

Stock Code: 6613



NOVA TECHNOLOGY CORP.

Handbook for the 2020

Annual Meeting of Shareholders

(Translation)

MEETING TIME: May 21, 2020

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A. Meeting Procedure

NOVA TECHNOLOGY CORP.

Procedure for the 2020 Annual Meeting of Shareholders

1. Call the Meeting to Order
2. Chairman Remarks
3. Report Items
4. Proposed Resolutions
5. Discussion Items
6. Questions and Motions
7. Adjournment

B. Meeting Agenda

NOVA TECHNOLOGY CORP.

2020 Annual Shareholders' Meeting Agenda

(Translation)

Time : 9:00 a.m on Thursday, May 21, 2020

Place : 2F, No.76, Sec.2, Jiafeng S. Rd., Zhubei City, Hsinchu County 30272, Taiwan (Zenfar APEC business center)

Chairman : Mr. Chin-Li Liang, Chairman of the Board of Directors.

1. Call the Meeting to Order

2. Chairman Remarks

3. Report Items:

- (1) Business Report of 2019.
- (2) Audit Committee's Review Report of 2019 Financial Statements.
- (3) Distribution of Remuneration to Employees and Directors of 2019.
- (4) Report on the amendment of the Company's "Ethical Corporate Management Best Practice Principles".

4. Proposed Resolutions:

- (1) Adoption of the 2019 Business Report and Financial Statements.
- (2) Adoption of the Proposal for Distribution of 2019 Profits.

5. Discussion Items:

- (1) Discussion on the proposal to amend "Articles of Incorporation"
- (2) Discussion on the proposal to amend "Rules of Procedure for Shareholder Meetings"

6. Questions and Motions

7. Adjournment

Report Items

Report No. 1 : Business Report of 2019. (Proposed by the Board of Directors)

Explanation : For the company's 2019 business reports and financial related statements are attached hereto as Attachments I, II. (page 9 ~ 30)

ReportNo. 2 : Audit Committee's Review Report of 2019 Financial Statement. (Proposed by the Board of Directors)

Explanation : The Audit Committee's Review Report is attached hereto as Attachments III. (page 31)

Report No. 3: Distribution of Remuneration to Employees and Directors of 2019. (Proposed by the Board of Directors)

Explanation: According to the Article 19-1 of the "Articles of Incorporation". The company proposed to allocate 4% for employee remuneration (not less than 3%) in the amount of NTD 26,458,279. It also planned to allocate 1.8% for the remuneration of directors (not higher than 5%) in the amount of NTD 11,906,226. The employees' and directors' remuneration are to be distributed in cash. There is no difference between the amount of employees' and directors' remuneration recognized in the 2019 financial statements.

Report No. 4 : Report on the amendment of the Company's "Ethical Corporate Management Best Practice Principles". (Proposed by the Board of Directors)

Explanation : In order to conform to the amendments of related laws the company hereby amended "Ethical Corporate Management Best Practice Principles" is attached hereto as Attachments IV. (page 32~ 36)

Proposed Resolutions

Proposal No. 1 : Adoption of the 2019 Business Report and Financial Statements. (Proposed by the Board of Directors)

Explanation :

- (1) The Company's Financial Statements (including 2019 consolidated and individual financial statements) were audited and certified by Hai-Ning Huang and Tzu-Hsin Chang the CPA of KPMG Firm. The above-mentioned documents subsequently examined by Audit Committee.
- (2) 2019 Business Report, Independent Auditors' Report, and the aforementioned Financial Statements are attached hereto as Attachments I, II. (page 9 ~ 30)

Resolution :

Proposal No. 2 : Adoption of the Proposal for Distribution of 2019 Profits. (Proposed by the Board of Directors)

Explanation :

- (1) Please refer to the 2019 Profit Distribution Table as follows:

**NOVA TECHNOLOGY CORP.
PROFIT DISTRIBUTION TABLE
Year 2019**

Unit: NTD

Beginning retained earnings	364,629,836
Less: Remeasurement of Defined Benefit Obligation	9,478,000
Add: Net Income of 2019	496,940,935
Less: 10% Legal reserve	49,694,094
Less: Reversal of special reserve	37,592,892
Retained Earnings Available for Distribution as of December 31, 2019	764,805,785
Distribution items:	
Cash Dividend to shareholders (10 per share)	339,280,000
Unappropriated retained earnings	425,525,785

- (2) When distributing cash dividends, the total amount paid to each shareholder shall be in whole NT dollars and any fractional amount less than one NT dollar shall be rounded up to the next NT dollar. The resulting difference shall be recognized as a company expense
- (3) If in amendments to relevant laws, requirement by the competent authority or other related matters, the Chairman is authorized to determine the record date, ex-dividend date, the period of book closure date, payment date and other related matters after the approval of the General Shareholders' Meeting.
- (4) If, subsequently due to capital increase or decrease, shares buyback, cancellation of treasury share, or other related matter, affects the amount of outstanding shares of the Company, and hence causes changes in dividend payout ratio, it is planned that the Chairman be authorized to make such adjustments.

Resolution :

Discussion Items

Proposal No. 1 : Discussion on the proposal to amend “Articles of Incorporation”.
(Proposed by the Board of Directors)

Explanation :

- (1) In order to meet the needs of the company's operations, the company hereby proposes to amend “Articles of Incorporation”.
- (2) The Comparison Table for the “Articles of Incorporation” Before and After Revision is attached hereto as Attachment V (page 37 ~ 38).

Resolution :

Proposal No. 2 : Discussion on the proposal to amend “Rules of Procedure for Shareholder Meetings”. (Proposed by the Board of Directors)

Explanation :

- (1) In order to conform to the amendments of related laws, the company hereby proposes to amend “Rules of Procedure for Shareholder Meetings”.

- (2) The Comparison Table for the “Rules of Procedure for Shareholder Meetings” Before and After Revision is attached hereto as Attachment VI (page 39 ~ 41)

Resolution :

Questions and Motions

Adjournment

Business Report of 2019

Dear Shareholders,

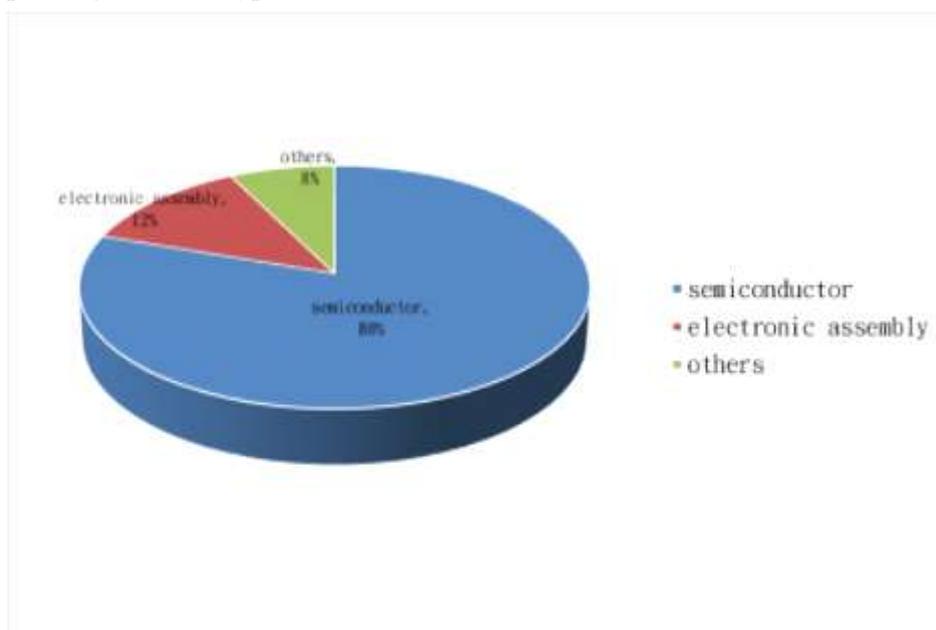
We would like to express our thanks to all shareholders for the support and encouragement to Nova Tech. 2019 was a year of fruitful achievement for Nova Tech. Looking into this year, the external economic environment is still filled with variation but Nova Tech upholds to excellent quality and customer satisfaction as the foundation to corporate sustainable management. In the future, Nova Tech will continue upholding to this concept and face the future growth and challenges with optimism as the return to the support of all shareholders. The company hereby describes the business performance of last year and this year's operational outlook in the followings:

2019 Business Review

A. Implementation results of business plan

In 2019, the trade war between China and the United States led to a slight decline in overall revenue. The consolidated operating revenue in 2019 reached NTD 4,406 million, which was decline 9.5% compared to last year. In terms of profit, the consolidated net profit after tax of 2019 was NTD 497 million, was drop 12.2% compared to last year.

Operating Revenue Type Ratio



Unit: NTD thousands, %

Item	2019	2018	Diff.
Operating revenue	4,406,270	4,866,703	(9.5)
Operating Cost	3,339,223	3,765,651	(11.3)
Gross profit	1,067,047	1,101,052	(3.1)
Operating expenses	400,911	395,483	1.4
Operating income	666,136	705,569	(5.6)
Non-Operating income and expenses	40,396	99,428	(59.4)
Income before income taxes	706,532	804,997	(12.2)

- (1) State of 2019 budget implementation :
This item is not applicable since Nova Tech has not disclosed any financial forecasts.
- (2) Financial structure and profitability

Item		2019	2018	
Financial Structure	Debt to asset ratio (%)	48.13	47.50	
	Long-term capital to property, plant and equipment (%)	1,801.48	1,743.69	
Solvency	Current ratio (%)	227.59	225.15	
	Quick ratio (%)	178.86	192.71	
Profitability	Return on assets (%)	11.42	11.44	
	Return on stockholders' equity (%)	21.83	26.02	
	Ratio to issued capital (%)	Operating income	196.34	207.96
		Pre-tax income	208.24	237.27
	Profit ratio (%)	11.28	11.50	
Basic after-tax EPS (NTD)	14.65	16.50		

B. Technology and R&D Overview:

The R&D department continuously develops various innovative engineering methods and equipment improvements for different industries and projects in order to meet customers' needs and enhance our advantages. Described as below:

- (1) Process waste solvent and waste TMAH recycling and reuse: cooperate with foreign companies and domestic institutes to develop high-purification and reuse of chemicals with rectification technology as the core technology.

The amount of process TMAH is increasing day by day. Our company cooperate with top domestic institutes to focus on the high-concentration waste TMAH solution recovery system that can be handled by the customers in their plants. Followings are the advantages:

- Reduce the cost of removing sludge and waste liquid for electro-optical customers.
- Reduce the operation cost of wastewater treatment plant for electro-optical customers.
- In purpose of reaching circular economy, recycling valuable chemicals in waste liquids, such as H₃PO₄, aluminum, etc.
- Produce other chemicals with high economic value, such as Iron(II) phosphate, Tricalcium phosphate, etc.

Applied in the current electro-optical customers' plants to help they reduce production costs and improve process recovery rate to achieve the circular economy. Using fractional distillation to separation residual liquid and distillate then via low temperature crystallization technique to formation ferric phosphate. Has preliminary results in TMAH recycling and application for a patent.

- (2) In recent years, global climate anomalies and environmental changes have increasingly attracted worldwide attention. The Company set up Environmental Protection and Green Energy Group cooperate with Israel seawater desalting plant to introduce technology of zero waste water discharge system, reclaimed water recycling system and seawater desalination system. Besides, cooperate with domestic institutes and companies using recycling technology to recycle used chemical. This business is in preliminary stage and has not application for a patent.

- (3) HPC High pressure single wafer cleaner

Purpose: For Wet and Related process of higher performance and cleanliness. Basically, to verify air & liquid pattern in Chamber.

Function: By automatic transferring, perform high pressure/ dual media/ dry type cleaning to single wafer in particular chamber to achieve requirement of high level cleanliness.

Critical technology: Unique chamber design/ media pattern control/ swing infeeding ARM/ fully automatic transferring system. This development can be universally used in wafer cleaning process for Size of 4" to 12".

(4) Optimization design for fully type robot arm in Wet Bench

Purpose: By optimization of robot arm, the mechanical performance will be improved meanwhile assembly can be simplified which can lower the cost of robot implementation and improved performance of related process.

Function: Movement of X(transferring), Y(lifting), R(gripping) axis are built by servo driven Rack and ball screw system.

Critical technology: New design mechanism in robot arm to reduce shape for adapting small size application with higher requirement of precision. Such as casstless type bench application, etc. This development can be also used in wet bench and high precision transferring.

Business Plan for 2020

A. Business objectives

- (1) Implement corporate governance and deepen corporate culture.
- (2) Continuing existing customers in mainland China and Southeast Asia, and developing new customers to improve operational efficiency.
- (3) Strengthen cooperation with international partners and deepen the professional and technical capabilities of green energy and water resources engineering.
- (4) Recruiting multiple talents and actively training management teams.

B. Sales forecast and sales policy

SEMI expects that Korea, China and Taiwan will be the top 3 of Global semiconductor manufacturing equipment sales market in 2019 to 2020. China will be the largest equipment market in 2020. According to SEMI forecast, the market share of China will be increase to 22% and 25% in 2019 and 2020. So far, Semiconductor Manufacturing International Corporation, Yangtze Memory Technology Corp and ChangXin Memory Technologies, Inc. as representative of the local semiconductor manufacturing enterprises are laying out advanced manufacturing capacity in the areas of logic circuit chip, 3DNAND memory chip and DRAM memory chip respectively. They are leading the way in China's semiconductor manufacturing technology. China electronic production equipment industry association shows, domestic equipment in the integrated circuit production equipment market reach to 10% market share in the first half of 2019. With the further development of technology in SMIC, YMTC, CXMT will bring more improvement for domestic equipment and a broader import substitution market, the share of domestic equipment has a greater potential to increase. From the second half of 2019 to the first half of 2020, local companies in China are expected to start to show a pick-up. Global semiconductor manufacturing equipment sales will drop 10.5 percent to \$57.6 billion in 2019 from last year's historic peak of \$64.4 billion but stage a 2020 recovery and set a new high in 2021, SEMI reported in its Year-End Total Equipment Forecast. The forecast shows equipment sales registering a 5.5 percent increase to \$60.8 billion in 2020 and continued expansion into 2021, with record revenues of \$66.8 billion.

Our company has been deeply involved in the China market area for many years, and the regional sales accounted for more than a half. With China government's promotion of high-tech industry development policies, although the semiconductor equipment sales are expected to be stable growth in 2020. Despite the impact of COVID-19, semiconductor equipment sales were poor in the first quarter of 2020 and we will keep working hard to create the best shareholders' profits.

