Stock code: 3038

Emerging Display Technologies Corp.
2019 Annual Shareholders' Meeting

Meeting Agenda
(Translation)

Meeting Date : June 4, 2019
Meeting Place: No. 5, Central 1st Road, K.E.P.Z. Kaohsiung, Taiwan

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Emerging Display Technologies Corp.
2019 Annual Shareholders' Meeting Procedure

I. Call Meeting to Order

II. Meeting Agenda

Time: 9:00 a.m., June 4, 2019

Place: No. 5, Central 1st Road, K.E.P.Z. Kaohsiung, Taiwan

(edt's Headquarters at 1st Floor)

Attendants: All shareholders or their proxy holders

Chairman: Tseng, Jui-Ming (Chairman of the Board of Directors)

1. Reporting Items:

(1) To report the business of 2018.

(2) Supervisors' review report of 2018 audited financial statements.

(3) To report the distribution of 2018 employees' compensation and remuneration for directors and supervisors.

(4) Implementation of share buyback program.

(5) Adoption of the Company's "Rules of Year 2019 Share Repurchase for Transferring to Employees".

2. Adopting Items:

(1) Adoption of the Business Report and Financial Statements of 2018.

(2) Adoption of the proposal for distribution of 2018 profits.

3. Discussion Items:

Amendment to the Company's "Regulations Governing the Acquisition and Disposal of Assets".

4. Extemporary Motions

5. Meeting Adjourned

Reporting Items:

1. To report the business of 2018. (Proposed by the Board of Directors)
   Explanatory Note: Please refer to Attachment 1 (page 5~9).

2. Supervisors' review report of 2018 audited financial statements. (Proposed by the Board of Directors)
   Explanatory Note: Please refer to Attachment 2 (page 10).

3. To report the distribution of 2018 employees' compensation and remuneration for directors and supervisors. (Proposed by the Board of Directors)
   Explanatory Note:
   (1) The Company's 2018 profit before tax is NT$123,357,265 (NT$134,083,983 if employees' compensation and remuneration for directors excluded). In accordance with Article 22-1 of "Articles of Incorporation", the Company distribute 2018 employees' compensation and remuneration for directors and supervisors as follows,
   - ◆ Employees' compensation: 5% allocated and NT$6,704,199 in total.
   - ◆ Remuneration for directors and supervisors: 3% allocated and NT$4,022,519 in total.
   - ◆ The above will be fully paid in cash.

   (2) Qualification requirements of employees for the compensation include employees of subsidiary companies who meet certain specific requirements.The distribution amount will depend on emloyees seniority, position, job performance, overall contribution or special merits and employee qualification.
   (3) There's no difference between the above distribution amount of employees compensation, remuneration for directors and supervisors and our book value recognized.

4. Implementation of share buyback program. (Proposed by the Board of Directors)
   Explanatory Note: Please refer to Attachment 3 (page 11).

5. Adoption of the Company's "Rules of Year 2019 Share Repurchase for Transferring to Employees". (Proposed by the Board of Directors)
   Explanatory Note: Please refer to Attachment 4 (page 12).

Adopting Items:

1. 2018 Business Report and Financial Statements of the Company. Adoption is respectfully requested. (Proposed by the Board of Directors)

   Explanatory Note:

   (1) 2018 Parent-Company-Only Financial Statements and Consolidated Financial Statements were audited by independent auditors, Po Jen, Yang and Kuo Tsung, Chen of KPMG Taiwan.

   (2) 2018 Business Report, Independent Auditor's report and the aforementioned Financial Statements are attached hereto as Attachment 1, 5 and 6 (page 5~9, 14~21, 22~29).

   (3) Please proceed to adopt.

   Resolution:

2. Distribution of 2018 Profits. Adoption is respectfully requested. (Proposed by the Board of Directors)

   Explanatory Note:

   (1) In Fiscal Year 2018, the Company made a net profit of NT$111,925,265. By adding previous years' retained earnings of NT$102,281,323, proceeds from disposal of equity instruments at fair value through other comprehensive income of NT$2,451,906, and deducting adjustments for initial applying of IFRS 9 "Financial Instruments" of NT$8,314,176, changes of remeasurement from defined benefit plans of NT$7,672,000, total distributable earnings for year amounted to NT$200,672,318. After setting aside 10% of net profit as legal reserve of NT$11,192,527, special reserve for equity deduction of NT$37,697,306 and special reserve for changes of market price of the Company's shares held by subsidiaries of NT$4,397,194, the profit to be distributed among shareholders shall be NT$78,703,802 in cash dividends (NT$0.5 per share). The cash dividends will be distributed according to the percent of shareholding on ex-dividend date and fully distributed until last integer and preclude fraction of dollar. The remainder of undistributed net earnings will be recorded as the Company's other income. Please refer to Attachment 7 (page 30) for profit allocation proposal.

   (2) In the event that, the proposed dividend distribution ratio is affected due to share buyback program, transfer of treasury stocks to employees, reduction of shares or any other reasons affecting the number of outstanding shares, it is proposed that the Chairman be fully authorized to handle such distribution.

   (3) Upon the approval of the shareholders' meeting, it is proposed that the Chairman be authorized to resolve the ex-dividend date.

   (4) Please proceed to adopt.

   Resolution:

Discussion Items:

Amendment to the Company's "Regulations Governing the Acquisition and Disposal of Assets". Approval is respectfully requested. (Proposed by the Board of Directors)

Explanatory Note: Please refer to Attachment 8 (page 31~54) .

Resolution:

Extemporary Motions

Meeting Adjourned

ATTACHMENT 1

Emerging Display Technologies Corp.
2018 Business Report

Dear Shareholders,

First and foremost, I would like to thank you for taking time from your busy schedule to attend this shareholders' meeting. On behalf of edt, I would like to express my upmost appreciation for your support and encouragement.

The results of our operating performance in 2018 and outlook for the future are as following:

2018 Business Report

1. Operating Performance

Though consolidated net operating revenue in 2018 totaled NT$2,818,735 thousand has a decrease of 6.20% under NT$3,005,136 thousand in 2017, overall gross profit has maintained the performance due to the effects of continuing proportional increase in product portfolio combining Capacitive Touch Panel (CTP) and Thin Film Transistor Liquid Crystal Display (TFT). Also, benefit from the favorable exchange rates, the consolidated net income was greatly increased by 101.84% and earnings per share were NT$0.71.

LCD panels and modules make up around 60% of total sales. Because of increased demand from individual clients, Capacitive Touch Panel (CTP) and modules make up around 40% of sold amount and this has a positive effect on long-term set profit growth and effective capacity utilization.

Looking back on the past year, although there were still many unfavorable macro-environmental elements and the Capacitive Touch Panel (CTP) industry has entered a mature low margin stage, we continued to enhance and improve the touch function of Capacitive Touch Panel (CTP) for diverse small niche markets to service the market demand of various emerging applications that accompany the growth of the "Internet of Things" and expect to achieve stable profit growth.

The diverse development of capacitive touch function will deepen with the growth of emerging application markets. Encouraged by the improvement of various wireless information transmission technologies and medium-high end mobile computing products, simple and intuitive user interface design will become the mainstream for interactive information display control. Innovation in projected capacitive technology still awaits the touch panel industry to research and develop.

In the competitive environment of the diversified customized demand market, edt has always corresponded material application and software design with manufacturing process innovation, implemented professional and technical services, and is committed to the improvement of production yield rate and efficiency as well as effective operating cost control. Holding up to the support of our shareholders, we facilitate the best allocation of company resources and strive to achieve the set operating goals.

2. Consolidated financial results & profitability analysis

Unit: NT$ thousands

	2018	2017
Operating profit	60,968	104,516
Non-operating income and expenses	65,661	(37,308)
Profit before tax	126,629	67,208
Net profit	112,163	55,571
Return on assets	3.52%	1.85%
Return on shareholders' equity	6.02%	2.81%
Pre-tax income to paid-in capital	7.26%	3.66%
Profit ratio	3.98%	1.85%
Earnings per share (NT$)	0.71	0.33

3. Research and development Status

(1) From the establishment of edt, the research and development of new technology has been highly valued. We spare no effort in improving product quality and developing new varieties. Research and development results of 2018 are as following:

Item	R&D Results	Description of Benefits
1	High Sensitive PolyTouch Sensor (GGG×PolyTouch)	Produce a new structure of high sensitive CTP sensor (GGG) by existing automation equipment to improve the production efficiency, and achieve accurate combination (1mm to 10μm) and better appearance.
2	LCM Backlight with Quantum Dot Enhancement Film(QDEF) Technology Development	Introduce Cd-free QDEF to effectively enhance NTSC about 25% and makes the display color more vivid and colorful.
3	Transparence Display with ECD (ElectroChromic Device) Development	Pile multi-layer inorganic materials on single panel to make glossy electronic device with adjustable transmittance which can display semi-permeable or total reflection effect.
4	Guest-Host(GH) LCD Device Development (Flexible Liquid-Crystal Display)	Finish the prototype development of Guest-Host(GH) LCD device which can control the brightness of light rapidly with no polarizer. It can be applied to helmet lens, sports goggles, sunglasses, etc. due to the anti-UV effect of GH-LCD itself.

5	Liquid Crystal Cell Shape Change Technology Development	Cut the sealed TFT cell into different sizes with no bubble generated. The samples have passed reliability test and been sent to customers for approval. Will improve production yield rate and introduce into mass production later.
6	Microchip maXTouch Solution Development	Provide samples of CTP 7”, 8” and 9” to customers for approval.
7	Gesture Recognition Technology Development	Finish the prototype development of 2D touch+3D gesture and keep on developing to increase gesture recognition rate by AI technology.
8	Development of Capacitance Type Muscle Deformation Monitoring Bracelet	Finish the prototype development of capacitive muscle deformation monitoring bracelet and keep on developing the related application for gloves.
9	Embedded Display Product	Develop 16 embedded products in three different sizes (4.3”, 7” and 10.1”) and provide these samples to customers for review and evaluation.
10	Intellectual Property Rights (include Patents and Trade Secret)	Number of intellectual property right proposals totaled 24, which include 12 patent proposals and 12 trade secret proposals. Number of intellectual property rights granted totaled 13 (proposals accumulated in the previous years).

(2) Future research and development projects and corresponding budget

In response to the vast market of increasingly popular interaction displays, we plan on investing NT$138,160 thousand into research and development in 2019. In addition to sparing no effort in the research and development of existing areas, we are also quite prepared for new application related software / hardware technologies, such as touch function, somatosensory technology, and embedded system software. Future research and development projects are as follows:

- ◆ 3D Curved Touch Panel with Display Technology Development
- ◆ Capacitive Touch Integrated with EMR(Electro Magnetic Resonance) Pen Technology
- ◆ Smart Window with Gesture Recognition Technology Development
- ◆ Anti-Shatter and Anti-UV Touch Display Development
- ◆ Microchip maXTouch Solution Development
- ◆ Development of Capacitive Somatosensory Gloves
- ◆ CTP Water Tolerance by Using EETI Solution (EXC3160)
- ◆ 2D Touch+3D Gesture Recognition Technology Development
- ◆ CTP Water Tolerance Improvement with AI
- ◆ TAKAOP Cloud
- ◆ Value Line Embedded Product
- ◆ Embedded with PoE
- ◆ Embedded with Wireless
- ◆ Embedded with High Resolution

Summary of Business Plan for 2019

1. Business objectives

(1) Develop new technologies and products to expand market.
①Enhance touch fuction of CTP.
②Develop technology of software / hardware for somatosensory application.
③Develop technology of ECD product.
(2) Develop effective business model for CTP+TFT module.
①Cost optimization of optical bonding process.
②Develop smart embedded display solution.
(3) Utilize knowledge management and construct intelligent factory.
①Optimization of manufacturing process to lower human factors.
②Lean production of APS.
(4) Enhance efficacy of research and development.
①Establish R&D center of somatosensory technology.
②Develop the ability of independent designing software / firmware.

2. Expected sales numbers and its basis

(1) Expected sales numbers for 2019:
With the rise of global economy, the sales numbers for 2019 is expected to be:

①STN module	2,600 thousand units
②TFT module	2,000 thousand units
③Capacitive Touch Panel	1,500 thousand units

(2) Basis for expected sales numbers of 2019:
①With the emerging trend of various pan-intelligent products, applications for internet of things, smart home, and wearable devices, the future market demand and application of touch panels will continue to grow.
②The considerable growth potential for small and medium size TFT panels in consumer and pan-industrial electronic products can drive up the sale of TFT modules.
③Integrated touch display design has become the mainstream gradually with various application market and the customization requirements are relatively high. We believe that there will be a yearly double-digit growth for solutions of touch function combined with display panel.

3. Key sales strategies

(1) Continuous technological development of the CTP manufacturing process and its material, as well as lamination technology / surface treatment / free form cutting technology of related touch sensors and display panels.
(2) Actively develop new high added value products and markets, such as large size products and small and medium size embedded displays, and combined with water tolerance touch and 3D gesture control.
(3) Research and develop curved surface touch technology for bonding curved glass and film or glass sensor, full lamination technology of display LCD and touch panel modules, and improvement of production yield rate.

Future Development Strategies

1. Focus on the innovative technology development of Capacitive Touch Panel (CTP) and continuous proportional increase of niche type Capacitive Touch Panel product structure.
2. Enhance differentiation design ability of TFT LCD module, actively seek out sales orders for TFT, and satisfy the different customized needs of clients.
3. Continuously enhance design development of pan-industrial control and medical application products to maintain future growth and profitability. Develop embedded system solution, assist the customer in integrated software, firmware and hardware design, and further differentiate and provide high value-added.
4. Actively build IP strategies and invest in research and development to develop futuristic product technology such as 3D gesture, water tolerance touch and intelligent algorithm, so as to seize prior opportunity into high margin markets.
5. Improve the localized and immediate service quality for major clients via the technical service function of overseas channels.

The Impact of the External Competitive Environment, Regulatory Environment and Macroeconomic Conditions

1. In response to EU RoHS and REACH regulations as well as consideration of environmental climate change caused by the greenhouse effect, we will actively work with supplies and venders in corresponding managerial activities that save energy and reduce carbon emission to comply with environmental trends and enhance product competitiveness.
2. In response to trade war, we will effectively readjust and reallocate production line in each area to lower tariff influence to zero.
3. Due to industry characteristics and the overall environment, the average selling price is declining gradually and is bound to affect the increase of gross margin. We will seek continuous growth in revenue and profit through product re-organization, manufacturing process improvement and more efficient supply chain management.
4. Over 90% of total operating revenue of edt is export in 2018. Since exchange rate fluctuations have a significant impact on us, efficient and stable financial operations will be used for risk aversion.

With dedication to becoming the leading brand with the most complete solutions of small and medium size interaction displays, edt stride to hold up to shareholders' expectations and achieve the basis for sustainability and stable development.

ATTACHMENT 2

Emerging Display Technologies Corp.
Supervisors' Review Report

The Board of Directors report the business report, consolidated financial statements, parent-company-only financial statements and profit allocation proposal of 2018. Of the said documents, the financial statements have been duly audited by Certified Public Accountants Po Jen, Yang and Kuo Tsung, Chen of KPMG Taiwan.

The above business report, consolidated financial statements, parent-company-only financial statements and profit allocation proposal have been audited by us as Supervisors of the Company. We deem no inappropriateness on these documents. Pursuant to Article 219 of the Company Act, we hereby present the audited report. Please review.

Submitted to:

2019 Shareholders' Meeting of the Company

Emerging Display Technologies Corp.

Supervisor: Lin, Yu-Fen

Supervisor: Tseng, Shu-Ling

Supervisor: Ting, Hung-Hsun

March 15, 2019

ATTACHMENT 3

Emerging Display Technologies Corp.
Implementation of Share Buyback Program

Buyback period	1st time of 2018	2nd time of 2018	1st time of 2019
Purpose of the buyback	Maintain edt's credit and stockholders' equity	Maintain edt's credit and stockholders' equity	Transfer to employees
Buyback period	Mar. 5, 2018~ Apr. 18, 2018	Aug. 6, 2018~ Sep. 13, 2018	Jan. 9, 2019~ Jan. 29, 2019
Buyback price range	NT$7~11	NT$7~11	NT$7~11
The average buyback price per share	NT$9.97 per share	NT$9.87 per share	NT$10.15 per share
Types of shares bought back and quantities	Common stock 4,000,000 shares	Common stock 5,000,000 shares	Common stock 5,000,000 shares
Total value of shares bought back	NT$39,878,555	NT$49,358,951	NT$50,738,984
Cancelled or transferred share quantities	4,000,000 shares	5,000,000 shares	Not transferred
Accumulated bought back shares	-	-	5,000,000 shares
Number of shares bought back as a percentage of total outstanding shares (%)	-	-	2.87%

ATTACHMENT 4

Emerging Display Technologies Corp.
Rules of Year 2019 Share Repurchase for Transferring to Employees

Adopted on January 8, 2019
Amended on March 8, 2019

Article 1 In order to motivate employees and enhance staff coherence, the Company adopts these “Rules of Year 2019 Share Repurchase for Transferring to Employees” (hereinafter “Rules”) in accordance with Article 28-2, paragraph 1, subparagraph 1 of the Securities and Exchange Act and the provisions of the “Regulations Governing Share Repurchase by Exchange-Listed and OTC-Listed Companies” issued by the Financial Supervisory Commission. Any repurchase of shares and transfer to employees by the Company, in addition to complying with applicable laws and regulations, shall be processed in accordance with these Rules.

Article 2 The shares repurchased to be transferred to employees are the Company's common shares. The rights and obligations associated with those shares, unless otherwise regulated by applicable laws and regulations or these Rules, will be the same as other outstanding common shares of the Company.

Article 3 In accordance with these Rules, the repurchased shares may be transferred to employees in a single transfer or multiple transfers within three (3) years from the date of the shares repurchased. The shares not transferred within the said time limit shall be deemed as unissued by the Company, and an amendment registration of share cancellation shall be duly processed.

Article 4 All full-time formal employees who have joined the Company and its subordinate company at home and abroad (the term “subordinate company” is in accordance with Article 369-2, paragraph 1 of the Company Act) on or before the record date of subscription are eligible to subscribe to shares in the amounts set out in Article 5 herein. Employees entitled to subscribe the shares resign during the record date of subscription and the payment period will lose their rights.

