenses	4,887,598	1	4,865,079	1
6300	Research and development expenses	8,805,994	2	8,828,444	2
6450	Expected credit loss (gain)	(15,530)	-	-	-
6400	Total operating expenses	16,390,869	3	16,309,574	4
	Net operating income	7,490,715	2	8,729,569	2
	Non-operating income and expenses:				
7010	Other income (Note (6)(v))	1,161,902	-	1,492,666	-
7020	Other gains and losses, net (Note (6)(v))	1,259,503	-	(1,628,771)	-
7050	Finance costs, net (Note (6)(v))	(1,768,283)	-	(1,369,088)	-
7060	Share of profit (loss) of associates and joint ventures accounted for using equity method, net (Notes (4) and (6)(f))	(10,575)	-	(37,928)	-
	Total non-operating income and expenses	642,547	-	(1,543,121)	-
7900	Profit from continuing operations before tax	8,133,262	2	7,186,448	2
7950	Less: Tax expense (Notes (4) and (6)(o))	2,814,266	1	2,849,410	1
	Profit for the period	5,318,996	1	4,337,038	1
	Other comprehensive income (loss):				
8310	Items that will not be reclassified subsequently to profit and loss				
8311	Remeasurements of defined benefit plans	(10,279)	-	(43,111)	-
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	(847,613)	-	-	-
8320	Share of other comprehensive income of associates and joint ventures accounted for using equity method, components of other comprehensive income that will not be reclassified to profit or loss	(30,865)	-	177	-
8349	Less: Income tax benefit (expense) related to items that will not be reclassified subsequently	3,804	-	6,729	-
	Total items that will not be reclassified subsequently to profit and loss	(884,953)	-	(36,205)	-
8360	Items that will be reclassified to profit or loss				
8361	Exchange differences on translation	(30,094)	-	(1,191,478)	-
8362	Unrealized gains (losses) on valuation of available-for-sale financial assets	-	-	568,327	-
8370	Share of other comprehensive income of associates and joint ventures accounted for using equity method, components of other comprehensive income that will be reclassified to profit or loss	270	-	(474)	-
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss	-	-	-	-
	Total items that will be reclassified subsequently to profit and loss	(29,824)	-	(623,625)	-
	Other comprehensive income (net of tax)	(914,777)	-	(659,830)	-
8500	Total comprehensive income	\$ 4,404,219	1	3,677,208	1
	Profit (loss), attributable to:				
8610	Profit (loss), attributable to owners of parent	\$ 6,499,856	1	6,754,912	2
8620	Profit (loss), attributable to non-controlling interests	(1,180,860)	-	(2,417,874)	(1)
		\$ 5,318,996	1	4,337,038	1
	Comprehensive income attributable to:				
8710	Comprehensive income, attributable to owners of parent	\$ 5,599,822	1	6,091,803	1
8720	Comprehensive income, attributable to non-controlling interests	(1,195,603)	-	(2,414,595)	-
		\$ 4,404,219	1	3,677,208	1
	Earning per share attributable to stockholders of parent (Notes (4) and (6)(r))				
9750	Basic earnings per share (NT dollars)	\$ 1.81		1.88	
9850	Diluted earnings per share (NT dollars)	\$ 1.80		1.87	

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

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
REVIEWED ONLY, NOT AUDITED IN ACCORDANCE WITH GENERALLY ACCEPTED AUDITING STANDARDS

INVENTEC CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For the Years Ended December 31, 2018 and 2017

(Expressed in Thousands of New Taiwan Dollars)

	Equity attributable to owners of parent										
	Capital Stock					Other Equity Interest					Total Equity
						Retained Earnings					
Share Capital	Capital Surplus	Legal Reserve	Special reserve	Unappropriated Retained Earnings	Exchange Differences on Translation of Foreign Financial Statements	Equity attributable to owners of parent	Non - controlling interests	Total Equity			
Balance at January 1, 2017	\$ 35,874,751	2,913,096	8,910,416	-	6,575,897	222,227	-	296,486	54,792,873	5,714,389	60,507,262
Net income (loss) for the period	-	-	-	-	6,754,912	-	-	-	6,754,912	(2,417,874)	4,337,038
Other comprehensive income (loss) for the period	-	-	-	-	(36,850)	(1,194,586)	-	568,327	(663,109)	3,279	(659,830)
Total comprehensive income (loss) for the period	-	-	-	-	6,718,062	(1,194,586)	-	568,327	6,091,803	(2,414,595)	3,677,208
Appropriation and distribution of retained earnings:											
Legal reserve appropriated	-	-	563,712	-	(563,712)	-	-	-	-	-	-
Cash dividends of ordinary shares	-	-	-	-	(5,201,839)	-	-	-	(5,201,839)	-	(5,201,839)
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	(52,017)	(52,017)
Balance at December 31, 2017	35,874,751	2,913,096	9,474,128	-	7,528,408	(972,359)	-	864,813	55,682,837	3,247,777	58,930,614
Effects of retrospective application	-	-	-	-	647,702	-	218,474	(864,813)	1,363	-	1,363
Equity at beginning of period after adjustments	35,874,751	2,913,096	9,474,128	-	8,176,110	(972,359)	218,474	-	55,684,200	3,247,777	58,931,977
Net income (loss) for the period	-	-	-	-	6,499,856	-	-	-	6,499,856	(1,180,860)	5,318,996
Other comprehensive income (loss) for the period	-	-	-	-	(7,562)	(17,891)	(874,581)	-	(900,034)	(14,743)	(914,777)
Total comprehensive income (loss) for the period	-	-	-	-	6,492,294	(17,891)	(874,581)	-	5,599,822	(1,195,603)	4,404,219
Appropriation and distribution of retained earnings:											
Legal reserve appropriated	-	-	675,491	-	(675,491)	-	-	-	-	-	-
Special reserve appropriated	-	-	-	107,546	(107,546)	-	-	-	-	-	-
Cash dividends of ordinary shares	-	-	-	-	(5,919,334)	-	-	-	(5,919,334)	-	(5,919,334)
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	304,655	304,655
Others	-	(207)	-	-	-	-	-	-	(207)	207	-
Balance at December 31, 2018	\$ 35,874,751	2,912,889	10,149,619	107,546	7,966,033	(990,250)	(656,107)	-	55,364,481	2,357,036	57,721,517

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

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

INVENTEC CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the Years Ended December 31, 2018 and 2017

(Expressed in Thousands of New Taiwan Dollars)

	<u>2018</u>	<u>2017</u>
Cash flows from operating activities:		
Profit before income tax	\$ 8,133,262	7,186,448
Adjustments:		
Adjustments to reconcile profit before income tax to net cash provided by operating activities		
Depreciation expense	3,474,042	3,938,810
Amortization expense	1,006,415	882,316
Expected credit loss (gain) / provisions for bad debt expenses	(15,530)	23,323
Interest expense	1,768,283	1,369,088
Interest income	(1,161,902)	(1,492,666)
Dividend income	(30,675)	(36,502)
Share of losses of associates and joint ventures accounted for using equity method	10,575	37,928
(Gain) loss on disposal of property, plant and equipment	(57,338)	197,801
Gain on disposal of investments	(37,428)	(1,182,665)
Impairment loss on financial assets	-	19,200
Impairment loss on non-financial assets	155,168	3,050,636
Unrealized foreign exchange gain	(59,944)	(87,558)
Others	11,045	290
Total adjustments to reconcile profit	<u>5,062,711</u>	<u>6,720,001</u>
Changes in operating assets and liabilities:		
Changes in operating assets:		
Decrease in financial assets held for trading	-	63,584
Increase in financial assets at fair value through profit or loss, mandatorily measured at fair value	(404,343)	-
Increase in accounts receivable	(15,075,146)	(6,034,197)
(Increase) decrease in other receivables	(1,740,079)	303,180
Increase in inventories	(2,642,456)	(9,130,624)
Decrease (increase) in other current assets	525,278	(98,294)
Total changes in operating assets	<u>(19,336,746)</u>	<u>(14,896,351)</u>
Changes in operating liabilities:		
(Decrease) increase in financial liabilities held for trading	(16,710)	21,563
Increase in contract liabilities	479,640	-
Decrease in notes payable to related parties	-	(12,132)
Increase in accounts payable	3,728,140	4,236,702
(Decrease) increase in other payables	(292,519)	337,731
(Decrease) increase in other current liabilities	(1,512,461)	442,245
Decrease in net defined benefit liabilities, non-current	(47,958)	(114,589)
Increase in deferred income	-	807,847
Total changes in operating liabilities	<u>2,338,132</u>	<u>5,719,367</u>
Total changes in operating assets and liabilities	<u>(16,998,614)</u>	<u>(9,176,984)</u>
Total adjustments	<u>(11,935,903)</u>	<u>(2,456,983)</u>
Cash (outflow) inflow generated from operations	(3,802,641)	4,729,465
Interest received	1,490,071	1,046,193
Dividends received	30,675	36,913
Interest paid	(1,804,736)	(990,179)
Income taxes paid	(1,448,917)	(2,556,526)
Net cash flows (used in) from operating activities	<u>(5,535,548)</u>	<u>2,265,866</u>

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

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
INVENTEC CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS (CONT'D)

For the Years Ended December 31, 2018 and 2017

(Expressed in Thousands of New Taiwan Dollars)