Future development strategy

High-tech process supply systems are mainly used in semiconductor, optoelectronics, and other high-investment industries, where safety and quality requirements are competitive. The technology and demand of high-tech industries are changing with each passing day, which can adapt to the changes in the market and raise the development of the business, so that they can survive and grow rapidly under the elimination mechanism of market. In the situation where the competition between domestic and foreign peers has become more intense, technological capabilities, scale economies, efficiency enhancement, and integration services are the winning factors. In view of this, the company continued to carry out research and development of related products, seeking cooperation between domestic and foreign advanced products and manufacturers, and constantly self-improvement, in response to market demand and future development. In China, has grown rapidly over the past five years due to government policies which has been the world's largest importer of semiconductor chips. The overall strategy of China is to reduce its dependence on semiconductor wafer form foreign imports and the goals of the made-in-china 2025 plan is to achieve a self-manufacturing rate reach to 40% in 2020 and 70% in 2025.

Due to climate and environmental changes, water shortages are spreading throughout the world. The World Meteorological Organization predicts that one billion people will face drinking water crisis in the global coastal areas in 2050. Our company has cooperated with international water resources professional companies to develop water resources related system equipment and engineering to provide customers with the best solutions and services, and to take the responsibilities of global citizens.

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

A. External competitive environment

In the situation where the competition between domestic and foreign peers has become more intense, technological capabilities, economies of scale, efficiency enhancement, and integration services are the winning factors. The implementation of professional technology is the only ways to expand the space for career development and create vitality. In current industrial competition pattern, we can quickly grasp the source of raw materials and provide customers with faster and more advanced products and services, which are the important factors related to being the leader in the industry. In view of this, our company continued to carry out research and development of related products, seeking cooperation and products through domestic and foreign, and constantly self-improvement, in response to market demand and future development.

B. Regulatory environment

Our company regularly reviews changes in laws and regulations and complies with the requirements of the competent authorities and upholds the concept of upright management. As a whole, changes in the regulatory environment will have no great impact on our company.

C. Macroeconomic conditions

As mentioned above, China government is proactively promoting the development of local semiconductor industry, it is expected that the company will benefit from related capital expenditure requirements and further increase the market share in China area. In 2019, both domestic and foreign semiconductor market sales are all fall impact from the trade war and decrease in demand of consumer electronics.

Throughout the history of the semiconductor and equipment industry, every market downturn ended with the advent of technology innovation and open up new growth. Although the global economic uncertainty due to the brief adjustment period of global semiconductor and equipment market in 2019 and the impact of COVID-19 in 2020, the semiconductor is for 5G, Internet of things (IoT), artificial intelligence (AI) in areas such as technology wave is expected to encourage the growth of the industry a new round of growth.

Taiwanese region is proactively developing the usage of water resources, according to the plan of the Water Resources Department, the demand of reclaimed water per day will reach 700,000 tons in 2021, and 1,320,000 tons in the year of 2043.

(Source : <http://file.wra.gov.tw/public/Data/57713564171.pdf>)

Our company proactively cooperates with internationally well-known companies in the development of water resource utilization plans and cultivates relevant professionals. It is expected that it will be able to lay a solid foundation for the company's next phase of development in this field.

Important production and sales policies

In recent years, our company has continuously researched and developed high-tech industrial process equipment and the surrounding pipeline engineering design and overall system to provide customers with competitive customized equipment and services. In addition to working in Mainland China for many years, we also follow government's promotion of South moving policy and the trend of the rise in Southeast Asian region, company has set up a subsidiary in Singapore to help expand overseas markets.

Production and sales policies will keep bringing out advantages and grasp current opportunities, we will continue to meet customers' needs to consolidate existing customers and develop new customers in order to maintain steady growth in company business and profitability. As a production, we continue to strengthen our design capabilities, and on the premise of ensuring the production of high-quality equipment, we have expanded equipment manufacturing capacity in mainland China and steadily move forward.

Corporate Social Responsibility

"Happy employees, satisfied customers, and sustainable environment" is the goal and responsibility of Nova Technology. Adhering to the goal is to start from the surrounding stakeholders, create team benefits, and create a sustainable Nova Technology. The customer's attempt is our mission, to reach goal is the spirit of Nova Technology, satisfying customers and applying core skills as well as adding the environmental protection elements to customer needs, reducing the environmental impact of the production process, and pursuing win-win symbiosis.

In addition, "Sincerity, Trustworthy, Simple, Steady" has always been the consistent corporate culture of Nova Technology to pursuit of sustainable management. We know that the sustainable development of the company is maintained by good communication and interaction with all stakeholders. We also hope to gradually integrate corporate social responsibility into daily operations and corporate behavior, so that every member of our company will feedback to society and be friendly to the environment. In terms of talent cultivation, we cooperate with institutes to provide students with opportunities to enter the industry. At the same time, we will promote the mentoring system, new employee orientation, promote the elite school, and create a growth stage.

Nova Technology implements the government's promotion of work safety and health management, requesting each project to be based on standard operating mode, ensuring the safety management of the site's work, and promoting notices. We strictly request the safety equipment and protection to be checked from time to time during the construction process to ensure that all executives successfully complete the project and return home safely.

All the personnel of Nova Technology uphold the company's "Tomorrow to be Better" concept and continue to overcome difficulties. We hope to provide customers with satisfactory services and the greatest benefit for shareholders with excellent products, better solutions and quality.

Sincerely,

Chairman: Chin-Li Liang

President: Chung-Cheng Hsu

Financial and Accounting Manager: Chun-Yen Ou



安侯建業聯合會計師事務所

KPMG

新竹市30078科學工業園區展業一路11號
No. 11, Prosperity Road I, Hsinchu Science Park,
Hsinchu City 30078, Taiwan (R.O.C.)

Telephone 電話 + 886 (3) 579 9955

Fax 傳真 + 886 (3) 563 2277

Internet 網址 kpmg.com/tw

Independent Auditors' Report

To the Board of Directors of Nova Corporation:

Opinion

We have audited the consolidated financial statements of Nova Corporation (the "Company") and its subsidiaries ("the Group"), which comprise the consolidated statement of financial position as of December 31, 2019 and 2018, and the consolidated statement of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2019 and 2018, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the International Financial Reporting Standards ("IFRSs"), International Accounting Standards ("IASs"), interpretations developed by the International Financial Reporting Interpretations Committee ("IFRIC") or the former Standing Interpretations Committee ("SIC") endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audit in accordance with the Regulations Governing Auditing and Certification of Financial Statements by Certified Public Accountants and the auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Certified Public Accountants Code of Professional Ethics in Republic of China ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2019. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Based on our judgment, the key audit matters should be reflected in our report are as follow:

1. Recognition of construction contract revenue (including estimated total budget cost)

Please refer to Note 4(9) "Revenue (Revenue from contract with customers)", Note 5 "Major Sources of Accounting Judgments, Estimations and Assumptions of Uncertainty", and Note 6(14) "Revenue from contracts with customers" to the consolidated financial statements.



Description of key audit matter:

The Group recognized its revenue by using the percentage of completion method. The completion level is based on the cost for each contract at year-end. The management will re-evaluate the cost if the total budget had significantly increased or decreased, and will recalculate the percentage of completion in accordance with the adjusted cost. The accuracy of the construction contract revenue may be affected by the completion level and appropriateness of the estimation of total budget cost. Thus, we considered the recognition of revenue as one of the key matters of our audit.

How the matter was addressed in our audit:

Our principal audit procedures included: reviewing significant contracts to understand the specific terms and risks of each contract; testing the key internal controls of the revenue cycle to confirm the significant risk of the abnormality. Also, enquiring with the management and updating the preparation and approval process of the estimated cost of the contracts; understanding the process of accounting estimates made by the management and considering other evidences to evaluate the management's assumptions on the completeness of construction revenue; checking the differences between the estimated total budget cost and the actual cost of the construction contract. Furthermore, considering whether the management has estimated the cost that had not been invested before the completion date, and the possibility of reversal on the expected price are appropriate and reasonable; as well as assessing whether the revenue is in accordance with the relevant regulations, and the cost is appropriately disclosed.

2. Valuation of receivables

Please refer to Note 4(7) "Financial instruments", Note 5 "Major Sources of Accounting Judgments, Estimations and Assumptions of Uncertainty", and Note 6(3) "Notes receivable, Accounts receivable and overdue receivable, net" to the consolidated financial statements.

Description of key audit matter:

The recoverability of the Group's accounts receivable is related to the economic cycle and customer operations. The management measures the financial position of the customers and assesses the expected credit losses arising from all possible defaults during the expected life of the accounts receivable. The assessment of the impairment loss of receivables is determined by management judgment. Therefore, the valuation of accounts receivable is one of the key matters for our audit.

How the matter was addressed in our audit:

Our principal audit procedures included: checking the completeness and accuracy of the aging analysis; understanding and evaluating the assessment performed by management relating to receivables that are overdue; vouching to the receipt after the year end, and understanding the collectability of remaining amount; assessing the adequacy of loss allowance provided by the Group; and evaluating the adequacy of the Group's disclosures in the accounts.

3. Accrual of construction contract losses

Please refer to Note 4(9) "Revenue (Cost from contracts with customers)", Note 5 "Major Sources of Accounting Judgments, Estimations and Assumptions of Uncertainty", and Note 9(4) "Significant Commitments and Contingencies" to the consolidated financial statements.



Description of key audit matter:

If the Group assesses that the contract cost that has been incurred is “unlikely to be recovered” then will make an accrual for the loss and recognize it as an expense immediately. The accrual of the losses involves management judgment so that the estimation of construction contract losses is one of the key matters for our audit.

How the matter was addressed in our audit:

Our principal audit procedures included: Comparing the actual amount of construction contract losses and loss provisions accrued in the past; assessing and understanding how the management estimates the losses, including the method of assessment, whether the source of the information is appropriate, and the possibility to correct the accounting estimates; evaluating the appropriateness of accounting principles and related disclosures. In addition, if the completion of the contract is subject to the outcome of pending litigation or legislation, the construction contract losses will also be evaluated in accordance with IAS 37.

Other Matter

The Company has prepared its parent company only financial statements as of and for the years ended December 31, 2019 and 2018, on which we have issued an unmodified opinion.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRSs, IASs, IFRC, SIC endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance (including the Audit committee) are responsible for overseeing the Group’s financial reporting process.

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the auditing standards generally accepted in the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with auditing standards generally accepted in the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.



2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2019 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Hai-Ning Huang and Tzu-Hsin Chang.

KPMG

Taipei, Taiwan (Republic of China)
February 24, 2020

Notes to Readers

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

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

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

Nova Corporation and subsidiaries
Consolidated Statements of Comprehensive Income
For the years ended December 31, 2019 and 2018
(Expressed in Thousands of New Taiwan Dollars , Except for Earnings Per Common Share)

		<u>For the years ended December 31,</u>			
		<u>2019</u>		<u>2018</u>	
		<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
4110	Net operating revenue (note 6(14))	\$ 4,406,270	100	4,866,703	100
5110	Operating cost (notes 6(4), (8), (10) and 7)	<u>3,339,223</u>	<u>76</u>	<u>3,765,651</u>	<u>78</u>
5900	Gross profit	<u>1,067,047</u>	<u>24</u>	<u>1,101,052</u>	<u>22</u>
Operating expenses (notes 6(3), (8), (10) and (16)):					
6100	Selling expenses	77,513	2	74,940	2
6200	Administrative expenses	192,040	4	208,805	4
6300	Research and development expenses	108,326	2	116,037	2
6450	Expected credit Impairment loss (gain)	<u>23,032</u>	<u>1</u>	<u>(4,299)</u>	<u>-</u>
		<u>400,911</u>	<u>9</u>	<u>395,483</u>	<u>8</u>
	Net operating income	<u>666,136</u>	<u>15</u>	<u>705,569</u>	<u>14</u>
Non-operating income and expenses:					
7020	Other gains and losses, net (note 6(15))	41,656	1	99,428	2
7050	Finance costs (note 6(8))	<u>(1,260)</u>	<u>-</u>	<u>-</u>	<u>-</u>
		<u>40,396</u>	<u>1</u>	<u>99,428</u>	<u>2</u>
7900	Income before income tax	706,532	16	804,997	16
7950	Less: income tax expenses (note 6(11))	<u>209,591</u>	<u>5</u>	<u>245,134</u>	<u>5</u>
	Net Income	<u>496,941</u>	<u>11</u>	<u>559,863</u>	<u>11</u>
8300	Other comprehensive income:				
8310	Items that will not be reclassified subsequently to profit or loss				
8311	Losses on remeasurements of defined benefit plans (note 6(10))	(9,478)	-	(2,342)	-
8349	Income tax related to items that will not be reclassified subsequently	-	-	-	-
	Total items that will not be reclassified subsequently to profit or loss	<u>(9,478)</u>	<u>-</u>	<u>(2,342)</u>	<u>-</u>
8360	Items that may be reclassified subsequently to profit or loss				
8361	Exchange differences on translation of foreign financial statements	(46,990)	(1)	(19,015)	-
8399	Income tax related to items that may be reclassified subsequently (note 6(11))	9,398	-	4,749	-
	Total items that may be reclassified subsequently to profit or loss	<u>(37,592)</u>	<u>(1)</u>	<u>(14,266)</u>	<u>-</u>
8300	Other comprehensive income	<u>(47,070)</u>	<u>(1)</u>	<u>(16,608)</u>	<u>-</u>
8500	Total comprehensive income	<u>\$ 449,871</u>	<u>10</u>	<u>543,255</u>	<u>11</u>
Earnings per share (New Taiwan Dollars) (note 6(13))					
9750	Basic earnings per share	<u>\$ 14.65</u>		<u>16.50</u>	
9850	Diluted earnings per share	<u>\$ 14.57</u>		<u>16.39</u>	

See accompanying notes to consolidated financial statements.

