

Stock Code: 3189

*(Translation – In case of any discrepancy between the Chinese and English versions, the Chinese version shall prevail.)*

# KINSUS INTERCONNECT TECHNOLOGY CORP.

## Handbook for the 2017 Annual Meeting of Shareholders

Meeting Date: May 26<sup>th</sup>, 2017

Place: No. 1245, ZhongHua Rd., XinWu Dist., Taoyuan City (i.e. Kinsus Shih-Lei plant staff canteen)

*(Translation – In case of any discrepancy between the Chinese and English versions, the Chinese version shall prevail.)*

## Table of Contents

	<b><u>Page</u></b>
I. Meeting Procedure.....	1
II. Meeting Agenda.....	2
1. Items to be reported.....	3
2. Items to be approved.....	3
3. Items to be discussed and resolved by shareholders and the Election.....	4
4. Questions and Motions.....	6
III. Attachment	
1. The 2016 Business Report.....	7
2. Audit Committee’s Review Report.....	10
3. The 2016 financial statements accompanied with an audit report.....	11
4. The distribution schedule of 2016 earnings.....	32
5. Comparison for amendment to Articles of Incorporation.....	33
6. Comparison for amendment to Practice Guidance for Lending to Others.....	34
7. Comparison for amendment to Practice Guidance for Providing Endorsement/Guarantee	36
8. Comparison for amendment to Procedures for Acquisition or Disposal of Assets.....	38
IV. Reference	
1. Rules of Procedure for Shareholder Meetings.....	47
2. Articles of Incorporation .....	50
3. Practice Guidance for Lending to Others .....	55
4. Practice Guidance for Providing Endorsement/Guarantee.....	58
5. Procedures for Acquisition or Disposal of Assets.....	62
6. Rule for Electing Directors.....	77
7. Current Shareholding by Directors.....	79
8. Other Information.....	80

*(Translation – In case of any discrepancy between the Chinese and English versions, the Chinese version shall prevail.)*

# **Kinsus Interconnect Technology Corp.**

## **Procedure for the 2017 Annual Meeting of Shareholders**

- I. Chairperson Declares the Starting of the Meeting
- II. Chairperson's Opening Statements
- III. Items To Be Reported
- IV. Items To Be Approved
- V. Items To Be Discussed and Resolved and The Election
- VI. Other Questions and Motions
- VII. Adjournment

*(Translation – In case of any discrepancy between the Chinese and English versions, the Chinese version shall prevail.)*

# Kinsus Interconnect Technology Corp.

## Agenda for the 2017 of Annual Meeting of Shareholders

Time: 9:00 a.m., May 26<sup>th</sup> (Friday), 2017

Place: No. 1245, ZhongHua Rd., XinWu Dist., Taoyuan City  
(Kinsus Shih-Lei plant staff canteen)

- I. Chairperson Declares the Starting of the Meeting
- II. Chairperson's Opening Statements
- III. Items To Be Reported
  1. 2016 Business Report
  2. Audit Committee's Review Report on the 2016 Financial Statements.
  3. To Report 2016 Employees' and Directors' Compensation
- IV. Items To be Approved
  1. To approve 2016 Business Report, Consolidated Financial Statements and Parent-company-only Financial Statements (Proposed by the Board of Directors)
  2. To approve the proposal for 2016 earnings distribution (Proposed by the Board of Directors)
- V. Items to Be Discussed and Resolved and The Election
  1. To Amend the Company's Article of Incorporation (Proposed by the Board of Directors)
  2. To Amend the Company's Practice Guidance for Loaning to Others (Proposed by the Board of Directors)
  3. To Amend the Company's Practice Guidance for Providing Endorsement/Guarantee (Proposed by the Board of Directors)
  4. To Amend the Company's Procedures for Acquisition or Disposal of Assets (Proposed by the Board of Directors)
  5. By-electing the Company's Director (Proposed by the Board of Directors)
  6. Release the newly by-elected director from prohibition of non-compete (Proposed by the Board of Directors)
- VI. Other Questions and Motions
- VII. Adjournment

## **I. Items To Be Reported**

1. The 2016 Business Report

Explanatory Notes: Please refer to Attachment I. (Page 7 to 9)

2. Audit Committee's Review Report on the 2016 Financial Statements

Explanatory Notes: Please refer to Attachment II. (Page 10)

3. To report the 2016 employees' and directors' compensation

Explanatory Notes:

- a. Based on the Company's Article of Incorporation, article#24., the Company's employees' and directors' compensation shall be at no less than 10% and no more than 1% of the "income before tax and employees' and directors' compensation", respectively, if profits in current year is made.
- b. The Company's board of directors has resolved to pay out 2016 directors' and employees' compensation in amount of NT\$20,910,710 and NT\$343,533,107, respectively. All the payments will be in cash.
- c. These compensations have been reviewed by the Company's Compensation Committee and approved by the Board of Directors.

## **II. Items To Be Approved**

1. To approve 2016 Business Report, Consolidated Financial Statements and Parent-Company-Only Financial Statements (Proposed by the Board of Directors)

Explanatory Notes:

The Company's Business Report (as shown in Attachment I to the Meeting Handbook, Page 7 to 9), Consolidated Financial Statements and Parent-Company-Only Financial Statements (as shown in Attachment III to the Meeting Handbook, Page 11 to 31) have been reviewed by Audit Committee and hereby proposed for the shareholders' approval. Among these documentations, the Parent-Company-Only Financial Statements and Consolidated Financial Statements have been audited by Ernst & Young.

2. To approve the proposal for 2016 earnings distribution (Proposed by the Board of Directors)

Explanatory Notes:

- a. The Company's retained earnings available for distribution total to NT\$15,163,370,576, which are calculated by adding 2016 net profits after tax of

NT\$2,233,704,590 plus beginning retained earnings of NT\$12,930,624,282 but minus other comprehensive income (actuarial gains or losses on defined benefits plan) of NT\$(958,296). For earnings distribution purpose, legal reserve of NT\$223,370,459 and special reserve of NT\$613,195 shall be set aside. Total cash dividends of NT\$1,336,350,000 are hereby proposed for distributed to shareholders. Dividend per share (all in cash) is accounted for at NT\$3 per share.

- b. Earnings distribution schedule has been reviewed and agreed by the Board and Directors and is shown in Attachment IV to the Meeting Handbook, Page 32.
- c. Please authorize the Board of Directors to execute the earnings distribution process in good faith as deemed necessary after the shareholders' approval on the earnings distribution. Also please authorize the Chairman to adjust the cash dividend, if too trivial to one NT dollar, to specific shareholders.
- d. Please authorize the Board of Directors to adjust, in good faith, the ratio of dividend per share, based on the shares outstanding on the record date for distribution, to the extent of no change in the resolved total amount to be distributed to shareholders.

### **III. Items To Be Discussed and Resolved and The Election**

1. Amendment to the Articles of Incorporation (Proposed by the Board of Directors)

Explanatory Notes:

- a. The Amendment is based on the Company's operating need.
- b. For comparison for amendment to the Article of Incorporation, please refer to Attachment V (Page 33).
- c. Please proceed to discuss and resolve it.

2. Amendment to the Company's Practice Guidance for Loaning to Others (Proposed by the Board of Directors)

Explanatory Notes:

- a. The Amendment is based on amended Article 14 of Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies.
- b. The amendment has been reviewed by the Company's Audit Committee.
- c. For comparison for amendment to the Company's Practice Guidance for Loaning to Others, please refer to Attachment VI (Page 34 to 35).
- d. Please proceed to discuss and resolve it.

3. Amendment to the Company's Practice Guidance for Providing Endorsement / Guarantee (Proposed by the Board of Directors)

Explanatory Notes:

- a. The Amendment is based on amended Article 5 of Regulations Governing Loaning

- of Funds and Making of Endorsements/Guarantees by Public Companies.
  - b. The amendment has been reviewed by the Company's Audit Committee.
  - c. For comparison for amendment to the Company's Practice Guidance for Providing Endorsement /Guarantee, please refer to Attachment VII (Page 36 to 37).
  - d. Please proceed to discuss and resolve it.
4. Amendment to the Company's Procedures for Acquisition or Disposal of Assets (Proposed by the Board of Directors)

Explanatory Notes:

- a. 1. The Amendment is based on FSC's Order #1060001296 announced on Feb. 9, 2017 and the Company's practical need.
  - b. The amendment has been reviewed by the Company's Audit Committee.
  - c. For comparison for amendment to the Company's Procedures for Acquisition or Disposal of Assets, please refer to Attachment VIII (Page 38 to 46).
  - d. Please proceed to discuss and resolve it.
5. By-electing the Company's Director (Proposed by the Board of Directors)

Explanatory Notes:

- a. The 2017 annual shareholders' meeting is to conduct the by-election due to a resignation of one of the Company's directors. The newly elected director will be engaged immediately after the completion of by-election with a term from May 26, 2017 to June 10, 2018, the same expiration date for other existing directors.
- b. The election shall adopt the candidate nomination system in accordance with the Articles of Incorporation. The Company has examined and approved the qualification of candidates in the board meeting held on March 30, 2017. The related information of candidate is specified hereunder.

