

Stock Code: 2425

# CHAINTECH TECHNOLOGY CORPORATION

## 2020 Annual General Shareholders' Meeting Meeting Handbook

Time: Thursday, June 18, 2020, 9:00 AM

Location: 2F, No. 223, Sec. 3, Sec. 3, Beixin Road, Xindian District, New Taipei City (Taipei  
Innovation City Convention Center)

Tel.: (02) 2913-8833

## Table of Contents

Chapter 1 Meeting Procedures and Agenda.....	1
Chapter 2 Meeting Agenda.....	1
I. Announcements .....	2
II. Proposals .....	4
III. Discussion.....	6
IV. Extempore Motions.....	6
V. Meeting Adjourned .....	6
Chapter 3 Attachments	
I. Report 1: The Company's 2019 Business Report .....	8
II. Report 2: Independent CPA's Audit Report and Financial Statements .....	10
III. Supervisor's Review Report .....	30
IV. Comparison Table for the Amendments to the Articles of Incorporation .....	32
V. Regulations Governing the Company's 7th Buyback and Transfer of Shares to Employees .....	33
Chapter 4 Appendices	
I. Rules of Procedure for Shareholders' Meetings .....	36
II. Articles of Incorporation .....	41
III. Shareholding by Directors and Supervisors .....	43
IV. Other Supplementary Items.....	51

# Chaintech Technology Corporation

## 2020 Annual General Shareholders' Meeting Procedures and Agenda

Time: Thursday, June 18, 2020, 9:00 AM

Location: 2F, No. 223, Sec. 3, Sec. 3, Beixin Road, Xindian District, New Taipei City (Taipei  
Innovation City Convention Center)

- I. Calling the Meeting to Order
- II. Chairman's Remarks
- III. Meeting Agenda
  - (I) Announcements
    - 1. 2019 Business Report
    - 2. Supervisor's Review Report on the 2019 Final Statements
    - 3. 2019 Employee and Director Remuneration Distribution Report
    - 4. Report on Treasury Stock Buybacks
  - (II) Proposals
    - 1. Adoption of the 2019 Business Report and Financial Statements
    - 2. Adoption of the Proposal for Distribution of 2019 Profits
  - (III) Discussion
    - Amendments to the Company's Articles of Incorporation
  - (IV) Extempore Motions
  - (V) Meeting Adjourned

## **Announcements**

- I. The Company's 2019 Business Report for review.  
Please refer to #page 8-9# of the Handbook for the 2019 Business Report.
  
- II. The supervisor's review report on the 2019 final statements for review.  
Please refer to #pages 30-31# of the Handbook for the Supervisor's Review Report.
  
- III. 2019 Employee and Director Remuneration Distribution Report.
  - (I) In the case of a profitable fiscal year, the Company shall set aside no less than 0.1% to employee compensation in accordance with the Company's Articles of Incorporation. The Board of Directors shall resolve to set aside no more than 6% as compensation to directors and supervisors.
  - (II) The distribution of compensation to employees, directors and supervisors has been approved by the Board of Directors on March 27, 2020. The details are as follows:
    1. Compensation to employees (distributed in cash): NT\$2,231,867
    2. Compensation to directors and supervisors: NT\$2,231,867 (in the form of cash)
  - (III) The amount of the aforementioned bonus is consistent with the estimates in the 2019.

IV. Report on Treasury Share Buybacks.

- (I) Please refer to #pages 34-35# for the Regulations Governing the Company's 7th buyback and transfer of shares to employees.
- (II) The implementation of the Company's buyback and transfer of shares to employees in accordance with Article 28-2 of the Securities and Exchange Act and the Regulations Governing Share Repurchase by Exchange-Listed and OTC-Listed Companies is as follows:

Chaintech Technology Corporation

Report on share buyback

Date of Boards of Directors resolution	October 14, 2019
Purpose of repurchase	Transfer to employees
Actual period for repurchase	October 15 to December 12, 2019
Type and number of shares to be repurchased	Ordinary shares, 5,000,000 shares
Price range of the shares to be repurchased	Between NT\$20 and NT\$40 per share
Type and number of repurchased shares	Ordinary shares, 5,000,000 shares
Total monetary amount of the repurchase	NT\$151,745,862
Average repurchase price	NT\$30.35
Number of shares cancelled and transferred	0 share
Cumulative number of shares held	5,000,000 shares
Ratio of the cumulative number of shares held to total number of shares issued (%)	4.93%
Reason for any repurchases that have not been completed	Not applicable

## Proposal

Proposal 1

Proposed by the Board

Subject: Adoption of the 2019 Business Report and Financial Statements.

Explanation: The Company's 2019 Business Report, Parent Company Only Financial Statements and Consolidated Financial Statements have been prepared and approved by the Board of Directors on March 27, 2020. The aforementioned Parent Company Only Financial Statements and Consolidated Financial Statements have been audited by CPA Hsu Sheng-Chung and CPA Wu Han-Chi of Pricewaterhouse Coopers (PwC) Taiwan. The CPAs have issued an unqualified opinion on the Auditor's Report which, together with the Operating Report, was submitted to the Supervisors to review. Please refer to Attachment 1 to 3 (pages 8 to 31) for reference. Please proceed to adopt.

Resolution:

Proposal 2:

Proposed by the Board

Summary: Adoption of the proposal for Distribution of 2019 Profits.

Explanation:

- I. The Company's undistributed earnings at the beginning of the period amounted to NT\$517,371,735. After deducting the adjustment of the debit and decrease in treasury shares at the beginning of the period of NT\$72,772,544, the net profit after tax in 2019 was NT\$106,942,542. The distributable earnings for the period is NT\$555,819,947 after the provision of 10% legal reserve of NT\$10,694,254 and the reverse of special reserve of NT\$14,972,468. The Company intended to distribute a shareholders' cash dividend of NT\$0.3 per share in a total amount of NT\$28,949,649. The earnings distribution table is set out below.
- II. After approval at the shareholders' meeting, the Board of Directors shall authorize the Chairman to set an ex-dividend date, distribution date and other related matters.
- III. The cash dividend is calculated based on the shares held by the shareholders recorded in the register of shareholders on the ex-dividend date and is rounded down to the nearest dollar based on the distribution ratio. The fractional amounts are aggregated and recognized in other income of the Company.
- IV. In the event that the proposed profit distribution affects the number of outstanding shares due to the changes in capital, or the ratio of dividend distribution to shareholders is changed due to the transfer of treasury shares to the employees, the Chairman is authorized the full power to handle and announce such matters.

Resolution:

Chaintech Technology Corp.,  
2019 Earnings Distribution Table

Unit: NT\$

Item	Total	Notes
Undistributed earnings at the beginning of the period	517,371,735	
Less: Adjustment of the debit and decrease in treasury shares at the beginning of the period	(72,772,544)	
Undistributed earnings at the beginning of the period after the adjustment	444,599,191	
Add: Profit after tax of the period	106,942,542	
Less: Provision of 10% of legal reserve	( 10,694,254 )	
Add: Reverse of special reserve	14,972,468	
Earnings available for distribution for the period	555,819,947	
Allocation:		
Cash dividends to shareholders (NT\$0.30 per share)	28,949,649	
Undistributed earnings at the end of the period	526,870,298	

Note: All the earnings distribution of the year are provided from the distributable earnings after tax in 2019.

Chairman: Kao, Shu-Jung

Manager: Kao, Shu-Jung

Accounting Supervisor:  
Lai, Yu-Nu

## **Discussion:**

Subject: Amendments to the Company's Articles of Incorporation for discussion. Proposed by the Board

Explanation: I. The Company intends to amend certain provisions of the Articles of incorporation in order to meet the needs of practical operations.

II. Please refer to Attachment 4 (#page 32#) for the provisions before and after the amendment.

Resolution:

**Extempore Motions**

**Meeting Adjourned**



# Attachments:

# Chaintech Technology Corporation

## 2019 Business Report

### I. Results of the 2019 Operation Plan

The Company's operating revenues for 2019 is NT\$4,738,182 thousand, which shows a 16.98% increase compared with NT\$4,050,310 thousand 2018. The net profit is NT\$128,679 thousand, the net income attributed to the shareholders of the company is NT\$106,942 thousand, and the earnings per share is NT\$1.06.

The Company's business results for 2019 and operational plan for 2020 are summarized below:

#### (I) Implementation Results of Operation Plan:

Unit: NT\$ thousands, %

Item	2019	2018	Increase (decrease)	% of increase (decrease) %
Operating revenues	4,738,182	4,050,310	687,872	16.98
Gross profit	332,636	372,418	(39,782)	(10.68)
Operating income	132,133	267,295	(135,162)	(50.57)
Net income	128,679	244,304	(115,625)	(47.33)
Net income attributed to the shareholders of the company	106,942	244,304	(137,362)	(56.23)
Non-controlling interest Net income	21,737	-	21,737	-
Earnings per share (NT\$)	1.06	2.39	(1.33)	(55.65)

#### (II) Analysis of Financial Income and Expenditure and Profitability:

Item		Year	
		2019	2018
Financial structure (%)	Ratio of liabilities to assets	27.77	13.92
	Ratio of long-term capital to property, plant and equipment	2774.45	1420.56
Debt service ability (%)	Current ratio	302.73	619.59
	Quick ratio	241.47	584.66
	Times interest earned ratio	26.82	137.18
Profitability (%)	Return on assets (%)	6.07	12.29
	Return on equity (%)	7.45	14.13
	Net profit ratio	2.72	5.98
	Earnings per share (NT\$)	1.06	2.39

### II. Summary of the 2020 Operational Plan

Faced with future market changes, the Company plans to adopt the following operating guidelines, objectives and important production and marketing policies:

#### (I) Operating Guidelines

1. Marketing: Continue to strengthen the cooperation between distributors and agents,

build different types of sales channels, and strengthen cooperation with clients with stable financial structure.

2. Financial policy: Focus on stable operations and strict control over the quality of accounts receivable, make collections according to the terms of sales to ensure the assets are protected, production by order to maintain low inventories and the efficiency of working capital.
3. R & D policy: Manage server clusters based on Docker, Kubernetes and Hadoop, container work management, maintain work management system, and integrate multiple development tools targeting AI model to create highly-efficient data computing solutions.

(II) Estimated Sales Volume and Supporting Information

Due to the impact of COVID-19, the production line, supply chain and sales channels were all suspended in February. Although work has been resumed since March, revenue for the first quarter of 2020 has taken a significant hit. It is estimated that the overall market will gradually recover from the second quarter, and the third quarter stands a chance of restoring the level of sales and economic scale of the same period in the past.

(III) Important Production and Marketing Policies

Maintain multiple suppliers to ensure the safety of raw materials and manufacturing capabilities. Continue to enhance technology R&D and product quality, provide products that meet customer needs and continue to build new sales channels.

The Company is committed to maintaining its financial structure and stable operations with its existing core values. It continues to maintain the technical quality of the products, strengthen product performance and marketing channels through the production and supplier management. Faced with the intense changes in the industrial environment of the board market, the Company will strive to adjust the product portfolio, continue to increase investment in the industries including blockchain, passive component, AI and 5G, as well as expanding high-level manpower in software R&D in order to increase the number of products and technical quality to maintain the sustainable development and stable profitability in the context of changing market needs. On behalf of the management team of CHAINTECH Technology Corporation, I would like to take this opportunity to once again express our gratitude for your continued support and encouragement.

Chairman: Kao, Shu-Jung

Manager: Kao, Shu-Jung

Accounting Supervisor:  
Lai, Yu-Nu

Independent Auditors' Report  
(109)Financial Review Reference No.19004963

To Chaintech Technology Corp.:

### **Audit Opinions**

The independent auditors have audited the accompanying consolidated balance sheets of Chaintech Technology Corp. and subsidiaries (hereinafter referred to as "the Group") as of December 31, 2019 and 2018, and the related consolidated statements of comprehensive income, consolidated statements of changes in equity, consolidated statements of cash flows, and notes to the consolidated financial statements (including summary of significant accounting policies) for the years ended December 31, 2019 and 2018.

