

Stock Code: 2425

ChainTech Technology Corp.
2019 Annual General Meeting
Handbook

Time: Friday, June 14, 2019, 9:00 AM

Place: 2F, No. 223, Sec. 3, Sec. 3, Beixin Road, Xindian District, New Taipei City (Taiwan, Taiwan)

Tel: (02) 2913-8833

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ChainTech Technology Corp.,

Procedures and Agenda for 2019 Annual Shareholders' Meeting

Time: Friday, June 14, 2019, 9:00 AM

Place: 2F, No. 223, Sec. 3, Beixin Road, Xindian District, New Taipei City (Taiwan, Taiwan)

- I. Call the Meeting to Order
- II. Chairman's Remarks
- III. Meeting Agenda
 - (I) Management Presentations
 1. 2018 Business Report.
 2. Supervisor's Review Report on the 2018 Financial Statements.
 3. 2018 Employee, Director, and Supervisor Remuneration Distribution Report.
 - (II) Adoption
 1. Adoption of the 2018 Business Report and Financial Statements.
 2. Adoption of the proposal for distribution of 2018 earnings.
 - (III) Proposals and Discussion
 1. Amendment to the "Operational Procedures for Acquisition or Disposal of Assets"
 2. Amendment to the "Operational Procedures for Endorsements/ Guarantees."
 3. Amendment to the "Operational Procedures for Loaning of Funds to Others"
 - (IV) Elections

Re-election of directors and supervisors of the Company.
 - (V) Other matters

Release the prohibition on the newly appointed directors from participation in competitive business.
 - (VI) Questions and Motions
 - (VII) Adjournment

Management Presentation

- I. To report 2018 Business Report.
Please refer to pages 8–10 of the Handbook for the Business Report.

- II. To report Supervisor's Review of the 2018 Financial Statements
Please refer to page 30 of the Handbook for Supervisor's Review of 2018 Financial Statements

- III. To report distribution of the 2018 Compensation of Employees, Directors and Supervisors
 - (I) According to the Company Act and the Articles of Association, when the Company makes a profit, over 0.1% of thereof should be set aside as employee compensation, and less than 6% set aside as compensation for the directors and supervisors.
 - (II) The Company's 2018 Distribution for employees' bonus and remuneration of directors and supervisors was approved by the Board of Directors on March 21, 2019. The distribution is as follows:
 1. The amount of NT\$3,723,118 was distributed in the form of cash as Employee bonus.
 2. The amount of NT\$9,538,565 was distributed as Remuneration for Directors and Supervisors. (in the form of cash)
 - (III) The amount of the above distribution is consistent with the estimated amount in 2018.

Matters for Adoption

Proposal 1: Proposed by the Board

Subject: Adoption of the 2018 Business Report and Financial Statements

Explanation: The Company's 2018 Business Report, the Parent Company Only Financial Statements and Consolidated Financial Statements have been prepared and approved by the Board of Directors on March 21, 2019. 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 the CPA firm Pricewaterhouse Coopers (PwC) Taiwan. The CPAs also issued an unqualified opinion on the Auditor's Report which, together with the Operating Report, was submitted to the Supervisors to review. For related reference, please refer to Attachment 1 to 3, pages 8 to 31. Please proceed to adopt.

Resolution:

Proposal 2: Proposed by the Board

Summary: Adoption of the proposal for distribution of 2018 profits

Explanation:

- I. The Company's beginning undistributed retained earnings is NT\$474,101,400. After deducting NT\$323,131 of the adjustment of initial application of IFRS9 in beginning undistributed retained earnings, the net profit after tax in 2018 is NT\$244,304,360. The distributable retained earnings of current period is NT\$669,691,981 after setting aside NT\$24,430,436, 10% of legal reserve, and a special capital reserve of NT\$24,032,212. The proposed distribution of shareholders' cash dividends will be issued at NT\$1.5 per share with NT\$152,248,246 as the total amount.
- II. After approval at the shareholders' meeting, the Board of Directors shall delegate the Chairman to set ex-dividend date and other related matters if required.
- III. The cash dividend is calculated based on the shares held by the shareholders recorded in the shareholder list on the ex-dividend date and is based on the distribution ratio and are rounded down to the nearest dollar. The fractional amounts are aggregated and recognized in other comprehensive income.
- IV. In the event that the proposed profit distribution is affected by factors such as changes in the number of outstanding shares due to the changes in capital that may be subject to the changes in the ratio of dividend distribution, the Board of Directors is authorized to amend such related matters and announce it.

Resolution:

ChainTech Technology Corp.,
2018 Earnings Distribution Table

Unit: NT\$

Project	Total	Notes
Undistributed retained earnings, at the beginning of the period	474,101,400	
Less: Adjustment of initial application of IFRS9 in the beginning undistributed retained earnings	(323,131)	
Add: Profit after tax	244,304,360	
Less: 10% of legal surplus reserve	(24,430,436)	
Less: Special surplus reserve	(24,032,212)	
Retained earnings available for distribution for this period	669,619,981	
Allocation:		
Cash dividends for shareholders (NT\$1.50 per share)	152,248,246	
Unappropriated retained earnings at end of period	517,371,735	

Note: All the earnings distribution of current year shall be set aside from 2018 distributable retained earnings after tax.

Chairman: Kao Shu-Jung Manager: Kao Shu-Jung Accounting Supervisor: Lai Yu-Nu

Discussion:

Proposal 1: Proposed by the Board

Subject: Amendment to the Company's "Operational Procedures for Acquisition or Disposal of Assets."

Explanation:

- I. Partial articles of the "Operational Procedures for Acquisition and Disposal of Assets" amended and issued per 26 November 2018 Order No. Financial-Supervisory-Securities-Corporate-1070341072 of the Financial Supervisory Commission.
- II. The full text before and after the amendments are attached in Attachment 4 (Pages 32 to 38).

Resolution:

Proposal 2: Proposed by the Board

Subject: Amendment to the Company's "Operational Procedures for Endorsement and Guarantee."

Explanation:

- I. Partial articles of the "Operational Procedures for Endorsements and Guarantees" amended and issued per March 7, 2019 Order No. Financial-Supervisory-Securities-Corporate-1080304826 of the Financial Supervisory Commission.
- II. For all the articles before and after amendment, please refer to Attachment 5 (Page 39).

Resolution:

Proposal 3: Proposed by the Board

Subject: Amendment of the Company's "Operational Procedures for Loaning of Funds to Others."

Explanation:

- I. Partial articles of the "Operational Procedures for Loaning Funds to Others" amended and issued per March 7, 2019 Order No. Financial-Supervisory-Securities-Corporate-1080304826 of the Financial Supervisory Commission.
- II. For all the articles before and after amendment, please refer to Attachment 6 (Page 40).

Resolution:

Election Matters

Proposed by the Board

Proposal: Re-election of all directors and supervisors of the Company.

Explanation:

- I. The thirteenth term of all directors and supervisors of the Company expired on June 13, 2019, and it is proposed to re-elect the directors and supervisors.
- II. According to Article 13 of the Articles of Association, the election of Directors shall be held in the form of five seats (including two Independent Directors). The nomination system shall be adopted by the election for Supervisors. The shareholders shall elect the Directors and Supervisors from among the nominees listed in the roster of Director (including Independent Director) and Supervisor candidates.
- III. The newly elected 14th directors and supervisors will take office after their election for a term of three years, from June 14, 2019 to June 13, 2022
- IV. For the list of candidates for Directors and Supervisors, please refer to Attachment 7 (Pages 41 to 43).

Election results:

Other Agenda

Proposed by the Board

Proposal: Proposal of Release the Prohibition on newly Directors from Participation in Competitive Business.

Explanation:

- I. According to Paragraph 1, Article 209 of the Company Act, "A director who does anything for himself or on behalf of another person that is within the scope of the company's business, shall explain to the meeting of shareholders the essential contents of such an act and secure its approval."
- II. The new directors and legal representatives after the election of this shareholders' meeting shall be provided in accordance with Paragraph 1, Article 209 of the Company Act. The details of release the Prohibition on Directors from Participation in Competitive Business are provided as follows:

Candidates for Directors and Independent Directors also serving in positions in other companies:

Title of Candidate	Name of candidate	Name and position held in other companies
Directors	E Cheng Technology Limited.. Representative: Kao Shu-Jung	Chairman of the Shanghai Limited
Directors	E Cheng Technology Limited. Legal Representative: Lu Li-Cheng	Chairman of Chun Electronics Co., Ltd. Director of the Shanghai Limited Independent Director of Walton Advanced Engineering, Inc. Supervisor of Fullerton Technology

- III. Please discuss.

Resolution:

Questions and Motions

Adjournment

Attachment

ChainTech Technology Corp.,
2018 Business Report

I. 2018 Business Results

The Company's consolidated operating revenue for 2018 was NT\$4,083,032,000, a 29.27% decrease from NT\$5,772,839,000 in 2017 consolidated operating income. The individual revenue was NT\$3,755,138,000, a 28.83% decrease from NT\$5,276,351,000 in 2017. The net profit after tax was NT\$244,304,000, and the net profit after tax per share was NT\$2.39.

The Company's business results for 2018 and business plan for 2019 are summarized below:

(I) 1. Results of the implementation of individual business plans:

Unit: NT\$1,000, %

Project	2018	2017	Increases (decreases)	Increase (decrease) %
Operating revenue	3,755,138	5,276,351	(1,521,213)	(28.83)
Gross profit	357,955	80,824	277,131	342.88
Operating margin	270,828	32,161	238,667	742.10
Net income (loss) after tax	244,304	(56,914)	301,218	(529.25)
Net income (loss) per share (NT\$)	2.39	(0.52)	2.91	(559.62)

2. Results of the Consolidated Business Plan:

Unit: NT\$1,000, %

Project	2018	2017	Increases (decreases)	Increase (decrease) %
Operating revenue	4,083,032	5,772,839	(1,689,807)	(29.27)
Gross profit	368,016	104,334	263,682	252.73
Operating margin	242,893	16,831	226,062	1,343.13
Net income (loss) after tax	244,304	(56,914)	301,218	(529.25)
Net income (loss) per share (NT\$)	2.39	(0.52)	2.91	(559.62)

(II) 1. Analysis of individual financial income and expenditure and profitability:

Project		Year	2018	2017	Increase (decrease) %
Financial structure %	Debt to asset ratio		13.58	12.75	6.51
	Proportion of long-term capital in PP&E (%)		-	6,894,508.00	-
Solvency %	Current ratio		569.51	638.67	(10.83)
	Quick ratio		533.91	593.11	(9.98)
	Interest coverage ratio		137.00	(36.12)	(479.29)
Profitability %	Return on assets ROA (%)		12.36	(2.57)	(580.93)
	Return on equity (ROE) %		14.13	(3.23)	(537.46)
	Net profit margin		6.51	(1.08)	(702.78)
	After-tax earnings per share (NT\$)		2.39	(0.52)	(559.62)

2. Consolidated financial income and expenditure and profitability analysis:

Project		Year	2018	2017	Increase (decrease) %
Financial structure %	Debt to asset ratio		13.92	13.31	4.58
	Proportion of long-term capital in PP&E (%)		1420.56	1,283.08	10.71
Solvency %	Current ratio		619.59	699.66	(11.44)
	Quick ratio		584.66	655.21	(10.77)
	Interest coverage ratio		137.18	(35.90)	(482.12)
Profitability %	Return on assets ROA (%)		12.29	(2.56)	(580.08)
	Return on equity (ROE) %		14.13	(3.23)	(537.46)
	Net profit margin		5.98	(0.99)	(704.04)
	After-tax earnings per share (NT\$)		2.39	(0.52)	(559.62)

II. Summary of 2018 Business Plan

In the face of future market changes, the Company's business policy, expected targets and important production and marketing policies are as follows:

(I) Business Strategy

1. Marketing Business: Continue to strengthen the close cooperation relationship between dealers and agents; continue to build different types of sales channels; continue to strengthen cooperation with financially sound customers.
2. Financial policy: Steady operations, strict control of the quality of accounts receivable, collection of funds according to the specified number of days of sales conditions, to ensure asset preservation; maintain low inventory according to production to order so that the operating capital can be kept in a streamlined operation.
3. R&D policy: Develop products that meet customers' needs.