Candidate's Name: Mr. Ho-Shu Chen

Education: Physics/Qinghua University

Experiences: General Manager of Kinsus Interconnect Technology and  
Production Manager of Motorola

Current Positions: The general manager of Kinsus Interconnect Technology,  
director of Pegavision Corporation and director of FuYang  
Technology Corp.

Current Shareholding: 361,002 shares

6. To release the newly by-elected director from prohibition of non-compete (Proposed by the Board of Directors)

Explanatory Notes:

- a. Pursuant to Article#209 of the Company Act, a director engaging either for himself or on behalf of another person, in the activities that are within the scope of the Company's business shall report to and acquire an approval from the shareholders' meeting.
- b. In the presumption that the newly-elected director's behavior will not cause any harm to the Company, it is hereby proposed to release him from the prohibition of non-complete.

**IV. Other Questions and Motions**

**V. Adjournment**

## **Attachment I**

*(Translation – In case of any discrepancy between the Chinese and English versions, the Chinese version shall prevail.)*

### **2016 Business Report**

#### **1. 2016 Business Report**

The Company's business performance was not good as prior year for the first half of 2016 due to the overall atmosphere of semi-conductor industry mainly focusing merely on disposing the existing inventory. While the level of stock has been reduced and needed to be replenished, the sale revenue of semi-conductor industry was enhanced for the second half of 2016 because of the improvement in products demand and sale price. Overall, worldwide 2016 semi-conductor revenue totaled to US\$339.684 billion, which was about flat compared to US\$334.768 billion, according to a result of research conducted by Gartner.

The growth from telecommunication market in 2016 has been offset by the recession from PC market. Revenue of wireless telecommunication grew 9.6%, mainly driven by the growth of smartphones and memory products. However, the semi-conductor market related to PC and Tablet was suffering a recession at a rate of 8.3%. Many countries have been taking actions to maintain economy development by adopting the "easymoney policy" to build up an easy financial environment and conducting finance restructures. However, these actions seem to come to an end when FED decides to raise the interest rates starting the end of 2016 and expects to raise them 3 times during 2017. Moreover, although the remaining problems from global financial crisis have been resolved, certain structure problems, including aging population, long-term insufficient investment in capital, low-speedy technology innovation, and decline in ambition and enthusiasm, still exist and reduce the potential of global economy growth by influencing consumption and investment.

The Company's revenue in parent-company-only basis totaled to NT\$17,931,850 thousand in 2016, increased by 0.59% compared to NT\$17,827,251 thousand in 2015. Net income in parent-company-only basis was NT\$2,233,705 thousand in 2016, decreased by 23.08% compared to NT\$2,903,952 thousand in 2015. The Company's consolidated revenue totaled to NT\$23,165,066 thousand in 2016, increased by 0.45% compared to NT\$23,061,311 thousand in 2015. The consolidated net income was NT\$2,073,028 thousand in 2016, decreased by 24.05% compared to NT\$2,729,526 thousand in 2015. The Company expects to re-catch the growth in light of increasing significant investments in Shin-Fon Factory for capital expenditures and initial investment after organizational adjustments.

(In Thousands of New Taiwan Dollars  
Except for Earnings Per Share)

Account (In parent-company-only basis)	2016	2015	Growth Rate (%)
Operating revenues	17,931,850	17,827,251	0.59%
Gross profit	4,709,722	5,313,503	-11.36%
Operating income	2,691,712	3,509,636	-23.31%
Pre-tax income	2,627,932	3,347,502	-21.50%
Net income	2,233,705	2,903,952	-23.08%
Earnings per share (in NT\$)	5.01	6.51	

(In Thousands of New Taiwan Dollars  
Except for Earnings Per Share)

Account (In consolidated basis)	2016	2015	Growth Rate (%)
Operating revenues	23,165,066	23,061,311	0.45%
Gross profit	5,750,545	5,961,602	-3.54%
Operating income	2,589,772	3,063,724	-15.47%
Pre-tax income	2,569,458	3,205,248	-19.84%
Net income	2,073,028	2,729,526	-24.05%
Net income/loss attributable to:			
Shareholders of the parent	2,233,705	2,903,952	
Non-controlling interests	-160,677	-174,426	
Earnings per share (In NT\$)	5.01	6.51	

## 2. Summary of 2017 business plan:

### (1) Business Policy

Since the Company's establishment, we have been upholding the principle of "Satisfying Customers and Pursuing for Excellence" as our business policy, developing leadership in technique to meet market demand, mastering new generation product demands, investing engineering resources to stay ahead, and striving for better profit to benefit our shareholders under the intense competition.

### (2) 2017 Expected Sales and Its Sources

For 2017, Deutsche Bank expects that there will be 10% growth in the Data Center market, 9% in automotive, 7% in communications, and 4% in consumer and industrial markets. WSTS highlights that memory and sensor products would be the major chip products to bring semiconductor industry for growing. While, International Business Strategies expect that Data Center and automotive will be the major strengths for growth in 2017.

New developments in electronics/semiconductor industry include the applications of autonomous driving services, virtual reality, cloud IOT, etc. Although the related technology is not yet mature, the market size is huge and prospective. According to Gartner, a market survey institution, the compound annual growth rate of IOT appliance will be up to 30%. The future business opportunity is infinitive. Kinsus' fastest-growing products such as SiP substrates, FCCSP substrates, embedded high-density substrates are exactly the well-preparation for the industrial trend.

However, we have to be cautious that the variety of handheld devices. The market of semiconductor remains stable due to speedy shift to smartphone and 4G LTE. However, the yearly sale growth probably slows down due to the trend of high-end but low-price of products.

### (3) Significant Production and Marketing Policy

- A. We will continuously invest research and development resources to support the diversified needs of consuming products and expand micro fine circuit manufacturing process production line. Also we will invest to meet the need of Fab 10 nm product process in order to obtain the market opportunities.
- B. As the expanding scale in operation, we will continuously recruit the professional talent, import high quality systems and technology, and invest in automated production equipment to improve production yields in order to achieve the Company's high-profit target.
- C. We will maintain the partnerships with the advanced wafer design companies, timely grasp the most updated market information, and complete process technology and product capacity preparation as early as possible in order to maintain the long-term competitiveness of the Company.

### 3. Company development strategy

The components of portable and wearable devices miniature trend will continue. The demand on related SiP substrate, FCCSP substrates and embedded high-density substrates will remain strong. These are the substrate products applied on current products and for the transition to the future of virtual reality and cloud IOT terminal devices. Kinsus will do whatever we can to seize key opportunities in market and continue to adjust the layout for market changes. We hope to win in market and to share the growing performance results with our shareholders.

Chairman: Ming-Dong, Guo

CEO: Ho-Shu, Chen

Chief Accountant: Su-Zhen, Liu

## **Attachment II**

*(Translation – In case of any discrepancy between the Chinese and English versions, the Chinese version shall prevail.)*

### **Kinsus Interconnect Technology Corp.**

#### **Audit Committee's Review Report**

The Board of Directors has prepared the Company's 2016 Business Report, Consolidated Financial Statements, Parent-company-only Financial Statements and the proposal for distribution of earnings. Among these documentation, the financial statements have been audited by the auditors, Ernst & Young, and the audit reports relating to the Financial Statements have been granted. The Business Report, Financial Statements, and earnings distribution proposal have been reviewed and determined to be fairly presented by the Audit Committee members of Kinsus Interconnect Technology Corp. According to Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Law, we hereby submit the review report to the Company's shareholders.

Kinsus Interconnect Technology Corp.

Chairman of the Audit Committee: Jin-Cai Chen

March 30<sup>th</sup>, 2017

## **Attachment III**

### English Translation of an Audit Report Originally Issued in Chinese **REPORT OF INDEPENDENT AUDITORS**

To: the Board of Directors and Shareholders of  
Kinsus Interconnect Technology Corp.

#### **Opinion**

We have audited the accompanying parent-company-only balance sheets of Kinsus Interconnect Technology Corp. (the “Company”) as of December 31, 2016 and 2015, and the related parent-company-only statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the parent-company-only financial statements, including the summary of significant accounting policies (together “the parent-company-only financial statements”).

In our opinion, based on the results of our audits and the report of other auditors (please refer to the Other Matter—Making Reference to the Audit of a Component Auditor section of our report), the parent-company-only financial statements referred to above present fairly, in all material respects, the parent-company-only financial position of the Company as of December 31, 2016 and 2015, and their parent-company-only financial performance and cash flows for the years then ended, in conformity with the requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

#### **Basis for Opinion**

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors’ Responsibilities for the Audit of the Parent-Company-Only Financial Statements section of our report. We are independent of the Company in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China (the “Norm”), and we have fulfilled our other ethical responsibilities in accordance with the Norm. 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 the most significance in our audit of parent-company-only financial statements for the year ended December 31, 2016. These matters were addressed in the context of our audit of the parent-company-only financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

## Revenue Recognition

We determine that revenue recognition is one of the key audit matters. The Company's revenue amounting to NT\$17,931,850 thousand for the year ended December 31, 2016 is a significant account to the Company's financial statements. The Company has conducted these sale activities in multi-marketplace, including Taiwan, China, USA, etc. Among these locations, it has established hub-warehouse for certain foreign customers' convenience. Furthermore, variety of sale terms and conditions enacted in its main sale contracts or sale orders contributed to the complexity for the Company to decide the appropriate timing of transfer the risk of ownership and return of goods to the buyers. We therefore conclude that there are significant risks with respect to the topic of revenue recognition.