Article 5 The number of shares to which employees may subscribe will be determined based on employees' rank, seniority, and performance evaluations, the total shares repurchased on the record date of subscription, and maximum number of shares subscribed of each employee, and approved by the Chairman of the Board.

Article 6 The transfer procedures of this share repurchase program:

(1) Subject to the resolution of the Board of Directors, the repurchase of the Company's shares will be publicly announced, reported, and then executed.

(2) The Chairman of the Board is authorized under these Rules to establish and announce the record date of subscription, the standard for subscription amount, the payment period, the rights contents, restrictions, etc. However, the amount may be subscribed by the managerial officers shall be reviewd by the Remuneration Committee and approved by the Board of Directors.

(3) Employees who have not subscribed and accomplished payment at the conclusion of the designated subscription and payment period will be deemed to have waived their subscription rights. In the event of a remaining number of subscriptions, the Chairman of the Board is authorized to grant to other employees for subscription to the remaining shares.

(4) Numbers of shares actually subscribed with payment received shall be calculated, and the registration of share transfers will be carried out accordingly.

Article 7 The transfer price of the shares repurchased will be determined by the average price of the actual repurchase shares. (The calculation will be rounded off to dime in NT Dollar.) Based on the Company's "Articles of Incorporation", transfer of shares to employees at a price lower than average price of the actual repurchase shares shall be adopted by a large majority representing two thirds of the votes at a shareholders' meeting attended by shareholders representing a majority of the total number of issued shares, and shall be included in the proposed resolution and explain the provisions of Article 10-1 of " Regulations Governing Share Repurchase by Exchange-Listed and OTC-Listed Companies".
If there is either an increase or a decrease in the number of the issued shares of the Company's common stock prior to the transfer, the transfer price may be adjusted accordingly within a range proportional to the increase or decrease.
The formula of adjusted transfer price:
Adjusted transfer price = Average price of the actual repurchase shares × Number of the Company's common shares issued as completion of the repurchase program ÷ Number of the Company's common shares issued before transfer of shares to employees

Article 8 After the repurchased shares being transferred and registered under employees' names, unless otherwise specified, the rights and obligations of the shares are the same as the ordinary.

Article 9 These Rules will be adopted and take effect subject to a resolution of the Board of Directors, and may be amended by submission to the Board of Directors for a resolution.

Article 10 These Rules shall be reported in the shareholders' meeting. This shall apply to any amendments.

ATTACHMENT 5

Independent Auditors' Report

To the Board of Directors of Emerging Display Technologies Corp.:

Opinion

We have audited the financial statements of Emerging Display Technologies Corp. ("the Company"), which comprise the balance sheets as of December 31, 2018 and 2017, the statements of comprehensive income, changes in equity and cash flows for the years then 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 then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

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 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.

Emphasis of Matter

As stated in Note 3(a), the Company initially adopt the IFRS 9, "Financial Instruments" on January 1, 2018, but need not restate prior periods. Our opinion is not modified in respect of this matter.

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. The key audit matters we judged shall be presented in the financial report as follows:

1. Valuation of inventory

Please refer to Note 4(g) Inventories and Note 5(b) of the financial statements for inventories and accounting estimate of inventory valuation, respectively. Information regarding the inventory is shown in Note 6(i) of the financial statements.

Description of key audit matters:

Inventory is carried at the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses. The Company is engaged in the manufacture and sale of liquid crystal displays and capacity touch panels. The Company focuses on the small and medium sized niche markets of non-consumable area. The products are used in industrial equipment, smart home devices, handheld devices, and information appliance products. The development strategy of the Company is focused on diversified and customized products which may result to have an impact on its inventory cost. As a consequence, there is a risk that the net realizable value of inventory may turn out to be lower than its carrying value. Therefore, the valuation of inventory is one of the key areas our audit focused on.

How the matter was addressed in our audit:

In relation to the key audit matter above, our principal audit procedures included selecting samples to test the accuracy of inventory aging report; analyzing the changes of inventory aging; assessing the reasonableness of the accounting policy (such as the provision of inventory valuation and obsolescence), and assessing the reasonableness of the provision of inventory by reviewing the historical accuracy on provision. Moreover, assessing the changes of obsolescence inventory in the subsequent events, and the basis of net realizable value to evaluate the accuracy of the Company's provisions. In addition, we also assessed the appropriateness of the provisions and disclosures made by the management.

2. Valuation of receivables

Please refer to Note 4(f) and Note 5(a) of the financial statement for receivable and accounting estimate of receivable valuation, respectively. Information regarding the inventory is shown in Note 6 (g) of the financial statement.

Description of key audit matters:

The Company's customers are the manufacturers of industrial equipment, smart home devices, handheld devices, and information appliance product. The cause of some customers delayed payment was due to the need to clarify the responsibility of problematic products that resulted from the failure of process or usage of the end product. Because of the inherent credit risk of receivables, the management has subjective and significant judgments with the balance of allowance for bad debts from receivables. Therefore, the valuation of receivables is one of the key areas our audit focused on.

How the matter was addressed in our audit:

In relation to the key audit matter above, our principal audit procedures included understanding the process of account checking and collection with customers; analyzing the receivable aging report; reviewing the historical receipt and bad debt records, industrial economy, and concentration of credit risk of the customers; and considering the adequacy of the Company's disclosures in the accounts in order to evaluate the appropriateness of loss allowances recognized under default risk and expected credit loss model.

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 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, the 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 the management either intends to liquidate the Company or to cease its operations, there is no realistic alternative but to do so.

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

Auditors' 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 misstatements, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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 the 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 auditors' 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 these 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 Po Jen, Yang and Kuo Tsung, Chen.

KPMG

Taipei, Taiwan (Republic of China)

March 8, 2019

Notes to Readers

The accompanying parent company only financial statements are intended only to present the 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 parent company only financial statements are those generally accepted and applied in the Republic of China.

The independent auditors' review 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'review report and parent company only financial statements, the Chinese version shall prevail.

(English Translation of Financial Statements Originally Issued in Chinese)

EMERGING DISPLAY TECHNOLOGIES CORP.

Balance Sheets

December 31, 2018 and 2017

(Expressed in Thousands of New Taiwan Dollars)

	Assets	December 31, 2018 Amount	%	December 31, 2017 Amount	%
	Current assets:				
1100	Cash and cash equivalents (note 6(a))	$ 968,003	29	1,098,614	33
1110	Financial assets at fair value through profit or loss, current (note 6(b))	126,459	4	-	-
1120	Financial assets at fair value through other comprehensive income , current (note 6(c))	184,704	5	-	-
1125	Available-for-sale financial assets , current (notes 6(d) and 8)	-	-	390,457	11
1147	Investments in debt instrument without an active market, current (note 6(e))	-	-	4,423	-
1170	Accounts receivable, net (notes 6(g),(w))	207,313	6	236,707	7
1180	Accounts receivable - related parties, net (note 6(g),(w) and 7)	336,872	10	352,080	10
1200	Other receivables (note 6(h) and 7)	60,363	2	16,689	-
130X	Inventories (note 6(i))	725,926	22	651,580	19
1470	Other current assets (note 6(j) and 8)	41,973	1	11,497	-
	Total current assets	2,651,613	79	2,762,047	80
	Non-current assets:				
1517	Financial assets at fair value through other comprehensive income, non-current (note 6(c))	32,286	1	-	-
1543	Financial assets carried at cost, non-current (note 6(f))	-	-	35,000	1
1550	Investments accounted for using equity method (notes 6(k))	287,165	9	298,093	9
1600	Property, plant and equipment (note 6(m),8 and 9)	340,513	10	324,512	9
1780	Intangible assets (note 6(o))	2,448	-	3,425	-
1840	Deferred income tax assets (note 6(t))	27,893	1	32,446	1
1915	Prepayments for business facilities	-	-	6,368	-
1980	Other non-current financial assets (note 6(h),(j))	5,566	-	4,036	-
	Total non-current assets	695,871	21	703,880	20
	Total assets	$ 3,347,484	100	3,465,927	100

	Liabilities and Equity	December 31, 2018 Amount	%	December 31, 2017 Amount	%
	Current liabilities:				
2100	Short-term borrowings (notes 6(p),(af) and 8)	$ 370,000	11	557,000	16
2150	Notes payable	720	-	1,141	-
2170	Accounts payable	402,381	12	286,991	8
2180	Accounts payable - related parties (note 7)	105,463	3	96,881	2
2200	Other payables	209,312	6	167,009	5
2220	Other payables - related parties (note 7)	3,735	-	4,409	-
2230	Income tax liabilities	12,934	-	17,739	1
2300	Other current liabilities (notes 6(w))	12,629	-	17,947	1
	Total current liabilities	1,117,174	32	1,149,117	33
	Non-Current liabilities:				
2540	Long-term borrowings (notes 6(q),(af) and 8)	398,888	12	398,246	12
2570	Deferred income tax liabilities (note 6(t))	932	-	-	-
2640	Net defined benefit liability, non-current (note 6(s))	88,226	3	82,998	2
2645	Guarantee deposits received	34	-	34	-
	Total non-current liabilities	488,080	15	481,278	14
	Total liabilities	1,605,254	47	1,630,395	47
	Equity attributable to owners of parent (note 6(u)):				
3100	Capital Stock	1,744,076	52	1,834,076	53
3200	Capital surplus	28,226	1	23,873	1
3300	Retained earnings	355,707	11	325,664	9
3400	Other equity interest	(112,570)	(3)	(74,872)	(2)
3500	Treasury shares	(273,209)	(8)	(273,209)	(8)
	Total equity	1,742,230	53	1,835,532	53
	Total liabilities and equity	$ 3,347,484	100	3,465,927	100

See accompanying notes to financial statements.

(English Translation of Financial Statements Originally Issued in Chinese)

EMERGING DISPLAY TECHNOLOGIES CORP.

Statements of Comprehensive Income

For the years ended December 31, 2018 and 2017

(Expressed in Thousands of New Taiwan Dollars, Except for Earnings Per Share)

		2018		2017	
		Amount	%	Amount	%
4000	**Operating revenue (notes 6(w),(x) and 7)**	$ 2,708,895	100	2,934,938	100
5000	**Operating costs (notes 6(i), (o), (s), (y), 7 and 12)**	2,346,998	87	2,543,718	87
	Gross profit	361,897	13	391,220	13
5910	Less: Unrealized profit (loss) from sales	9,687	-	12,338	-
5920	Add: Realized profit (loss) on from sales	12,338	-	20,186	1
	Gross profit	364,548	13	399,068	14
	Operating expenses (notes 6(g), (o), (s), (y), 7 and 12):				
6100	Selling expenses	123,801	5	119,044	4
6200	Administrative expenses	86,103	3	82,187	3
6300	Research and development expenses	103,245	4	96,265	3
6450	Expected credit impairment loss	661	-	-	-
	Net operating income	313,810	12	297,496	10
6500	**Net other income (expenses) (note 6(z))**	194	-	1,094	-
	Net operating income	50,932	1	102,666	4
	Non-operating income and expenses (note 6(aa)):				
7010	Other income	33,604	1	18,604	-
7020	Other gains and losses, net	40,115	1	(45,902)	(2)
7050	Finance costs	(12,259)	-	(10,838)	-
7070	Share of profit (loss) of associates and joint ventures accounted for using equity method	10,966	-	(564)	-
	Total non-operating income and expenses	72,426	2	(38,700)	(2)
7900	**Profit before income tax**	123,358	3	63,966	2
7950	**Income tax expense (note 6(t))**	11,432	-	9,652	-
	Profit	111,926	3	54,314	2
8300	**Other comprehensive income:**				
8310	**Items that will not be reclassified subsequently to profit or loss**				
8311	Gains (losses) on remeasurements of defined benefit plans (note 6(s))	(7,672)	-	2,991	-
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	(15,204)	(1)	-	-
8330	Share of other comprehensive income of subsidiaries, associates and joint ventures accounted for using equity method, items that will not be reclassified to profit or loss (note 6(u))	(7,214)	-	-	-
8349	Income tax related to items that will not be reclassified subsequently to profit or loss (note 6(t))	-	-	-	-
		(30,090)	(1)	2,991	-
8360	**Items that may be reclassified subsequently to profit or loss**				
8361	Exchange differences on translation	858	-	(8,138)	-
8362	Unrealized gains (losses) on valuation of available-for-sale financial assets (note 6(ab))	-	-	10,575	-
8380	Share of other comprehensive income of subsidiaries, associates and joint ventures accounted for using equity method, items that will be reclassified subsequently to profit or loss (note 6(u))	(420)	-	10,573	-
8399	Income tax related to items that will be reclassified subsequently to profit or loss (note 6(t))	-	-	(270)	-
		438	-	12,740	-
8300	**Other comprehensive income**	(29,652)	(1)	15,731	-
8500	**Comprehensive income**	$ 82,274	2	70,045	2
	Earnings per share(New Taiwan Dollars) (note 6(v)):				
9750	**Basic net income per share(New Taiwan Dollars)**	$	0.71		0.33
9850	**Diluted net income per share(New Taiwan Dollars)**	$	0.71		0.33

See accompanying notes to financial statements.

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)

EMERGING DISPLAY TECHNOLOGIES CORP.

Statements of Changes in Equity

For the years ended December 31, 2018 and 2017

(Expressed in Thousands of New Taiwan Dollars)

			Retained earnings			Total other equity interest				
	Ordinary shares	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	Treasury shares	Total equity
Balance at January 1, 2017	**$ 1,949,076**	**33,663**	**21,614**	**96,448**	**220,322**	**(293)**	**-**	**(87,319)**	**(273,209)**	**1,960,302**
Profit	-	-	-	-	54,314	-	-	-	-	54,314
Other comprehensive income	-	-	-	-	2,991	(8,416)	-	21,156	-	15,731
Total comprehensive income	-	-	-	-	57,305	(8,416)	-	21,156	-	70,045
Appropriation and distribution of retained earnings:										
Legal reserve	-	-	18,777	-	(18,777)	-	-	-	-	-
Special reserve	-	-	-	27,262	(27,262)	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(70,025)	-	-	-	-	(70,025)
Purchase of treasury share	-	-	-	-	-	-	-	-	(128,382)	(128,382)
Retirement of treasury share	(115,000)	(13,382)	-	-	-	-	-	-	128,382	-
Cash dividends to subsidiaries	-	3,592	-	-	-	-	-	-	-	3,592
Balance at December 31, 2017	**1,834,076**	**23,873**	**40,391**	**123,710**	**161,563**	**(8,709)**	**-**	**(66,163)**	**(273,209)**	**1,835,532**
Effects of retrospective application	-	-	-	-	(8,314)	-	(79,429)	66,163	-	(21,580)
Balance at January 1, 2018 after adjustments	1,834,076	23,873	40,391	123,710	153,249	(8,709)	(79,429)	-	(273,209)	1,813,952
Profit	-	-	-	-	111,926	-	-	-	-	111,926
Other comprehensive income	-	-	-	-	(7,672)	438	(22,418)	-	-	(29,652)
Total comprehensive income	-	-	-	-	104,254	438	(22,418)	-	-	82,274
Appropriation and distribution of retained earnings:										
Legal reserve	-	-	5,431	-	(5,431)	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(68,349)	-	-	-	-	(68,349)
Reversal of special reserve	-	-	-	(14,498)	14,498	-	-	-	-	-
Purchase of treasury share	-	-	-	-	-	-	-	-	(89,237)	(89,237)
Retirement of treasury share	(90,000)	763	-	-	-	-	-	-	89,237	-
Cash dividends to subsidiaries	-	3,590	-	-	-	-	-	-	-	3,590
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	2,452	-	(2,452)	-	-	-
Balance at December 31, 2018	**$ 1,744,076**	**28,226**	**45,822**	**109,212**	**200,673**	**(8,271)**	**(104,299)**	**-**	**(273,209)**	**1,742,230**

See accompanying notes to financial statements.

(English Translation of Financial Statements Originally Issued in Chinese)

EMERGING DISPLAY TECHNOLOGIES CORP.

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 (used in) operating activities:		
Profit before tax	$ 123,358	63,966
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expense	62,896	80,533
Amortization expense	3,054	1,141
Expected credit loss / Provision for bad debt expense	661	262
Net loss on financial assets or liabilities at fair value through profit or loss	7,139	4,655
Interest expense	12,259	10,838
Interest income	(18,504)	(11,707)
Dividend income	(11,066)	(6,445)
Share of loss (profit) of subsidiaries, associates and joint ventures accounted for using equity method	(10,966)	564
Gain on disposal of property, plant and equipment and investment property	(1,347)	(25,124)
Gain on disposal of investments	-	(16,716)
Unrealized profit from sales	9,687	12,338
Realized profit on from sales	(12,338)	(20,186)
Unrealized foreign exchange loss (gain)	(4,278)	30,999
Gain on reversal of an impairment loss for investment property	-	(5,664)
Total adjustments to reconcile profit	37,197	55,488
Changes in operating assets and liabilities:		
Changes in operating assets:		
Decrease (increase) in accounts receivable	28,462	(71,375)
Decrease (increase) in accounts receivable-related parties	14,326	(51,113)
Decrease in other receivable	780	3,915
Increase in inventories	(74,346)	(11,596)
Increase in other current assets	(29,191)	(1,326)
Total changes in operating assets	(59,969)	(131,495)
Changes in operating liabilities:		
Decrease in notes payable	(421)	(1,062)
Increase (decrease) in accounts payable	116,571	(3,555)
Increase (decrease) in accounts payable-related parties	8,852	(9,006)
Increase (decrease) in other payable	39,172	(26,557)
Decrease in other payable-related parties	(739)	(311)
Decrease in other current liabilities	(5,318)	(2,328)
Decrease in net defined benefit liability	(2,444)	(2,516)
Total changes in operating liabilities	155,673	(45,335)
Total changes in operating assets and liabilities	95,704	(176,830)
Total adjustments	132,901	(121,342)
Cash inflow generated from (used in) operations	256,259	(57,376)
Interest received	18,587	10,653
Dividends received	11,066	6,445
Interest paid	(11,450)	(10,080)
Income taxes paid	(10,753)	(12,102)
Net cash flows from (used in) operating activities	263,709	(62,460)
Cash flows from (used in) investing activities:		
Acquisition of financial assets at fair value through profit or loss	(58,780)	-
Proceeds from disposal of financial assets at fair value through profit or loss	189,195	-
Acquisition of financial assets at fair value through other comprehensive income	(98,356)	-
Proceeds from disposal of financial assets at fair value through other comprehensive income	22,405	-
Acquisition of available-for-sale financial assets	-	(206,517)
Proceeds from disposal of available-for-sale financial assets	-	231,346
Decrease in investments in debt instrument without an active market	-	415,973
Prepayment for investments	(2,700)	-
Acquisition of property, plant and equipment	(69,311)	(26,053)
Proceeds from disposal of property, plant and equipment	1,347	48,132
Acquisition of intangible assets	(2,077)	(698)
Decrease in other financial assets	4,057	4
Increase in other non-current assets-related parties	(43,094)	-
Increase in prepayments for business facilities	-	(5,991)
Dividends received	4,981	11,047
Net cash flows from (used in) investing activities	(52,333)	467,243
Cash flows from (used in) financing activities:		
Decrease in short-term borrowings	(187,000)	(155,000)
Proceeds from long-term debt	-	400,000
Decrease in guarantee deposits received	-	(126)
Cash dividends paid	(68,349)	(70,028)
Payments to acquire treasury shares	(89,237)	(128,382)
Net cash flows from (used in) financing activities	(344,586)	46,464
Effect of exchange rate changes on cash and cash equivalents	2,599	(27,775)
Net increase (decrease) in cash and cash equivalents	(130,611)	423,472
Cash and cash equivalents at beginning of period	1,098,614	675,142
Cash and cash equivalents at end of period	**$ 968,003**	**1,098,614**

See accompanying notes to financial statements.