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

Nova Corporation and subsidiaries
Consolidated Statements of Changes in Equity
For the years ended December 31, 2019 and 2018
(Expressed in Thousands of New Taiwan Dollars)

	Ordinary share capital	Capital surplus	Retained earnings			Total	Exchange differences on translation of foreign financial statements	Total equity
			Legal reserve	Special reserve	Unappropriat ed retained earnings			
Balance as of January 1, 2018 after adjustments	<u>\$ 339,280</u>	<u>866,545</u>	<u>125,701</u>	<u>33,004</u>	<u>763,482</u>	<u>922,187</u>	<u>(26,176)</u>	<u>2,101,836</u>
Net income for the period	-	-	-	-	559,863	559,863	-	559,863
Other comprehensive income for the period	-	-	-	-	(2,342)	(2,342)	(14,266)	(16,608)
Total comprehensive income for the period	-	-	-	-	557,521	557,521	(14,266)	543,255
Appropriation and distribution of retained earnings:								
Appropriation for legal reserve	-	-	44,748	-	(44,748)	-	-	-
Reversal Special reserve	-	-	-	(6,828)	6,828	-	-	-
Cash dividends distributed to shareholder	-	-	-	-	(339,280)	(339,280)	-	(339,280)
Balance as of December 31, 2018	<u>339,280</u>	<u>866,545</u>	<u>170,449</u>	<u>26,176</u>	<u>943,803</u>	<u>1,140,428</u>	<u>(40,442)</u>	<u>2,305,811</u>
Net income for the period	-	-	-	-	496,941	496,941	-	496,941
Other comprehensive income for the period	-	-	-	-	(9,478)	(9,478)	(37,592)	(47,070)
Total comprehensive income for the period	-	-	-	-	487,463	487,463	(37,592)	449,871
Appropriation and distribution of retained earnings:								
Appropriation for legal reserve	-	-	55,985	-	(55,985)	-	-	-
Appropriation for special reserve	-	-	-	14,266	(14,266)	-	-	-
Cash dividends distributed to shareholder	-	-	-	-	(508,920)	(508,920)	-	(508,920)
Balance as of December 31, 2019	<u>\$ 339,280</u>	<u>866,545</u>	<u>226,434</u>	<u>40,442</u>	<u>852,095</u>	<u>1,118,971</u>	<u>(78,034)</u>	<u>2,246,762</u>

See accompanying notes to consolidated financial statements.

Nova Corporation and subsidiaries
Consolidated Statements of Cash Flows
For the years ended December 31, 2019 and 2018
(Expressed in Thousands of New Taiwan Dollars)

	<u>For the years ended December 31,</u>	
	<u>2019</u>	<u>2018</u>
Cash flows from operating activities:		
Income before income tax	\$ 706,532	804,997
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expense	31,185	10,064
Expected credit Impairment loss (gain)	23,032	(4,299)
Provision for inventory devaluation loss (reversal)	(196)	5,309
Interest expense	1,260	-
Interest income	(19,423)	(24,390)
Net profit on financial assets at fair value through profit or loss	(31)	-
Others	2,861	30
Total adjustments to reconcile profit (loss)	<u>38,688</u>	<u>(13,286)</u>
Changes in operating assets and liabilities:		
Changes in operating assets:		
Notes and accounts receivable	235,382	(953,088)
Contract assets	(265,322)	424,348
Inventories	(167,219)	(73,423)
Other current assets	252,402	(80,714)
Total changes in operating assets	<u>55,243</u>	<u>(682,877)</u>
Changes in operating liabilities:		
Contract liabilities	(232,704)	211,423
Notes and accounts payable	152,867	(182,738)
Accounts payable-related parties	(2,961)	898
Unearned sales revenue	-	(10,023)
Accrued expenses and other current assets	(12,924)	(7,840)
Total changes in operating liabilities	<u>(95,722)</u>	<u>11,720</u>
Total adjustments	<u>(1,791)</u>	<u>(684,443)</u>
Cash flows generated from operations	704,741	120,554
Interest received	19,423	24,390
Interest paid	(1,260)	-
Income taxes paid	(151,736)	(152,729)
Net cash flows from (used in) operating activities	<u>571,168</u>	<u>(7,785)</u>
Cash flows from investing activities:		
Acquisition of financial assets at fair value through profit or loss	(30,000)	-
Acquisition of property, plant and equipment	(9,261)	(63,114)
Proceeds from disposal of property, plant and equipment	-	277
Increase in other financial assets-current	(50,000)	(100,000)
Decrease (increase) in other non-current assets	(1,431)	308
Net cash flows used in investing activities	<u>(90,692)</u>	<u>(162,529)</u>
Cash flows from financing activities:		
Payment of lease liabilities	(18,967)	-
Cash dividends paid	(508,920)	(339,280)
Net cash flows used in financing activities	<u>(527,887)</u>	<u>(339,280)</u>
Effect of exchange rate changes	<u>(50,613)</u>	<u>(19,029)</u>
Net increase (decrease) in cash and cash equivalents	(98,024)	(528,623)
Cash and cash equivalents at beginning of period	1,717,725	2,246,348
Cash and cash equivalents at end of period	<u>\$ 1,619,701</u>	<u>1,717,725</u>

Independent Auditors' Report

To the Board of Directors of Nova Technology Corporation:

Opinion

We have audited the accompany parent company only financial statements of Nova Technology Corporation (the "Company"), which comprise the parent company only balance sheets as of December 31, 2019 and 2018, and the parent company only statement of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the parent company only financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying parent company only financial statements present fairly, in all material respects, the accompany parent company only financial position of the Company as of December 31, 2019 and 2018, and its parent company only financial performance and its parent company only cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

We conducted our audit in accordance with the Regulations Governing Auditing and Certification of Financial Statements by Certified Public Accountants and the auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Parent Company Only Financial Statements section of our report. We are independent of the Company in accordance with the Certified Public Accountants Code of Professional Ethics in Republic of China ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the parent company only financial statements for the year ended December 31, 2019. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Based on our judgment, the key audit matters should be reflected in our report are as follow:

1. Recognition of construction contract revenue (including estimated total budget cost)

Please refer to Note 4(8) "Revenue (Revenue from contract with customers)", Note 5 "Major Sources of Accounting Judgments, Estimations and Assumptions of Uncertainty", and Note 6(14) "Revenue from contracts with customers" to the parent company only financial statements.

Description of key audit matter:

The Company recognized its revenue by using the percentage of completion method. The completion level is based on the cost for each contract at year-end. The management will re-evaluate the cost if the total budget had significantly increased or decreased, and will recalculate the percentage of completion in accordance with the adjusted cost. The accuracy of the construction contract revenue may be affected by the completion level and appropriateness of the estimation of total budget cost. Thus, we considered the recognition of revenue as one of the key matters of our audit.

How the matter was addressed in our audit:

Our principal audit procedures included: reviewing significant contracts to understand the specific terms and risks of each contract; testing the key internal controls of the revenue cycle to confirm the significant risk of the abnormality. Also, enquiring with the management and updating the preparation and approval process of the estimated cost of the contracts; understanding the process of accounting estimates made by the management and considering other evidences to evaluate the management's assumptions on the completeness of construction revenue; checking the differences between the estimated total budget cost and the actual cost of the construction contract. Furthermore, considering whether the management has estimated the cost that had not been invested before the completion date, and the possibility of reversal on the expected price are appropriate and reasonable; as well as assessing whether the revenue is in accordance with the relevant regulations, and the cost is appropriately disclosed.

2. Valuation of receivables

Please refer to Note 4(6) "Financial instruments", Note 5 "Major Sources of Accounting Judgments, Estimations and Assumptions of Uncertainty", and Note 6(2) "Notes receivable, Accounts receivable and overdue receivable, net" to the parent company only financial statements.

Description of key audit matter:

The recoverability of the Company's accounts receivable is related to the economic cycle and customer operations. The management measures the financial position of the customers and assesses the expected credit losses arising from all possible defaults during the expected life of the accounts receivable. The assessment of the impairment loss of receivables is determined by management judgment. Therefore, the valuation of accounts receivable is one of the key matters for our audit.

How the matter was addressed in our audit:

Our principal audit procedures included: checking the completeness and accuracy of the aging analysis; understanding and evaluating the assessment performed by management relating to receivables that are overdue; vouching to the receipt after the year end, and understanding the collectability of remaining amount; assessing the adequacy of loss allowance provided by the Company; and evaluating the adequacy of the Company's disclosures in the accounts.

3. Accrual of construction contract losses

Please refer to Note 4(8) "Revenue (Cost from contracts with customers)", Note 5 "Major Sources of Accounting Judgments, Estimations and Assumptions of Uncertainty", and Note 9(4) "Significant Commitments and Contingencies" to the parent company only financial statements.

Description of key audit matter:

If the Company assesses that the contract cost that has been incurred is "unlikely to be recovered" then will make an accrual for the loss and recognize it as an expense immediately. The accrual of the losses involves management judgment so that the estimation of construction contract losses is one of the key matters for our audit.

How the matter was addressed in our audit:

Our principal audit procedures included: Comparing the actual amount of construction contract losses and loss provisions accrued in the past; assessing and understanding how the management estimates the losses, including the method of assessment, whether the source of the information is appropriate, and the possibility to correct the accounting estimates; evaluating the appropriateness of accounting principles and related disclosures. In addition, if the completion of the contract is subject to the outcome of pending litigation or legislation, the construction contract losses will also be evaluated in accordance with IAS 37.

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

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

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

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

Auditors' Responsibilities for the Audit of the Parent Company Only Financial Statements

Our objectives are to obtain reasonable assurance about whether the parent company only financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the auditing standards generally accepted in the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these parent company only financial statements.

As part of an audit in accordance with auditing standards generally accepted in the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the parent company only financial statements, including the disclosures, and whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

6. Obtained sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the parent company only financial statements for the year ended December 31, 2019 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Hai-Ning Huang and Tzu-Hsin Chang.

KPMG

Taipei, Taiwan (Republic of China)
February 24, 2020

Notes to Readers

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

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

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

Nova Technology Corporation
Balance Sheets
December 31, 2019 and 2018
(Expressed in Thousands of New Taiwan Dollars)

		<u>December 31, 2019</u>		<u>December 31, 2018</u>				<u>December 31, 2019</u>		<u>December 31, 2018</u>	
		Amount	%	Amount	%			Amount	%	Amount	%
Assets						Liabilities and Equity					
Current assets:						Current liabilities:					
1100	Cash and cash equivalents (note 6(1))	\$ 582,036	18	932,480	30	2150	Notes payable	\$ 21,418	1	43,126	1
1150	Notes receivable, net (note 6(2))	567	-	336	-	2170	Accounts payable	477,126	14	273,798	9
1170	Accounts receivable, net (note 6(2))	472,108	14	295,228	10	2180	Accounts payable to related parties (note 7)	1,651	-	-	-
1140	Current contract assets (notes 6(14) and 7)	493,548	15	193,521	6	2130	Current contract liabilities (notes 6(14) and 7)	161,913	5	85,607	3
1310	Inventories, net (note 6(3))	33,977	1	20,498	1	2201	Salaries and bonus payable	79,512	2	95,195	3
1421	Prepayments to suppliers (note 7)	23,492	1	148,936	5	2250	Provisions - current (note 6(9))	16,017	1	24,518	1
1476	Other current financial assets (notes 6(4) and 8)	166,721	5	103,128	3	2280	Current lease liabilities (note 6(8))	5,575	-	-	-
1479	Other current assets	10,183	-	14,153	-	2399	Other current liabilities	44,258	1	49,115	1
		<u>1,782,632</u>	<u>54</u>	<u>1,708,640</u>	<u>55</u>			<u>807,470</u>	<u>24</u>	<u>571,359</u>	<u>18</u>
Non-current assets:						Non-Current liabilities:					
1550	Investments in equity-accounted investees (Notes 6(5))	1,423,052	43	1,286,797	42	2570	Deferred tax liabilities (note 6(11))	226,144	7	192,061	6
1600	Property, plant and equipment (note 6(6))	66,001	2	67,241	2	2580	Non-current lease liabilities (note 6(8))	5,358	-	-	-
1755	Right-of-use assets (note 6(7))	10,891	-	-	-	2640	Net defined benefit liability, non-current (note 6(10))	33,628	1	24,403	1
1840	Deferred tax assets (note 6(11))	33,322	1	26,101	1			<u>265,130</u>	<u>8</u>	<u>216,464</u>	<u>7</u>
1990	Other non-current assets (note 6(2))	3,464	-	4,855	-			<u>1,072,600</u>	<u>32</u>	<u>787,823</u>	<u>25</u>
		<u>1,536,730</u>	<u>46</u>	<u>1,384,994</u>	<u>45</u>						
							Total liabilities				
							Equity (note 6(12)):				
						3100	Ordinary share capital	339,280	10	339,280	11
						3200	Capital surplus	866,545	26	866,545	28
						3300	Retained earnings	1,118,971	34	1,140,428	37
						3400	Other equity	(78,034)	(2)	(40,442)	(1)
							Total equity	<u>2,246,762</u>	<u>68</u>	<u>2,305,811</u>	<u>75</u>
							Total liabilities and equity	<u>\$ 3,319,362</u>	<u>100</u>	<u>\$ 3,093,634</u>	<u>100</u>
	Total assets	<u>\$ 3,319,362</u>	<u>100</u>	<u>3,093,634</u>	<u>100</u>						

See accompanying notes to parent company only financial statements.

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

Nova Technology Corporation
Statements of Comprehensive Income
For the years ended December 31, 2019 and 2018
(Expressed in Thousands of New Taiwan Dollars , Except for Earnings Per Common Share)

		For the years ended December 31,			
		2019		2018	
		Amount	%	Amount	%
4000	Net operating revenue (note 6(14) and 7)	\$ 1,912,720	100	1,847,874	100
5000	Operating cost (notes 6(3), (8), (10) and 7)	<u>1,572,503</u>	<u>82</u>	<u>1,505,881</u>	<u>81</u>
	Gross profit	<u>340,217</u>	<u>18</u>	<u>341,993</u>	<u>19</u>
	Operating expenses (notes 6(2), (8), (10) and (16)):				
6100	Selling expenses	5,408	-	3,466	-
6200	Administrative expenses	133,258	7	144,662	8
6450	Expected credit Impairment loss (gain)	<u>(467)</u>	<u>-</u>	<u>(263)</u>	<u>-</u>
		<u>138,199</u>	<u>7</u>	<u>147,865</u>	<u>8</u>
	Net operating income	<u>202,018</u>	<u>11</u>	<u>194,128</u>	<u>11</u>
	Non-operating income and expenses:				
7020	Other gains and losses, net (note 6(15))	(4,563)	-	26,159	1
7050	Finance costs (note 6(8))	(107)	-	-	-
7070	Share of profit of equity-accounted investees (Note 6(5))	<u>425,744</u>	<u>22</u>	<u>491,175</u>	<u>27</u>
		<u>421,074</u>	<u>22</u>	<u>517,334</u>	<u>28</u>
7900	Income before income tax	623,092	33	711,462	39
7950	Less: income tax expenses (note 6(11))	<u>126,151</u>	<u>7</u>	<u>151,599</u>	<u>8</u>
	Net Income	<u>496,941</u>	<u>26</u>	<u>559,863</u>	<u>31</u>
8300	Other comprehensive income:				
8310	Items that will not be reclassified subsequently to profit or loss				
8311	Losses on remeasurements of defined benefit plans (note 6(10))	(9,478)	-	(2,342)	-
8349	Income tax related to items that will not be reclassified subsequently	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	Total items that will not be reclassified subsequently to profit or loss	<u>(9,478)</u>	<u>-</u>	<u>(2,342)</u>	<u>-</u>
8360	Items that may be reclassified subsequently to profit or loss				
8361	Exchange differences on translation of foreign financial statements	(46,990)	(2)	(19,015)	(1)
8399	Income tax related to items that may be reclassified subsequently (note 6(11))	<u>9,398</u>	<u>-</u>	<u>4,749</u>	<u>-</u>
	Total items that may be reclassified subsequently to profit or loss	<u>(37,592)</u>	<u>(2)</u>	<u>(14,266)</u>	<u>(1)</u>
8300	Other comprehensive income	<u>(47,070)</u>	<u>(2)</u>	<u>(16,608)</u>	<u>(1)</u>
	Total comprehensive income	<u>\$ 449,871</u>	<u>24</u>	<u>543,255</u>	<u>30</u>
	Earnings per share (New Taiwan Dollars) (note 6(13))				
9750	Basic earnings per share	<u>\$ 14.65</u>		<u>16.50</u>	
9850	Diluted earnings per share	<u>\$ 14.57</u>		<u>16.39</u>	

See accompanying notes to parent company only financial statements.