In our opinions, the accompanying consolidated financial statements, in all material respects, give a true and fair view of the consolidated financial position of the Group as of December 31, 2019 and 2018, and of its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" and the International Financial Reporting Standards (IFRSs), International Accounting Standards (IASs), International Financial Reporting Interpretations Committee (IFRIC) Interpretations, and Standing Interpretations Committee (SIC) Interpretations endorsed by the Financial Supervisory Commission of the Republic of China.

### **Basis for Audit Opinion**

For consolidated financial statements for the year ended December 31, 2019, we conducted our audit in accordance with the "Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants," "Financial Supervisory Commission Letter Jin-Guan-Zheng-Shen-Zi No. 1090360805 dated February 25, 2020," and Generally Accepted Auditing Standards (GAAS) of the Republic of China. For consolidated financial statements for the year ended December 31, 2018, we conducted our audit in accordance with the "Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants," and GAAS of the Republic of China. Our responsibilities under those standards are further described in the section of Responsibilities of Certified Public Accountants for Auditing Financial Statements. We are independent of the Group in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to serve as the foundation of our audit opinion.

### **Key Audit Matters**

Key audit matters refer to matters that, in our professional judgment, were of most significance in our audit of the Consolidated Financial Statement of the Group for the year ended December 31, 2019. 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.

Key audit matters for the Consolidated Financial Statement of the Group for the year ended December 31, 2019 are stated as follows:

### **Sales revenue cut-off**

#### Description

Regarding the recognition of accounting policy for sales revenues, please refer to Notes IV (XXV) of the consolidated financial statements. For accounting description for sales revenue, please refer to Note VI (XVI) of the consolidated financial statements.

The Group has engaged in the trading and manufacturing of computer peripherals. Sales turnover of goods is recognized when the goods are delivered out. However, the sales revenue will not be recognized until the customer take the delivery of goods and the transfer control has passed. The Group mainly relies on the statements or other information provided by the depositary of the delivery warehouse, then uses the actual shipment made by the warehouse to the customer as the basis for recognizing the income.

The recognition of the turnover from the warehouse is based on the information and report provided by the depositary as the basis for recognizing the sales revenue. These revenue recognitions generally involve a large number of manual operations. Considering that the volume of the shipments of the Group is large, and the amount of transaction before and after the financial date has a significant impact on the financial statements, the independent auditors have thus listed the sales revenue as the most important matter for this year's audit.

#### Corresponding audit procedures

The independent auditors have performed the following key audit procedures for the matter mentioned above:

1. Understand Revenue recognition and adjustment procedures for revenue cut-off for shipment from the depositary of warehouse of the Group. Then, inspect the appropriateness of the revenue's recognition from the warehouse, including understanding of the relevant internal control procedures, obtaining information and the statements provided by the depositary.
2. Carry out an internal control test for the sales revenue from the warehouse in order to make sure that the Group determine the sales recognition when the customer receives the delivery of goods and the right of control is transferred.
3. Perform a closing test for sales revenue from delivery of warehouses for a certain period before and after the balance sheet date, including the verification of shipment certificates and that revenue recognition is recorded in the appropriate period.
4. Perform random checks on physical stock taking and on-site inventory observation in the warehouse and check if the inventory quantity on the record is correct.

### **Assessment of purchase price allocation**

#### Description

Chaintech Technology Corp. acquired a 51% equity interest in Sitonholy (Tianjin) Technology Co., Ltd. through Shenzhen Jinghong Digital R&D Service Co., Ltd. at the amount of RMB 86,360 thousand (including contingent consideration of RMB 44,360 thousand).

This merger and acquisition (M&A) case was accounted for using the acquisition method. For more

information, please refer to Note IV (XXVI) of the consolidated financial statements. The purchase price was measured based on the purchase price allocation (PPA) report issued by Chaintech Technology Corp.'s designated external expert, and identifiable assets of Sitonholy (Tianjin) Technology Co., Ltd. acquired and its liabilities assumed were allocated accordingly. For more information, please refer to Note VI (XXIV) of the consolidated financial statements. As the amount of M&A is large and PPA assumption involves management's estimates, it has a material impact on the financial statements; therefore, we have included the M&A case in the key audit matters for this year.

#### Corresponding audit procedures

The independent auditors have performed the following key audit procedures for the matter mentioned above:

1. Audit the internal control procedures for M&A transactions, including reviewing the M&A contract and checking relevant vouchers.
2. Obtain the acquiree's financial information and assess management's identification of the acquiree's net identifiable assets and liabilities assumed on the acquisition date in accordance with relevant accounting standards.
3. Review the rationality of management's valuation model for identifiable intangible assets or contingent consideration and its cash flow forecasting, including the following procedures:
  - (1) Check the settings of the valuation model's parameters and formulas.
  - (2) Compare the revenue growth rate, gross profit margin, and operating profit margin used by the model with historical results and industry data.
  - (3) Compare the discount rate used with other comparable targets in the market.

#### **Other Matters – Parent Company Only Financial Statements**

The independent auditors have also audited the parent company only financial statements of Chaintech Technology Corp. for the years ended December 31, 2019 and 2018, for which we have issued the audit report with an unqualified opinion for reference.

#### **Responsibility of the Management and the Governing Body for the Consolidated Financial Statements**

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

In preparing the Consolidated Financial Statements, the responsibility of the management includes assessing the Group's ability to continue as a going concern, disclosing going concern related matters, as well as adopting going concern basis of accounting unless the management intends to

liquidate the Group or terminate the business, or has no realistic alternative but to do so. Those charged with governance, including the supervisors, are responsible for overseeing the Group's financial reporting process.

### **Responsibilities of Certified Public Accountants for Auditing Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Generally Accepted Auditing Standards (GAAS) of Republic of China will always detect a material misstatement when it exists. Misstatements may arise from fraud and error. If it could be reasonably anticipated that the misstated individual amounts or aggregated sum could have influence on the economic decisions made by the users of the consolidated financial statements, it will be deemed as material.

As part of an audit in accordance with GAAS of Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also execute the following tasks:

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 that 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 adopted by the management and the reasonableness of the accounting estimates and related disclosures made accordingly.
4. Conclude on the appropriateness of the management's use of the going concern basis of accounting and, based on the audit evidence obtained, determine whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements; or, if such disclosures are inadequate, we are required to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or circumstances may cause the Group to no longer continue as a going concern.
5. Evaluate the overall expression, structure, and contents of the consolidated financial statements (including related notes) and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

6. Obtain sufficient and appropriate audit evidence with regard to the financial information of the entities within the Group to express an opinion about the 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 The Norm of Professional Ethics for Certified Public Accountant of the Republic of China 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 for the year ended December 31, 2019 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.

PwC Taiwan

Sheng-Chung Hsu

Certified Public Accountants

Han-Chi Wu

Financial Supervisory Commission

Approved Certification Number: Financial Control

Certificate No. 1010034097

Former Securities and Futures Bureau Committee

Approved Certification No.: (2011)TCZ(6)Z157088

March 27, 2020



Chaintech Technology Corp.  
Parent Company Only Balance Sheets  
For the Years Ended December 31, 2019 and 2018

Unit: NT\$ thousand

Assets	Notes	December 31, 2019		December 31, 2018		
		Amount	%	Amount	%	
<b>Current assets</b>						
1100	Cash and cash equivalents	VI (I)	\$ 360,088	15	\$ 652,911	32
1110	Current financial assets at fair value through profit or loss	VI (II)	184,273	8	1,755	-
1170	Accounts receivable, net	VI (IV)	335,326	14	237,458	12
1180	Accounts receivable due from related parties, net	VI (IV) and VII	616,786	26	685,977	34
1200	Other receivables		2,778	-	441	-
1220	Current tax assets		9,044	-	-	-
130X	Current inventories	VI (V)	346,795	15	95,833	5
1410	Prepayments		51,882	2	21,638	1
1470	Other current assets	VI (VI) and VIII	63,085	3	32,648	2
11XX	<b>Total current assets</b>		<u>1,970,057</u>	<u>83</u>	<u>1,728,661</u>	<u>86</u>
<b>Non-current assets</b>						
1517	Non-current financial assets at fair value through other comprehensive income	VI (III)	137,045	6	108,985	5
1600	Property, plant and equipment	VI (VII)	62,003	3	122,073	6
1755	Right-of-use assets	VI (VIII)	11,364	-	-	-
1780	Intangible assets	VI (IX)	188,971	8	-	-
1840	Deferred tax assets	VI (XXII)	3,435	-	6	-
1900	Other non-current assets		8,740	-	54,778	3
15XX	<b>Total non-current assets</b>		<u>411,558</u>	<u>17</u>	<u>285,842</u>	<u>14</u>
1XXX	<b>Total Assets</b>		<u>\$ 2,381,615</u>	<u>100</u>	<u>\$ 2,014,503</u>	<u>100</u>

The accompanying notes are an integral part of the parent company only financial statements. Please refer to it as well.  
Chairman: Shu-Jung Kao                      Manager: Shu-Jung Kao                      Accounting Officer: Yu-Nu Lai

Chaintech Technology Corp.  
Parent Company Only Balance Sheets  
For the Years Ended December 31, 2019 and 2018

Unit: NT\$ thousand

Liabilities and equity	Notes	December 31, 2019		December 31, 2018		
		Amount	%	Amount	%	
<b>Current liabilities</b>						
2100	Current borrowings	VI (XI) and VIII	\$ 156,597	7	\$ -	-
2130	Current contract liabilities	VI (XVI)	14,545	1	-	-
2150	Notes payable		24	-	-	-
2170	Accounts payable		358,860	15	156,858	8
2180	Accounts payable to related parties	VII	10,741	-	-	-
2200	Other payables	VI (XII) and VII	98,983	4	69,782	3
2230	Current tax liabilities		-	-	52,170	3
2280	Current lease liabilities	VI (VIII)	10,574	-	-	-
2300	Other current liabilities		442	-	193	-
21XX	<b>Total current liabilities</b>		<u>650,766</u>	<u>27</u>	<u>279,003</u>	<u>14</u>
<b>Non-current liabilities</b>						
2570	Deferred tax liabilities	VI (XXII)	5,489	1	-	-
2580	Non-current lease liabilities	VI (VIII)	987	-	-	-
2600	Other non-current liabilities	VI (XXIV)	4,130	-	1,376	-
25XX	<b>Total non-current liabilities</b>		<u>10,606</u>	<u>1</u>	<u>1,376</u>	<u>-</u>
2XXX	<b>Total liabilities</b>		<u>661,372</u>	<u>28</u>	<u>280,379</u>	<u>14</u>
<b>Equity</b>						
<b>Equity attributable to owners of parent</b>						
<b>Share capital</b>						
3110	Ordinary share	VI (XIV)	1,014,988	42	1,014,988	50
<b>Retained earnings</b>						
3310	Legal reserve	VI (XV)	122,290	5	97,859	5
3320	Special reserve		112,514	5	88,481	5
3350	Unappropriated retained earnings		551,542	23	645,310	32
<b>Other equity interest</b>						
3400	Other equity interest		( 97,541)	( 4)	( 112,514)	( 6)
3500	Treasury shares		( 151,746)	( 6)	-	-
31XX	<b>Total equity attributable to owners of parent</b>		<u>1,552,047</u>	<u>65</u>	<u>1,734,124</u>	<u>86</u>
36XX	<b>Non-controlling interests</b>		<u>168,196</u>	<u>7</u>	<u>-</u>	<u>-</u>
3XXX	<b>Total equity</b>		<u>1,720,243</u>	<u>72</u>	<u>1,734,124</u>	<u>86</u>
<b>Significant contingent liabilities and unrecognized contract commitments</b>						
<b>Significant events after the end of the financial reporting period</b>						
3X2X	<b>Total liabilities and equity</b>		<u>\$ 2,381,615</u>	<u>100</u>	<u>\$ 2,014,503</u>	<u>100</u>