ATTACHMENT 6

Independent Auditors' Report

To the Board of Directors of Emerging Display Technologies Corp.:

Opinion

We have audited the accompanying consolidated financial statements of Emerging Display Technologies Corp. and 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 Group's consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2018 and 2017, and its consolidated financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards(IFRS), International Accounting Standards(IAS), IFRIC Interpretations(IFRIC), and SIC Interpretations(SIC) endorsed and issued into effect by the Financial Supervisory Commission 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 of our opinion.

Emphasize Matters

As stated in Note 3(a), the Group initially adopt the IFRS 9, "Financial Instruments" on January 1, 2018, but need not restate prior periods. Our opinion is not modified in respect of this matter.

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. The key audit matters we judged shall be presented in the consolidated financial report as follows:

1. Valuation of inventory

Please refer to Note 4(h) Inventories and Note 5(b) of the consolidated financial statements for inventories and accounting estimate of inventory valuation, respectively. Information regarding the inventory is shown in Note 6(i) of the consolidated financial statements.

Description of key audit matters:

Inventory is carried at the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses. The Group is engaged in the manufacture and sale of liquid crystal displays and capacity touch panels. The Group focuses on the small and medium sized niche markets of non-consumable area. The products are used in industrial equipment, smart home devices, handheld devices, and information appliance products.The development strategy of the Group is focused on diversified and customized products which may result to have an impact on its inventory cost. As a result, there is a risk that the net realizable value of inventory may turn out to be lower than its carrying value. Therefore, this is one of the key areas our audit focused on.

How the matter was addressed in our audit:

In relation to the key audit matter above, our principal audit procedures included selecting samples to test the accuracy of inventory aging report; analyzing the changes of inventory aging; assessing the reasonableness of the accounting policy, such as provision of inventory valuation and obsolescence, reviewing the accuracy of prior year’s inventory allowance and assessing the reasonableness of the provision. Moreover, assessing the changes of obsolescence inventory in the subsequent events, and the basis of net realizable value to evaluate the accuracy of the Group’s provisions. In addition, we also assessed the appropriateness of the provisions and disclosures made by the management.

2. Valuation of receivables

Please refer to Note 4(g) and Note 5(a) of the consolidated financial statement for receivable and accounting estimate of receivable valuation, respectively. Information regarding the account receivable impairment assessment is shown in Note 6 (g) of the consolidated financial statements.

Description of key audit matters:

The Group’s customers are the manufacturers of industrial equipment, smart home devices, handheld devices, and information appliance product. The cause of some customers delayed payment was there is a need to clarify the responsibility of problematic products that resulted from the failure of process or the usage of end product. Because of the inherent credit risk of receivables, management has subjective and significant judgments with the balance of allowance for bad debts from receivables. Therefore, this is one of the key areas our audit focused on.

How the matter was addressed in our audit:

In relation to the key audit matter above, our principal audit procedures included understanding the processes of account checking and collection with customers; analyzing receivable aging report; assessing the reasonableness of the provision of receivable by reviewing the historical receipt and bad debt records, industrial economy, and concentration of credit risk, and considering the adequacy of the Group’s disclosures in the accounts in order to evaluate the appropriateness of loss allowances recognized under default risk and expected credit loss mode.

Other Matters

We have also audited the parent company only financial statements of Emerging Display Technologies Corp. as of and for the year ended December 31, 2018 and 2017, on which we have issued an unmodified opinion plus an emphasis of matter paragraph.

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 Regulations Governing the Preparation of Financial Reports by Securities Issuers and the IFRS, IAS, IFRIC, and 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 financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the 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 the management either intends to liquidate the Group or to cease its operations, there is no realistic alternative but to do so.

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

Auditors’ Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatements, whether due to fraud or error, and to issue an auditors’ report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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 the 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 auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the company to express an opinion on this consolidated 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 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 Po Jen, Yang and Kuo Tsung, Chen.

KPMG

Taipei, Taiwan (Republic of China)

March 8, 2019

Notes to Readers

The accompanying consolidated 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 consolidated financial statements are those generally accepted and applied in the Republic of China.

The independent auditors' review 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 independent auditors'review report and consolidated financial statements, the Chinese version shall prevail.

(English Translation of Financial Statements and Report Originally Issued in Chinese)

EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

Consolidated Balance Sheets

December 31, 2018 and 2017

(Expressed in thousands of New Taiwan dollars)

	2018.12.31		2017.12.31	
ASSETS	**Amount**	**%**	**Amount**	**%**
CURRENT ASSETS：				
Cash and cash equivalent (Note 6(a))	$ 1,029,113	30	1,148,720	33
Financial assets at fair value through profit or loss, current (Note 6(b))	126,459	4	-	-
Financial assets at fair value through other comprehensive income, current (Note 6(c))	203,906	6	-	-
Available for sale financial assets, current (Note 6(d))	-	-	417,630	12
Investments in debt instrument without an active market, current (Notes 6(e) and 8)	-	-	4,423	-
Accounts receivable, net (Note 6(g) and 6 (v))	468,844	14	490,408	14
Other receivables (Note 6(h))	15,840	-	16,702	-
Income tax assets	630	-	1,419	-
Inventories (Note 6(i))	844,538	25	783,309	22
Other current assets (Note 6(j) and 8)	55,271	2	44,210	1
Total current Asset	2,744,601	81	2,906,821	82
NON-CURRENT ASSETS:				
Financial assets at fair value through other comprehensive income, non-current (Note 6(c))	152,526	5	-	-
Financial assets carried at cost, non-current (Note 6(f))	-	-	185,000	6
Property, plant and equipment (Notes 6(l) ,8 and 9)	455,838	13	391,411	11
Intangible assets (Note 6(n))	2,471	-	3,540	-
Deferred income tax assets (Note 6(s))	28,132	1	32,691	1
Prepayments for business facilities	-	-	6,368	-
Other non-current financial assets (Notes 6(e) , 6(h), 6(j) and 8)	10,500	-	9,292	-
Total non-current assets	649,467	19	628,302	18
TOTAL	$ 3,394,068	100	3,535,123	100

	2018.12.31		2017.12.31	
LIABILITIES AND EQUITY	**Amount**	**%**	**Amount**	**%**
CURRENT LIABILITY：				
Short-term loans (Notes 6(o) and 6(ae))	$ 370,000	11	557,000	16
Notes payable	720	-	1,141	-
Accounts payable	459,356	14	343,654	10
Other payables	237,415	7	197,414	6
Income tax liabilities	14,199	-	18,235	-
Other current liabilities (Notes 6(v))	14,909	-	18,839	-
Total current liabilities	1,096,599	32	1,136,283	32
NON-CURRENT LIABILITIES：				
Long-term loans (Notes 6(p), 6(ae) and 8)	398,888	12	398,246	11
Deferred income tax liabilities (Note 6(s))	932	-	-	-
Net defined benefit liabilities, non-current (Note 6(r))	88,226	3	82,998	3
Guarantee deposits received	264	-	34	-
Total non-current liabilities	488,310	15	481,278	14
Total liabilities	1,584,909	47	1,617,561	46
EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE PARENT (Note 6 (t))：				
Capital stock	1,744,076	51	1,834,076	52
Capital surplus	28,226	1	23,873	1
Retained earnings	355,707	10	325,664	9
Other equity interest	(112,570)	(3)	(74,872)	(2)
Treasury stock	(273,209)	(8)	(273,209)	(8)
Total equity attributable to shareholders of the parent	1,742,230	51	1,835,532	52
Non-controlling interests(Note 6(k))	66,929	2	82,030	2
Total equity	1,809,159	53	1,917,562	54
TOTAL	$ 3,394,068	100	3,535,123	100

See accompanying notes to consolidated financial statements.

(English Translation of Financial Statements and Report Originally Issued in Chinese)

EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

Consolidated Statements of Comprehensive Income

For the years ended December 31, 2018 and 2017

(Expressed in thousands of New Taiwan dollars, Except Earning Per Share)

	2018		2017	
	Amount	%	Amount	%
Operating revenue (Note 6(v) and 6(w))	$ 2,818,735	100	3,005,136	100
Operating cost (Note 6(i, n, r & x) and 12)	2,339,384	83	2,494,474	83
Gross profit	479,351	17	510,662	17
Operating expenses (Note 6(g, n, r & x) and 12):				
Selling expenses	188,586	7	186,388	7
General and administrative expenses	127,386	4	124,587	4
Research and development expenses	103,245	4	96,265	3
Expected credit loss	1,244	-	-	-
Total operating expenses	420,461	15	407,240	14
Net other income (Note 6(y))	2,078	-	1,094	-
Operating profit	60,968	2	104,516	3
Non-operating income and expenses(Note 6(z)):				
Other income	34,829	1	23,904	1
Other gains and losses	43,098	2	(50,357)	(2)
Finance costs	(12,266)	-	(10,855)	-
Total non-operating income and expenses	65,661	3	(37,308)	(1)
Profit before income tax	126,629	5	67,208	2
Income tax expense (Note 6(s))	14,466	1	11,637	-
Profit	112,163	4	55,571	2
Other comprehensive income:				
Items that will not be reclassified subsequently to profit or loss				
Remeasurement of defined benefit obligation (Note 6(r))	(7,672)	-	2,991	-
Unrealized losses on investments in equity instruments at fair value through other comprehensive income	(21,734)	(1)	-	-
Income tax related to items that will not be reclassified subsequently (Note 6(s))	-	-	-	-
	(29,406)	(1)	2,991	-
Items that may be reclassified subsequently to profit or loss				
Exchange differences on translation	337	-	(8,484)	-
Unrealized gains on available-for-sale financial assets (Note 6(aa))	-	-	21,900	-
Less: Income tax related to items that will be reclassified subsequently (Note 6(s))	-	-	270	-
	337	-	13,146	-
Other comprehensive income, net	(29,069)	(1)	16,137	-
Comprehensive income	$ 83,094	3	71,708	2
Profit (loss) attributable to				
Shareholders of the parent	$ 111,926	4	54,314	2
Non-controlling interests	237	-	1,257	-
Net Profit (loss)	$ 112,163	4	55,571	2
Comprehensive income attributable to				
Shareholders of the parent	$ 82,274	3	70,045	2
Non-controlling interests	820	-	1,663	-
Total comprehensive income	$ 83,094	3	71,708	2
Earnings per share (Note 6(u))(expressed in New Taiwan dollars)				
Basic earnings per share	$	0.71		0.33
Diluted earnings per share	$	0.71		0.33

See accompanying notes to consolidated financial statements.

(English Translation of Financial Statements and Report Originally Issued in Chinese)

EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

Consolidated Statements of Changes in Stockholders' Equity

For the years ended December 31, 2018 and 2017

(Expressed in thousands of New Taiwan dollars)

	Equity attributable to shareholders of parent											
			Retained earnings			Other equity interest						
	Common stock	Capital surplus	Legal capital reserve	Special capital reserve	Unappropriated earnings	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	Unrealized gains (losses) on available-for-sale financial assets	Treasury stock	Total equity attributable to shareholders of parent	Non-controlling interests	Total Equity
Balance at January 1, 2017	**$ 1,949,076**	**33,663**	**21,614**	**96,448**	**220,322**	**(293)**	**-**	**(87,319)**	**(273,209)**	**1,960,302**	**80,367**	**2,040,669**
Profit	-	-	-	-	54,314	-	-	-	-	54,314	1,257	55,571
Other comprehensive income	-	-	-	-	2,991	(8,416)	-	21,156	-	15,731	406	16,137
Total comprehensive income	-	-	-	-	57,305	(8,416)	-	21,156	-	70,045	1,663	71,708
Appropriation and distribution of retained earnings:												
Legal reserve	-	-	18,777	-	(18,777)	-	-	-	-	-	-	-
Special reserve	-	-	-	27,262	(27,262)	-	-	-	-	-	-	-
Cash dividends to shareholders	-	-	-	-	(70,025)	-	-	-	-	(70,025)	-	(70,025)
Purchase of treasury stock	-	-	-	-	-	-	-	-	(128,382)	(128,382)	-	(128,382)
Retirement of treasury stock	(115,000)	(13,382)	-	-	-	-	-	-	128,382	-	-	-
Cash dividends to subsidiaries	-	3,592	-	-	-	-	-	-	-	3,592	-	3,592
Balance at December 31, 2017	**1,834,076**	**23,873**	**40,391**	**123,710**	**161,563**	**(8,709)**	**-**	**(66,163)**	**(273,209)**	**1,835,532**	**82,030**	**1,917,562**
Effects of retrospective application	-	-	-	-	(8,314)	-	(79,429)	66,163	-	(21,580)	(14,820)	(36,400)
Balance at January 1,2018 after adjustments	1,834,076	23,873	40,391	123,710	153,249	(8,709)	(79,429)	-	(273,209)	1,813,952	67,210	1,881,162
Profit	-	-	-	-	111,926	-	-	-	-	111,926	237	112,163
Other comprehensive income	-	-	-	-	(7,672)	438	(22,418)	-	-	(29,652)	583	(29,069)
Total comprehensive income	-	-	-	-	104,254	438	(22,418)	-	-	82,274	820	83,094
Appropriation and distribution of retained earnings:												
Legal reserve	-	-	5,431	-	(5,431)	-	-	-	-	-	-	-
Cash dividends to shareholders	-	-	-	-	(68,349)	-	-	-	-	(68,349)	-	(68,349)
Reversal of special reserve	-	-	-	(14,498)	14,498	-	-	-	-	-	-	-
Purchase of treasury stock	-	-	-	-	-	-	-	-	(89,237)	(89,237)	-	(89,237)
Retirement of treasury stock	(90,000)	763	-	-	-	-	-	-	89,237	-	-	-
Cash dividends to subsidiaries	-	3,590	-	-	-	-	-	-	-	3,590	-	3,590
Cash dividends distribution of subsidiaries to non-controlling interests	-	-	-	-	-	-	-	-	-	-	(1,101)	(1,101)
Disposal of investments in equity instruments at fair value through other comprehensive income	-	-	-	-	2,452	-	(2,452)	-	-	-	-	-
Balance at December 31, 2018	**$ 1,744,076**	**28,226**	**45,822**	**109,212**	**200,673**	**(8,271)**	**(104,299)**	**-**	**(273,209)**	**1,742,230**	**66,929**	**1,809,159**

See accompanying notes to consolidated financial statements.

(English Translation of Financial Statements and Report Originally Issued in Chinese)

EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

Consolidated 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 (used in) operating activities		
Profit before tax	$ 126,629	67,208
Adjustments :		
Adjustments to reconcile profit (loss):		
Depreciation expense	66,363	85,775
Amortization expense	3,190	1,179
Expected credit loss / Provision for bad debt expense	1,244	14
Loss on financial assets or liabilities at fair value through profit or loss	7,139	4,655
Interest expense	12,266	10,855
Interest income	(17,316)	(13,217)
Dividend income	(12,926)	(7,726)
Gain on disposal of property, plant, equipment and investment property	(4,152)	(25,124)
Gain on disposal of investments	-	(19,173)
Unrealized foreign exchange loss (gain)	(5,410)	30,173
Gain on reversal of an impairment loss for investment property	-	(5,664)
Total adjustments to reconcile profit	50,398	61,747
Changes in operating assets and liabilities		
Net changes in operating assets:		
Accounts receivable	28,170	(134,319)
Other accounts receivable	779	3,952
Inventories	(58,698)	(38,037)
Other current assets	(9,924)	(25,535)
Total net changes in operating assets	(39,673)	(193,939)
Net changes in operating liabilities:		
Notes payable	(421)	(1,062)
Accounts payable	115,954	5,273
Other payables	37,634	(26,883)
Other current liabilities	(4,826)	(2,129)
Net defined benefit liability	(2,444)	(2,516)
Total net change in operating liabilities	145,897	(27,317)
Total net change in operating asset and liabilities	106,224	(221,256)
Total adjustments	156,622	(159,509)
Cash generated from (used in) operating activities	283,251	(92,301)
Interest received	17,399	12,163
Dividends received	12,926	7,726
Interest paid	(11,457)	(10,097)
Income taxes paid	(12,164)	(15,645)
Net cash flows from (used in) operating activities	289,955	(98,154)
Cash flows from (used in) investing activities:		
Acquisition of financial assets at fair value through profit or loss	(58,780)	-
Proceeds from disposal of financial assets at fair value through profit or loss	189,195	-
Acquisition of financial assets at fair value through other comprehensive income	(98,356)	-
Proceeds from disposal of financial assets at fair value through other comprehensive income	22,405	-
Acquisition of available-for-sale financial assets	-	(206,517)
Proceeds from disposal of available-for-sale financial assets	-	238,864
Acquisition of debt instrument without an active market	-	415,973
Acquisition of property, plant and equipment	(118,670)	(27,347)
Proceeds from disposal of property, plant, equipment and investment property	4,214	48,132
Prepayments on long-term equity investment	(2,700)	-
Acquisition of intangible assets	(2,121)	(851)
Decrease in other financial assets	4,350	476
Increase in prepayments on purchase of equipment	-	(5,991)
Net cash flows from (used in) investing activities	(60,463)	462,739
Cash flows from (used in) financing activities:		
Decrease in short-term loans	(187,000)	(155,000)
Increase in long-term loans	-	400,000
Increase (Decrease) in guarantee deposits received	225	(126)
Cash dividends	(65,859)	(66,435)
Payments to acquire treasury shares	(89,237)	(128,382)
Net cash flows from (used in) financing activities	(341,871)	50,057
Effects of changes in foreign exchange rates	(7,228)	(10,575)
Net increase (decrease) in cash and cash equivalents	(119,607)	404,067
Cash and cash equivalents at beginning of year	1,148,720	744,653
Cash and cash equivalents at end of year	**$ 1,029,113**	**1,148,720**

See accompanying notes to consolidated financial statements.