	<u>2018</u>	<u>2017</u>
Cash flows from investing activities:		
Proceeds from capital reduction of financial assets at fair value through other comprehensive income	2,765	-
Acquisition of financial assets at fair value through profit or loss	(11,108,576)	-
Proceeds from disposal of financial assets at fair value through profit or loss	17,379,361	-
Acquisition of available-for-sale financial assets	-	(18,409,063)
Proceeds from disposal of available-for-sale financial assets	-	13,515,870
Proceeds from capital reduction of available-for-sale financial assets	-	11,264
Acquisition of financial assets at cost	-	(17,798)
Disposal of financial assets at cost	-	53,742
Proceeds from liquidation of investments accounted for using equity method	30,822	-
Acquisition of property, plant and equipment	(1,916,305)	(2,653,868)
Proceeds from disposal of property, plant and equipment	69,311	257,527
Acquisition of intangible assets	(255,741)	(286,912)
Net cash inflows from business combination	-	17,236
Effect on lost of control over subsidiary's cash	-	(92,707)
Decrease (increase) in other financial assets	11,192,526	(8,915,024)
Increase in other non-current assets	(1,264,816)	(1,778,813)
Net cash flows from (used in) investing activities	<u>14,129,347</u>	<u>(18,298,546)</u>
Cash flows from financing activities:		
(Decrease) increase in short-term borrowings	(4,567,702)	22,553,371
Proceeds from long-term borrowings	12,145,000	8,789,940
Repayments of long-term borrowings	(12,532,609)	(8,911,700)
Increase (decrease) in other non-current liabilities	51,139	(5,888)
Cash dividends paid	(5,919,334)	(5,201,839)
Change in non-controlling interests	288,072	(19,914)
Net cash flows (used in) from financing activities	<u>(10,535,434)</u>	<u>17,203,970</u>
Effect of exchange rate changes on cash and cash equivalents	54,966	(194,554)
Net (decrease) increase in cash and cash equivalents	(1,886,669)	976,736
Cash and cash equivalents at beginning of period	<u>26,949,180</u>	<u>25,972,444</u>
Cash and cash equivalents at end of period	<u>\$ 25,062,511</u>	<u>26,949,180</u>

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

Appendix 5

Inventec Corporation
Profit Distribution Table
Year 2018

Unit: NTD \$

Items:	Total amount
Beginning retained earnings	826,036,498
Adjustments for new standards of IFRS	647,702,487
Less: Defined benefit plans remeasurement	(7,561,759)
Add: Net profit after tax	6,499,856,254
Less: 10% legal reserve	(649,985,625)
Less: Special Reserve	(1,538,810,899)
Distributable net profit	5,777,236,956
Less: Distributable items:	
Cash Dividend to shareholders (NT\$1.5 per share)	(5,381,212,599)
Unappropriated retained earnings	396,024,357

Inventec Corporation
Articles of Incorporation
(Before Amendments)

discrepancy arises between the two versions, the Chinese version shall prevail.)

CHAPTER 1. GENERAL PROVISIONS

Article 1

This Company is incorporated under the Company Act, with the name of Inventec Corporation.

Article 2

The business scope of the Company is as following:

- 1、CC01030 Electric Appliance and Audiovisual Electric Products Manufacturing
- 2、CC01060 Wired Communication Equipment and Apparatus Manufacturing
- 3、CC01070 Telecommunication Equipment and Apparatus Manufacturing
- 4、CC01080 Electronic Parts and Components Manufacturing
- 5、CC01101 Restrained Telecom Radio Frequency Equipments and Materials Manufacturing.
- 6、CC01110 Computers and Computing Peripheral Equipments Manufacturing
- 7、CC01990 Electrical Machinery, Supplies Manufacturing.
- 8、CE01030 Photographic and Optical Equipment Manufacturing
- 9、CE01040 Watches and Clocks Manufacturing
- 10、F113010 Wholesale of Machinery
- 11、F113020 Wholesale of Household Appliance
- 12、F119010 Wholesale of Electronic Materials
- 13、F401010 International Trade
- 14、F401021 Restrained Telecom Radio Frequency Equipments and Materials Import
- 15、I301010 Software Design Services
- 16、I301020 Data Processing Services
- 17、CB01010 Machinery and Equipment Manufacturing
- 18、CC01120 Data Storage Media Manufacturing and Duplicating
- 19、H701010 Residence and Buildings Lease Construction and Development
- 20、H701020 Industrial Factory Buildings Lease Construction and Development
- 21、H701040 Specialized Field Construction and Development
- 22、H703090 Real Estate Commerce

- 23、 H703100 Real Estate Rental and Leasing
- 24、 CF01011 Medical devices Manufacturing
- 25、 F108031 Wholesale of Medical devices
- 26、 F208031 Medical devices Retailing
- 27、 ZZ99999 All business items that are not prohibited or restricted by law, except those that are subject to special approval.

Article 3

The Company may provide guarantee as necessary for the business.

Article 4

The Company has its head office in Taipei City, and the Company may establish branches in and out of this country. The total amount of the investments of the Company by a resolution of the board of directors is not subject to the limit of 40% of its paid-in capital unless the laws provide otherwise.

Article 5

The method of the public announcement of the Company shall be made in accordance with Article 28 of the Company Act.

CHAPTER II. SHARES

Article 6

The authorized capital of the Company is NTD 36,500,000,000, divided into 3,650,000,000 shares, at a par value of NTD 10 per share. The registered capital keeps NTD 200,000,000 divided into 20,000,000 shares provided for exercise of the option of stock option certificates, The shares which have not been issued would be authorized to board of directors to issue in installments.

Article 7

The registered shares of the Company may be made without physical certificates. Nevertheless, the stock of the Company shall be registered with the securities centralized depository institution.

Article 8

The shareholders of the Company shall fill in the signature card and deliver to the Company or the shares affairs agent of the Company for record, receive dividend and exercise the shareholders' rights.

Article 9

The shareholders of the Company shall conduct shares related affairs or exercise other relevant rights, such as transfer ,pledged, reporting of loss ,inheritance ,gift or change of address, etc. in accordance with the Regulations Governing the Administration of Shareholder Services of Public Companies unless the laws, regulations or securities regulation rules provide otherwise.

Article 10

The shareholders' register shall be closed during 60 days prior to the date of an ordinary shareholders' meeting, 30 days prior to the date of an extraordinary shareholders' meeting, or five days period prior to the record dates for distribution of dividends, bonuses or other benefits of the Company.

CHAPTER III. SHAREHOLDER'S MEETING

Article 11

The Company's shareholders' meeting shall be of two types, ordinary shareholders' meeting and extraordinary shareholders' meeting. Ordinary shareholders' meeting shall be convened once a year, and shall be convened within six months after close of each fiscal year. Extraordinary shareholders' meeting shall be convened when necessary in accordance with the relevant laws and regulations. A notice to convene an ordinary meeting of shareholders shall be given to each shareholder no later than 30 days prior to the scheduled meeting date. Such notice may be publicly announced, provided that for the shareholders who hold less than 1,000 shares.

Article 12

Shareholder may attend the meeting by proxy with the signature or seal by executing a power of attorney printed by the Company stating therein the scope of power authorized to the proxy. The proxy for attending the shareholders' meeting shall be handled in accordance with the Regulations Governing the Use of Proxies for Attendance at Shareholder Meetings of Public Companies promulgated by the competent authority.

Article 13

Except those shares for which the voting rights are restricted or excluded as stipulated in Article 179 of the Company Act where there is no voting right for a share, each shareholder of the Company shall have one vote for each share held.

Article 14

Unless otherwise specified in the Company Act, resolutions at a shareholders' meeting

shall be adopted by a majority vote of the shareholders present in person, who represent more than one-half of the total number of voting shares. A shareholder who exercises his voting right by way of electronic transmission shall be deemed to have attended the shareholders' meeting in person. Relevant procedures shall be handled in accordance with relevant regulations.

Article 15

Resolutions adopted at a shareholders' meeting shall be recorded in the minutes of the meeting, which shall be affixed with the signature or seal of the chairman of the meeting and shall be made in accordance with Article 183 of the Company Act.

CHAPTER IV. DIRECTORS AND AUDIT COMMITTEE

Article 16

The Company shall have seven to eleven directors (including not less than three independent directors). The term of their offices shall be three years. The Company establishes audit committee and the Audit Committee shall be composed of the entire number of independent directors. The election shall adopt the candidate nomination system which is conformed to the Article 192-1 of the Company Act, and the shareholders shall elect the directors from the list of the nominated candidates and the directors may be re-elected for consecutive terms. Independent and non-independent directors shall be elected at the same time but on separate ballots.

In case no election of new directors is effected after expiration of the term of office of existing directors, the term of office of out-going directors shall be extended until the time new directors have been elected and assumed their office. However, the competent authority may, ex officio, order the company to elect new directors within a given time limit; and if no re-election is effected after expiry of the given time limit, the out-going directors shall be discharged from such expiration date.

Total registered shares owned by the directors of the Company shall not be less than a specified percentage of the Rules and Review Procedures for Director and Supervisor Share Ownership Ratios at Public Companies stipulated by the competent securities authority subject to Article 26 of the Securities and Exchange Act.

Except where the Competent Authority has granted approval, the following relationships may not exist among more than half of a company's directors:

1. A spousal relationship.
2. A familial relationship within the second degree of kinship.

Article 17

When one-third of the directors are discharged, a special shareholders' meeting shall be convened by the Board of Directors within 60 days to elect new directors or supervisors to fill the vacancies. The term of office of the newly elected director shall be the same as the remaining term of the predecessor.

Article 18

The board of directors is composed of directors. The Chairman will be elected from among directors by a majority vote at a board meeting at which at least two-thirds of directors are present.

The Chairman shall perform his duties authorized by the Company Act or the resolution of the shareholders' meeting. The Chairman shall conduct the business of the Company in accordance with applicable laws and regulations, these Articles of Incorporation of the Company, the resolutions adopted at shareholders' meetings and resolutions adopted by the Board of Directors.

Article 19

Business policy of the Company and other important matters shall be decided by resolutions adopted by the Board of Directors. Any meeting of Board of Directors shall be convened by the Chairman of the Board of Directors who shall also be the chairman of the meeting, provided that the first meeting of each term of the Board of Directors shall be convened in accordance with Article 203 of the Company Act.