Our audit procedures therefore include, but not limit to, evaluating the properness of accounting policy for revenue recognition, assessing and testing the effectiveness of relevant internal controls related to revenue recognition, particularly those controls for shipment to or from foreign warehouses, obtaining major sale orders or agreements to inspect the terms and conditions, checking the consistency of the accounting for revenue recognition with sale agreement or orders, performing analytical review procedures on monthly sale revenues, and executing sale cut-off tests, etc.

We have also evaluated the appropriateness of the related disclosure in Note 6 to the financial statements.

## Related Party Transactions

The Company, to implement a plan of group operation, sold part of its operating equipment and machinery to FuYang Technology Corp., an associate investee accounted for under equity method indirectly, in amount of NT\$241,776 thousand. This transaction was accounted for as a significant, non-routine related party transaction during the year ended December 31, 2016. We therefore conclude that the transaction is one of the key audit matters.

Our audit procedures therefore include, but not limit to, obtaining the related mutual agreements in order to clarify the purpose, pricing and collection term of the transaction, evaluating and testing the effectiveness of the internal controls related to related party transactions established by the Company's management, including the approval flow authorized by board of directors or proper management and examination on the Company's compliance with the "Process Guidance for Acquiring or Disposing Assets".

We have also evaluated the appropriateness of the related disclosure in Note 7 to the financial statements.

## **Other Matter – Making Reference to the Audit of a Component Auditor**

We did not audit the financial statements of FuYang Technology Corp., an indirectly invested associate accounted for under the equity method by the Company. The financial statements of FuYang Technology Corp. as of December 31, 2016 and for the year then ended were audited by other auditors, whose report thereon has been furnished to us. Our audit, insofar as it related to the investment in the associate accounted for under the equity method amounting to NT\$432,689 thousand as of December 31, 2016 representing 1.22% of the Company's total assets, the related shares of income before tax from the associate under the equity method for the year then ended amounting to NT\$(12,783) thousand representing (0.49)% of the Company's income before tax, and the related shares of other comprehensive income from the associate under the equity method for the year then ended amounting to NT\$(4,528) thousand representing 2.31% of the other comprehensive income, are based solely on the audit reports of other auditors.

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

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

In preparing the parent-company-only financial statements, management is responsible for assessing the ability to continue as a going concern of the Company, 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 audit committee, are responsible for overseeing the financial reporting process of the Company.

## **Auditor's Responsibilities for the Audit of the Parent-Company-Only Financial Statements**

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

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

1. Identify and assess the risks of material misstatement of the parent-company-only financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than 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 internal control of the Company.
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 ability to continue as a going concern of the Company. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the parent-company-only financial statements, including the accompanying notes, and whether the parent-company-only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the parent-company-only financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

We also 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 2016 parent-company-only financial statements and are therefore the key audit matters. We describe these matters in our auditor's 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.

Ernst & Young  
February 8, 2017  
Taipei, Taiwan,  
Republic of China

Notice to Readers

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

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

Kinsus Interconnect Technology Corp.

Parent-Company-Only Balance Sheets

As of December 31, 2016 and 2015

(Amounts Expressed in Thousands of New Taiwan Dollars)

Assets			2016		2015	
Code	Accounts	Notes	Amount	%	Amount	%
	<b>Current assets</b>					
1100	Cash and cash equivalents	4, 6(1)	\$9,833,450	28	\$10,998,903	30
1110	Financial assets at fair value through profit or loss	4, 6(2)	2,839,333	8	3,524,742	10
1147	Bond investments with no active market	4, 6(3)	423,057	1	423,057	1
1150	Notes receivable, net	4, 6(4)	3,030	-	1,835	-
1170	Accounts receivable, net	4, 6(5)	2,513,446	7	2,920,639	8
1180	Accounts receivable - related parties, net	4, 6(5), 7	33,730	-	21,759	-
1200	Other receivables		243,431	1	281,480	1
1210	Other receivables - related parties	7	314,027	1	7,489	-
1310	Inventories, net	4, 6(6)	1,318,258	4	1,317,749	4
1410	Prepayments		73,942	-	115,144	-
1470	Other current assets		29,811	-	72,238	-
11XX	Total current assets		<u>17,625,515</u>	<u>50</u>	<u>19,685,035</u>	<u>54</u>
	<b>Non-current assets</b>					
1550	Investment accounted for under equity method	4, 6(7)	3,778,285	10	3,610,796	10
1600	Property, plant and equipment, net	4, 6(8), 8, 9	11,947,782	34	10,309,220	29
1780	Intangible assets, net	4, 6(9)	5,208	-	9,869	-
1840	Deferred tax assets	4, 6(22)	9,593	-	9,593	-
1915	Prepayment for equipment	4, 6(8), 9	2,133,188	6	2,452,423	7
1995	Other non-current assets	6(10)	3,838	-	2,202	-
15XX	Total non-current assets		<u>17,877,894</u>	<u>50</u>	<u>16,394,103</u>	<u>46</u>
1XXX	Total Assets		<u>\$35,503,409</u>	<u>100</u>	<u>\$36,079,138</u>	<u>100</u>

(The accompanying notes are an integral part of the parent-company-only financial statements.)

Chairman: Ming-Dong Guo

CEO: Ho-Shu Chen

Head of Accounting: Su-Zhen Liu

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

Kinsus Interconnect Technology Corp.  
Parent-Company-Only Balance Sheets (Continued)  
As of December 31, 2016 and 2015  
(Amounts Expressed in Thousands of New Taiwan Dollars)

Liabilities and Equity			2016		2015	
Code	Accounts	Notes	Amount	%	Amount	%
	<b>Current liabilities</b>					
2100	Short-term loans	6(11)	\$1,277,100	4	\$1,831,266	5
2150	Notes payable		43,498	-	49,834	-
2170	Accounts payable		1,074,861	3	1,049,302	3
2180	Accounts payable - related parties	7	207,877	1	428,877	1
2200	Other payables	6(12), 7	2,414,819	7	3,094,451	9
2230	Current income tax liabilities	4, 6(22)	469,126	1	541,841	2
2300	Other current liabilities	6(13)	324,358	1	329,589	1
21XX	Total current liabilities		<u>5,811,639</u>	<u>17</u>	<u>7,325,160</u>	<u>21</u>
	<b>Non-current liabilities</b>					
2540	Long-term loans	6(14), 8	788,700	2	288,860	1
2570	Deferred tax liabilities	4, 6(22)	351	-	39,834	-
2600	Other non-current liabilities	4, 6(15), 6(16)	33,009	-	34,148	-
25XX	Total non-current liabilities		<u>822,060</u>	<u>2</u>	<u>362,842</u>	<u>1</u>
2XXX	Total liabilities		<u>6,633,699</u>	<u>19</u>	<u>7,688,002</u>	<u>22</u>
	<b>Capital</b>					
3100	Common stock	6(17)	4,460,000	12	4,460,000	12
3200	Capital surplus	6(17)	5,939,819	17	5,939,819	16
3300	Retained earnings	6(17)				
3310	Legal capital reserve		3,340,018	9	3,049,623	8
3350	Unappropriated earnings		15,163,371	43	14,780,095	41
3400	Other components of equity		(613)	-	194,484	1
3500	Treasury Stock	6(17)	(32,885)	-	(32,885)	-
3XXX	Total equity		<u>28,869,710</u>	<u>81</u>	<u>28,391,136</u>	<u>78</u>
	Total liabilities and equity		<u>\$35,503,409</u>	<u>100</u>	<u>\$36,079,138</u>	<u>100</u>

(The accompanying notes are an integral part of the parent-company-only financial statements.)

Chairman: Ming-Dong Guo

CEO: Ho-Shu Chen

Head of Accounting: Su-Zhen Liu

English Translation of Parent-Company-Only Financial Statements Originally Issued in Chinese  
Kinsus Interconnect Technology Corp.  
Parent-Company-Only Statements of Comprehensive Income  
For the Years Ended December 31, 2016 and 2015  
(Amounts Expressed in Thousands of New Taiwan Dollars, Except Earnings Per Share)

Code	Accounts	Notes	2016		2015	
			Amount	%	Amount	%
4000	Operating revenues	4, 6(18), 7	\$17,931,850	100	\$17,827,251	100
5000	Operating costs	7	(13,222,128)	(74)	(12,513,748)	(70)
5900	Gross profit		4,709,722	26	5,313,503	30
6000	Operating expenses	7				
6100	Selling		(204,559)	(1)	(170,374)	(1)
6200	General and administrative		(859,383)	(5)	(620,887)	(3)
6300	Research and development		(954,068)	(5)	(1,012,606)	(6)
	Operating expenses total		(2,018,010)	(11)	(1,803,867)	(10)
6900	Operating income		2,691,712	15	3,509,636	20
7000	Non-operating income and expenses					
7010	Other income	6(20), 7	155,185	1	118,580	1
7020	Other gains and losses	6(20), 7	8,391	-	66,432	-
7050	Finance costs	6(20)	(27,776)	-	(21,360)	-
7070	Share of profit or loss of subsidiaries, associates and joint ventures		(199,580)	(1)	(325,786)	(2)
	Non-operating income and expense total		(63,780)	-	(162,134)	(1)
7900	Income from continuing operations before income tax		2,627,932	15	3,347,502	19
7950	Income tax	4, 6(22)	(394,227)	(3)	(443,550)	(3)
8200	Net income		2,233,705	12	2,903,952	16
8300	Other comprehensive income (loss)	6(21)				
8310	Item that may not be reclassified subsequently to profit or loss					
8311	Actuarial gain (loss) on defined benefit plans		(959)	-	(8,721)	-
8360	Items that may be reclassified subsequently to profit or loss					
8362	Unrealized gain (loss) on available-for-sale security		-	-	(24,694)	-
8370	Share of other comprehensive income (loss) of subsidiaries, associates and joint ventures		(234,931)	(1)	(72,922)	-
8399	Income tax related to items that may be reclassified subsequently to profit or loss		39,834	-	12,397	-
	Total other comprehensive income, net of tax		(196,056)	(1)	(93,940)	-
8500	Total comprehensive income		\$2,037,649	11	\$2,810,012	16
9750	Earnings per share - basic (in NT\$)	6(23)	\$5.01		\$6.51	
9850	Earnings per share - diluted (in NT\$)	6(23)	\$4.95		\$6.38	

(The accompanying notes are an integral part of the parent-company-only financial statements.)