The accompanying notes are an integral part of the parent company only financial statements. Please refer to it as well.  
Chairman: Shu-Jung Kao                      Manager: Shu-Jung Kao                      Accounting Officer: Yu-Nu Lai

Chaintech Technology Corp.  
Consolidated Statements of Comprehensive Income  
For the Years Ended December 31, 2019 and 2018

Unit: NT\$ thousand  
(EPS in NT\$)

Items	Notes	2019		2018	
		Amount	%	Amount	%
4000 <b>Operating revenue</b>	VI (X) (XVI) and VII	\$ 4,738,182	100	\$ 4,050,310	100
5000 <b>Operating costs</b>	VI (V) (X) (XX) (XXI)	( 4,405,546)	( 93)	( 3,677,892)	( 91)
5950 <b>Gross profit from operations</b>		332,636	7	372,418	9
<b>Operating expenses</b>	VI (X) (XX) (XXI) and VII				
6100 Selling expenses		( 107,889)	( 2)	( 51,956)	( 1)
6200 Administrative expenses		( 77,153)	( 2)	( 30,797)	( 1)
6300 Research and development expenses		( 16,627)	-	( 22,370)	( 1)
6450 Impairment loss (impairment gain and reversal of impairment loss) determined in accordance with IFRS9		1,166	-	-	-
6000 <b>Total operating expenses</b>		( 200,503)	( 4)	( 105,123)	( 3)
6900 <b>Net operating income</b>		132,133	3	267,295	6
<b>Non-operating income and expenses</b>					
7010 Other income	VI (X) (XVII)	8,408	-	11,750	-
7020 Other gains and losses	VI (X) (XVIII)	17,248	-	30,223	1
7050 Financial costs	VI (IXX)	( 5,884)	-	( 2,165)	-
7000 <b>Total non-operating income and expenses</b>		19,772	-	39,808	1
7900 <b>Profit (loss) from continuing operations before tax</b>		151,905	3	307,103	7
7950 Tax expense	VI (XXII)	( 14,681)	-	( 50,459)	( 1)
8000 <b>Profit from continuing operations</b>		137,224	3	256,644	6
8100 Loss from discontinued operations	VI (X)	( 8,545)	-	( 12,340)	-
8200 <b>Profit</b>		\$ 128,679	3	\$ 244,304	6

The accompanying notes are an integral part of the parent company only financial statements. Please refer to it as well.  
Chairman: Shu-Jung Kao                      Manager: Shu-Jung Kao                      Accounting Officer: Yu-Nu Lai

Chaintech Technology Corp.  
Consolidated Statements of Comprehensive Income  
For the Years Ended December 31, 2019 and 2018

Unit: NT\$ thousand  
(EPS in NT\$)

Items	Notes	2019		2018	
		Amount	%	Amount	%
<b>Other comprehensive income, net</b>					
<b>Components of other comprehensive income that will not be reclassified to profit or loss</b>					
8316	VI (III)	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	\$ 28,060	-	(\$ 75,999) ( 2)
8310		<b>Components of other comprehensive income that will not be reclassified to profit or loss</b>	28,060	-	( 75,999) ( 2)
<b>Components of other comprehensive income that will be reclassified to profit or loss</b>					
8361		Exchange differences on translation	( 13,087)	-	( 7,212) -
8360		<b>Components of other comprehensive income that will be reclassified to profit or loss</b>	( 13,087)	-	( 7,212) -
8300		<b>Other comprehensive income, net</b>	\$ 14,973	-	(\$ 83,211) ( 2)
8500		<b>Total comprehensive income</b>	\$ 143,652	3	\$ 161,093 4
<b>Profit (loss), attributable to:</b>					
8610		Profit (loss), attributable to owners of parent	\$ 106,942	2	\$ 244,304 6
8620		Non-controlling interests	21,737	1	- -
			\$ 128,679	3	\$ 244,304 6
<b>Comprehensive income, attributable to:</b>					
8710		Comprehensive income, attributable to owners of parent	\$ 121,915	3	\$ 161,093 4
8720		Comprehensive income, attributable to non-controlling interests	21,737	-	- -
			\$ 143,652	3	\$ 161,093 4
<b>Basic earnings per share</b>					
9710	VI (XXIII)	Basic earnings per share from continuing operations	\$	1.36	\$ 2.51
9720		Basic loss per share from discontinued operations	(	0.08)	( 0.12)
		Basic earnings per share from non-controlling interests	(	0.22)	-
9750		<b>Total basic earnings per share</b>	\$	1.06	\$ 2.39
<b>Diluted earnings per share</b>					
9810	VI (XXIII)	Diluted earnings per share from continuing operations	\$	1.36	\$ 2.51
9820		Diluted loss per share from discontinued operations	(	0.08)	( 0.12)
		Diluted earnings per share from non-controlling interests	(	0.22)	-
9850		<b>Total diluted earnings per share</b>	\$	1.06	\$ 2.39

The accompanying notes are an integral part of the parent company only financial statements. Please refer to it as well.  
Chairman: Shu-Jung Kao      Manager: Shu-Jung Kao      Accounting Officer: Yu-Nu Lai

Chaintech Technology Corp.  
Consolidated Statements of Changes in Equity  
For the Years Ended December 31, 2019 and 2018

Unit: NT\$ thousand  
(EPS in NT\$)

	Notes	Equity attributable to the owners of parent company								Non-controlling equity	Total equity
		Retained earnings				Other equity					
		Share capital - Ordinary shares	Legal reserve	Special reserve	Unappropriated retained earnings	Exchange difference arising from translation of foreign operation financial statements	Unrealized gains/losses on financial assets at fair value through other comprehensive income	Treasury shares	Total		
<b>2018</b>											
Balance as of January 1, 2018		\$ 1,092,488	\$ 97,859	\$ 84,131	\$ 478,452	( \$ 29,303 )	\$ -	\$ -	\$ 1,723,627	\$ -	\$ 1,723,627
Effects of retrospective application and retrospective restatement		-	-	-	( 323 )	-	-	-	( 323 )	-	( 323 )
Equity at beginning of period after adjustments		1,092,488	97,859	84,131	478,129	( 29,303 )	-	-	1,723,304	-	1,723,304
Profit		-	-	-	244,304	-	-	-	244,304	-	244,304
Other comprehensive income		-	-	-	-	( 7,212 )	( 75,999 )	-	( 83,211 )	-	( 83,211 )
Total comprehensive income		-	-	-	244,304	( 7,212 )	( 75,999 )	-	161,093	-	161,093
Earnings appropriation and distribution:	VI (XV)										
Special reserve appropriated		-	-	4,350	( 4,350 )	-	-	-	-	-	-
Purchase of treasury shares		-	-	-	-	-	-	( 150,273 )	( 150,273 )	-	( 150,273 )
Retirement of treasury shares		( 77,500 )	-	-	( 72,773 )	-	-	150,273	-	-	-
Balance as of December 31, 2018		\$ 1,014,988	\$ 97,859	\$ 88,481	\$ 645,310	( \$ 36,515 )	( \$ 75,999 )	\$ -	\$ 1,734,124	\$ -	\$ 1,734,124
<b>2019</b>											
Balance as of January 1, 2019		\$ 1,014,988	\$ 97,859	\$ 88,481	\$ 645,310	( \$ 36,515 )	( \$ 75,999 )	\$ -	\$ 1,734,124	\$ -	\$ 1,734,124
Profit		-	-	-	106,942	-	-	-	106,942	21,737	128,679
Other comprehensive income		-	-	-	-	( 13,087 )	28,060	-	14,973	-	14,973
Total comprehensive income		-	-	-	106,942	( 13,087 )	28,060	-	121,915	21,737	143,652
Earnings appropriation and distribution:	VI (XV)										
Legal reserve appropriated		-	24,431	-	( 24,431 )	-	-	-	-	-	-
Special reserve appropriated		-	-	24,033	( 24,033 )	-	-	-	-	-	-
Cash dividends		-	-	-	( 152,246 )	-	-	-	( 152,246 )	-	( 152,246 )
Purchase of treasury shares		-	-	-	-	-	-	( 151,746 )	( 151,746 )	-	( 151,746 )
Changes in non-controlling interests		-	-	-	-	-	-	-	-	146,459	146,459
Balance as of December 31, 2019		\$ 1,014,988	\$ 122,290	\$ 112,514	\$ 551,542	( \$ 49,602 )	( \$ 47,939 )	( \$ 151,746 )	\$ 1,552,047	\$ 168,196	\$ 1,720,243

The accompanying notes are an integral part of the parent company only financial statements. Please refer to it as well.

Chairman: Shu-Jung Kao

Manager: Shu-Jung Kao

Accounting Officer: Yu-Nu Lai

**Chaintech Technology Corp.**  
**Consolidated Statements of Cash Flows**  
**For the Years Ended December 31, 2019 and 2018**

Unit: NT\$ thousand

	Notes	2019	2018
<b>Cash flows from (used in) operating activities</b>			
Profit before from continuing operations before tax		\$ 151,905	\$ 307,103
Loss from discontinued operations before tax		( 8,485 )	( 12,274 )
Profit before tax		143,420	294,829
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation expense	VI (VII) (XX)	21,219	11,953
Depreciation expense on right-of-use assets	VI (VIII)	5,916	-
Amortization expense	VI (IX)	10,184	-
Expected credit loss (gain) / Provision (reversal of provision) for bad debt expense	12(2)	( 1,166 )	-
Net loss (gain) on financial assets or liabilities at fair value through profit or loss	VI (II)	( 2,792 )	( 185 )
Loss on disposal of investments		370	-
Interest expense	VI (IXX)	5,500	2,165
Interest expense on lease liabilities	VI (VIII)	384	-
Interest income	VI (XVII)	( 4,461 )	( 7,252 )
Dividend income	VI (XVII)	( 3,053 )	( 4,340 )
Loss on disposal of property, plant and equipment	VI (XVIII)	474	17
Gain on disposal of discontinued operations	VI (X)	( 26,313 )	-
Changes in operating assets and liabilities			
Changes in operating assets			
Financial assets at fair value through profit or loss		( 179,726 )	( 1,570 )
Accounts receivable (including related parties)		162,626	153,345
Other receivables		10,887	-
Inventories		( 164,870 )	18,957
Prepayments		( 50,260 )	-
Other current assets		28,204	( 890 )
Other non-current assets		( 44,853 )	538
Changes in operating liabilities			
Contract liabilities		5,853	-
Notes payable		24	-
Accounts payable (including related parties)		77,533	( 55,866 )
Other payables		33,943	24,375
Other current liabilities		( 22,925 )	( 492 )
Cash inflow generated from operations		6,118	435,584
Interest received		4,616	7,252
Dividends received		3,053	4,340
Interest paid		( 5,324 )	( 2,165 )
Income tax paid		( 80,371 )	( 866 )
Net cash flows from (used in) operating activities		( 71,908 )	444,145
<b>Cash flows from (used in) investing activities</b>			
Acquisition of financial assets at fair value through other comprehensive income		-	( 184,984 )
Net cash flow from acquisition of subsidiaries		( 160,987 )	-
Acquisition of property, plant and equipment	VI (VII) (XXVI)	( 48,994 )	( 22,229 )
Proceeds from disposal of subsidiaries	VI (X)	151,565	-
Proceeds from capital reduction of investments		5,974	-
(Increase) decrease in restricted assets		( 28,390 )	19,193
Increase in prepayments for investments		-	( 44,720 )
Net cash flows used in investing activities		( 80,832 )	( 232,740 )
<b>Cash flows from (used in) financing activities</b>			
Increase in short-term loans		156,597	-
Guarantee deposits received		1,013	( 47 )
Payments of lease liabilities		( 5,949 )	-
Cash dividends paid		( 152,246 )	-
Payments to acquire treasury shares	VI (XV)	( 151,746 )	( 150,273 )
Net cash flows used in financing activities		( 152,331 )	( 150,320 )
Effect of exchange rate changes		12,248	( 4,707 )
Net increase (decrease) in cash and cash equivalents		( 292,823 )	56,378
Cash and cash equivalents at beginning of period		652,911	596,533
Cash and cash equivalents at end of period		\$ 360,088	\$ 652,911

The accompanying notes are an integral part of the parent company only financial statements. Please refer to it as well.  
Chairman: Shu-Jung Kao Manager: Shu-Jung Kao

Independent Auditors' Report  
(109)Financial Review Reference No.19004698

To Chaintech Technology Corp.,

**Audit Opinions**

The independent auditors have audited the accompanying parent company only balance sheets of Chaintech Technology Corp. as of December 31, 2019 and 2018, and the related parent company only statements of comprehensive income, parent company only statements of changes in equity, parent company only statements of cash flows, and notes to the parent company only financial statements (including summary of significant accounting policies) for the years ended December 31, 2019 and 2018.