(II) Estimated sales volume and supporting info

As of the first quarter of 2018, the revenue and profitable niche were higher due to the demand for cryptocurrency mining. The original manufacture of graphic card, NVIDIA, continued to introduce new specification cards in the second half of the year. After the market continued to change the graphics cards of the old specifications, the demand for the newly launched e-sports display cards in the Chinese market began to show a steady trend in the first half of 2008. In the case that the market demand is gradually stabilized, the Company will focus on selling products with stable gross profit, instead of focusing on the substantial increase in sales volume, and relying on the stable financial quality of the Company to maintain a certain economic scale.

(III) Important Production and Marketing Policies

1. Production policy: Ensure the control of the orders and delivery dates, and accurately control the materials and inventory minimization.
2. Sales policy: Continue to improve the product quality of technology research and development, provide products that meet customer needs and continue to build new sales channels.

The Company is committed to maintaining the Company's financial quality and sound management with its core values. To maintain the product's technology and quality by continued promotion of manufacturing management and technology. Strengthen products' efficacy and marketing channels. In the face of fierce changes in the industrial environment of the board market, the Company is committed to adjusting the product structure in order to enhance the profitability of the industry in the context of continuous changes in market demand. On behalf of the Company, we have inherited the support and encouragement of our shareholders again.

Chairman: Kao Shu-Jung Manager: Kao Shu-Jung Accounting Supervisor: Lai Yu-Nu

Independent Auditors' Report

(108) Financial Review Reference No.18004488

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, 2018 and 2017, 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 annual period ended December 31, 2018 and 2017.

Based on our opinions, the accompanying consolidated financial statements are presented fairly in all material respects. The consolidated financial statements have been prepared 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, as well as the consolidated financial performance and the consolidated cash flows for the years ended December 31, 2018 and 2017, respectively.

Basis of Audit Opinion

We conducted our audit in accordance with the Regulations Governing Auditing and Attestation of Individual Financial Statements by Certified Public Accountants and Generally Accepted Auditing Standards (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, 2018. 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, 2018 are stated as follows:

Assessment of sales allowance estimateDescription

Regarding the accounting policy of recognition for sales allowance, please refer to Notes IV (XXIV) of the consolidated financial statements; the accounting estimate and assumption of the sales allowance refer to Notes V (II) of the consolidated financial statements; the accounting description of the sales allowance refer to Notes VI (XII) of the consolidated financial statements.

The Group's calculation of the sales allowance based on the content of the sales allowance agreement is based on historical experience and other known reasons to estimate the possible product discount, which is included in the sales of the product in the current period of sales, and is classified as deduction of accounts receivable. As a result of the reduction, the accountant has listed the estimate of sales allowance as one of the most important matters for the year.

Corresponding audit procedures

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

Understand the nature of the company's operations and industry and inspect the contents of the sales allowance agreement in the sales contract, confirming that there are no significant changes in the terms of the sales allowance agreement.

Inspect the estimated breakdown of current sales allowance, sampled and inspected the foundation of sales allowance to individual agreement to verify the accuracy of calculation.

There are no material differences between the historical estimates and actual sales allowance.

Sales revenue cut-off

Description

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

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.

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.

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.

Other Matters – Parent Company Only Financial Statements

The independent auditors have also audited the parent company only financial statements of ChainTech Technology Corp. for 2018 and 2017, on which we have issued reports with unmodified 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.

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.

Evaluate the appropriateness of accounting policies adopted by the management and the reasonableness of the accounting estimates and related disclosures made accordingly.

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.

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.

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, 2018 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

Hsu, Sheng-Chung

Certified Public Accountants

Wu, Han-Chi

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 22, 2019

ChainTech Technology Corp. and Subsidiaries
Consolidated Balance Sheets
For the years ended in December, 2018 and 2017

Unit: NT\$ thousand
December 31, 2017

Assets	Notes	December 31, 2018		December 31, 2017		
		Amount	%	Amount	%	
Current assets						
1100	Cash and cash equivalents	VI (I)	\$ 652,911	32	\$ 596,533	30
1110	Financial assets at fair value through profit or loss - current	VI (II)	1,755	-	-	-
1170	Accounts receivable, net	VI (IV)	237,458	12	316,341	16
1180	Net accounts receivable - affiliated	VI (IV) and VII	685,977	34	760,762	38
130X	Inventories	VI (V)	95,833	5	114,790	6
1470	Other current assets	VI (VI) and VIII	54,727	3	53,014	3
11XX	Total current assets		<u>1,728,661</u>	<u>86</u>	<u>1,841,440</u>	<u>93</u>
Non-current assets						
1517	Financial assets at fair value through other comprehensive income - non-current	VI (III)	108,985	5	-	-
1600	Property, plant and equipment	VI (VII)	122,073	6	134,335	7
1840	Deferred income tax assets	VI (XVII)	6	-	1,869	-
1900	Other non-current assets	VI (VIII)	54,778	3	10,596	-
15XX	Total non-current assets		<u>285,842</u>	<u>14</u>	<u>146,800</u>	<u>7</u>
1XXX	Total assets		<u>\$ 2,014,503</u>	<u>100</u>	<u>\$ 1,988,240</u>	<u>100</u>

(Continued)

ChainTech Technology Corp. and Subsidiaries
Consolidated Balance Sheets
For the years ended in December, 2018 and 2017

Unit: NT\$ thousand
December 31, 2017

Liabilities and equity	Notes	December 31, 2018		December 31, 2017	
		Amount	%	Amount	%
Current liabilities					
2170	Accounts payable	\$ 156,858	8	\$ 212,724	11
2200	Other payables	69,782	3	45,407	2
2230	Current income tax liabilities	52,170	3	4,374	-
2300	Other current liabilities	193	-	685	-
21XX	Total current liabilities	<u>279,003</u>	<u>14</u>	<u>263,190</u>	<u>13</u>
Non-current liabilities					
2600	Other non-current liabilities	1,376	-	1,423	-
25XX	Total non-current liabilities	<u>1,376</u>	<u>-</u>	<u>1,423</u>	<u>-</u>
2XXX	Total liabilities	<u>280,379</u>	<u>14</u>	<u>264,613</u>	<u>13</u>
Equity					
Equity attributable to owners of the parent					
Share capital					
3110	Capital of ordinary shares	1,014,988	51	1,092,488	55
Retained earnings					
3310	Legal reserve	97,859	5	97,859	5
3320	Special reserve	88,481	4	84,131	4
3350	Retained earnings	645,310	32	478,452	24
Other equity					
3400	Other equity	(112,514)	(6)	(29,303)	(1)
31XX	Total equity attributable to owners of the parent	<u>1,734,124</u>	<u>86</u>	<u>1,723,627</u>	<u>87</u>
3XXX	Total equity	<u>1,734,124</u>	<u>86</u>	<u>1,723,627</u>	<u>87</u>
Material contingent liabilities and unrecognized contractual commitments					
Significant events after the end of the financial reporting period					
3X2X	Total liabilities and equity	<u>\$ 2,014,503</u>	<u>100</u>	<u>\$ 1,988,240</u>	<u>100</u>

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

Chairman : Kao Shu-Jung

Manager : Kao Shu-Jung

Accounting Officer : Lai Yu-Nu

ChainTech Technology Corp. and Subsidiaries
Consolidated Statements of Comprehensive Income
For the years ended in December, 2018 and 2017

Unit: NT\$ thousand

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

Items	Notes	2018		2017	
		Amount	%	Amount	%
4000 Operating revenue	VI (XII) and VII	\$ 4,083,032	100	\$ 5,772,839	100
5000 Operating costs	VI (V) (XV)	(3,715,016)	(91)	(5,668,505)	(98)
5950 Net operating profit		<u>368,016</u>	<u>9</u>	<u>104,334</u>	<u>2</u>
Operating expenses	VI (XVI) and VII				
6100 Selling expenses		(51,956)	(1)	(31,839)	(1)
6200 Administrative expenses		(50,797)	(1)	(35,505)	(1)
6300 Research and development expenses		(22,370)	(1)	(20,159)	-
6000 Total operating expenses		<u>(125,123)</u>	<u>(3)</u>	<u>(87,503)</u>	<u>(2)</u>
6900 Operating profit		<u>242,893</u>	<u>6</u>	<u>16,831</u>	<u>-</u>
Non-operating income and expenses					
7010 Other income	VI (XIII)	23,895	-	15,182	-
7020 Other gains and losses	VI (XIV)	30,206	1	(88,271)	(1)
7050 Financial cost	VI (XV)	(2,165)	-	(1,567)	-
7000 Total non-operating income and expenses		<u>51,936</u>	<u>1</u>	<u>(74,656)</u>	<u>(1)</u>
7900 Net profit (loss) before tax		<u>294,829</u>	<u>7</u>	<u>(57,825)</u>	<u>(1)</u>
7950 Income tax (expense) benefit	VI (XVII)	(50,525)	(1)	911	-
8200 Net income (loss)		<u>\$ 244,304</u>	<u>6</u>	<u>(\$ 56,914)</u>	<u>(1)</u>

(Continued)

ChainTech Technology Corp. and Subsidiaries
Consolidated Statements of Comprehensive Income
For the years ended in December, 2018 and 2017

Unit: NT\$ thousand

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

Items	Notes	2018		2017	
		Amount	%	Amount	%
Other comprehensive income (loss), net					
Items that will not be reclassified to profit or loss					
8316 Unrealized valuation gain (loss) on equity instruments measured at fair value through other comprehensive income	VI (III)	(\$ 75,999)	(2)	\$ -	-
8310 Total amount of items that will not be reclassified to profit or loss		(75,999)	(2)	-	-
Items that may be reclassified subsequently to profit or loss					
8361 Exchange differences on translation of financial statements of Foreign operation.		(7,212)	-	(4,350)	-
8360 Total amount of items that may be reclassified subsequently to profit or loss		(7,212)	-	(4,350)	-
8300 Other comprehensive income (loss), net		(\$ 83,211)	(2)	(\$ 4,350)	-
8500 Total comprehensive income (loss)		\$ 161,093	4	(\$ 61,264)	(1)
Net profit (loss) attributable to:					
8610 Owners of the parent		\$ 244,304	6	(\$ 56,914)	(1)
8710 Total comprehensive income attributable to: Owners of the parent		\$ 161,093	4	(\$ 61,264)	(1)
Basic surplus (deficit) per share	VI (XVIII)				
9750 Basic surplus (deficit) per share		\$	2.39	(\$	0.52)
Diluted surplus (deficit) per share					
9850 Diluted surplus (deficit) per share		\$	2.39	(\$	0.52)

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

Chairman : Kao Shu-Jung

Manager : Kao Shu-Jung

Accounting Officer : Lai Yu-Nu

ChainTech Technology Corp. and Subsidiaries
Consolidated Statements of Changes in Equity
For the years ended in December, 2018 and 2017

Unit: NT\$ thousand

	Notes	Attributable to the equity of parent company							
		Retained earnings				Other equity			
		Share capital- common stock	Legal reserve	Capital surplus	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 stocks	Total equity
2017									
Balance as of January 1, 2017		\$ 1,092,488	\$ 88,696	\$ 59,178	\$ 585,869	(\$ 24,953)	\$ -	\$ -	\$ 1,801,278
Net income (loss)		-	-	-	(56,914)	-	-	-	(56,914)
Other comprehensive income (loss)		-	-	-	-	(4,350)	-	-	(4,350)
Total comprehensive income (loss)		-	-	-	(56,914)	(4,350)	-	-	(61,264)
Appropriation and distribution of surplus in 2016									
Appropriation of legal reserve		-	9,163	-	(9,163)	-	-	-	-
Appropriation of special reserve		-	-	24,953	(24,953)	-	-	-	-
Cash dividends		-	-	-	(16,387)	-	-	-	(16,387)
Balance as of December 31, 2017		<u>\$ 1,092,488</u>	<u>\$ 97,859</u>	<u>\$ 84,131</u>	<u>\$ 478,452</u>	<u>(\$ 29,303)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,723,627</u>
2018									
Balance as of January 1, 2018		\$ 1,092,488	\$ 97,859	\$ 84,131	\$ 478,452	(\$ 29,303)	\$ -	\$ -	\$ 1,723,627
Amount of adjustment caused by modified retrospective method	XII	-	-	-	(323)	-	-	-	(323)
Balance after adjustment on January 1, 2018		<u>1,092,488</u>	<u>97,859</u>	<u>84,131</u>	<u>478,129</u>	<u>(29,303)</u>	<u>-</u>	<u>-</u>	<u>1,723,304</u>
Net income		-	-	-	244,304	-	-	-	244,304
Other comprehensive income (loss)		-	-	-	-	(7,212)	(75,999)	-	(83,211)
Total comprehensive income (loss)		-	-	-	244,304	(7,212)	(75,999)	-	161,093
Appropriation and distribution of surplus in 2017									
Reservation of legal reserve		-	-	4,350	(4,350)	-	-	-	-
Treasury stock repurchase		-	-	-	-	-	-	(150,273)	(150,273)
Cancellation of treasury stock	VI (X)	(77,500)	-	-	(72,773)	-	-	150,273	-
Balance as of December 31, 2018		<u>\$ 1,014,988</u>	<u>\$ 97,859</u>	<u>\$ 88,481</u>	<u>\$ 645,310</u>	<u>(\$ 36,515)</u>	<u>(\$ 75,999)</u>	<u>\$ -</u>	<u>\$ 1,734,124</u>

