

Stock Code : 6230

Chaun-Choung Technology Corp.

2020 Annual Shareholders' Meeting Handbook

(Translation Version)

Date of meeting : June, 22nd, 2020 (Monday), 9:00 am

Place : No. 67, Section 1, GuangFu Road, Sanchong District, New Taipei City
(Jen Hour Restaurant, Conference Room)

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I. Meeting Agenda

Chaun-Choung Technology Corp. 2020 Annual Shareholders' Meeting Agenda

Date of meeting: June, 22nd, 2020 (Monday), 9:00 am

Place: No. 67, Section 1, GuangFu Road, Sanchong District, New Taipei City
(Jen Hour Restaurant, Conference Room)

Meeting Agenda:

I. Call the Meeting to Order (report on number of shareholders present).

II. Chairman's Address

III. Report Items

(I) The 2019 Business Report.

(II) The 2019 Supervisors' Review Report.

(III) Report on 2019 Employees' profit sharing bonus and directors as well as supervisors' compensation.

(IV) Report on the amendment of the Procedure for Board of Directors Meetings.

IV. Proposed Resolutions

(I) The 2019 Business Report and Financial Statements for Recognition.

(II) The 2019 Earnings Distribution for Recognition.

V. Matters for Discussion

(I) Amendment of the Articles of Incorporation.

(II) Amendment of the Procedure for the Acquisition or Disposal of Assets.

VI. Extempore Motions

VII. Meeting Adjourned

I. Report Items

Item No. 1:

Agenda: The 2019 Business Report of the Company.

Description: The 2019 Business Report of the Company, please refer to Annex I (pp.6-11).

Item No. 2:

Agenda: The 2019 Supervisors' Review Report.

Description: (I) The 2019 Business Report, Consolidated Financial Statements, Standalone Financial Statements and the 2019 Earnings Distribution have been reviewed by the Supervisors with the issuance of the Review Report.

(II) Supervisors' Review Report, please refer to Annex II (p.12)

Item No. 3:

Agenda: Report on 2019 Employees' profit sharing bonus and directors as well as supervisors' compensation.

Description:(I) Implemented in accordance with Article 20 of the Articles of Incorporation.

(II) The 2019 Employees' profit sharing bonus and directors as well as supervisors' compensation of the Company have been reviewed by the Remuneration Committee and passed by the Board on March 25th, 2020. The amount of 2019 Employees' profit sharing bonus is NT\$46,000,000, the directors and supervisors' compensation is NT\$5,000,000, both of them will be fully paid in cash.

Item No. 4:

Agenda: Report on the amendment of the Procedure for Board of Directors Meetings of the Company.

Description: As dictated by operation needs and the announcement by R.O.C. Financial Supervisory Commission on the amendment to part

Provisions of the “Regulations Governing Procedure for Board of Directors Meetings of Public Companies”, CCI has revised the “Procedure for Board of Directors Meetings” of the Company to meet the regulations and the actual operation status. The Comparison Table of the provisions for Before and After amendment is shown as Annex III (pp.13-16).

II. Proposed Resolutions

Item No. 1:

(Proposed by the Board)

Agenda: The 2019 Business Report and Financial Statements of the Company for Recognition

Description: (I) The 2019 Business Report and Financial Statements of the Company have been passed by the Board. The Financial Statements have been audited by Hsin-Yi Kuo and Hui-Chih Ko, certified public accountants from KPMG Taiwan, with the issuance of Independent Auditors' Report on record. These statements and Independent Auditors' report have been reviewed by the Supervisors with the issuance of Review Report.

(II) The information on 2019 Business Report, Independent Auditors' Report and Financial Statements, please Refer to Annex I (pp.6-11), Annex IV and Annex V (pp.17-32).

(III) For recognition.

Resolution:

Item No. 2:

(Proposed by the Board)

Agenda: The 2019 Earnings Distribution of the Company for Recognition.

Description: (I) The Proposal for the 2019 Earnings Distribution of the Company has been passed by the Board and reviewed by the Supervisors. The 2019 Earnings Distribution Table, please Refer to Annex VI (p.33).

(II) The Board shall be authorized to set the Ex-dividend day when this motion is passed by the annual Shareholders' Meeting. Where new shares may be offered for raising capital or the Company may repurchase outstanding shares being issued, and other factors, that may affect the total quantity of outstanding shares and the dividend rate is also affected. The company requests the Shareholders' Meeting to authorize the Board to make adjustment to the dividend rate and related matters.

(III) For recognition.

Resolution:

III. Matters for Discussion

Item No. 1: (Proposed by the Board)

Agenda: Amendment of the "Articles of Incorporation" of the Company for discussion and resolution.

Description: (I) As dictated by operation needs and in alignment with the Company Act currently in effect, CCI moves to revise the "Articles of Incorporation". The Comparison Table of the provisions for Before and After amendment, please refer to Annex VII (pp.34-38).

(II) For resolution.

Resolution:

Item No. 2: (Proposed by the Board)

Agenda: Amendment of the "Procedure for the Acquisition or Disposal of Assets" of the Company for discussion and resolution.

Description: (I) As dictated by the investment planning and operation needs of the Company, CCI moves to adjust upward the limit of investment of the Company and the subsidiaries in securities (individually as well as totally), and revise the "Procedure for the Acquisition or Disposal of Assets" of the Company. The Comparison Table of the provisions for Before and After amendment, please refer to Annex VIII (p.39)

(II) For resolution.

Resolution:

IV. Extempore Motions

V. Meeting Adjourned

II. Annexes

[Annex I]

Chaun-Choung Technology Corp.

The 2019 Business Report

I. The 2019 Business Report

(I) The implementation results of the 2019 Business Plan

The Company generated consolidated net revenues totaling NT\$8,586,172 thousands in 2019, up 12% from the NT\$7,662,175 thousands in 2018. Pre-tax profit was concluded at NT\$967,857 thousands, up 4% from the NT\$931,048 thousands in 2018; net income amounted to NT\$701,534 thousands, representing an EPS of NT\$8.12 that were 18% higher than the previous year. The function of High-end PC, smart phones and electronic products becomes more sophisticated and high performance, and the higher demand for heat cooling, the products with high power cooling drives the sustained growth of the Company.

The overview of heat cooling industry nowadays, as the related technology of Cloud, Artificial Intelligence (AI) and 5G has developed maturely gradually, the application of heat cooling products focused on personal devices related to PC industry has expanded to the fields of smart phones, Cloud Data Centers, IoT, automobiles, communications, information computing facilities as well as smart home appliances. The overall demand for heat cooling products and the market size have continued to grow quickly. In order to meet the diversified needs of the market, CCI provides a wider array of cooling related products. The Company will continue to deepen the relationship of the existing customers and actively develop the heat cooling solutions in the fields of Handheld devices, Gaming consoles, high power air cooling systems and liquid cooling systems to meet the needs of the market. To invest the product development driven by related applications such as AI, IoT and 5G is the goal of the Company, in addition, comprehensively enhancing the connection with the key global regions / customers to strengthen the services for existing customers and develop new customers.

Besides well-known of cooling devices for the smart phones, laptops and servers have been getting lighter, slimmer and higher efficiency in performance. Chaun-Choung has successfully developed a number of cooling solutions for electronic products which are also in mass production in recent years, such as Gaming NB with overclocking thermal modules, Action Cameras with slim and light heat sink components, high-density & High Performance Computing (HPC) workstation-

grade server thermal modules and Advanced Driver Assistance Systems (ADAS) with liquid-cooling solutions. Further, the technology of the products with copper vapor chamber developed by Chaun-Choung, no matter is ultra-slim vapor chamber or high-performance vapor chamber, the technology is maturity and has been recognized by major cell phone and network communication customers around the world with successful launch into the market and in mass production. Recently, based on this successful experience, Chaun-Choung is endeavouring towards the research and development of non-copper alloy technology, and apply this technology to more stringent requirement cooling solutions, such as vehicle-mounted, electrical and electronic products, which require higher performance in cooling, stronger strength, lighter in weight. The usage of new materials will be based on the successfully developed copper production process, which will further extend to new equipment and new production process. Refine key welding and vacuum technology to overcome the physical bottleneck of design and manufacturing for different materials. It is expected to achieve ultra-slim thickness of less than 0.3 mm and high performance with a pressure resistance of more than 300 pounds as a unique cooling solution for particular demands.

It is the second year after joining of the Nidec team, after the cooperation of business and technology development the past year, the operational efficiency of each plant has been greatly improved. Through close cooperation with each other, the synergy has already yielded. Furthermore, the construction of the plant in Vietnam is expected to be completed by the end of this year. This will not only upgrade the overall production capacity of the whole group but also diversify the risk of concentration at only one production site. This will be favorable for the adjustment of the production line of the group to satisfy the needs and expectations of different customers. In terms of product strategy, the Company will continue exploring slimmer, smaller, more structurally robust and more heat cooling-efficient solutions in response to the trend of more diversified applications. The Company will concentrate on the applications such as Artificial Intelligence (AI), Internet of Things (IoT), Cloud, 5G, High Performance Computing (HPC), smart home appliances and automobiles, with using air cooling and liquid cooling solutions, to satisfy the demands of the market and expand the operational scale. As for the uncertainties are trade wars between major economies, risks of global security change, fluctuations in raw material prices, increased operation costs such as labor and product price competition. The Company will accelerate the optimization of production process to improve production capacity and productivity, and continue the innovation in technology, products and applications, with the suitable rearrangement of the production sites

for assurance of core competence and synergy to surpass industry peers.

(II) Budget execution: according to the “Regulations Governing the Publication of Financial Forecasts of Public Companies”, the Company is not required to disclose information regarding budget execution and analysis in 2019, as the Company did not release the information of financial forecasts in 2019.

(III) Revenue, Expenditure and profitability analysis

Currency unit: NTD thousands

Item		Year	2018	2019
Financial Income and Expenditure	Operating Revenue		7,662,175	8,586,172
	Gross Profit from Operation		1,551,889	1,858,195
	Net Profit		595,610	701,534
Profitability	Return on Assets (%)		8.91	9.91
	Return on Equity (%)		16.01	17.76
	Pre-tax Profit as a percentage of Paid-up Capital (%)		107.83	112.09
	Net profit rate (%)		7.77	8.17
	Basic Earnings per Share (NT\$)		6.90	8.12

(IV) Research and Development

1. Research and Development Expenses in the last two years

Currency unit: NTD thousands

Item	Year	2018	2019
R&D Expenses		290,193	343,725
As a Percentage of Current Year Revenue (%)		3.79	4.00

2. Research and Development Outcomes

(1)The development of cooling solution for the ultra-slim vapor chamber for 5G smart phones was completed.

(2)The development of cooling solution for Intel Cometlake Platform was completed.

(3)The development of cooling solution for Server Whitley Platform was completed.

II. Summary of 2020 Business Plan

(I) Operational Guidelines

1. Integrate internal management systems of the Company and obtain timely information to improve the efficiency and quality of decisions making.