In our opinions, the accompanying parent company only financial statements, in all material respects, give a true and fair view of the parent company only financial position of Chaintech Technology Corp. as of December 31, 2019 and 2018, and of its parent company only financial performance and its parent company only cash flows for the years then ended in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers."

**Basis for Audit Opinion**

For the parent company only financial statements for the year ended December 31, 2019, we conducted our audit in accordance with the "Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants," "Financial Supervisory Commission Letter Jin-Guan-Zheng-Shen-Zi No. 1090360805 dated February 25, 2020," and Generally Accepted Auditing Standards (GAAS) of the Republic of China. For the parent company only financial statements for the year ended December 31, 2018, we conducted our audit in accordance with the "Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants," and GAAS of the Republic of China. Our responsibility under such standards will be further explained in the section titled "Responsibilities of Certified Public Accountants for Auditing Parent Company Only Financial Statements." We are independent of Chaintech Technology Corp. in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to serve as the foundation of our audit opinion.

**Key Audit Matters**

Key audit matters refer to matters that, in our professional judgment, were of most significance in our audit of the Parent Company Only Financial Statements of Chaintech Technology Corp. for the year ended December 31, 2019. These matters were addressed in the context of our audit of the parent company only financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters for the Parent Company Only Financial Statements of Chaintech Technology Corp. for the year ended December 31, 2019 are stated as follows:

## **Sales revenue cut-off**

### Description

Regarding the recognition of accounting policy for sales revenue, please refer to Note IV (XXIV) of the parent company only financial statements. For accounting description for sales revenue, please refer to Note VI (XIV) of the parent company only financial statements.

Chaintech Technology Corp. has engaged in the trading and manufacturing of computer peripherals. Sales turnover of goods is recognized when the goods are delivered out. However, the sales revenue will not be recognized until the customer take the delivery of goods and the transfer control has passed. Chaintech Technology Corp. mainly relies on the statements or other information provided by the depositary of the delivery warehouse, then uses the actual shipment made by the warehouse to the customer as the basis for recognizing the income.

The recognition of the turnover from the warehouse is based on the information and report provided by the depositary as the basis for recognizing the sales revenue. These revenue recognitions generally involve a large number of manual operations. Considering that the volume of the shipments of Chaintech Technology Corp. is large, and the amount of transaction before and after the financial statement date has a significant impact on the financial statements, the independent auditors have thus listed the sales revenue as the most important matter for this year's audit.

### Corresponding audit procedures

The independent auditors have performed the following key audit procedures for the matter mentioned above:

1. Understand revenue recognition and adjustment procedures for revenue cut-off for shipment from the depositary of warehouse of Chaintech Technology Corp. Then, inspect the appropriateness of the revenue's recognition from the warehouse, including understanding of the relevant internal control procedures, obtaining information and the statements provided by the depositary.
2. Carry out an internal control test for the sales revenue from the warehouse in order to make sure that Chaintech Technology Corp. determines the sales recognition when the customer receives the delivery of goods and the right of control is transferred.
3. Perform a closing test for sales revenue from delivery of warehouses for a certain period before and after the balance sheet date, including the verification of shipment certificates and that revenue recognition is recorded in the appropriate period.
4. Perform random checks on physical stock taking and on-site inventory observation in the warehouse and check if the inventory quantity on the record is correct.

## **Assessment of purchase price allocation**

### Description

Chaintech Technology Corp. acquired a 51% equity interest in Sitonholy (Tianjin) Technology Co., Ltd. through Shenzhen Jinghong Digital R&D Service Co., Ltd. at the amount of RMB 86,360 thousand (including contingent consideration of RMB 44,360 thousand).

This merger and acquisition (M&A) case was accounted for using the acquisition method. The purchase price was measured based on the purchase price allocation (PPA) report issued by Chaintech Technology Corp.'s designated external expert, and identifiable assets of Sitonholy (Tianjin) Technology Co., Ltd. acquired and its liabilities assumed were allocated accordingly. As the amount of M&A is large and PPA assumption involves management's estimates, it has a material impact on the financial statements; therefore, we have included the M&A case in the key audit matters for this year.

### Corresponding audit procedures

The independent auditors have performed the following key audit procedures for the matter mentioned above:

1. Audit the internal control procedures for M&A transactions, including reviewing the M&A contract and checking relevant vouchers.
2. Obtain the acquiree's financial information and assess management's identification of the acquiree's net identifiable assets and liabilities assumed on the acquisition date in accordance



with relevant accounting standards.

3. Review the rationality of management's valuation model for identifiable intangible assets or contingent consideration and its cash flow forecasting, including the following procedures:
  - (1) Check the settings of the valuation model's parameters and formulas.
  - (2) Compare the revenue growth rate, gross profit margin, and operating profit margin used by the model with historical results and industry data.
  - (3) Compare the discount rate used with other comparable targets in the market.

### **Responsibility of the Management and the Governing Body for the Parent Company Only Financial Statements**

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

In preparing the parent company only financial statements, the responsibility of the management includes assessing Chaintech Technology Corp.'s ability to continue as a going concern, disclosing going concern related matters, as well as adopting going concern basis of accounting unless the management intends to liquidate Chaintech Technology Corp. or terminate the business, or has no realistic alternative but to do so.

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

### **Responsibilities of Certified Public Accountants for Auditing Parent Company Only Financial Statements**

Our objectives are to obtain reasonable assurance about whether the parent company only financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 Generally Accepted Auditing Standards (GAAS) of Republic of China will always detect a material misstatement when it exists. Misstatements may arise from fraud or error. If it could be reasonably anticipated that the misstated individual amounts or aggregated sum could have influence on the economic decisions made by the users of the parent company only financial statements, it will be deemed as material.

As part of an audit in accordance with GAAS of Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also execute the following tasks:

1. Identify and assess the risks of material misstatement of the parent company only financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than that 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 Chaintech Technology Corp.'s internal control.
3. Evaluate the appropriateness of accounting policies adopted by the management and the reasonableness of the accounting estimates and related disclosures made accordingly.
4. Conclude on the appropriateness of the management's use of the going concern basis of accounting and, based on the audit evidence obtained, determine whether a material uncertainty exists related to events or conditions that may cast significant doubt on Chaintech Technology Corp.'s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the parent company only financial statements; or, if such disclosures are inadequate, we are required to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of

our auditor's report. However, future events or circumstances may cause Chaintech Technology Corp. to no longer continue as a going concern.

5. Evaluate the overall expression, structure, and contents of the parent company only financial statements (including related notes) and whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence with regard to the financial information of the entities within Chaintech Technology Corp. to express an opinion about the parent company only financial statements. We are responsible for the guidance, supervision and performance of the parent company audit, and is responsible for forming the audit opinion to the Parent Company Only Financial Statements.

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 The Norm of Professional Ethics for Certified Public Accountant of the Republic of China regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the parent company only financial statements for the year ended December 31, 2019 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.

PwC Taiwan

Sheng-Chung Hsu

Certified Public Accountants

Han-Chi Wu

Financial Supervisory Commission

Approved Certification Number: Financial Control

Certificate No. 1010034097

Former Securities and Futures Bureau Committee

Approved Certification No.: (2011)TCZ(6)Z157088

March 27, 2020

Chaintech Technology Corp.  
Parent Company Only Balance Sheets  
For the Years Ended December 31, 2019 and 2018

		December 31, 2019		December 31, 2018	
Assets	Notes	Amount	%	Amount	%
<b>Current assets</b>					
1100	Cash and cash equivalents	\$ 187,565	9	\$ 481,211	24
1110	Current financial assets at fair value through profit or loss	2,172	-	1,755	-
1170	Accounts receivable, net	227,710	11	232,587	11
1180	Accounts receivable due from related parties, net	616,786	30	685,977	34
1200	Other receivables	-	-	155	-
1220	Current tax assets	24,267	1	-	-
130X	Current inventories	290,324	14	95,833	5
1470	Other current assets	63,837	3	53,806	3
11XX	<b>Total current assets</b>	<u>1,412,661</u>	<u>68</u>	<u>1,551,324</u>	<u>77</u>
<b>Non-current assets</b>					
1517	Non-current financial assets at fair value through other comprehensive income	137,045	6	108,985	6
1550	Investment accounted for using equity method	472,349	23	346,200	17
1600	Property, plant and equipment	55,272	3	-	-
1755	Right-of-use assets	5,925	-	-	-
1840	Deferred tax assets	3,435	-	6	-
1900	Other non-current assets	53	-	5	-
15XX	<b>Total non-current assets</b>	<u>674,079</u>	<u>32</u>	<u>455,196</u>	<u>23</u>
1XXX	<b>Total assets</b>	<u>\$ 2,086,740</u>	<u>100</u>	<u>\$ 2,006,520</u>	<u>100</u>

(Continued)

Chaintech Technology Corp.  
Parent Company Only Balance Sheets  
For the Years Ended December 31, 2019 and 2018

Liabilities and equity		Notes	December 31, 2019		December 31, 2018	
			Amount	%	Amount	%
<b>Current liabilities</b>						
2100	Current borrowings	VI (X)	\$ 156,597	8	\$ -	-
2150	Notes payable		24	-	-	-
2170	Accounts payable		319,099	15	156,859	8
2200	Other payables	VII	52,839	3	63,174	3
2230	Current tax liabilities		-	-	52,170	3
2280	Current lease liabilities		6,040	-	-	-
2300	Other current liabilities		94	-	193	-
21XX	<b>Total current liabilities</b>		<u>534,693</u>	<u>26</u>	<u>272,396</u>	<u>14</u>
2XXX	<b>Total liabilities</b>		<u>534,693</u>	<u>26</u>	<u>272,396</u>	<u>14</u>
<b>Equity</b>						
<b>Share capital</b>						
		VI (XII)				
3110	Ordinary share		1,014,988	49	1,014,988	51
<b>Retained earnings</b>						
		VI (XIII)				
3310	Legal reserve		122,290	6	97,859	5
3320	Special reserve		112,514	5	88,481	4
3350	Retained earnings		551,542	26	645,310	32
<b>Other equity interest</b>						
3400	Other equity interest		( 97,541)	( 5)	( 112,514)	( 6)
3500	Treasury shares	VI (XXII)	( 151,746)	( 7)	-	-
3XXX	<b>Total equity</b>		<u>1,552,047</u>	<u>74</u>	<u>1,734,124</u>	<u>86</u>
<b>Significant contingent liabilities and unrecognized contract commitments</b>						
<b>Significant events after the end of the financial reporting period</b>						
3X2X	<b>Total liabilities and equity</b>		<u>\$ 2,086,740</u>	<u>100</u>	<u>\$ 2,006,520</u>	<u>100</u>

The accompanying notes are an integral part of the parent company only financial statements. Please refer to it as well.