In case the chairman of the board of directors is on leave or absent or can not exercise his power and authority for any cause, the chairman of the board of directors shall designate one of the directors to act on his behalf. A board of directors shall meet at least quarterly. The reasons for calling a board of directors meeting shall be notified to each director at least seven days in advance. If the board meeting needs to be convened due to emergency, it may be convened at any time. In order to convene the board meeting, notice may be made by written notice, fax or e-mail.

Article 20

Unless otherwise provided for in the Company Act, resolutions of the board of directors shall be adopted by a majority of the directors at a meeting attended by a majority of the directors. If the directors cannot attend the board meeting for certain reasons, he/she may appoint another director as his/her proxy each time with a power of attorney stating the scope of authority with reference to the subjects to be discussed at the meeting and powers granted; provided that a director may act as the proxy for only one another director. The board meeting may be convened via video conference, and the directors

who attend the board meeting via video conference shall be deemed to have attended the meeting in person.

Article 21

Resolutions adopted at the meeting of the Board of Directors shall be recorded in the minutes and signed or sealed by the chairman. The minutes shall be distributed to each director within twenty days after the meeting. The meeting minutes shall record the discussion and resolution. The minutes shall be well preserved with the attendance book and proxy.

Article 22

The authority of the audit committee and the other compliance issues shall be made according to the relevant laws and regulations, and be determined by the board of directors.

Article 23

No matter net income or loss, the Company shall pay remuneration for all directors conduct the business of the company.

The remuneration of directors may be determined by taking into account their participation in the Company's business and their contribution value, and industry standards and the board meeting is authorized to resolve the amount of the remuneration. During the term of their offices, the Company may purchase liability insurance for the directors to indemnify the potential liabilities, according to the relevant laws, to be borne by the directors when they perform their duties for the Company.

CHAPTER V. MANAGERS

Article 24

The Company may appoint one general manager and more managerial personnel, such as business general manager, executive assistant general manager, senior assistant general manager and assistant general manager. The appointment, discharge and the remuneration of the managers shall be handled in accordance with Article 29 of the Company Act.

CHAPTER VI. ACCOUNTING

Article 25

At the close of each fiscal year, the board of directors shall prepare the following statements and records and then submit the same to the shareholders' meeting for recognition in accordance with legal procedures

1. Business Report,
2. Financial Statements, and
3. Proposal for distribution of profit or appropriation of losses.

Article 26

If the Company has a profit of the year shall distribute not less than 3% of the balance as remuneration to Employees and not more than 3% to Directors of the Corporation. However, require that earnings shall first be offset against any deficit. The Corporation may issue stock or distribute cash to employees and the qualification requirements including the employees of subsidiaries of the company. The conditions and measures set by the Board of Directors.

ARTICLE VII. SUPPLEMENTARY PROVISIONS

Article 27

If the Company has profit as a result of the yearly accounting closing, the Corporation shall first pay taxes, then offset its accumulated losses and set aside a legal capital reserve at 10% of the profits left over, until the accumulated legal capital reserve has equaled the paid-in capital of the Corporation then set aside special capital reserve in accordance with relevant laws or regulations or as requested by business. The remaining earnings along with accumulated retained earnings shall reserve appropriate quota depend on business demand, then distribute dividends according to shareholders' meeting resolution and the dividends shall not less than 10% of the current earnings. The dividend policy of the

Company consider capital requirements in the future, long-term investment plans needs to be adopted and stockholders' demand of cash inflow, if the Company has profit, dividends paid by cash shall not be less than 10% of the total dividends.

Article 28

If there is any matter not covered herein, the Company Act and the relevant laws and regulations shall govern.

Article 29

This Articles of Incorporation was established on April 15, 1975.

The first amendment was made on May 27, 1975.

The second amendment was made on November 16, 1976.

The third amendment was made on August 25, 1977.

The fourth amendment was made on March 1, 1978.

The fifth amendment was made on June 8, 1980.
The sixth amendment was made on April 28, 1981.
The seventh amendment was made on November 20, 1981.
The eighth amendment was made on December 13, 1981.
The ninth amendment was made on April 22, 1982.
The tenth amendment was made on May 7, 1982.
The eleventh amendment was made on May 25, 1982.
The twelfth amendment was made on June 15, 1982.
The thirteenth amendment was made on November 28, 1983.
The fourteenth amendment was made on November 12, 1984.
The fifteenth amendment was made on July 15, 1986.
The sixteenth amendment was made on September 29, 1986.
The seventeenth amendment was made on April 15, 1988.
The eighteenth amendment was made on August 26, 1988.
The nineteenth amendment was made on June 15, 1989.
The twentieth amendment was made on December 15, 1989.
The twenty-first amendment was made on April 7, 1990.
The twenty-second amendment was made on December 11, 1990.
The twenty-third amendment was made on May 18, 1991.
The twenty-fourth amendment was made on April 18, 1992.
The twenty-fifth amendment was made on April 10, 1993.
The twenty-sixth amendment was made on April 9, 1994.
The twenty-seventh amendment was made on December 2, 1994.
The twenty-eighth amendment was made on April 8, 1995.
The twenty-ninth amendment was made on April 13, 1996.
The thirtieth amendment was made on July 26, 1996.
The thirty-first amendment was made on April 24, 1997.
The thirty-second amendment was made on April 28, 1998.
The thirty-third amendment was made on April 29, 1999.
The thirty-fourth amendment was made on April 24, 2000.
The thirty-fifth amendment was made on April 27, 2001.
The thirty-sixth amendment was made on May 30, 2002.
The thirty-seventh amendment was made on May 30, 2003.
The thirty-eighth amendment was made on May 27, 2004.
The thirty-ninth amendment was made on June 14, 2005.
The forty amendment was made on June 15, 2006.
The forty-first amendment was made on June 13, 2007.
The forty-second amendment was made on June 13, 2008.

The forty-third amendment was made on June 16, 2009.

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

The forty-fifth amendment was made on June 9, 2011.

The forty-sixth amendment was made on June 18, 2012.

The forty-seventh amendment was made on June 13, 2013.

The forty-eighth amendment was made on June 12, 2014.

The forty-ninth amendment was made on June 20, 2016.

The fiftieth amendment was made on June 16, 2017.

The fiftieth-first amendment was made on June 14, 2018.

Appendix 7

Inventec Corporation **Rules of Procedure for Shareholders Meetings** (Before Amendments)

Article 1

To establish a strong governance system and sound supervisory capabilities for this Corporation's shareholders meetings, and to strengthen management capabilities, these Rules are adopted pursuant to the Corporate Governance Best Practice Principles for TWSE/GTSM Listed Companies.

Article 2

The Company's shareholders meeting shall be convened by the board of directors unless applicable laws and regulations provide otherwise.

The notice to convene a ordinary shareholders' meeting shall be given to each shareholder no later than 30 days prior to the scheduled meeting date. The notice of the shareholders meeting to be given by an issuer to shareholders who own less than 1,000 shares of nominal stocks may be given in the form on the MOPS no later than 30 days prior to the scheduled meeting date. The notice to convene a extraordinary shareholders' meeting shall be given to each shareholder no later than 15 days prior to the scheduled meeting date. The notice of the shareholders meeting to be given by an issuer to shareholders who own less than 1,000 shares of nominal stocks may be given in the form on the MOPS no later than 15 days prior to the scheduled meeting date

The cause(s) or subject(s) of a meeting of shareholders to be convened shall be indicated in the individual notice and the public notice to be given to shareholders.

The election or discharge of directors, the amendment of this Company's Articles of Incorporation, the dissolution, merger, or spin-off the Company, or the matters specified in Article 185, paragraph 1 of the Company Law, or Article 26-1 or Article 43-6 of the Securities and Exchange Law, or Article 56-1 or Article 60-2 of the Regulations Governing the Offering and Issuance of Securities by Securities Issuers shall be listed among the reasons for the meeting, and may not be proposed as extraordinary motions.

Article 3

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

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

Article 4

The venue for a shareholders meeting shall be the premises of this Corporation, or a place easily accessible to shareholders and suitable for a shareholders meeting. The meeting may begin no earlier than 9 a.m. and no later than 3 p.m. Full consideration shall be given to the opinions of the independent directors with respect to the place and time of the meeting.

Article 5

This Corporation shall specify in its shareholders meeting notices the time during which shareholder attendance registrations will be accepted, the place to register for attendance, and other matters for attention.

The time during which shareholder attendance registrations will be accepted, as stated in the preceding paragraph, shall be at least 30 minutes prior to the time the meeting commences. The place at which attendance registrations are accepted shall be clearly marked and a sufficient number of suitable personnel assigned to handle the registrations.

Shareholders and their proxies (collectively, "shareholders") shall attend shareholders meetings based on attendance cards, sign-in cards, or other certificates of attendance. No arbitrary requirements shall be imposed on shareholders to provide additional evidentiary documents beyond those showing eligibility to attend. Solicitors soliciting proxy forms shall also bring identification documents for verification.

This Corporation shall furnish the attending shareholders with an attendance book to sign, or attending shareholders may hand in a sign-in card in lieu of signing in.

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

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

Attendance and voting at shareholders meetings shall be calculated based on numbers of shares. The number of shares in attendance shall be calculated according to the shares indicated by the attendance book and sign-in cards handed in plus the number of shares whose voting rights are exercised by correspondence or electronically. With respect to resolutions of shareholders meetings, the number of shares held by a shareholder with no voting rights shall not be calculated as part of the total number of issued shares.

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

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

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

Article 6

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

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

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

Article 7

If a shareholders meeting is convened by the board of directors, the meeting shall be chaired by the chairman of the board. When the chairman of the board is on leave or for any reason unable to exercise the powers of the chairman, the chairman shall appoint one of the directors to act as chair. It is advisable that shareholders meetings convened by the board of directors be attended by a majority of the directors.