2. Combining the resources of Nidec (Parent Company) to expand global competitiveness as well as vision and enhance policy execution.
3. Continuously intensify the development and management of supply chain to get more effective control of material costs.
4. Proactively establish good relationships with customers, satisfy various needs requesting by customers. Improve the timeliness of customer complaint handling, adopt corrective and preventive action and implement indeed.
5. Focus on market information gathering, including industry trends, financial information for decision making.
6. Adopt automatic production equipment accelerately, renew instruments timely, make ongoing improvements for production process to enhance productivity.
7. Strengthen product innovation and R&D plans; collaborate with research institutions moderately to secure the sources of new and high-tech technologies in the medium and long term of the Company.
8. Carry out the optimization of various transformation, strengthen the intergration and management of information systems, simplify the operation process, install auxiliary tools to improve efficiency and enhance the output per capita.

(II) Expected Sales Volume and Basis

The Company's main products include heat pipes, vapor chambers, thermal modules, and heat sinks. These products are mainly used in PCs, servers, network communications, and smart phones. According to certain reports of the market, the extensive spread out of the COVID-19 at the beginning of this year triggered the sudden but sizable demand for telecommuting, distance learning, and medical diagnosis, which in turn resulted in the short supply of PCs worldwide. However, the production base in China cannot resume as scheduled and accompany with the delay in logistic supply due to the isolationism policy adopted by the countries for the prevention of the epidemic. The result was the decline of global PCs' shipment by 8% in the first quarter of 2020 as compared with the same period of the previous year. But it can be expected that most countries will further expand their digital services under the influence of the epidemic and pull up the demand for broadband networks, which may be the key for accelerating the installation of hardware for 5G.

In addition to maintaining the stable market shares of PC and server cooling components, the Company will spare no effort in developing the application of vapor chambers in 2020. The shipment volume of main products will continue to growth overall and the expected consolidated sales volume is as follows,

Unit: 1,000 sets/1,000 pcs

Main Products	Full-year Expected Sales Volume	As of March 31st , 2020	
		Volume Sold	Percentage of Accomplishment(%)
Thermal Module	70,715	9,627	13.61
Heat Sink	38,340	5,256	13.71
Others	26,948	6,615	24.55
Total	136,003	21,498	15.81

(III) Important Production and Sales Policies

1. Production Policies: The industrial characteristics of heat cooling products are few standardization, frequent design changes and urgent orders. Therefore, the Company enforces the strict inventory management, reducing inventory and increasing inventory turnover. In addition, the Company also invests extensively in automatic production equipment as a mean to reduce labor requirements, and actively explores ways to improve production quality, simplify production process, design common materials for cost reduction in order to offer more competitive price of products.
2. Sales Policies: In addition to expanding market shares in local and foreign markets, the Company will also gradually increase investment in vapor chamber production capacity depending on the market supply and demand situation. In addition, the Company will strengthenly develop distribution channels and establish agency sales channels to further expand the international market exposure.

III. Future Development Strategies

- (I) Set short/medium/long term goals and visions.
- (II) Take actions toward accomplishing the prescribed goals and visions, and track performance on a regular basis for strategies flexible adjustments.
- (III) Close cooperation with Nidec to broaden the scope of product services and industry field developing, which will help obtain comparative advantages of each product lines among the industry peers.
- (IV) Enhance the quality and energy of R&D, and share the achievements and revenue growth performance with customers.
- (V) Speed up production capacity expansion to satisfy future market demand.
- (VI) Actively upgrade the automated production process to improve efficiency and get effective cost control.
- (VII) Make continuous improvements on product quality and achieve the goal of zero defects.

(VIII) Continue to strengthen the industry's environmental protection policies, energy conservation, carbon emission, create a friendly environment as well as employment terms for compliance with RBA (EICC) and fulfillment of social responsibilities, to realize our vision of a low-carbon/carbon-free industry.

IV. Impacts of the Competitive Environment, Regulatory Environment, and the Overall Business Environment

The Company has been susceptible to impacts of external competition, regulations, and macroeconomic environment since it was first founded. Faced with market competition, new laws issued by the securities authority, foreign environmental protection regulations, and the rapid change of global operating environment, the Company's operating performance has been indeed affected. In response to the above environmental changes, the Company will take actions to ensure the financial reports are prepared according to new securities laws and request all products produced by suppliers and the Company are compliant with foreign environmental protection regulations. Besides, the Company will endeavor to strengthen the integration of supply chain, enhance the percentage of self-manufacturing components, improve production processes, expand production capacity to make cost reduction, and timely grasp customers' order requirements to enable proper planning of raw material purchases, and thereby improve overall competitiveness of the Company.

We give you

Our best regards for the future ahead

Chairman: Junichi Nagai

General Manager: Ta-Chi Kuo

Head of Accounting: Ling-Chuan Yi

[Annex II]

Chaun-Choung Technology Corp.

Supervisors' Review Report

The Board of Directors has prepared the Business Report, Consolidated Financial Statements, Standalone Financial Statements and the Earnings Distribution in 2019. We have reviewed these reports and statements, which were appropriately done. We hereby issue this Review Report pursuant to Article 219 of the Company Act.

To

2020 Annual Shareholders' Meeting, Chaun-Choung Technology Corp.

Supervisor: Yi Cen Investment Co., Ltd.

Representative: Chun-Yu Yen

Supervisor: Isao Takahashi

March 30th, 2020

[Annex III]

**Chaun-Choung Technology Corp.
Comparison Table of the provisions of the Procedure for Board of
Directors Meetings Before and After Amendment**

Sequence number	Provision after amendment	Provision currently in effect	Reasons for amendment
Article 4	<p>(Meeting notification and meeting materials)</p> <p>The Board designates <u>the Chairman's Office</u> as the agenda working unit for the procedure of meetings. This unit shall consult the Directors for opinions, prepare agenda items for board of directors meetings and provide comprehensive pre-meeting materials, to be sent together with the notice of the meeting.</p> <p>A director of the opinion that the pre-meeting materials provided are insufficiently comprehensive may request the agenda working unit to supplement the materials. If a director is of the opinion that materials concerning any proposal are insufficient in content, the deliberation of such proposal may be postponed by a resolution of the board of directors.</p>	<p>(Meeting notification and meeting materials)</p> <p>The Board designates the Administration Department as the agenda working unit for the procedure of meetings. This unit shall consult the Directors for opinions, prepare agenda items for board of directors meetings and provide comprehensive pre-meeting materials, to be sent together with the notice of the meeting.</p> <p>A director of the opinion that the pre-meeting materials provided are insufficiently comprehensive may request the agenda working unit to supplement the materials. If a director is of the opinion that materials concerning any proposal are insufficient in content, the deliberation of such proposal may be postponed by a resolution of the board of directors.</p>	<p>The agenda working unit of Board meetings has been changed into the Chairman's Office in accordance with the current actual job duties and the adjustment of the assignments.</p>

Sequence number	Provision after amendment	Provision currently in effect	Reasons for amendment
Article 7	<p>(Chair and acting chair of a board meeting)</p> <p>Where a meeting of the board of directors is called by the chairperson of the board, the meeting shall be chaired by the chairperson. However, where the first meeting of each newly elected board of directors is called by the director who received votes representing the largest portion of voting rights at the shareholders' meeting in which the directors were elected, the meeting shall be chaired by that director; if there are two or more directors so entitled to call the meeting, they shall choose one person by and from among themselves to chair the meeting.</p> <p><u>Where a meeting of the board of directors is called by a majority of directors on their own initiative in accordance with Paragraph 4 of Article 203, or Paragraph 3 of Article 203-1 of the Company Act, the directors shall choose one person by and from among themselves to chair the meeting.</u></p> <p>When the chairperson of the board is on leave or for any reason is unable to exercise the powers of the chairperson, proceed in accordance with Article 208 of the Company Act.</p>	<p>(Chair and acting chair of a board meeting)</p> <p>Where a meeting of the board of directors is called by the chairperson of the board, the meeting shall be chaired by the chairperson. However, where the first meeting of each newly elected board of directors is called by the director who received votes representing the largest portion of voting rights at the shareholders' meeting in which the directors were elected, the meeting shall be chaired by that director; if there are two or more directors so entitled to call the meeting, they shall choose one person by and from among themselves to chair the meeting.</p> <p>When the chairperson of the board is on leave or for any reason is unable to exercise the powers of the chairperson, proceed in accordance with Article 208 of the Company Act.</p>	<ol style="list-style-type: none"> 1. Amendment was made pursuant to Paragraph 4 of Article 203 and Paragraph 3 of Article 203-1 of the Company Act promulgated on August 1st, 2018 after amendment. 2. Paragraph 2 of the provision currently in effect was moved to Paragraph 3.
Article 11	<p>(Discussion of proposals)</p> <p>A board of directors meeting shall be conducted in accordance with the <u>order</u> of agenda as specified in the meeting notice. However, the order may be changed with the</p>	<p>(Discussion of proposals)</p> <p>A board of directors meeting shall be conducted in accordance with the content of agenda as specified in the meeting notice. However, the order may be changed with the</p>	<p>Revision of the wording for congruence with the requirements under law and the index information</p>

Sequence number	Provision after amendment	Provision currently in effect	Reasons for amendment
	<p>approval of a majority of directors present at the meeting.</p> <p>The chair shall not announce for the adjournment of the meeting when the aforementioned agendas and extempore motions are still in proceeding except at the consent of a majority of directors present at the meeting.</p> <p>If at any time during the proceeding of a board of directors meeting, the directors sitting at the meeting are not more than half of the directors present at the meeting, then upon motion by the directors sitting at the meeting, the chair shall declare a suspension of meeting, in which case Paragraph 4 of Article 8 of the Procedure shall apply mutatis mutandis.</p>	<p>approval of a majority of directors present at the meeting.</p> <p>The chair shall not announce for the adjournment of the meeting when the aforementioned agendas and extempore motions are still in proceeding except at the consent of a majority of directors present at the meeting.</p> <p>If at any time during the proceeding of a board of directors meeting, the directors sitting at the meeting are not more than half of the directors present at the meeting, then upon motion by the directors sitting at the meeting, the chair shall declare a suspension of meeting, in which case Paragraph 3 of Article 8 of the Procedure shall apply mutatis mutandis.</p>	<p>of the sequence of the article.</p>
<p>Article 15</p>	<p>(Recusal system for directors)</p> <p>Directors shall be self-disciplined at high standard. If any director or a juristic person represented by a director is an interested party with respect to any agenda item, the director shall state the important aspects of the interested party relationship at the respective meeting. When the relationship is likely to prejudice the interests of the Company, the director may not participate in discussion or voting on that agenda item, and further, shall enter recusal during discussion and voting on that item and may not act as another director's proxy to exercise voting rights on that matter.</p> <p>Where the spouse, a blood relative within the second degree</p>	<p>(Recusal system for directors)</p> <p>Directors shall be self-disciplined at high standard. If any director or a juristic person represented by a director is an interested party with respect to any agenda item, the director shall state the important aspects of the interested party relationship at the respective meeting. When the relationship is likely to prejudice the interests of the Company, the director may express his/her opinions and respond to queries but may not participate in discussion or voting on that agenda item, and further, shall enter recusal during discussion and voting on that item and may not act as another director's proxy to exercise voting rights on that matter.</p>	<p>1. It is explicitly stated that if the specific agenda of the Board of Directors Meetings involves a conflict of interest between the directors or the institutions they represented that may cause damage to the interest of the Company, the directors shall recuse from the discussion and voting of the specific agenda and shall not</p>