Chairman: Shu-Jung Kao

Manager: Shu-Jung Kao

Accounting Officer: Yu-Nu Lai

Chaintech Technology Corp.  
Parent Company Only Statements of Comprehensive Income  
For the Years Ended December 31, 2019 and 2018

Unit: NT\$ thousand

(Except for earnings per share expressed in New Taiwan Dollar)

Items	Notes	2019		2018	
		Amount	%	Amount	%
4000 <b>Operating revenue</b>	VI (XIV) and VII	\$ 3,591,114	100	\$ 3,755,138	100
5000 <b>Operating costs</b>	VI (V) (XVIII) (XIX)	( 3,432,847)	( 96)	( 3,397,183)	( 91)
5950 <b>Gross profit from operations</b>		<u>158,267</u>	<u>4</u>	<u>357,955</u>	<u>9</u>
<b>Operating expenses</b>	VI (XVIII) (XIX) and VII				
6100 Selling expenses		( 50,243)	( 1)	( 52,272)	( 1)
6200 Administrative expenses		( 24,926)	( 1)	( 31,691)	( 1)
6300 Research and development expenses		( 3,404)	-	( 3,164)	-
6000 <b>Total operating expenses</b>		<u>( 78,573)</u>	<u>( 2)</u>	<u>( 87,127)</u>	<u>( 2)</u>
6900 <b>Net operating income</b>		<u>79,694</u>	<u>2</u>	<u>270,828</u>	<u>7</u>
<b>Non-operating income and expenses</b>					
7010 Other income	VI (XV)	5,683	-	6,854	-
7020 Other gains and losses	VI (XVI)	14,881	1	29,978	1
7050 Financial costs	VI (XVII)	( 5,682)	-	( 2,165)	-
7070 Share of profit or loss of subsidiaries, associates, and joint ventures accounted for using equity method	VI (VII)	<u>11,172</u>	<u>-</u>	<u>( 11,061)</u>	<u>-</u>
7000 <b>Total non-operating income and expenses</b>		<u>26,054</u>	<u>1</u>	<u>23,606</u>	<u>1</u>
7900 <b>Profit (loss) from continuing operations before tax</b>		105,748	3	294,434	8
7950 Tax income (expense)	VI (XX)	<u>1,194</u>	<u>-</u>	<u>( 50,130)</u>	<u>( 2)</u>
8200 <b>Profit</b>		<u>\$ 106,942</u>	<u>3</u>	<u>\$ 244,304</u>	<u>6</u>
<b>Other comprehensive income, net</b>					
<b>Components of other comprehensive income that will not be reclassified to profit or loss</b>					
8316 Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	VI (III)	<u>\$ 28,060</u>	<u>1</u>	<u>( \$ 75,999)</u>	<u>( 2)</u>
8310 <b>Components of other comprehensive income that will not be reclassified to profit or loss</b>		<u>28,060</u>	<u>1</u>	<u>( 75,999)</u>	<u>( 2)</u>
<b>Components of other comprehensive income that will be reclassified to profit or loss</b>					
8361 Exchange differences on translation		<u>( 13,087)</u>	<u>( 1)</u>	<u>( 7,212)</u>	<u>-</u>
8360 <b>Components of other comprehensive income that will be reclassified to profit or loss</b>		<u>( 13,087)</u>	<u>( 1)</u>	<u>( 7,212)</u>	<u>-</u>
8300 <b>Other comprehensive income, net</b>		<u>\$ 14,973</u>	<u>-</u>	<u>( \$ 83,211)</u>	<u>( 2)</u>
8500 <b>Total comprehensive income</b>		<u>\$ 121,915</u>	<u>3</u>	<u>\$ 161,093</u>	<u>4</u>
<b>Basic earnings per share</b>	VI (XXI)				
9750 <b>Basic earnings per share</b>		<u>\$ 1.06</u>	<u>\$ 2.39</u>		
<b>Diluted earnings per share</b>	VI (XXI)				
9850 <b>Diluted earnings per share</b>		<u>\$ 1.06</u>	<u>\$ 2.39</u>		

The accompanying notes are an integral part of the parent company only financial statements. Please refer to it as well.  
Chairman: Shu-Jung Kao      Manager: Shu-Jung Kao      Accounting Officer: Yu-Nu Lai

Chaintech Technology Corp.  
Parent Company Only Statements of Changes in Equity  
For the Years Ended December 31, 2019 and 2018

Unit: NT\$ thousand

	Notes	Retained earnings				Other equity			Total equity
		Share capital - Ordinary shares	Legal reserve	Special reserve	Unappropriated retained earnings	Exchange difference arising from translation of foreign operation financial statements	Unrealized gains/losses on financial assets at fair value through other comprehensive income	Treasury shares	
<b>2018</b>									
Balance as of January 1, 2018		\$ 1,092,488	\$ 97,859	\$ 84,131	\$ 478,452	( \$ 29,303 )	\$ -	\$ -	\$ 1,723,627
Effects of retrospective application and retrospective restatement		-	-	-	( 323 )	-	-	-	( 323 )
Equity at beginning of period after adjustments		1,092,488	97,859	84,131	478,129	( 29,303 )	-	-	1,723,304
Profit		-	-	-	244,304	-	-	-	244,304
Other comprehensive income		-	-	-	-	( 7,212 )	( 75,999 )	-	( 83,211 )
Total comprehensive income		-	-	-	244,304	( 7,212 )	( 75,999 )	-	161,093
Earnings appropriation and distribution:	VI (XIII)								
Special reserve appropriated		-	-	4,350	( 4,350 )	-	-	-	-
Purchase of treasury shares		-	-	-	-	-	-	( 150,273 )	( 150,273 )
Retirement of treasury shares		( 77,500 )	-	-	( 72,773 )	-	-	150,273	-
Balance as of December 31, 2018		\$ 1,014,988	\$ 97,859	\$ 88,481	\$ 645,310	( \$ 36,515 )	( \$ 75,999 )	\$ -	\$ 1,734,124
<b>2019</b>									
Balance as of January 1, 2019		\$ 1,014,988	\$ 97,859	\$ 88,481	\$ 645,310	( \$ 36,515 )	( \$ 75,999 )	\$ -	\$ 1,734,124
Profit		-	-	-	106,942	-	-	-	106,942
Other comprehensive income		-	-	-	-	( 13,087 )	28,060	-	14,973
Total comprehensive income		-	-	-	106,942	( 13,087 )	28,060	-	121,915
Earnings appropriation and distribution:	VI (XIII)								
Legal reserve appropriated		-	24,431	-	( 24,431 )	-	-	-	-
Special reserve appropriated		-	-	24,033	( 24,033 )	-	-	-	-
Cash dividends		-	-	-	( 152,246 )	-	-	-	( 152,246 )
Purchase of treasury shares		-	-	-	-	-	-	( 151,746 )	( 151,746 )
Balance as of December 31, 2019		\$ 1,014,988	\$ 122,290	\$ 112,514	\$ 551,542	( \$ 49,602 )	( \$ 47,939 )	( \$ 151,746 )	\$ 1,552,047

Note: For IFRS 9, the Group made adjustments as at January 1, 2018 using the modified retrospective method.

The accompanying notes are an integral part of the parent company only financial statements. Please refer to it as well.

Chairman: Shu-Jung Kao

Manager: Shu-Jung Kao

Accounting Officer: Yu-Nu Lai

Chaintech Technology Corp.  
Parent Company Only Statements of Cash Flows  
For the Years Ended December 31, 2019 and 2018

	Notes	2019	Unit: NT\$ thousand 2018
<b>Cash flows from (used in) operating activities</b>			
Profit before tax		\$ 105,748	\$ 294,434
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation expense	VI (VIII) (IX) (XVIII)	14,822	25
Valuation adjustment for financial assets at fair value through profit or loss	VI (II) and (XVI)	( 447 )	( 185 )
Interest income		( 2,437 )	( 2,335 )
Interest expense	VI (XVII)	5,682	2,165
Dividend income	VI (XV)	( 3,053 )	( 4,340 )
Share of (profit) loss of subsidiaries accounted for using equity method		( 11,172 )	11,061
Gain on disposal of investments accounted for using equity method		( 25,943 )	-
Changes in operating assets and liabilities			
Changes in operating assets			
Financial assets at fair value through profit or loss		30	( 1,570 )
Accounts receivable (including related parties)		74,068	134,292
Other receivables		155	( 145 )
Inventories		( 194,491 )	18,957
Other current assets		( 1,657 )	( 1,828 )
Changes in operating liabilities			
Notes payable		24	-
Accounts payable (including related parties)		162,240	( 55,425 )
Other payables		( 10,511 )	27,802
Other current liabilities		( 99 )	( 36 )
Cash inflow generated from operations		112,959	422,872
Interest received		2,437	2,335
Dividends received		3,053	4,340
Interest paid		( 5,302 )	( 2,165 )
Income tax paid		( 78,672 )	( 178 )
Net cash flows from operating activities		<u>34,475</u>	<u>427,204</u>
<b>Cash flows from (used in) investing activities</b>			
Acquisition of financial assets at fair value through other comprehensive income		-	( 184,984 )
Acquisition of investments accounted for using equity method	VI (VII)	( 259,609 )	-
Disposal of investments accounted for using equity method	VI (VII)	157,539	-
Acquisition of property, plant and equipment	VI (XXII)	( 48,597 )	( 20,016 )
Increase (decrease) in other current assets		( 28,390 )	19,193
Increase in other non-current assets		( 48 )	-
Net cash flows used in investing activities		<u>( 179,105 )</u>	<u>( 185,807 )</u>
<b>Cash flows from (used in) financing activities</b>			
Increase in short-term loans		156,597	-
Payments of lease liabilities		( 1,570 )	-
Cash dividends paid	VI (XIII)	( 152,246 )	-
Payments to acquire treasury shares		( 151,746 )	( 150,273 )
Net cash flows used in financing activities		<u>( 148,965 )</u>	<u>( 150,273 )</u>
Effect of exchange rate changes		( 51 )	-
Net increase (decrease) in cash and cash equivalents		( 293,646 )	91,124
Cash and cash equivalents at beginning of period		481,211	390,087
Cash and cash equivalents at end of period		<u>\$ 187,565</u>	<u>\$ 481,211</u>

**Chaintech Technology Corporation**  
**Supervisors' Review Report**

Whereas

The Board of Directors has presented the Company's 2019 Financial Statements and Consolidated Financial Statements that have been audited by CPA Hsu, Sheng-Chung and CPA Wu, Han-Chi of Pricewaterhouse Coopers (PwC) Taiwan. In conjunction with the proposal of the business report, they have been reviewed by the supervisors and are considered to be consistent. The report is prepared in accordance with Article 219 of the Company Act.

Please proceed to review.

Sincerely,

The 2020 Shareholders' Meeting of the Company

Chaintech Technology Corporation

Supervisor: Chou, Chun-Tsun

Supervisor: Hsu, Sheng-Chin

March 30, 2020



# **Chaintech Technology Corporation**

## **Supervisors' Review Report**

Whereas

The Board of Directors presented the Company's 2019 earnings distribution to be reviewed by the supervisors, which is considered to be consistent. The report is prepared in accordance with Article 219 of the Company Act.

Please proceed to review.