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

Nova Technology Corporation
Statements of Changes in Equity
For the years ended December 31, 2019 and 2018
(Expressed in Thousands of New Taiwan Dollars)

	Ordinary share capital	Capital surplus	Retained earnings			Total	Exchange differences on translation of foreign financial statements	Total equity
			Legal reserve	Special reserve	Unappropriated retained earnings			
Balance as of January 1, 2018 after adjustments	\$ 339,280	866,545	125,701	33,004	763,482	922,187	(26,176)	2,101,836
Net income for the period	-	-	-	-	559,863	559,863	-	559,863
Other comprehensive income for the period	-	-	-	-	(2,342)	(2,342)	(14,266)	(16,608)
Total comprehensive income for the period	-	-	-	-	557,521	557,521	(14,266)	543,255
Appropriation and distribution of retained earnings:								
Appropriation for legal reserve	-	-	44,748	-	(44,748)	-	-	-
Reversal Special reserve	-	-	-	(6,828)	6,828	-	-	-
Cash dividends distributed to shareholder	-	-	-	-	(339,280)	(339,280)	-	(339,280)
Balance as of December 31, 2018	339,280	866,545	170,449	26,176	943,803	1,140,428	(40,442)	2,305,811
Net income for the period	-	-	-	-	496,941	496,941	-	496,941
Other comprehensive income for the period	-	-	-	-	(9,478)	(9,478)	(37,592)	(47,070)
Total comprehensive income for the period	-	-	-	-	487,463	487,463	(37,592)	449,871
Appropriation and distribution of retained earnings:								
Appropriation for legal reserve	-	-	55,985	-	(55,985)	-	-	-
Appropriation for special reserve	-	-	-	14,266	(14,266)	-	-	-
Cash dividends distributed to shareholder	-	-	-	-	(508,920)	(508,920)	-	(508,920)
Balance as of December 31, 2019	\$ 339,280	866,545	226,434	40,442	852,095	1,118,971	(78,034)	2,246,762

See accompanying notes to parent company only financial statements.

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

Nova Technology Corporation
Statements of Cash Flows
For the years ended December 31, 2019 and 2018
(Expressed in Thousands of New Taiwan Dollars)

	For the years ended December 31,	
	2019	2018
Cash flows from operating activities:		
Income before income tax	\$ 623,092	711,462
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expense	8,092	2,287
Expected credit Impairment loss (gain)	(467)	(263)
Provision for inventory devaluation loss (reversal)	145	807
Interest expense	107	-
Interest income	(2,652)	(6,126)
Investment income accounted for under the equity method	(425,744)	(491,175)
Others	1,777	(219)
Total adjustments to reconcile profit (loss)	<u>(418,742)</u>	<u>(494,689)</u>
Changes in operating assets and liabilities:		
Changes in operating assets:		
Notes and accounts receivable	(176,644)	17,179
Contract assets	(300,027)	88,790
Accounts receivable–related parties	-	63
Inventories	(13,624)	89,454
Other current assets	115,821	(101,666)
Total changes in operating assets	<u>(374,474)</u>	<u>93,820</u>
Changes in operating liabilities:		
Notes and accounts payable	181,620	(160,227)
Accounts payable–related parties	1,651	(537)
Contract liabilities	76,306	21,363
Accrued expenses and other current assets	(24,298)	(16,392)
Total changes in operating liabilities	<u>235,279</u>	<u>(155,793)</u>
Total adjustments	<u>(557,937)</u>	<u>(556,662)</u>
Cash flows generated from operations	65,155	154,800
Interest received	2,652	6,126
Interest paid	(107)	-
Income taxes paid	(94,634)	(60,454)
Net cash flows from (used in) operating activities	<u>(26,934)</u>	<u>100,472</u>
Cash flows from investing activities:		
Acquisition of property, plant and equipment	(1,403)	(1,250)
Dividends received	242,499	170,917
Increase in other financial assets–current	(50,000)	(100,000)
Decrease (increase) in other non–current assets	(640)	1,153
Net cash flows used in investing activities	<u>190,456</u>	<u>70,820</u>
Cash flows from financing activities:		
Payment of lease liabilities	(5,406)	-
Cash dividends paid	(508,920)	(339,280)
Net cash flows used in financing activities	<u>(514,326)</u>	<u>(339,280)</u>
Net increase (decrease) in cash and cash equivalents	<u>(350,804)</u>	<u>(167,988)</u>
Cash and cash equivalents at beginning of period	<u>932,840</u>	<u>1,100,828</u>
Cash and cash equivalents at end of period	<u>\$ 582,036</u>	<u>932,840</u>

See accompanying notes to parent company only financial statements.



朋億股份有限公司
NOVA TECHNOLOGY CORP.

Audit Committee's Review Report

The Board of Directors has prepared the Company's 2019 Business Report, Financial Statements (included consolidated and individual), and proposal for allocation of profits. The CPA firm of KPMG was retained to audit Nova Technology Corporation's Financial Statements and has issued an audit report relating to the Financial Statements. The Business report, Financial Statements, and profit allocation proposal have been reviewed and determined to be correct and accurate by the Audit committee members of Nova Technology Corporation. According to Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act, we hereby submit this report.

NOVA TECHNOLOGY CORPORATION

Chairman of the Audit Committee: Hui-Yin Chiu

A handwritten signature in black ink, appearing to read 'Chiu, Hui Yin'.

February 24, 2020

Comparison Table of the Ethical Corporate Management Best Practice Principles

Article	After revision	Before revision
Article 6	The Company shall abide by the operational philosophies of honesty, transparency and responsibility, base policies on the principle of good faith and <u>obtain approval from the board of directors, and</u> establish good corporate governance and risk control and management mechanism so as to create an operational environment for sustainable development.	The Company shall abide by the operational philosophies of honesty, transparency and responsibility, base policies on the principle of good faith and establish good corporate governance and risk control and management mechanism so as to create an operational environment for sustainable development.
Article 8	<p>When establishing the prevention programs, the <u>The companies shall analyze which establish a risk assessment mechanism against unethical conduct, analyze and assess on regular basis</u> business activities within their business scope which are possibly at a higher risk of being involved in an unethical conduct at a higher risk of being involved in unethical conduct.</p> <p><u>The companies advised to refer to prevailing domestic and foreign standards or guidelines in establishing the</u> The prevention programs, <u>which</u> shall at least include preventive measures against the following:</p> <ol style="list-style-type: none"> 1. Offering and acceptance of bribes. 2. Illegal political donations. <p style="text-align: center;">:</p>	<p>When establishing the prevention programs, the Company shall analyze which business activities within their business scope which are possibly at a higher risk of being involved in an unethical conduct. The prevention programs shall at least include preventive measures against the following:</p> <ol style="list-style-type: none"> 1. Offering and acceptance of bribes. 2. Illegal political donations. <p style="text-align: center;">:</p>
Article 9	<p><u>The Company shall request their directors and senior management to issue a statement of compliance with the ethical management policy and require in the terms of employment that employees comply with such policy.</u></p> <p>The Company and their <u>its</u> respective business group shall clearly specify in their rules and external documents and <u>on the company website</u> the ethical corporate management policies and the commitment by the board of directors and the <u>senior</u> management on rigorous and thorough implementation of such policies, and shall carry out the policies in internal management and in commercial activities. <u>The Company shall compile documented information on the ethical management policy, statement, commitment and</u></p>	The Company and its respective business group shall clearly specify in their rules and external documents the ethical corporate management policies and the commitment by the board of directors and the management on rigorous and thorough implementation of such policies, and shall carry out the policies in internal management and in commercial activities.

Article	After revision	Before revision
	<u>implementation mentioned in the first and second paragraphs and retain said information properly.</u>	
Article 18	<p>Roles and responsibilities</p> <p>The directors, supervisors, managers, employees, mandataries, and substantial controllers of the Company shall exercise the due care of good administrators to urge the company to prevent unethical conduct, always review the results of the preventive measures and continually make adjustments so as to ensure thorough implementation of its ethical corporate management policies.</p> <p>To achieve sound ethical corporate management, the Company shall may establish a dedicated unit that is under the board of directors and <u>avails itself of adequate resources and staffs itself with competent personnel,</u> responsible for establishing and supervising the implementation of the ethical corporate management policies and prevention programs. The dedicated unit shall be in charge of the following matters, and shall report to the board of directors on a regular basis (<u>at least once a year</u>):</p> <ol style="list-style-type: none"> 1. Assisting in incorporating ethics and moral values into the Company's business strategy and adopting appropriate prevention measures against corruption and malfeasance to ensure ethical management in compliance with the requirements of laws and regulations. 2. <u>Analyzing and assessing on a regular basis the risk of involvement in unethical conduct within the business scope, adopting accordingly</u> Adopting programs to prevent unethical conduct, and setting out in each program the standard operating procedures and conduct guidelines with respect to the company's operations and business. 3. Planning the internal organization, structure, and allocation of responsibilities and setting up check-and-balance mechanisms for mutual supervision of the business activities within the business scope which are possibly at a higher risk for unethical conduct. 4. Promoting and coordinating awareness and educational activities with respect to ethics policy. 5. Developing a whistle-blowing system and ensuring its operating effectiveness. 	<p>Roles and responsibilities</p> <p>The directors, supervisors, managers, employees, mandataries, and substantial controllers of the Company shall exercise the due care of good administrators to urge the company to prevent unethical conduct, always review the results of the preventive measures and continually make adjustments so as to ensure thorough implementation of its ethical corporate manage policies.</p> <p>To achieve sound ethical corporate management, the Company may establish a dedicated unit that is under the board of directors and responsible for establishing and supervising the implementation of the ethical corporate management policies and prevention programs. The dedicated unit shall be in charge of the following matters, and shall report to the board of directors on a regular basis:</p> <ol style="list-style-type: none"> 1. Assisting in incorporating ethics and moral values into the Company's business strategy and adopting appropriate prevention measures against corruption and malfeasance to ensure ethical management in compliance with the requirements of laws and regulations. 2. Adopting programs to prevent unethical conduct and setting out in each program the standard operating procedures and conduct guidelines with respect to the Company's operations and business. 3. Planning the internal organization, structure, and allocation of responsibilities and setting up check and balance mechanisms for mutual supervision of the business activities within the business scope which are possibly at a higher risk for unethical conduct. 4. Promoting and coordinating awareness and educational activities with respect to ethics policy. 5. Developing a whistle blowing system and ensuring its operating effectiveness. 6. Assisting the board of directors and management in auditing and assessing whether the prevention measures taken for the purpose of implementing ethical

Article	After revision	Before revision
	<p>6. Assisting the board of directors and management in auditing and assessing whether the prevention measures taken for the purpose of implementing ethical management are effectively operating, and preparing reports on the regular assessment of compliance with ethical management in operating procedures.</p>	<p>management are effectively operating, and preparing reports on the regular assessment of compliance with ethical management in operating procedures.</p>
<p>Article 21</p>	<p>Accounting and Internal Control</p> <p>The Company shall establish effective accounting systems and internal control systems for business activities possibly at a higher risk of being involved in an unethical conduct, not have under-the-table accounts or keep secret accounts, and conduct reviews regularly so as to ensure that the design and enforcement of the systems are showing results.</p> <p><u>The internal audit unit of the Company shall devise relevant audit plans based on the results of assessment of the risk of involvement in unethical conduct, which plans shall include parties to audit and audit scope, items and frequency etc., and examine accordingly</u> periodically examine the compliance with the foregoing systems and prepare audit reports and submit the same to the board of directors. <u>prevention programs.</u></p> <p>The internal audit unit may engage a certified public accountant to carry out the audit, and may engage professionals to assist if necessary.</p> <p><u>The results of examination in the preceding paragraph shall be reported to senior management and the ethical management dedicated unit and reduced to writing in the form of an audit report to be submitted to the board of directors.</u></p>	<p>Accounting and Internal Control</p> <p>The Company shall establish effective accounting systems and internal control systems for business activities possibly at a higher risk of being involved in an unethical conduct, not have under the table accounts or keep secret accounts, and conduct reviews regularly so as to ensure that the design and enforcement of the systems are showing results.</p> <p>The internal audit unit of the Company shall periodically examine the compliance with the foregoing systems and prepare audit reports and submit the same to the board of directors.</p> <p>The internal audit unit may engage a certified public accountant to carry out the audit, and may engage professionals to assist if necessary.</p>
<p>Article 24</p>	<p>Whistleblowing System</p> <p>The company shall adopt a concrete whistleblowing system and scrupulously operate the system. The whistleblowing system shall include at least the following:</p> <ol style="list-style-type: none"> 1. An independent mailbox or hotline, either internally established and publicly announced or provided by an independent external institution, to allow company insiders and outsiders to submit reports. 2. Dedicated personnel or unit appointed to handle whistleblowing system. Any tip involving a director or senior management shall be reported to the independent directors. Categories of reported 	<p>Whistleblowing System</p> <p>The company shall adopt a concrete whistleblowing system and scrupulously operate the system. The whistleblowing system shall include at least the following:</p> <ol style="list-style-type: none"> 1. An independent mailbox or hotline, either internally established and publicly announced or provided by an independent external institution, to allow company insiders and outsiders to submit reports. 2. Dedicated personnel or unit appointed to handle whistleblowing system. Any tip involving a director or senior manager shall be reported to the independent directors. Categories of reported misconduct shall be