Sequence number	Provision after amendment	Provision currently in effect	Reasons for amendment
	<p><u>of kinship of a director, or any company which has a controlling or subordinate relation with a director has interests in the matters under discussion in the meeting of the preceding paragraph, such director shall be deemed to have a personal interest in the matter.</u></p> <p>The provisions of Paragraph 2 of Article 180 of the Company Act as applied mutatis mutandis under <u>Paragraph 4</u> of Article 206 of that Act, apply to resolutions of board of directors meetings when a director is prohibited by the <u>preceding 2 paragraphs</u> from exercising voting rights.</p>	<p>The provisions of Paragraph 2 of Article 180 of the Company Act as applied mutatis mutandis under Paragraph 3 of Article 206 of that Act, apply to resolutions of board of directors meetings when a director is prohibited by the preceding paragraph from exercising voting rights.</p>	<p>express any opinions and respond to queries in compliance with applicable laws.</p> <p>2. Addition of paragraph 2 for alignment with Paragraph 3 of Article 206 of the Company Act promulgated on August 1st, 2018.</p> <p>3. Paragraph 2 of the provision currently in effect was moved to paragraph 3, and corresponding amendment of the index information pursuant to the amendment of Article 206 of the Company Act.</p>
Article 16	<p>(Meeting minutes and sign-in matters) (skipped above)</p> <p>Any of the following matters in relation to a resolution passed at a meeting of the board of directors shall be stated in the meeting minutes and within 2 days of the meeting be published on MOPS designated by Financial Supervisory Commission: (Skipped below)</p>	<p>(Meeting minutes and sign-in matters) (skipped above)</p> <p>Any of the following matters in relation to a resolution passed at a meeting of the board of directors shall be stated in the meeting minutes and within 2 days of the meeting be published on MOPS designated by Financial Supervisory Commission <u>of Executive Yuan</u>: (Skipped below)</p>	<p>Amendment was made in conformity to the reorganization of the Financial Supervisory Commission</p>

[Annex IV] 2019 Independent Auditors' Report and Consolidated Financial Statements



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Independent Auditors' Report

To the Board of Directors of CHAUN-CHOUNG TECHNOLOGY CORP.:

Opinion

We have audited the consolidated financial statements of CHAUN-CHOUNG TECHNOLOGY CORP. and its subsidiaries ("the Group"), which comprise the consolidated balance sheets as of December 31, 2019 and 2018, the consolidated statements 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 of the consolidated financial statements as of and for the year ended December 31, 2019 in accordance with the Regulations Governing Auditing and Certification of Financial Statements by Certified Public Accountants, Rule No. 1090360805 issued by the Financial Supervisory Commission, and the auditing standards generally accepted in the Republic of China. Furthermore, we conducted our audit of the consolidated financial statements as of and for the year ended December 31, 2018 in accordance with the Regulations Governing Auditing and Certification of Financial Statements by Certified Public Accountants, and the auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Certified Public Accountants Code of Professional Ethics in Republic of China ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

1. Revenue recognition

Please refer to note 4(o) “Revenue recognition” for accounting policy related to revenue recognition, and note 6(m) “Revenue from contracts with customers” for disclosure information about revenue recognition of the consolidated financial statements.

Description of key audit matter:

The main revenue of the Group comes from the researching, development, production, and sale of thermal components in the computer and related industries. Since products are highly customized, the revenue recognition is concerned by the users or receiver of the financial statements, the test for revenue recognition is a highly concerned matter when we comply the audit procedure for the financial statements of the Group.

How the matter was addressed in our audit:

Our principal audit procedures included obtaining the list of top-ten customers and newly-added customers for the current year to analyze whether there is an unusual situation or not, inspecting of significant new contracts and understanding terms and conditions to assess whether there are any significant abnormalities, assessing the appropriateness of accounting policies for revenue recognition (including sales returns and discounts), testing the effectiveness of the design and the implementation of internal controls of sales and performing the sales cut-off test on the period before and after the balance sheet date, to ensure sales are recognized in the appropriate accounting period.

2. The Valuation of Inventory

Please refer to note 4(h) “Inventories” for accounting policy related to valuation of inventories, note 5(a) for significant accounting assumptions and judgments, and major sources of estimation uncertainty related to valuation of inventories and note 6(d) “Inventories” for disclosure information about valuation of inventories of the consolidated financial statements.

Description of key audit matter:

The Group’s products are designed based on customer’s need and have the attribute of highly customized. The production strategy is mainly make-to-order (MTO) that relieves the problems of inventory obsolescence. However, the industrial characteristics of thermal components are few standard material, frequent design changes, rush orders, delay deliveries result from customer’s request, and failure to reach the sales forecast. These factors make the sales of products and the preparation of material difficult, which result in the risk of inventory obsolescence increase. Considering the assessment of inventory impairment loss varies by inventory turnover which depends on the subjective judgment of the management, the valuation of inventory is a highly concerned matter when we comply the audit procedure for the financial statements of the Group.

How the matter was addressed in our audit:

Our principal audit procedures included obtaining the inventory aging report and analyze the variation in the corresponding period, assessing the appropriateness of inventory valuation policies and ensure the process of inventory valuation is in conformity with the accounting policies, comparing the past assessment of inventory impairment loss with the actual obsolescence losses to ensure the reasonableness of the inventory valuation, and assessing whether the disclosure of provision for inventory valuation is appropriate.

**Other Matter**

CHAUN-CHOUNG TECHNOLOGY CORP. 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 independent directors or supervisors) are responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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 auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

The engagement partners on the audit resulting in this independent auditors' report are Hsin-Yi Kuo and Hui-Chih Ko.

KPMG

Taipei, Taiwan (Republic of China)
March 25, 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 Originally Issued in Chinese)
CHAUN-CHIOUNG TECHNOLOGY CORP. AND SUBSIDIARIES

Consolidated Balance Sheets

December 31, 2019 and 2018

(Expressed in Thousands of New Taiwan Dollars)

	December 31, 2019		December 31, 2018			December 31, 2019		December 31, 2018	
	Amount	%	Amount	%		Amount	%	Amount	%
Assets					Liabilities and equity				
Current assets:					Current liabilities:				
1100 Cash and cash equivalents (notes 6(a)(p))	\$ 1,470,714	20	1,455,534	21	2100 Short-term borrowings (notes 6(h)(p))	\$ -	-	100,000	1
1150 Notes receivable, net (notes 6(c)(m)(p))	5,006	-	41,045	1	2170 Accounts payable (note 6(p))	1,990,907	28	1,870,949	27
1170 Accounts receivable, net (notes 6(c)(m)(p))	2,670,764	37	2,456,230	36	2200 Other payables (including related parties) (notes 6(p) and 7)	637,547	9	322,792	5
1180 Accounts receivable due from related parties, net (notes 6(c)(m)(p) and 7)	156,816	2	-	-	2250 Current provisions	2,387	-	1,893	-
1200 Other receivables (note 6(p))	2,041	-	7,801	-	2280 Current lease liabilities	8,712	-	-	-
130X Inventories (note 6(d))	997,904	14	1,105,334	16	2300 Other current liabilities	<u>98,330</u>	<u>1</u>	<u>370,879</u>	<u>5</u>
1410 Prepayments	30,557	-	23,209	-	Total current liabilities	<u>2,737,883</u>	<u>38</u>	<u>2,666,513</u>	<u>38</u>
1470 Other current assets (note 6(g))	<u>63,432</u>	<u>1</u>	<u>164,289</u>	<u>2</u>	Non-current liabilities:				
Total current assets	<u>5,397,234</u>	<u>74</u>	<u>5,253,442</u>	<u>76</u>	2570 Deferred tax liabilities (note 6(j))	459,516	6	387,668	6
Non-current assets:					2580 Non-current lease liabilities	7,463	-	-	-
1517 Non-current financial assets at fair value through other comprehensive income (notes 6(b)(p))	72,709	1	50,163	1	2640 Net defined benefit liability, non-current (note 6(i))	1,236	-	4,970	-
1600 Property, plant and equipment (notes 6(e) and 8)	1,498,159	21	1,329,492	19	2645 Guarantee deposits received	<u>1,819</u>	<u>-</u>	<u>2,039</u>	<u>-</u>
1755 Right-of-use assets (note 6(g))	110,873	1	-	-	Total non-current liabilities	<u>470,034</u>	<u>6</u>	<u>394,677</u>	<u>6</u>
1760 Investment property, net (notes 6(f) and 8)	57,806	1	58,488	1	Total liabilities	<u>3,207,917</u>	<u>44</u>	<u>3,061,190</u>	<u>44</u>
1780 Intangible assets	11,523	-	13,093	-	Equity attributable to owners of parent (note 6(k)):				
1840 Deferred tax assets (note 6(j))	115,428	2	89,844	1	3100 Ordinary shares	<u>863,434</u>	<u>12</u>	<u>863,434</u>	<u>13</u>
1900 Other non-current assets (note 6(g))	<u>3,243</u>	<u>-</u>	<u>104,964</u>	<u>2</u>	3200 Capital surplus	<u>531,823</u>	<u>7</u>	<u>531,823</u>	<u>8</u>
Total non-current assets	<u>1,869,741</u>	<u>26</u>	<u>1,646,044</u>	<u>24</u>	Retained earnings:				
					3310 Legal reserve	676,028	9	616,467	9
					3320 Special reserve	185,482	3	130,906	2
					3350 Unappropriated retained earnings (note 6(i))	<u>2,024,660</u>	<u>28</u>	<u>1,881,148</u>	<u>27</u>
					Total retained earnings	<u>2,886,170</u>	<u>40</u>	<u>2,628,521</u>	<u>38</u>
					3400 Other equity	<u>(222,369)</u>	<u>(3)</u>	<u>(185,482)</u>	<u>(3)</u>
					Total equity	<u>4,059,058</u>	<u>56</u>	<u>3,838,296</u>	<u>56</u>
Total assets	<u>\$ 7,266,975</u>	<u>100</u>	<u>6,899,486</u>	<u>100</u>	Total liabilities and equity	<u>\$ 7,266,975</u>	<u>100</u>	<u>6,899,486</u>	<u>100</u>

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
CHAUN-CHOUNG TECHNOLOGY CORP. 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 Share)