Chairman: Ming-Dong Guo

CEO: Ho-Shu Chen

Head of Accounting: Su-Zhen Liu

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

Kinsus Interconnect Technology Corp.

Parent-Company-Only Statements of Changes in Equity

For the Years Ended December 31, 2016 and 2015

(Amounts Expressed in Thousands of New Taiwan Dollars)

Code	Items	Capital 3100	Capital Surplus 3200	Retained Earnings		Other Components of equity		Treasury Stock 3500	3XXX
				Legal Reserve 3310	Unappropriate d Earnings 3350	Exchange differences arising on translation of foreign operations 3410	Unrealized valuation gain (loss) on available- for-sale financial assets 3425		
A1	Balance as of January 1, 2015	\$4,460,000	\$5,939,819	\$2,687,890	\$14,030,597	\$255,009	\$24,694	\$-	\$27,398,009
	Appropriation and distribution of 2014 earnings:								
B1	Legal reserve			361,733	(361,733)				-
B5	Cash dividends - common shares				(1,784,000)				(1,784,000)
D1	Net income (loss) for 2015				2,903,952				2,903,952
D3	Other comprehensive income (loss) for 2015				(8,721)	(60,525)	(24,694)		(93,940)
D5	Total comprehensive income	-	-	-	2,895,231	(60,525)	(24,694)	-	2,810,012
L1	Treasury stock repurchased							(32,885)	(32,885)
A1	Balance as of December 31, 2015	4,460,000	5,939,819	3,049,623	14,780,095	194,484	-	(32,885)	28,391,136
	Appropriation and distribution of 2015 earnings:								
B1	Legal reserve			290,395	(290,395)				-
B5	Cash dividends - common shares				(1,559,075)				(1,559,075)
D1	Net income (loss) for 2016				2,233,705				2,233,705
D3	Other comprehensive income (loss) for 2016				(959)	(195,097)	-		(196,056)
D5	Total comprehensive income	-	-	-	2,232,746	(195,097)	-	-	2,037,649
Z1	Balance as of December 31, 2016	\$4,460,000	\$5,939,819	\$3,340,018	\$15,163,371	\$(613)	\$-	\$(32,885)	\$28,869,710

(The accompanying notes are an integral part of the parent-company-only financial statements.)

NOTE: The employees' bonuses of NT\$343,533 and the directors' and supervisors' remuneration of NT\$20,911 thousand for the year ended December 31, 2016 had been deducted from comprehensive income for the year ended December 31, 2016.

The employees' bonuses of NT\$442,444 and the directors' and supervisors' remuneration of NT\$26,026 thousand for the year ended December 31, 2015 had been deducted from comprehensive income for the year ended December 31, 2015.

Chairman: Ming-Dong Guo

CEO: Ho-Shu Chen

Head of Accounting: Su-Zhen Liu

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

Kinsus Interconnect Technology Corp.

Parent-Company-Only Statements of Cash Flows

For the Years Ended December 31, 2016 and 2015

(Amounts Expressed in Thousands of New Taiwan Dollars)

Code	Items	2016	2015	Code	Items	2016	2015
AAAA	Cash flows from operating activities:			BBBB	Cash flows from investing activities:		
A10000	Net income before tax	\$2,627,932	\$3,347,502	B00400	Disposal of available-for-sale financial assets	-	46,520
A20000	Adjustments:			B00600	Acquisition of bond investments for which no active market exists	-	(3,057)
A20010	Profit or loss not effecting cash flows:			B01800	Acquisition of investment accounted for under equity method	(602,000)	-
A20100	Depreciation	2,259,944	1,953,230	B02700	Acquisition of property, plant and equipment	(4,255,307)	(4,172,476)
A20200	Amortization	19,197	26,086	B02800	Proceeds from disposal of property, plant and equipment	241,776	5
A20300	Bad debt expense (gain on recovery)	4,289	(17,179)	B03800	Decrease (increase) in refundable deposits	(1,636)	3,145
A20400	Net loss (gain) of financial assets (liabilities) at fair value through profit or loss	(10,159)	(24,447)	B04500	Acquisition of intangible assets	(14,536)	(24,028)
A20900	Interest expense	27,776	21,360	BBBB	Net cash provided by (used in) investing activities	(4,631,703)	(4,149,891)
A21200	Interest income	(62,885)	(76,970)				
A22300	Share of profit or loss of subsidiaries, associates and joint ventures	199,580	325,786	CCCC	Cash flows from financing activities:		
A22500	Gain on disposal of property, plant and equipment	451	(5)	C00100	Increase in (repayment of) short-term loans	(554,166)	1,100,468
A22500	Loss on disposal of property, plant and equipment	-	725	C01600	Increase in long-term loans	800,000	-
A23100	Gain on disposal of investment	-	(30,845)	C01700	Repayment of long-term loans	(303,111)	(339,432)
A23700	Impairment loss of non-financial asset	17,100	-	C03000	Increase in guarantee deposits received	2,000	-
A30000	Changes in operating assets and liabilities:			C04500	Payment of cash dividends	(1,559,075)	(1,784,000)
A31110	Financial Assets at fair value through profit or loss	695,568	1,581,283	C04900	Treasury stock purchased	-	(32,885)
A31130	Notes receivable	(1,195)	2,523	CCCC	Net cash provided by (used in) financing activities	(1,614,352)	(1,055,849)
A31150	Accounts receivable	402,904	(499,791)				
A31160	Accounts receivable - related parties	(11,971)	(20,751)	EEEE	Net Increase (decrease) in cash and cash equivalents	(1,165,453)	916,599
A31180	Other receivable	37,350	110,843	E00100	Cash and cash equivalents at beginning of period	10,998,903	10,082,304
A31190	Other receivable - related parties	(306,538)	1,708	E00200	Cash and cash equivalents at end of period	\$9,833,450	\$10,998,903
A31200	Inventories	(509)	4,075				
A31230	Prepayment	41,202	(38,824)				
A31240	Other current assets	42,427	(24,680)				
A32130	Notes payable	(6,336)	9,970				
A32150	Accounts payable	25,559	122,233				
A32160	Accounts payable - related parties	(221,000)	181,562				
A32180	Other payable	(262,715)	(77,360)				
A32210	Advance receipts	760	(1,126)				
A32230	Other current liabilities	(3,040)	254				
A32240	Net pension liability under defined benefit plan	(4,098)	(4,241)				
A33000	Cash generated from operations	5,511,593	6,872,921				
A33100	Interest received	63,584	77,349				
A33300	Interest paid	(27,984)	(21,073)				
A33500	Income tax paid	(466,591)	(806,858)				
AAAA	Net cash provided by (used in) operating activities	5,080,602	6,122,339				

(The accompanying notes are an integral part of the parent-company-only financial statements.)

Chairman: Ming-Dong Guo

CEO: Ho-Shu Chen

Head of Accounting: Su-Zhen Liu

## **MANAGEMENT REPRESENTATION LETTER**

The entities that are required to be included in the combined financial statements of Kinsus Interconnect Technology Corp. as of December 31, 2016 and for the year then ended under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with the International Financial Reporting Standard No. 10, “Consolidated Financial Statements.” In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, Kinsus Interconnect Technology Corp. and Subsidiaries do not prepare a separate set of combined financial statements.

Very truly yours,

Kinsus Interconnect Technology Corp.

By

---

Guo, Ming-Dong

Chairman

February 8<sup>th</sup>, 2017

English Translation of Financial Statements and a Report Originally Issued in Chinese  
**REPORT OF INDEPENDENT AUDITORS**

To: the Board of Directors and Shareholders of  
Kinsus Interconnect Technology Corp.

**Opinion**

We have audited the accompanying consolidated balance sheets of Kinsus Interconnect Technology Corp. (the “Company”) and its subsidiaries as of December 31, 2016 and 2015, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including the summary of significant accounting policies (together “the consolidated financial statements”).

In our opinion, based on our audits and the reports of other auditor (please refer to the Other Matter – Making Reference to the Audit of a Component Auditor section of our report), the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Company and its subsidiaries as of December 31, 2016 and 2015, and their consolidated financial performance and cash flows for the years then ended, in conformity with the requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards, International Accounting Standards, Interpretations developed by the International Financial Reporting Interpretations Committee or the former Standing Interpretations Committee as endorsed by Financial Supervisory Commission of the Republic of China.