ATTACHMENT 7

Emerging Display Technologies Corp.

2018 Profit Distribution Proposal

Unit: NT$

Beginning retained earnings	$102,281,323
Less: Adjustments for initial applying of IFRS 9 “Financial Instruments”	(8,314,176)
Adjusted beginning retained earnings	93,967,147
Plus: Proceeds from disposal of equity instruments at fair value through other comprehensive income	2,451,906
Net Income of year 2018	111,925,265
Less: Changes of remeasurement of defined benefit plan	(7,672,000)
Retained earnings available for distribution	**200,672,318**
Less: 10% of legal reserve	(11,192,527)
Equity deduction of special reserve	(37,697,306)
Special reserve for changes of market price of edt's shares held by subsidiaries	(4,397,194)
Distribution item:	
Cash dividend for common share holders (NT$0.5 per share)	(78,703,802)
Unappropriated retained earnings	**$68,681,489**

ATTACHMENT 8

Emerging Display Technologies Corp.

Amendment to "Regulations Governing the Acquisition and Disposal of Assets"

Original Article		Amended Article		Notes
Article 3	The term "assets" as used in these Regulations 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 property (including land, houses and buildings, investment property, ~~rights to use land,~~ and construction enterprise inventory) and equipment. 3. Memberships. 4. Patents, copyrights, trademarks, franchise rights, and other intangible assets. 5. Claims of financial institutions (including receivables, bills purchased and discounted, loans, and overdue receivables). 6. Derivatives. 7. Assets acquired or disposed of in connection with mergers, demergers, acquisitions, or transfer of shares in accordance with law. 8. Other major assets.	Article 3	The term "assets" as used in these Regulations 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 property (including land, houses and buildings, investment property, and construction enterprise inventory) and equipment. 3. Memberships. 4. Patents, copyrights, trademarks, franchise rights, and other intangible assets. 5. Right-of-use assets. 6.Claims of financial institutions (including receivables, bills purchased and discounted, loans, and overdue receivables). 7.Derivatives. 8.Assets acquired or disposed of in connection with mergers, demergers, acquisitions, or transfer of shares in accordance with law. 9.Other major assets.	Following ruling no. 1070341072 issued by Securities and Futures Bureau.
Article 4	Terms used in these Regulations are defined as follows: 1. Derivatives: Forward contracts, options contracts, futures contracts, leverage contracts, and swap contracts, ~~and compound contracts combining the above products,~~ whose value is derived from assets, interest rates, foreign exchange rates, indexes or other interests. The term "forward contracts" does not include insurance contracts, performance contracts, after-sales service contracts, long-term leasing contracts, or long-term purchase (sales) agreements. 2. Assets acquired or disposed through	Article 4	Terms used in these Regulations are defined as follows: 1. Derivatives: Forward contracts, options contracts, futures contracts, leverage contracts, or swap contracts, whose value is derived from a 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. The term "forward contracts" does not include insurance contracts, performance	Following ruling no. 1070341072 issued by Securities and Futures Bureau.

Original Article		Amended Article		Notes
	mergers, demergers, acquisitions, or transfer of shares in accordance with law: Refers to assets acquired or disposed through mergers, demergers, or acquisitions conducted under the Business Mergers and Acquisitions Act, Financial Holding Company Act, Financial Institution Merger Act and other acts, or to transfer of shares from another company through issuance of new shares of its own as the consideration therefor (hereinafter "transfer of shares") under Article 156, paragraph 8 of the Company Act. 3. Related party or subsidiary: As defined in the Regulations Governing the Preparation of Financial Reports by Securities Issuers. 4. Professional appraiser: Refers to a real property appraiser or other person duly authorized by law to engage in the value appraisal of real property or equipment. 5. Date of occurrence: Refers to the date of contract signing, date of payment, date of consignment trade, date of transfer, dates of boards of directors resolutions, or other date that can confirm the counterpart and monetary amount of the transaction, whichever date is earlier; provided, for investment for which approval of the competent authority is required, the earlier of the above date or the date of receipt of approval by the competent authority shall apply. 6. Mainland China area investment: Refers to investments in the mainland China area approved by the Ministry of Economic Affairs Investment Commission or conducted in accordance with the provisions of the Regulations Governing Permission for Investment or Technical Cooperation in the Mainland Area. ~~7. Within the preceding year: Refers to the year preceding the date of acquisition or disposal of assets. Items duly announced in accordance with these Regulations need not be counted~~		contracts, after-sales service contracts, long-term leasing contracts, or long-term purchase (sales) <u>contracts</u>. 2. Assets acquired or disposed through mergers, demergers, acquisitions, or transfer of shares in accordance with law: Refers to assets acquired or disposed through mergers, demergers, or acquisitions conducted under the Business Mergers and Acquisitions Act, Financial Holding Company Act, Financial Institution Merger Act and other acts, or to transfer of shares from another company through issuance of new shares of its own as the consideration therefor (hereinafter "transfer of shares") under Article <u>156-3</u> of the Company Act. 3. Related party or subsidiary: As defined in the Regulations Governing the Preparation of Financial Reports by Securities Issuers. 4. Professional appraiser: Refers to a real property appraiser or other person duly authorized by law to engage in the value appraisal of real property or equipment. 5. Date of occurrence: Refers to the date of contract signing, date of payment, date of consignment trade, date of transfer, dates of boards of directors resolutions, or other date that can confirm the counterpart and monetary amount of the transaction, whichever date is earlier; provided, for investment for which approval of the competent authority is required, the earlier of the above date or the date of receipt of approval by the competent authority shall apply. 6. Mainland China area investment: Refers to investments in the mainland China area approved by the Ministry of Economic Affairs Investment Commission or conducted in accordance with the provisions of the Regulations Governing Permission for Investment or Technical Cooperation in the Mainland Area. 7. <u>Investment professional: Refers to</u>	

Original Article		Amended Article		Notes
	~~toward the transaction amount.~~ ~~8. Financial statements for the most recent period: Refers to financial statements certified or reviewed by a certified public accountant prior to the date of acquisition or disposal of assets.~~		financial holding companies, banks, insurance companies, bill finance companies, trust enterprises, securities firms operating proprietary trading or underwriting business, futures commission merchants operating proprietary trading business, securities investment trust enterprises, securities investment consulting enterprises, and fund management companies, that are lawfully incorporated and are regulated by the competent financial authorities of the jurisdiction where they are located. 8. Securities exchange: "Domestic securities exchange" refers to the Taiwan Stock Exchange Corporation; "foreign securities exchange" refers to any organized securities exchange market that is regulated by the competent securities authorities of the jurisdiction where it is located. 9. Over-the-counter venue ("OTC venue", "OTC"): "Domestic OTC venue" refers to a venue for OTC trading provided by a securities firm in accordance with the Regulations Governing Securities Trading on the Taipei Exchange; "foreign OTC venue" refers to a venue at a financial institution that is regulated by the foreign competent authority and that is permitted to conduct securities business.	
Article 5	Investment quota of real property that is not for business use and securities: 1. Total amounts of real property that is not for business use shall not exceed 50 percent of equities. 2. Total amounts of securities shall not exceed 100 percent of equities. 3. The amount of individual securities shall not exceed 25 percent of equities.	Article 5	Investment quota of real property and right-of-use assets thereof that is not for business use and securities: 1. Total amounts of real property and right-of-use assets thereof that is not for business use shall not exceed 50 percent of equities. 2. Total amounts of securities shall not exceed 100 percent of equities. 3. The amount of individual securities shall not exceed 25 percent of equities.	Following ruling no. 1070341072 issued by Securities and Futures Bureau.
Article 6	Professional appraisers and their officers, certified public accounts, attorneys, and securities underwriters that provide the company with appraisal reports, certified public accountant's opinions, attorney's opinions, or underwriter's opinions shall	Article 6	Professional appraisers and their officers, certified public accounts, attorneys, and securities underwriters that provide the company with appraisal reports, certified public accountant's opinions, attorney's opinions, or underwriter's opinions shall	Following ruling no. 1070341072 issued by Securities and Futures

Original Article		Amended Article		Notes
	not be a related party of any party to the transaction.		meet the following requirements: 1. May not have previously received a final and unappealable sentence to imprisonment for 1 year or longer for a violation of the Act, the Company Act, the Banking Act of The Republic of China, the Insurance Act, the Financial Holding Company Act, or the Business Entity Accounting Act, or for fraud, breach of trust, embezzlement, forgery of documents, or occupational crime. However, this provision does not apply if 3 years have already passed since completion of service of the sentence, since expiration of the period of a suspended sentence, or since a pardon was received. 2. May not be a related party or de facto related party of any party to the transaction. 3. 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 related parties or de facto related parties of each other. When issuing an appraisal report or opinion, the personnel referred to in the preceding paragraph shall comply with the following: 1. 1Prior to accepting a case, they shall prudently assess their own professional capabilities, practical experience, and independence. 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. 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.	Bureau.

Original Article		Amended Article		Notes
			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.	
Article 7	The procedures of acquisition or disposal of real property and equipment: 1. Appraising and operating procedures: The company shall follow internal control procedure – property, plant and equipment cycle to acquire or dispose real property and equipment. 2. Determination process of the transaction terms and the degree of authority delegated: A. For acquisition or disposal of real property, the company shall refer to publicly announced current value, assessed value or actual transaction price of real property nearby to determine trade terms and price then report to chairman. The transaction shall be approved following the authority regulation where its amount reaches NT$100 million or less, otherwise the transaction shall be additionally submitted for approval in advance by the board of directors. B. For acquisition or disposal of equipment, the company shall perform one of price inquiry, price comparison, price bargain or tender. The transaction shall be approved following the authority regulation where its amount reaches NT$100 million or less, otherwise the transaction shall be additionally submitted for approval in advance by the board of directors. C. With respect to the company's acquisition or disposal of assets that is subject to the approval of the board of directors under the company's procedures or other laws or regulations, if a director expresses dissent and it is contained	Article 7	The procedures of acquisition or disposal of real property, equipment, or right-of-use assets thereof: 1. Appraising and operating procedures: The company shall follow internal control procedure – property, plant and equipment cycle to acquire or dispose real property, equipment, or right-of-use assets thereof. 2. Determination process of the transaction terms and the degree of authority delegated: A. For acquisition or disposal of real property, the company shall refer to publicly announced current value, assessed value or actual transaction price of real property nearby to determine trade terms and price then report to chairman. The transaction shall be approved following the authority regulation where its amount reaches NT$100 million or less, otherwise the transaction shall be additionally submitted for approval in advance by the board of directors. B. For acquisition or disposal of equipment or right-of-use assets thereof, the company shall perform one of price inquiry, price comparison, price bargain or tender. The transaction shall be approved following the authority regulation where its amount reaches NT$100 million or less, otherwise the transaction shall be additionally submitted for approval in advance by the board of directors. C. With respect to the company's acquisition or disposal of assets that is subject to the approval of the board of directors under the	Following ruling no. 1070341072 issued by Securities and Futures Bureau.

Original Article	Amended Article	Notes
in the minutes or a written statement, the company shall submit the director's dissenting opinion to each supervisor. Where the position of independent director has been created in accordance with the provisions of the Securities and Exchange Act (hereinafter "the Act"), when a transaction involving the acquisition or disposal of assets is submitted for discussion by the board of directors pursuant to the preceding paragraph, the board of directors shall take into full consideration each independent director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the board of directors meeting. Where an audit committee has been established in accordance with the provisions of the Act, any transaction involving major assets or derivatives shall be approved by more than half of all audit committee members and submitted to the board of directors for a resolution, and shall be subject to mutatis mutandis application of Article 18, paragraphs 4 and paragraphs 5. 3. The units responsible for implementation: The transaction shall be implemented by using department and administration department after approval. 4. Appraisal report~~ of real property or equipment~~: In acquiring or disposing of real property or equipment where the transaction amount reaches 20 percent of the company's paid-in capital or NT$300 million or more, the company, unless transacting with a government agency, engaging others to build on its own land, engaging others to build on rented land, or acquiring or disposing of equipment for business use, shall obtain an appraisal report prior to the date of occurrence of the event from a professional appraiser and shall further	company's procedures or other laws or regulations, if a director expresses dissent and it is contained in the minutes or a written statement, the company shall submit the director's dissenting opinion to each supervisor. Where the position of independent director has been created in accordance with the provisions of the Securities and Exchange Act (hereinafter "the Act"), when a transaction involving the acquisition or disposal of assets is submitted for discussion by the board of directors pursuant to the preceding paragraph, the board of directors shall take into full consideration each independent director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the board of directors meeting. Where an audit committee has been established in accordance with the provisions of the Act, any transaction involving major assets or derivatives shall be approved by more than half of all audit committee members and submitted to the board of directors for a resolution, and shall be subject to mutatis mutandis application of Article 18, paragraphs 4 and paragraphs 5. 3. The units responsible for implementation: The transaction shall be implemented by using department and administration department after approval. 4. Appraisal report: In acquiring or disposing of real property, equipment, or right-of-use assets thereof where the transaction amount reaches 20 percent of the company's paid-in capital or NT$300 million or more, the company, unless transacting with a domestic government agency, engaging others to build on its own land, engaging others to build on rented land, or acquiring or disposing of equipment or right-of-use	

<table>
<tr><th colspan="2">Original Article</th><th colspan="2">Amended Article</th><th>Notes</th></tr>
<tr><td></td><td>comply with the following provisions:
A. 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.
(Below paragraph omitted)</td><td></td><td><u>assets thereof</u> for business use, shall obtain an appraisal report prior to the date of occurrence of the event from a professional appraiser and shall further comply with the following provisions:
A. Where due to special circumstances it is necessary to give a limited price, specified price, or special price as a reference basis for the transaction price, the transaction shall be submitted for approval in advance by the board of directors<u>;</u> the same procedure shall <u>also</u> be followed <u>whenever there is any subsequent change</u> to the terms and conditions of the transaction.
(Below paragraph omitted)</td><td></td></tr>
<tr><td>Article 8</td><td>The procedures of acquisition or disposal of securities:
(Below paragraph omitted)
4. Appraisal of transaction price: 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 any of the following items provided by regulations of the Financial Supervisory Commission (FSC).
A. Securities acquired through cash contribution in an incorporation by</td><td>Article 8</td><td>The procedures of acquisition or disposal of securities:
(Below paragraph omitted)
4. Appraisal of transaction price: 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 any of the following items provided by regulations of the Financial Supervisory Commission (FSC).
A. Securities acquired through cash contribution in an incorporation by</td><td>Following ruling no. 1070331908 issued by Securities and Futures Bureau.</td></tr>
</table>

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promotion or by public offering. B. Securities issued at face value by an issuing company carrying out a cash capital increase in accordance with relevant laws and regulations, with the company as a sponsor of the issue. C. Securities issued by an investee company wholly invested by the company that is carrying out a cash capital increase, with the company as a sponsor of the issue. D. Securities listed and traded on the TWSE or on the GTSM and emerging stocks. E. Government bonds or bonds in repurchase or reverse purchase agreements. F. Domestic funds or overseas funds. G. TWSE or GTSM listed securities acquired or disposed of in accordance with the TWSE or GTSM rules governing the purchase of listed securities by reverse auction or rules governing the auction of listed securities. H. Securities acquired through the company's sponsorship of a cash capital increase by a public company, when the securities acquired are not privately placed. I. Subscription to fund shares before the establishment of a fund in accordance with Article 11, paragraph 1 of the Securities Investment Trust and Consulting Act ~~and the FSC's 1 November 2004 Order No. Financial-Supervisory-Securities-IV-0930005249~~. ~~J. Subscription or redemption of domestic private placement funds, provided that the trust agreement for the fund specifies an investment strategy in which, aside from securities margin transactions and open positions held in securities-related products, the investment scope of the remaining portion is the same as that of a~~	promotion or by public offering in accordance with laws, and the rights represented by those securities equal the percentage of contribution. B. Securities issued at face value by an issuing company carrying out a cash capital increase in accordance with relevant laws and regulations, with the company as a sponsor of the issue. C. Securities issued by an investee company in which the company directly or indirectly holds 100 percent that is carrying out a cash capital increase, with the company as a sponsor of the issue. Or subsidiaries in which the company holds 100 percent that is carrying out a cash capital increase, with another 100 percent held subsidiaries as a sponsor of the issue. D. Securities listed and traded on the TWSE or on the GTSM and emerging stocks. E. Domestic government bonds or bonds in repurchase or reverse purchase agreements. F. Public placement funds. G. TWSE or GTSM listed securities acquired or disposed of in accordance with the TWSE or GTSM rules governing the purchase of listed securities by reverse auction or rules governing the auction of listed securities. H. Securities acquired through the company's sponsorship of a cash capital increase by a domestic public company, or subscription of domestic corporate bonds (include financial bonds), when the securities acquired are not privately placed. I. Subscription to domestic private placement funds before the establishment of a fund in accordance with Article 11, paragraph 1 of the Securities Investment Trust and Consulting Act, or subscription or redemption of domestic private placement funds,	

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	~~publicly offered fund.~~ (Below paragraph omitted)		provided that the trust agreement for the fund specifies an investment strategy in which, aside from securities margin transactions and open positions held in securities-related products, the investment scope of the remaining portion is the same as that of a publicly offered fund. (Below paragraph omitted)	
Article 9	The procedures of related party transactions: (Below paragraph omitted) 2. Appraising and operating procedures: When a public 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 redemption of money market funds issued 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 the board of directors and recognized by the supervisors: A. The purpose, necessity and anticipated benefit of the acquisition or disposal of assets. B. The reason for choosing the related party as a trading counterparty. C. 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 paragraph 3, subparagraph A to subparagraph D. D. The date and price at which the related party originally acquired the real property, the original trading	Article 9	The procedures of related party transactions: (Below paragraph omitted) 2. Appraising and operating procedures: When a public company intends to acquire or dispose of real property or right-of-use assets thereof from or to a related party, or when it intends to acquire or dispose of assets other than real property or right-of-use assets thereof 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 domestic government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued 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 the board of directors and recognized by the supervisors: A. The purpose, necessity and anticipated benefit of the acquisition or disposal of assets. B. The reason for choosing the related party as a trading counterparty. C. With respect to the acquisition of real property or right-of-use assets thereof from a related party, information regarding appraisal of the reasonableness of the preliminary transaction terms in accordance with paragraph 3, subparagraph A to subparagraph D.	Following ruling no. 1070341072 issued by Securities and Futures Bureau.