		<u>2019</u>		<u>2018</u>	
		Amount	%	Amount	%
4000	Operating revenues (notes 6(m) and 7)	8,586,172	100	7,662,175	100
5000	Operating costs (notes 6(d)(e)(f)(n))	<u>6,727,977</u>	<u>78</u>	<u>6,110,286</u>	<u>80</u>
	Gross profit from operations	<u>1,858,195</u>	<u>22</u>	<u>1,551,889</u>	<u>20</u>
	Operating expenses (notes 6(e)(i)(n) and 7):				
6100	Selling expenses	230,177	3	198,482	3
6200	Administrative expenses	310,512	4	236,511	3
6300	Research and development expenses	<u>343,725</u>	<u>4</u>	<u>290,193</u>	<u>3</u>
6300	Total operating expenses	<u>884,414</u>	<u>11</u>	<u>725,186</u>	<u>9</u>
	Net operating income	<u>973,781</u>	<u>11</u>	<u>826,703</u>	<u>11</u>
	Non-operating income and expenses:				
7010	Other income (note 6(o))	51,699	1	42,357	-
7020	Other gains and losses, net (notes 6(f)(o))	(56,238)	(1)	63,979	1
7050	Finance costs (note 6(v))	(900)	-	(1,506)	-
7880	Impairment loss determined in accordance with IFRS 9 (note 6(c))	<u>(485)</u>	<u>-</u>	<u>(485)</u>	<u>-</u>
	Total non-operating income and expenses	<u>(5,924)</u>	<u>-</u>	<u>104,345</u>	<u>1</u>
7900	Income before income tax	967,857	11	931,048	12
7951	Less: Income tax expenses (note 6(j))	<u>266,323</u>	<u>3</u>	<u>335,438</u>	<u>4</u>
	Profit	<u>701,534</u>	<u>8</u>	<u>595,610</u>	<u>8</u>
8300	Other comprehensive income:				
8310	Items that may not be reclassified subsequently to profit or loss:				
8316	Unrealized gains from investments in equity instruments measured at fair value through other comprehensive income	22,546	-	14,737	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	Total items that may not be reclassified subsequently to profit or loss	<u>22,546</u>	<u>-</u>	<u>14,737</u>	<u>-</u>
8360	Items that may be reclassified subsequently to profit or loss:				
8361	Exchange differences on translation	(124,916)	(1)	(57,926)	(1)
8391	Other components of other comprehensive income that will be reclassified to profit or loss	3,036	-	(3,928)	-
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss	<u>(24,376)</u>	<u>-</u>	<u>(16,776)</u>	<u>-</u>
	Total items that may be reclassified subsequently to profit or loss	<u>(97,504)</u>	<u>(1)</u>	<u>(45,078)</u>	<u>(1)</u>
8300	Other comprehensive income	<u>(74,958)</u>	<u>(1)</u>	<u>(30,341)</u>	<u>(1)</u>
	Total comprehensive income	<u>\$ 626,576</u>	<u>7</u>	<u>\$ 565,269</u>	<u>7</u>
	Basic earnings per share (note 6(l))				
	Basic earnings per share (expressed in New Taiwan Dollars)	<u>\$ 8.12</u>		<u>\$ 6.90</u>	

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
CHAUN-CHOUNG TECHNOLOGY CORP. AND SUBSIDIARIES

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

	Retained earnings						Other equity		Total	Total equity
	Ordinary shares	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Total retained earnings	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income		
Balance on January 1, 2018	\$ 863,434	531,823	566,441	97,528	1,670,335	2,334,304	(130,906)	-	(130,906)	3,598,655
Effects of retrospective application	-	-	-	-	40,500	40,500	-	(25,072)	(25,072)	15,428
Balance on January 1, 2018 after adjustments	<u>863,434</u>	<u>531,823</u>	<u>566,441</u>	<u>97,528</u>	<u>1,710,835</u>	<u>2,374,804</u>	<u>(130,906)</u>	<u>(25,072)</u>	<u>(155,978)</u>	<u>3,614,083</u>
Profit for the year ended December 31, 2018	-	-	-	-	595,610	595,610	-	-	-	595,610
Other comprehensive income for the year ended December 31, 2018	-	-	-	-	(837)	(837)	(44,241)	14,737	(29,504)	(30,341)
Comprehensive income for the year ended December 31, 2018	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>594,773</u>	<u>594,773</u>	<u>(44,241)</u>	<u>14,737</u>	<u>(29,504)</u>	<u>565,269</u>
Appropriation and distribution of retained earnings:										
Legal reserve	-	-	50,026	-	(50,026)	-	-	-	-	-
Special reserve	-	-	-	33,378	(33,378)	-	-	-	-	-
Cash dividends on ordinary shares	-	-	-	-	(341,056)	(341,056)	-	-	-	(341,056)
Balance on December 31, 2018	<u>863,434</u>	<u>531,823</u>	<u>616,467</u>	<u>130,906</u>	<u>1,881,148</u>	<u>2,628,521</u>	<u>(175,147)</u>	<u>(10,335)</u>	<u>(185,482)</u>	<u>3,838,296</u>
Profit for the year ended December 31, 2019	-	-	-	-	701,534	701,534	-	-	-	701,534
Other comprehensive income for the year ended December 31, 2019	-	-	-	-	2,429	2,429	(99,933)	22,546	(77,387)	(74,958)
Comprehensive income for the year ended December 31, 2019	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>703,963</u>	<u>703,963</u>	<u>(99,933)</u>	<u>22,546</u>	<u>(77,387)</u>	<u>626,376</u>
Appropriation and distribution of retained earnings:										
Legal reserve	-	-	59,561	-	(59,561)	-	-	-	-	-
Special reserve	-	-	-	54,576	(54,576)	-	-	-	-	-
Cash dividends on ordinary shares	-	-	-	-	(405,814)	(405,814)	-	-	-	(405,814)
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	(40,500)	(40,500)	-	40,500	40,500	-
Balance on December 31, 2019	<u>\$ 863,434</u>	<u>531,823</u>	<u>676,028</u>	<u>185,482</u>	<u>2,024,660</u>	<u>2,886,170</u>	<u>(275,080)</u>	<u>52,711</u>	<u>(222,369)</u>	<u>4,059,058</u>

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
CHAUN-CHOUNG TECHNOLOGY CORP. AND SUBSIDIARIES

Consolidated Statements of Cash Flows

For the years ended December 31, 2019 and 2018

(Expressed in Thousands of New Taiwan Dollars)

	2019	2018
Cash flows from (used in) operating activities:		
Profit before tax	\$ 967,857	931,048
Adjustments:		
Adjustments to reconcile profit:		
Depreciation expense	159,537	136,522
Amortization expense	4,236	5,766
Expected credit loss	485	485
Interest expense	900	1,506
Interest revenue	(12,597)	(14,258)
Dividend income	(927)	(1,091)
Loss on disposal of property, plant and equipment	76,537	4,664
Property, plant and equipment transferred to expenses	420	2,100
Unrealized foreign exchange loss	4,555	429
Total adjustments to reconcile profit	<u>233,146</u>	<u>136,123</u>
Changes in operating assets and liabilities:		
Changes in operating assets:		
Decrease (increase) in notes receivable	36,039	(39,953)
Increase in accounts receivable	(215,003)	(366,530)
Increase in accounts receivable due from related parties	(156,816)	-
Decrease in other receivables	5,216	626
Decrease (increase) in inventories	110,106	(239,391)
Increase in prepayments	(9,728)	(5,399)
Decrease (increase) in other current assets	100,857	(124,170)
Changes in operating liabilities:		
Increase in accounts payable	119,958	121,402
Increase (decrease) in other payables (including related parties)	328,516	(27,949)
Increase (decrease) in provisions	494	(1,271)
(Decrease) increase in other current liabilities	(272,549)	183,044
Decrease in net defined benefit liability	(699)	(6,207)
Total changes in operating assets and liabilities	<u>46,391</u>	<u>(505,798)</u>
Total adjustments	<u>279,537</u>	<u>(369,675)</u>
Cash inflow generated from operations	1,247,394	561,373
Interest received	12,978	14,263
Interest paid	(918)	(1,585)
Income taxes paid	(209,457)	(239,494)
Net cash flows from operating activities	<u>1,049,997</u>	<u>334,557</u>
Cash flows from (used in) investing activities:		
Acquisition of property, plant and equipment	(425,674)	(130,726)
Proceeds from disposal of property, plant and equipment	2,425	3,281
Decrease in refundable deposits	3,182	150
Acquisition of intangible assets	(2,871)	(7,258)
Dividends received	1,091	455
Net cash flows used in investing activities	<u>(421,847)</u>	<u>(134,098)</u>
Cash flows from (used in) financing activities:		
Decrease in short-term borrowings	(100,000)	(210,000)
(Decrease) increase in guarantee deposits received	(220)	635
Payments of lease liabilities	(7,358)	-
Cash dividends paid	(405,814)	(341,056)
Net cash flows used in financing activities	<u>(513,392)</u>	<u>(550,421)</u>
Effect of exchange rate changes on cash and cash equivalents	(99,578)	(48,558)
Net increase (decrease) in cash and cash equivalents	15,180	(398,520)
Cash and cash equivalents at beginning of period	1,455,534	1,854,054
Cash and cash equivalents at end of period	<u>\$ 1,470,714</u>	<u>1,455,534</u>

See accompanying notes to consolidated financial statements.

[Annex V] 2019 Independent Auditors' Report and Standalone Financial Statements



安侯建業聯合會計師事務所

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Independent Auditors' Report

To the Board of Directors of CHAUN-CHOUNG TECHNOLOGY CORP.:

Opinion

We have audited the financial statements of CHAUN-CHOUNG TECHNOLOGY CORP. (“the Company”), which comprise the balance sheets as of December 31, 2019 and 2018, the statements of comprehensive income, changes in equity and cash flows for the years then ended and notes to the financial statements, including a summary of significant accounting policies.

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

Basis for Opinion

We conducted our audit of the financial statements as of and for the year ended December 31, 2019 in accordance with the Regulations Governing Auditing and Certification of Financial Statements by Certified Public Accountants, Rule No. 1090360805 issued by the Financial Supervisory Commission, and the auditing standards generally accepted in the Republic of China. Furthermore, we conducted our audit of the financial statements as of and for the year ended December 31, 2018 in accordance with the Regulations Governing Auditing and Certification of Financial Statements by Certified Public Accountants, and the auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Certified Public Accountants Code of Professional Ethics in Republic of China (“the Code”), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our opinion.

Key Audit Matters

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

1. Revenue recognition

Please refer to note 4(o) “Revenue recognition” for accounting policy related to revenue recognition, and note 6(n) “Revenue from contracts with customers” for disclosure information about revenue recognition of the financial statements.

**Description of key audit matter:**

The main revenue of the Company comes from the researching, development, production, and sale of thermal components in the computer and related industries. Since products are highly customized, the revenue recognition is concerned by the users or receiver of the financial statements, the test for revenue recognition is a highly concerned matter when we comply the audit procedure for the financial statements of the Company.

How the matter was addressed in our audit:

Our principal audit procedures included obtaining the list of top-ten customers and newly-added customers for the current year to analyze whether there is an unusual situation or not, inspecting of significant new contracts and understanding terms and conditions to assess whether there are any significant abnormalities, assessing the appropriateness of accounting policies for revenue recognition (including sales returns and discounts), testing the effectiveness of the design and the implementation of internal controls of sales and performing the sales cut-off test on the period before and after the balance sheet date, to ensure sales are recognized in the appropriate accounting period.

2. The Valuation of Inventory

Please refer to note 4(g) "Inventories" for accounting policy related to valuation of inventories, note 5(a) for significant accounting assumptions and judgments, and major sources of estimation uncertainty related to valuation of inventories and note 6(e) "Inventories" for disclosure information about valuation of inventories of the financial statements.

Description of key audit matter:

The Company's products are designed based on customer's need and have the attribute of highly customized. The production strategy is mainly make-to-order (MTO) that relieves the problems of inventory obsolescence. However, the industrial characteristics of thermal components are few standard material, frequent design changes, rush orders, delay deliveries result from customer's request, and failure to reach the sales forecast. These factors make the sales of products and the preparation of material difficult, which result in the risk of inventory obsolescence increase. Considering the assessment of inventory impairment loss varies by inventory turnover which depends on the subjective judgment of the management, the valuation of inventory is a highly concerned matter when we comply the audit procedure for the financial statements of the Company.