**Basis for Opinion**

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and 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 Company and its subsidiaries in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China (the “Norm”), and we have fulfilled our other ethical responsibilities in accordance with the Norm. 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 2016 consolidated financial statements. 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.

## Revenue Recognition

We determine that revenue recognition is one of the key audit matters. The Company's consolidated revenue amounting to NT\$23,165,066 thousand for the year ended December 31, 2016 is a significant account to the Company's consolidated financial statements. The Company and its subsidiaries have conducted these sale activities in multi-marketplace, including Taiwan, China, USA, etc. Among these locations, the Company and its subsidiaries have established hub-warehouse for certain foreign customers' convenience. Furthermore, variety of sale terms and conditions enacted in the main sale contracts or sale orders contributed to the complexity for the Company and its subsidiaries to decide the appropriate timing of transfer the risk of ownership and return of goods to the buyers. We therefore conclude that there are significant risks with respect to the topic of revenue recognition.

Our audit procedures therefore include, but not limit to, evaluating the properness of accounting policy for revenue recognition, assessing and testing the effectiveness of relevant internal controls related to revenue recognition, particularly those controls for shipment to or from foreign warehouses, obtaining major sale orders or agreements to inspect the terms and conditions, checking the consistency of the accounting for revenue recognition with sale agreement or orders, performing analytical review procedures on monthly sale revenues, and executing sale cut-off tests, etc.

We have also evaluated the appropriateness of the related disclosure in Note 6 to the consolidated financial statements.

## Related Party Transactions

The Company and its subsidiaries, to implement a plan of group operation, sold part of its operating equipment and machinery to FuYang Technology Corp., an associate investee accounted for under equity method, in amount of NT\$241,776 thousand. This transaction was accounted for as a significant, non-routine related party transaction during the year ended December 31, 2016. We therefore conclude that the transaction is one of the key audit matters.

Our audit procedures therefore include, but not limit to, obtaining the related mutual agreements in order to clarify the purpose, pricing and collection term of the transaction, evaluating and testing the effectiveness of the internal controls related to related party transactions established by the Company's management, including the approval flow authorized by board of directors or proper management and examination on the Company and its subsidiaries' compliance with the "Process Guidance for Acquiring or Disposing Assets".

We have also evaluated the appropriateness of the related disclosure in Note 7 to the consolidated financial statements.

## **Other Matter – Making Reference to the Audit of a Component Auditor**

We did not audit the financial statements of FuYang Technology Corp., an invested associate accounted for under the equity method. The financial statements of FuYang Technology Corp. as of December 31, 2016 and for the year then ended were audited by other auditors, whose report thereon has been furnished to us. Our audit, insofar as it related to the investment in the associate accounted for under the equity method amounting to NT\$432,689 thousand as of December 31, 2016 representing 1.05% of the Company's consolidated total assets, the related shares of income before tax from the associate under the equity method for the year then ended amounting to NT\$(12,783) thousand representing (0.50)% of the Company's consolidated income before tax, and the related shares of other comprehensive income from the associate under the equity method for the year then ended amounting to NT\$(4,528) thousand representing 1.38% of the consolidated other comprehensive income, are based solely on the audit reports of other auditors.

## **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 requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards, International Accounting Standards, Interpretations developed by the International Financial Reporting Interpretations Committee or the former Standing Interpretations Committee as endorsed by 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 ability to continue as a going concern of the Company and its subsidiaries, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company and its subsidiaries or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, including audit committee or supervisors, are responsible for overseeing the financial reporting process of the Company and its subsidiaries.

## **Auditor's Responsibilities for the Audit of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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 internal control of the Company and its subsidiaries.
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 ability to continue as a going concern of the Company and its subsidiaries. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company and its subsidiaries to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the accompanying notes, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company and its subsidiaries 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 2016 consolidated financial statements and are therefore the key audit matters.

We describe these matters in our auditor's 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.

Ernst & Young  
February 8, 2017  
Taipei, Taiwan,  
Republic of China

Notice to Readers

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

English Translation of Consolidated Financial Statements Originally Issued in Chinese

Kinsus Interconnect Technology Corp. and Subsidiaries

Consolidated Balance Sheets

As of December 31, 2016 and 2015

(Amounts Expressed In Thousands of New Taiwan Dollars)

Assets			2016		2015	
Code	Accounts	Notes	Amount	%	Amount	%
	Current assets					
1100	Cash and cash equivalents	4, 6(1)	\$11,212,646	27	\$12,746,307	30
1110	Financial assets at fair value through profit or loss	4, 6(2)	3,268,435	8	3,536,370	8
1147	Bond investments with no active market	4, 6(3), 8	423,057	1	428,112	1
1150	Notes receivable, net	4, 6(5)	3,030	-	1,835	-
1170	Accounts receivable, net	4, 6(6)	3,197,829	8	3,590,193	8
1180	Accounts receivable - related parties	4, 6(6), 7	399,736	1	248,909	1
1200	Other receivables		289,514	1	336,543	1
1210	Other receivables - related parties	7	307,646	1	2,081	-
1310	Inventories, net	4, 6(7)	2,258,244	5	2,285,436	5
1410	Prepayments		134,676	-	159,205	1
1470	Other current assets		120,742	-	136,377	-
11XX	Total current assets		<u>21,615,555</u>	<u>52</u>	<u>23,471,368</u>	<u>55</u>
	Non-current assets					
1543	Financial assets carried at cost	4, 6(4)	50,000	-	50,000	-
1550	Investment accounted for under equity method	4, 6(8)	432,689	1	-	-
1600	Property, plant and equipment, net	4, 6(9), 8	16,578,663	40	16,150,904	38
1780	Intangible assets	4, 6(10)	18,820	-	30,280	-
1840	Deferred income tax assets	4, 6(25)	9,882	-	9,880	-
1900	Other non-current assets	6(11), 7	295,385	1	318,785	1
1915	Prepayment for equipment	4, 6(9), 9	2,252,721	6	2,607,515	6
15XX	Total non-current assets		<u>19,638,160</u>	<u>48</u>	<u>19,167,364</u>	<u>45</u>
1XXX	Total Assets		<u>\$41,253,715</u>	<u>100</u>	<u>\$42,638,732</u>	<u>100</u>

(The accompanying notes are an integral part of the consolidated financial statements.)

Chairman: Ming-Dong Guo

CEO: Ho-Shu Chen

Head of Accounting: Su-Zhen Liu

Kinsus Interconnect Technology Corp. and Subsidiaries  
Consolidated Balance Sheets-(Continued)  
As of December 31, 2016 and 2015  
(Amounts Expressed In Thousands of New Taiwan Dollars)

Liabilities and Equity			2016		2015	
Code	Accounts	Notes	Amount	%	Amount	%
	Current liabilities					
2100	Short-term loans	6(12)	\$2,228,478	6	\$3,095,030	7
2150	Notes payable		48,092	-	55,484	-
2170	Accounts payable		2,126,485	5	1,996,799	5
2180	Accounts payable - related parties	7	16,059	-	-	-
2200	Other payables	6(13), 7	3,021,801	7	3,932,762	9
2230	Current income tax liabilities	4, 6(25)	510,591	1	569,378	1
2250	Provisions	4, 6(14)	-	-	294	-
2300	Other current liabilities	6(15)	688,291	2	668,701	2
21XX	Total current liabilities		<u>8,639,797</u>	<u>21</u>	<u>10,318,448</u>	<u>24</u>
	Non-current liabilities					
2540	Long-term loans	6(16), 8	1,508,390	4	1,366,299	4
2570	Deferred income tax liabilities	4, 6(25)	631	-	40,190	-
2600	Other non-current liabilities	4, 6(17), 6(18)	90,128	-	85,994	-
25XX	Total non-current liabilities		<u>1,599,149</u>	<u>4</u>	<u>1,492,483</u>	<u>4</u>
2XXX	Total liabilities		<u>10,238,946</u>	<u>25</u>	<u>11,810,931</u>	<u>28</u>
31XX	Equity attributable to shareholders of the parent					
3100	Capital	6(19)				
3110	Common stock		4,460,000	11	4,460,000	10
3200	Capital surplus	6(19)	5,939,819	14	5,939,819	14
3300	Retained earnings	6(19)				
3310	Legal reserve		3,340,018	8	3,049,623	7
3350	Unappropriated earnings		15,163,371	37	14,780,095	35
3400	Other components of equity		(613)	-	194,484	-
3500	Treasury Stock	6(19)	(32,885)	-	(32,885)	-
36XX	Non-controlling interests	6(19)	2,145,059	5	2,436,665	6
3XXX	Total equity		<u>31,014,769</u>	<u>75</u>	<u>30,827,801</u>	<u>72</u>
	Total liabilities and equity		<u>\$41,253,715</u>	<u>100</u>	<u>\$42,638,732</u>	<u>100</u>

(The accompanying notes are an integral part of the consolidated financial statements.)