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

Article 8

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

of issued shares, a tentative resolution may be adopted pursuant to Article 175, paragraph 1 of the Company Act; all shareholders shall be notified of the tentative resolution and another shareholders meeting shall be convened within 1 month.

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

Article 9

Before speaking, an attending shareholder must specify on a speaker's slip the subject of the speech, his/her shareholder account number (or attendance card number), and account name. The order in which shareholders speak will be set by the chair.

A shareholder in attendance who has submitted a speaker's slip but does not actually speak shall be deemed to have not spoken. When the content of the speech does not correspond to the subject given on the speaker's slip, the spoken content shall prevail. When an attending shareholder is speaking, other shareholders may not speak or interrupt unless they have sought and obtained the consent of the chair and the shareholder that has the floor; the chair shall stop any violation.

Article 10

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

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

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

Article 11

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

Vote monitoring and counting personnel for the voting on a proposal shall be appointed by the chair, provided that all monitoring personnel shall be shareholders of this Corporation.

Vote counting for shareholders meeting proposals or elections shall be conducted in public at the place of the shareholders meeting. Immediately after vote counting has been completed, the results of the voting, including the statistical tallies of the numbers of votes, shall be announced on-site at the meeting, and a record made of the vote.

Article 12

A shareholder shall be entitled to one vote for each share held, except when the shares are restricted shares or are deemed non-voting shares. Except as otherwise provided in the Company Act and in this Corporation's articles of incorporation, the passage of a proposal shall require an affirmative vote of a majority of the voting rights represented by the attending.

At the time of a vote, for each proposal, the chair or a person designated by the chair shall first announce the total number of voting rights represented by the attending shareholders, followed by a poll of the shareholders. After the conclusion of the meeting, on the same day it is held, the results for each proposal, based on the numbers of votes for and against and the number of abstentions, shall be entered into the MOPS.

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

Article 13

When a meeting is in progress, the chair may announce a break based on time considerations. If a force majeure event occurs, the chair may rule the meeting temporarily suspended and announce a time when, in view of the circumstances, the meeting will be resumed.

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

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

Article 14

The election of directors or supervisors at a shareholders meeting shall be held in accordance with the applicable election and appointment rules adopted by this Corporation, and the voting results shall be announced on-site immediately, including the names of those elected as directors and the numbers of votes with which they were elected.

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

Article 15

Matters relating to the resolutions of a shareholders meeting shall be recorded in the meeting minutes. The meeting minutes shall be signed or sealed by the chair of the meeting pursuant to

Article 183 of the Company Act.

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

Article 16

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

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

Article 17

This Corporation may appoint its attorneys, certified public accountants, or related persons retained by it to attend a shareholders meeting in a non-voting capacity.

Article 18

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

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

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

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

Article 19

This Corporation, beginning from the time it accepts shareholder attendance registrations, shall make an uninterrupted audio and video recording of the registration procedure, the proceedings of the shareholders meeting, and the voting and vote counting procedures.

The recorded materials of the preceding paragraph shall be retained for at least 1 year. If, however,

a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the recording shall be retained until the conclusion of the litigation.

Article 20

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

(The Rules were amended on Jun. 16th, 2017.)

Inventec Corporation Regulations Governing Loaning of Funds

Article 1

The company shall comply with these Regulations when making loans to others.

Article 2

The company shall not loan funds to any of its shareholders or any other person except under the following circumstances:

1. Where an inter-company or inter-firm business transaction calls for a loan arrangement.
2. Where an inter-company or inter-firm short-term financing facility is necessary.

Article 3

Short-term financing facility refers to the following:

1. A company in which the company directly and indirectly holds more than 50% of the voting shares having a business need for short-term financing.
2. Where an inter-company or inter-firm short-term financing facility is necessary due to purchase of materials or operational needs..
3. Other approval by the board of directors.

Article 4

Financing amount shall not exceed 50% of the Company's net worth on the most current financial statements.

1. Where an inter-company or inter-firm short-term financing facility is necessary, provided that total financing amount shall not exceed 40% of the company's net worth of latest financial report , individual financing amount shall not exceed 50% of loanable funds.
2. Where funds are loaned for reasons of business dealings, shall consider whether the amount of a loan is commensurate to the total amount of trading between the two companies, provided that total financing amount shall not exceed 50% of the company's net worth of latest financial report, individual financing amount shall not exceed trading amount in recent year." Trading amount" means the amount of purchase or sale between the parties, whichever is higher.

The restriction in the preceding paragraph 1 shall not apply to loan made between foreign companies in which the company holds, directly or indirectly, 100% of the voting shares. Total financing amount shall not exceed 50% of the company's net worth of latest

financial report, individual financing amount shall not exceed 50% of loanable funds. The durations of loans means one year, or where the company's operating cycle exceeds one year, one operating cycle.

Article 5

Loans of funds between the public company and its subsidiaries, or between its subsidiaries, shall be submitted for a resolution by the board of directors pursuant to the Article 8, and the chairman may be authorized, for a specific borrowing counterparty, within a certain monetary limit resolved by the board of directors, and within a period not to exceed one year, to give loans in installments or to make a revolving credit line available for the counterparty to draw down. The "certain monetary limit" mentioned in the preceding paragraph shall be in compliance with Article 4. In addition, the authorized limit on loans extended by the company or any of its subsidiaries to any single entity shall not exceed 10% of the net worth on the most current financial statements of the lending company.

Article 6

The durations of loans means one year, or where the company's operating cycle exceeds one year, one operating cycle. The borrower has been already reimbursed of borrowing, if need to be renewed, should re- apply.

Article 7

Interest, as agreed interest rate, but didn't must be lower than bank short term loan rate or money market rate.

Article 8

When the borrower applies for a loan, the company shall evaluate its business conditions, finance finance and solvency , borrow purpose etc and create credit information by detailed review procedure. After signing by chairman and approval of the board of directors ,the company can lend to the borrower . Total financing amount reaches 2% or more than the Company's net worth as stated in its latest financial report shall be subject to the consent of audit committee and be submitted to board of director for a resolution.

Detailed review procedures, including:

1. The necessity of and reasonableness of extending loans to others.
2. Borrower credit status and risk assessment.
3. Impact on the company's business operations, financial condition, and shareholders' equity.
4. Whether collateral must be obtained and appraisal of the value thereof.

The company shall prepare a memorandum book for its fund-loaning activities and truthfully record the following information: borrower, amount, date of approval by the board of directors, lending/borrowing date, and matters to be carefully evaluated.

The company's internal auditors shall audit the Operational Procedures for Loaning Funds to Others and the implementation thereof no less frequently than quarterly and prepare written records accordingly. They shall promptly notify all the supervisors in writing of any material violation found.

Article 9

To ensure the creditor's rights of the company, the borrower should provide a promissory note in order to present to bank for payment. Besides, the company can request the borrower to provide the chattels, real property as collateral in necessary. Except for land and securities, the collateral should be insured.

Article 10

Above-mentioned loan funds to others, the finance should establish the detail ledger to post, its contents includes borrower name, amount and directorate resolution date, loan date and projected pay date, balance in the end of this month and pledge.

Article 11

The company shall announce and report the previous month's loan balances of its and subsidiaries by the 10th day of each month.

The company whose loans of funds reach one of the following levels shall announce and report such event within two days commencing immediately from the date of occurrence:

1. The aggregate balance of loans to others by the public company and its subsidiaries reaches 20% or more of the company's net worth as stated in its latest financial statement.
2. The balance of loans by the public company and its subsidiaries to a single enterprise reaches 10% or more of the company's net worth as stated in its latest financial statement.
3. The amount of new loans of funds by the company or its subsidiaries reaches NT\$10 million or more, and reaches 2% or more of the company's net worth as stated in its latest financial statement.

The company shall announce and report on behalf of any subsidiary thereof that is not a public company of the Republic of China any matters that such subsidiary is required to announce and report pursuant to subparagraph 3 of the preceding paragraph. The expression "public disclosure and filing" or "publicly disclose and

file" as used in this article means entering the information into the website specified by the FSC for the submission of electronic filings. Net worth under these Regulations means the balance sheet equity attributable to the owners of the parent company.

Article 12

After allocate funds, the company shall appraisal finances, operating and credit standing regularly of the borrower and sponsor. Where collateral is provided, changes in its values shall be noted, and any material change shall be immediately reported to the chairman and be dealt with according to the instruction to ensure the creditor's right. The company shall adopt appropriate conservatory measures when there is a likelihood of overdue claims

Article 13

The company's internal auditors shall audit the Procedures for Loaning Funds to Others and the implementation thereof no less frequently than quarterly and prepare written records accordingly. They shall promptly notify audit committee in writing of any material violation found.

The company shall comply with these Regulations when making loans to others. Any material violation found, punishment being imposed on the managers or personnel in charge.

Article 14

If, as a result of a change in circumstances, an entity for which loan is made does not meet the requirements of these Regulations or the loan balance exceeds the limit, the company shall adopt rectification plans and submit the rectification plans to audit committee, and shall complete the rectification according to the timeframe set out in the plan.

The company shall execute the following control activities when supervising its subsidiaries' audit management:

1. Where a subsidiary intends to loan funds to others, the company shall instruct it to formulate its own regulations which approved by resolution at a board meeting and the shareholders' meeting , and it shall comply with the regulations.
2. File statements of loaning of funds made by the subsidiaries for the preceding month each calendar month.
3. The company's internal audit shall conduct subsidiary audits. Upon submission of the audit findings and recommendations in reports, the company shall notify the audited subsidiary to make corrections and prepare follow-up reports.

Article 15

The regulations shall subject to the consent of audit committee, and submit to board of directors for a resolution and submit them for approval by the shareholders' meeting. The same shall apply to any amendments to the procedures, where any director expresses dissent and it is contained in the minutes or a written statement, the company shall submit the dissenting opinion for discussion by the shareholders' meeting.