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

Chairman : Kao Shu-Jung

Manager : Kao Shu-Jung

Accounting Officer : Lai Yu-Nu

Chaintech Technology Corp. and Subsidiaries
Consolidated Statements of Cash Flows
For the years ended in December, 2018 and 2017

Unit: NT\$ thousand

	Notes	2018	2017
<u>Cash flows from operating activities</u>			
Net profit (loss) before tax		\$ 294,829	(\$ 57,825)
Adjustments			
Income charges (credits)			
Depreciation expense	VI (VII) (XVI)	11,953	12,183
Loss on disposal of property, plant, and equipment	VI (VII)	17	429
Valuation adjustment for financial assets at fair value through profit or loss	VI (II)	(185)	-
Interest expenses	VI (XV)	2,165	1,567
Interest income	VI (XIV)	(7,252)	(1,531)
Dividend income	VI (XIV)	(4,340)	-
Changes in assets and liabilities related to operating activities			
Net changes in assets related to operating activities			
Financial assets at fair value through profit or loss		(1,570)	-
Accounts receivable (including affiliates)		153,345	537,555
Inventories		18,957	69,865
Other current assets		(890)	6,453
Other non-current assets		538	329
Net changes in liabilities related to operating activities			
Accounts payable		(55,866)	(187,507)
Other accounts payable		24,375	(16,076)
Other current liabilities		(492)	326
Cash inflow from operations		435,584	365,768
Interest received		7,252	1,531
Capital bonus received		4,340	-
Interest paid		(2,165)	(1,567)
Income tax paid		(866)	(13,472)
Net cash inflow from operating activities		444,145	352,260

(Continued)

Chaintech Technology Corp. and Subsidiaries
Consolidated Statements of Cash Flows
For the years ended in December, 2018 and 2017

Unit: NT\$ thousand
2017

	Notes	2018	2017
<u>Cash flows from investing activities</u>			
Acquisition of fair value through other comprehensive income financial assets		(184,984)	-
Acquisition of property, plant, and equipment	6(7)	(2,213)	(3,745)
Disposal of property, plant, and equipment		-	18
(Increase) Decrease in restricted assets		19,193	-
Advanced investment payment		(44,720)	-
Advanced design payment		(20,016)	-
Net cash outflow from investing activities		(232,740)	(3,727)
<u>Cash flows from financing activities</u>			
Decrease in short-term loans		-	(76,533)
Deposits received		(47)	665
Cash dividends distributed	VI (XI)	-	(16,387)
Cost of treasury stocks repurchase	VI (X)	(150,273)	-
Net cash outflow from financing activities		(150,320)	(92,255)
Effect of exchange rate		(4,707)	(2,433)
Increase in cash and cash equivalents in the current period		56,378	253,845
Cash and cash equivalents balance at beginning of the period		596,533	342,688
Cash and cash equivalents balance at end of the period		\$ 652,911	\$ 596,533

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

Chairman : Kao Shu-Jung

Manager : Kao Shu-Jung

Accounting Officer : Lai Yu-Nu

Independent Auditors' Report

(108)Financial Review Reference No.18004311

To Chaintech Technology Corp.,

Audit opinion

The independent auditors have audited the accompanying parent company only balance sheets of Chaintech Technology Corp. (hereinafter referred to as "the Company") as of December 31, 2018 and 2017, 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 annual period ended December 31, 2018 and 2017.

The financial statements of the aforementioned parent company only financial statements have been prepared in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" and the parent company only financial performance and parent company only cash flow for the years ended December 31, 2018 and 2017, respectively.

Basis for Audit Opinion

We conducted our audit in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and Generally Accepted Auditing Standards (GAAS) of R.O.C. 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 Company 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 Items

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 the Company for the year ended December 31, 2018. 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 Company Only Financial Statements for the year ended December 31, 2018 are stated as follows:

Assessment of sales allowance estimate

Description

Regarding the accounting policy of recognition for sales allowance, please refer to Notes IV (XXIV) of the parent company only financial statements; the accounting estimate and assumption of the sales allowance refer to Notes V (II) of the parent company only financial statements; the accounting description of the sales allowance refer to Notes VI (XI) of the parent company only financial statements.

The Company's calculation of the sales allowance based on the content of the sales allowance agreement is based on historical experience and other known reasons to estimate the possible product discount, which is included in the sales of the product in the current period of sales, and is classified as deduction of accounts receivable. As a result of the reduction, the accountant has listed the estimate of sales allowance as one of the most important matters for the year.

Corresponding audit procedures

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

1. Understand the nature of the company's operations and industry and inspect the contents of the sales allowance agreement in the sales contract, confirming that there are no significant changes in the terms of the sales allowance agreement.
2. Inspect the estimated breakdown of current sales allowance, sampled and inspected the foundation of sales allowance to individual agreement to verify the accuracy of calculation.
3. There are no material differences between the historical estimates and actual sales allowance.

Sales revenue cut-off

Description

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

The Company 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 Company 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 Company 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 the Company. 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 Company 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.

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 consolidated 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 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 the Company'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 Company 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 Company'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 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 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 the Company'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 Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the parent company only financial statements; or, if such disclosures are inadequate, 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 Company 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 the Company to express an opinion about the parent company only financial

statements. The CPA is responsible for the guidance, supervision and performance of the Group 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 of the Company for the year ended December 31, 2018 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

Hsu, Sheng-Chung

Certified Public Accountants

Wu, Han-Chi

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 22, 2019

Chaintech Technology Corp.
Parent Company Only Balance Sheets
For the Years Ended December 31, 2018 and 2017

Unit: NT\$ thousand

Assets	Note	December 31, 2018		December 31, 2017		
		Amount	%	Amount	%	
Current assets						
1100	Cash and cash equivalents	VI (I)	\$ 481,211	24	\$ 390,087	20
1110	Financial assets at fair value through profit or loss - current	VI (II)	1,755	-	-	-
1170	Accounts receivable, net	VI (IV)	232,587	11	292,418	15
1180	Net accounts receivable - affiliated	VI (IV) and VII	685,977	34	760,762	38
1200	Other receivables		155	-	10	-
130X	Inventories	VI (V)	95,833	5	114,790	6
1470	Other current assets	VI (VI) and VIII	53,806	3	51,154	2
11XX	Total current assets		<u>1,551,324</u>	<u>77</u>	<u>1,609,221</u>	<u>81</u>
Non-current assets						
1517	Financial assets at fair value through other comprehensive income - non-current	VI (III)	108,985	6	-	-
1550	Investment accounted for using equity method	VI (VII)	346,200	17	364,473	19
1600	Property, plant, and equipment		-	-	25	-
1840	Deferred income tax assets	VI (XVI)	6	-	1,869	-
1900	Other non-current assets		5	-	5	-
15XX	Total non-current assets		<u>455,196</u>	<u>23</u>	<u>366,372</u>	<u>19</u>
1XXX	Total Assets		<u>\$ 2,006,520</u>	<u>100</u>	<u>\$ 1,975,593</u>	<u>100</u>

(Continued)

ChainTech Technology Corp.
Parent Company Only Balance Sheets
For the Years Ended December 31, 2018 and 2017

Unit: NT\$ thousand

Liabilities and equity	Note	December 31, 2018		December 31, 2017	
		Amount	%	Amount	%
Current liabilities					
2170	Accounts payable	\$ 156,859	8	\$ 212,284	11
2200	Other payables	63,174	3	35,372	2
2230	Current income tax liabilities	52,170	3	4,081	-
2300	Other current liabilities	193	-	229	-
21XX	Total current liabilities	<u>272,396</u>	<u>14</u>	<u>251,966</u>	<u>13</u>
2XXX	Total liabilities	<u>272,396</u>	<u>14</u>	<u>251,966</u>	<u>13</u>
Equity					
Share capital					
3110	Capital of ordinary shares	1,014,988	51	1,092,488	55
Retained earnings					
3310	Legal reserve	97,859	5	97,859	5
3320	Special reserve	88,481	4	84,131	4
3350	Retained earnings	645,310	32	478,452	24
Other equity					
3400	Other equity	(112,514)	(6)	(29,303)	(1)
3XXX	Total equity	<u>1,734,124</u>	<u>86</u>	<u>1,723,627</u>	<u>87</u>
Significant contingent liabilities and unrecognized contract commitments					
3X2X	Total liabilities and equity	<u>\$ 2,006,520</u>	<u>100</u>	<u>\$ 1,975,593</u>	<u>100</u>

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

Chairman : Kao Shu-Jung

Manager : Kao Shu-Jung

Accounting Officer : Lai Yu-Nu

ChainTech Technology Corp.
Parent Company Only Statements of Comprehensive Income
For the Years Ended December 31, 2018 and 2017

Unit: NT\$ thousand

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

Items	Notes	2018		2017	
		Amount	%	Amount	%
4000 Operating revenue	VI (XI) and VII	\$ 3,755,138	100	\$ 5,276,351	100
5000 Operating costs	VI (V)	(3,397,183)	(91)	(5,195,527)	(98)
5950 Net operating profit		<u>357,955</u>	<u>9</u>	<u>80,824</u>	<u>2</u>
Operating expenses	VI (XV) and VII				
6100 Selling expenses		(52,272)	(1)	(30,252)	(1)
6200 Administrative expenses		(31,691)	(1)	(15,667)	-
6300 Research and development expenses		(3,164)	-	(2,744)	-
6000 Total operating expenses		<u>(87,127)</u>	<u>(2)</u>	<u>(48,663)</u>	<u>(1)</u>
6900 Operating profit		<u>270,828</u>	<u>7</u>	<u>32,161</u>	<u>1</u>
Non-operating income and expenses					
7010 Other income	VI (XII)	6,854	-	6,490	-
7020 Other gains and losses	VI (XIII)	29,978	1	(87,138)	(2)
7050 Financial cost	VI (XIV)	(2,165)	-	(1,567)	-
7070 Share of profit or loss of subsidiaries, associates, and joint ventures accounted for using equity method	VI (VII)	(11,061)	-	(8,117)	-
7000 Total non-operating income and expenses		<u>23,606</u>	<u>1</u>	<u>(90,332)</u>	<u>(2)</u>
7900 Net profit (loss) before tax		<u>294,434</u>	<u>8</u>	<u>(58,171)</u>	<u>(1)</u>
7950 Income tax (expense) benefit	VI (XVI)	(50,130)	(2)	1,257	-
8200 Net income (loss)		<u>\$ 244,304</u>	<u>6</u>	<u>\$ 56,914</u>	<u>(1)</u>

(Continued)

ChainTech Technology Corp.
Parent Company Only Statements of Comprehensive Income
For the Years Ended December 31, 2018 and 2017

Unit: NT\$ thousand
(Except for earnings per share expressed in New Taiwan Dollar)

Items	Notes	2018		2017	
		Amount	%	Amount	%
Other comprehensive income (loss), net					
Items that will not be reclassified to profit or loss					
8316 Unrealized valuation gain (loss) on equity instruments measured at fair value through other comprehensive income	VI (III)	(\$ 75,999)	(2)	\$ -	-
8310 Total amount of items that will not be reclassified to profit or loss		(75,999)	(2)	-	-
Items that may be reclassified subsequently to profit or loss					
8361 Exchange differences on translation of financial statements of Foreign operation.		(7,212)	-	(4,350)	-
8360 Total amount of items that may be reclassified subsequently to profit or loss		(7,212)	-	(4,350)	-
8300 Other comprehensive income (loss), net		(\$ 83,211)	(2)	\$ 4,350	-
8500 Total comprehensive income (loss)		\$ 161,093	4	(\$ 61,264)	(1)
Basic earnings (deficit) per share	6 (17)				
9750 Net income (loss)		\$	2.39	(\$	0.52)
Diluted earnings (deficit) per share					
9850 Net income (loss)		\$	2.39	(\$	0.52)