Article	After revision	Before revision
	<p>misconduct shall be delineated and standard operating procedures for the investigation of each shall be adopted.</p> <p>3. <u>Follow-up measures to be adopted depending on the severity of the circumstances after investigations of cases reported are completed. Where necessary, a case shall be reported to the competent authority or referred to the judicial authority.</u></p> <p>3.4. Documentation of case acceptance, investigation processes, investigation results, and relevant documents.</p> <p>4.5. Confidentiality of the identity of whistleblowers and the content of reported cases, <u>and an undertaking regarding anonymous reporting.</u></p> <p>5.6. Measures for protecting whistleblowers from inappropriate disciplinary actions due to their whistle-blowing.</p> <p>6.7. Whistleblowing incentive measures.</p> <p>When material misconduct or likelihood of material impairment to the Company comes to awareness upon investigation, the dedicated personnel or unit handling the whistleblowing system shall immediately prepare a report and notify the independent directors in written form.</p>	<p>delineated and standard operating procedures for the investigation of each shall be adopted.</p> <p>3. Documentation of case acceptance, investigation processes, investigation results, and relevant documents.</p> <p>4. Confidentiality of the identity of whistleblowers and the content of reported cases.</p> <p>5. Measures for protecting whistleblowers from inappropriate disciplinary actions due to their whistle blowing.</p> <p>6. Whistleblowing incentive measures.</p> <p>When material misconduct or likelihood of material impairment to the Company comes to awareness upon investigation, the dedicated personnel or unit handling the whistleblowing system shall immediately prepare a report and notify the independent directors in written form.</p>
Article 28	<p>Implementation</p> <p>The ethical corporate management best practice principles of the Company shall be implemented after the board of directors grants the approval, and shall be sent to the supervisors and reported at a shareholders' meeting. The same procedure shall be followed when the principles have been amended.</p> <p>The Company has appointed independent director, when <u>When</u> the ethical corporate management best practice principles are submitted for discussion by the board of directors pursuant to the preceding paragraph, the board of directors shall take into full consideration each independent director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the board of directors meeting. An independent director that cannot attend the board meeting in person to express objection or reservations shall provide a written opinion before the board meeting, unless there is some legitimate reason to do otherwise, and the opinion shall be specified in</p>	<p>Implementation</p> <p>The ethical corporate management best practice principles of the Company shall be implemented after the board of directors grants the approval, and shall be sent to the supervisors and reported at a shareholders' meeting. The same procedure shall be followed when the principles have been amended.</p> <p>The Company has appointed independent director, when the ethical corporate management best practice principles are submitted for discussion by the board of directors pursuant to the preceding paragraph, the board of directors shall take into full consideration each independent director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the board of directors meeting. An independent director that cannot attend the board meeting in person to express objection or reservations shall provide a written opinion before the board meeting, unless there is some legitimate reason to do otherwise, and the opinion shall be specified in</p>

Article	After revision	Before revision
	<p>the minutes of the board of directors meeting.</p> <p>The provisions regarding supervisors in these Principles shall apply mutatis mutandis to the audit committee.</p>	<p>the minutes of the board of directors meeting.</p> <p>The provisions regarding supervisors in these Principles shall apply mutatis mutandis to the audit committee.</p>
Article 29	<p>The Principles was approved by the Board of Director on October 18, 2016.</p>	<p>The Principles was approved by the Board of Director on October 18, 2016.</p>

Comparison Table of the Articles of Incorporation

Article	After revision	Before revision
Article 14	<p>The Company has five to nine directors for a term of three years. The shareholder's meeting will be selected by the person who has the ability to act and be reelected. The election of the directors shall nominate a nominee system for election, which shall be selected by Shareholders' meeting on the list of candidates. When the term of director expires but not re-election, he will extend his executive duties until the reappointment of directors to take office, and the proportion of shares held by all directors will be handled according to the regulations of the securities regulatory authority.</p> <p><u>In the case that vacancies on the Board of Directors exceed one third of the total number of the Directors, then the Board of Directors shall convene a shareholders' meeting to elect new Directors to fill such vacancies in accordance with relevant laws, rules and regulations. Except for the election of new Directors across the board, the new Directors shall serve the remaining term of the predecessors.</u></p> <p>The nomination, selection method and related treatment of the Company directors shall be handled in accordance with the Company's "Directors Election Procedures" and related regulations.</p> <p style="text-align: center;">:</p>	<p>The Company has five to nine directors for a term of three years. The shareholder's meeting will be selected by the person who has the ability to act and be reelected. The election of the directors shall nominate a nominee system for election, which shall be selected by Shareholders' meeting on the list of candidates. When the term of director expires but not re-election, he will extend his executive duties until the reappointment of directors to take office, and the proportion of shares held by all directors will be handled according to the regulations of the securities regulatory authority.</p> <p>The nomination, selection method and related treatment of the Company directors shall be handled in accordance with the Company's "Directors Election Procedures" and related regulations.</p> <p style="text-align: center;">:</p>
Article 15	<p>The Board of Directors is organized by directors, with more than two-thirds of the director's attendance and a majority of the directors participating in the director's consent. <u>the board of directors shall elect a chairman of the board directors from among the directors by a majority vote at a meeting attended by over two-thirds of the directors, and may also elect in the same manner a vice chairman of the board. The chairman of the board of directors shall represent the Company in external matters.</u></p>	<p>The Board of Directors is organized by directors, with more than two-thirds of the director's attendance and a majority of the directors participating in the director's consent.</p>

Article	After revision	Before revision
Article 20	<p>If the company has a surplus for the year, it is distributed in the following order:</p> <ol style="list-style-type: none"> i. Withholding taxes; ii. make up for losses; iii. Deposit 10% of the statutory surplus reserve, except when the statutory reserve has reached the total amount of <u>paid-in</u> capital; iv. Authorize or repatriate special surplus reserves in accordance with law or the competent authority; v. The balance depends on the company's environment, growth stage and long-term financial plan to retain some of the surplus. For its balance and accumulated undistributed earnings for the previous year, Board of Directors regards the financial situation and economic development of the current year, assigning shareholders. Dividends <u>and bonuses</u> are submitted by the Board of Directors to the Shareholders' meeting resolution. <p><u>The Company authorizes the distributable dividends and bonuses, legal or capital reserve, in whole or in part may be paid in cash after a resolution has been adopted by a majority vote at a meeting of the board of directors attended by two-thirds of the total number of directors; and in addition thereto a report of such distribution shall be submitted to the shareholders' meeting, in this case the aforesaid resolution at the meeting of shareholders in the previous section will not apply.</u></p>	<p>If the company has a surplus for the year, it is distributed in the following order:</p> <ol style="list-style-type: none"> i. Withholding taxes; ii. make up for losses; iii. Deposit 10% of the statutory surplus reserve, except when the statutory reserve has reached the total amount of capital; iv. Authorize or repatriate special surplus reserves in accordance with law or the competent authority; v. The balance depends on the company's environment, growth stage and long-term financial plan to retain some of the surplus. For its balance and accumulated undistributed earnings for the previous year, Board of Directors regards the financial situation and economic development of the current year, assigning shareholders. Dividends are submitted by the Board of Directors to the Shareholders' meeting resolution.
Article 22	<p>This Articles of Association was concluded on May 27, 1997.</p> <p style="text-align: center;">⋮</p> <p>The twenty-second revision was made on May 24, 2019.</p> <p><u>The twenty-third revision was made on May 21, 2020.</u></p>	<p>This Articles of Association was concluded on May 27, 1997.</p> <p style="text-align: center;">⋮</p> <p>The twenty-second revision was made on May 24, 2019.</p>

Comparison Table of the Rules of Procedure for Shareholder Meetings

Article	After revision	Before revision
Article 4	:	:
	<p>(4) Election or dismissal of directors or supervisors, amendments to the articles of incorporation, <u>capital reduction, termination of public offering, lifting the prohibition of competition on directors, earnings transferred to common stock, capital surplus transferred to common stock</u>, the dissolution, merger, or demerger of the corporation, or any matter under Article 185, paragraph 1 of the Company Act, Articles 26-1 and 43-6 of the Securities and Exchange Act, or Articles 56-1 and 60-2 of the Regulations Governing the Offering and Issuance of Securities by Securities Issuers shall be set out in the notice of the reasons <u>and main reasons</u> for convening the shareholders meeting. None of the above matters may be raised by an extraordinary motion.</p> <p><u>The content could be displayed on websites designated by regulatory authorities of stock market of the company, and the website should be manifested in a notification.</u></p> <p>(5) <u>If the meeting notice has specified the re-election of directors and the date of inauguration. As the re-election is completed on the shareholders' meeting, such resolution of inauguration date should not be changed in the same meeting by an extraordinary motion or other means.</u></p> <p>(6) A shareholder holding 1 percent or more of the total number of issued shares may submit to the Company a written proposal for discussion at a regular shareholders meeting. Such proposals, however, are limited to one item only, and no proposal containing more than one item will be included in the meeting agenda. <u>When the shareholder's proposal is to promote the company's devotion in public welfare or its social responsibility, such limitation is lifted.</u> In addition, when the circumstances of any subparagraph of Article 172-1, paragraph 4 of the</p>	<p>(4) Election or dismissal of directors or supervisors, amendments to the articles of incorporation, the dissolution, merger, or demerger of the corporation, or any matter under Article 185, paragraph 1 of the Company Act, Articles 26-1 and 43-6 of the Securities and Exchange Act, or Articles 56-1 and 60-2 of the Regulations Governing the Offering and Issuance of Securities by Securities Issuers shall be set out in the notice of the reasons for convening the shareholders meeting. None of the above matters may be raised by an extraordinary motion.</p> <p>(5) A shareholder holding 1 percent or more of the total number of issued shares may submit to the Company a written proposal for discussion at a regular shareholders meeting. Such proposals, however, are limited to one item only, and no proposal containing more than one item will be included in the meeting agenda. In addition, when the circumstances of any subparagraph of Article 172-1, paragraph 4 of the Company Act apply to a proposal put forward by a shareholder, the board of directors may exclude it from the agenda.</p> <p>(6) Prior to the book closure date before a regular shareholders meeting is held, the Company shall publicly announce that it will receive shareholder proposals, and the location and time period for their submission; the period for submission of shareholder proposals may not be less than 10 days. Shareholder-submitted proposals are limited to 300 words, and no proposal containing more than 300 words will be included in the meeting agenda. The shareholder making the proposal shall be present in person or by proxy at the regular shareholders meeting and take part in discussion of the proposal.</p> <p>(7) Prior to the date for issuance of notice of a shareholders meeting, the Company shall inform the shareholders who submitted proposals of the proposal</p>

Article	After revision	Before revision
	<p>Company Act apply to a proposal put forward by a shareholder, the board of directors may exclude it from the agenda.</p> <p>(6)(7) Prior to the book closure date before a regular shareholders meeting is held, the Company shall publicly announce that it will receive shareholder proposals <u>by written or electronic</u>, and the location and time period for their submission; the period for submission of shareholder proposals may not be less than 10 days. Shareholder-submitted proposals are limited to 300 words, and no proposal containing more than 300 words will be included in the meeting agenda. The shareholder making the proposal shall be present in person or by proxy at the regular shareholders meeting and take part in discussion of the proposal.</p> <p>(7)(8) Prior to the date for issuance of notice of a shareholders meeting, the Company shall inform the shareholders who submitted proposals of the proposal screening results, and shall list in the meeting notice the proposals that conform to the provisions of this Article. At the shareholders meeting the board of directors shall explain the reasons for exclusion of any shareholder proposals not included in the agenda.</p>	<p>screening results, and shall list in the meeting notice the proposals that conform to the provisions of this Article. At the shareholders meeting the board of directors shall explain the reasons for exclusion of any shareholder proposals not included in the agenda.</p>
<p>Article 11</p>	<p>(Discussion of proposals)</p> <p>(1) If a shareholders meeting is convened by the board of directors, the meeting agenda shall be set by the board of directors. <u>Relevant agendas (including the extraordinary motion or amendment of the existing agenda) should be resolved case by case.</u> The meeting shall proceed in the order set by the agenda, which may not be changed without a resolution of the shareholders meeting.</p> <p style="text-align: center;">⋮</p> <p>(4) The chair shall allow ample opportunity during the meeting for explanation and discussion of proposals and of amendments or extraordinary motions put forward by the shareholders; when the chair is of the opinion that a proposal has been discussed sufficiently to put it to a vote, the chair may announce the discussion closed and call for a vote. <u>Attendees should be offered with adequate time to vote.</u></p>	<p>(Discussion of proposals)</p> <p>(2) 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.</p> <p style="text-align: center;">⋮</p> <p>(4) The chair shall allow ample opportunity during the meeting for explanation and discussion of proposals and of amendments or extraordinary motions put forward by the shareholders; when the chair is of the opinion that a proposal has been discussed sufficiently to put it to a vote, the chair may announce the discussion closed and call for a vote.</p>

Article	After revision	Before revision
Article 14	<p>(Resolution, scrutiny and counting of motions) ∴</p> <p>(2) When the Company holds a shareholders meeting, it may allow the shareholders to exercise voting rights by <u>electronics means or correspondence</u> or electronic means. When voting rights are exercised by correspondence or electronic means, the method of exercise shall be specified in the shareholders meeting notice. A shareholder exercising voting rights by correspondence or electronic means will be deemed to have attended the meeting in person, but to have waived his/her rights with respect to the extraordinary motions and amendments to original proposals of that meeting. ∴</p>	<p>(Resolution, scrutiny and counting of motions) ∴</p> <p>(2) When the Company holds a shareholders meeting, it may allow the shareholders to exercise voting rights by correspondence or electronic means. When voting rights are exercised by correspondence or electronic means, the method of exercise shall be specified in the shareholders meeting notice. A shareholder exercising voting rights by correspondence or electronic means will be deemed to have attended the meeting in person, but to have waived his/her rights with respect to the extraordinary motions and amendments to original proposals of that meeting. ∴</p>
Article 16	<p>(Minute of Meeting and Signing Events) ∴</p> <p>(3) 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 (<u>including the weighted voting</u>). <u>When an election of directors is held, the number of weighted votes each candidate wins shall be publicized,</u> and shall be retained for the duration of the existence of the Company.</p>	<p>(Minute of Meeting and Signing Events) ∴</p> <p>(3) 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 the Company.</p>

NOVA TECHNOLOGY CORPORATION
Articles of Incorporation

Chapter 1 General

Article 1 : The Company is organized under the terms of the Company Act and its name shall be 朋億股份有限公司 in the Chinese language, and NOVA TECHNOLOGY CORPORATION in the English language.