Sincerely,

The 2020 Shareholders' Meeting of the Company

Chaintech Technology Corporation

Supervisor: Chou, Chun-Tsun

Supervisor: Hsu, Sheng-Chin

May 6, 2020

**Chaintech Technology Corporation**  
**Provisions of the Articles of Incorporation before and after the Amendment**

<b>Articles before the amendment</b>	<b>Articles after the amendment</b>	<b>Explanation</b>
<p><b>Article 13</b>  The Company shall have five Directors (with no fewer than two independent directors and no less than one-fifth of the number of Directors) and two supervisors, The candidate nomination system shall be adopted for the election of Directors (including independent directors) and supervisors. The directors and supervisors shall be elected from among the nominees list by the shareholder's meeting. The term of office is three years, and the directors and supervisors may be eligible for re-election. The total number of minimum nominative shares held by all directors and supervisors of the Company shall be treated in accordance with the regulations of the securities regulatory authority</p>	<p><b>Article 13</b>  The Company shall have five to nine Directors (with no fewer than two independent directors and no less than one-fifth of the number of Directors) and two supervisors, The candidate nomination system shall be adopted for the election of Directors (including independent directors) and supervisors. The directors and supervisors shall be elected from among the nominees list by the shareholder's meeting. The term of office is three years, and the directors and supervisors may be eligible for re-election. The total number of minimum nominative shares held by all directors and supervisors of the Company shall be treated in accordance with the regulations of the securities regulatory authority</p>	<p>Modify the number of directors</p>
<p><b>Article 21</b>  The Articles of Incorporation were formulated on October 20, 1986. The first amendment was approved by the shareholder's meeting on November 3<sup>rd</sup> 1986. The second amendment was approved by the shareholder's meeting on August 25, 1987... (omitted) The thirty-fourth amendment was approved by the shareholder's meeting on June 14, 2016. The thirty-fifth amendment was approved by the shareholder's meeting on June 15, 2017.</p>	<p><b>Article 21</b>  The Articles of Incorporation were formulated on October 20, 1986. The first amendment was approved by the shareholder's meeting on November 3<sup>rd</sup> 1986. The second amendment was approved by the shareholder's meeting on August 25, 1987... (omitted) The thirty-fourth amendment was approved by the shareholder's meeting on June 14, 2016. The thirty-fifth amendment was approved by the shareholder's meeting on June 15, 2017. The thirty-sixth amendment was approved by the shareholder's meeting on June 18, 2020.</p>	<p>The date of the current amendment has been added.</p>

# **Chaintech Technology Corporation**

## **Regulations Governing the Company's 7th Buyback and Transfer of Shares to Employees**

**Formulated on October 14, 2019**

Article 1 In order to motivate employees and increase employee retention, it is proposed that in accordance with subparagraph 1, paragraph 1 of Article 28-2 of the “Securities and Exchange Act” and “Regulations Governing Share Repurchase by Exchange-Listed and OTC-Listed Companies” by the Financial Supervisory Commission and other relevant securities rules and regulations, the Regulations Governing the Company's Buyback and Transfer of Shares to Employees have been formulated. The Company shall repurchase and transfer shares to employees in such a way that is specified by the Regulations, except stated otherwise by other relevant laws and regulations.

### **(Class, Substance and Limitation of Rights of Shares)**

Article 2 The shares to be transferred to the employees are ordinary shares. Unless provided otherwise in the applicable laws or the Regulations, shares bear the same rights and obligations as other Company's outstanding ordinary shares.

### **(Transfer Period)**

Article 3 The Company may transfer the shares, in whole or in tranches, to the employees within 3 years commencing from the date of repurchase in accordance with the Regulations. Decisions regarding the employee subscription period and relevant matters for each transfer shall be authorized to the Chairman.

### **(Qualifications of the Transferee)**

Article 4 The employees who have been employed for more than one year by the Company from the subscription qualification record date, or have made special contributions that are approved by the Board of Directors are eligible to subscribe for the shares. The employees referred to in the Regulations include full-time paid employees of the Company or of any domestic or foreign company in which more than 50% of its total number of voting shares are directly or indirectly held by the Company/ Employee whose employment terminates before the end of the Offering Period loses his or her right to subscribe.

### **(The Number of shares allowed for subscription)**

Article 5 The number of shares to be allocated to whomever an employee shall be considered and decided, by reference to their seniority, rank of position, performance, past contribution and expected contribution in the future, special achievements, etc. and the total number of repurchased shares and the maximum number of shares allowed for subscription for each employee. The weight of the shares eligible for transfer to the employees, the number of shares in each transfer, the base date for calculating the seniority, the subscription payment period and the transfer restrictions, etc., are authorized to the Chairman for approval in accordance with relevant regulations. However, if the subscriber serves as a manager, the details shall first be submitted to the Remuneration Committee for deliberation and then the Board of Directors for resolution.

### **(Procedures for shares transfer)**

Article 6 Procedures transfer to employees of repurchased shares:

- I. Upon the approval of Board of Director, the Company shall announce and report the repurchase its own shares within the period specified in the resolution.
- II. By the authorization of the Board in accordance with the Regulations, the Chairman of the Company shall determine and announce the number of shares per transfer, subscription record date, the number of shares allowed for subscription, the payment period for the subscription, a description of the rights attaching thereto, and any restrictions on such rights etc.
- III. The Company shall collect the shares that be actual paid and subscribed, and proceed the share transfer and registration process.

### **(Agreed transfer price per shares)**

Article 7 Repurchase shares transferred by the Company to employees shall be at the average actual repurchase price, which is unconditionally rounded to 1 NT cent. Prior to transfer, if the number of the Company's issued shares increases or decreases, in which case a price adjustment commensurate with the ratio of the increase in issued shares is allowed. If the shares are transferred to the employees at a price lower than that of the average repurchased price, the proposal shall be submitted to the most recent shareholders' meeting with shareholders representing more than half of the total number of issued shares prior to the transfer in accordance with the Company's Articles of Incorporation. More than two thirds of the shareholders with voting rights shall approve, and the reason for convening the shareholders' meeting shall be listed in accordance with Article 10-1 of the Regulations Governing Share Repurchase by Exchange-Listed and OTC-Listed Companies. Adjustment formula of the transfer price: adjusted transfer price = average price of actual repurchased shares x number of total outstanding ordinary shares at the time of the reporting of the buyback / number of total outstanding shares issued prior to the transfer of repurchased shares to employees

**(Rights and Obligations subsequent to execution of the transfer)**

Article 8 Except as otherwise provided by relevant laws, the rights and obligations of the subscribed shares, subsequent to execution of the transfer, are the same as the Company's original common shares.

**(The Company and employees' rights and obligations)**

Article 9

- I. Employee subscriptions are in units of 1,000 shares, which can be waived or reduced. Employees who have not subscribed and paid during the specified period are considered to have opted for abstentions. The chairman is authorized to negotiate with employees to subscribe if any shares are left, and they shall not be transferred on a personal basis.
- II. The Company repurchased shares that are transferred to the employees shall not be transferred again within one year.
- III. Taxes and fees incurred from the shares transferred in accordance with the Regulations shall be handled in accordance with the laws and regulations at the time of the transfer and the Company's relevant procedures.
- IV. The Company may reserve the right to adjust or suspend the implementation according to the overall operational profitability, and the employees who received the shares shall keep the information confidential.

**(Others)**

Article 10 The Regulations shall be effective upon approval by the Board of Directors, and any amendment to these Regulations shall be resolved by the Board of Directors.

Article 11 The Regulations, as well as any amendments made thereto, shall be reported to the general shareholders' meeting.

ChainTech Technology Corp.  
Rules of Procedure for Shareholders' Meetings

Amended on June 21, 2013

- Article 1 The rules of procedures for the Company's Shareholders Meetings, except as otherwise provided by the law and regulation, shall be as provided in these Rules.
- Article 2 As stipulated in these Rules, "shareholder" refers to the shareholder himself/herself or a designated representative delegated to attend in his/her stead.
- Article 3 The Company shall specify the time of shareholder attendance, venue for registration, and other matters to be noted in the meeting notice.  
The aforementioned registration time shall be scheduled at least 30 minutes prior to the commencement of the meeting. There shall be clear signs at the registration venue and appropriate personnel shall be designated for the registration procedure.  
When a shareholder or his/her/its proxy (hereinafter referred to as shareholder) attends a shareholders meeting, a certificate of attendance, sign-in card, or other form of identification shall be presented. For shareholders who are attending by proxy, power of attorney shall be presented for verification. The number of shares represented by the attending shareholders shall be calculated based on the attendance cards handed in by the shareholders when they are signed in writing or by electronic means. When attending shareholders (or agents) sign-in cards, sign-in cards shall be signed in lieu of signing. If the card is signed with the Company and the proxy is deemed to be in attendance, the shareholder or agent himself or herself shall attend the card and the Company shall not be liable for the said transaction.  
The shareholder shall exercise voting rights by correspondence or electronic transmission, and shall comply with the Regulations Governing the Administration of Shareholder Services of Public Companies.
- Article 3-1: For each shareholders' meeting, a shareholder may appoint a proxy to attend the meeting by providing the proxy form issued by the Company and stating the scope of the proxy's authorization. A shareholder may issue only one proxy form and appoint only one proxy for any given shareholders meeting, and shall deliver the proxy form to the Company before 5 days before the date of the shareholders meeting. When duplicate proxy forms are delivered, the one received earliest shall prevail. However, this restriction does not apply to the revocation of the previous proxy.  
After a proxy form has been delivered to this Corporation, if the shareholder intends to attend the meeting in person or to exercise voting rights by correspondence or electronically, a written notice of proxy cancellation shall be submitted to the Company before 2 business days before the meeting date. If the cancellation notice is submitted after that time, votes cast at the meeting by the proxy shall prevail.

- Article 4 The chair shall call the meeting to order at the appointed meeting time. However, when the attending shareholders do not represent a majority of the total number of issued shares, the chair may announce a postponement, provided that no more than two such postponements, for a combined total of no more than 1 hour, may be made. If a quorum is not met after two postponements and the attending shareholders represent more than one-third of the total number of issued shares, the resolution may be made in accordance with Article 175, Paragraph 1 of the Company Act. When the attending shareholders represent a majority of the total number of issued shares, the chair may resubmit the tentative resolution for the final resolution of the meeting to re-submit the tentative resolution in accordance with Article 174 of the Company Act.
- Article 5 If a shareholders meeting is convened by the Board of Directors, the meeting agenda shall be set by the Board of Directors. The meeting shall proceed in the order set by the agenda, which may not be changed without a resolution of the shareholders meeting. The provisions of the preceding paragraph apply mutatis mutandis to a shareholders meeting convened by a party with the power to convene that is not the Board of Directors. The chair may not declare the meeting adjourned prior to completion of deliberation on the meeting agenda of the preceding two paragraphs (including extraordinary motions), except by a resolution of the shareholders meeting. If the chair declares the meeting adjourned in violation of the rules of procedure, the other members of the Board of Directors shall promptly assist the attending shareholders in electing a new chair in accordance with statutory procedures, by agreement of a majority of the votes represented by the attending shareholders, and then continue the meeting. After the meeting is adjourned, the shareholders may not appoint another chairman and continue the meeting either at the same or a different venue.
- Article 5-1: Shareholders holding more than 1% of the total number of issued shares can submit a proposal of shareholders meeting to the Company in writing. The proposal, acceptance, review, etc. are handled in accordance with the Company law and relevant laws and regulations.
- Article 6 When a meeting is in progress, the chair may announce a break based on time considerations. If the meeting is not completed, the shareholders' meeting may be allowed to defer or renew the meeting within 5 days without notice and announcement.
- Article 7 Before speaking, an attending shareholder must specify on a speaker's slip the subject of the speech, his/her shareholder account number (or attendance card number), and

account name. The order in which shareholders speak will be set by the chair. A shareholder in attendance who has submitted a speaker's slip but does not actually speak shall be deemed to have not spoken. When the content of the speech does not correspond to the subject given on the speaker's slip, the spoken content shall prevail. When a shareholder speaks, other shareholders may not speak or interrupt unless they have obtained consent from the chairman and the speaking shareholder. The chairman may stop the speech.

Article 8 Article 8: Unless a shareholder consents to a proposal, each shareholder shall not speak more than twice, and each speech shall not exceed five minutes.

When a shareholder violates the preceding paragraph or exceeds the scope of the agenda or is in the event of a meeting order, the chairperson may stop the meeting, or terminate his speech. Other shareholders may also request the chair to request the meeting.

Article 9 When the chair is of the opinion that a proposal is discussed to a degree of putting to a vote, the chair may announce the discussion closed and call for a vote.