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

Chairman : Kao Shu-Jung

Manager : Kao Shu-Jung

Accounting Officer : Lai Yu-Nu

ChainTech Technology Corp.
Parent Company Only Statements of Changes in Equity
For the Years Ended December 31, 2018 and 2017

Unit: NT\$ thousand

	Notes	Retained earnings			Other equity			Treasury stocks	Total equity
		Share capital- common stock	Legal reserve	Capital surplus	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		
2017 Year									
Balance as of January 1, 2017		\$ 1,092,488	\$ 88,696	\$ 59,178	\$ 585,869	(\$ 24,953)	\$ -	\$ -	\$ 1,801,278
Net income (loss)		-	-	-	(56,914)	-	-	-	(56,914)
Other comprehensive income (loss)		-	-	-	-	(4,350)	-	-	(4,350)
Total comprehensive income		-	-	-	(56,914)	(4,350)	-	-	(61,264)
Appropriation and distribution of surplus in 2016	VI (X)								
Appropriation of legal reserve		-	9,163	-	(9,163)	-	-	-	-
Appropriation of special reserve		-	-	24,953	(24,953)	-	-	-	-
Cash dividends		-	-	-	(16,387)	-	-	-	(16,387)
Balance as of December 31, 2017		\$ 1,092,488	\$ 97,859	\$ 84,131	\$ 478,452	(\$ 29,303)	\$ -	\$ -	\$ 1,723,627
2018									
Balance as of January 1		\$ 1,092,488	\$ 97,859	\$ 84,131	\$ 478,452	(\$ 29,303)	\$ -	\$ -	\$ 1,723,627
Effect of modified retrospective adjustments		-	-	-	(323)	-	-	-	(323)
Balance after adjustment on January 1, 2018		1,092,488	97,859	84,131	478,129	(29,303)	-	-	1,723,304
Net income		-	-	-	244,304	-	-	-	244,304
Other comprehensive income (loss)		-	-	-	-	(7,212)	(75,999)	-	(83,211)
Total comprehensive income (loss)		-	-	-	244,304	(7,212)	(75,999)	-	161,093
Appropriation and distribution of surplus in 2017	VI (X)								
Reservation of legal reserve		-	-	4,350	(4,350)	-	-	-	-
Treasury stock repurchase		-	-	-	-	-	-	(150,273)	(150,273)
Cancellation of treasury stock		(77,500)	-	-	(72,773)	-	-	150,273	-
December 31		\$ 1,014,988	\$ 97,859	\$ 88,481	\$ 645,310	(\$ 36,515)	(\$ 75,999)	\$ -	\$ 1,734,124

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

Chairman : Kao Shu-Jung

Manager : Kao Shu-Jung

Accounting Officer : Lai Yu-Nu

ChainTech Technology Corp.
Parent Company Only Statements of Cash Flows
For the Years Ended December 31, 2018 and 2017

Unit: NT\$ thousand

	Notes	2018	2017
<u>Cash flows from operating activities</u>			
Net income (loss) before tax		\$ 294,434	(\$ 58,171)
Adjustments			
Income charges (credits)			
Depreciation expense	VI (XV)	25	147
Valuation adjustment for financial assets at fair value through profit or loss		(185)	-
Interest income	VI (XII)	(2,335)	(1,027)
Interest expenses	VI (XIV)	2,165	1,567
Dividend income	VI (XII)	(4,340)	-
Share of loss of subsidiaries accounted for using equity method		11,061	8,117
Changes in assets and liabilities related to operating activities			
Net changes in assets related to operating activities			
Financial assets at fair value through profit or loss		(1,570)	-
Accounts receivable (including affiliates)		134,292	509,499
Other receivables		(145)	(6)
Inventories		18,957	69,865
Other current assets		(1,828)	(361)
Net changes in liabilities related to operating activities			
Accounts payable (including related parties)		(55,425)	(187,456)
Other payables		27,802	(19,267)
Other current liabilities		(36)	117
Cash inflow from operations		422,872	323,024
Interest received		2,335	1,027
Capital bonus received		4,340	-
Interest paid		(2,165)	(1,567)
Income tax paid		(178)	(13,186)
Net cash inflow from operating activities		427,204	309,298

(Continued)

ChainTech Technology Corp.
Parent Company Only Statements of Cash Flows
For the Years Ended December 31, 2018 and 2017

Unit: NT\$ thousand

	Notes	2018	2017
<u>Cash flows from investing activities</u>			
Acquisition of other comprehensive income at fair value through other comprehensive income		(184,984)	-
Decrease (increase) in other current assets		(823)	(2,845)
Net cash outflow from investing activities		(185,807)	(2,845)
<u>Cash flows from financing activities</u>			
Decrease in short-term loans		-	(76,533)
Cash dividends	VI (X)	-	(16,387)
Cost of redemption of treasury stocks		(150,273)	-
Net cash outflow from financing activities		(150,273)	(92,920)
Increase in cash and cash equivalents for the current period		91,124	213,533
Cash and cash equivalents at beginning of the period		390,087	176,554
Cash and cash equivalents at end of the period		<u>\$ 481,211</u>	<u>\$ 390,087</u>

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

Chairman : Kao Shu-Jung

Manager : Kao Shu-Jung

Accounting Officer : Lai Yu-Nu

ChainTech Technology Corp.,
Supervisors' Review Report

Standards

The Board of Directors has proposed the Company's 2018 Financial Statements and Consolidated Financial Statements that have been audited by CPA Hsu Sheng-Chung and CPA Wu Han-Chi of the CPA firm Pricewaterhouse Coopers (PwC) Taiwan. In conjunction with the proposal of the business report, it has been reviewed by the supervisor and it is considered that there is no disagreement. The report is prepared in accordance with Article 219 of the Company Act.

Please review

In addition,

2018 Annual Shareholders' Meeting of the Company

ChainTech Technology Corp.,

Supervisor: Chou Chun-Tsun

Supervisor: Hsu Sheng-Chin

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ChainTech Technology Corp.,

Supervisors' Review Report

Standards

The proposal of the Board of Directors to send the Company's 2007 annual surplus distribution was reviewed by the supervisor and it is considered that there is no disagreement. The report is prepared in accordance with Article 219 of the Company Act.

Please review

In addition,

2018 Annual Shareholders' Meeting of the Company

ChainTech Technology Corp.,

Supervisor: Chou Chun-Tsun

Supervisor: Hsu Sheng-Chin

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ChainTech Technology Corp.,
Comparison Table before and after the amendment of the "Operational
Procedures for Acquisition and Disposal of Assets"

Articles before the amendment	Articles after the amendment	Explanation
<p>Article 3</p> <p>I. Securities: Investments in stocks, government bonds, corporate bonds, financial bonds, securities representing interest in a fund, depositary receipts, call (put) warrants, beneficial interest securities, and asset-backed securities.</p> <p>II. Real property (including investment property, right-of-use land, and construction enterprise inventory) factory and equipment.</p> <p>III. Memberships.</p> <p>IV. Intangible assets: Patents, copyrights, trademarks, franchise rights, and other intangible assets.</p> <p>V. Claims of financial institutions (including receivables, bills purchased and discounted, loans, and overdue receivables).</p> <p>VI. Derivatives.</p> <p>VII. Assets acquired or disposed of in connection with mergers, demergers, acquisitions, or transfer of shares in accordance with law.</p> <p>VIII. Other important assets.</p>	<p>Article 3</p> <p>I. Securities: Investments in stocks, government bonds, corporate bonds, financial bonds, securities representing interest in a fund, depositary receipts, call (put) warrants, beneficial interest securities, and asset-backed securities.</p> <p>II. Real property (including land, houses and buildings, investment property, and construction enterprise inventory) and equipment.</p> <p>III. Memberships.</p> <p>IV. Intangible assets: Patents, copyrights, trademarks, franchise rights, and other intangible assets.</p> <p>V. <u>Right-of-use assets.</u></p> <p>VI. <u>Claims of financial institutions (including receivables, bills purchased and discounted, loans, and overdue receivables).</u></p> <p>VII. <u>Derivative products</u></p> <p>VIII. <u>Assets acquired or disposed of in connection with mergers, demergers, acquisitions, or transfer of shares in accordance with law.</u></p> <p>IX. <u>Other important assets.</u></p>	<p>Revised in accordance with the law</p>
<p>Article 4:</p> <p>I. Derivatives: Forward contracts, options contracts, futures contracts, leverage contracts, and swap contracts, and compound contracts combining the above products, whose value is derived from assets, interest rates, foreign exchange rates, indexes or other interests. The term "forward contracts" does not include insurance contracts, performance contracts, after-sales service contracts, long-term leasing contracts, or long-term purchase (sales) agreements.</p> <p>II. Assets acquired or disposed through mergers, demergers, acquisitions, or transfer of shares in accordance with law: Refers to assets acquired or disposed through mergers, demergers, or acquisitions conducted under the Business Mergers and Acquisitions Act, Financial</p>	<p>Article 4:</p> <p>I. Derivatives: Forward contracts, options contracts, futures contracts, leverage contracts, or swap contracts, whose value is derived from a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable; or hybrid contracts combining the above contracts; or hybrid contracts or structured products containing embedded derivatives. The term "forward contracts" does not include insurance contracts, performance contracts, after-sales service contracts, long-term leasing contracts, or long-term purchase (sales) contracts.</p> <p>II. Assets acquired or disposed through mergers, demergers, acquisitions, or transfer of shares in accordance with law: Refers to assets acquired or disposed through mergers, demergers, or acquisitions conducted under the Business Mergers and</p>	<p>Revised in accordance with the law</p>

<p>Holding Company Act, Financial Institution Merger Act and other acts, or to transfer of shares from another company through issuance of new shares of its own as the consideration therefor (hereinafter "transfer of shares") under Article 156, paragraph 8 of the Company Act.</p>	<p>Acquisitions Act, Financial Holding Company Act, Financial Institution Merger Act and other acts, or to transfer of shares from another company through issuance of new shares of its own as the consideration therefor (hereinafter "transfer of shares") under Article 156-3 of the Company Act.</p> <p><u>IX. Investment professional: Refers to financial holding companies, banks, insurance companies, bill finance companies, trust enterprises, securities firms operating proprietary trading or underwriting business, futures commission merchants operating proprietary trading business, securities investment trust enterprises, securities investment consulting enterprises, and fund management companies, that are lawfully incorporated and are regulated by the competent financial authorities of the jurisdiction where they are located.</u></p> <p><u>X. Securities exchange: "Domestic securities exchange" refers to the Taiwan Stock Exchange Corporation; "foreign securities exchange" refers to any organized securities exchange market that is regulated by the competent securities authorities of the jurisdiction where it is located.</u></p> <p><u>XI. Over-the-counter venue ("OTC venue," "OTC"): "Domestic OTC venue" refers to a venue for OTC trading provided by a securities firm in accordance with the Regulations Governing Securities Trading on the Taipei Exchange; "foreign OTC venue" refers to a venue at a financial institution that is regulated by the foreign competent authority and that is permitted to conduct securities business.</u></p>	
<p>Article 5: Total amount of investment to real property and securities not for business use: The total amount of the Company and each subsidiary to acquire the said assets shall be set as follows: I. The investment in real property not for business use shall not exceed 50% of the Company's net worth.</p>	<p>Article 5: The total amount of acquisition of real property, right-of-use asset or securities not for business use: The total amount of the Company and each subsidiary to acquire the said assets shall be set as follows: I. The investment to acquire real property and right-of-use asset, not for business use, shall not exceed 50% of the Company's net worth.</p>	<p>Revised in accordance with the law</p>
<p>Article 6: Professional appraisers and their officers, certified public accountants, attorneys, and securities underwriters that provide the Company with appraisal reports, certified public accountant's opinions, attorney's opinions, or underwriter's opinions may not be a related party of any party to the transaction.</p>	<p>Article 6: Professional appraisers and their officers, certified public accountants, attorneys, and securities underwriters that provide the Company with appraisal reports, certified public accountant's opinions, attorney's opinions, or underwriter's opinions shall meet the following requirements:</p>	<p>Revised in accordance with the law</p>