How the matter was addressed in our audit:

Our principal audit procedures included obtaining the inventory aging report and analyze the variation in the corresponding period, assessing the appropriateness of inventory valuation policies and ensure the process of inventory valuation is in conformity with the accounting policies, comparing the past assessment of inventory impairment loss with the actual obsolescence losses to ensure the reasonableness of the inventory valuation, and assessing whether the disclosure of provision for inventory valuation is appropriate.

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

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



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

Those charged with governance (including the independent directors or supervisors) are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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



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

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

The engagement partners on the audit resulting in this independent auditors' report are Hsin-Yi Kuo and Hui-Chih Ko.

KPMG

Taipei, Taiwan (Republic of China)
March 25, 2020

Notes to Readers

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

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

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)
CHAUN-CHOUNG TECHNOLOGY CORP.

Balance Sheets

December 31, 2019 and 2018

(Expressed in Thousands of New Taiwan Dollar)

	December 31, 2019		December 31, 2018			December 31, 2019		December 31, 2018	
	Amount	%	Amount	%		Amount	%	Amount	%
Assets					Liabilities and equity				
Current assets:					Current liabilities:				
1100 Cash and cash equivalents (notes 6(a)(q))	\$ 447,160	7	643,173	9	2100 Short-term borrowings (notes 6(i)(q))	\$ -	-	100,000	1
1150 Notes receivable, net (notes 6(c)(n)(q))	1,033	-	577	-	2170 Accounts payable (note 6(q))	811,979	11	797,709	12
1170 Accounts receivable, net (notes 6(c)(n)(q))	1,765,262	25	1,693,180	25	2180 Accounts payable to related parties (notes 6(q) and 7)	1,389,422	20	1,478,700	21
1181 Accounts receivable due from related parties, net (notes 6(c)(n)(q) and 7)	25,443	-	14,663	-	2200 Other payables (note 6(q))	276,253	4	240,351	3
1200 Other receivables (notes 6(d)(q))	8,627	-	7,631	-	2220 Other payables to related parties (notes 6(q) and 7)	6,475	-	2,558	-
1210 Other receivables due from related parties (notes 6(d)(q) and 7)	351,675	5	444,628	7	2250 Current provisions	1,292	-	1,676	-
130X Inventories (note 6(e))	658,346	9	702,818	10	2280 Current lease liabilities	7,989	-	-	-
1410 Prepayments	5,835	-	2,289	-	2300 Other current liabilities	38,052	1	43,836	1
1470 Other current assets	2,579	-	1,314	-	Total current liabilities	2,531,462	36	2,664,830	38
Total current assets	3,265,960	46	3,510,273	51	Non-current liabilities:				
Non-current assets:					2570 Deferred tax liabilities (note 6(k))	459,516	6	387,668	6
1517 Non-current financial assets at fair value through other comprehensive income (notes 6(b)(q))	72,709	1	50,163	-	2580 Non-current lease liabilities	3,678	-	-	-
1550 Investments accounted for using equity method (note 6(f))	3,118,771	44	2,808,418	41	2640 Net defined benefit liability, non-current (note 6(j))	1,236	-	4,970	-
1600 Property, plant and equipment (notes 6(g) and 8)	445,770	7	400,475	6	2645 Guarantee deposits received	734	-	734	-
1755 Right-of-use assets	11,634	-	-	-	Total non-current liabilities	465,164	6	393,372	6
1760 Investment property, net (note 6(h) and 8)	57,806	1	58,488	1	Total liabilities	2,996,626	42	3,058,202	44
1780 Intangible assets	4,453	-	5,445	-	Equity (note 6(l)):				
1840 Deferred tax assets (note 6(k))	77,495	1	63,236	1	3100 Ordinary shares	863,434	12	863,434	13
1900 Other non-current assets	1,086	-	-	-	3200 Capital surplus	531,823	7	531,823	8
Total non-current assets	3,789,724	54	3,386,225	49	Retained earnings:				
Total assets	\$ 7,055,684	100	6,896,498	100	3310 Legal reserve	676,028	10	616,467	9
					3320 Special reserve	185,482	3	130,906	2
					3350 Unappropriated retained earnings (note 6(j))	2,024,660	29	1,881,148	27
					Total retained earnings	2,886,170	42	2,628,521	38
					3400 Other equity	(222,369)	(3)	(185,482)	(3)
					Total equity	4,059,058	58	3,838,296	56
					Total liabilities and equity	\$ 7,055,684	100	6,896,498	100

See accompanying notes to parent company only financial statements.

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)
CHAUN-CHOUNG TECHNOLOGY CORP.

Statements of Comprehensive Income

For the years ended December 31, 2019 and 2018

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

	2019		2018	
	Amount	%	Amount	%
4000 Operating revenues (notes 6(n) and 7)	6,308,832	100	5,724,321	100
5000 Operating costs (notes 6(e)(g)(j)(o) and 7)	5,595,000	89	5,189,519	91
Gross profit from operations	713,832	11	534,802	9
Operating expenses (notes 6(g)(j)(o)):				
6100 Selling expenses	127,323	2	109,905	2
6200 Administrative expenses	125,382	2	101,845	2
6300 Research and development expenses	204,851	3	165,543	2
6300 Total operating expenses	457,556	7	377,293	6
Net operating income	256,276	4	157,509	3
Non-operating income and expense:				
7010 Other income (note 6(p))	217,409	3	282,164	5
7020 Other gains and losses, net (notes 6(h)(p))	(7,158)	-	12,095	-
7050 Finance costs (notes 6(p))	(494)	-	(1,501)	-
7055 Impairment loss determined in accordance with IFRS 9 (notes 6(c))	(37)	-	(622)	-
7070 Share of profit of subsidiaries accounted for using equity method, net	402,879	7	365,455	6
Total non-operating income and expenses	612,599	10	657,591	11
7900 Profit before income tax	868,875	14	815,100	14
7950 Less: Income tax expenses (note 6(k))	167,341	3	219,490	4
Profit	701,534	11	595,610	10
8300 Other comprehensive income:				
8310 Items that may not be reclassified subsequently to profit or loss				
8316 Unrealized gains from investments in equity instruments measured at fair value through other comprehensive income	22,546	-	14,737	-
8349 Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	-	-	-	-
Total components of other comprehensive income that will not be reclassified to profit or loss	22,546	-	14,737	-
8360 Items that may be reclassified subsequently to profit or loss				
8361 Exchange differences on translation	(124,916)	(2)	(57,926)	-
8391 Other components of other comprehensive income that will be reclassified to profit or loss	3,036	-	(3,928)	-
8399 Income tax related to components of other comprehensive income that will be reclassified to profit or loss	(24,376)	(1)	(16,776)	-
Total components of other comprehensive income that will be reclassified to profit or loss	(97,504)	(1)	(45,078)	-
8300 Other comprehensive income	(74,958)	(1)	(30,341)	-
Total comprehensive income	\$ 626,576	10	565,269	10
Basic earnings per share (note 6(m))				
Basic earnings per share (expressed in New Taiwan Dollars)	\$ 8.12		6.90	

See accompanying notes to parent company only financial statements.

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)
CHAUN-CHOUNG TECHNOLOGY CORP.

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

	Retained earnings						Other equity		Total	Total equity
	Ordinary shares	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Total retained earnings	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income		
Balance on January 1, 2018	\$ 863,434	531,823	566,441	97,528	1,670,335	2,334,304	(130,906)	-	(130,906)	3,598,655
Effects of retrospective application	-	-	-	-	40,500	40,500	-	(25,072)	(25,072)	15,428
Balance on January 1, 2018 after adjustments	<u>863,434</u>	<u>531,823</u>	<u>566,441</u>	<u>97,528</u>	<u>1,710,835</u>	<u>2,374,804</u>	<u>(130,906)</u>	<u>(25,072)</u>	<u>(155,978)</u>	<u>3,614,083</u>
Profit for the year ended December 31, 2018	-	-	-	-	595,610	595,610	-	-	-	595,610
Other comprehensive income for the year ended December 31, 2018	-	-	-	-	(837)	(837)	(44,241)	14,737	(29,504)	(30,341)
Comprehensive income for the year ended December 31, 2018	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>594,773</u>	<u>594,773</u>	<u>(44,241)</u>	<u>14,737</u>	<u>(29,504)</u>	<u>565,269</u>
Appropriation and distribution of retained earnings:										
Legal reserve	-	-	50,026	-	(50,026)	-	-	-	-	-
Special reserve	-	-	-	33,378	(33,378)	-	-	-	-	-
Cash dividends on ordinary share	-	-	-	-	(341,056)	(341,056)	-	-	-	(341,056)
Balance on December 31, 2018	<u>863,434</u>	<u>531,823</u>	<u>616,467</u>	<u>130,906</u>	<u>1,881,148</u>	<u>2,628,521</u>	<u>(175,147)</u>	<u>(10,335)</u>	<u>(185,482)</u>	<u>3,838,296</u>
Profit for the year ended December 31, 2019	-	-	-	-	701,534	701,534	-	-	-	701,534
Other comprehensive income for the year ended December 31, 2019	-	-	-	-	2,429	2,429	(99,933)	22,546	(77,387)	(74,958)
Comprehensive income for the year ended December 31, 2019	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>703,963</u>	<u>703,963</u>	<u>(99,933)</u>	<u>22,546</u>	<u>(77,387)</u>	<u>626,576</u>
Appropriation and distribution of retained earnings:										
Legal reserve	-	-	59,561	-	(59,561)	-	-	-	-	-
Special reserve	-	-	-	54,576	(54,576)	-	-	-	-	-
Cash dividends on ordinary share	-	-	-	-	(405,814)	(405,814)	-	-	-	(405,814)
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	(40,500)	(40,500)	-	40,500	40,500	-
Balance on December 31, 2019	<u>\$ 863,434</u>	<u>531,823</u>	<u>676,028</u>	<u>185,482</u>	<u>2,024,660</u>	<u>2,886,170</u>	<u>(275,080)</u>	<u>52,711</u>	<u>(222,369)</u>	<u>4,059,058</u>

See accompanying notes to parent company only financial statements.

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)
CHAUN-CHOUNG TECHNOLOGY CORP.