Article 10 Except as otherwise provided in the Company Act and the Company's Articles of Association, a vote of a majority of the shareholders present (or proxies) shall be deemed to have passed when the voting rights are passed by a majority vote of the shareholders present (or proxies), and the effect of such proposal shall be deemed as passed by the chair.

If there is any dissent, the Chair may, in the form of a protest, be calculated by the voting rights in respect of the proposed resolution, and the calculation of the number of shares that may be passed upon the resolution, if the number of shares has not been passed, the resolution shall be deemed as passed, and the effect shall be the same as that of the voting.

Article 11 The attendance and voting of a shareholder meeting shall be calculated based on the number of shares.

Article 12 The venue for a shareholders meeting shall be the premises of the Company, or a place easily accessible to shareholders and suitable for a shareholders meeting. The meeting may begin no earlier than 9 AM and no later than 3 PM. Full consideration shall be given to the opinions of the independent directors with respect to the place and time of the meeting.

Article 13 If a shareholder meeting is convened by the Board of Directors, the chairman shall be the chairman of the board. If the chairman is on leave or absent or cannot exercise his



power, the chairman shall comply with Article 2 of the Company Act. Where a managing director or a director is acting as a director, the chair shall be a managing director or a director who has held a position for six months or more and understands the financial and business conditions of the Company. The same shall apply to representatives of an institutional director who is the chairman of the board. If a shareholders' meeting is convened by other conveners other than the Board of Directors, the convener shall be the chairman of the meeting. When there are two or more conveners, the chairman shall be elected among the parties to act as one of the nominees.

Article 14 The Company may designate its attorneys, certified public accountants (CPA) or other relevant persons to attend the Shareholder's Meeting.

Article 15 The Company shall record the Shareholders Meeting in its entirety through audio and videotape from the point that shareholders register at the venue, the meeting proceedings, voting, and counting the ballots.

The aforementioned audio and visual data shall be stored for at least one year. If, however, a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the ballots shall be retained until the conclusion of the litigation.

Article 16 In addition to the agenda items stated in the agenda, shareholders shall be entitled to the amendments to original proposals, an alternative or other proposals raised by an extraordinary motion, and the same shall apply to any changes in the agenda and the motions of the meeting.

Article 17 When there is an amendment or an alternative to the same proposal, the meeting chairperson shall decide the order of voting. If one of the cases is passed, the other proposals shall be deemed rejected and no further voting shall be required.

Article 18 When a legal person has been delegated to attend the shareholders' meeting, only one person should be delegated as proxy by the legal person. When an institutional shareholder appoints two or more representatives to attend a shareholders meeting, only one of the representatives so appointed may speak on the same proposal.

Article 19 After an attending shareholder has spoken, the chair may respond in person or direct relevant personnel to respond. When discussing proposals, the Chair may announce the end of the discussion due to the conclusion of the discussion, and may announce the termination of discussion if necessary.

Article 20 Vote counting for shareholders meeting proposals or elections shall be conducted in public at the place of the shareholders meeting. Immediately after vote counting has

been completed, the results of the voting, including the statistical tallies of the numbers of votes, shall be announced on-site at the meeting, and a record made of the vote.

The election of directors and1 supervisors at a shareholders' meeting shall be held in accordance with the applicable election and appointment rules of the Company, and the voting results shall be announced on-site immediately, including the names of those elected as directors and supervisors and the numbers of votes with which they were elected.

Article 21 Resolutions of shareholders meeting shall be recorded in the minutes of meeting. The meeting minutes shall be signed or sealed by the chair of the meeting, and the minutes shall be distributed to each shareholder within 20 days after the meeting. The production and distribution of meeting minutes may be conducted in electronic form. Distribution of the meeting minutes referred to in the preceding paragraph may be conducted by the Company on the Market Observation Post System (MOPS). The meeting minutes shall accurately record the year, month, day, and place of the meeting, the chair's full name, the methods by which resolutions were adopted, and a summary of the deliberations and their results, and shall be retained for the duration of the existence of this Corporation.

Article 22 When a major disaster occurs during the meeting, the meeting chairperson may announce the suspension of the meeting or suspend the meeting if a major disaster occurs, immediately after the meeting is in a major disaster, and shall be released only once an hour after the meeting is lifted.

Article 23 Matters not specified in these Rules shall be handled in accordance with the Company Act, other relevant laws and regulations and the Company's Articles of Association.

Article 24 The Rules shall be implemented after approval by the shareholders' meeting. The same shall apply when the Rules are amended.

## Articles of Association, ChainTech Technology Corp.

### Chapter 1 - General Provisions

- Article 1 The Company is organized in accordance with the Company Act and named as CHAINTECH TECHNOLOGY CORPORATION.
- Article 2 The scope of business of the Company shall be as follows:
- (I) CC01010 power generation, transmission, and power distribution machinery manufacturing (limited to the industrial standard of 704 power generation, transmission, power distribution machinery, and other power equipment manufacturing enterprises, and the manufacturer of wind power equipment is limited to the manufacturing industry).
  - (II) CC01030 Electrical and Audio-visual Electronic Products Manufacturing (limited to the industry standard of the "Category," "Analog Home-Use Air Conditioning Equipment Manufacturing Industry, Household Use Air Conditioning Manufacturing Industry, Household Use for Household Use, and Household Use Manufacturing, and the Household Electrical Appliance Manufacturing Industry and other Home Appliances Manufacturing Industry."
  - (III) CC01060 Wired Communication Machinery Equipment Manufacturing (Limited to the Standard Category of Tele sales Phones and Mobile Phones in the Republic of China) and Other Communication Equipment Manufacturing Industries.
  - (IV) CC01070 Wireless Communication Machinery Equipment Manufacturing (Limited to the Standard Category of Tele sales and Mobile Phones, Other Communication and Broadcasting Equipment, and the Manufacturing Industry of the Company's Other Communication Equipment and Equipment).
  - (V) CC01080 Electronic Components Manufacturing (limited to the standard printed circuit board manufacturing, printed circuit board manufacturing industry, and other electronic components manufacturing industry in the Republic of China).
  - (VI) CC01080 Telecom Control RF Equipment Manufacturing (Limited to the Standard Category of Phones and Mobile Phones, Mobile Phones, and Other Communication Broadcasting Equipment and Radiation and Electronic Medical Equipment Manufacturing)
  - (VII) CC01110 Computer and Peripheral Equipment Manufacturing (limited to the standard computer manufacturing, monitors and terminal manufacturing industries, and other computer peripherals manufacturing industries) in the

- Republic of China.
- (VIII) CC01120 Data Storage Media Manufacturing and Copying (limited to the data storage media manufacturing industry in the Republic of China).
  - (IX) CE01010 General Instruments Manufacturing (limited to the classification of the industrial standard for the classification of the Republic of China, the navigation and control equipment manufacturing and radiation and e-medical equipment manufacturing industry).
  - (X) CH01040 Toy Manufacturing (limited to the industry standard category of the Republic of China).
  - (XI) F102004 Tobacco wholesale (limited to the standard category of the industrial standard of the Republic of China).
  - (XII) F109070 Cultural and Educational Instruments, Musical Instrument, Educational Entertainment (Industrial Classification, Stationery Wholesale, Wholesale of Articles of Business, Wholesale of Equipment, Wholesale of Toys, and Wholesale of Toys and Entertainment), but not to operate books, magazines, and newspaper industries.
  - (XIII) F113010 Machinery Wholesale (limited to the Industrial Classification of Agricultural and Industrial Machinery for Agricultural Use and Industrial Machinery)
  - (XIV) F113020 Electric Appliances Wholesale (limited to the industrial standard of appliances in the Republic of China).
  - (XV) F113030 Precision Instruments Wholesale (Limited to the classification of household photographic equipment and optical products and other machinery wholesale industry)
  - (XVI) F113050 computer and office equipment wholesale (limited to the standard classification of computers and peripheral devices, software wholesale and utilities for utilities and utilities in the Republic of China).
  - (XVII) F113070 Telecommunication Equipment Wholesale (limited to the classification of electronic devices and components of the Republic of China Industry Standards), but may not be approved by the business of the core network equipment (such as exchange, transmission equipment) of telecommunications business.
  - (XVIII) F118010 Information Software Wholesale (limited to the Standard Classification of Computer and Peripheral Devices and Software Wholesale of the Republic of China).
  - (XIX) F119,010 Electronic Material Wholesale (limited to the Standard Classification of Electronic Devices and Components of the Republic of China)
  - (XX) F203020 Tobacco Retail (limited to the standard classification of other food and beverage, tobacco products, and retail sales of pharmacies,

- pharmacies, drug-related stores or animals).
- (XXI) F209060 Cultural and Educational Instruments, Musical Instrument, and Educational Entertainment Retail Industry (limited to the Industrial Standard of the Republic of China, stationery retail, and the retail sector, toys retail, toys retail and music tapes and video retailing business), but not to operate the retail industry of books, magazines, and newspaper industries.
  - (XXII) F 213,010 electric appliances (limited to the standard classification of the household appliances and the retail industry of the vertical video equipment in the Republic of China).
  - (XXIII) F 213,030 computer and office equipment retail industry (limited to the standard classification of computers and peripheral devices and software retail business in the Republic of China).
  - (XXIV) F213,060 Telecommunications Equipment Retail Business (limited to the standard category of telecommunication equipment for the Republic of China), but may not operate the retail business of the core network equipment (such as exchange, transmission equipment) of telecommunications business.
  - (XXV) F 214030 cars and motorcycle parts and accessories (limited to the standard category of the industrial standard for automobiles and automobiles, and the retail business of the Company).
  - (XXVI) F218010 Information Software Retail (limited to the Standard Category of Computer and Peripheral Devices and Software Retail Industry in the Republic of China).
  - (XXVII) F219010 Electronic Materials Retail Industry (limited to the standard classification of computers and peripheral devices, software retail, and communication equipment for the business of vertical communication and visual equipment).
  - (XXVIII) I501010 Product Design (limited to the design services for special products in the industrial design industry of the Republic of China and design services in other specialized design services in the industrial design industry).
  - (XXIX) JA01010 Electrical and Electronic Products Repair (Limited to the Standard Classification and Repair Industry, Communication and Broadcasting Equipment for Computers and Peripheral Devices, and the Repair of Electrical Appliances and Household Electrical Appliances)

Article 3 The Company shall have its head office in New Taipei City, the Republic of China, and may, pursuant to a resolution adopted at the meeting of the Board of Directors, set up branch offices within or outside the territory of the Republic of China when

deemed necessary. The total amount of investment in foreign invested shall not be limited to 40% of the paid-in capital as specified in Article 13 of the Company Act.

Article 3-1: The Company may provide endorsement and guarantee and act as a guarantor due to business needs.

Article 4 Public announcements of the Company shall be made according to Article 28 of the Company Act.

## **Chapter 2 - Capital Shares**

Article 5 The total capital stock of the Company shall be in the amount of 2.5 billion New Taiwan Dollars, divided into 250 million shares. The Board of Directors may be authorized to issue a share of the amount of NT\$10 per share. Each share is issued at 10 New Taiwan Dollars, and to be issued in installments by delegation of authority of Board of Directors.) Ten million shares are retained for use in stock warrants, preferred shares with warrants or convertible bonds with warrant (the aforementioned shares are issued, and the securities concentration enterprise may request a merger and acquisition enterprise to issue large denomination securities).

Article 6 (Deleted)

Article 7 The Company may issue shares without physical certificate(s) printed and may print collectively based on the total amount issued. Shares issued pursuant to the preceding paragraph shall be signed by centralized securities depository institutions.

Article 8 The registration of share transfers shall be made within 60 days prior to the convening date of a regular shareholders' meeting, within 30 days prior to the convening date of a special shareholders' meeting, or within 5 days prior to the record date of the Company's decision to distribute dividends, bonuses, or other benefits. The handling procedures for stock affairs shall be handled in accordance with the "Regulations Governing the Administration of Shareholder Services of Public Companies."