Article 2 : The Company's business is as follows:

1. C801010 Basic chemical industry
2. C801020 Petrochemical raw material manufacturing
3. C801030 Precision Chemical Materials Manufacturing
4. C805050 Industrial Plastic Product Manufacturing
5. CA02010 Metal structure and building module manufacturing
6. CA02050 Valve manufacturing
7. CA02090 Metal wire product manufacturing
8. CA02990 Other metal products manufacturing
9. CB01010 Machinery and equipment manufacturing
10. CB01030 Pollution prevention equipment manufacturing industry
11. CB01990 Other machinery manufacturing
12. CC01010 Power generation, transmission, and distribution machinery manufacturing
13. CC01080 Electronic component manufacturing
14. CC01990 Other electrical and electronic machinery and equipment manufacturing
15. CE01010 General instrument manufacturing
16. E103101 Environmental Protection Engineering Professional Construction Industry
17. E502010 Fuel pipe installation engineering
18. E599010 Plumbing industry
19. E601010 Electrical appliance industry
20. E601020 Electrical installation industry
21. E603010 Cable installation engineering
22. E603020 Elevator installation engineering
23. E603040 Fire safety equipment installation engineering
24. E603050 Automatic Control Equipment Engineering
25. E603080 Traffic Signal Installation Engineering
26. E603090 Lighting installation engineering
27. E603100 Welding Engineering

28. E604010 Mechanical installation industry
29. E605010 Computer equipment installation industry
30. E801010 Interior decoration industry
31. E801020 Door and window installation engineering
32. E801030 Indoor light steel frame engineering
33. E903010 Anti-corrosion, anti-rust engineering industry
34. EZ02010 Lifting Engineering
35. EZ05010 Instrument and instrument installation engineering
36. EZ06010 Traffic Marking Engineering
37. EZ07010 Drilling Engineering
38. EZ09010 Electrostatic Protection and Elimination Engineering
39. EZ15010 Insulation, cold insulation installation engineering
40. EZ99990 Other engineering industry
41. F107200 Chemical raw materials wholesale
42. F107990 Other chemical wholesales
43. F113010 Machinery Wholesale
44. F113020 Electric appliance wholesale
45. F113030 Precision Instrument Wholesale
46. F113050 Computer and transactional machinery and equipment wholesale
47. F118010 Information software wholesale
48. F119010 Electronic materials wholesale
49. F207200 Chemical raw materials retail
50. F207990 Other chemicals retail
51. F213030 Computer and transactional equipment retail
52. F213040 Precision Instrument Retail
53. F213990 Other machinery and equipment retail
54. F218010 Information Software Retail
55. F219010 Electronic materials retail
56. F401010 International trade
57. G801010 Storage industry
58. H701050 Invest in public construction
59. I103060 Management Consultancy
60. I301010 Information Software Services
61. IF01010 Fire safety equipment maintenance industry
62. IG03010 Energy Technology Services
63. IZ06010 Tally packaging industry
64. IZ12010 Manpower dispatch
65. J101030 Waste removal industry
66. J101040 Waste treatment industry
67. J101050 Environmental Testing Services

- 68. J101060 Waste (sewage) water treatment industry
- 69. J101070 Radioactive Waste Treatment Services
- 70. JA02010 Electrical and electronic products repair industry
- 71. JE01010 Leasing industry
- 72. ZZ99999 In addition to the licensing business, businesses that are not prohibited or restricted by business regulations

Article 3 : The Company is headquartered in Hsinchu County, Taiwan Province. If necessary, it can set up branches or subsidiaries at home and abroad through the resolution of the Board of Directors.

Article 4 : The total amount of investment made by the company in other invested companies shall not be restricted by Article 13 of the Company Law. The board of directors is authorized to make such investment.

Article 5 : The Company's announcement method is governed by the Company Act and other related laws and regulations.

Article 6 : The Company can guarantee externally that it is not subject to the Article 16 of the Company Act and that the endorsement of the endorsement is carried out with the consent of the Shareholders' meeting.

Chapter 2 Shares

Article 7 : The company's capital is generally rated at NT\$25 million and is divided into NT\$10 per share, NT\$10 per share, issued in multiple installments, and unissued shares are subject to actual resolution by the Board of Directors. The amount of NT\$10,000 was reserved for the use of the employee's share certificate in the total capital of the preceding paragraph. It was divided into 10,000 shares and NT\$30 per share. It may be issued in multiples according to the resolution of the Board of Directors.

Article 7-1 : Treasury stocks bought back by the company in accordance with the Company Act, new shares issued by the company, employee stock warrants or the restricted employee shares can be granted to employees of parents or subsidiaries of the company as well whoever meets criteria developed by the Company.

Article 8 : The company's shares are registered by the director's signature and are issued after being legally granted a visa. The Company may acquire the non-printed stocks and shall contact the centralized securities depository institution to log in; the issuance of other securities shall be the same.

Article 9 : The Company's shareholding operations are handled in accordance with the relevant laws and regulations and the regulations of the competent authority.

Chapter 3 Shareholders' Association

Article 10 : The Shareholders' meeting is divided into general meeting and temporary meeting. The general meeting is held once a year and is held within six months after the end of each fiscal year. The temporary meeting is held according to law when necessary. The convening regulations are handled in accordance with relevant laws and regulations.

Article 11 : When the shareholders are unable to attend the Shareholders' meeting for any reason, they are issued a letter of authorization issued by the company, indicating the scope of the authorization, entrusting the agent, attending the Shareholders' meeting. In addition to the provisions of Article 177 of the Company Act and other relevant laws and regulations, the method of appointing a shareholder to attend shall be handled in accordance with the "Procedures" of the "Public Issuing Company to Attend the Shareholders' meeting" issued by the competent authority.

When the Company holds a Shareholders' meeting, it shall exercise its voting rights in writing or electronically. The Company shall list electronically as one of the shareholder's voting rights. Shareholders who vote by electronic means shall be deemed to be present in person. According to the regulations of the Act.

Article 12 : The Company shareholders have one vote per share, but none of the parties to the provisions of Article 179 of the Company Act have the right to vote.

Article 13 : Resolutions of Shareholders' meeting, unless otherwise provided by the Act, shall be attended by shareholders representing more than half of the total number of issued shares, subject to the consent of a majority of shareholder's voting rights.

Article 13-1: Resolutions of Shareholders' meeting shall be made as Minutes of Meeting, signed or sealed by Chairman and distributed to Minutes of Meeting within 20 days after the meeting. They shall be kept forever during the existence of the company. The production and distribution of Minutes of Meeting can be made electronically or by way of announcement.

Article 13-2: When the company wishes to cancel the public offering of shares, it must have obtained approval from the Board of Directors, and shareholder's attendance on behalf of the holders of shareholder's voting rights by attending Shareholders' meeting on behalf of more than two-thirds of the total number of issued shares. If the total number of shares attending the shareholder is less than the above-mentioned quota, the majority of shareholders who have represented the total number of issued shares can attend the meeting and agree to share more than two-thirds of the voting rights of the shareholder. During the period of development and listing (cabinet), this clause does not change.

Chapter 4 Directors and audit committee

Article 14 : The Company has five to nine directors for a term of three years. The shareholder's meeting will be selected by the person who has the ability to act and be reelected. The election of the directors shall nominate a nominee system for election, which shall be selected by Shareholders' meeting on the list of candidates. When the term of director expires but not re-election, he will extend his executive duties until the reappointment of directors to take office, and the proportion of shares held by all directors will be handled according to the regulations of the securities regulatory authority.

The nomination, selection method and related treatment of the Company directors shall be handled in accordance with the Company's "Directors Election Procedures" and related regulations.

In the Company directors quota, the number of independent directors must not be less than three and not less than one-fifth of directors' seats. Independent director adopts the nomination system for candidates, which is selected by shareholders on the list of independent directors candidates. The professional qualifications of the independent director, shareholding, part-time restrictions, nomination and selection methods, and other matters to be followed are handled in accordance with the relevant regulations of the competent authority.

Article 14-1: The Company has been authorized by the Board of Directors for the purchase of liability insurance, the amount of insurance and the insurance coverage of the director's liability for the scope of its business operations within the director's term of office.

Article 14-2: The Company establishes an audit committee in accordance with Article 14-4 of the Securities and Exchange Act and consists of all independent directors. Regarding the number of audit committees, terms of office, powers, Procedures, and other matters, according to the relevant provisions of the "Public Issuing Company Audit Committee to exercise powers," the provisions of the audit committee organizational rules set.

Article 14-3: The Company's Board of Directors has a payroll commission or other functional committee due to business operations.

Article 14-4: The Company Board of Directors should be held at least quarterly. The convocation of the Board of Directors shall set forth the reasons for notifying the directors seven days before, but may be called upon at any time in the event of an emergency. The Company Board of Directors is called up in writing, fax or e-mail.

When directors cannot attend the Board of Directors for any reason, they shall draw a power of attorney, and shall appoint the scope of authorization for the cause of the commission to appoint other directors to attend.

The above agent is subject to the entrustment of one person.

When the Board of Directors was convened, the videoconferencing meeting was made

available to them. Directors participating in the videoconferencing were regarded as attending in person.

The resolution of the Board of Directors, with the exception of the Company Act, the Mergers and Acquisitions Act or other laws and regulations, takes the majority of directors' presence and consents to the majority of directors present.

Article 15: The Board of Directors is organized by directors, with more than two-thirds of the director's attendance and a majority of the directors participating in the director's consent.

Article 16: The Board of Directors, except as otherwise required by the Company Act, is called by the directors. When a director takes leave or fails to exercise his authority for any reason, his agent shall handle it according to Article 208 of the Company Act.

Article 16-1: The remuneration of all directors, the company has to pay remuneration, and its remuneration authorizes Board of Directors to refer to the recommendations of the Compensation Committee and to the value of its participation in, and contribution to, the company's operations, and to reference the usual levels of the industry.

Chapter 5 Managers and staff

Article 17: The Company can be established as a manager. Its appointment, dismissal and remuneration are governed by Article 9 of the Company Act.

Article 18: The Company has been resolved by the Board of Directors to hire consultants or key staff.

Chapter 6 Final accounts of revenue

Article 19: At the end of the fiscal year, the Company shall prepare the following lists by the Board of Directors. They shall be submitted to the Audit Committee for review by Shareholders' general meeting 30 days before the Shareholders' general meeting (I) Business Reports (II) Financial Statements (III) Proposals for Distribution of Surplus or Provision for Loss.

Article 19-1: If the company is profitable for the year, it should retain the amount of accumulated losses before tax. The net profit before tax of not including dispatched employees' and directors' remuneration shall be no less than 3% for employee remuneration, and then set not more than five percent for directors.

Employee and directors remuneration are resolved by a majority vote at a Board of Directors meeting attended by two-thirds of the total number of directors and shall be reported to the shareholders' meeting.

Employee remuneration shall be distributed in stocks or in cash. The payment shall apply to employees of parents or subsidiaries of the company as well whoever meets criteria developed by the Board of Directors.

Article 20: If the company has a surplus for the year, it is distributed in the following order:

- i. Withholding taxes;
- ii. make up for losses;
- iii. Deposit 10% of the statutory surplus reserve, except when the statutory reserve has reached the total amount of capital;
- iv. Authorize or repatriate special surplus reserves in accordance with law or the competent authority;
- v. The balance depends on the company's environment, growth stage and long-term financial plan to retain some of the surplus. For its balance and accumulated undistributed earnings for the previous year, Board of Directors regards the financial situation and economic development of the current year, assigning shareholders. Dividends are submitted by the Board of Directors to the Shareholders' meeting resolution.

Article 20-1: The Company will consider the company's environment and growth stage. In response to the unsatisfied funding requirements, financial structure, surplus situation and balanced and stable dividend policy, depending on the funding needs and the dilution of the company's earnings per share, the Company will allocate the surplus for distribution each year. Not less than 10% of shareholder dividends are distributed. The Company may adopt a modest stock dividend or cash dividend method, of which the cash dividend shall not be less than 10% of the total dividends paid. However, due to the company's significant investment plan and the inability to obtain other funds, the board of directors proposed and the shareholders' meeting decided not to issue cash dividends.

Chapter 7 Annex

Article 21: All matters not specified in this charter are subject to the provisions of the Company Act.

Article 22: This Articles of Association was concluded on May 27, 1997

The first revision was made on June 28, 2000

The second revision was made on July 27, 2000

The third revision was made on December 10, 2000

The fourth revision was made on June 28, 2002

The fifth revision was made on December 10, 2002

The sixth revision was made on March 8, 2004

The seventh revision was made on June 28, 2004

The eighth revision was made on June 27, 2005.

The ninth revision was made on June 30, 2006

The tenth revision was made on June 1st, 2007

The eleventh revision was made on June 9, 2008

The twelfth revision was made on March 2, 2009

The thirteenth revision was made on August 12th, 2010
The fourteenth revision was made on October 7th, 2011
The fifteenth revision was made on February 26, 2013
The sixteenth revision was made on June 30, 2014
The seventeenth revision was made on August 21, 2014
The eighteenth revision was made on May 27, 2015.
The nineteenth revision was made on May 30, 2016
The twentieth revision was made on December 5, 2016
The twenty-first revision was made on May 22, 2017.
The twenty-second revision was made on May 24, 2019.

NOVA TECHNOLOGY CORPORATION

Chairman : Chin-Li Liang

Rules of Procedure for Shareholder Meetings

Article 1 (Basis and purpose)

To establish a strong governance system and sound supervisory capabilities for the Company's shareholders meetings, and to strengthen management capabilities, these Rules are adopted pursuant to Article 5 of the "Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies".

Article 2 (Scope)

The rules of procedures for the Company's shareholders meetings, except as otherwise provided by law, regulation, or the articles of incorporation, shall be as provided in these Rules.

Article 3 (Definition)

The term "shareholders" as used in this Procedures refers to the agents to whom the shareholders and the shareholders are present.

Article 4 (Convening shareholders meetings and shareholders meeting notices)

- (1) Unless otherwise provided by law or regulation, the Company's shareholders meetings shall be convened by the board of directors.
- (2) The Company shall prepare electronic versions of the shareholders meeting notice and proxy forms, and the origins of and explanatory materials relating to all proposals, including proposals for ratification, matters for deliberation, or the election or dismissal of directors and upload them to the Market Observation Post System (MOPS) before 30 days before the date of a regular shareholders meeting or before 15 days before the date of a special shareholders meeting. The Company shall prepare electronic versions of the shareholders meeting agenda and supplemental meeting materials and upload them to the MOPS before 21 days before the date of the regular shareholders meeting or before 15 days before the date of the special shareholders meeting. In addition, before 15 days before the date of the shareholders meeting, the Company shall also have prepared the shareholders meeting agenda and supplemental meeting materials and made them available for review by shareholders at any time. The meeting agenda and supplemental materials shall also be displayed at the Company and the professional shareholder services agent designated thereby as well as being distributed on-site at the meeting place.
- (3) The reasons for convening a shareholders meeting shall be specified in the meeting notice and public announcement. With the consent of the addressee, the meeting notice may be given in electronic form.
- (4) Election or dismissal of directors or supervisors, amendments to the articles of incorporation, the dissolution, merger, or demerger of the corporation, or any matter under Article 185, paragraph 1 of the Company Act, Articles 26-1 and 43-6 of the Securities and Exchange Act, or Articles 56-1 and 60-2 of the Regulations Governing the Offering and Issuance of Securities by Securities Issuers shall be set out in the notice of the reasons for convening the shareholders meeting. None of the above matters may be raised by an extraordinary motion.