Statements of Cash Flows

For the years ended December 31, 2019 and 2018

(Expressed in Thousands of New Taiwan Dollar)

	2019	2018
Cash flows from (used in) operating activities:		
Profit before tax	\$ 868,875	815,100
Adjustments:		
Adjustments to reconcile profit:		
Depreciation expense	62,550	41,406
Amortization expense	2,057	2,146
Expected credit loss	37	622
Interest expense	494	1,501
Interest income	(4,021)	(8,252)
Dividend income	(927)	(1,091)
Share of profit of subsidiaries, accounted for using equity method	(402,879)	(365,455)
Loss on disposal of property, plant and equipment	11,054	924
Unrealized (gain) loss on transactions with affiliates	(32,390)	9,218
Unrealized foreign exchange loss	4,555	429
Total adjustments to reconcile profit	<u>(359,470)</u>	<u>(318,552)</u>
Changes in operating assets and liabilities:		
Decrease in notes receivable	471	515
Increase in accounts receivable	(72,119)	(111,120)
Increase in accounts receivable due from related parties	(10,780)	(2,461)
(Increase) decrease in other receivables	(2,468)	1,810
Decrease in other receivable due from related parties	92,953	1,243
Decrease (increase) in inventories	44,472	(136,838)
(Increase) decrease in prepayments	(3,546)	1,153
Increase in other current assets	(1,265)	(44)
Increase in accounts payable	14,270	46,844
(Decrease) increase in accounts payable to related parties	(89,278)	108,301
Increase in other payables	48,571	18,918
Increase (decrease) in other payable to related parties	3,917	(136)
Decrease in provisions	(384)	(1,488)
(Decrease) increase in other current liabilities	(5,784)	13,124
Decrease in net defined benefit liability	(698)	(6,207)
Total changes in operating assets and liabilities	<u>18,332</u>	<u>(66,386)</u>
Total adjustments	<u>(341,138)</u>	<u>(384,938)</u>
Cash inflow generated from operations	527,737	430,162
Interest received	4,402	8,231
Interest paid	(512)	(1,580)
Income taxes paid	(98,027)	(149,303)
Net cash flows from operating activities	<u>433,600</u>	<u>287,510</u>
Cash flows from (used in) investing activities:		
Acquisition of property, plant and equipment	(112,484)	(51,120)
Proceeds from disposal of property, plant and equipment	991	4,168
Increase in refundable deposits	(1,086)	-
Acquisition of intangible assets	(1,065)	(1,520)
Dividends received	1,091	455
Net cash flows used in investing activities	<u>(112,553)</u>	<u>(48,017)</u>
Cash flows from (used in) financing activities:		
Decrease in short-term borrowings	(100,000)	(210,000)
Payment of lease liabilities	(6,691)	-
Cash dividends paid	(405,814)	(341,056)
Net cash flows used in financing activities	<u>(512,505)</u>	<u>(551,056)</u>
Effect of exchange rate changes on cash and cash equivalents	(4,555)	(429)
Net decrease in cash and cash equivalents	(196,013)	(311,992)
Cash and cash equivalents at beginning of period	643,173	955,165
Cash and cash equivalents at end of period	<u>\$ 447,160</u>	<u>643,173</u>

See accompanying notes to parent company only financial statements.

[Annex VI]

**Chaun-Choung Technology Corp.
2019 Earnings Distribution Table**

Unit: NTD

Item	Amount
Undistributed earnings at the beginning of period (including the profit or loss of actuarial pension fund)	1,361,197,595
Add: adjustment of other comprehensive incomes	
Actuarial profit or loss changes in current period	2,429,021
Disposal of equity instruments at fair value through other comprehensive incomes	(40,499,995)
After tax profit in current period	701,533,529
Distributable Earnings	2,024,660,150
Less: appropriation of 10% as legal reserve	70,153,353
Appropriation of special reserve	0
Appropriation of special reserve for the deduction of equity	36,886,361
Items for distribution	
Less: Cash dividends (NT\$4.87/share)	420,492,339
Stock dividends	0
Undistributed Earnings at the ending of the period	1,497,128,097

Note 1 : The earnings distribution of the current period is allotted from the profit of fiscal year 2019.

Note 2 : Cash dividends will be paid in proportion to each shareholding and calculated until NTD Yuan. The figures following NTD Yuan will be rounded off. The distribution amount which is less than NTD Yuan will be aggregated and recognized as non-operating income of the Company.

Chairman: Junichi Nagai

General Manager: Ta-Chi Kuo

Head of Accounting: Ling-Chuan Yi

[Annex VII]

Chaun-Choung Technology Corp.
Comparison Table of the provisions for the Articles of Incorporation
Before and After Amendment

Sequence number	Provision after amendment	Provision currently in effect	Reasons for amendment
Article 1	The Company is duly incorporated in accordance with the Company Act and bears the name of 超眾科技股份有限公司. <u>The name in English is CHAUN-CHOUNG TECHNOLOGY CORPORATION.</u>	The Company is duly incorporated in accordance with the Company Act and bears the name of 超眾科技股份有限公司. (CHAUN-CHOUNG TECHNOLOGY CORP.)	Revision of wording for clarification.
Article 5	The Company has stated <u>total</u> capital of NT\$1,200,000,000 evenly split up into 120,000,000 shares, all of which are common shares with NT\$10 per share. Regarding the unissued shares, the Board is authorized to issue the shares in tranches. Of all these shares, 500,000 will be reserved for stock options, preferred shares with warrants or corporate bonds with warrants which are exercised the options.	The Company has stated capital of NT\$1,200,000,000 evenly split up into 120,000,000 shares, all of which are common shares with NT\$10 per share. Regarding the unissued shares, the Board is authorized to issue the shares in tranches. Of all these shares, 500,000 will be reserved for stock options, preferred shares with warrants or corporate bonds with warrants which are exercised the options.	Revision of wording for clarification.
Article 7	The Company issues registered shares <u>and is not required to print physical share certificates</u> and shall contact Taiwan Depository and Clearing Corporation for registration and custody. The same procedure is applicable to the offering of other securities.	The Company issues registered shares. <u>Each share certificate shall be signed or sealed by 3 or more Directors, certified before issue under the law. After the shares of the Company public offering, the Company is not required to print physical share certificates under Article 162-2 of the Company Act and</u> shall contact Taiwan Depository and Clearing Corporation for registration and custody. The same procedure is applicable to the offering of other securities.	Amendment in alignment with the amendment to the Company Act promulgated on August 1st, 2018.
Article 12	Resolutions of the Shareholders' Meeting shall be made by a simple majority of the shareholders or proxies in session and representing more than half of the outstanding shares unless the law provides otherwise.	Resolutions of the Shareholders' Meeting shall be made by a simple majority of the shareholders or proxies in session and representing more than half of the outstanding shares unless the law provides otherwise. <u>The resolutions of the following require a</u>	Deletion of the wording in the section of exclusion to comply with the Company Act.

Sequence number	Provision after amendment	Provision currently in effect	Reasons for amendment
		simple majority of the shareholders or proxies in session representing more than 2/3 of the outstanding shares.1. Purchase or merge with other enterprises in Taiwan and other countries. 2. Dissolution or liquidation, spinoff.	
Article 12-1	<u>Where</u> the Board <u>may</u> call for the Shareholders' Meeting, <u>the presiding officer shall comply with Paragraph 3 of Article 208 of the Company Act</u> . Where a third party (parties) may convene the Shareholders' Meeting, the convener shall act as the presiding officer. If there are 2 or more parties calling for the meeting, 1 should be nominated from among these parties to preside over the Shareholders' Meeting.	The Board shall call for the Shareholders' Meeting and the Chairman shall preside over the Shareholders' Meeting. In the absence of the Chairman, a Director appointed by the Chairman shall act as the presiding officer. If no Director has been appointed as the presiding officer, the Directors shall nominate 1 from among themselves to preside over the Shareholders' Meeting. Where a third party (parties) may convene the Shareholders' Meeting, the convener shall act as the presiding officer. If there are 2 or more parties calling for the meeting, 1 should be nominated from among these parties to preside over the Shareholders' Meeting.	Since the Company has the position of Vice Chairman, clarifying the relevant regulation of presiding officer for Shareholders' Meeting stipulated by the Company Act. Others are wording revised.
Article 12-2	The resolutions of the Shareholders' Meeting shall be made as minutes of meeting on record, confirmed by the presiding officer with signature or seal, and release to the shareholders within 20 days after the convention. The <u>composition of the</u> minutes of the meeting on record may be released <u>electronically</u> .	The resolutions of the Shareholders' Meeting shall be made as minutes of meeting on record, confirmed by the presiding officer with signature or seal, and release to the shareholders within 20 days after the convention. The minutes of the meeting on record may be released by means of announcements.	Revision of wording to comply with the Company Act for clarification.
Article 13	The Company shall have 5 to 9 Directors and 2 to 3 Supervisors. They shall be elected by the shareholders' meeting from among the persons with disposing capacity. Each shall have tenure of 3 years and may assume a new term of office if re-elected. The election of Independent Directors and Directors will be held simultaneously,	The Company shall have 5 to 9 Directors and 2 to 3 Supervisors. They shall be elected by the shareholders' meeting from among the persons with disposing capacity. Each shall have tenure of 3 years and may assume a new term of office if re-elected. The election of Independent Directors and Directors will be held simultaneously,	1. Since CCI is a TWSE listed company, deleting the wording of "after being a public company" to

Sequence number	Provision after amendment	Provision currently in effect	Reasons for amendment
	<p>but in separately calculated numbers. The candidate nomination system is adopted for the election of Directors and Supervisors in accordance with Article 192-1 of the Company Act and other applicable laws. Shareholders shall elect from the candidates on the list.</p> <p>The ratio of shareholdings by all Directors and Supervisors shall be governed by the rules and regulations of the competent authority of securities.</p> <p>Of all the numbers mentioned in <u>paragraph 1</u>, Independent Directors shall not less than two in number and not less than one-fifth of the total number of directors.</p>	<p>but in separately calculated numbers. The candidate nomination system is adopted for the election of Directors and Supervisors in accordance with Article 192-1 of the Company Act and other applicable laws. Shareholders shall elect from the candidates on the list.</p> <p><u>After being a public company,</u> the ratio of shareholdings by all Directors and Supervisors shall be governed by the rules and regulations of the competent authority of securities.</p> <p>Of all the numbers mentioned in the previous paragraph, Independent Directors shall not less than two in number and not less than one-fifth of the total number of directors.</p>	<p>reflect the reality.</p> <p>2. Revision of the index information of the sequence of the article for clarification.</p>
Article 13-1	<p>If 1/3 of Directors were left vacant, or the all Supervisors were discharged, the Board shall call for a special session of the Shareholders' Meeting to elect new candidates to fill the vacancies within 60 days. The tenure for the new Directors and Supervisors shall cover the rest of the term left behind by their predecessors.</p>	<p>If 1/3 of Directors were left vacant, or the all Supervisors were discharged, <u>the Board shall call for a special session of the Shareholders Meeting to elect new candidates to fill the vacancies within 30 days.</u> The tenure for the new Directors and Supervisors shall cover the rest of the term left behind by their predecessors. <u>After being a public company,</u> the Board shall call for a special session of the Shareholders' Meeting to elect new candidates to fill the vacancies within 60 days.</p>	<p>Since CCI is a TWSE-listed company, deleting the related rules and regulations regarding non-Public Company and adjust the wording structure for clarification.</p>
Article 16	<p>The Board shall be authorized to determine the remuneration of the Chairman, Directors and Supervisors on the basis of their frequency of participation in the operation and contribution value to the Company with reference to the standards of industry peers.</p> <p><u>The Company shall take professional liability insurance for the protection of the Directors and Supervisors within the term and their scope of</u></p>	<p>The Board shall be authorized to determine the remuneration of the Chairman, Directors and Supervisors <u>and take professional liability insurance for their protection</u> on the basis of their frequency of participation in the operation and contribution value to the Company with reference to the standards of industry peers.</p>	<p>The requirement of taking professional liability insurance for the protection of the Directors and Supervisors of the Company is explicitly stated in Paragraph 2 of Article 16.</p>