(The Regulations were amended on Jun. 16th, 2017.)

Inventec Corporation

Regulations Making of Endorsements/Guarantees

Article 1

The company shall comply with the Regulations when making endorsements/guarantees.

Article 2

The term "endorsements/guarantees" as used in these Regulations refers to the following:

1. Financing endorsements/guarantees, including: Bill discount financing, Endorsement or guarantee made to meet the financing needs of another company, Issuance of a separate negotiable instrument to a non-financial enterprise as security to meet the financing needs of the company itself.
2. Customs duty endorsement/guarantee, meaning an endorsement or guarantee for the company itself or another company with respect to customs duty matters.
3. Any creation of a pledge or mortgage on its chattel or real property as security for the loans of another company.
4. Other endorsements/guarantees, meaning endorsements or guarantees beyond the scope of the above three subparagraphs.

Article 3

The company may make endorsements/guarantees for the following companies:

1. A company with which it does business.
2. A company in which the company directly and indirectly holds more than 50% of the voting shares.
3. A company that directly and indirectly holds more than 50% of the voting shares in the company.

Companies in which the company holds, directly or indirectly, 90% or more of the voting shares may make endorsements/guarantees for each other, and the amount of endorsements/guarantees may not exceed 10% of the net worth of the public company, provided that this restriction shall not apply to endorsements/guarantees made between companies in which the public company holds, directly or indirectly, 100% of the voting shares.

Where a public company fulfills its contractual obligations by providing mutual endorsements/guarantees for another company in the same industry or for joint builders for purposes of undertaking a construction project, or where all capital contributing shareholders make endorsements/ guarantees for their jointly invested company in

proportion to their shareholding percentages, or where companies in the same industry provide among themselves joint, such endorsements/guarantees may be made free of the restriction of the preceding two paragraphs.

Capital contribution referred to in the preceding paragraph shall mean capital contribution directly by the public company, or through a company in which the public company holds 100% of the voting shares.

Article 4

Total amount of endorsements/guarantees of the Company shall not exceed 50% of the net worth on the latest financial statement. Besides, the ceilings on the amount permitted to a single entity shall not exceed 50% of the net worth on the latest financial statement. Where an endorsement/guarantee is made due to needs arising from business dealings, the amount for lending to an individual entity shall not exceed the total transaction amount between the parties in the previous year.

Total amount of endorsements/guarantees of the Company and Subsidiary shall not exceed 50% of the Company's net worth on the latest financial statement. Besides, the ceilings on the amount permitted to a single entity shall not exceed 50% of the Company's net worth on the latest financial statement.

When process endorsements/guarantees, the Company shall review detailed procedures, including:

1. The necessity and reasonableness of endorsements/guarantees.
2. Credit status and risk assessment of endorsements/guarantees.
3. Impact on the Company's business operations, financial condition, and shareholders' equity.
4. Whether collateral must be obtained and appraisal of the value thereof. In addition, The Company shall have assessment records and obtain collateral after approved by the board of directors, or the board of directors may authorize the Chairman to decide such matters when the transaction is within a specified amount and then submit to the board of directors for ratification. The amount of endorsements/ guarantees reaches 5% or more than the company's net worth as stated in its latest financial statement, shall be subject to the consent of audit committee and be submitted to board of director for a resolution.

For circumstances in which an entity for the Company makes any endorsement/guarantee is a subsidiary whose net worth is lower than half of its paid-in capital, shall process according to relevant follow-up monitoring and control measures:

1. Subsidiary shall prepare the operational improvement plan to the Company.
2. Subsidiary shall regularly submit the execution of the improvement plan to the Company.

In the case of a subsidiary with shares having no par value or a par value other than NT\$10, for the paid-in capital in the calculation under preceding paragraph, the sum of the share capital plus paid-in capital in excess of par shall be substituted.

Where the Company needs to exceed the limits set out in the Regulations to satisfy its business requirements, and where the conditions set out in the Regulations are complied with, it shall obtain approval from the board of directors and half or more of the directors shall act as joint guarantors for any loss that may be caused to the company by the excess endorsement/guarantee. It shall also amend the Regulations accordingly and submit the same to the shareholders' meeting for ratification after the fact. If the shareholders' meeting does not give consent, the Company shall adopt a plan to discharge the amount in excess within a given time limit.

Article 5

The company shall execute the following control activities when supervising its subsidiaries' audit management:

1. Where a subsidiary intends to make endorsements/guarantees, the company shall instruct it to formulate its own regulations which approved by resolution at a board meeting and the shareholders' meeting, and it shall comply with the regulations.
2. File statements of endorsements/guarantees made by the subsidiaries for the preceding month each calendar month.
3. The company's internal audit shall conduct subsidiary audits. Upon submission of the audit findings and recommendations in reports, the company shall notify the audited subsidiary to make corrections and prepare follow-up reports.

Companies in which the company holds, directly or indirectly, 90% or more of the voting shares may make endorsements/guarantees according to Article 3 item 2 after reporting to the board of directors of the company

This restriction shall not apply to endorsements/guarantees made between companies in which the public company holds, directly or indirectly, 100% of the voting shares.

Where as a result of changes of condition the entity for which an endorsement/guarantee is made no longer meets the requirements of these Regulations, or the amount of endorsement/guarantee exceeds the limit, the company shall adopt rectification plans and submit the rectification plans to audit committee, and shall complete the rectification according to the timeframe set out in the plan.

Article 6

When the Company process or cancel endorsement/guarantee, the in-charge department shall file a guarantee application form or a cancellation form to specify name of the company, target, type, reason and amount, and submit to chairman to make decision.

Besides, the finance department shall record guarantee matters in account according to their nature. In addition, The Company shall prepare a memorandum containing its endorsement/guarantee activities and truthfully record the following information: the subject of the endorsement/guarantee, the name of the party for whom the endorsement/guarantee was made, the credit information, the result of the risk evaluation, the amount and the date of the endorsement/guarantee, the date of the Board of Director's resolution or Chairman's decision, the content of the Collateral, the condition and date for discharging the obligation of the endorsement/guarantee and other shall be carefully evaluated matters. The finance department shall prepare "classification statement of changes in amount of external endorsement/guarantee" of last month to Chairman at the beginning of every month. Besides, the finance department shall evaluate and record the contingent loss for endorsements/guarantees and disclose information regarding the endorsement/guarantee in the financial report and provide related information to the CPA for proceeding necessary audit procedure and issuing the proper audit report

Article 7

The Company shall use the company chop (hereinafter, the "Chop") which is registered with the Ministry of Economic Affairs for the use of endorsement and/or guarantee. The Chop shall be under the safekeeping of special personnel and may be used or to issue negotiable instruments only in accordance with internal procedures. The appointment and the change of the personnel safekeeping the Chop shall be approved by the Board of Directors. If the Company provides guarantees in favor of a foreign company, the guarantee agreement shall be signed by the person who was authorized by the Board of Directors

Article 8

The company shall announce and report the previous month's balance of endorsements/guarantees of itself and its subsidiaries by the 10th day of each month. The company whose balance of endorsements/guarantees reaches one of the following levels shall announce and report such event within two days commencing immediately from the date of occurrence:

1. The aggregate balance of endorsements/guarantees by the company and its subsidiaries reaches 50% or more of the public company's net worth as stated in its latest financial statement.
2. The balance of endorsements/guarantees by the company and its subsidiaries for a single enterprise reaches 20% or more of the company's net worth as stated in its latest financial statement.
3. The balance of endorsements/guarantees by the company and its subsidiaries for a

single enterprise reaches NT\$10 million or more and the aggregate amount of all endorsements/guarantees for, investment of a long-term nature in, and balance of loans to, such enterprise reaches 30% or more of company's net worth as stated in its latest financial statement.

4. The amount of new endorsements/guarantees made by the company or its subsidiaries reaches NT\$30 million or more, and reaches 5% or more of the company's net worth as stated in its latest financial statement.

The company shall announce and report on behalf of any subsidiary thereof that is not a public company of the Republic of China any matters that such subsidiary is required to announce and report pursuant to subparagraph 4 of the preceding paragraph.

The expression "public disclosure and filing" or "publicly disclose and file" as used in this article means entering the information into the website specified by the FSC for the submission of electronic filings.

Net worth under these Regulations means the balance sheet equity attributable to the owners of the parent company.

Article 9

The company's internal auditors shall audit the Procedures for Making of Endorsements/Guarantees and the implementation thereof no less frequently than quarterly and prepare written records accordingly. They shall promptly notify audit committee in writing of any material violation found.

The company shall comply with these Regulations when making endorsements/guarantees. Any material violation found, punishment being imposed on the managers or personnel in charge.

Article 10

The regulations shall approve by audit committee and then submitted to the board of directors for a resolution and submit them for approval by the shareholders' meeting, the same shall apply to any amendments to the procedures, where any director expresses dissent and it is contained in the minutes or a written statement, the company shall submit the dissenting opinion for discussion by the shareholders' meeting.

(The Regulations were amended on Jun. 14th, 2018.)

Inventec Corporation

Procedures for Acquisition or Disposal of Assets

Article 1

The company shall comply with the Procedures when acquisition or disposal of assets.

Assets

Article 2

The term "assets" as used in these Procedures includes the following:

1. Investments in stocks, government bonds, corporate bonds, financial bonds, securities representing interest in a fund, depositary receipts, call (put) warrants, beneficial interest securities, and asset-backed securities.
2. Real estate (including land, houses and buildings, investment property, rights to use land) and equipment.
3. Memberships.
4. Patents, copyrights, trademarks, franchises, and other intangible assets.
5. Derivatives.
6. Assets acquired or disposed of in connection with mergers, demergers, acquisitions, or transfer of shares in accordance with law.
7. Other major assets.