	<p>I. <u>May not have previously received a final and unappealable sentence to imprisonment for 1 year or longer for a violation of the Act, the Company Act, the Banking Act of the Republic of China, the Insurance Act, the Financial Holding Company Act, or the Business Entity Accounting Act, or for fraud, breach of trust, embezzlement, forgery of documents, or occupational crime. However, this provision does not apply if 3 years have already passed since completion of service of the sentence, since expiration of the period of a suspended sentence, or since a pardon was received.</u></p> <p>II. <u>May not be a related party or de facto related party of any party to the transaction.</u></p> <p>III. <u>If the Company is required to obtain appraisal reports from two or more professional appraisers, the different professional appraisers or appraisal officers may not be related parties or de facto related parties of each other.</u></p> <p><u>When issuing an appraisal report or opinion, the personnel referred to in the preceding paragraph shall comply with the following:</u></p> <p>I. <u>Prior to accepting a case, they shall prudently assess their own professional capabilities, practical experience, and independence.</u></p> <p>II. <u>When examining a case, they shall appropriately plan and execute adequate working procedures, in order to produce a conclusion and use the conclusion as the basis for issuing the report or opinion. The related working procedures, data collected, and conclusion shall be fully and accurately specified in the case working papers.</u></p> <p>III. <u>They shall undertake an item-by-item evaluation of the comprehensiveness, accuracy, and reasonableness of the sources of data used, the parameters, and the information, as the basis for issuance of the appraisal report or the opinion.</u></p> <p>IV. <u>They shall issue a statement attesting to the professional competence and independence of the personnel who prepared the report or opinion, and that they have evaluated and found that the information used is reasonable and accurate, and that they have complied with applicable laws and regulations.</u></p>	
Article 7: Disposition Procedures for Handling Acquisition and Disposal of Real Property and Other Fixed Assets	Article 7: Procedures for acquiring or disposing of real property, equipment or rights-rights assets	Revised in accordance with the law

<p>I. Evaluation and Operating Procedures The disposition procedures for acquisition and disposal of real property, plant and equipment, shall comply with the Company's internal control system, fix assets cycle procedures.</p> <p>II. Decision-making Procedures for Transaction Conditions and Authorized Limits</p> <p>(I) In acquiring or disposing of assets, the Company shall take assessed present value, appraisal value, and real transaction price of nearby real property into consideration for the transaction criteria and price. The above information shall be compiled into an analysis report and submitted to the Chairman. For a transaction whose amount is no more than NT\$50 million, the transaction shall be submitted to the Chairman for approval and submitted to the most recent Board meeting on an after-event basis. For those that exceed NT\$50 million, the transaction shall not proceed unless approval from the Board has been received.</p> <p>(II) Where the acquisition or disposal of other plants and equipment is conducted by reference to the price, price comparison, price negotiation, or tender method, the amount of the transaction shall be approved by the competent authority in accordance with the authorization method. If the amount exceeds NT\$20 million, the approval of the Chairman of the Board shall be submitted to the Board of Directors after approval.</p> <p>III. Implementation Unit When the Company acquires or disposes of real property, other plants and equipment, the Company shall be responsible for the execution of the aforementioned approval authorization.</p> <p>IV. Appraisal Report for Real Property, Other Plant and Equipment In acquiring or disposing of real property or equipment where the transaction amount reaches 20 percent of the Company's paid-in capital or NT\$300 million or more, the Company, unless transacting with a government agency, engaging others to build on its own land, engaging others to build on rented land, or acquiring or disposing of equipment for business use, shall obtain an appraisal report prior to the date of occurrence of the event from a professional appraiser and shall further</p>	<p>I. Evaluation and Operating Procedures The Company acquires or disposes of real property, equipment, or its right-of-use assets, and shall follow the Company's internal control system fixed asset cycle procedures.</p> <p>II. Decision-making Procedures for Transaction Conditions and Authorized Limits</p> <p>(I) In acquiring or disposing of assets and right-of-use assets, the Company shall take assessed present value, appraisal value, and real transaction price of nearby real property into consideration for the transaction criteria and price. The above information shall be compiled into an analysis report and submitted to the Chairman. For a transaction whose amount is no more than NT\$50 million, the transaction shall be submitted to the Chairman for approval and submitted to the most recent Board meeting on an after-event basis. For those that exceed NT\$50 million, the transaction shall not proceed unless approval from the Board has been received.</p> <p>(II) Where the acquisition or disposal of equipment and right-of-use assets is conducted by reference to the price, price comparison, price negotiation, or tender method, the amount of the transaction shall be approved by the competent authority in accordance with the authorization method. If the amount exceeds NT\$20 million, the approval of the Chairman of the Board shall be submitted to the Board of Directors after approval.</p> <p>III. Implementation Unit When the Company acquires or disposes of real property, equipment or right-of-use assets, the Company shall be responsible for the execution of the aforementioned approval authorization.</p> <p>IV. Appraisal report for real property, equipment or right-of-use asset In acquiring or disposing of real property, equipment or right-of-use assets where the transaction amount reaches 20 percent of the Company's paid-in capital or NT\$300 million or more, the Company, unless transacting with a government agency, engaging others to build on its own land, engaging others to build on rented land, or acquiring or disposing of equipment for business use, shall obtain an appraisal report prior to the date of occurrence of the</p>	
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<p>comply with the following provisions:</p> <p>(I) Where due to special circumstances it is necessary to give a limited price, specified price, or special price as a reference basis for the transaction price, the transaction shall be submitted for approval in advance by the Board of Directors, and the same procedure shall be followed for any future changes to the terms and conditions of the transaction.</p>	<p>event from a professional appraiser and shall further comply with the following provisions:</p> <p>(I) Where due to special circumstances it is necessary to give a limited price, specified price, or special price as a reference basis for the transaction price, the transaction shall be submitted for approval in advance by the Board of Directors; the same procedure shall also be followed whenever there is any subsequent change to the terms and conditions of the transaction.</p>	
<p>Article 9: Related party transactions</p> <p>II. Assessment and Operating Procedures</p> <p>When the Company intends to acquire or dispose of real property or right-of-use assets thereof from or to a related party, or when it intends to acquire or dispose of assets other than real property thereof from or to a related party and the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the Company's total assets, or NT\$300 million or more, except in trading of domestic government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises, the Company may not proceed to enter into a transaction contract or make a payment until the following matters have been approved by the Board of Directors and recognized by the supervisors before the contract is signed or payments made:</p> <p>(III) With respect to the acquisition of real property thereof from a related party, information regarding appraisal of the reasonableness of the preliminary transaction terms in accordance with preceding Article, paragraph 3, subparagraph (1) and (4).</p> <p>When the transaction for acquisition or disposal of equipment for business which to be conducted between the Company and its parent or subsidiaries, the Company's Board of Directors may delegate the board chairman to decide such matters when the transaction is within a certain amount and have the decisions subsequently submitted to and ratified by the next Board of Directors meeting:</p> <p>Where the position of independent director has been created, when a matter is</p>	<p>Article 9: Related party transactions</p> <p>II. Assessment and Operating Procedures</p> <p>When the Company intends to acquire or dispose of real property or right-of-use assets thereof from or to a related party, or when it intends to acquire or dispose of assets other than real property or right-of-use assets thereof from or to a related party and the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the Company's total assets, or NT\$300 million or more, except in trading of domestic government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises, the following information and materials shall be submitted to the Audit Committee and Board of Directors for approval before the contract is signed or payments made:</p> <p>(III) With respect to the acquisition of real property or right-of-use assets thereof from a related party, information regarding appraisal of the reasonableness of the preliminary transaction terms in accordance with preceding Article, paragraph 3, subparagraph (1), (2), (4) and (6).</p> <p>The Company, where the Company, its parent company, or any subsidiary, directly or indirectly, holds 100% of the total issued shares or the total amount of capital, and the Board may authorize the Chairman to decide the transaction within a certain amount, and then submit the matter to the next Board of Directors meeting for retroactive recognition:</p> <p>I. <u>Acquisition or disposal of equipment or right-of-use assets for business use.</u></p> <p>II. <u>The acquisition or disposal of real property right-of-use assets for business use.</u></p>	<p>Revised in accordance with the law</p>