- (5) A shareholder holding 1 percent or more of the total number of issued shares may submit to the Company a written proposal for discussion at a regular shareholders meeting. Such proposals, however, are limited to one item only, and no proposal containing more than one item will be included in the meeting agenda. In addition, when the circumstances of any subparagraph of Article 172-1, paragraph 4 of the Company Act apply to a proposal put forward by a shareholder, the board of directors may exclude it from the agenda.
- (6) Prior to the book closure date before a regular shareholders meeting is held, the Company shall publicly announce that it will receive shareholder proposals, and the location and time period for their submission; the period for submission of shareholder proposals may not be less than 10 days. Shareholder-submitted proposals are limited to 300 words, and no proposal containing more than 300 words will be included in the meeting agenda. The shareholder making the proposal shall be present in person or by proxy at the regular shareholders meeting and take part in discussion of the proposal.
- (7) Prior to the date for issuance of notice of a shareholders meeting, the Company shall inform the shareholders who submitted proposals of the proposal screening results, and shall list in the meeting notice the proposals that conform to the provisions of this Article. At the shareholders meeting the board of directors shall explain the reasons for exclusion of any shareholder proposals not included in the agenda.

Article 5 (Attendance at Shareholders' meeting and authorization)

- (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.
- (2) 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 unless a declaration is made to cancel the previous proxy appointment.
- (3) After a proxy form has been delivered to the Company, 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 6 (Principles determining the time and place of a shareholders meeting)

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 a.m. and no later than 3 p.m. Full consideration shall be given to the opinions of the independent directors with respect to the place and time of the meeting.

Article 7 (Preparation of documents such as the attendance book)

- (1) The Company shall specify in its shareholders meeting notices the time during which shareholder attendance registrations will be accepted, the place to register for attendance, and other matters for attention.

- (2) The time during which shareholder attendance registrations will be accepted, as stated in the preceding paragraph, shall be at least 30 minutes prior to the time the meeting commences. The place at which attendance registrations are accepted shall be clearly marked and a sufficient number of suitable personnel assigned to handle the registrations.
- (3) Shareholders and their proxies (collectively, "shareholders") shall attend shareholders meetings based on attendance cards, sign-in cards, or other certificates of attendance. The Company may not arbitrarily add requirements for other documents beyond those showing eligibility to attend presented by shareholders. Solicitors soliciting proxy forms shall also bring identification documents for verification.
- (4) The Company shall furnish the attending shareholders and their proxies (collectively, "shareholders") with an attendance book to sign, or attending shareholders may hand in a sign-in card in lieu of signing in.
- (5) The Company shall furnish attending shareholders with the meeting agenda book, annual report, attendance card, speaker's slips, voting slips, and other meeting materials. Where there is an election of directors or supervisors, pre-printed ballots shall also be furnished.
- (6) When the government or a juristic person is a shareholder, it may be represented by more than one representative at a shareholders meeting. When a juristic person is appointed to attend as proxy, it may designate only one person to represent it in the meeting.

Article 8 (The chair and non-voting participants of a shareholders meeting)

- (1) If a shareholders meeting is convened by the board of directors, the meeting shall be chaired by the chairperson of the board. When the chairperson of the board is on leave or for any reason unable to exercise the powers of the chairperson, the vice chairperson shall act in place of the chairperson; if there is no vice chairperson or the vice chairperson also is on leave or for any reason unable to exercise the powers of the vice chairperson, the chairperson shall appoint one of the managing directors to act as chair, or, if there are no managing directors, one of the directors shall be appointed to act as chair. Where the chairperson does not make such a designation, the managing directors or the directors shall select from among themselves one person to serve as chair.
- (2) When a managing director or a director serves as chair, as referred to in the preceding paragraph, the managing director or director shall be one who has held that position for six months or more and who understands the financial and business conditions of the company. The same shall be true for a representative of a juristic person director that serves as chair.
- (3) It is advisable that shareholders meetings convened by the board of directors be chaired by the chairperson of the board in person and attended by a majority of the directors (at least one independent director) in person, and at least one member of each functional committee on behalf of the committee. The attendance shall be recorded in the meeting minutes.
- (4) If a shareholders meeting is convened by a party with power to convene but other than the board of directors, the convening party shall chair the meeting. When there are two or more such convening parties, they shall mutually select a chair from among themselves.

- (5) The Company may appoint its attorneys, certified public accountants, or related persons retained by it to attend a shareholders meeting in a non-voting capacity.

Article 9 (Documentation of a shareholders meeting by audio or video)

The Company, beginning from the time it accepts shareholder attendance registrations, shall make an uninterrupted audio and video recording of the registration procedure, the proceedings of the shareholders meeting, and the voting and vote counting procedures. The recorded materials shall be retained for at least 1 year. If, however, a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the recording shall be retained until the conclusion of the litigation.

Article 10 (Shareholders' meeting attendance calculations and meetings)

- (1) Attendance at shareholders meetings shall be calculated based on numbers of shares. The number of shares in attendance shall be calculated according to the shares indicated by the attendance book and sign-in cards handed in plus the number of shares whose voting rights are exercised by correspondence or electronically.
- (2) The chair shall call the meeting to order at the appointed meeting time. However, when the attending shareholders do not represent a majority of the total number of issued shares, the chair may announce a postponement, provided that no more than two such postponements, for a combined total of no more than 1 hour, may be made. If the quorum is not met after two postponements and the attending shareholders still represent less than one third of the total number of issued shares, the chair shall declare the meeting adjourned.
- (3) If the quorum is not met after two postponements as referred to in the preceding paragraph, but the attending shareholders represent one third or more of the total number of issued shares, a tentative resolution may be adopted pursuant to Article 175, paragraph 1 of the Company Act; all shareholders shall be notified of the tentative resolution and another shareholders meeting shall be convened within 1 month.
- (4) When, prior to conclusion of the meeting, the attending shareholders represent a majority of the total number of issued shares, the chair may resubmit the tentative resolution for a vote by the shareholders meeting pursuant to Article 174 of the Company Act.

Article 11 (Discussion of proposals)

- (1) 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.
- (2) 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.
- (3) 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.

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

Article 12 (Shareholder speech)

- (1) 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.
- (2) 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.
- (3) Except with the consent of the chair, a shareholder may not speak more than twice on the same proposal, and a single speech may not exceed 5 minutes. If the shareholder's speech violates the rules or exceeds the scope of the agenda item, the chair may terminate the speech.
- (4) When an attending shareholder is speaking, other shareholders may not speak or interrupt unless they have sought and obtained the consent of the chair and the shareholder that has the floor; the chair shall stop any violation.
- (5) When a juristic person shareholder appoints two or more representatives to attend a shareholders meeting, only one of the representatives so appointed may speak on the same proposal.
- (6) After an attending shareholder has spoken, the chair may respond in person or direct relevant personnel to respond.

Article 13 (Calculation of voting shares and recusal system)

- (1) Voting at a shareholders meeting shall be calculated based the number of shares.
- (2) With respect to resolutions of shareholders meetings, the number of shares held by a shareholder with no voting rights shall not be calculated as part of the total number of issued shares.
- (3) When a shareholder is an interested party in relation to an agenda item, and there is the likelihood that such a relationship would prejudice the interests of the Company, that shareholder may not vote on that item, and may not exercise voting rights as proxy for any other shareholder.
- (4) The number of shares for which voting rights may not be exercised under the preceding paragraph shall not be calculated as part of the voting rights represented by attending shareholders.
- (5) With the exception of a trust enterprise or a shareholder services agent approved by the competent securities authority, when one person is concurrently appointed as proxy by two or more shareholders, the voting rights represented by that proxy may not exceed 3 percent of the voting rights represented by the total number of issued shares. If that percentage is exceeded, the voting rights in excess of that percentage shall not be included in the calculation.

Article 14 (Resolution, scrutiny and counting of motions)

- (1) A shareholder shall be entitled to one vote for each share held, except when the shares are restricted shares or are deemed non-voting shares under Article 179, paragraph 2 of the Company Act.
- (2) When the Company holds a shareholders meeting, it may allow the shareholders to exercise voting rights by correspondence or electronic means. When voting rights are exercised by correspondence or electronic means, the method of exercise shall be specified in the shareholders meeting notice. A shareholder exercising voting rights by correspondence or electronic means will be deemed to have attended the meeting in person, but to have waived his/her rights with respect to the extraordinary motions and amendments to original proposals of that meeting.
- (3) A shareholder intending to exercise voting rights by correspondence or electronic means under the preceding paragraph shall deliver a written declaration of intent to the Company before 2 days before the date of the shareholders meeting. When duplicate declarations of intent are delivered, the one received earliest shall prevail, except when a declaration is made to cancel the earlier declaration of intent.
- (4) After a shareholder has exercised voting rights by correspondence or electronic means, in the event the shareholder intends to attend the shareholders meeting in person, a written declaration of intent to retract the voting rights already exercised under the preceding paragraph shall be made known to the Company, by the same means by which the voting rights were exercised, before 2 business days before the date of the shareholders meeting. If the notice of retraction is submitted after that time, the voting rights already exercised by correspondence or electronic means shall prevail. When a shareholder has exercised voting rights both by correspondence or electronic means and by appointing a proxy to attend a shareholders meeting, the voting rights exercised by the proxy in the meeting shall prevail.
- (5) Except as otherwise provided in the Company Act and in the Company's Articles of Incorporation, the passage of a proposal shall require an affirmative vote of a majority of the voting rights represented by the attending shareholders.
- (6) At the time of a vote, for each proposal, the chair or a person designated by the chair shall first announce the total number of voting rights represented by the attending shareholders, followed by a poll of the shareholders. After the conclusion of the meeting, on the same day it is held, the results for each proposal, based on the numbers of votes for and against and the number of abstentions, shall be entered into the MOPS.
- (7) When there is an amendment or an alternative to a proposal, the chair shall present the amended or alternative proposal together with the original proposal and decide the order in which they will be put to a vote. When any one among them is passed, the other proposals will then be deemed rejected, and no further voting shall be required.
- (8) Vote monitoring and counting personnel for the voting on a proposal shall be appointed by the chair, provided that all monitoring personnel shall be shareholders of the Company.
- (9) Vote counting for shareholders meeting proposals or elections shall be conducted in public at the place of the shareholders meeting. Immediately after vote counting has been completed, the results of the voting, including the statistical tallies of the numbers of votes, shall be announced on-site at the meeting, and a record made of the vote.

Article 15 (Election matters)

- (1) The election of directors or supervisors at a shareholders meeting shall be held in accordance with the applicable election and appointment rules adopted by 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.
- (2) The ballots for the election referred to in the preceding paragraph shall be sealed with the signatures of the monitoring personnel and kept in proper custody for at least 1 year. If, however, a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the ballots shall be retained until the conclusion of the litigation.

Article 16 (Minute of Meeting and Signing Events)

- (1) Matters relating to the resolutions of a shareholders meeting shall be recorded in the meeting minutes. The meeting minutes shall be signed or sealed by the chair of the meeting and a copy distributed to each shareholder within 20 days after the conclusion of the meeting. The meeting minutes may be produced and distributed in electronic form.
- (2) This Corporation may distribute the meeting minutes of the preceding paragraph by means of a public announcement made through the MOPS.
- (3) 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 the Company.

Article 17 (Public disclosure)

- (1) On the day of a shareholders meeting, the Company shall compile in the prescribed format a statistical statement of the number of shares obtained by solicitors through solicitation and the number of shares represented by proxies, and shall make an express disclosure of the same at the place of the shareholders meeting.
- (2) If matters put to a resolution at a shareholders meeting constitute material information under applicable laws or regulations or under Taiwan Stock Exchange Corporation (or GreTai Securities Market) regulations, this Corporation shall upload the content of such resolution to the MOPS within the prescribed time period.

Article 18 (Maintaining order at the meeting place)

- (1) Staff handling administrative affairs of a shareholders meeting shall wear identification cards or arm bands.
- (2) The chair may direct the proctors or security personnel to help maintain order at the meeting place. When proctors or security personnel help maintain order at the meeting place, they shall wear an identification card or armband bearing the word "Proctor."
- (3) At the place of a shareholders meeting, if a shareholder attempts to speak through any device other than the public address equipment set up by the Company, the chair may prevent the shareholder from so doing.
- (4) When a shareholder violates the rules of procedure and defies the chair's correction, obstructing the proceedings and refusing to heed calls to stop, the chair may direct the proctors or security personnel to escort the shareholder from the meeting.

Article 19 (Recess and resumption of a shareholders meeting)

- (1) When a meeting is in progress, the chair may announce a break based on time considerations. If a force majeure event occurs, the chair may rule the meeting temporarily suspended and announce a time when, in view of the circumstances, the meeting will be resumed.
- (2) If the meeting venue is no longer available for continued use and not all of the items including extraordinary motions on the meeting agenda have been addressed, the shareholders meeting may adopt a resolution to resume the meeting at another venue.
- (3) A resolution may be adopted at a shareholders meeting to defer or resume the meeting within 5 days in accordance with Article 182 of the Company Act.