Article 3

Terms used in these Procedures are defined as follows:

1. Assets acquired or disposed through mergers, demergers, acquisitions, or transfer of shares in accordance with law: Refers to assets acquired or disposed through mergers, demergers, or acquisitions conducted under the Business Mergers and Acquisitions Act and other acts, or to transfer of shares from another company through issuance of new shares of its own as the consideration therefore (hereinafter "transfer of shares") under Article 156, paragraph 8 of the Company Act.
2. Related party: As defined in the Regulations Governing the Preparation of Financial Reports by Securities Issuers.
3. Subsidiary: As defined in the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

4. Professional appraiser: Refers to a real property appraiser or other person duly authorized by law to engage in the value appraisal of real property or equipment.
5. Date of occurrence: Refers to the date of contract signing, date of payment, date of consignment trade, date of transfer, dates of boards of directors resolutions, or other date that can confirm the counterpart and monetary amount of the transaction, whichever date is earlier; provided, for investment for which approval of the competent authority is required, the earlier of the above date or the date of receipt of approval by the competent authority shall apply.
6. Mainland China area investment: Refers to investments in the mainland China area approved by the Ministry of Economic Affairs Investment Commission or conducted in accordance with the provisions of the Procedures Governing Permission for Investment or Technical Cooperation in the Mainland Area. Professional appraisers and their officers, certified public accounts, attorneys, and securities underwriters that provide public companies with appraisal reports, certified public accountant's opinions, attorney's opinions, or underwriter's opinions shall not be a related party of any party to the transaction.

Disposition Procedures

Article 4

Procedures of Evaluation and Operation for the Acquisition or Disposal of Assets:

1. The case-handling units shall submit items such as the reasons for the proposed acquisition or disposal, targeted assets, counterparties, price of transfer, receipt and payment terms, and price reference, etc. to the responsible department for the decision and executed by the asset management department. Related matters shall be processed in accordance with the Company's Procedures relating to the internal control procedure.

(1) The means of price determination and supporting reference materials not only refer to the opinions of professional appraisers and accountants but also conduct as below:

(a) For securities acquired or disposed in the centralized securities exchange market or OTC market shall be determined by the price of current equity or bonds. For securities not acquired or disposed in the centralized securities exchange market or OTC market ,the price shall be determined by reference to net worth per share, profitability, potential for future development, market interest rate, coupon rate, credit of debtor and then transaction price.

(b) The price of acquisition or disposal of real estate and equipment shall be

determined by reference to the publicly announced current value, appraised current value and actual transaction price in the vicinity and shall be carried out by inquiry, price comparison, and price negotiation.

(c) For acquisition or disposal of memberships, patents, copyrights, trademarks, and franchises, shall consider of produced benefit, international practice and useful life. The price shall be determined by reference to recent trade price and carried out by inquiry, price comparison, and price negotiation.

(d) For acquisition or disposal of derivatives shall consider of futures market transactions and exchange and interest rate chart. The price shall be carried out by inquiry, price comparison, and price negotiation.

(e) Participating in a merger, demerger, acquisition, or transfer of shares in accordance with law shall consider of business nature, net worth per share, technique, profitability and potential for future development.

(2) Level of authority:

Transaction amount reaches 5% or more of the Company's net worth of latest financial report shall be subject to the consent of audit committee and be submitted to board of director for a resolution.

(a) Acquisition or disposal of long-term securities shall be evaluated by finance department and be approved by the board of directors.

(b) Acquire or dispose of real estate from related party shall prepare relevant information and be approved by the board of directors in accordance with article 8.

(c) Derivative conduct in accordance with article 12.

(d) Others conduct in accordance with internal control procedure. In addition, transaction amount reaches NT\$300 million or more shall be approved by the board of directors.

(e) Acquisition or disposal of assets which governed by Article 185 of the Company Act shall be subject to the consent of audit committee and be submitted to board of director for a resolution and submit to shareholders' meeting for approval.

2. Unless there have other Procedures about the units responsible for implementation, otherwise finance department is the responsible department for securities investments, derivative product and participating in a merger, demerger,,

acquisition or share transfer ; The using department and relevant responsible

departments are responsible for real estate and equipment. Acquisition or disposal of assets which are not securities investment, real estate and equipment shall be

evaluated by relevant responsible department.

3. In acquiring or disposing of real property or equipment, unless transactions with governmental agencies, engaging others to build on its own land, engaging others to build on rented land or the acquisition or disposal of equipment for business use, the appraisal report shall be obtained prior to the date of occurrence of the event from a professional appraiser if the transaction amount is more than 20% of the Company's paid-in capital or NTD 300 million and shall further comply with the following provisions:

(1) Where due to special circumstances it is necessary to give a limited price, specified price, or special price as a reference basis for the transaction price, the transaction shall be submitted for approval in advance by the board of directors, and the same procedure shall be followed for any future changes to the terms and conditions of the transaction.

(2) Where the transaction amount is NT\$1 billion or more, appraisals from two or more professional appraisers shall be obtained.

(3) Where any one of the following circumstances applies with respect to the professional appraiser's appraisal results, unless all the appraisal results for the assets to be acquired are higher than the transaction amount, or all the appraisal results for the assets to be disposed of are lower than the transaction amount, a certified public accountant shall be engaged to perform the appraisal in accordance with the provisions of Statement of Auditing Standards No. 20 published by the ROC Accounting Research and Development Foundation (ARDF) and render a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price:

(a) The discrepancy between the appraisal result and the transaction amount is 20 percent or more of the transaction amount.

(b) The discrepancy between the appraisal results of two or more professional appraisers is 10 percent or more of the transaction amount.

4. No more than 3 months may elapse between the date of the appraisal report issued by a professional appraiser and the contract execution date; provided, where the publicly announced current value for the same period is used and not more than 6 months have elapsed, an opinion may still be issued by the original professional appraiser.

Article 5

The Company acquiring or disposing of securities shall, prior to the date of occurrence of the event, obtain financial statements of the issuing company for the most recent period, certified or reviewed by a certified public accountant, for

reference in appraising the transaction price, and if the dollar amount of the transaction is 20 percent of the company's paid-in capital or NT\$300 million or more, the company shall additionally engage a certified public accountant prior to the date of occurrence of the event to provide an opinion regarding the reasonableness of the transaction price. If the CPA needs to use the report of an expert as evidence, the CPA shall do so in accordance with the provisions of Statement of Auditing Standards No. 20 published by the ARDF. This requirement does not apply, however, to publicly quoted prices of securities that have an active market, or where otherwise provided by Procedures of the Financial Supervisory Commission (FSC).

Article 6

Where the Company acquires or disposes of memberships or intangible assets and the transaction amount reaches 20 percent or more of paid-in capital or NT\$300 million or more, except in transactions with a government agency, the company shall engage a certified public accountant prior to the date of occurrence of the event to render an opinion on the reasonableness of the transaction price; the CPA shall comply with the provisions of Statement of Auditing Standards No. 20 published by the ARDF.

Article 6-1

The calculation of the transaction amounts referred to in the preceding three articles shall be done in accordance with Article 27, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items for which an appraisal report from a professional appraiser or a CPA's opinion has been obtained in accordance with Regulations Governing the Acquisition and Disposal of Assets by Public Companies need not be counted toward the transaction amount.

Article 7

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

Article 8

When the Company engages in any acquisition or disposal of assets from or to a related party, in addition to ensuring that the necessary resolutions are adopted and the reasonableness of the transaction terms is appraised, if the transaction amount reaches 10 percent or more of the company's total assets, the company shall also obtain an appraisal report from a professional appraiser or a CPA's opinion in compliance with

the provisions of the preceding section. The calculation of the transaction amount referred to in the preceding paragraph shall be made in accordance with Article 6-1 herein.

When judging whether a trading counterparty is a related party, in addition to legal formalities, the substance of the relationship shall also be considered.

When the Company intends to acquire or dispose of real property from or to a related party, or when it intends to acquire or dispose of assets other than real property from or to a related party and the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the company's total assets, or NT\$300 million or more, except in trading of government bonds or bonds under repurchase and resale agreements, or subscription or repurchase of domestic money market funds which is published by domestic securities investment trust enterprises,, the Company may not proceed to enter into a transaction contract or make a payment until the following matters have been approved by audit committee and passed by the board of directors .

1. The purpose, necessity and anticipated benefit of the acquisition or disposal of assets.
2. The reason for choosing the related party as a trading counterparty.
3. With respect to the acquisition of real property from a related party, information regarding appraisal of the reasonableness of the preliminary transaction terms in accordance with Article 9 and Article 10.
4. The date and price at which the related party originally acquired the real property, the original trading counterparty, and that trading counterparty's relationship to the company and the related party.
5. Monthly cash flow forecasts for the year commencing from the anticipated month of signing of the contract, and evaluation of the necessity of the transaction, and reasonableness of the funds utilization.
6. An appraisal report from a professional appraiser or a CPA's opinion obtained in compliance with the preceding article.
7. Restrictive covenants and other important stipulations associated with the transaction.

The calculation of the transaction amounts referred to in the preceding paragraph shall be made in accordance with Article 27, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items that have been approved by the board of directors in accordance with Regulations Governing the Acquisition and Disposal of Assets by Public Companies don't need be counted toward the transaction amount.

When the procedures for the acquisition and disposal of assets are submitted for discussion by the board of directors pursuant to paragraph 1, the board of directors

shall take into full consideration each independent director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the board of directors meeting.