<p>submitted for discussion by the Board of Directors pursuant to paragraph 1, the Board of Directors shall take into full consideration each independent director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the Board of Directors meeting.</p> <p>III. Evaluation of the reasonableness of transaction costs</p> <p>(I) The Company that acquires real property from a related party shall evaluate the reasonableness of the transaction costs by the following means:</p> <p>(II) Where land and structures thereupon are combined as a single property purchased in one transaction, the transaction costs for the land and the structures may be separately appraised in accordance with either of the means listed in the preceding paragraph.</p> <p>(III) The Company that acquires real property from a related party and appraises the cost of the real property in accordance with paragraph 3, subparagraph (1) and (2) shall also engage a CPA to check the appraisal and render a specific opinion.</p> <p>(IV) When the results of the Company's appraisal conducted in accordance with paragraph 3, subparagraph (1) and (2) 2 of the preceding Article are uniformly lower than the transaction price, the matter shall be handled in compliance with paragraph 3 ,subparagraph (5). However, where the following circumstances exist, objective evidence has been submitted and specific opinions on reasonableness have been obtained from a professional real property appraiser and a CPA have been obtained, this restriction shall not apply:</p> <p>1. Where the related party acquired undeveloped land or leased land for construction, it may submit proof of compliance with one of the following conditions:</p> <p>(2) Completed transactions by unrelated parties within the preceding year involving other floors of the same property or neighboring or closely valued parcels of</p>	<p>Where the position of independent director has been created, when a matter is submitted for discussion by the Board of Directors pursuant to paragraph 1, the Board of Directors shall take into full consideration each independent director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the Board of Directors meeting.</p> <p>III. Evaluation of the reasonableness of transaction costs</p> <p>(I) The Company shall evaluate the reasonableness of the transaction costs by the following means in acquiring right-of use assets from a Related Party:</p> <p>(II) Where land and structures thereupon are combined as a single property purchased or leased, the transaction costs for the land and the structures may be separately appraised in accordance with either of the means listed in the preceding paragraph.</p> <p>(III) The Company shall engage a CPA to review the real property or the right-of-use asset in accordance with Paragraph 3, Subparagraph 1, Subparagraph 2 of this Article and the regulations governing the appraisal of the right of use of the right-of-use asset to a related party, and shall also engage a CPA to check and render a specific opinion.</p> <p>(IV) When the Company acquires real property or uses the right-of-use asset from a related party, the results of the evaluation in accordance with Paragraph 3, Item (1) and 2 of this Article are uniformly lower than the transaction price, and the results shall be handled in accordance with Paragraph 3, Subparagraph 5 of this Article. However, where the following circumstances exist, objective evidence has been submitted and specific opinions on reasonableness have been obtained from a professional real property appraiser and a CPA have been obtained, this restriction shall not apply:</p> <p>1. Where the related party acquired undeveloped land or leased land for construction, it may submit proof of compliance with one of the following conditions:</p> <p>(2) Where the same property is a non-</p>	
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<p>land, where the land area and transaction terms are similar after calculation of reasonable price discrepancies in floor or area land prices in accordance with standard property market practices.</p> <p><u>(3) Completed leasing transactions by unrelated parties for other floors of the same property from within the preceding year, where the transaction terms are similar after calculation of reasonable price discrepancies among floors in accordance with standard property leasing market practices.</u></p> <p>2. Where the Company acquiring real property from a related party provides evidence that the terms of the transaction are similar to the terms of transactions completed for the acquisition of neighboring or closely valued parcels of land of a similar size by unrelated parties within the preceding year. Completed transactions for neighboring or closely valued parcels of land in the preceding paragraph in principle refers to parcels on the same or an adjacent block and within a distance of no more than 500 meters or parcels close in publicly announced current value; transaction for similarly sized parcels in principle refers to transactions completed by unrelated parties for parcels with a land area of no less than 50 percent of the property in the planned transaction; within the preceding year refers to the year preceding the date of occurrence of the acquisition of the real property.</p> <p>(V) Where the Company acquires real property from a related party and the results of appraisals conducted in accordance with the preceding Article, paragraph 3, subparagraph (1) and (2), are uniformly lower than the transaction price, the following steps shall be taken: Where the Company uses the equity method to account for its investment in another company, that has set aside a special reserve under the preceding paragraph may not utilize the special reserve until it has recognized a loss on decline in market value of the assets it purchased at a premium, or they have been disposed of, or adequate compensation has been made, or the status quo ante has been restored, or there is other evidence confirming that there was nothing unreasonable about the transaction, and the FSC has given its consent.</p>	<p>related party or other party with a close proximity within the preceding year, and the transaction terms are similar to the conditions specified in the real property transaction or the leasing practices, and the conditions for the transaction shall be similar after the appraisal of the property or the regional price difference.</p> <p>2. Where the Company acquiring real property or obtaining real property right-of-use assets through leasing or from a related party provides evidence that the terms of the transaction are similar to the terms of completed transactions involving neighboring or closely valued parcels of land of a similar size by unrelated parties within the preceding year. 2. Completed transactions involving neighboring or closely valued parcels of land in the preceding paragraph in principle refers to parcels on the same or an adjacent block and within a distance of no more than 500 meters or parcels close in publicly announced current value; transactions involving similarly sized parcels in principle refers to transactions completed by unrelated parties for parcels with a land area of no less than 50 percent of the property in the planned transaction; within the preceding year refers to the year preceding the date of occurrence of the acquisition of the real property or obtainment of the right-of-use assets thereof.</p> <p>(V) The Company acquires real property or its right-of-use assets from a related party, and the following matters shall be handled if the results of the evaluation conducted in accordance with Paragraph 3, (2), (2), (4) and (6) of this Article are uniformly lower than the transaction price. The Company has set aside a special reserve under the preceding paragraph and may not utilize the special reserve until it has recognized a loss on decline in market value of the assets it purchased or leased at a premium, or they have been disposed of, or the leasing contract has been terminated, or adequate compensation has been made, or the status quo ante has been restored, or there is other evidence confirming that there was nothing unreasonable about the transaction, and the FSC has given its consent.</p> <p>1. A special reserve shall be set aside in accordance with Article 41, paragraph 1 of the Act against the difference between the</p>	
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<p>1. A special reserve shall be set aside in accordance with Article 41-1 of the Securities and Exchange Act against the difference between the real property transaction price and the appraised cost, and may not be distributed or used for capital increase. Where the Company adopts the equity method to account for investment in a public company, the special reserve shall be set aside in accordance with Paragraph 1, Article 41 of the Securities and Exchange Act.</p> <p>2. Supervisors shall comply with Article 218 of the Company Act.</p> <p>3. The handling status of the transaction shall be reported to the shareholders' meeting pursuant to Item 1 and 2, Paragraph 3, Article 3, and the details of the transaction shall be disclosed in the annual report and the prospectus.</p> <p>(VI) When the Company acquires real property from a related party, the Company shall comply with the assessment and operating procedures provided in Paragraph 1, Article 2 and Paragraph 2 of this Article, and shall not apply to the evaluation requirements of the transaction costs in accordance with Paragraph 3, Item 1, 2 and 3 of this Article:</p> <p>1. The related party acquired the real property through inheritance or gift.</p> <p>2. More than five years will have elapsed from the time the Related Party signed the contract to obtain the real property to the signing date for the current transaction.</p> <p>(VII) The Corporation shall also comply with Subparagraph (7) if there is other evidence indicating that the acquisition of real property from a related party was not an arm's length transaction.</p>	<p>real property transaction price and the appraised cost, and may not be distributed or used for capital increase or issuance of bonus shares. Where the Company adopts the equity method to account for investment in a public company, the special reserve shall be set aside in accordance with Paragraph 1, Article 41 of the Securities and Exchange Act.</p> <p>2. Supervisors shall comply with Article 218 of the Company Act. Where an audit committee has been established in accordance with the provisions of the Act, the preceding part of this subparagraph shall apply mutatis mutandis to the independent director members of the audit committee.</p> <p>3. Actions taken pursuant to the preceding two subparagraphs shall be reported to a shareholders meeting, and the details of the transaction shall be disclosed in the annual report and any investment prospectus.</p> <p>(VI) When the Company acquires real property from a related party, the Company shall comply with the assessment and operating procedures provided in Paragraph 1, Article 2 and Paragraph 2 of this Article, and shall not apply to the evaluation requirements of the transaction costs in accordance with Paragraph 3, Item 1, 2 and 3 of this Article:</p> <p>1. The related party acquired the real property or right-of-use through inheritance or as a gift.</p> <p>2. More than 5 years will have elapsed from the time the related party signed the contract to obtain the real property to the signing date for the current transaction.</p> <p>4. <u>The Company and its parent company, subsidiaries, or subsidiaries that directly or indirectly hold 100% of the issued shares or total capital, have acquired the right-of-use assets for non- business use.</u></p> <p>(VII) When the Company obtains real property from a related party, it shall also comply with the paragraph 3, subparagraph (5) of preceding Article, if there is other evidence indicating that the acquisition was not an arm's length transaction.</p>	
<p>Article 10: Acquisition or disposal of memberships or intangible asset</p> <p>(I) Appraisal and operational procedures</p> <p>The Company acquires or disposes of memberships or intangible assets, and shall</p>	<p>Article 10: Procedures for acquiring or disposing of intangible assets or their right-of-use assets or membership certificate</p> <p>(I) Appraisal and operational procedures</p> <p>The Company acquires or disposes of</p>	<p>Revised in accordance with the law</p>

<p>comply with relevant laws and regulations of the Securities and Exchange Commission.</p> <p>(II) Decision-making Procedures for Transaction Conditions and Authorized Limits.</p> <p>1. In acquiring or disposing of intangible assets, market fair value shall be taken into consideration while deciding on transaction conditions and trading prices. An analysis report shall be submitted to the Chairman. For transaction amounts lower than 10% of the Company's paid-in capital or less than NT\$30 million, approval from the Chairman is required and shall be reported to the most recent Board meeting on an after-event basis. For transaction exceeding NT\$3 million, approval from the Board shall be obtained prior to execution.</p> <p>(III) Units responsible for implementation When acquiring or disposing of membership or intangible assets, the Company shall, after approval, be authorized by the use department and the Treasury Department or the administrative department.</p> <p>(IV) Expert Assessment Report on Memberships or Intangible Assets</p> <p>2. The Company shall submit an appraisal report by a professional appraiser if the transaction amount of the acquisition or disposal of intangible assets reaches 10% of the paid-in capital or NT\$30 million.</p> <p>Where the Company acquires or disposes of intangible assets or right-of-use assets thereof or memberships and the transaction amount reaches 20 percent or more of paid-in capital or NT\$300 million or more, except in transactions with a domestic government agency, the Company shall engage a certified public accountant prior to the date of occurrence of the event to render an opinion on the reasonableness of the transaction price; the CPA shall comply with the provisions of Statement of Auditing Standards No. 20 published by the ARDF.</p>	<p>intangible assets or its right-of-use asset or memberships, and shall comply with the relevant laws and regulations of the Securities and Exchange Commission.</p> <p>(II) Decision-making Procedures for Transaction Conditions and Authorized Limits.</p> <p>2. In acquiring or disposing of intangible assets or right-of-use assets, market fair value shall be taken into consideration while deciding on transaction conditions and trading prices. An analysis report shall be submitted to the Chairman. For transaction amounts lower than 10% of the Company's paid-in capital or less than NT\$30 million, approval from the Chairman is required and shall be reported to the most recent Board meeting on an after-event basis. For transaction exceeding NT\$3 million, approval from the Board shall be obtained prior to execution.</p> <p>(III) Units responsible for implementation When the Company acquires or disposes of intangible assets or its right-of-use asset or its memberships, the Company shall be responsible for the execution of the aforementioned approval authorization, and the use of the said authority shall be carried out by the use department or the administrative department.</p> <p>(IV) Professional appraisal reports for Intangible assets, right-of-use assets or memberships.</p> <p>2. The Company shall submit an appraisal report by a professional appraiser if the transaction amount of the acquisition or disposal of intangible assets or right-of-use assets reaches 10% of the paid-in capital or NT\$30 million.</p> <p>3. Where the Company acquires or disposes of intangible assets or right-of-use assets thereof or memberships and the transaction amount reaches 20 percent or more of paid-in capital or NT\$300 million or more, except in transactions with a domestic government agency, the Company shall engage a certified public accountant prior to the date of occurrence of the event to render an opinion on the reasonableness of the transaction price; the CPA shall comply with the provisions of Statement of Auditing Standards No. 20 published by the ARDF.</p>	
<p>Article 12: II. Risk Management Measures</p>	<p>Article 12: II. Risk Management Measures</p>	<p>Revised in accordance with the law</p>

<p>(V) Operational Risk Management</p> <p>4. Positions held in derivatives trading shall be assessed at least once weekly.</p> <p>If the transaction is required for a business, the Company shall evaluate the transaction at least twice a month. The evaluation report shall be submitted to the highest decision-making supervisor of the financial department.</p> <p>III. Internal audit system</p> <p>(I) The internal auditors shall regularly understand the fairness of the internal control of derivatives trading, and conduct monthly auditing of the trading departments' compliance with the status of the transaction procedure and analyze the trading cycle, as well as the audit report. If any material violation is found, the Company shall notify the supervisor in writing.</p> <p>V. The principles for supervision and management of the Board of Directors when engaging in derivatives trading</p> <p>(I) The Board of Directors shall designate senior management to monitor the supervision and control of derivatives trading at any time, and the principles of management are as follows:</p> <ol style="list-style-type: none"> 1. Regularly evaluate whether the current risk management measures are appropriate and faithfully comply with the Guidelines and the procedures for engaging in derivatives trading. 2. Supervise the transaction and profit and loss status. When abnormalities are discovered, the necessary countermeasures shall be taken and immediately reported to the Board of Directors. If the Company has set up an independent director, the Board of Directors shall present at the meeting and express an opinion. <p>(II) Evaluate whether the performance of derivatives trading is in compliance with established business strategies and whether the risk exposure is within the Company's permitted scope.</p> <p>(III) When the Company engages in derivatives trading, the Company shall authorize relevant personnel to handle the transaction in accordance with the procedures for engaging in derivatives trading, and shall report the matter to the most recent Board of Directors meeting.</p>	<p>(V) Operational Risk Management</p> <p>4. Positions held in derivatives trading shall be assessed at least once weekly.</p> <p>If the transaction is required for a business, the Company shall evaluate the transaction at least twice a month. The evaluation report shall be submitted to the highest decision-making supervisor of the financial department.</p> <p>III. Internal audit system</p> <p>(I) The internal auditors shall regularly understand the appropriateness of the internal control of derivatives trading, and conduct monthly auditing of the trading departments to conduct the audit report on the basis of the compliance with the procedures for derivatives trading, and to make an audit report. If any material violation is found, the Company shall notify each supervisor and independent director in writing. Where an audit committee has been established in accordance with the provisions of the Act, the preceding part of paragraph 3 shall apply mutatis mutandis to the supervisors of the audit committee.</p> <p>V. The principles for supervision and management of the Board of Directors when engaging in derivatives trading</p> <p>(I) The Board of Directors shall designate senior management to monitor the supervision and control of derivatives trading at any time, and the principles of management are as follows:</p> <ol style="list-style-type: none"> 1. Regularly evaluate whether the current risk management measures are appropriate and faithfully implemented in accordance with these Regulations and the procedures for engaging in derivatives trading. 2. Supervise the transaction and profit and loss status. When abnormalities are discovered, the necessary countermeasures shall be taken and immediately reported to the Board of Directors. If the Company has set up an independent director, the Board of Directors shall present at the meeting and express an opinion. <p>(II) Evaluate whether the performance of derivatives trading is in compliance with established business strategies and whether the risk exposure is within the Company's permitted scope.</p> <p>(III) When the Company engages in derivatives trading, the Company shall authorize relevant personnel to handle the transaction in accordance with the regulations governing derivatives trading.</p>	
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	The Company shall report the matter to the next Board of Directors meeting.	
<p>Article 14: Information Disclosure Procedures</p> <p>I. Public announcement and declaration and declaration standards</p> <p>(I) Acquisition or disposal of real property from or to a related party, or acquisition or disposal of assets other than real property from or to a related party where the transaction amount reaches 20 percent or more of paid-in capital, 20 percent or more of the Company's total assets, or NT\$300 million or more; provided, this shall not apply to trading of government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises.</p> <p>(III) Losses from derivatives trading reaching the limits on aggregate losses or losses on individual contracts set out in the procedures adopted by the Company.</p> <p>(IV) Where the type of asset acquired or disposed is equipment for business use, the trading counterparty is not a related party, and the transaction amount meets any of the following criteria:</p> <ol style="list-style-type: none"> 1. For a company whose paid-in capital is less than NT\$10 billion, the transaction amount reaches NT\$500 million or more. 2. For a public company whose paid-in capital is NT\$10 billion or more, the transaction amount reaches NT\$1 billion or more. <p>(V) Acquisition or disposal by the Company in the construction business of real property for construction use, where the trading counterparty is not a related party, and the transaction amount reaches NT\$500 million.</p> <p>(VI) Where land is acquired under an arrangement on engaging others to build on the Company's own land, engaging others to build on rented land, joint construction and allocation of housing units, joint construction and allocation of ownership percentages, or joint construction and separate sale, and the amount the Company</p>	<p>Article 14: Information Disclosure Procedures</p> <p>I. Public announcement and declaration and declaration standards</p> <p>(I) Acquisition or disposal of real property or right-of-use assets thereof from or to a related party, or acquisition or disposal of assets other than real property or right-of-use assets thereof from or to a related party where the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the Company's total assets, or NT\$300 million or more; provided, this shall not apply to trading of domestic government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises.</p> <p>(III) Losses from derivatives trading reaching the limits on aggregate losses or losses on individual contracts set out in the procedures adopted by the Company.</p> <p>(IV) Where equipment or right-of-use assets thereof for business use are acquired or disposed of, and furthermore the transaction counterparty is not a related party, and the transaction amount meets any of the following criteria:</p> <ol style="list-style-type: none"> 1. For a company whose paid-in capital is less than NT\$10 billion, the transaction amount reaches NT\$500 million or more. 2. For a public company whose paid-in capital is NT\$10 billion or more, the transaction amount reaches NT\$1 billion or more. <p>(V) Acquisition or disposal by the Company in the construction business of real property or right-of-use assets thereof for construction use, and furthermore the transaction counterparty is not a related party, and the transaction amount reaches NT\$500 million; among such cases, if the Company has paid-in capital of NT\$10 billion or more, and it is disposing of real property from a completed construction project that it constructed itself, and furthermore the transaction counterparty is not a related party, then the threshold shall be a transaction amount reaching NT\$1 billion or more.</p> <p>(VI) Where land is acquired under an arrangement on engaging others to build on the Company's own land, engaging others</p>	Revised in accordance with the law