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	counterparty, and that trading counterparty's relationship to the company and the related party. E. 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. F. An appraisal report from a professional appraiser or a CPA's opinion obtained in compliance with the preceding paragraph. G. Restrictive covenants and other important stipulations associated with the transaction. The calculation of the transaction amounts referred to in this article shall be done in accordance with Article 14, paragraph 1, subparagraph H herein, 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 need not be counted toward the transaction amount. With respect to the acquisition or disposal of business-use equipment between the company and subsidiaries, the company's board of directors may delegate the board chairman to decide such matters when the transaction is within a certain amount and have the decisions subsequently submitted to and ratified by the next board of directors meeting. Where the position of independent director has been created in accordance with the provisions of the Act, when a transaction involving the acquisition or disposal of assets is submitted for discussion by the board of directors pursuant to the preceding paragraph, the board of directors shall take into full consideration each independent director's opinions. If an independent director objects to or		D. 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. E. 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. F. An appraisal report from a professional appraiser or a CPA's opinion obtained in compliance with the preceding paragraph. G. Restrictive covenants and other important stipulations associated with the transaction. The calculation of the transaction amounts referred to in this article shall be done in accordance with Article 14, paragraph 1, subparagraph H herein, 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 need not be counted toward the transaction amount. With respect to <u>the types of transactions listed below, when to be conducted</u> between the company and subsidiaries, <u>or between the subsidiaries in which it directly or indirectly holds 100 percent of the issued shares or authorized capital,</u> the company's board of directors may delegate the board chairman to decide such matters when the transaction is within a certain amount and have the decisions subsequently submitted to and ratified by the next board of directors meeting. A. <u>Acquisition or disposal of equipment or right-of-use assets thereof held for business use.</u> B. <u>Acquisition or disposal of real</u>	

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expresses reservations about any matter, it shall be recorded in the minutes of the board of directors meeting. Where an audit committee has been established in accordance with the provisions of the Act, any transaction involving major assets or derivatives shall be approved by more than half of all audit committee members and submitted to the board of directors for a resolution, and shall be subject to mutatis mutandis application of Article 18, paragraphs 4 and paragraphs 5. 3. Evaluating the reasonableness of the transaction costs: A. The company that acquires real property from a related party shall evaluate the reasonableness of the transaction costs by the following means: a. 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. b. 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.	<ins>property right-of-use assets held for business use.</ins> Where the position of independent director has been created in accordance with the provisions of the Act, when a transaction involving the acquisition or disposal of assets is submitted for discussion by the board of directors pursuant to the preceding paragraph, the board of directors shall take into full consideration each independent director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the board of directors meeting. Where an audit committee has been established in accordance with the provisions of the Act, any transaction involving major assets or derivatives shall be approved by more than half of all audit committee members and submitted to the board of directors for a resolution, and shall be subject to mutatis mutandis application of Article 18, paragraphs 4 and paragraphs 5. 3. Evaluating the reasonableness of the transaction costs: A. The company that acquires real property <ins>or right-of-use assets thereof</ins> from a related party shall evaluate the reasonableness of the transaction costs by the following means: a. 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. b. Total loan value appraisal from a financial institution where the	

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B. 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 subparagraph A. C. The company that acquires real property from a related party and appraises the cost of the real property in accordance with subparagraph A and subparagraph B shall also engage a CPA to check the appraisal and render a specific opinion. D. When the results of the company's appraisal conducted in accordance with subparagraph A and subparagraph B are uniformly lower than the transaction price, the matter shall be handled in compliance with subparagraph E. 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 have been obtained, this restriction shall not apply: a. Where the related party acquired undeveloped land or leased land for development, it may submit proof of compliance with one of the following conditions: ▪ Where undeveloped land is appraised in accordance with the means in subparagraph A to subparagraph C , 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	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. B. Where land and structures thereupon are combined as a single property purchased or leased 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 subparagraph A. C. The company that acquires real property or right-of-use assets thereof from a related party and appraises the cost of the real property or right-of-use assets thereof in accordance with subparagraph A and subparagraph B shall also engage a CPA to check the appraisal and render a specific opinion. D. When the results of the company's appraisal conducted in accordance with subparagraph A and subparagraph B are uniformly lower than the transaction price, the matter shall be handled in compliance with subparagraph E. 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 have been obtained, this restriction shall not apply: a. Where the related party acquired undeveloped land or leased land for development, it may submit	

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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. ▪ 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. ~~▪ 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.~~ b. 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	proof of compliance with one of the following conditions: ▪ Where undeveloped land is appraised in accordance with the means in subparagraph A to subparagraph C , 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. ▪ 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 sale or leasing practices. b. Where the company acquiring real property, or obtaining real property right-of-use assets through leasing, from a related party provides evidence that the terms of the transaction are similar to the terms of completed transactions involving neighboring or closely valued parcels of land of a similar size by unrelated parties within the preceding year. Completed transactions involving neighboring or closely valued parcels of land in the preceding paragraph in principle refers to parcels on the same or an adjacent block and	

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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. E. Where the company acquires real property from a related party and the results of appraisals conducted in accordance with subparagraph A to subparagraph D are uniformly lower than the transaction price, the following steps shall be taken. The company and a public company uses the equity method to account for its investment in the company that has set aside a special reserve under the following description 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. a. A special reserve shall be set aside in accordance with Article 41, paragraph 1 of the 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 the company, then the special reserve called for under Article 41, paragraph 1 of the Act shall be set aside pro rata in a proportion consistent with the share of public company's equity stake in the company. b. Supervisors shall comply with Article 218 of the Company Act. c. Actions taken pursuant to a. and b. of subparagraph E shall be	within a distance of no more than 500 meters or parcels close in publicly announced current value; transaction <u>involving</u> 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 <u>or obtainment of the right-of-use assets thereof</u>. E. Where the company acquires real property <u>or right-of-use assets thereof</u> from a related party and the results of appraisals conducted in accordance with subparagraph A to subparagraph D are uniformly lower than the transaction price, the following steps shall be taken. The company and a public company uses the equity method to account for its investment in the company that has set aside a special reserve under the following description 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. a. A special reserve shall be set aside in accordance with Article 41, paragraph 1 of the Act against the difference between transaction price of the real property <u>or right-of-use assets thereof</u> and the appraised cost, and may not be distributed or used for capital increase or issuance of bonus	

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reported to a shareholders meeting, and the details of the transaction shall be disclosed in the annual report and any investment prospectus. F. 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 paragraph 1 and paragraph 2, but shall not apply paragraph 3, subparagraph A to subparagraph C: a. The related party acquired the real property through inheritance or as a gift. b. 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. c. 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. G. When the company obtains real property from a related party, it shall also comply with paragraph 3, subparagraph E if there is other evidence indicating that the acquisition was not an arm's length transaction.	shares. Where a public company uses the equity method to account for its investment in the company, then the special reserve called for under Article 41, paragraph 1 of the Act shall be set aside pro rata in a proportion consistent with the share of public company's equity stake in the company. b. Supervisors shall comply with Article 218 of the Company Act. Where an audit committee has been established in accordance with the provisions of the Act, the independent director members of the audit committee shall also comply with Article 218 of the Company Act. c. Actions taken pursuant to a. and b. of subparagraph E shall be reported to a shareholders meeting, and the details of the transaction shall be disclosed in the annual report and any investment prospectus. F. Where the company acquires real property or right-of-use assets thereof from a related party and one of the following circumstances exists, the acquisition shall be conducted in accordance with paragraph 1 and paragraph 2, but shall not apply paragraph 3, subparagraph A to subparagraph C: a. The related party acquired the real property or right-of-use assets thereof through inheritance or as a gift. b. More than 5 years will have elapsed from the time the related party signed the contract to obtain the real property or right-of-use assets thereof to the signing date for the current transaction. c. 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	

<table>
<tr><th colspan="2">Original Article</th><th colspan="2">Amended Article</th><th>Notes</th></tr>
<tr><td></td><td></td><td></td><td>own land or on rented land.
d. <u>The real property right-of-use assets for business use are acquired by the company with subsidiaries, or by subsidiaries in which it directly or indirectly holds 100 percent of the issued shares or authorized capital.</u>
G. When the company obtains real property <u>or right-of-use assets thereof</u> from a related party, it shall also comply with paragraph 3, subparagraph E if there is other evidence indicating that the acquisition was not an arm's length transaction.</td><td></td></tr>
<tr><td>Article 10</td><td>The procedures of acquisition or disposal of <u>memberships</u> or intangible assets:
1. Appraising and operating procedures: The company shall follow internal control procedure – purchase and payment cycle to acquire or dispose <u>memberships</u> or intangible assets.
2. Determination process of the transaction terms and the degree of authority delegated:
A. For acquisition or disposal of memberships, the company shall refer to fair value to determine transaction terms and transaction price then make the analysis report. The transaction shall be approved following the authority regulation where its amount reaches NT$100 million or less, otherwise the transaction shall be additionally submitted for approval in advance by the board of directors.
B. For acquisition or disposal of intangible assets, the company shall refer to fair value or appraisal report issued by a specialist to determine transaction terms and transaction price then make the analysis report. The transaction shall be approved following the authority regulation where its amount reaches NT$100 million or less, otherwise the transaction shall be additionally submitted for approval in advance by</td><td>Article 10</td><td>The procedures of acquisition or disposal of intangible assets <u>or right-of-use assets thereof or memberships</u>:
1. Appraising and operating procedures: The company shall follow internal control procedure – purchase and payment cycle <u>or investment cycle</u> to acquire or dispose intangible assets <u>or right-of-use assets thereof or memberships</u>.
2. Determination process of the transaction terms and the degree of authority delegated:
A. For acquisition or disposal of memberships, the company shall refer to fair value to determine transaction terms and transaction price then make the analysis report. The transaction shall be approved following the authority regulation where its amount reaches NT$100 million or less, otherwise the transaction shall be additionally submitted for approval in advance by the board of directors.
B. For acquisition or disposal of intangible assets <u>or right-of-use assets thereof</u>, the company shall refer to fair value or appraisal report issued by a specialist to determine transaction terms and transaction price then make the analysis report. The transaction shall be approved following the authority regulation</td><td>Following ruling no. 1070341072 issued by Securities and Futures Bureau.</td></tr>
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the board of directors. C. With respect to the company's acquisition or disposal of assets that is subject to the approval of the board of directors under the company's procedures or other laws or regulations, if a director expresses dissent and it is contained in the minutes or a written statement, the company shall submit the director's dissenting opinion to each supervisor. Where the position of independent director has been created in accordance with the provisions of the Securities and Exchange Act (hereinafter "the Act"), when a transaction involving the acquisition or disposal of assets is submitted for discussion by the board of directors pursuant to the preceding paragraph, the board of directors shall take into full consideration each independent director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the board of directors meeting. Where an audit committee has been established in accordance with the provisions of the Act, any transaction involving major assets or derivatives shall be approved by more than half of all audit committee members and submitted to the board of directors for a resolution, and shall be subject to mutatis mutandis application of Article 18, paragraphs 4 and paragraphs 5. 3. The units responsible for implementation: The transaction shall be implemented by using department and finance department or administration department after approval. 4. Appraisal report ~~of memberships or intangible assets~~: ~~A. Where the company acquires or disposes of memberships or intangible assets and the transaction~~	where its amount reaches NT$100 million or less, otherwise the transaction shall be additionally submitted for approval in advance by the board of directors. C. With respect to the company's acquisition or disposal of assets that is subject to the approval of the board of directors under the company's procedures or other laws or regulations, if a director expresses dissent and it is contained in the minutes or a written statement, the company shall submit the director's dissenting opinion to each supervisor. Where the position of independent director has been created in accordance with the provisions of the Securities and Exchange Act (hereinafter "the Act"), when a transaction involving the acquisition or disposal of assets is submitted for discussion by the board of directors pursuant to the preceding paragraph, the board of directors shall take into full consideration each independent director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the board of directors meeting. Where an audit committee has been established in accordance with the provisions of the Act, any transaction involving major assets or derivatives shall be approved by more than half of all audit committee members and submitted to the board of directors for a resolution, and shall be subject to mutatis mutandis application of Article 18, paragraphs 4 and paragraphs 5. 3. The units responsible for implementation: The transaction shall be implemented by using department and finance department or administration department after approval. 4. Appraisal report:	

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<tr><th colspan="2">Original Article</th><th colspan="2">Amended Article</th><th>Notes</th></tr>
<tr><td></td><td>~~amount reaches 20 percent or more of paid-in capital or NT$100 million or more, the company shall engage a specialist to issue an appraisal report.~~
B. 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.
C. The calculation of the transaction amounts referred to in this article shall be done in accordance with Article 14, paragraph 1, subparagraph H herein, 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 need not be counted toward the transaction amount.</td><td></td><td>A. Where the company acquires or disposes of intangible assets or right-of-use assets thereof or memberships and the transaction amount reaches 20 percent or more of paid-in capital or NT$300 million or more, except in transactions with a domestic 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.
B. The calculation of the transaction amounts referred to in this article shall be done in accordance with Article 14, paragraph 1, subparagraph H herein, 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 need not be counted toward the transaction amount.</td><td></td></tr>
<tr><td>Article 12</td><td>The procedures of acquisition or disposal of derivatives:
(Below paragraph omitted)
5.Internal audit system:
(Below paragraph omitted)
D. Implementation of internal audit:
a. Internal auditor 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 ~~that is combined with annual audit plan~~. If any material violation is</td><td>Article 12</td><td>The procedures of acquisition or disposal of derivatives:
(Below paragraph omitted)
5.Internal audit system:
(Below paragraph omitted)
D. Implementation of internal audit:
a.Internal auditor 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</td><td>Following ruling no. 1070341072 issued by Securities and Futures Bureau.</td></tr>
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	discovered, all supervisors shall be notified in writing. b. Filing a report on the implementation of audit mentioned in a. within two months from the end of each fiscal year. c. Filing a report on the status of corrections of any irregularities mentioned in a. within five months from the end of each fiscal year. ~~d. The company may not need to file a report mentioned in b. and c. before listing on the TWSE or GTSM.~~ (Below paragraph omitted)		writing. Where independent directors have been appointed in accordance with the provisions of the Act, for matters for which notice shall be given to the supervisors under the preceding paragraph, written notice shall also be given to the independent directors. Where an audit committee has been established in accordance with the provisions of the Act, the provisions of preceding paragraph relating to supervisors shall apply mutatis mutandis to the audit committee. b. Filing a report on the implementation of audit mentioned in a. within two months from the end of each fiscal year. c. Filing a report on the status of corrections of any irregularities mentioned in a. within five months from the end of each fiscal year. (Below paragraph omitted)	
Article 14	The procedures of public disclosure of information: 1. The following circumstances shall be publicly announced: A. Acquisition or disposal of real property from or to a related party, or acquisition or disposal of assets other than real property from or to a related party where the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the company's total assets, or NT$300 million or more; provided, this shall not apply to trading of government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises. B. Merger, demerger, acquisition, or transfer of shares. C. Losses from derivatives trading reaching the limits on aggregate losses or losses on individual	Article 14	The procedures of public disclosure of information: 1. The following circumstances shall be publicly announced: A. Acquisition or disposal of real property or right-of-use assets thereof from or to a related party, or acquisition or disposal of assets other than real property or right-of-use assets thereof from or to a related party where the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the company's total assets, or NT$300 million or more; provided, this shall not apply to trading of domestic government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises. B. Merger, demerger, acquisition, or transfer of shares. C. Losses from derivatives trading	Following ruling no. 1070341072 issued by Securities and Futures Bureau.