Article 9

The Company that acquires real property from a related party shall evaluate the reasonableness of the transaction costs by the following means:

1. Based upon the related party's transaction price plus necessary interest on funding and the costs to be duly borne by the buyer. "Necessary interest on funding" is imputed as the weighted average interest rate on borrowing in the year the company purchases the property; provided, it may not be higher than the maximum non-financial industry lending rate announced by the Ministry of Finance.
2. Total loan value appraisal from a financial institution where the related party has previously created a mortgage on the property as security for a loan; provided, the actual cumulative amount loaned by the financial institution shall have been 70 percent or more of the financial institution's appraised loan value of the property and the period of the loan shall have been 1 year or more. However, this shall not apply where the financial institution is a related party of one of the trading counterparties.

Where land and structures thereupon are combined as a single property purchased in one transaction, the transaction costs for the land and the structures may be separately appraised in accordance with either of the means listed in the preceding paragraph.

The Company that acquires real property from a related party and appraises the cost of the real property in accordance with paragraph 1 and paragraph 2 shall also engage a CPA to check the appraisal and render a specific opinion.

Where the Company acquires real property from a related party and one of the following circumstances exists, the acquisition shall be conducted in accordance with Article 8 and the preceding three paragraphs do not apply:

1. The related party acquired the real property through inheritance or as a gift.
2. More than 5 years will have elapsed from the time the related party signed the contract to obtain the real property to the signing date for the current transaction.
3. The real property is acquired through signing of a joint development contract with the related party, or through engaging a related party to build real property, either on the company's own land or on rented land,.

Article 10

When the results of the Company's appraisal conducted in accordance with paragraph

1 and paragraph 2 of the preceding Article are uniformly lower than the transaction price, the matter shall be handled in compliance with Article 11. However, where the following circumstances exist, objective evidence has been submitted and specific opinions on reasonableness have been obtained from a professional real property appraiser and a CPA, this restriction shall not apply:

1. Where the related party acquired undeveloped land or leased land for development, it may submit proof of compliance with one of the following conditions:

(1) Where undeveloped land is appraised in accordance with the means in the preceding Article, and structures according to the related party's construction cost plus reasonable construction profit are valued in excess of the actual transaction price. The "Reasonable construction profit" shall be deemed the average gross operating profit margin of the related party's construction division over the most recent 3 years or the gross profit margin for the construction industry for the most recent period as announced by the Ministry of Finance, whichever is lower.

(2) Completed transactions by unrelated parties within the preceding year involving other floors of the same property or neighboring or closely valued parcels of land, where the land area and transaction terms are similar after calculation of reasonable price discrepancies in floor or area land prices in accordance with standard property market practices.

(3) Completed leasing transactions by unrelated parties for other floors of the same property from within the preceding year, where the transaction terms are similar after calculation of reasonable price discrepancies among floors in accordance with standard property leasing market practices.

2. Where the Company acquiring real property from a related party provides evidence that the terms of the transaction are similar to the terms of transactions completed for the acquisition of neighboring or closely valued parcels of land of a similar size by unrelated parties within the preceding year.

Completed transactions for neighboring or closely valued parcels of land in the preceding paragraph in principle refers to parcels on the same or an adjacent block and within a distance of no more than 500 meters or parcels close in publicly announced current value; transaction for similarly sized parcels in principle refers to transactions completed by unrelated parties for parcels with a land area of no less than 50 percent of the property in the planned transaction; within the preceding year refers to the year preceding the date of occurrence of the acquisition of the real property.

Article 11

Where the Company acquires real property from a related party and the results of appraisals conducted in accordance with Article 8 and Article 9 are uniformly lower than the transaction price, the following steps shall be taken:

1. A special reserve shall be set aside in accordance with Article 41, paragraph 1 of the Securities and Exchange Act against the difference between the real property transaction price and the appraised cost, and may not be distributed or used for capital increase or issuance of bonus shares. Where a public company uses the equity method to account for its investment in another company, then the special reserve called for under Article 41, paragraph of the Securities and Exchange Act shall be set aside pro rata in a proportion consistent with the share of public company's equity stake in the other company.
2. Audit committee shall comply with Article 14-4 of Securities and Exchange Act..
3. Actions taken pursuant to subparagraph 1 and subparagraph 2 shall be reported to a shareholders' meeting, and the details of the transaction shall be disclosed in the annual report and any investment prospectus.

The Company that has set aside a special reserve under the preceding paragraph may not utilize the special reserve until it has recognized a loss on decline in market value of the assets it purchased at a premium, or they have been disposed of, or adequate compensation has been made, or the status quo ante has been restored, or there is other evidence confirming that there was nothing unreasonable about the transaction, and the FSC has given its consent.

When the Company obtains real estate from a related party, it shall also comply with the preceding two paragraphs if there is other evidence indicating that the acquisition was not an arm's length transaction.

Engaging in Derivatives Trading

Article 12

Engaging in derivatives trading shall aims to ensure the Company's operating profit and avoid the risk which is triggered by exchange rate, interest rate or asset price volatility, and the target is not to gain speculative profit.

1. Transaction types: Forward contracts (not include insurance contracts, performance contracts, after-sales service contracts, long-term leasing contracts, or long-term purchase (sales) agreements), options contracts, futures contracts, leverage contracts, and swap contracts, and compound contracts combining the above products, whose value is derived from assets, interest rates, foreign exchange rates, indexes or other interests.

2. Level of authority:

(1) The amount of individual contract is more than USD 10 million dollars:
general manager.

(2) The amount of individual contract is less than USD 10 million dollars:
manager of finance department.

Article 13

Segregation of duties

1. Finance department

(1) In addition to obtain market information, judge trends and risks, familiar with financial products, related Procedures and operating skills, finance department also engage in transaction in accordance with the instructions and authorization of authority manager to avoid the risk of market price fluctuation.

(2) Evaluate regularly.

(3) Provide the information of risk exposure.

(4) Evaluate, supervise and control transaction risk.

2. Accounts department

(1) Keep accounts and prepare financial statements in conformity with Generally Accepted Accounting Principles.

(2) Announce and declare regularly.

Article 14

Essentials of performance evaluation

1. Hedging transaction shall evaluate twice per month regularly and financial transaction shall evaluate once per week regularly. The evaluation report shall be submitted and approved by the general manager and manager of finance department.

2. Performance evaluation shall compare with presetting assessment criteria on evaluation day as a reference for future decision making.

Article 15

Total amount of engage in contracts and limit amount of maximum loss

1. Hedging transaction:

Total contract amount is limited to 50% of the latest quarter's operating revenue.

Loss amount is limited to 20% of the contract and apply to individual and all contracts.

2. Financial transaction :

Total contract amount is limited to 10% of the latest quarter's operating revenue.

The maximum loss limit of total contract is USD 200 thousands.

The maximum loss limit of individual contract is USD 50 thousands.

Settings stop-loss point based on the average price of derivative contract. If the amount exceeds stop-loss point, the Company shall convene a meeting to improve it.

Article 16

The Company engaging in derivatives transaction shall adopt the following risk management measures:

1. Scope of risk management:

(1) Risk management of credit: The Company shall choose a financial institution which is reputable or has business dealings with the Company as counterparty.

(2) Risk management of market price: The finance department shall pay attention to the profit and loss impact when market prices fluctuate.

(3) Risk management of liquidity: In order to ensure the liquidity of derivatives market, the financial institution shall have adequate equipment, information and trading capability, and can trade in any market.

(4) Risk management of cash flow: Derivate transactions are based on trading substance to ensure the capability to fulfill settlement obligations. Finance department shall pay attention to the Company's cash flow to ensure the Company have sufficient cash to pay when settlement.

(5) Risk management of operation: The in-charge department shall comply with authorized limits and workflow.

(6) Risk management of legislation: In addition to the documents which state commercial terms, agreements for financial transaction shall reviewed by legal personnel or consultant before signing.

2. Personnel engaged in derivatives trading may not serve concurrently in other operations such as confirmation and settlement.

3. Risk measurement, monitoring, and control personnel shall be assigned to a different department than the personnel in the preceding subparagraph and shall report to the board of directors or senior management personnel with no responsibility for trading or position decision-making.

4. Derivatives trading positions held shall be evaluated at least once per week; however, positions for hedge trades required by business shall be evaluated at least twice per month. Evaluation reports shall be submitted to senior management personnel authorized by the board of directors.

5. Other important risk management measures.

Article 17

Where the Company engaging in derivatives trading, the board of directors shall

faithfully supervise and manage such trading in accordance with the following principles:

1. Designate senior manager to pay attention continually to monitor and control derivatives trading risk.
2. Periodically evaluate whether derivatives trading performance is consistent with established operational strategy and whether the risk undertaken is within the company's permitted scope of tolerance.

Senior manager authorized by the board of directors shall manage derivatives trading in accordance with the following principles:

1. Periodically evaluate the risk management measures currently employed are appropriate and are faithfully conducted in accordance with Regulations Governing the Acquisition and Disposal of Assets by Public Companies and these Procedures.
2. When irregular circumstances are found in the course of supervising trading and profit-loss circumstances, appropriate measures shall be adopted and a report immediately made to the board of directors; where a company has independent directors, an independent director shall be present at the meeting and express an opinion.

The company shall report to the soonest meeting of the board of directors after it authorizes the relevant personnel to handle derivatives trading in accordance with these Procedures.

Article 18

The Company engaging in derivatives trading shall establish a log book in which details of the types and amounts of derivatives trading engaged in, board of directors approval dates, and the matters required to be carefully evaluated under subparagraph 4 of Article 16 and subparagraph 2 of paragraph 1, and subparagraph 1 of paragraph 2, of Article 17 shall be recorded in detail in the log book.

The Company's internal audit personnel shall periodically make a determination of the suitability of internal controls on derivatives and conduct a monthly audit of how faithfully derivatives trading by the trading department adheres to the procedures for engaging in derivatives trading, and prepare an audit report. If any material violation is discovered, all supervisors shall be notified in writing.