Sequence number	Provision after amendment	Provision currently in effect	Reasons for amendment
	<u>assigned duties with the aspect of their legal liability.</u>		
Article 17	The Company <u>shall establish</u> the positions for several <u>managerial officers</u> . The appointment, dismissal and remuneration of whom shall be handled in accordance with the Article 29 of the Company Act.	The Company establishes the positions for 1 General Manager and several deputy General Managers . The appointment, dismissal and remuneration of whom shall be handled in accordance with the Article 29 of the Company Act.	Revision of the wording for relevance with operating needs.
Article 20-1	<p>If the Company has net profit after tax the current period after the annual accounting settlement, the Company shall take the profit to cover the cumulative losses (including adjustment of the undistributed earnings) at first, then distribute as the following priorities:</p> <ol style="list-style-type: none"> (1) Appropriation of 10% as a legal reserve until the amount of legal <u>reserve</u> is equivalent to the paid-in capital. (2) Appropriation or reversal of special reserve in accordance with applicable laws or requirements of the competent authority. (3) Add to the undistributed earnings accumulated in the preceding fiscal years to pool up as distributable earnings. The Board shall submit the proposal of earnings distribution subject to the approval of the Shareholders' Meeting. <p>The Company is still at the growth stage. In consideration of the Company's environment and industrial growth, capital requirements in the future and the long- term financial planning as well as maintaining sustainable and stable business development, the Company adopts the policy of dividend payment from earnings. In general, earnings for distribution will not less than <u>15%</u> of the after tax profit of current period.</p>	<p>If the Company has net profit after tax the current period after the annual accounting settlement, the Company shall take the profit to cover the cumulative losses (including adjustment of the undistributed earnings) at first, then distribute as the following priorities:</p> <ol style="list-style-type: none"> (1) Appropriation of 10% as legal reserve until the amount of legal reserve is equivalent to the paid-in capital. (2) Appropriation or reversal of special reserve in accordance with applicable laws or requirements of the competent authority. (3) Add to the undistributed earnings accumulated in the preceding fiscal years to pool up as distributable earnings. The Board shall submit the proposal of earnings distribution subject to the approval of the Shareholders' Meeting. <p>The Company is still at the growth stage. In consideration of the Company's environment and industrial growth, capital requirements in the future and the long- term financial planning as well as maintaining sustainable and stable business development, the Company adopts the policy of dividend payment from earnings. In general, earnings for distribution will not less than 50% of the after tax profit of current period.</p>	Considering the future investment planning and the operation needs, adjust the ratio of earnings for distribution to after tax profit of current period. Others are the revision of wording.

Sequence number	Provision after amendment	Provision currently in effect	Reasons for amendment
	Further to the aforementioned requirements, stock dividends shall not be higher than 80% and cash dividends shall not less than 20% of the total dividends amount.	Further to the aforementioned requirements, stock dividends shall not be higher than 80% and cash dividends shall not less than 20% of the total dividends amount.	
Article 22	(above skipped) Amended for the 31st version on June 20th, 2017. <u>Amended for the 32nd version on June 22nd, 2020.</u>	(above skipped) Amended for the 31st version on June 20th, 2017.	Addition of the date of amendment in line with the amendment of the provision in part.

[Annex VIII]

Chaun-Choung Technology Corp.

Comparison Table of the provisions of the Procedure for the Acquisition or Disposal of Assets Before and After Amendment

Sequence number	Provision after amendment	Provision currently in effect	Reasons for amendment
Article 4	<p>Scope and limit of investment The limit and restriction for the Company and its subsidiaries in the acquisition of property and the right-of-use assets for none business use and securities are specified as following,</p> <p>I. The total amount of the acquisition of property and the right-of-use assets for none business use shall not exceed 20% of the net worth of the Company.</p> <p>II. The total amount for acquisition of securities shall not exceed <u>60%</u> of the net worth of the Company.</p> <p>III. The investment in individual securities shall not exceed <u>35%</u> of the net worth of the Company.</p>	<p>Scope and limit of investment The limit and restriction for the Company and its subsidiaries in the acquisition of property and the right-of-use assets for none business use and securities are specified as following,</p> <p>I. The total amount of the acquisition of property and the right-of-use assets for none business use shall not exceed 20% of the net worth of the Company.</p> <p>II. The total amount for acquisition of securities shall not exceed 50% of the net worth of the Company.</p> <p>III. The investment in individual securities shall not exceed 20% of the net worth of the Company.</p>	<p>In order to meet the expansion of the operation in the future, increase the limit of the Company and its subsidiaries in the investment of securities.</p>

III. Appendices

[Appendix I]

Chaun-Choung Technology Corp. Articles of Incorporation (Before amendment)

Passed by the Shareholders' Meeting on June 20th ,2017

Chapter I General Provisions

- Article 1: The Company is duly incorporated in accordance with the Company Act and bears the name of 超眾科技股份有限公司(CHAU-CHOUNG TECHNOLOGY CORP.)
- Article 2: The Company is engaged in the following business:
- I. C805050 Industrial plastic products manufacturing.
 - II. C805070 Tempered plastic products manufacturing.
 - III. C805990 Other plastic products manufacturing.
 - IV. C901020 Glass and glass products manufacturing.
 - V. CA02010 Metallic structures and constructions components manufacturing.
 - VI. CB01990 Other machine manufacturing.
 - VII. CC01030 Electric appliances and audiovisual electronic products manufacturing.
 - VIII. CC01080 Electronic components manufacturing.
 - IX. CC01990 Other electrical and electronic machine manufacturing (heat conducting tubes, heat sink, thermal radiation and conduction equipment).
 - X. CD01030 Automotive and parts manufacturing.
 - XI. CH01040 Toy manufacturing.
 - XII. CQ01010 Mold manufacturing.
 - XIII. F113010 Wholesale of machines.
 - XIV. F113020 Wholesale of electrical appliances.
 - XV. F114030 Wholesale of automotive, motorcycle parts and equipment.
 - XVI. F119010 Wholesale of Electronic Materials.
 - XVII. F219010 Retail of Electronic Materials.
 - XVIII. CA02990 Other metallic products manufacturing.
 - XIX. CB01010 Machine and equipment manufacturing.
 - XX. CD01040 Motorcycles and parts manufacturing.
 - XXI. F401010 International trade.
 - XXII. ZZ99999 All business items that are not prohibited or restricted by law, except those that are subject to special approval.

- Article 2-1: The Company may undertake guarantees for others.
- Article 3: The Company is headquartered in New Taipei City and may establish branches in Taiwan and other countries in accordance with the resolutions of the Board where necessary.
- Article 4: The Company may make investments as necessary of the business. Acting as a limited liability shareholder of other companies in accordance with the resolutions of the Board. The total amount of investments may not be subject to the restrictions on the amount of investment prescribed by Article 13 of the Company Act.
- Article 4-1: (Deleted)

Chapter II Shares

- Article 5: The Company has stated capital of NT\$1,200,000,000 evenly split up into 120,000,000 shares, all of which are common shares with NT\$10 per share. Regarding the unissued shares, the Board is authorized to issue the shares in tranches. Of all these shares, 500,000 will be reserved for stock options, preferred shares with warrants or corporate bonds with warrants which are exercised the options.
- Article 6: (Deleted)
- Article 7: The Company issues registered shares. Each share certificate shall be signed or sealed by 3 or more Directors, certified before issue under the law. After the shares of the Company public offering, the Company is not required to print physical share certificates under Article 162-2 of the Company Act and shall contact Taiwan Depository and Clearing Corporation for registration and custody. The same procedure is applicable to the offering of other securities.
- Article 7-1: The Company shall handle stock affairs in accordance with the “Regulations Governing the Administration of Shareholder Services of Public Companies” promulgated by the competent securities authorities.
- Article 8: Shares transfer is prohibited within 60 days prior to the convening date of a regular shareholders' meeting, or within 30 days prior to the convening date of a special shareholders' meeting, or within 5 days prior to the target date for distribution of dividends, bonus or other benefits.

Chapter III Shareholders' Meeting

- Article 9: The Shareholders' Meeting may convene in regular session and special session. A Regular session will be held within 6 months after the end of a fiscal year. A Special session will be held at any time where necessary.
- Article 10: If a specific shareholder cannot attend Shareholders' Meeting in person, such shareholder may use the power of attorney prepared by the Company and specify the scope of authorization to appoint a proxy to attend the meeting. The regulations governing the appointment of proxy to attend a Shareholders' Meeting shall be in compliance with Article 177 of the Company Act and also the “Regulations Governing the Use of Proxies for Attendance at Shareholders' Meetings of Public Companies” promulgated by the competent authority.
- Article 11: Shareholders shall have one voting power in respect of each share in his/her/its

possession. However, there is no voting power if there are restrictions imposed by relevant laws and regulations.

Article 12: Resolutions of the Shareholders' Meeting shall be made by a simple majority of the shareholders or proxies in session and representing more than half of the outstanding shares unless the law provides otherwise. The resolutions of the following require a simple majority of the shareholders or proxies in session representing more than 2/3 of the outstanding shares. 1. Purchase or merge with other enterprises in Taiwan and other countries. 2. Dissolution or liquidation, spinoff.

Article 12-1: The Board shall call for the Shareholders' Meeting and the Chairman shall preside over the Shareholders' Meeting. In the absence of the Chairman, a Director appointed by the Chairman shall act as the presiding officer. If no Director has been appointed as the presiding officer, the Directors shall nominate 1 from among themselves to preside over the Shareholders' Meeting. Where a third party (parties) may convene the Shareholders' Meeting, the convener shall act as the presiding officer. If there are 2 or more parties calling for the meeting, 1 should be nominated from among these parties to preside over the Shareholders' Meeting.

Article 12-2: The resolutions of the Shareholders' Meeting shall be made as minutes of meeting on record, confirmed by the presiding officer with signature or seal, and release to the shareholders within 20 days after the convention. The minutes of the meeting on record may be released by means of announcements.

Chapter IV Directors and Supervisors

Article 13: The Company shall have 5 to 9 Directors and 2 to 3 Supervisors. They shall be elected by the shareholders' meeting from among the persons with disposing capacity. Each shall have tenure of 3 years and may assume a new term of office if re-elected. The election of Independent Directors and Directors will be held simultaneously, but in separately calculated numbers.

The candidate nomination system is adopted for the election of Directors and Supervisors in accordance with Article 192-1 of the Company Act and other applicable laws. Shareholders shall elect from the candidates on the list.

After being a public company, the ratio of shareholdings by all Directors and Supervisors shall be governed by the rules and regulations of the competent authority of securities.

Of all the numbers mentioned in the previous paragraph, Independent Directors shall not less than two in number and not less than one-fifth of the total number of directors.

Article 13-1: If 1/3 of Directors were left vacant, or the all Supervisors were discharged, the Board shall call for a special session of the Shareholders Meeting to elect new candidates to fill the vacancies within 30 days. The tenure for the new Directors and Supervisors shall cover the rest of the term left behind by their predecessors. After being a public company, the Board shall call for a special session of the Shareholders' Meeting to elect new candidates to fill the vacancies within 60 days.

Article 14: The Directors shall be organized into the Board of Directors and the Chairman, Vice Chairman shall be elected among the Directors with the presence of at least 2/3 of the Directors and approved by a simple majority of the Board. The Chairman shall externally act on behalf of the Company.

The reasons for calling a Board of Directors Meeting shall be notified to each director

and supervisor at least seven days in advance. In emergency circumstances, Board of Directors Meeting may be called at any time. The notice for Board of Directors Meeting may be made by fax or e-mail instead of paper notice.