Chairman: Ming-Dong Guo

CEO: Ho-Shu Chen

Head of Accounting: Su-Zhen Liu

English Translation of Consolidated Financial Statements Originally Issued in Chinese  
Kinsus Interconnect Technology Corp. and Subsidiaries  
Consolidated Statements of Comprehensive Income  
For the Years Ended December 31, 2016 and 2015  
(Amounts Expressed In Thousands of New Taiwan Dollars, Except Earnings Per Share)

Code	Accounts	Notes	2016		2015	
			Amount	%	Amount	%
4000	Net revenue	4, 6(20), 7	\$23,165,066	100	\$23,061,311	100
5000	Cost of sale	7	(17,414,521)	(75)	(17,099,709)	(74)
5900	Gross profit		5,750,545	25	5,961,602	26
6000	Operating expenses	7				
6100	Sales and marketing		(509,185)	(2)	(437,849)	(2)
6200	General and administrative		(1,213,506)	(5)	(975,409)	(4)
6300	Research and development		(1,438,082)	(7)	(1,484,620)	(7)
	Total operating expenses		(3,160,773)	(14)	(2,897,878)	(13)
6900	Operating income		2,589,772	11	3,063,724	13
1310						
7000	Non-operating incomes and expenses					
7010	Other incomes	6(23), 7	195,672	1	309,476	1
7020	Other gains and losses	6(23)	(131,897)	(1)	(110,984)	-
7050	Finance costs	6(23)	(71,306)	-	(56,968)	-
7060	Share of profit or loss of associates and joint ventures	4, 6(8)	(12,783)	-	-	-
	Total non-operating incomes and expenses		(20,314)	-	141,524	1
7900	Income before income tax		2,569,458	11	3,205,248	14
7950	Income tax expense	4, 6(25)	(496,430)	(2)	(475,722)	(2)
8200	Net income		2,073,028	9	2,729,526	12
8300	Other comprehensive income (loss)	6(24)				
8310	Item that may not be reclassified to profit or loss					
8311	Actuarial gain (loss) from defined benefit plans		(959)	-	(8,721)	-
8360	Items that may be reclassified subsequently to profit or loss					
8361	Exchange differences arising on translation of foreign operations		(361,332)	(1)	(116,596)	(1)
8362	Unrealized valuation gain (loss) on available-for-sale financial assets		-	-	(24,694)	-
8370	Share of profit or loss of associates and joint ventures		(4,528)	-	-	-
8399	Income tax related to items that may be reclassified subsequently to P/L		39,834	-	12,397	-
	Total other comprehensive income, net of tax		(326,985)	(1)	(137,614)	(1)
8500	Total comprehensive income		\$1,746,043	8	\$2,591,912	11
8600	Net income (loss) attributable to:					
8610	Shareholders of the parent		\$2,233,705	10	\$2,903,952	13
8620	Non-controlling interests		(160,677)	(1)	(174,426)	(1)
			\$2,073,028	9	\$2,729,526	12
8700	Total comprehensive income (loss) attributable to:					
8710	Shareholders of the parent		\$2,037,649	9	\$2,810,012	12
8720	Non-controlling interests		(291,606)	(1)	(218,100)	(1)
			\$1,746,043	8	\$2,591,912	11
9750	Earnings per share - basic (In NT\$)	6(26)	\$5.01		\$6.51	
9850	Earnings per share - diluted (In NT\$)	6(26)	\$4.95		\$6.38	

(The accompanying notes are an integral part of the consolidated financial statements.)

Chairman: Ming-Dong Guo

CEO: Ho-Shu Chen

Head of Accounting: Su-Zhen Liu

English Translation of Consolidated Financial Statements Originally Issued in Chinese

Kinsus Interconnect Technology Corp. and Subsidiaries

Consolidated Statements of Changes in Equity

For the Years Ended December 31, 2016 and 2015

(Amounts Expressed In Thousands of New Taiwan Dollars)

Code	Items	Equity Attributable to Shareholders of the Parent							Non-controlling Interests	Total Equity	
		Capital	Capital Surplus	Retained Earnings		Others		Treasury Stock			Total
				Legal Reserve	Unappropriated Earnings	Exchange differences arising on translation of foreign operations	Unrealized valuation gain (loss) on available-for-sale financial assets				
3100	3200	3310	3350	3410	3425	3500	31XX	36XX	3XXX		
A1	Balance as of January 1, 2015	\$4,460,000	\$5,939,819	\$2,687,890	\$14,030,597	\$255,009	\$24,694	\$-	\$27,398,009	\$2,654,765	\$30,052,774
	Appropriation and distribution of 2014 earnings:										
B1	Legal reserve			361,733	(361,733)				-		-
B5	Cash dividends - common shares				(1,784,000)				(1,784,000)		(1,784,000)
D1	Net income (loss) for 2015				2,903,952				2,903,952	(174,426)	2,729,526
D3	Other comprehensive income (loss) for 2015				(8,721)	(60,525)	(24,694)		(93,940)	(43,674)	(137,614)
D5	Total comprehensive income	-	-	-	2,895,231	(60,525)	(24,694)	-	2,810,012	(218,100)	2,591,912
L1	Treasury stock repurchased							(32,885)	(\$32,885)		(32,885)
A1	Balance as of December 31, 2015	4,460,000	5,939,819	3,049,623	14,780,095	194,484	-	(32,885)	28,391,136	2,436,665	30,827,801
	Appropriation and distribution of 2015 earnings:										
B1	Legal reserve			290,395	(290,395)				-		-
B5	Cash dividends - common shares				(1,559,075)				(1,559,075)		(1,559,075)
D1	Net income (loss) for 2016				2,233,705				2,233,705	(160,677)	2,073,028
D3	Other comprehensive income (loss) for 2016				(959)	(195,097)			(196,056)	(130,929)	(326,985)
D5	Total comprehensive income	-	-	-	2,232,746	(195,097)	-	-	2,037,649	(291,606)	1,746,043
Z1	Balance as of December 31, 2016	\$4,460,000	\$5,939,819	\$3,340,018	\$15,163,371	\$(613)	\$-	\$(32,885)	\$28,869,710	\$2,145,059	\$31,014,769

(The accompanying notes are an integral part of the consolidated financial statements.)

Chairman: Ming-Dong Guo

CEO: Ho-Shu Chen

Head of Accounting: Su-Zhen Liu

English Translation of Consolidated Financial Statements Originally Issued in Chinese

Kinsus Interconnect Technology Corp. and Subsidiaries

Consolidated Statements of Cash Flows

For the Years Ended December 31, 2016 and 2015

(Amounts Expressed In Thousands of New Taiwan Dollars)

Code	Items	2016	2015	Code	Items	2016	2015
AAAA	Cash flows from operating activities:			BBBB	Cash flows from investing activities:		
A10000	Income before income tax	\$2,569,458	\$3,205,248	B00400	Disposal of available-for-sale financial assets	-	46,520
A20000	Adjustments:			B00700	Disposal of bond investments with no active market	5,055	35,715
A20010	Income and expense adjustments:			B01800	Acquisition of Investment accounted for under equity method	(450,000)	-
A20100	Depreciation	3,464,017	3,196,903	B02700	Acquisition of property, plant and equipment	(4,761,567)	(5,000,206)
A20200	Amortization	31,215	34,432	B02800	Disposal of property, plant and equipment	260,601	1,680
A20300	Bad debt expense (gain on recovery)	6,531	(19,603)	B03800	Decrease (increase) in refundable deposits	(4,813)	(363)
A20400	Net loss (gain) of financial assets (liabilities) at fair value through profit or loss	(10,653)	(55,431)	B04500	Acquisition of intangible assets	(20,457)	(44,806)
A20900	Interest expense	71,306	56,968	BBBB	Net cash provided by (used in) investing activities	(4,971,181)	(4,961,460)
A21200	Interest income	(72,471)	(86,116)				
A22300	Share of profit or loss of associates and joint ventures	12,783	-	CCCC	Cash flows from financing activities:		
A22500	Loss (gain) on disposal of property, plant and equipment	43,555	108,807	C00100	Increase in (repayment of) short-term loans	(866,552)	1,288,134
A23700	Impairment loss on non-financial assets	21,126	14,211	C01600	Increase in long-term loans	800,000	1,084,751
A30000	Changes in operating assets and liabilities:			C01700	Repayment of long-term loans	(694,292)	(1,310,123)
A31110	Financial assets at fair value through profit or loss	278,588	1,623,650	C03000	Increase (decrease) in deposits received	7,273	(29,106)
A31130	Notes receivable	(1,195)	4,417	C04500	Payment of cash dividends	(1,559,075)	(1,784,000)
A31150	Accounts receivable	386,860	(529,703)	C04900	Treasury stock purchased	-	(32,885)
A31160	Accounts receivable - related parties	(150,827)	187,497	CCCC	Net cash provided by (used in) financing activities	(2,312,646)	(783,229)
A31180	Other receivables	47,292	111,215				
A31190	Other receivables - related parties	(305,565)	(774)	DDDD	Effect of exchange rate changes	(2,510)	10,806
A31200	Inventories	27,192	(122,467)				
A31230	Prepayments	24,529	(60,704)	EEEE	Increase (decrease) in cash and cash equivalents	(1,533,661)	1,204,692
A31240	Other current assets	15,635	(44,397)	E00100	Cash and cash equivalents at beginning of period	12,746,307	11,541,615
A31990	Long-term prepaid rents	28,213	13,291	E00200	Cash and cash equivalents at end of period	\$11,212,646	\$12,746,307
A32130	Notes payable	(7,392)	14,473				
A32150	Accounts payable	129,686	10,050				
A32160	Accounts payable - related parties	16,059	-				
A32180	Other payables	(369,201)	73,374				
A32200	Provisions	(294)	(8)				
A32210	Unearned sales revenue	59,442	(11,246)				
A32230	Other current liabilities	(3,469)	(2,035)				
A32240	Accrued pension liabilities	(4,098)	(4,241)				
A33000	Cash generated from (used in) operations	6,308,322	7,717,811				
A33100	Interest received	72,140	90,561				
A33300	Interest paid	(72,842)	(55,519)				
A33500	Income tax paid	(554,944)	(814,278)				
AAAA	Net cash provided by (used in) operating activities	5,752,676	6,938,575				

(The accompanying notes are an integral part of the consolidated financial statements.)