Mergers and Consolidations, Splits, Acquisitions, and Assignment of Shares

Article 19

The Company that conducts a merger, demerger, acquisition, or transfer of shares,

prior to convening the board of directors to resolve on the matter, shall engage a CPA, attorney, or securities underwriter to give an opinion on the reasonableness of the share exchange ratio, acquisition price, or distribution of cash or other property to shareholders, and submit it to the board of directors for deliberation and approval. The requirement of obtaining an aforesaid opinion on reasonableness issued by an expert may be exempted in the case of a merger by the company of a subsidiary in which it directly or indirectly holds 100% of the issued shares or authorized capital, and in the case of a merger between subsidiaries in which the company directly or indirectly holds 100% of the respective subsidiaries' issued shares or authorized capital.

Article 20

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

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

Article 21

The Company participating in a merger, demerger, or acquisition shall convene a board of directors meeting and shareholders' meeting on the day of the transaction to resolve matters relevant to the merger, demerger, or acquisition, unless another act provides otherwise or the FSC is notified in advance of extraordinary circumstances and grants consent.

The Company participating in a transfer of shares shall call a board of directors meeting on the day of the transaction, unless another act provides otherwise or the FSC is notified in advance of extraordinary circumstances and grants consent.

When participating in a merger, demerger, acquisition, or transfer of another company's shares, The Company shall prepare a full written record of the following

information and retain it for 5 years for reference:

1. Basic identification data for personnel: Including the occupational titles, names, and national ID numbers (or passport numbers in the case of foreign nationals) of all persons involved in the planning or implementation of any merger, demerger, acquisition, or transfer of another company's shares prior to disclosure of the information.
2. Dates of material events: Including the signing of any letter of intent or memorandum of understanding, the hiring of a financial or legal advisor, the execution of a contract, and the convening of a board of directors meeting.
3. Important documents and minutes: Including merger, demerger, acquisition, and share transfer plans, any letter of intent or memorandum of understanding, material contracts, and minutes of board of directors meetings.

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

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

Article 22

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

Article 23

The Companies participating in a merger, demerger, acquisition, or transfer of shares may not arbitrarily alter the share exchange ratio or acquisition price unless under the below-listed circumstances, and shall stipulate the circumstances permitting alteration in the contract for the merger, demerger, acquisition, or transfer of shares:

1. Cash capital increase, issuance of convertible corporate bonds, or the issuance of bonus shares, issuance of corporate bonds with warrants, preferred shares with

warrants, stock warrants, or other equity based securities.

2. An action, such as a disposal of major assets, which affects the company's financial operations.
3. An event, such as a major disaster or major change in technology that affects shareholder equity or share price.
4. An adjustment where any of the companies participating in the merger, demerger, acquisition, or transfer of shares from another company, buys back treasury stock.
5. An increase or decrease in the number of entities or companies participating in the merger, demerger, acquisition, or transfer of shares.
6. Other terms/conditions that the contract stipulates may be altered and that have been publicly disclosed.

Article 24

The contract for participation in a merger, demerger, acquisition, or of shares shall record the rights and obligations of the companies participating in the merger, demerger, acquisition, or transfer of shares, and shall also record the following:

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

Article 25

After public disclosure of the information, if any company participating in the merger, demerger, acquisition, or share transfer intends further to carry out a merger, demerger, acquisition, or share transfer with another company, all of the participating companies shall carry out anew the procedures or legal actions that had originally been completed toward the merger, demerger, acquisition, or share transfer; except that where the number of participating companies is decreased and a participating company's shareholders meeting has adopted a resolution authorizing the board of

directors to alter the limits of authority, such participating company may be exempted from calling another shareholders meeting to resolve on the matter anew.

Article 26

Where any of the companies participating in a merger, demerger, acquisition, or transfer of shares is not a public company, the Company shall sign an agreement with the non-public company whereby the latter is required to abide by the provisions of Article 21, Article 22, and Article 25.

Procedures for Announcement

Article 27

The Company shall compile monthly reports on the status of derivatives trading engaged in up to the end of the preceding month by itself and any subsidiaries that are not domestic public companies and enter the information in the prescribed format into the information reporting website designated by the FSC by the 10th day of each month.

The Company shall report related information to the website designated by FSC for announcement based on its nature in stipulated form and reporting within 2 days of the transaction date if the assets acquired or disposed of by the Company are as below:

1. Acquisition or disposal of real property from or to a related party, or acquisition or disposal of assets other than real property from or to a related party where the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the company's total assets, or NT\$300 million or more; provided, this shall not apply to trading of government bonds or bonds under repurchase and resale agreements, or subscription or repurchase of domestic money market funds which is published by domestic securities investment trust enterprises, are not subject to this limit.
2. Merger, demerger, acquisition, or transfer of shares.
3. Losses from derivatives trading reaching the limits on aggregate losses or losses on individual contracts set out in the procedures adopted by the company.
4. Where the type of asset acquired or disposed is equipment/machinery for business use, the trading counterparty is not a related party, and the transaction amount reaches NT\$1 billion or more..
5. Where real estate is acquired under an arrangement on engaging others to build on the company's own land, engaging others to build on rented land, joint construction and allocation of housing units, joint construction and allocation of

ownership percentages, or joint construction and separate sale, and the amount the company expects to invest in the transaction reaches NT\$500 million.

6. Where an asset transaction other than any of those referred to in the preceding five subparagraphs, or an investment in the mainland China area reaches 20 percent or more of paid-in capital or NT\$300 million; provided, this shall not apply to the following circumstances:

(1) Trading of government bonds.

(2) Trading of bonds under repurchase/resale agreements, or subscription or repurchase of domestic money market funds which is published by domestic securities investment trust enterprises,.

The amount of transactions above shall be calculated as follows:

1. The amount of any individual transaction.

2. The cumulative transaction amount of acquisitions and disposals of the same type of underlying asset with the same trading counterparty within the preceding year.

3. The cumulative transaction amount of real property acquisitions and disposals (cumulative acquisitions and disposals, respectively) within the same development project within the preceding year.

4. The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of the same security within the preceding year.

For calculation of 10% of total assets under these Procedures, the total assets stated in the most recent individual financial report prepared in accordance with Procedures Governing the Preparation of Financial Reports by Securities Issuers shall be used.

"Within the preceding year" as used in the preceding paragraph refers to the year preceding the date of occurrence of the current transaction. Items duly announced in accordance with Regulations Governing the Acquisition and Disposal of Assets by Public Companies don't need to be counted toward the transaction amount.

The Company shall report all items according to Regulations, and if there are errors or omissions, shall declare and report all items again within 2 days when the Company noted after making additions and corrections.

The Company shall keep related contracts, records, memorandums, appraisal reports, opinions from accountants, lawyers or securities underwriters with the Company for at least five years, unless otherwise provided for by related Regulations.

Article 28

Where any of the following circumstances occurs with respect to a transaction that the Company has already publicly announced and reported in accordance with the preceding article, a public report of relevant information shall be made on the

information reporting website designated by the FSC within 2 days commencing immediately from the date of occurrence of the event:

1. Change, termination, or rescission of a contract signed in regard to the original transaction.
2. The merger, demerger, acquisition, or transfer of shares is not completed by the scheduled date set forth in the contract.
3. Change to the originally publicly announced and reported information.

Article 29

Investment limits of the Company and subsidiary companies:

1. The investment for non-business real estate or the total amount of the securities which is anticipate be sold in the short-term shall be limited no more than 50% net worth of the Company. Individually purchase non-business real estate or the investment amount of the securities which will be sold in the short-term shall be limited no more than 50% of the total purchasable amount.
2. Total investment amount of the securities which will not be sold in the short-term shall be limited no more than the Company's net worth. However, the amount of invest in single company (actual investment) shall be no more than 30% of the Company's net worth.

Article 30

Control procedures of acquisition or disposal of assets for the subsidiary.

1. Subsidiary shall establish Procedures for Acquiring or Disposal of Assets and implement it after approved by the board of directors and proposed to the shareholders' meeting for approval.
2. Where a subsidiary is not a public company, and acquiring or disposal of assets conform to the standard for public announcement in accordance with Article 27, shall announced by the Company.
3. Subsidiary shall check whether the Procedures for Acquiring or Disposal of Assets conform to the regulations of the Procedures, and acquire or dispose assets in accordance with the Procedures.
4. Internal audit unit shall review the self-assessment report.

Article 31

The Company's internal audit personnel shall quarterly audit the procedure for acquisition or disposal of assets and the situation of implementation, and prepare an audit report. If any material violation is discovered, audit committee shall be notified in writing. In addition, internal audit personnel shall punish manager and in-charge

personnel depend on the violation situation.

Article 32

The regulations shall be subject to the consent of audit committee, then be submitted to the board of directors for a resolution and proposed to the shareholders' meeting for approval. Any amendments shall also follow this procedure. If any director expresses an objection on the record or by a written statement, the Company shall submit the objection to the shareholders' meeting for discussion.

(The Procedures were amended on Jun. 16th, 2017.)

Inventec Corporation Shareholdings of Directors

As of April 16, 2019 (Book closure date), all directors' shareholdings and legal minimum shareholdings are as follows:

1. Total common shares issued: 3,587,475,066 shares.
2. The minimum required shareholding of all directors by law: 86,099,401 shares.
The Company had set up Audit Committee, so there is no applicable for the minimum required shareholding of supervisors by law
3. Total shareholding of all directors: 381,031,695 shares. The shareholding is in compliance with regulatory requirements.

Position	Name	Number of shares
Chairman	Cho, Tom-Hwar	1,004,311
Director	Yeh, Kuo-I	226,361,330
	Lee, Tsu-Chin	115,833,835
	Wen, Shih-Chih	35,685,590
	Chang, Ching-Sung	788,644
	Huang, Kuo-Chun	1,357,985
Independent Director	Chang, Chang-Pang	0
	Chen, Ruey-Long	0
	Shyu, Jyuo-Min	0
Total		381,031,695

Inventec

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