Original Article	Amended Article	Notes
contracts set out in the procedures adopted by the company. D. Where the type of asset acquired or disposed is equipment/machinery for business use, the trading counterparty is not a related party, and the transaction amount is NT$500 million or more. The preceding transaction amount will be raised to NT$1 billion or more when paid-in capital of the company reaches NT10 billion. E. Acquisition or disposal by the company in the construction business of real property for construction use, where the trading counterparty is not a related party, and the transaction amount is NT$500 million or more. F. Where land is acquired under an arrangement on engaging others to build on the company's own land, engaging others to build on rented land, joint construction and allocation of housing units, joint construction and allocation of ownership percentages, or joint construction and separate sale, and the amount the company expects to invest in the transaction is NT$500 million or more. G. Where an asset transaction other than any of those referred to in the preceding six subparagraphs, a disposal of receivables by a financial institution, or an investment in the mainland China area reaches 20 percent or more of paid-in capital or NT$300 million; provided, this shall not apply to the following circumstances: a. Trading of government bonds. b. Securities trading by investment professionals on ~~foreign or domestic~~ securities exchanges or over-the-counter markets, or subscription ~~by investment professionals~~ of ordinary corporate bonds or ~~of~~ general bank debentures without equity	reaching the limits on aggregate losses or losses on individual contracts set out in the procedures adopted by the company. D. Where equipment or right-of-use assets thereof for business use are acquired or disposed of, and furthermore the transaction counterparty is not a related party, and the transaction amount reaches NT$500 million or more. The preceding transaction amount will be raised to NT$1 billion or more when paid-in capital of the company reaches NT10 billion. E. Acquisition or disposal by the company in the construction business of real property or right-of-use assets thereof for construction use, where the trading counterparty is not a related party, and the transaction amount reaches NT$500 million; among such cases, if the company has paid-in capital of NT$10 billion or more, and it is disposing of real property from a completed construction project that it constructed itself, and furthermore the transaction counterparty is not a related party, then the threshold shall be a transaction amount reaching NT$1 billion or more. F. Where land is acquired under an arrangement on engaging others to build on the company's own land, engaging others to build on rented land, joint construction and allocation of housing units, joint construction and allocation of ownership percentages, or joint construction and separate sale, and furthermore the transaction counterparty is not a related party, and the amount the company expects to invest in the transaction reaches NT$500 million. G. Where an asset transaction other than any of those referred to in the preceding six subparagraphs, a disposal of receivables by a financial	

Original Article	Amended Article	Notes
characteristics that are offered and issued in the ~~domestic~~ primary market, or subscription by a securities firm of securities as necessitated by its undertaking business or as an advisory recommending securities firm for an emerging stock company, in accordance with the rules of the GTSM. c. Trading of bonds under repurchase/resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises. H. The amount of transactions above shall be calculated as follows, and "within the preceding year" refers to the year preceding the date of occurrence of the current transaction. Items duly announced in accordance with these Regulations need not be counted toward the transaction amount. a. The amount of any individual transaction. b. The cumulative transaction amount of acquisitions and disposals of the same type of underlying asset with the same trading counterparty within the preceding year. c. The cumulative transaction amount of real property acquisitions and disposals (cumulative acquisitions and disposals, respectively) within the same development project within the preceding year. d. The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of the same security within the preceding year. (Below paragraph omitted) 3.The procedures of publicly announcing and reporting: Public announcement and regulatory filing procedures:	institution, or an investment in the mainland China area reaches 20 percent or more of paid-in capital or NT$300 million; provided, this shall not apply to the following circumstances: a. Trading of domestic government bonds. b. Where done by professional investors - securities trading on securities exchanges or OTC markets, or subscription of ordinary corporate bonds or general bank debentures without equity characteristics (excluding subordinated debt) that are offered and issued in the primary market, or subscription or redemption of securities investment trust funds or futures trust funds, or subscription by a securities firm of securities as necessitated by its undertaking business or as an advisory recommending securities firm for an emerging stock company, in accordance with the rules of the GTSM. c. Trading of bonds under repurchase/resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises. H. The amount of transactions above shall be calculated as follows, and "within the preceding year" refers to the year preceding the date of occurrence of the current transaction. Items duly announced in accordance with these Regulations need not be counted toward the transaction amount. a. The amount of any individual transaction. b. The cumulative transaction amount of acquisitions and disposals of the same type of underlying asset with the same trading counterparty within the preceding year.	

<table>
<tr><th colspan="2">Original Article</th><th colspan="2">Amended Article</th><th>Notes</th></tr>
<tr><td></td><td>(Below paragraph omitted)
D.The company acquiring or disposing of assets shall keep all relevant contracts, meeting minutes, log books, appraisal reports and CPA, attorney, and securities underwriter opinions at the company ~~headquarters~~, where they shall be retained for 5 years except where another act provides otherwise.
(Below paragraph omitted)</td><td></td><td>c. The cumulative transaction amount of real property or right-of-use assets thereof acquisitions and disposals (cumulative acquisitions and disposals, respectively) within the same development project within the preceding year.
d. The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of the same security within the preceding year.
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<tr><td>Article 15</td><td>Control procedures for the acquisition and disposal of assets by subsidiaries:
1. The subsidiary shall follow these Regulations for the acquisition and disposal of assets.
2. Information required to be publicly announced and reported in accordance with the provisions of Article 14 on acquisitions and disposals of assets by a subsidiary that is not itself a public company in Taiwan shall be reported by the company.
3. The paid-in capital or total assets of the company shall be the standard for determining whether or not a subsidiary requiring a public announcement and regulatory filing ~~in the event the type of transaction specified therein reaches 20 percent of paid-in capital or 10 percent of the total assets~~.</td><td>Article 15</td><td>Control procedures for the acquisition and disposal of assets by subsidiaries:
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</table>

Original Article		Amended Article		Notes
Article 16	For the calculation of 10 percent of total assets under these Regulations, the total assets stated in the most recent parent company only financial report or individual financial report prepared under the Regulations Governing the Preparation of Financial Reports by Securities Issuers shall be used. In the case of a company whose shares have no par value or a par value other than NT$10, for the calculation of transaction amounts of 20 percent of paid-in capital under these Regulations, 10 percent of equity attributable to owners of the parent shall be substituted.	Article 16	For the calculation of 10 percent of total assets under these Regulations, the total assets stated in the most recent parent company only financial report or individual financial report prepared under the Regulations Governing the Preparation of Financial Reports by Securities Issuers shall be used. In the case of a company whose shares have no par value or a par value other than NT$10, for the calculation of transaction amounts of 20 percent of paid-in capital under these Regulations, 10 percent of equity attributable to owners of the parent shall be substituted<u>; for calculations under the provisions of these Regulations regarding transaction amounts relative to paid-in capital of NT$10 billion, NT$20 billion of equity attributable to owners of the parent shall be substituted</u>.	Following ruling no. 1070341072 issued by Securities and Futures Bureau.
Article 19	Where an audit committee has been established in accordance with the provisions of the Act, the provisions regarding supervisors set out in Articles 7, 8, 9, 10, 12, 18 and 20, shall apply mutatis mutandis to the audit committee. Where an audit committee has been established in accordance with the provisions of the Act, the provisions regarding independent directors set out in Article 9, paragraph 3, subparagraph E shall apply mutatis mutandis to the audit committee.	Article 19	(Deleted)	Following ruling no. 1070341072 issued by Securities and Futures Bureau.
Article 20	In regard to all matters not provided for in these Regulations, relevant laws and regulations shall govern. After these Regulations have been approved by the board of directors, they shall be submitted to each supervisor, and then to a shareholders' meeting for approval; the same applies when the procedures are amended. These Regulations have been passed by the board of directors on May 8, 1998. The first amendment was approved on November 17, 1999. The second amendment was approved on March 25, 2003. The third amendment was approved on March 21, 2006.	Article <u>19</u>	In regard to all matters not provided for in these Regulations, relevant laws and regulations shall govern. After these Regulations have been approved by the board of directors, they shall be submitted to each supervisor, and then to a shareholders' meeting for approval; the same applies when the procedures are amended. These Regulations have been passed by the board of directors on May 8, 1998. The first amendment was approved on November 17, 1999. The second amendment was approved on March 25, 2003. The third amendment was approved on March 21, 2006.	Changing the Article's number and amending the approval date of this amendment agreed by Shareholders' Meeting.

Original Article		Amended Article		Notes
	The fourth amendment was approved on December 21, 2006. The fifth amendment was approved on March 15, 2007. The sixth amendment was approved on June 6, 2012. The seventh amendment was approved on June 11, 2014. The eighth amendment was approved on June 8, 2017. The ninth amendment was approved on June 12, 2018.		The fourth amendment was approved on December 21, 2006. The fifth amendment was approved on March 15, 2007. The sixth amendment was approved on June 6, 2012. The seventh amendment was approved on June 11, 2014. The eighth amendment was approved on June 8, 2017. The ninth amendment was approved on June 12, 2018. The tenth amendment was approved on X X, 2019.	

APPENDIX 1

Emerging Display Technologies Corp.
Rules of Procedures for Shareholders' Meeting

Article 1 Shareholders' Meeting of the Company (the "Meeting") should be conducted in accordance with this Rules of Procedures.

Article 2 Shareholders or their proxies shall attend the Meeting based on attendance certificates and submit the attendance cards for the purpose of signing in. The number of shares represented by shareholders attending the Meeting shall be calculated in accordance with the attendance cards by the shareholders. The attendance and voting of the Meeting should be calculated based on number of shares.

Article 3 Chairman shall call the Meeting to order when the number of shares represented by shareholders exceeded half of total outstanding shares. If the number of shares represented by the shareholders present at the Meeting has not yet constituted the quorum at the time scheduled for the Meeting, the chairman may postpone the time for the Meeting. The postponements shall be limited to two times at the most. If after two postponements no quorum can yet be constituted but the shareholder present at the Meeting represent more than one-third of the total outstanding shares, tentative resolutions may be made in accordance with Section 1 of Article 175 of the Company Law of the Republic of China. The chairman may announce the Meeting at any time and submit the tentative resolutions to the Meeting for approval if the number of outstanding shares represented by the shareholders present becomes sufficient to constitute the quorum during the process of the Meeting.

Article 4 The venue for a Meeting shall be the premises of the Company, or a place easily accessible to shareholders and suitable for a Meeting. The Meeting may begin no earlier than 9 a.m. and no later than 3 p.m.

Article 5 The Chairman of the Board of Directors shall be the chairman presiding at the Meeting in the case the Meeting is convened by the Board of Directors. If, for any reason, the Chairman of the Board of Directors cannot preside at the Meeting, the Chairman should designated one of Directors to preside at the Meeting. Where the Chairman doesn't designate a proxy, Directors may elect a person among themselves to act on behalf of Chairman. When the Meeting is convened by other persons who have the convening right, the Meeting shall be presided by the convener. If there are over two conveners, they should elect one as chairman. In the event that the chairman adjourns the Meeting in violation of these Rules of Procedures, the shareholders may designate, by a majority of votes represented by shareholders attending the Meeting, one person as chairman to continue the Meeting. After the adjournment of the Meeting, the shareholders may not elect a chairman to continue the Meeting at the original address or at another location.

Article 6 The Company may appoint designated counsel, CPA, or other related persons to attend the Meeting and answer related questions. Persons handling affairs of the Meeting shall wear identification cards or badges.

Article 7 The process of the Meeting shall be tape recorded or videotaped and these tapes shall be preserved for at least one year.

Article 8 The agenda of the Meeting shall be set by the Board of Directors if the Meeting is convened by the Board of Directors. Unless otherwise resolved at the Meeting, the Meeting shall proceed in accordance with the agenda. The above provision applies mutatis mutandis to cases where the Meeting is convened by any person, other than the Board of Directors, entitled to convene such Meeting. Unless otherwise resolved at the Meeting, the chairman cannot announce adjournment of the Meeting before all the discussion items (include special motions) listed in the agenda are resolved. After the adjournment of the Meeting, the shareholders may not elect a chairman to continue the Meeting at the original address or at another location.

Article 9 When a shareholder present at the Meeting wishes to speak, a Speech Note should be filled out with summary of the speech, the shareholder's number and name. The sequence of speeches by shareholders should be decided by the chairman. If any shareholder present at the Meeting submit a Speech Note but does not speak, no speech should be deemed to have been made by such shareholder. In case the contents of the speech of a shareholder are inconsistent with the contents of the Speech Note, the contents of actual speech shall prevail. Unless otherwise permitted by the chairman and the shareholder in speaking, no shareholder shall interrupt the speeches of the other shareholders, otherwise the chairman shall stop such interruption.

Article 10 Unless otherwise permitted by the chairman, each shareholder shall not, for each discussion item, speak more than twice and each time not exceeding 5 minutes. In case of speech of any shareholder violates the above provision or exceeds the scope of the discussion item, the chairman may stop the speech of such shareholder.

Article 11 A corporate shareholder can only designated one representative to attend the Meeting. If a corporate shareholder designated two or more representatives to attend the Meeting, only one representative can speak for each discussion item.

Article 12 After the speech of a shareholder, the chairman may respond himself/herself or appoint an appropriate person to respond.

Article 13 The chairman may announce to end the discussion of any resolution and go into voting if the chairman deems it appropriate.

Article 14 Except as otherwise provided in the Company Act, the adoption of a discussion shall require an affirmative vote of a majority of the voting rights represented by the attending shareholders. At the time of a vote, for each discussion item, the chairman shall inquiry if there is no one opposed, then the discussion item should be deemed adopted and the effect is the same as voting. A shareholder shall be entitled to one vote for each share held, except when the shares are deemed non-voting shares held by the Company. 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 15 If there is amendment to or substitute for a discussion item, the chairman shall decide the sequence of voting for such discussion item, the amendment or the substitute. If any one of them has been adopted, the others shall be deemed vetoed and no further voting is necessary.

Article 16 The persons to check and the persons to record the ballots during a vote by casting ballots shall be appointed by the chairman. The persons checking the ballots shall be a shareholder. The result of voting shall be announced at the Meeting and placed on record.

Article 17 The chairman may conduct the disciplinary officers or the security guard to assist in keeping order of the Meeting place. Such disciplinary officers or security guards shall wear badges marked “Disciplinary Officers”.

Article 18 When a Meeting is in progress, the chairman may announce a break based on time considerations.

Article 19 Any matter not provided in this Rules of Procedures shall be handled in accordance with the Company Act or Article of Incorporation of the Company.

Article 20 These Rules, and any amendments hereto, shall be implemented after adoption by shareholders’ meetings.

APPENDIX 2

Emerging Display Technologies Corp.
Articles of Incorporation

Chapter 1: General Provisions

Article 1
Under the Company Act, the name of the Corporation shall be Emerging Display Technologies Corporation.

Article 2
The scope of business of the Corporation shall be as follows:
1. CC01080 - Electronic Parts and Components Manufacturing
2. CC01110 - Computer and Peripherals Manufacturing
3. F119010 - Electronic Materials Wholesale
4. ZZ99999 - In addition to licensed business activities, the Corporation may conduct business that is neither prohibited nor restricted by law.

Article 3
The Corporation shall have its headquarters in Kaohsiung City, and shall be free, with the resolution of the Board of Directors, to set up branch offices at various locations in Taiwan and abroad when necessary.

Article 4
Public announcements of the Corporation shall be made in accordance with regulations in Article 28 of the Company Act.

Chapter 2: Stock Shares

Article 5
The total capital stock of the Corporation shall be in the amount of 3,500,000,000 New Taiwan Dollars, divided into 350,000,000 shares, with the par value at 10 New Taiwan Dollars each shares. The Board of Directors shall be authorized to distribute the shares in installments. The Corporation may issue employee stock options. A total of 10,500,000 shares among the total capital stock should be reserved for issuing employee stock options. Transfer of shares to employees by the corporation at a price lower than average of actual price brought back shall be adopted by a large majority representing two thirds of the votes at a shareholders' meeting attended by shareholders representing a majority of the total number of issued shares.

Article 6

The total amount of the Corporation reinvestment shall not be subjected to the restriction of forty percent or less of the Corporation's paid-up capital as regulated in Article 13 of the Company Act.

Article 7

The share certificates of the Corporation shall all be registered that are affixed with the signatures or personal seals of three or more directors of the Corporation and legally certified before issuance thereof. For the shares to be issued to the public, the Corporation may be exempted from printing any share certificate for the shares issued, but shall appoint a centralized securities custody enterprise/institution to make recordation of the issue of such shares.

Article 8

Shareholders who wish to assign their shares should fill out an application, which is signed respectively by assignor and assignee, and apply for assignment with the Corporation. Assignment of shares shall not be set up as a defence against the Corporation, unless the assignee have been recorded in the shareholders' roster.

Article 9

The entries in the shareholders' roster shall not be altered within 60 days prior to the convening date of a regular shareholders' meeting, or within 30 days prior to the convening date of a special shareholders' meeting, or within 5 days prior to the target date fixed by the Corporation for distribution of dividends, bonus or other benefits.

Article 10

Stock transactions of the Corporation shall follow the "Regulations Governing the Administration of Shareholder Services of Public Companies" imposed by competent authority.

Chapter 3: Shareholders' Meeting

Article 11

Shareholders' meetings of the Corporation shall be of the following two kinds: (1) regular meeting of shareholders and (2) special meeting of shareholders. Regular meeting of shareholders shall be held at least once every year and convened within six months after close of each fiscal year by the Board of Directors. Special meeting of shareholders shall be held when necessary. All meetings of shareholders shall be convened in accordance with relevant laws, rules and regulations.

Article 12

A shareholder may appoint a proxy to attend a shareholders' meeting in his/her/its behalf by executing a power of attorney printed by the company stating therein the scope of power authorized to the proxy if he/she/it is unable to attend.

Article 13

Except in the circumstances set forth in Article 179 of the Company Act which there is no right to vote, a shareholder shall have one voting power in respect of each share in his/her/its possession.

Article 14

Resolutions at a shareholders' meeting shall, unless otherwise provided for in the Company Act, be adopted by a majority vote of the shareholders present, who represent more than one-half of the total number of voting shares.

Chapter 4: Directors and Supervisors

Article 15

The Corporation shall have seven to nine directors and three supervisors who shall be elected by the shareholders' meeting from among the persons with disposing capacity. The term of office of a director and a supervisor shall be three years and eligible for re-election. The total number of shares held by all directors and supervisors should respectively be no less than the percentage regulated by competent authority.

The election of directors and supervisors shall adopt a candidates nomination system as specified in Article 192-1 of the Company Act. Accepting the nomination of director and supervisor candidates, announcement to the public, and related issues shall comply with the relevant regulations of the Company Act and the Securities and Exchange Act. The election of independent directors and non-independent directors shall be held together. The number of independent directors and non-independent directors elected shall be calculated separately.

Independent directors must be not less than two in number and not less than one-fifth of the total number of directors in the aforesaid number of directors. The election of independent directors shall adopt a candidates nomination system. The independent directors shall be elected from among a list of nominated candidates in the shareholders meeting. Regulations governing the professional qualifications, restrictions on shareholdings and concurrent positions held, assessment of independence, method of nomination, and other matters for compliance with respect to independent directors shall be prescribed by the competent authority.