<p>expects to invest in the transaction reaches NT\$500 million.</p> <p>(VII) Where an asset transaction other than any of those referred to in the preceding six subparagraphs, a disposal of receivables by a financial institution, or an investment in the mainland China area reaches 20 percent or more of paid-in capital or NT\$300 million; provided, this shall not apply to the following circumstances:</p> <ol style="list-style-type: none"> 1. Trading of government bonds. 2. Securities trading by investment professionals on foreign or domestic securities exchanges or over-the-counter markets, or subscription by investment professionals of ordinary corporate bonds or of general bank debentures without equity characteristics that are offered and issued in the domestic primary market, or subscription by a securities firm of securities as necessitated by its undertaking business or as an advisory recommending securities firm for an emerging stock company, in accordance with the rules of the Taipei Exchange. 3. Trading of bonds under repurchase/resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises. <p>The amount of transactions above shall be calculated as follows:</p> <p>(3) The cumulative transaction amount of real property acquisitions and disposals (cumulative acquisitions and disposals, respectively) within the same development project within the preceding year.</p>	<p>to build on rented land, joint construction and allocation of housing units, joint construction and allocation of ownership percentages, or joint construction and separate sale, and furthermore the transaction counterparty is not a related party, and the amount the Company expects to invest in the transaction reaches NT\$500 million.</p> <p>(VII) Where an asset transaction other than any of those referred to in the preceding six subparagraphs, a disposal of receivables by a financial institution, or an investment in the mainland China area reaches 20 percent or more of paid-in capital or NT\$300 million; provided, this shall not apply to the following circumstances:</p> <ol style="list-style-type: none"> 1. Trading of domestic public debt. 2. Where done by professional investors—securities trading on securities exchanges or OTC markets, or subscription of ordinary corporate bonds or general bank debentures without equity characteristics (excluding subordinated debt) that are offered and issued in the primary market, or subscription or redemption of securities investment trust funds or futures trust funds, or subscription by a securities firm of securities as necessitated by its undertaking business or as an advisory recommending securities firm for an emerging stock company, in accordance with the rules of the Taipei Exchange. 3. Trading of bonds under repurchase/resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises. <p>The amount of transactions above shall be calculated as follows:</p> <p>(3) The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of real property or right-of-use assets thereof within the same development project within the preceding year.</p>	
<p>Article 15: The Company's subsidiaries shall comply with the following regulations:</p> <p>IV. The paid-in capital or total assets of the public company shall be the standard applicable to a subsidiary referred to the subsidiary's disclosure standards that "the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more</p>	<p>Article 15: The Company's subsidiaries shall comply with the following regulations:</p> <p>IV. Subsidiary's announcement reporting standards regarding paid-in capital or total assets are subject to the Company's paid-in capital or total assets.</p> <p>In the case of a company whose shares have no par value or a par value other than</p>	<p>Revised in accordance with the law</p>

<p>of the Company's total assets.</p> <p>In the case of a company whose shares have no par value or a par value other than NT\$10—for the calculation of transaction amounts of 20 percent of paid-in capital under these Regulations, 10 percent of equity attributable to owners of the parent shall be substituted.</p>	<p>NT\$10—for the calculation of transaction amounts of 20 percent of paid-in capital under these Regulations, 10 percent of equity attributable to owners of the parent shall be substituted; for calculations under the provisions of these Regulations regarding transaction amounts relative to paid-in capital of NT\$10 billion, NT\$20 billion of equity attributable to owners of the parent shall be substituted.</p>	
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ChainTech Technology Corp.,
Comparison Table of the "Operational Procedures for Endorsement and
Guarantee" before and after the amendments

Articles before the amendment	Articles after the amendment	Explanation
<p>Article 8 V. For circumstances in which an entity for which the Company makes any endorsement/guarantee is a subsidiary whose net worth is lower than half of its paid-in capital, the endorsed and guaranteed object shall sign a commitment to the Company so that the Company can control and evaluate its financial position at all times. In the case of a subsidiary with shares having no par value or a par value other than NT\$10, the sum of the share capital plus paid-in capital in excess of par shall be substituted.</p>	<p>Article 8 V. For circumstances in which an entity for which the Company makes any endorsement/guarantee is a subsidiary whose net worth is lower than half of its paid-in capital, the endorsed and guaranteed object shall sign a commitment to the Company so that the Company can control and evaluate its financial position at all times. In the case of a subsidiary with shares having no par value or a par value other than NT\$10, the sum of the share capital plus paid-in capital in excess of par shall be substituted. <u>The Company shall notify the Supervisors in accordance with Paragraph 1 of this Article, and shall be sent to Independent Directors in writing. The improvement plan shall be submitted to the Independent Directors for the improvement plan provided to each supervisor.</u></p>	Revised in accordance with the law
<p>Article 9 II. The Company's balance of endorsements/guarantees reaching one of the following levels shall announce and report such event within two days commencing immediately from the date of occurrence: 3. The balance of endorsements/guarantees by the Company and its subsidiaries for a single enterprise reaches NT\$10 million or more and the aggregate amount of all endorsements/guarantees for, investment of a long-term nature in, and balance of loans to, such enterprise reaches 30 percent or more of the Company's net worth as stated in its latest financial statement. The date of occurrence as specified in the Procedures shall mean the date of signing of the transaction, date of payment, date of Board of Directors resolution, or other date, whichever is the earlier, and the date of transaction and transaction amount.</p>	<p>Article 9 II. The Company's balance of endorsements/guarantees reaching one of the following levels shall announce and report such event within two days commencing immediately from the date of occurrence: 3. The balance of endorsements/guarantees by the public company and its subsidiaries for a single enterprise reaches NT\$10 million or more and the aggregate amount of all endorsements/guarantees for, investments accounted for using equity method, and balance of loans to, such enterprise reaches 30 percent or more of public company's net worth as stated in its latest financial statement. The date of occurrence as specified in the Procedures shall mean the date of signing of the transaction, date of payment, date of Board of Directors resolution, or other date, whichever is the earlier, and the date of transaction and transaction amount.</p>	Revised in accordance with the law
<p>Article 12 After approved, the Procedures shall be</p>	<p>Article 12 After approved, the Procedures shall be</p>	Revised in

<p>submitted to the Supervisors and submitted to the Shareholders' Meeting for approval. If there is a record of dissent or a written statement of the directors, the Company shall submit the dissent to each supervisor and submit it to the shareholders' meeting for discussion. The same shall apply when the Procedures are amended.</p> <p><u>When the Company has set up an independent director, the Company shall take into full consideration each independent director's opinions in accordance with the preceding paragraph, and shall take into full consideration each independent director's opinions, and record the specific opinions or objections of the independent directors and the reasons therefor.</u></p>	<p>submitted to the Supervisors and submitted to the Shareholders' Meeting for approval. If there is a record of dissent or a written statement of the directors, the Company shall submit the dissent to each supervisor and submit it to the shareholders' meeting for discussion. The same shall apply when the Procedures are amended.</p> <p>When the Company has set up an independent director, the Company shall take into full consideration each independent director's opinions pursuant to the preceding paragraph. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the Board of Directors meeting.</p>	<p>accordance with the law</p>
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ChainTech Technology Corp.,

Comparison Table of the "Procedures for Lending Funds to Others"

Articles before the amendment	Articles after the amendment	Explanation
<p>Article 2</p> <p>(IV) The Company shall, directly or indirectly, engage in lending between foreign companies and the Company's wholly-owned subsidiary, and shall not be subject to any restriction on the amount of loans to be lent to (2) by the Company. However, individually and collectively, the amount of loans and total sums of money shall not exceed 50% of the net worth of this Company.</p>	<p>Article 2</p> <p>(IV) The Company shall, directly or indirectly, invest in loans between foreign companies that hold 100% of voting shares, or the foreign company that the Company hold 100% of voting shares loaning funds to the Company, shall not be subject to any restriction on the Company's lending of funds, but the individual and the total amount of loans shall not exceed 50% of the Company's net worth, and shall not exceed one year.</p> <p><u>When the Company's responsible person violates the preceding two paragraphs, the person shall be liable, jointly and severally with the borrower, for the repayment of the loan at issue; if the Company is damaged, it shall be liable for damages.</u></p>	Revised in accordance with the law
<p>Article 10</p> <p>The date of occurrence as specified in the Procedures shall mean the date of signing of the transaction, date of payment, date of Board of Directors resolution, or other date, whichever is the earlier, and the date of transaction and transaction amount.</p>	<p>Article 10</p> <p>The date of occurrence as specified in the Procedures shall mean the date of signing of the contract, date of payment, date of Board of Directors resolution, or other date, whichever is the earlier, and the date of transaction and transaction amount.</p>	Revised in accordance with the law
<p>Article 8</p> <p>IV. The responsible personnel shall prepare the loan and other company statements prior to the 10th of each month to be reviewed by the end of each month.</p>	<p>Article 8</p> <p>IV. The responsible personnel shall prepare the loan and other company statements prior to the 10th of each month to be reviewed by the end of each month.</p> <p><u>The Company shall notify the supervisors and Independent directors in writing in accordance with Paragraph 2 of this Article. The improvement plan shall be submitted to Independent Directors for the improvement plan provided to each supervisor.</u></p>	Revised in accordance with the law
<p>Article 12</p> <p>After approved, the Procedures shall be submitted to the Supervisors and submitted to the Shareholders' Meeting for approval. If there is a record of dissent or a written statement of the directors, the Company shall submit the dissent to each supervisor and submit it to the shareholders' meeting</p>	<p>Article 12</p> <p>After approved, the Procedures shall be submitted to the Supervisors and submitted to the Shareholders' Meeting for approval. If there is a record of dissent or a written statement of the directors, the Company shall submit the dissent to each supervisor and submit it to the</p>	Revised in accordance with the law