Chairman: Ming-Dong Guo

CEO: Ho-Shu Chen

Head of Accounting: Su-Zhen Liu

## Attachment IV

*(Translation – In case of any discrepancy between the Chinese and English versions, the Chinese version shall prevail.)*

Kinsus Interconnect Technology Corp.  
Earnings Distribution Proposal  
For The Year Ended December 31, 2016

Item	Amount (In: NT\$)
Beginning retained earnings	\$12,930,624,282
Add: Other comprehensive income (loss) in 2016	
-Actuarial gain/loss of defined benefit	(958,296)
Add: Net profit after tax in 2016	<u>2,233,704,590</u>
Distributable earnings	15,163,370,576
Less: 10% legal reserve	(223,370,459)
Special reserve	(613,195)
Cash dividend to shareholders (NT\$3 per share)	<u>(1,336,350,000)</u>
Subtotal	<u>(1,560,333,654)</u>
Unappropriated retained earnings	<u><u>\$13,603,036,922</u></u>
Total shares for dividend to be distributed	445,450,000
<u>Calculation:</u>	
Paid-in capital: NT\$4,460,000,000, divided into 446,000,000 shares	
Minus: 550,000 shares (treasury stocks)	
Shares outstanding: 445,450,000 shares	

Chairman: Ming-Dong, Guo

CEO: Ho-Shu, Chen

Chief Accountant: Su-Zhen, Liu

## ATTACHMENT V

(Translation – In case of any discrepancy between the Chinese and English versions, the Chinese version shall prevail.)

### Kinsus Interconnect Technology Corp.

#### Comparison for amendment to Articles of Incorporation

After amendment	Before amendment	Explanation
<p>Article 2: The Company which run as follows</p> <ol style="list-style-type: none"> <li>1. CC01080 Electronic Components Manufacturing</li> <li>2. F119010 Electronic materials wholesale trade</li> <li>3. F219010 Electronic Materials Retail</li> <li>4. I103060 Management consultation</li> <li>5. CQ01010 Mold Manufacturing</li> <li>6. CC01990 Other electrical machinery and electronic equipment manufacturing</li> <li>7. CB01990 Machinery Manufacturing</li> <li>8. F401010 International trade</li> <li><u>9. C801010 Chemical industry</u></li> <li><u>10. ZZ99999</u> In addition to the license business, an operating non decree prohibiting or restricting the business.</li> </ol>	<p>Article 2: The Company which run as follows</p> <ol style="list-style-type: none"> <li>1. CC01080 Electronic Components Manufacturing</li> <li>2. F119010 Electronic materials wholesale trade</li> <li>3. F219010 Electronic Materials Retail</li> <li>4. I103010 Business operation and management consultation</li> <li>5. CQ01010 Mold Manufacturing</li> <li>6. CC01990 Other electrical machinery and electronic equipment manufacturing</li> <li>7. CB01990 Machinery Manufacturing</li> <li>8. F401010 International trade</li> <li><u>9. ZZ99999</u> In addition to the license business, an operating non decree prohibiting or restricting the business.</li> </ol>	<p>In order to conform to the needs of commercial practice</p>
<p>Article 28: The Article was agreed by all the promoters in founder’s meeting in September 1, 2000. The first revised was June 28, 2003. The second revised was August 26, 2003. The third revised was April 16, 2004. The fourth time revised was April 16, 2004. The fifth time revised was June 14, 2005. The sixth time revised was June 14, 2005. The seventh revised was June 19, 2006. The eighth revised was May 30, 2007. The ninth revised was May 30, 2008. The tenth revised was June 18, 2010. The eleventh revised was June 22, 2011. The twelfth revised was June 18, 2012. The thirteenth revised was May 27, 2016. <u>The fourteenth revised was May 26, 2017.</u></p>	<p>Article 28: The Article was agreed by all the promoters in founder’s meeting in September 1, 2000. The first revised was June 28, 2003. The second revised was August 26, 2003. The third revised was April 16, 2004. The fourth time revised was April 16, 2004. The fifth time revised was June 14, 2005. The sixth time revised was June 14, 2005. The seventh revised was June 19, 2006. The eighth revised was May 30, 2007. The ninth revised was May 30, 2008. The tenth revised was June 18, 2010. The eleventh revised was June 22, 2011. The twelfth revised was June 18, 2012. The thirteenth revised was May 27, 2016.</p>	<p>Additional revision date.</p>

## ATTACHMENT VI

(Translation – In case of any discrepancy between the Chinese and English versions, the Chinese version shall prevail.)

### Kinsus Interconnect Technology Corp.

#### Comparison amendment to

#### Practical Guidance for Lending to Others amendment table

After amendment	Before amendment	Explanation
<p>Article 4: The ceiling for aggregate and individual amount available for lending The ceiling for the aggregate amount for the Company to lending to others is 20% of the equity except otherwise regulated by authority. While, that for individual amount if for affiliates or subsidiaries is <u>10% of the equity based on the most recent financial statements</u> and the lower of the business transaction amount and 10% of the aggregate amount if for non-related parties with business transactions. The business transactions amount refers to the purchase amount or the sales amount of the goods between the parties, whichever is higher. When there is a lending for funding needs between offshore subsidiaries whose voting shares are 100% owned, directly or indirectly, by the Company, the ceilings for aggregate and individual amounts are 20% and 10% of the Company's equity, respectively, and lending period shall not exceed one year.</p>	<p>Article 4: The ceiling for aggregate and individual amount available for lending The ceiling for the aggregate amount for the Company to lending to others is 20% of the equity except otherwise regulated by authority. While, that for individual amount if for affiliates or subsidiaries is <u>50% of the Company's aggregate amount available for lending out</u> and the lower of the business transaction amount and 10% of the aggregate amount if for non-related parties with business transactions. The business transactions amount refers to the purchase amount or the sales amount of the goods between the parties, whichever is higher. When there is a lending for funding needs between offshore subsidiaries whose voting shares are 100% owned, directly or indirectly, by the Company, the ceilings for aggregate and individual amounts are 20% and 10% of the Company's equity, respectively, and lending period shall not exceed one year.</p>	<p>To be revised according to Article #14 of the "Practical Guidance for Public Company's Lending to Others and Endorsement/Guarantee" and practice needs.</p>
<p>Article 12: The practical guidance should be agreed by the audit committee, resolved by the meeting of Board of Directors and implemented after being proposed to shareholders for final approval. The procedures for amendment are the same. The enacted date was at May 15, 2002. The first revised was January 30, 2003. The second revised was June 16, 2009. The third</p>	<p>Article 12: The practical guidance should be agreed by the audit committee, resolved by the meeting of Board of Directors and implemented after being proposed to shareholders for final approval. The procedures for amendment are the same. The enacted date was at May 15, 2002. The first revised was January 30, 2003. The second revised was June 16, 2009. The third</p>	<p>Additional revision date.</p>

After amendment	Before amendment	Explanation
revised was June 18, 2010. The fourth time revised was June 18, 2012. The fifth time revised was June 17, 2013. The sixth time revised was June 19, 2014. <u>The seventh revised was May 26, 2017.</u>	revised was June 18, 2010. The fourth time revised was June 18, 2012. The fifth time revised was June 17, 2013. The sixth time revised was June 19, 2014.	

## ATTACHMENT VII

(Translation – In case of any discrepancy between the Chinese and English versions, the Chinese version shall prevail.)