Article 16

The Board of Directors shall be organized by the directors and elect a chairman of the board directors from among the directors by a majority vote at a meeting attended by over two-thirds of the directors. The chairman of the Board of Directors shall externally represent the Corporation. The Board of Directors shall be authorized to determine the remuneration for directors and supervisors, taking in account the standards of related listed companies, business operation of the Corporation, and the value of the services provided. The remuneration of the chairman of the Board of Directors shall be limited to no more than double that of the general manager.

Article 17

The chairman of the Board of Directors shall manage affairs of the Corporation in accordance with the law, these Articles of Incorporation, and the resolutions of shareholders meetings as well as the Board of Directors. In case the chairman of the Board of Directors can not exercise his power and authority for any cause, the proxy shall act according to Article 208 of the Company Act.

Article 18

The meeting of the Board of Directors shall be held at least once every quarter, and may be convened, at any time, in cases of necessity. Unless otherwise provided for in the Company Act and these Articles of Incorporation, 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. In case a director cannot attend a meeting of the Board of Directors for any cause, he/she shall appoint another director to in his/her behalf by issuing a written proxy and state therein the scope of authority with reference to the subjects to be discussed at the meeting. A director may accept the appointment to act as the proxy of one other director only. In case a meeting of the Board of Directors is proceeded via visual communication network, then the directors taking part in such a visual communication meeting shall be deemed to have attended the meeting in person.

Notices for the meeting of the Board of Directors shall be sent via written form, fax, or E-mail.

Article 19

In addition to performing their duties, supervisors may attend the meeting of the Board of Directors to state their opinions, but they shall not have a vote.

Article 19-1

The entitled shareholders may recommend the list of directors and supervisors as reference for election of the following term.

Article 19-2

The Corporation may purchase liability insurance for the legal compensation liabilities of directors and supervisors on the execution of business within their term of office.

Chapter 5: Managerial Personnel

Article 20

The Corporation may employ a certain number of managerial personnel. The appointment, discharge and the remuneration of managerial personnel shall be in accordance with Article 29 of the Company Act. The remuneration of managerial personnel shall take into account the standards of related listed companies in the industry, business operation of the Corporation, and the value of the services provided.

Chapter 6: Accounting

Article 21

The Board of Directors shall prepare the following reports at the end of each fiscal year and send to supervisors for verification 30 days prior to the regular meeting of shareholders, then submit to the shareholders' meeting for ratification.

1. Annual business report,
2. Financial statements,
3. Surplus earnings distribution or loss make-up proposal.

Article 22

The Corporation is at the steady growth stage of its business development. Residual dividend policy shall be adopted for dividend distribution of the Corporation, taking into consideration the future capital budget plans and operational capital needs of the Corporation, as well as the extent of dilution on earnings per share and influence upon return on equity. Hence, future distribution of earnings shall be made priority by way of cash dividend over stock dividend, provided the ratio for cash dividend shall be fifty percent or more of the total annual distribution.

Article 22-1

When there is profit for the current year, the Corporation shall allocate 5 percent or more as employees' compensation and 3 percent or less as remuneration for directors and supervisors. However, the Corporation's accumulated losses shall have been covered.

Qualification requirements of employees, including the employees of subsidiaries of the Corporation meeting certain specific requirements, may be entitled to receive shares or cash for above employees' compensation.

Article 23

The Corporation, when allocating its surplus profits after having paid all taxes and dues and covered accumulated losses, shall first set aside legal reserve and special reserve in accordance with relevant laws, rules and regulations. The said special reserve shall require to be reversed before distribution of earnings. If there is a remaining balance, the Board of Directors shall propose an earning distribution plan which distribution amount is no more than 80 percent of retained earnings available for distribution for the current year, then summit it to the shareholders' meeting for concurrence.

Chapter 7: Supplemental Provisions

Article 24

Owing to business purpose, the Corporation may make endorsements/ guarantees for others.

Article 25

The internal organizational regulations of the Corporation and the details of business operation shall be determined separately by the Board of Directors.

Article 26

In regard to all matters not provided for in these Articles of Incorporation, the Company Act and other rules and regulations shall govern.

Article 27

These Articles of Incorporation are agreed to on September 14, 1994.
The first Amendment was approved on December 5, 1996.
The second Amendment was approved on October 20, 1997.
The third Amendment was approved on December 29, 1997.
The fourth Amendment was approved on May 28, 1998.
The fifth Amendment was approved on May 27, 1999.
The sixth Amendment was approved on May 23, 2000.
The seventh Amendment was approved on June 12, 2001.
The eighth Amendment was approved on June 13, 2002.
The ninth Amendment was approved on May 27, 2004.
The tenth Amendment was approved on May 31, 2005.
The eleventh Amendment was approved on June 8, 2006.
The twelfth Amendment was approved on June 11, 2007.
The thirteenth Amendment was approved on June 10, 2009.
The fourteenth Amendment was approved on June 6, 2012.
The fifteenth Amendment was approved on June 11, 2014.
The sixteenth Amendment was approved on June 7, 2016.

APPENDIX 3

Emerging Display Technologies Corp.
Regulations Governing the Acquisition and Disposal of Assets

Article 1
The company adopts the Regulations Governing the Acquisition and Disposal of Assets (hereinafter "these Regulations") to secure assets and implement information disclosure.

Article 2
These Regulations are adopted in accordance with "Regulations Governing the Acquisition and Disposal of Assets by Public Companies" and relevant laws.

Article 3
The term "assets" as used in these Regulations 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 property (including land, houses and buildings, investment property, rights to use land, and construction enterprise inventory) and equipment.
3.Memberships.
4.Patents, copyrights, trademarks, franchise rights, and other intangible assets.
5.Claims of financial institutions (including receivables, bills purchased and discounted, loans, and overdue receivables).
6.Derivatives.
7.Assets acquired or disposed of in connection with mergers, demergers, acquisitions, or transfer of shares in accordance with law.
8.Other major assets.

Article 4
Terms used in these Regulations are defined as follows:
1.Derivatives: Forward contracts, options contracts, futures contracts, leverage contracts, and swap contracts, and compound contracts combining the above products, whose value is derived from assets, interest rates, foreign exchange rates, indexes or other interests. The term "forward contracts" does not include insurance contracts, performance contracts, after-sales service contracts, long-term leasing contracts, or long-term purchase (sales) agreements.
2.Assets acquired or disposed through mergers, demergers, acquisitions, or transfer of shares in accordance with law: Refers to assets acquired or disposed through mergers, demergers, or acquisitions conducted under the Business Mergers and Acquisitions Act, Financial Holding Company Act, Financial Institution Merger Act and other acts, or to transfer of shares from another company through issuance of new shares of its own as the consideration therefor (hereinafter "transfer of shares") under Article 156, paragraph 8 of the Company Act.
3.Related party or subsidiary: As defined in the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

4.Professional appraiser: Refers to a real property appraiser or other person duly authorized by law to engage in the value appraisal of real property or equipment.
5.Date of occurrence: Refers to the date of contract signing, date of payment, date of consignment trade, date of transfer, dates of boards of directors resolutions, or other date that can confirm the counterpart and monetary amount of the transaction, whichever date is earlier; provided, for investment for which approval of the competent authority is required, the earlier of the above date or the date of receipt of approval by the competent authority shall apply.
6.Mainland China area investment: Refers to investments in the mainland China area approved by the Ministry of Economic Affairs Investment Commission or conducted in accordance with the provisions of the Regulations Governing Permission for Investment or Technical Cooperation in the Mainland Area.
7.Within the preceding year: Refers to the year preceding the date of acquisition or disposal of assets. Items duly announced in accordance with these Regulations need not be counted toward the transaction amount.
8.Financial statements for the most recent period: Refers to financial statements certified or reviewed by a certified public accountant prior to the date of acquisition or disposal of assets.

<u>Article 5</u>
Investment quota of real property that is not for business use and securities:
1.Total amounts of real property that is not for business use shall not exceed 50 percent of equities.
2.Total amounts of securities shall not exceed 100 percent of equities.
3.The amount of individual securities shall not exceed 25 percent of equities.

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

<u>Article 7</u>
The procedures of acquisition or disposal of real property and equipment:
1.Appraising and operating procedures: The company shall follow internal control procedure – property, plant and equipment cycle to acquire or dispose real property and equipment.
2.Determination process of the transaction terms and the degree of authority delegated:
A.For acquisition or disposal of real property, the company shall refer to publicly announced current value, assessed value or actual transaction price of real property nearby to determine trade terms and price then report to chairman. The transaction shall be approved following the authority regulation where its amount reaches NT$100 million or less, otherwise the transaction shall be additionally submitted for approval in advance by the board of directors.
B.For acquisition or disposal of equipment, the company shall perform one of price inquiry, price comparison, price bargain or tender. The transaction shall be approved following the authority regulation where its amount reaches NT$100 million or less, otherwise the transaction shall be additionally submitted for approval in advance by the board of directors.

C. With respect to the company's acquisition or disposal of assets that is subject to the approval of the board of directors under the company's procedures or other laws or regulations, if a director expresses dissent and it is contained in the minutes or a written statement, the company shall submit the director's dissenting opinion to each supervisor. Where the position of independent director has been created in accordance with the provisions of the Securities and Exchange Act (hereinafter "the Act"), when a transaction involving the acquisition or disposal of assets is submitted for discussion by the board of directors pursuant to the preceding paragraph, the board of directors shall take into full consideration each independent director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the board of directors meeting. Where an audit committee has been established in accordance with the provisions of the Act, any transaction involving major assets or derivatives shall be approved by more than half of all audit committee members and submitted to the board of directors for a resolution, and shall be subject to mutatis mutandis application of Article 18, paragraphs 4 and paragraphs 5.

3. The units responsible for implementation: The transaction shall be implemented by using department and administration department after approval.

4. Appraisal report of real property or equipment: In acquiring or disposing of real property or equipment where the transaction amount reaches 20 percent of the company's paid-in capital or NT$300 million or more, the company, unless transacting with a government agency, engaging others to build on its own land, engaging others to build on rented land, or acquiring or disposing of equipment for business use, shall obtain an appraisal report prior to the date of occurrence of the event from a professional appraiser and shall further comply with the following provisions:

A. 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.

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

C. 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.

D. 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.

E. 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.

F. The calculation of the transaction amounts referred to in this article shall be done in accordance with Article 14, paragraph 1, subparagraph H herein, 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 need not be counted toward the transaction amount.

Article 8

The procedures of acquisition or disposal of securities:

1. Appraising and operating procedures: The company shall follow internal control procedure – investment cycle to acquire or dispose securities.
2. Determination process of the transaction terms and the degree of authority delegated:
   A. For acquisition or disposal of securities on the Taiwan Stock Exchange (TWSE) or on the GreTai Securities Market (GTSM), the company shall analyze and make decision based on the market status by responsible units. The transaction shall be approved following the authority regulation where its amount reaches NT$100 million or less, otherwise the transaction shall be additionally submitted for approval in advance by the board of directors.
   B. For acquisition or disposal of securities bypassing the Taiwan Stock Exchange (TWSE) or on the GreTai Securities Market (GTSM), the company shall consider the book value per share, profitability, future development potential and so on. The transaction shall be approved following the authority regulation where its amount reaches NT$100 million or less, otherwise the transaction shall be additionally submitted for approval in advance by the board of directors.
   C. With respect to the company's acquisition or disposal of assets that is subject to the approval of the board of directors under the company's procedures or other laws or regulations, if a director expresses dissent and it is contained in the minutes or a written statement, the company shall submit the director's dissenting opinion to each supervisor. Where the position of independent director has been created in accordance with the provisions of the Act, when a transaction involving the acquisition or disposal of assets is submitted for discussion by the board of directors pursuant to the preceding paragraph, the board of directors shall take into full consideration each independent director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the board of directors meeting. Where an audit committee has been established in accordance with the provisions of the Act, any transaction involving major assets or derivatives shall be approved by more than half of all audit committee members and submitted to the board of directors for a resolution, and shall be subject to mutatis mutandis application of Article 18, paragraphs 4 and paragraphs 5.
3. The units responsible for implementation: The transaction shall be implemented by finance department after approval.

4. Appraisal of transaction price: 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 any of the following items provided by regulations of the Financial Supervisory Commission (FSC).
   A. Securities acquired through cash contribution in an incorporation by promotion or by public offering.
   B. Securities issued at face value by an issuing company carrying out a cash capital increase in accordance with relevant laws and regulations, with the company as a sponsor of the issue.
   C. Securities issued by an investee company wholly invested by the company that is carrying out a cash capital increase, with the company as a sponsor of the issue.
   D. Securities listed and traded on the TWSE or on the GTSM and emerging stocks.
   E. Government bonds or bonds in repurchase or reverse purchase agreements.
   F. Domestic funds or overseas funds.
   G. TWSE or GTSM listed securities acquired or disposed of in accordance with the TWSE or GTSM rules governing the purchase of listed securities by reverse auction or rules governing the auction of listed securities.
   H. Securities acquired through the company’s sponsorship of a cash capital increase by a public company, when the securities acquired are not privately placed.
   I. Subscription to fund shares before the establishment of a fund in accordance with Article 11, paragraph 1 of the Securities Investment Trust and Consulting Act and the FSC's 1 November 2004 Order No. Financial-Supervisory-Securities-IV-0930005249.
   J. Subscription or redemption of domestic private placement funds, provided that the trust agreement for the fund specifies an investment strategy in which, aside from securities margin transactions and open positions held in securities-related products, the investment scope of the remaining portion is the same as that of a publicly offered fund.

   The calculation of the transaction amounts referred to in this article shall be done in accordance with Article 14, paragraph 1, subparagraph H herein, 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 need not be counted toward the transaction amount.

Article 9

The procedures of related party transactions:

1.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 Article 7, 8, 10 and this article. The calculation of the transaction amounts referred to in this article shall be done in accordance with Article 14, paragraph 1, subparagraph H herein, 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 need not be counted toward the transaction amount. When judging whether a trading counterparty is a related party, in addition to legal formalities, the substance of the relationship shall also be considered.

2.Appraising and operating procedures: When a public 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 redemption of money market funds issued 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 the board of directors and recognized by the supervisors:

A.The purpose, necessity and anticipated benefit of the acquisition or disposal of assets.

B.The reason for choosing the related party as a trading counterparty.

C.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 paragraph 3, subparagraph A to subparagraph D.

D.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.

E.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.

F.An appraisal report from a professional appraiser or a CPA's opinion obtained in compliance with the preceding paragraph.

G.Restrictive covenants and other important stipulations associated with the transaction.

The calculation of the transaction amounts referred to in this article shall be done in accordance with Article 14, paragraph 1, subparagraph H herein, 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 need not be counted toward the transaction amount.

With respect to the acquisition or disposal of business-use equipment between the company and subsidiaries, the company's board of directors may delegate the board chairman to decide such matters when the transaction is within a certain amount and have the decisions subsequently submitted to and ratified by the next board of directors meeting.

Where the position of independent director has been created in accordance with the provisions of the Act, when a transaction involving the acquisition or disposal of assets is submitted for discussion by the board of directors pursuant to the preceding paragraph, the board of directors shall take into full consideration each independent director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the board of directors meeting.

Where an audit committee has been established in accordance with the provisions of the Act, any transaction involving major assets or derivatives shall be approved by more than half of all audit committee members and submitted to the board of directors for a resolution, and shall be subject to mutatis mutandis application of Article 18, paragraphs 4 and paragraphs 5.

3.Evaluating the reasonableness of the transaction costs:

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

a.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.

b.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.

B.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 subparagraph A.

C.The company that acquires real property from a related party and appraises the cost of the real property in accordance with subparagraph A and subparagraph B shall also engage a CPA to check the appraisal and render a specific opinion.

D.When the results of the company's appraisal conducted in accordance with subparagraph A and subparagraph B are uniformly lower than the transaction price, the matter shall be handled in compliance with subparagraph E. 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 have been obtained, this restriction shall not apply:

c. Where the related party acquired undeveloped land or leased land for development, it may submit proof of compliance with one of the following conditions:
  - Where undeveloped land is appraised in accordance with the means in subparagraph A to subparagraph C , 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.
  - 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.
  - 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.

d. 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.

E. Where the company acquires real property from a related party and the results of appraisals conducted in accordance with subparagraph A to subparagraph D are uniformly lower than the transaction price, the following steps shall be taken. The company and a public company uses the equity method to account for its investment in the company that has set aside a special reserve under the following description 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.

a. A special reserve shall be set aside in accordance with Article 41, paragraph 1 of the 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 the company, then the special reserve called for under Article 41, paragraph 1 of the Act shall be set aside pro rata in a proportion consistent with the share of public company's equity stake in the company.

b. Supervisors shall comply with Article 218 of the Company Act.

c. Actions taken pursuant to a. and b. of subparagraph E shall be reported to a shareholders meeting, and the details of the transaction shall be disclosed in the annual report and any investment prospectus.

F. 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 paragraph 1 and paragraph 2, but shall not apply paragraph 3, subparagraph A to subparagraph C:

a. The related party acquired the real property through inheritance or as a gift.

b. 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.

c. 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.

G. When the company obtains real property from a related party, it shall also comply with paragraph 3, subparagraph E if there is other evidence indicating that the acquisition was not an arm's length transaction.

<u>Article 10</u>

The procedures of acquisition or disposal of memberships or intangible assets:

1. Appraising and operating procedures: The company shall follow internal control procedure – purchase and payment cycle to acquire or dispose memberships or intangible assets.
2. Determination process of the transaction terms and the degree of authority delegated:

A. For acquisition or disposal of memberships, the company shall refer to fair value to determine transaction terms and transaction price then make the analysis report. The transaction shall be approved following the authority regulation where its amount reaches NT$100 million or less, otherwise the transaction shall be additionally submitted for approval in advance by the board of directors.

B. For acquisition or disposal of intangible assets, the company shall refer to fair value or appraisal report issued by a specialist to determine transaction terms and transaction price then make the analysis report. The transaction shall be approved following the authority regulation where its amount reaches NT$100 million or less, otherwise the transaction shall be additionally submitted for approval in advance by the board of directors.