All directors shall attend the Board of Directors Meeting in person. Attendance via video conference is deemed as attendance in person.

If specific Director cannot attend the Board of Directors Meeting in person, such Director may issue a power of attorney specifying the scope of authorization, and appoint another Director to act as proxy to attend the Board of Directors Meeting. However, a proxy can accept a proxy from one person only.

Article 15: In case the chairman of the board of directors is on leave or absent or can not exercise his power and authority for any cause, the proxy mechanism shall be governed by Article 208 of the Company Act. If specific Director cannot attend the Board of Directors Meeting, the proxy shall be proceed to Article 205 of the Company Act.

Article 15-1: Unless otherwise provided for in the Company Act, resolutions of the Board of Directors shall be adopted by a majority of the directors at a meeting attended by a majority of the directors.

Article 16: The Board shall be authorized to determine the remuneration of the Chairman, Directors and Supervisors and take professional liability insurance for their protection on the basis of their frequency of participation in the operation and contribution value to the Company with reference to the standards of industry peers.

Chapter V Managerial Officers

Article 17: The Company establishes the positions for 1 General Manager and several deputy General Managers. The appointment, dismissal and remuneration of whom shall be handled in accordance with the Article 29 of the Company Act.

Chapter VI Accounting

Article 18: At the end of each fiscal year, the Board shall prepare the following reports and statements and shall forward the same to Supervisors for reviewing 30 days prior to the date of the regular Shareholders' Meeting and propose to the Shareholders' Meeting for recognition. 1. Business Report 2. Financial Statements. 3. Proposal for the Earnings Distribution or loss off-setting.

Article 19: (Deleted)

Article 20: The Company shall appropriate not less than 3% of its profit, where applicable, as employees' compensation (the profit before taxes and before the deduction of employees' compensation and Directors and Supervisors' compensation), the Board shall determine the employees' compensation payment by cash or stock, and the employees of subsidiaries who meet the criteria determined by the Board of Directors are also entitled to get the compensation. The Company may also appropriate Directors and Supervisors' compensation not more than 3% of the above profit in accordance with the resolutions of the Board. However, if the Company still has accumulated losses, it should take the profit to cover the cumulative losses at first, then appropriate the remainder as employees' compensation and Directors and Supervisors' compensation.

Article 20-1: If the Company has net profit after tax the current period after the annual accounting settlement, the Company shall take the profit to cover the cumulative losses (including adjustment of the undistributed earnings) at first, then distribute as the following priorities:

- (1) Appropriation of 10% as legal reserve until the amount of legal reserve is equivalent to the paid-in capital.
- (2) Appropriation or reversal of special reserve in accordance with applicable laws or requirements of the competent authority.
- (3) Add to the undistributed earnings accumulated in the preceding fiscal years to pool up as distributable earnings. The Board shall submit the proposal of earnings distribution subject to the approval of the Shareholders' Meeting.

The Company is still at the growth stage. In consideration of the Company's environment and industrial growth, capital requirements in the future and the long-term financial planning as well as maintaining sustainable and stable business development, the Company adopts Residual Dividend Policy, earnings for distribution will not less than 50% of the after tax profit of current period in principle. Further to the aforementioned requirements, stock dividends shall not be higher than 80% and cash dividends shall not less than 20% of the total dividends amount.

Chapter VII Miscellaneous

Article 21: Anything not covered by the Articles of Incorporation shall be governed by the Company Act.

Article 22: The Articles of Incorporation are instituted on December 14th, 1973.

- Amended for the 1st version on July 5th, 1976.
- Amended for the 2nd version on January 25th, 1977.
- Amended for the 3rd version on April 12th, 1980.
- Amended for the 4th version on July, 26th, 1982.
- Amended for the 5th version on August 26th, 1982.
- Amended for the 6th version on September 20th, 1982.
- Amended for the 7th version on March 4th, 1985.
- Amended for the 8th version on July 12th , 1986.
- Amended for the 9th version on October 3rd, 1986.
- Amended for the 10th version on September 5th, 1990.
- Amended for the 11th version on March 26th, 1991.
- Amended for the 12th version on June 15th, 1995.
- Amended for the 13th version on December 19th, 1995.
- Amended for the 14th version on November 16th, 1998.
- Amended for the 15th version on July 29th, 1999.
- Amended for the 16th version on August 31st, 1999.
- Amended for the 17th version on April 25th, 2000.
- Amended for the 18th version on June 9th, 2000.
- Amended for the 19th version on June 14th, 2002.
- Amended for the 20th version on June 25th, 2003.
- Amended for the 21st version on June 25th, 2003.
- Amended for the 22nd version on June 21st, 2004.
- Amended for the 23rd version on February 25th, 2005.
- Amended for the 24th version on June 10th, 2005.

Amended for the 25th version on June 9th, 2006.
Amended for the 26th version on June 13th, 2007.
Amended for the 27th version on June 16th, 2009.
Amended for the 28th version on June 4th, 2010.
Amended for the 29th version on June 21st, 2012.
Amended for the 30th version on June 13th, 2016.
Amended for the 31st version on June 20th, 2017.

[Appendix II]

Chaun-Choung Technology Corp. Rules of Procedure for Shareholders' Meeting

Passed by the Shareholders' Meeting on June 21st, 2012

- Article 1: The rule of procedure for Shareholders' Meeting of the Company, except as otherwise provided by law, regulation, or the articles of incorporation, shall be as provided in this Rules.
- Article 2: Shareholders under this Procedure are shareholders themselves and the proxy appointed by the shareholders to attend the Meeting in accordance with the law.
- Article 3: The shareholders or proxies shall hand over attendance cards instead of signing to attend the Shareholders' Meeting. The number of shares in attendance shall be calculated according to the attendance cards handed over. When a juristic person is appointed to attend as proxy, it may designate only one person to represent it in the meeting.
- Article 4: Attendance and vote at Shareholders' meeting shall be calculated based on numbers of shares.
- Article 5: 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 not represent enough, the chair shall declare the meeting adjourned. However, if 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. When, prior to conclusion of the meeting, the attending shareholders represent one third or more 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 6: 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.
- Article 7: 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 8: Staffs handling administrative affairs of a Shareholders' Meeting shall wear

identification cards or arm bands.

- Article 9: The Company shall make an audio or video recording through the entire procedure of the Shareholders' Meeting and retain the recorded materials for at least 1 year.
- Article 10: 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.
- Article 11: Before speaking, the chair may ask 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.
- Article 12: 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.
- Article 13: Shareholders may restrain the authority of proxies in the power of attorney or through other means, and whether such restraint is known to the Company or not, the speech and votes of the proxies shall prevail.
- Article 14: Each shareholder may express an opinion on the same motion for no more than twice unless with the consent of the chair. Five minutes are allowed for each expression, shareholders violate the forementioned regulations or exceed the scope of the agenda, the chair shall stop the shareholder from going on with the expression.
- Article 15: When a juristic person is appointed to attend as proxy, it may designate only one person to represent it in the Shareholders' Meeting.
- Article 16: When a juristic person shareholder appoints two or more representatives to attend a Shareholders' Meeting, only one of the representatives appointed may speak on the same proposal.
- Article 17: After an attending shareholder has spoken, the chair may respond in person or direct relevant personnel to respond.
- Article 18: Regarding the discussion of motions, when the chair considers the motion has been discussed sufficiently and shall put it to a vote, the chair may announce the discussion closed and call for a vote.
- Article 19: If it is not a motion, it will not be discussed or voted. When the chair considers the motion has been discussed sufficiently and shall put it to a vote, the chair may announce the discussion closed.
- Article 20: When the chair announces for the discussion of particular motion closed and proceed to vote, several motions may be voted simultaneously, but shall vote separately.
- Article 21: 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 22: Except as otherwise provided in the Company Act and in the Articles of Incorporation, the passage of a motion shall require an affirmative vote of a majority

of the voting rights represented by the attending shareholders. If the chair consults without dissent, it shall be deemed as passed its effect shall be the same as that of the vote.

- Article 23: When there is an amendment or an alternative to a motion, the chair shall present the amended or alternative motion together with the original motion and decide the order in which they will be put to a vote. When any one among them is passed, the other motions will then be deemed rejected, and no further voting shall be required.
- Article 24: 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 the related laws or regulations.
- Article 25: Regarding the monitoring and counting personnel for the voting on a motion shall be appointed by the chair, provided that all monitoring personnel shall be shareholders of the Company. The results of the voting shall be announced on-site at the meeting, and a record made of the vote.
- Article 26: (Deleted)
- Article 27: When a meeting is in progress, the chair may announce a break based on time considerations.
- Article 28: When a meeting is in progress, if there is an air raid warning, earthquake or other force majeure events, the chair shall announce the meeting discontinued at once and evacuate from the meeting place. After the reason of the discontinuation of the meeting is eliminated, the chair shall determine if the meeting shall be continued.
- Article 29: Anything not covered by the Procedure shall be governed by the Company Act, the Articles of Incorporation of the Company and other applicable laws.
- Article 30: This Procedure shall be implemented after the approval of the Shareholders' Meeting. The same procedure is applicable to any amendments thereto.

[Appendix III]

**Chaun-Choung Technology Corp.
Shareholdings of Directors and Supervisors**

- I. The Company has paid-in capital of NT\$863,433,960 with the outstanding of 86,343,396 shares.
- II. According to Article 26 of the “Securities and Exchange Act” and the “ Rules and Review Procedures for Director and Supervisor Share Ownership Ratios at Public Companies”, the minimum quantity of shareholdings held by all Directors is 6,907,472 shares and held by all Supervisors is 690,748 shares.
- III. As of the day on which share transfer is prohibited before the Shareholders’ Meeting, the individual and total shareholdings of all Directors and Supervisors showed on the list of the shareholders is as following,

April 24th, 2020; Unit: shares

Title	Name	Shareholdings as of the day of prohibition of share transfer	
		Shares Held	Shareholdings Percentage
Chairman	Nidec Corporation Representative: Junichi Nagai	52,180,550	60.43%
Vice Chairman	Yo Chang Investment Co., Ltd. Representative: Shih-Ling Wu	2,945,000	3.41%
Director	Yo Chang Investment Co., Ltd. Representative: Ta-Chi Kuo	2,945,000	3.41%
Director	Nidec Corporation Representative: Masashi Takao	52,180,550	60.43%
Director	Nidec Corporation Representative: Kazuhito Kaise	52,180,550	60.43%
Director	Nidec Corporation Representative: Mitsuru Tsuyoshi	52,180,550	60.43%
Director	Nidec Corporation Representative: Hidetoshi Matsuhashi	52,180,550	60.43%
Independent Director	Ke-Wei Hsu	0	0.00%
Independent Director	Ya-Ping Chiang	0	0.00%
Total quantity of shares held by all Directors		55,125,550	63.84%

April 24, 2020 ; Unit: shares

Title	Name	Shareholdings as of the day of prohibition of share transfer	
		Shares Held	Shareholding Percentage
Supervisor	Yi Cen Investment Co., Ltd. Representative: Chun-Yu Yen	2,235,000	2.59%
Supervisor	Isao Takahashi	0	0
Total quantity of shares held by all Supervisors		2,235,000	2.59%