<p>for discussion. The same shall apply when the Procedures are amended.</p> <p><u>When the Company has set up an independent director, the Company shall take into full consideration each independent director's opinions in accordance with the preceding paragraph, and shall take into full consideration each independent director's opinions, and record the specific opinions or objections of the independent directors and the reasons therefor.</u></p>	<p>shareholders' meeting for discussion. The same shall apply when the Procedures are amended.</p> <p>When the Company has set up an independent director, the Company shall take into full consideration each independent director's opinions pursuant to the preceding paragraph. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the Board of Directors meeting.</p>	
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ChainTech Technology Corp.,

List of candidates for Directors (including Independent Directors) and Supervisors

Type of nominees	Name	Education/Professional Qualifications	Work experience / current position	Number of Shares Held
Directors	E Cheng Technology Limited. Representative: Kao Shu-Jung	Bachelor of Electrical Engineering, Chang Yi University	Work experience: General Manager , AI-EN Thailand Domestic Sales Vice President, Beijing Shen-Ju Computer General Manager, Guangzhou Information Technology Co., Chih-Jung ELSA Technology Inc. Current position: General Manager, ChainTech Technology Corp. Chairman, Shanghai Limited	28,532,080 shares
Directors	E Cheng Technology Limited. Representative: Lu Li-Cheng	Master of Computer Science, Bond University, Australia	Work experience: President, Department of International Technology Administration, Albatron Technology General Manager, Blue Chip Optical Tech Inc. Chairman and President, ChainTech Technology Corp. Current position: Chairman of Chun Electronics Co., Ltd. Chairman of Peugeot Director of the Shanghai Limited Independent Director of Walton Advanced Engineering, Inc. Supervisor of Fullerton Technology Executive Director, PG Union	28,532,080 shares
Directors	E Cheng Technology Limited. Representative: Wang Mu-Tien	Bachelor of Law, National Taiwan University EMBA, Chinese University of Hong Kong	Work experience: Vice President, Credit Card BU, Ping An Bank Assistant Manager, Credit Card Business, CITIC Bank Marketing Director, Credit Card Business, Bank of Communications	28,532,080 shares

			Senior Vice President of CreditEase Group Current position: CEO, Shanghai Himalayas Financial Information Services Co., Ltd.	
Independent Director	Tang Han-Yu	Master of Business Administration, Peking University	Work experience: General Manager, Gigabyte Technology Co., Ltd., China. General Manager, VIA Technologies Co., Ltd., China. President of Asia-Pacific Region, Symbio Group Co., Ltd. Current position: Business Advisor, VIA CPU Platform Inc.	0 Share
Independent Director	Chen Kuo-Chin	Bachelor of Computer Science, Tamkang University Author of Five Fomulas to Succeed in Workplace, published by Business Weekly	Work experience: Senior Vice President, HP IBM Project Manager Junior consultant and lecturer of Radiant Mind Co., Ltd. Yu-Yi, Innovative, and D&B Current position: Consultant, Timing International Group	0 Share
Supervisors	Chou Chun-Tsun	EMBA, NTU Finance	Work experience: Director, Audit Department, KPMG Partner, Chien-Feng Accounting Firm Current position: Partner and Chief Auditor, SCS CONCORD CPAs	30,000 shares
Supervisors	Hsu Sheng-Chin	Bachelor of Computer Science, Tamkang University	Work experience: General Manager, Kwong Lung Industrial Co., Ltd. Current position: Chairman of Win-Way Advance Technology Ltd. Director, INPAQ Technology Co., Ltd. Director of Yihe Information	1,151,048 shares

The qualifications of the nominees were approved by the 23rd meeting of the 13th Board of Directors on May 3, 2019.

ChainTech Technology Corp.
Rules of Procedure for Shareholders' Meetings

Amended on June 21, 2013

Article 1: Unless otherwise required by the law, the Company's shareholders' meetings shall be handled in accordance with the Rules.

Article 2: Shareholders' and shareholders' proxy attendance rules in this regulation shall be the shareholders' representative and shareholder proxy.

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: 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 and 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 I - 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) F 119,010 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) F 213,060 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 II - 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 III - 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 IV - 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 shares held by all directors and supervisors of the Company shall be handled in accordance with the rules 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.

Chapter VI - Accounting

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, when the Company has accumulated losses, the amount shall be reserved to make up for the losses, and then distribute the employee compensation and remuneration to directors and supervisors in accordance with 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 21: 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 17, 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, 2005. 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 June 20, 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 Corp.,

Chairman: Kao Shu-Jung

**ChainTech Technology Corp.,
Rules for Election of Directors and Supervisors**

Amended on June 15, 2017

- I. Elections, re-election and elections of directors and supervisors of the Company shall be conducted in accordance with these Regulations.

- II. The qualifications of independent directors of the Company shall comply with Article 2, Article 3, and Article 4 of the Regulations Governing Appointment of Independent Directors of Public Companies.

The election of independent directors of the Company shall comply with the provisions of Article 5, 6, 7, 8, and 9 of the "Regulations Governing the Appointment of Independent Directors and Compliance Matters for Public Companies," and shall be conducted in accordance with Article 24 of the Corporate Governance Best Practice Principles for TWSE/GTSM Listed Companies.

- III. The election of the Company's directors (including independent directors) and supervisors shall be conducted in accordance with the candidate nomination system set out in Article 192-1 and Article 206-1 of the Company Act.

When the number of directors falls below five due to the dismissal of a director for any reason, this Corporation shall hold a by-election to fill the vacancy at its next shareholders meeting. When the number of directors falls short by one third of the total number, the Company shall call a special shareholders meeting within 60 days from the date of occurrence to hold a by-election to fill the vacancies.

When the number of independent directors falls below 2 persons or one-fifth of total number of directors, a by-election shall be held at the next shareholders meeting to fill the vacancy.

When the independent directors are dismissed en masse, a special shareholders meeting shall be called within 60 days from the date of occurrence to hold a by-election to fill the vacancies. When the number of supervisors falls below that prescribed in the Company's Articles of Association due to the dismissal of a supervisor for any reason, a by-election to fill the vacancy should ideally be held at the next shareholders meeting. When the supervisors are dismissed en masse, a special shareholders meeting shall be called within 60 days from the date of occurrence to hold a by-election to fill the vacancies.

- IV. The cumulative voting method shall be used for election of the directors and supervisors at this Corporation. Each share will have voting rights in number equal to the directors or supervisors to be elected, and may be cast for a single candidate or split among multiple candidates.

- V. The Board of Directors shall prepare separate ballots for directors and supervisors in numbers corresponding to the directors or supervisors to be elected. The number of voting rights associated with each ballot shall be specified on the ballots, which shall then be distributed to

the attending shareholders at the shareholders meeting. Attendance card numbers printed on the ballots may be used instead of recording the names of voting shareholders.

- VI. The number of directors and supervisors will be as specified in this Corporation's articles of incorporation, with voting rights separately calculated for independent and non-independent director positions. Those receiving ballots representing the highest numbers of voting rights will be elected sequentially according to their respective numbers of votes. When two or more persons receive the same number of votes, thus exceeding the specified number of positions, they shall draw lots to determine the winner, with the chair drawing lots on behalf of any person not in attendance.

- VII. Before the election begins, the chair shall appoint a number of persons with shareholder status to perform the respective duties of vote monitoring and counting personnel. The ballot boxes shall be prepared by the Board of Directors and publicly checked by the vote monitoring personnel before voting commences.

- VIII. If a candidate is a shareholder, a voter must enter the candidate's account name and shareholder account number in the "candidate" column of the ballot; for a non-shareholder, the voter shall enter the candidate's full name and identity card number. However, when the candidate is a governmental organization or institutional shareholder, the name of the governmental organization or institutional shareholder shall be entered in the column for the candidate's account name in the ballot paper, or both the name of the governmental organization or institutional shareholder and the name of its representative may be entered. When there are multiple representatives, the names of each respective representative shall be entered.

- IX. A ballot is invalid under any of the following circumstances:
 - (I) The ballot was not prepared by the Board of Directors.
 - (II) A blank ballot is placed in the ballot box.
 - (III) The writing is unclear and indecipherable or has been altered.
 - (IV) The candidate whose name is entered in the ballot is a shareholder, but the candidate's account name and shareholder account number do not conform with those given in the shareholder register, or the candidate whose name is entered in the ballot is a non-shareholder, and a cross-check shows that the candidate's name and identity card number do not match.
 - (V) Other words or marks are entered in addition to the candidate's account name or shareholder account number (or identity card number) and the number of voting rights allotted.
 - (VI) The name of the candidate entered in the ballot is identical to that of another shareholder, but no shareholder account number or identity card number is provided in the ballot to identify such individual.

- X. The voting rights shall be calculated on site immediately after the end of the poll, and the results of the calculation, including the list of persons elected as directors or supervisors and the numbers of votes with which they were elected, shall be announced by the chair on the site.

- XI. The Board of Directors of the Company shall issue notifications to the persons elected as directors or supervisors.

- XII. Matters not specified in the Procedures shall be handled in accordance with the Company Act and relevant laws and regulations.

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

Directors and Supervisors share ownership ratios

- I. The Company's paid-in capital as of April 16, 2019 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 16, 2019 Unit: Shares

Title	Name	Date of Appointment	Tenure	Number of shares held up election		Number of shares held on book closure date	
				Number of shares held	Shareholding ratio	Number of shares	Shareholding ratio
Chairman	E Cheng Technology Limited Representative: Kao Shu-Jung	2016.6.14	3	36,532,080	33.44	28,532,080	28.11
Directors	E Cheng Technology Limited Legal Representative: Lu Li-Cheng						
Directors	E Cheng Technology Limited Representative: Wang Mu-Tien						
Independent Director	Tang Han-Yu	2016.6.14	3	—	—	—	—
Independent Director	Chen Kuo-Chin	2016.6.14	3	—	—	—	—
Total				36,532,080	33.44	28,532,080	28.11
Supervisors	Hsu Sheng-Chin	2016.6.14	3	1,197,048	1.10	1,151,048	1.13
Supervisors	Chou Chun-Tsun	2016.6.14	3	—	—	30,000	0.03
Total				1,197,048	1.10	1,181,048	1.16

Other necessary supplements:

Report to the proposals and nomination proposed by shareholders at the 2018 shareholders meeting:

1. Pursuant to Article 192-1, Article 192-1 and Article 216-1 of the Company Act, Any shareholder holding 1% or more of the total number of outstanding shares issued by the Company may submit to the Company in writing a roster of director (including independent directors) and supervisor candidates.
2. Proposal: Such proposals, however, are limited to one item only, and such shareholder-submitted proposals are limited to 300 words, and no proposal containing more than 300 words will be included in the meeting agenda.
3. Nomination Content:
 - (I) Nomination for Independent Supervisors: When providing a recommended slate of independent director candidates under the preceding paragraph, a shareholder or the Board of Directors shall include in the documentation attached thereto each nominee's name, educational background, work experience, a written undertaking indicating the nominee's consent to serve as an independent director if elected as such, a written statement that none of the circumstances in Article 30 of the Company Act exists, and other relevant documentary proof in accordance with "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies." And the number of nominees shall not exceed the number of independent directors to be elected; if it exceeds, the nominees shall not on the list of candidates.
 - (II) Nomination for Directors and Supervisors: When providing a recommended slate of Director and Supervisor candidates, a shareholder or the Board of Directors shall include in the documentation attached thereto each nominee's name, educational background, work experience, a written undertaking indicating the nominee's consent to serve as an independent director if elected as such, a written statement that none of the circumstances in Article 30 of the Company Act exists, and other relevant documentary proof in accordance with "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies." And the number of nominees shall not exceed the number of independent directors to be elected; if it exceeds, the nominees shall not on the list of candidates.
4. The Company shall, according to law, announce on the MOPS the proposals raised from April 3, 2019 to April 15, 2019 (registered mails are based on the date when the mail arrives) by the shareholders at this shareholders' meeting.
5. The Company has not received any shareholder proposals during the period of acceptance of the shareholders' proposals.
6. The Company has received a candidate nomination for directors (including independent directors) and a supervisor of the Company who holds more than 1% of the total number of issued shares, and has been included in the list of candidates for election of candidates. Please refer to Attachment 7 (Pages 41 to 43) of the meeting manual.