C. With respect to the company's acquisition or disposal of assets that is subject to the approval of the board of directors under the company's procedures or other laws or regulations, if a director expresses dissent and it is contained in the minutes or a written statement, the company shall submit the director's dissenting opinion to each supervisor. Where the position of independent director has been created in accordance with the provisions of the Securities and Exchange Act (hereinafter "the Act"), when a transaction involving the acquisition or disposal of assets is submitted for discussion by the board of directors pursuant to the preceding paragraph, the board of directors shall take into full consideration each independent director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the board of directors meeting. Where an audit committee has been established in accordance with the provisions of the Act, any transaction involving major assets or derivatives shall be approved by more than half of all audit committee members and submitted to the board of directors for a resolution, and shall be subject to mutatis mutandis application of Article 18, paragraphs 4 and paragraphs 5.

3.The units responsible for implementation: The transaction shall be implemented by using department and finance department or administration department after approval.

4.Appraisal report of memberships or intangible assets:

A.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$100 million or more, the company shall engage a specialist to issue an appraisal report.

B.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.

C.The calculation of the transaction amounts referred to in this article shall be done in accordance with Article 14, paragraph 1, subparagraph H herein, 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 need not be counted toward the transaction amount.

Article 11

In principal, the company shall not acquire or dispose of claims of financial institutions. The company will submit to the board of directors for a resolution then adopt the appraising and operating procedures if the company starts to implement these transactions in the future.

Article 12

The procedures of acquisition or disposal of derivatives:

1.Trading principles and strategies:

A.The types of derivatives that may be traded: The company may engage in forward contracts, options contracts, swap contracts of interest rates or foreign exchange rates, compound contracts combining the above products and so on.

B.Operating (hedging) strategy: The purpose of the company engages in derivatives trading is for hedging or for non-hedging (i.e. trading). The main strategy shall be to choose those derivatives that can avoid risk of revenue, expenses, assets or liabilities in foreign currency bringing from the company’s business so as to avoid operation risk. The company may engage in non-hedging transactions in an appropriate timing to expect to increase non-operating revenue or decrease non-operating expenses in case of changing circumstances. The transactions shall be defined as for hedging or financial measures to pursue investment revenue in advance for the sake of accounting.

C.Segregation of duties: The derivatives trading shall be appraised and judged by persons who quite know the content of every derivative and determined by authorized director and chairman in coordination with the actual need for operation.

D.Essentials of performance evaluation: The assigned persons shall evaluate and review operating performance periodically to prepare a written evaluation report then submit it to authorized director and chairman.

E. Total amount of derivatives contracts that may be traded: Total amount of remaining derivatives contracts shall not exceed 30 percent of the company's total assets.

F. The maximum loss limit on total trading and for individual contracts: The maximum loss on the amount of remaining derivatives is 10 percent of the amount of derivatives contracts, and the limit applys single trading and total trading.

2. Operating procedures:

A. Finance department that is responsible for derivatives trading shall fill out and submit "Suggestion Form for Derivatives Trading" to chairman for approval, then report to the soonest meeting of the board of directors.

B. The dealers shall deliver trading documents or contracts to accounting for recording.

C. The accounting shall check in time if total amount of remaining derivatives contracts exceed total amount of derivatives contracts that may be traded prescribed in these Regulations.

D. Each transaction shall be listed type, amount, exchange rate, counterparty, expiry date and so on by items then submit to director of finance department for review.

E. Finance department shall establish a log book including the following details:

a. The types and amounts of derivatives trading engaged in, and board of directors approval dates.

b. Periodical evaluation report of derivatives trading positions held.

c. Whether derivatives trading performance is consistent with established operational strategy and whether the risk undertaken is within the company's permitted scope of tolerance.

d. Whether 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 Regulations.

F. The dealers shall evaluate trading performance according to prices of every derivatives trading and exchange rate provided by banks in time, and submit to director of finance department for review; also, quarterly evaluate trading performance according to fair value to disclose in the financial statements.

3. Accounting policy: The accounting policy of derivatives trading is in accordance with International Financial Reporting Standards (IFRS) and relevant laws to fairly present trading process and economical effect by complete accounting books, documents and records.

4. Risk management measures:

A. The scope of risk management:

a. Credit risk: Credit risk shall be controlled by restricting the counterparties that the company deals with to those who have banking relationship with the company and can provide sufficient information.

b. Market price risk: Due to the uncertain losses from market price fluctuation of derivatives in the future, the company shall continuously review positions held and report to authorized personnel if the losses exceed the stop loss point.

c. Liquidity risk: Liquidity risk shall be controlled by restricting counterparties to those who have adequate facility, sufficient information, and sizable trading capacity and capability to enter into transactions in any markets around the world.

d. Operating risk: Delegation systems and operating procedures set forth herein are employed to control operating risk.

e. Legal risk: Any trading documents shall be reviewed by director of finance department then submitted to general manager and chairman for approval to control legal risk.
f. Cash flow risk: Finance department shall strictly follow the delegation systems and pay attention to cash flows of the company to meet the cash settlement requirement.

B. Personnel engaged in derivatives trading may not serve concurrently in other operations such as confirmation and settlement.
C. Risk measurement, monitoring, and control personnel shall be assigned to a different department that 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.
D. 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 chairman authorized by the board of directors.

5. Internal audit system:

A. The purpose of internal audit: Internal audit is to assist the director of each unit to understand the effectiveness of their subordinate, to check if all operations are in accordance with relevant laws and the company's internal regulations, and to provide suggestions for improvements so as to enhance management performance.
B. Duties of internal auditor:
a. Operational audit on a regular basis.
b. Examination for unusual changes and particular situations on an irregular basis.
c. Evaluating internal management control procedures.
d. Confirmation of acquiring proper accounting records.
e. Understanding of the operation efficiency of each unit.
f. Submitting relevant reports and suggestions.

C. Monthly audit for derivatives trading:
a. Management of opening new account and accounts in existence.
b. Trading cycle.
c. Management of cash deposit.
d. Management of settlement.
e. Management of computer operation and information.
f. Operation of accounting.
g. Operation of finance and cashier.

D. Implementation of internal audit:
a. Internal auditor 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 that is combined with annual audit plan. If any material violation is discovered, all supervisors shall be notified in writing.
b. Filing a report on the implementation of audit mentioned in a. within two months from the end of each fiscal year.
c. Filing a report on the status of corrections of any irregularities mentioned in a. within five months from the end of each fiscal year.

d.The company may not need to file a report mentioned in b. and c. before listing on the TWSE or GTSM.

6.Regular evaluation methods and the handling of irregular circumstances:

A.The director of finance department shall pay continuous attention to monitoring and controlling derivatives trading risk, and 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.

B.The director of finance department shall 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 Regulations.

C.When irregular circumstances are found in the course of supervising trading and profit-loss circumstances, the director of finance department shall adopt appropriate measures and make a report immediately to the board of directors; where a company has independent directors, an independent director shall be present at the meeting and express an opinion.

<u>Article 13</u>

The procedures of conducting a merger, demerger, acquisition, or transfer of shares:

1.Appraising and operating procedures:

A.The company that conducts a merger, demerger, acquisition, or transfer of shares, may engage a CPA, attorney, or securities underwriter to discuss statutory schedule together and organize a project team to follow statutory procedures. Prior to convening the board of directors to resolve on the matter, the company shall engage a CPA, attorney, or securities underwriter to give an opinion on the reasonableness of the share exchange ratio, acquisition price, or distribution of cash or other property to shareholders, and submit it to the board of directors for deliberation and passage. However, the requirement of obtaining an aforesaid opinion on reasonableness issued by an expert may be exempted in the case of a merger by the company of a subsidiary in which it directly or indirectly holds 100 percent of the issued shares or authorized capital, and in the case of a merger between subsidiaries in which the company directly or indirectly holds 100 percent of the respective subsidiaries' issued shares or authorized capital.

B.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 subparagraph A when sending shareholders notification of the shareholders meeting for reference in deciding whether to approve the merger, demerger, or acquisition. Provided, where a provision of another act exempts a company from convening a shareholders meeting to approve the merger, demerger, or acquisition, this restriction shall not apply. Where the shareholders meeting of any one of the companies participating in a merger, demerger, or acquisition fails to convene or pass a resolution due to lack of a quorum, insufficient votes, or other legal restriction, or the proposal is rejected by the shareholders meeting, the companies participating in the merger, demerger or acquisition shall immediately publicly explain the reason, the follow-up measures, and the preliminary date of the next shareholders meeting.

2.Other requirements:

A.A company participating in a merger, demerger, or acquisition shall convene a board of directors meeting and shareholders meeting on the day of the transaction to resolve matters relevant to the merger, demerger, or acquisition, unless another act provides otherwise or the FSC is notified in advance of extraordinary circumstances and grants consent. A 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, a company that is listed on an exchange or has its shares traded on an OTC market shall prepare a full written record of the following information and retain it for 5 years for reference:

a.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.

b.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.

c.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, a company that is listed on an exchange or has its shares traded on an OTC market 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 a. and b. of this subparagraph 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, prepare and retain full record, and report the information to the FSC for recordation in accordance with preceding requirements.

B.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.

C.Prior to convening the board of directors to resolve on the matter, the companies participating in a merger, demerger, acquisition, or transfer of shares shall engage a CPA, attorney, or securities underwriter to give an opinion on the reasonableness of the share exchange ratio, acquisition price, or distribution of cash or other property to shareholders, and submit it to the board of directors for deliberation and passage. Moreover, they 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:

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

D. The contract for participation by a public company 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:
a. Handling of breach of contract.
b. 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.
c. 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.
d. The manner of handling changes in the number of participating entities or companies.
e. Preliminary progress schedule for plan execution, and anticipated completion date.
f. Scheduled date for convening the legally mandated shareholders meeting if the plan exceeds the deadline without completion, and relevant procedures.

E. 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.

F. Where any of the companies participating in a merger, demerger, acquisition, or transfer of shares is not a public company, the public company(s) shall sign an agreement with the non-public company whereby the latter is required to abide by the provisions of subparagraph A, subparagraph B, and subparagraph E.

Article 14

The procedures of public disclosure of information:

1.The following circumstances shall be publicly announced:

A. Acquisition or disposal of real property from or to a related party, or acquisition or disposal of assets other than real property from or to a related party where the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the company's total assets, or NT$300 million or more; provided, this shall not apply to trading of government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises.

B. Merger, demerger, acquisition, or transfer of shares.

C. Losses from derivatives trading reaching the limits on aggregate losses or losses on individual contracts set out in the procedures adopted by the company.

D. Where the type of asset acquired or disposed is equipment/machinery for business use, the trading counterparty is not a related party, and the transaction amount is NT$500 million or more. The preceding transaction amount will be raised to NT$1 billion or more when paid-in capital of the company reaches NT10 billion.

E. Acquisition or disposal by the company in the construction business of real property for construction use, where the trading counterparty is not a related party, and the transaction amount is NT$500 million or more.

F. Where land is acquired under an arrangement on engaging others to build on the company's own land, engaging others to build on rented land, joint construction and allocation of housing units, joint construction and allocation of ownership percentages, or joint construction and separate sale, and the amount the company expects to invest in the transaction is NT$500 million or more.

G. Where an asset transaction other than any of those referred to in the preceding six subparagraphs, a disposal of receivables by a financial institution, or an investment in the mainland China area reaches 20 percent or more of paid-in capital or NT$300 million; provided, this shall not apply to the following circumstances:

a. Trading of government bonds.

b. Securities trading by investment professionals on foreign or domestic securities exchanges or over-the-counter markets, or subscription by investment professionals of ordinary corporate bonds or of general bank debentures without equity characteristics that are offered and issued in the domestic primary market, or subscription by a securities firm of securities as necessitated by its undertaking business or as an advisory recommending securities firm for an emerging stock company, in accordance with the rules of the GTSM.

c. Trading of bonds under repurchase/resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises.

H. The amount of transactions above shall be calculated as follows, and "within the preceding year" refers to the year preceding the date of occurrence of the current transaction. Items duly announced in accordance with these Regulations need not be counted toward the transaction amount.

a. The amount of any individual transaction.

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

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

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

2. The prescription of publicly announcing and reporting: Under any of the circumstances in paragraph 1, the company acquiring or disposing of assets shall publicly announce and report the relevant information in the appropriate format as prescribed by regulations on the information reporting website designated by the FSC within 2 days counting inclusively from the date of occurrence of the event.
3. The procedures of publicly announcing and reporting: Public announcement and regulatory filing procedures:
   A. The company shall publicly announce and report the relevant information on the FSC's designated website.
   B. 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.
   C. When the company at the time of public announcement makes an error or omission in an item required by regulations to be publicly announced and so is required to correct it, all the items shall be again publicly announced and reported in their entirety within 2 days counting inclusively from the date of knowing of such error or omission.
   D. The company acquiring or disposing of assets shall keep all relevant contracts, meeting minutes, log books, appraisal reports and CPA, attorney, and securities underwriter opinions at the company headquarters, where they shall be retained for 5 years except where another act provides otherwise.
   E. 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 paragraph, a public report of relevant information shall be made on the information reporting website designated by the FSC within 2 days counting inclusively from the date of occurrence of the event:
      a. Change, termination, or rescission of a contract signed in regard to the original transaction.
      b. The merger, demerger, acquisition, or transfer of shares is not completed by the scheduled date set forth in the contract.
      c. Change to the originally publicly announced and reported information.
4. Format of publicly announcement: In accordance with regulations of the FSC.

<u>Article 15</u>

Control procedures for the acquisition and disposal of assets by subsidiaries:

1. The subsidiary shall follow these Regulations for the acquisition and disposal of assets.
2. Information required to be publicly announced and reported in accordance with the provisions of Article 14 on acquisitions and disposals of assets by a subsidiary that is not itself a public company in Taiwan shall be reported by the company.

3. The paid-in capital or total assets of the company shall be the standard for determining whether or not a subsidiary requiring a public announcement and regulatory filing in the event the type of transaction specified therein reaches 20 percent of paid-in capital or 10 percent of the total assets.

Article 16
For the calculation of 10 percent of total assets under these Regulations, the total assets stated in the most recent parent company only financial report or individual financial report prepared under the Regulations Governing the Preparation of Financial Reports by Securities Issuers shall be used. In the case of a company whose shares have no par value or a par value other than NT$10, for the calculation of transaction amounts of 20 percent of paid-in capital under these Regulations, 10 percent of equity attributable to owners of the parent shall be substituted.

Article 17
The company shall follow personnel management regulations and employee manual to periodically assess and punish personnel violating these Regulations in accordance with the seriousness of the case.

Article 18
With respect to the company's acquisition or disposal of assets that is subject to the approval of the board of directors under these Regulations or other laws or regulations, if a director expresses dissent and it is contained in the minutes or a written statement, the company shall submit the director's dissenting opinion to each supervisor.
Where the position of independent director has been created in accordance with the provisions of the Act, when these Regulations are submitted for discussion by the board of directors, 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.
Where an audit committee has been established in accordance with the provisions of the Act, when these Regulations are adopted or amended they shall be approved by more than half of all audit committee members and submitted to the board of directors for a resolution.
If approval of more than half of all audit committee members as required in the preceding paragraph is not obtained, the procedures may be implemented if approved by more than two-thirds of all directors, and the resolution of the audit committee shall be recorded in the minutes of the board of directors meeting.
The terms "all audit committee members" in paragraph 3 and "all directors" in the preceding paragraph shall be counted as the actual number of persons currently holding those positions.

Article 19
Where an audit committee has been established in accordance with the provisions of the Act, the provisions regarding supervisors set out in Articles 7, 8, 9, 10, 12, 18 and 20, shall apply mutatis mutandis to the audit committee.
Where an audit committee has been established in accordance with the provisions of the Act, the provisions regarding independent directors set out in Article 9, paragraph 3, subparagraph E shall apply mutatis mutandis to the audit committee.

Article 20

In regard to all matters not provided for in these Regulations, relevant laws and regulations shall govern. After these Regulations have been approved by the board of directors, they shall be submitted to each supervisor, and then to a shareholders' meeting for approval; the same applies when the procedures are amended.

These Regulations have been passed by the board of directors on May 8, 1998.

The first amendment was approved on November 17, 1999.

The second amendment was approved on March 25, 2003.

The third amendment was approved on March 21, 2006.

The fourth amendment was approved on December 21, 2006.

The fifth amendment was approved on March 15, 2007.

The sixth amendment was approved on June 6, 2012.

The seventh amendment was approved on June 11, 2014.

The eighth amendment was approved on June 8, 2017.

The ninth amendment was approved on June 12, 2018.

APPENDIX 4

Emerging Display Technologies Corp.

Shareholdings of All Directors and Supervisors

Record date: April 5, 2019

Title	Name	Current Shareholding	
		Shares	Percentage
Chairman	Tseng, Jui-Ming	11,043,723	6.33%
Director	Hsieh, Hui-Tai	6,486,867	3.72%
Director	Ying Dar Investment Development Corp. Representative: Wang, Tai-Kuang	5,346,672	3.07%
Director	Bae Haw Investment Development Corp. Representative: Hsieh, Wen-Hsiung	3,447,716	1.98%
Director	Huang, Mao-Hsiung	1,674,536	0.96%
Independent Director	Li, Chi-Cheng	0	0.00%
Independent Director	Huang, Fu-Di	0	0.00%
Total Directors' shareholdings		27,999,514	16.06%
Supervisor	Lin, Yu-Fen	1,702,047	0.98%
Supervisor	Tseng, Shu-Ling	1,621,209	0.93%
Supervisor	Ting, Hung-Hsun	0	0.00%
Total Supervisors' shareholdings		3,323,256	1.91%

Note:

1. Total shares issued as of April 5, 2019: 174,407,603 common shares.
2. In accordance with Article 26 of the Securities and Exchange Act, the total shareholdings of Directors and Supervisors may not be less than below shares:
   (1) Total register shares owned by all Directors should not less than 10,464,456 shares.
   (2) Total register shares owned by all Supervisors should not less than 1,046,446 shares.
3. Based on Article 2 of the Rules and Review Procedures for Directors and Supervisors Share Ownership Ratio at Public Companies, edt had elected two independent directors, the minimum shareholding for all directors and supervisors other than the independent directors shall be decreased by 20 percent.