## **Chapter 3 - Shareholders' Meeting**

Article 9 Shareholders meetings of the Company are of two kinds: (1) regular meeting and (2) special meeting. Regular meetings shall be convened at least once a year by the Board of Directors according to the law within six months after close of each fiscal year. Special meetings shall be convened whenever necessary according to the laws and regulations.

- Article 10 When a shareholder cannot attend a shareholders' meeting, he/she 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. The use of the power of attorney shall be handled in accordance with the "Regulations Governing the Use of Proxies for Attendance at Shareholder Meetings of Public Companies" and "Company Act" published by the securities regulatory authority.
- Article 11 Unless otherwise provided for by law, each shareholder is entitled to one vote for each share held.
- Article 12 Unless otherwise provided for in the Company Act, a meeting of shareholders shall proceed only if attended by shareholders representing more than one-half of the total outstanding capital stock of the Company. Resolutions of a shareholders meeting shall be made at the meeting with the concurrence of a majority of the votes held by the shareholders present at the meeting.
- Article 12-1: Resolutions made at a shareholders' meeting shall be recorded in the minutes of the meeting, which shall be affixed with the signature or seal of the chair of the meeting, and the minutes shall be distributed to each shareholder within 20 days after the conclusion of the meeting.
- The meeting minutes shall record the year, month, day, and place of the meeting, the chairperson's name, the meeting's director's signature and the results of the meeting, and stored in the Company's main book and the proxy forms. The meeting minutes of the meeting minutes, distribution, and storage period shall be handled in accordance with the provisions of Article 183 of the Company Act.
- Article 12-2: The Company's employee stock option certificates shall be reported to the employee stock option certificates. The subscription price of the stock shall be calculated at the rate of the closing price of the shares that have been issued at less than half of the total number of issued shares, and the shares shall be agreed by more than two-thirds of the voting rights of the attending shareholders. and may be reported in a separate manner within one year from the date of the resolution of the shareholders' meeting.
- In accordance with the preceding paragraph, the provisions of the preceding paragraph shall be listed in the reasons for the convening of a shareholders' meeting and described in the meeting notice and shall not be proposed temporarily.
- Article 12-3: The Company transfers the average price of shares below the actual repurchase price to employees, and the most recent shareholders' meeting shall be attended by more

than two-thirds of the total number of issued shares. The proposal shall be listed in the meeting notice of the shareholders' meeting and shall be described in the meeting notice and shall not be proposed temporarily.

#### **Chapter 4 - Directors and Supervisors**

- Article 13 The Company shall have five Directors (no less than two persons, including one in the number of Independent Directors) and the candidate nomination system shall be adopted by the shareholders' meeting. The directors and supervisors shall be elected from among the nominees list. The term of office is three years, and may be re-elected. The total number of minimum nominative shares held by all directors and supervisors of the Company shall be treated in accordance with the regulations of the securities regulatory authority
- Article 14 The Directors shall constitute the Board of Directors and shall elect one Chairman (and one vice Chairman) of the Board from among themselves by a majority at a meeting attended by at least two-thirds of the Directors. The Chairman shall externally represent the Company.
- Article 15 In case the Chairman of the Board of Directors is on leave or absent or cannot exercise his power and authority for any cause, a delegate shall be appointed in compliance with Article 208 of the Company Act.
- Article 16 Unless otherwise provided in the Company Act and the Article of Association, 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. A Director may, by written authorization, appoint another Director to attend on his behalf any meeting of the Board of Directors, and to vote for him on all matters presented at such meeting, but no Director may act as proxy for more than one other Director. The convening of the Board of Directors meeting may be effected in writing, fax or electronic form. When a Board meeting is held, such information is deemed to be held by video conferencing. The directors shall attend the meeting in person as a video conference. When a director has a relationship with the meeting, he/she shall explain his/her own interest in the meeting when he/she has a relationship with the meeting.
- Article 16-1: The Board of Directors is authorized to determine the salary for the Chairman, Vice Chairman and Directors, taking into account the extent and value of the services provided for the management of the Corporation and the standards of the same industry.



Article 16-2: The authorities of the Board of Directors are as follows:

- I. Convening the shareholders' meeting and execution of its resolutions.
- II. Draft of the operating plan.
- III. Review of various articles and important contracts.
- IV. Approval of the Company's important property and the establishment and disposal of material properties.
- V. Decisions of important candidates of the Company and the requirements of the employees.
- VI. Setting and abolition of branch offices.
- VII. Review of budget and business report.
- VIII. Decisions on other important matters.

### **Chapter V - Managers**

Article 17 The Company, by resolution of the Board of Directors, may appoint one General Manager, President, CEO, and a number of consultants.

Appointment, discharge and remuneration shall be handled in accordance with Article 29 of the Company Act.

Article 18 After the close of each fiscal year, the following reports shall be prepared by the Board of Directors, and submitted to the regular shareholders' meeting for acceptance: 1. Business Report; 2. Financial Statements; 3. Proposal Concerning Appropriation of Earnings or Covering of Losses. And submit the reports to the supervisors for approval 30 days before the annual general meeting and propose to the annual shareholders general meeting for approval.

Article 19 If there is profit at the end of each fiscal year, a ratio no less than 0.1% of profit of the current year distributable as employees' compensation shall be appropriated. Employee compensation shall be distributed in stocks or in cash by the resolution of the Board of Directors. The payment shall apply to employees in the subsidiaries as well as whoever meets criteria developed by the Board of Directors; the Company may allocate, by resolution of Board of Directors, no more than 6% of the profit as compensation for directors and supervisors,  
However, if the Company has accumulated losses, the amount of remuneration shall be appropriated to offset it and then remuneration for employees, directors, and supervisors shall be allocated according to the aforementioned percentage.

Article 19-1: After closing of accounts, if there are earnings, the Company shall first pay the tax, make up the losses in previous years and set aside a legal capital reserve at 10% of the earnings left over, until the accumulated legal capital reserve has equaled the total

capital of the Company; then set aside special capital reserve or reversal special reserve in accordance with relevant laws or regulations or as requested by the authorities in charge. After the dividends are distributed, the Company shall allocate a certain portion of retained earnings as reserves. The remaining profit together with the unappropriated retained earnings at beginning shall be distributed as Shareholders' dividends upon subject to the approval of the shareholders meeting.

Since the Company experiencing stable growth and expanding in line with sales development in the future, future capital expenditures and capital requirements are necessary to be considered first when the Company distributes the allocation of surplus. The Board of Directors proposes the distribution plan and distributes after approved at the shareholder's meeting. In the annual distribution of shareholder dividends, the cash dividend is not less than 5%, but if the cash dividend is less than NT\$0.1 per share, it will not be issued, and the stock dividend will be distributed.

## **Chapter VII - Supplementary Provisions**

Article 20 Matters not specified in the Articles of Association shall be handled in accordance with the Company Act.

Article 1 These Articles of Association are agreed to and signed on October 20, 1986. The first amendment was approved by the shareholder's meeting on November 3, 1986. The second amendment was approved by the shareholder's meeting on August 25, 1987. The third amendment was approved by the shareholder's meeting on January 20, 1989. The fourth amendment was approved by the shareholder's meeting on October 16, 1989. The fifth amendment was approved by the shareholder's meeting on December 4, 1989. The sixth amendment was approved by the shareholder's meeting on April 15, 1990. The seventh amendment was approved by the shareholder's meeting on October 12, 1991. The eighth amendment was approved by the shareholder's meeting on May 29, 1993. The ninth amendment was approved by the shareholder's meeting on March 27, 1994. The tenth amendment was approved by the shareholder's meeting on March 30, 1995. The eleventh amendment was approved by the shareholder's meeting on June 22, 1996. The twelfth amendment was approved by the shareholder's meeting on April 12, 1997. The thirteenth amendment was approved by the shareholder's meeting on August 23, 1997. The fourteenth amendment was approved by the shareholder's meeting on April 11, 1998. The fifteenth amendment was approved by the shareholder's meeting on April 11, 1998. The sixteenth amendment was approved by the shareholder's meeting on April 30, 1999. The seventeenth amendment was approved by the shareholder's meeting on December 18, 1999. The eighteenth amendment was approved by the shareholder's meeting on April 15, 2000. The nineteenth amendment was approved by the shareholder's meeting on May 3,

2001. The twentieth amendment was approved by the shareholder's meeting on May 2, 2002. The twenty-first amendment was approved by the shareholder's meeting on June 15, 2004. The twenty-second amendment was approved by the shareholder's meeting on June 14, 2005. The twenty-third amendment was approved by the shareholder's meeting on September 7, 2006. The twenty-fourth amendment was approved by the shareholder's meeting on June 30, 2006. The twenty-fifth amendment was approved by the shareholder's meeting on June 15, 2007. The twenty-sixth amendment was approved by the shareholder's meeting on June 13, 2008. The twenty-seventh amendment was approved by the shareholder's meeting on June 19, 2009. The twenty-eighth amendment was approved by the shareholder's meeting on June 15, 2010. The twenty-ninth amendment was approved by the shareholder's meeting on October 21, 2011. The thirtieth amendment was approved by the shareholder's meeting on January 10, 2013. The thirty-first amendment was approved by the shareholder's meeting on June 21, 2013. The thirty-second amendment was approved by the shareholder's meeting on February 21, 2014. The thirty-third amendment was approved by the shareholder's meeting on 20 June 2014. The thirty-fourth amendment was approved by the shareholder's meeting on June 14, 2016. The thirty-fifth amendment was approved by the shareholder's meeting on June 15, 2017.

Chaintech Technology Corporation

Chairman of the Board: KAO, SHU-JUNG

## Shareholding by Directors and Supervisors

- I. The Company's paid-in capital as of April 20, 2020 was NT\$1,014,988,310, and the total issued shares was 101,498,831 shares.
- II. Pursuant to Article 26 of the Securities and Exchange Act, the minimum number of shares held by all directors of the Company shall be 8,000,000 shares. The minimum number of shares held by all supervisors is 800,000 shares.

April 20, 2020 Unit: Share

Title	Name	Date elected	Term	Shareholding when elected		Number of shares held as recorded in the shareholders' register as of the book closure date	
				Shares	%	Shares	Shareholding ratio
Chairman	E Cheng Technology Limited Representative: Kao, Shu-Jung	2019.6.14	3	28,532,080	28.11	28,532,080	28.11
Director	E Cheng Technology Limited Legal Representative: Lu, Li-Cheng						
Director	E Cheng Technology Limited Representative: Wang, Mu-Tien						
Independent Director	Tang, Han-Yu	2019.6.14	3	—	—	—	—
Independent Director	Chen, Kuo-Chin	2019.6.14	3	—	—	—	—
Total				28,532,080	28.11	28,532,080	28.11
Supervisor	Hsu, Sheng-Chin	2019.6.14	3	1,151,048	1.13	1,151,048	1.13
Supervisor	Chou, Chun-Tsun	2019.6.14	3	30,000	0.03	30,000	0.03
Total				1,181,048	1.16	1,181,048	1.16

Other necessary supplements:

Other necessary supplements:

Report to the proposals and nomination proposed by shareholders at the 2020 Shareholders' Meeting:

1. Pursuant to Article 172-1 of the Company Act, shareholders holding one percent (1%) or more of the total number of outstanding shares of the Company may present a written proposal for discussion at a regular shareholders' meeting, provided that only one matter shall be allowed in each single proposal. The number of words of a proposal to be submitted by a shareholder shall be limited to not more than three hundred (300) words, and any proposal containing more than 300 words shall not be included in the agenda of the shareholders' meeting.
2. The Company shall, according to law, announce on the MOPS the proposals raised from April 10, 2020 to April 20, 2020 (registered mails are based on the date when the mail arrives) by the shareholders at this shareholders' meeting.
3. The Company has not received any shareholder proposals during the period of acceptance of the shareholders' proposals.