Article 20 (Implementation)

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

Ethical Corporate Management Best Practice Principles

- Article 1** These Principles are adopted to assist companies listed on the Taiwan Stock Exchange Corporation (TWSE) and GreTai Securities Market (GTSM) (collectively, "TWSE/GTSM listed companies") to foster a corporate culture of ethical management and offer a reference framework for establishing good commercial practices.
- Article 2** These Principles shall be applicable to the Company and its subsidiaries, any foundation to which the Company's direct or indirect contribution of funds exceeds 50 percent of the total funds received, and other institutions or juridical persons which are substantially controlled by such company ("business group").
- Article 3** When engaging in commercial activities, directors, supervisors, managers, employees, and mandataries of the Company or persons having substantial control over such companies ("substantial controllers") shall not directly or indirectly offer, promise to offer, request or accept any improper benefits, nor commit unethical acts including breach of ethics, illegal acts, or breach of fiduciary duty ("unethical conduct") for purposes of acquiring or maintaining benefits.
- Parties referred to in the preceding paragraph include civil servants, political candidates, political parties or members of political parties, state-run or private-owned businesses or institutions, and their directors, supervisors, managers, employees or substantial controllers or other stakeholders.
- Article 4** "Benefits" in these Principles means any valuable things, including money, endowments, commissions, positions, services, preferential treatment or rebates of any type or in any name. Benefits received or given occasionally in accordance with accepted social customs and that do not adversely affect specific rights and obligations shall be excluded.
- Article 5** The Company shall comply with the Company Act, Securities and Exchange Act, Business Entity Accounting Act, Political Donations Act, Anti-Corruption Statute, Government Procurement Act, Act on Recusal of Public Servants Due to Conflicts of Interest, TWSE/GTSM listing rules, or other laws or regulations regarding commercial activities, as the underlying basic premise to facilitate ethical corporate management.
- Article 6** The Company shall abide by the operational philosophies of honesty, transparency and responsibility, base policies on the principle of good faith and establish good corporate governance and risk control and management mechanism so as to create an operational environment for sustainable development.
- Article 7** The Company should in their own ethical management policy clearly and thoroughly prescribe the specific ethical management practices and the programs to forestall unethical conduct ("prevention programs"), including operational procedures, guidelines, and training.
- When establishing the prevention programs, the Company shall comply with relevant laws and regulations of the territory where the business group are operating.
- In the course of developing the prevention programs, the Company are advised to negotiate with staff, labor unions members, important trading counterparties, or other stakeholders.
- Article 8** When establishing the prevention programs, the Company shall analyze which business activities within their business scope which are possibly at a higher risk of being involved in an unethical conduct. The prevention programs shall at least include preventive measures against the following:

1. Offering and acceptance of bribes.
2. Illegal political donations.
3. Improper charitable donations or sponsorship.
4. Offering or acceptance of unreasonable presents or hospitality, or other improper benefits.
5. Misappropriation of trade secrets and infringement of trademark rights, patent rights, copyrights, and other intellectual property rights.
6. Engaging in unfair competitive practices.
7. Damage directly or indirectly caused to the rights or interests, health, or safety of consumers or other stakeholders in the course of research and development, procurement, manufacture, provision, or sale of products and services.

Article 9 The Company and its respective business group shall clearly specify in their rules and external documents the ethical corporate management policies and the commitment by the board of directors and the management on rigorous and thorough implementation of such policies, and shall carry out the policies in internal management and in commercial activities.

Article 10 The Company shall engage in commercial activities in a fair and transparent manner. Prior to any commercial transactions, the Company shall take into consideration the legality of their agents, suppliers, clients, or other trading counterparties and whether any of them are involved in unethical conduct, and shall avoid any dealings with persons so involved.

When entering into contracts with agents, suppliers, clients, or other trading counterparties, the Company shall include in such contracts terms requiring compliance with ethical corporate management policy and that in the event the trading counterparties are involved in unethical conduct, the Company may at any time terminate or rescind the contracts.

Article 11 When conducting business, the Company and the directors, supervisors, managers, employees, mandataries, and substantial controllers, may not directly or indirectly offer, promise to offer, request, or accept any improper benefits in whatever form to or from clients, agents, contractors, suppliers, public servants, or other stakeholders.

Article 12 When directly or indirectly offering a donation to political parties or organizations or individuals participating in political activities, the Company and the directors, supervisors, managers, employees, mandataries, and substantial controllers, shall comply with the Political Donations Act and relevant internal operational procedures, and shall not make such donations in exchange for commercial gains or business advantages.

Article 13 When making or offering donations and sponsorship, the Company and the directors, supervisors, managers, employees, mandataries, and substantial controllers shall comply with relevant laws and regulations and internal operational procedures, and shall not surreptitiously engage in bribery.

Article 14 The Company and the directors, supervisors, managers, employees, mandataries, and substantial controllers shall not directly or indirectly offer or accept any unreasonable presents, hospitality or other improper benefits to establish business relationship or influence commercial transactions.

Article 15 The Company and the directors, supervisors, managers, employees, mandataries, and substantial controllers shall observe applicable laws and regulations, the company's internal operational procedures, and contractual provisions concerning intellectual property, and may not use, disclose, dispose, or damage intellectual property or otherwise infringe intellectual property rights without the prior consent of the intellectual property rights holder.

Article 16 The Company shall engage in business activities in accordance with applicable competition laws and regulations, and may not fix prices, make rigged bids, establish output restrictions or quotas, or share or divide markets by allocating customers, suppliers, territories, or lines of commerce.

Article 17 In the course of research and development, procurement, manufacture, provision, or sale of products and services, the Company and the directors, supervisors, managers, employees, mandataries, and substantial controllers shall observe applicable laws and regulations and international standards to ensure the transparency of information about, and safety of, their products and services. The Company shall also adopt and publish a policy on the protection of the rights and interests of consumers or other stakeholders, and carry out the policy in the operations, with a view to preventing products and services from directly or indirectly damaging the rights and interests, health, and safety of consumers or other stakeholders. Where there are sufficient facts to determine that the Company's products or services are likely to pose any hazard to the safety and health of consumers or other stakeholders, the company shall, in principle, recall those products or suspend the services immediately.

Article 18 Roles and responsibilities

The directors, supervisors, managers, employees, mandataries, and substantial controllers of the Company shall exercise the due care of good administrators to urge the company to prevent unethical conduct, always review the results of the preventive measures and continually make adjustments so as to ensure thorough implementation of its ethical corporate management policies.

To achieve sound ethical corporate management, the Company may establish a dedicated unit that is under the board of directors and responsible for establishing and supervising the implementation of the ethical corporate management policies and prevention programs. The dedicated unit shall be in charge of the following matters, and shall report to the board of directors on a regular basis:

1. Assisting in incorporating ethics and moral values into the Company's business strategy and adopting appropriate prevention measures against corruption and malfeasance to ensure ethical management in compliance with the requirements of laws and regulations.
2. Adopting programs to prevent unethical conduct and setting out in each program the standard operating procedures and conduct guidelines with respect to the Company's operations and business.
3. Planning the internal organization, structure, and allocation of responsibilities and setting up check-and-balance mechanisms for mutual supervision of the business activities within the business scope which are possibly at a higher risk for unethical conduct.
4. Promoting and coordinating awareness and educational activities with respect to ethics policy.

5. Developing a whistle-blowing system and ensuring its operating effectiveness.
6. Assisting the board of directors and management in auditing and assessing whether the prevention measures taken for the purpose of implementing ethical management are effectively operating, and preparing reports on the regular assessment of compliance with ethical management in operating procedures.

Article 19 Regulatory compliance when conducting business

The Company and the directors, supervisors, managers, employees, mandataries, and substantial controllers shall comply with laws and regulations and the prevention programs when conducting business.

Article 20 Conflicts of interest

The Company shall establish policies for preventing conflicts of interest to identify, monitor, and manage risks possibly resulting from unethical conduct, and shall also offer appropriate means for directors, supervisors, managers, and other stakeholders attending or present at board meetings to voluntarily explain whether their interests would potentially conflict with those of the Company.

When a proposal at a given board of directors meeting concerns the personal interest of, or the interest of the juristic person represented by, any of the directors, supervisors, managers, and other stakeholders attending or present at board meetings of the Company, the concerned person shall state the important aspects of the relationship of interest at the given board meeting. If his or her participation is likely to prejudice the interest of the Company, the concerned person may not participate in discussion of or voting on the proposal and shall recuse himself or herself from the discussion or the voting, and may not exercise voting rights as proxy for another director. The directors shall practice self-discipline and must not support one another in improper dealings.

The Company's directors, supervisors, managers, employees, mandataries, and substantial controllers shall not take advantage of their positions or influence in the companies to obtain improper benefits for themselves, their spouses, parents, children or any other person.

Article 21 Accounting and Internal Control

The Company shall establish effective accounting systems and internal control systems for business activities possibly at a higher risk of being involved in an unethical conduct, not have under-the-table accounts or keep secret accounts, and conduct reviews regularly so as to ensure that the design and enforcement of the systems are showing results.

The internal audit unit of the Company shall periodically examine the compliance with the foregoing systems and prepare audit reports and submit the same to the board of directors. The internal audit unit may engage a certified public accountant to carry out the audit, and may engage professionals to assist if necessary.

Article 22 Operational procedures and guidelines

The prevention program established in accordance with Article 7 hereof shall clearly and thoroughly guide directors, supervisors, managers, employees, and substantial controllers on how to conduct business. The prevention program should at least contain the following matters:

1. Standards for determining whether improper benefits have been offered or accepted.
2. Procedures for offering legitimate political donations.
3. Procedures and the standard rates for offering charitable donations or sponsorship.

4. Rules for avoiding work-related conflicts of interests and how they should be reported and handled.
5. Rules for keeping confidential trade secrets and sensitive business information obtained in the ordinary course of business.
6. Regulations and procedures for dealing with suppliers, clients and business transaction counterparties suspected of unethical conduct.
7. Handling procedures for violations of these Principles.
8. Disciplinary measures on offenders.

Article 23 Training and Performance Eval

The chairperson, general manager, or senior management of the Company shall communicate the importance of corporate ethics to its directors, employees, and mandataries on a regular basis.

The Company may occasionally organize training and awareness programs for directors, supervisors, managers, employees, mandataries, and substantial controllers and invite the companies' commercial transaction counterparties so they understand the companies' resolve to implement ethical corporate management, the related policies, prevention programs and the consequences of committing unethical conduct.

The Company shall apply the policies of ethical corporate management when creating its employee performance appraisal system and human resource policies to establish a clear and effective reward and discipline system.

Article 24 Whistleblowing System

The company shall adopt a concrete whistleblowing system and scrupulously operate the system. The whistleblowing system shall include at least the following:

1. An independent mailbox or hotline, either internally established and publicly announced or provided by an independent external institution, to allow company insiders and outsiders to submit reports.
2. Dedicated personnel or unit appointed to handle whistleblowing system. Any tip involving a director or senior manager shall be reported to the independent directors. Categories of reported misconduct shall be delineated and standard operating procedures for the investigation of each shall be adopted.
3. Documentation of case acceptance, investigation processes, investigation results, and relevant documents.
4. Confidentiality of the identity of whistleblowers and the content of reported cases.
5. Measures for protecting whistleblowers from inappropriate disciplinary actions due to their whistle-blowing.
6. Whistleblowing incentive measures.

When material misconduct or likelihood of material impairment to the Company comes to awareness upon investigation, the dedicated personnel or unit handling the whistleblowing system shall immediately prepare a report and notify the independent directors in written form.

Article 25 Disciplinary and appeal system

In regards to the violations of the ethical corporate management rules of disciplinary and appeal system, the Company shall make immediate disclosure on the internal website of the title and name of the violator, the date and details of the violation, and the actions taken in response.

Article 26 Information disclosure

The Company shall collect quantitative data about the promotion of ethical management and continuously analyze and assess the effectiveness of the promotion of ethical management policy. The Company shall also disclose the measures taken for implementing ethical corporate management, the status of implementation, the foregoing quantitative data, and the effectiveness of promotion on company websites, annual reports, and prospectuses, and shall disclose the ethical corporate management best practice principles on the Market Observation Post System.

Article 27 Review and modification of ethical corporate management policies and measure

The Company shall at all times monitor the development of relevant local and international regulations concerning ethical corporate management and encourage directors, supervisors, managers, and employees to make suggestions, based on which the adopted ethical corporate management policies and measures taken will be reviewed and improved with a view to achieving better implementation of ethical management.

Article 28 Implementation

The ethical corporate management best practice principles of the Company shall be implemented after the board of directors grants the approval, and shall be sent to the supervisors and reported at a shareholders' meeting. The same procedure shall be followed when the principles have been amended.

The Company has appointed independent director, when the ethical corporate management best practice principles are submitted for discussion by the board of directors pursuant to the preceding paragraph, the board of directors shall take into full consideration each independent director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the board of directors meeting. An independent director that cannot attend the board meeting in person to express objection or reservations shall provide a written opinion before the board meeting, unless there is some legitimate reason to do otherwise, and the opinion shall be specified in the minutes of the board of directors meeting.

The provisions regarding supervisors in these Principles shall apply mutatis mutandis to the audit committee.

Article 28 The Principles was approved by the Board of Director on October 18, 2016.

Shareholding of All Directors

1. The company's registered capital was NT\$500,000,000, paid-in capital was NT\$339,280,000, and the number of issued capital was 33,928,000 shares.
2. According to the public issuer's directors, the number of shares of the supervisor, and the inspection and implementation of Procedures Article 2(1) to (2) and the proviso of the proviso, the total number of shares held by the company's directors shall be calculated in accordance with paragraph 2, but if it is lower than the first maximum total number of shares, it shall be calculated in accordance with the maximum total number of shares in the first paragraph, that is not less than 15 percent of 30,000,000 shares. Based on this, the total number of shares held by the Company's total directors Should be 4,500,000 shares; also the Company has elected independent director of four persons. According to the second item of the same law, the total number of directors of independent directors will be reduced to 80% according to the above-mentioned ratio of shareholdings. The number of statutory shares to be held is 3,600,000 shares, and the company has an audit committee. Therefore, there is no applicability of the statutory shares that should be held by the supervisor.
3. The record of the shareholder's meeting transfer cancellation date (March 22, 2020) is cut off. The status of individual and all directors held by the shareholder list is as follows:

Title	Name	Number of shares held	Shareholding ratio
Chairman	Representative of ACTER CO., LTD: Chin-Li Liang	21,098,179	62.19%
Director	Representative of ACTER CO., LTD: Chung-Cheng Hsu		
Director	Representative of ACTER CO., LTD: Bi-Hui Wu		
Independent Director	Chih-Yi Chi	0	0%
Independent Director	Sheng-Yung Yang	0	0%
Independent Director	Cheng Li	0	0%
Independent Director	Hui-Yin Chiu	0	0%
Total shareholding by all directors		21,098,179	62.19%

The other explanation

1. The process of proposals raised by shareholders during this annual general meeting: :
 - (1) According to Article 172-1 of the Company Act, shareholders with more than 1% ownership interest are entitled to raise a maximum of one proposal less than 300 words to the Company, which will be addressed during the annual general meeting.
 - (2) This year's annual general meeting was open to shareholders' proposals from March 9 to March 18, 2020, and these dates have been published on the Market Observation Post System in compliance with the relevant regulations.
 - (3) The Company did not receive any proposals from shareholders.
2. Influence of Proposed Stock Dividend Distribution upon 2019 Operating Performance and Earnings Per Share : The company proposed to distribute cash dividend, so it is not applicable.