### Kinsus Interconnect Technology Corp. Comparison for amendment to Pactical Guidance for Endorsement & Guarantee

After amendment	Before amendment	Explanation
<p>Article 4: Ceiling for Endorsement and Guarantee The aggregate amount of endorsement and guarantee provided by the Company shall not exceed 50% of the net worth of the Company's most recent financial statements. The total amount of the endorsement and guarantee provided to any individual company shall not exceed 20% of the net worth of the Company's most recent financial statements. <u>The endorsement and guarantee made between the subsidiaries, whose voting shares are at least 90% owned, directly or indirectly, by the Company, shall not exceed 10% of the net worth of the Company's most recent financial statements. However, this limitation shall not apply to the endorsement or guarantee made between subsidiaries in which the Company holds, directly or indirectly, 100% of the voting shares.</u> The aggregate amount of endorsement and guarantee and the total amount to each individual company provided by the Company and/or its subsidiaries shall not exceed 60% and 30%, respectively, of the net worth of the Company's most recent financial statements. While, the endorsement or guarantee made for an entity with business transactions shall not exceed the lower of the business transactions amount or 10% of the total endorsement and guarantee amount that the Company makes for others.</p>	<p>Article4: Ceiling for Endorsement and Guarantee The aggregate amount of endorsement and guarantee provided by the Company shall not exceed 50% of the net worth of the Company's most recent financial statements. The total amount of the endorsement and guarantee provided to any individual company shall not exceed 20% of the net worth of the Company's most recent financial statements. The aggregate amount of endorsement and guarantee and the total amount to each individual company provided by the Company and/or its subsidiaries shall not exceed 60% and 30%, respectively, of the net worth of the Company's most recent financial statements. While, the endorsement or guarantee made for an entity with business transactions shall not exceed the lower of the business transactions amount or 10% of the total endorsement and guarantee amount that the Company makes for others. The business transaction amount refers to the purchase amount or sales amount of the goods between the parties, whichever is higher. The Company and subsidiaries shall report the necessity and reasonableness to the shareholders when the total endorsement and guarantee amount reaches 50% of the equity of the most recent financial statements.</p>	<p>To be revised according to Article #5 of the "Practical Guidance for Public Company's Lending to Others and Endorsement/ Guarantee".</p>

After amendment	Before amendment	Explanation
<p>The business transaction amount refers to the purchase amount or sales amount of the goods between the parties, whichever is higher.</p> <p>The Company and subsidiaries shall report the necessity and reasonableness to the shareholders when the total endorsement and guarantee amount reaches 50% of the equity of the most recent financial statements.</p>		
<p>Article 11: The practical guidance should be agreed by the audit committee, resolved by the meeting of Board of Directors and implemented after being proposed to shareholders for final approval. The procedures for amendment are the same. The enacted date was at May 15, 2002. The first revised was June 28, 2003. The second revised was June 19, 2006. The third revised was June 16, 2009. The fourth time revised was June 18, 2010. The fifth time revised was June 18, 2012. The sixth time revised was June 17, 2013. The seventh revised was June 19, 2014. <u>The eighth revised was May 26, 2017.</u></p>	<p>Article 11: The practical guidance should be agreed by the audit committee, resolved by the meeting of Board of Directors and implemented after being proposed to shareholders for final approval. The procedures for amendment are the same. The enacted date was at May 15, 2002. The first revised was June 28, 2003. The second revised was June 19, 2006. The third revised was June 16, 2009. The fourth time revised was June 18, 2010. The fifth time revised was June 18, 2012. The sixth time revised was June 17, 2013. The seventh revised was June 19, 2014.</p>	<p>Additional revision date.</p>

## ATTACHMENT VIII

(Translation – In case of any discrepancy between the Chinese and English versions, the Chinese version shall prevail.)

### Kinsus Interconnect Technology Corp. Acquisition and disposal of assets amendment table

After amendment	Before amendment	Explanation
<p>Article 3:</p> <p>1. Investments in stocks, government bonds, corporate bonds, financial bonds, <u>securities representing interest in a fund</u>, depositary receipts, call (put) warrants, beneficial interest securities, and asset-backed securities.</p> <p>2. ~8: Omit.</p>	<p>Article 3:</p> <p>1. Investments in stocks, government bonds, corporate bonds, financial bonds, <u>domestic beneficiary certificate, foreign mutual fund</u>, depositary receipts, call (put) warrants, beneficial interest securities, and asset-backed securities.</p> <p>2. ~8: Omit.</p>	<p>According to “Regulations Governing the Acquisition and Disposal of Assets by Public Companies”, it is amended in accordance with Article #3-1.</p>
<p>Article 4:</p> <p>1. Omit.</p> <p>2. Assets acquired or disposed through mergers, demergers, acquisitions, or transfer of shares in accordance with law: Refers to assets acquired or disposed through mergers, demergers, or acquisitions conducted under the Business Mergers and Acquisitions Act, Financial Holding Company Act, Financial Institution Merger Act and other acts, or to transfer of shares from another company through issuance of new shares of its own as the consideration therefor (hereinafter "transfer of shares") under Article 156, paragraph 8 of the Company Act.</p> <p>3. Omit.</p> <p>4. Professional appraiser: Refers to a real property appraiser or other person duly authorized by law to engage in the value appraisal of real property or equipment.</p> <p>5. ~7: Omit.</p>	<p>Article 4:</p> <p>1. Omit.</p> <p>2. Assets acquired or disposed through mergers, demergers, acquisitions, or transfer of shares in accordance with law: Refers to assets acquired or disposed through mergers, demergers, or acquisitions conducted under the Business Mergers and Acquisitions Act, Financial Holding Company Act, Financial Institution Merger Act and other acts, or to transfer of shares from another company through issuance of new shares of its own as the consideration therefor (hereinafter "transfer of shares") under Article 156, paragraph 8 of the Company Act.</p> <p>3. Omit.</p> <p>4. Professional appraiser: Refers to a real property appraiser or other person duly authorized by law to engage in the value appraisal of real property or equipment.</p> <p>5. ~7: Omit.</p>	<p>Revised words.</p>

Article 7:

Procedures for acquisition or disposal of real estate or equipment.

1. Omit.
2. Terms and conditions of the transaction and level of authorization
  - (1) The transaction price of acquisition or disposal of real estate shall reference the publicly announced value, appraised price, and actual transaction price in neighboring area to determine conditions and price.  
Final transaction price shall be approved in accordance with the level of authorization.  
Where each transaction price exceeds 10% of the Company’s net worth, approval from the Audit Committee and a resolution of the Board of Directors.
  - (2) The transaction price of acquisition or disposal of equipment shall be determined either by price quotation, price comparison, price negotiation or tender. Final transaction price shall be approved in accordance with the level of authorization. Where each transaction price exceeds 10% of the Company’s net worth, an approval from Audit Committee and a resolution of the Board of Directors shall be obtained.
  - (3) The chairman is authorized to review and approve any above-mentioned proposed agreement that needs resolution from the board meeting for sake of business need or efficiency. Such agreement shall also be proposed to the following board meeting for final adoption in

Article 7:

Procedures for acquisition or disposal of real estate or equipment.

1. Omit.
2. Terms and conditions of the transaction and level of authorization
  - (1) The transaction price of acquisition or disposal of real estate shall reference the publicly announced value, appraised price, and actual transaction price in neighboring area to determine conditions and price. Final transaction price shall be approved in accordance with the level of authorization.  
Where each transaction price exceeds 10% of the Company’s net worth, approval from board of directors shall be obtained.
  - (2) The transaction price of acquisition or disposal of equipment shall bedetermined either by price quotation, price comparison, price negotiation or tender. Final transaction price shall be approved in accordance with the level of authorization. Where each transaction price exceeds 10% of the Company’s net worth, approval from board of directors shall be obtained.
  - (3) Any acquisition or disposal of assets mad according to the Procedures or the regaulations shall be agreed by a majority votes from audit committee and proposed to the board meeting for final approval. While two-thirds of votes from board meeting be needed if no majority vote from audit committee is obtained. Such resolution of audit committee shall be specified in the meeting minutes of board.

1. To be revised based on practice needs.
2. Words to be moved.

<p><u>a retroactive basis.</u></p> <p>3. Omit.</p> <p>4. (One word in Chinese changed.)</p>	<p>3. Omit.</p>	
<p>Article 8: Procedures for acquisition or disposal of securities investment</p> <p>1. Omit.</p> <p>2. Terms and conditions of the transaction and level of authorization</p> <p>(1) Where the securities are traded in the centralized exchanged markets, the trading price shall be approved in accordance with the level of authorization. If each transaction price exceeds 10% of the Company's paid-in capital, approval from the Audit Committee and a resolution of the Board of Directors shall be obtained.</p> <p>(2) Where the securities are traded in the non-centralized markets, the subject matter's most recent financial statements audited by CPA shall be obtained prior to the date of occurrence, and used as the reference of its transaction price for the considerations of its net value per share, profitability and future potential. <u>The transaction price shall be approved in accordance with the level of authorization. If each transaction amount exceeds 10% of the Company's paid-in capital, approval from the Audit Committee and a resolution of the Board of Directors shall be obtained. Financial instruments such as bonds with call and put options, security funds and currency based instruments are not restricted by preceding paragraph and shall be executed in accordance with the</u></p>	<p>Article 8: Procedures for acquisition or disposal of securities Investment</p> <p>1. Omit.</p> <p>2. Terms and conditions of the transaction and level of authorization</p> <p>(1) Where the securities are traded in the centralized exchanged markets, the trading price shall be approved in accordance with the level of authorization. <u>The General Manager is authorized to approve any transaction amounting to NT\$50,000,000 or below while such transaction shall be reported to the following board meeting as to its nature as well as the analysis of unrealized investment gain or loss. For any transaction in amount exceeding NT\$50,000,000, a pre-approval from borad meeting is needed.</u></p> <p>(2) Where the securities are traded in the non-centralized markets, the subject matter's most recent financial statements audited by CPA shall be obtained prior to the date of occurrence, and used as the reference of its transaction price for the considerations of its net value per share, profitability and future potential. <u>The General manager is authorized to approve any transaction amounting to NT\$300,000,000 or below while such transaction shall be reported to the following board meeting and executed in accordance with the level of authorization. For any</u></p>	<p>1. To be revised based on practice needs.</p> <p>2. Words to be moved.</p>

<p style="text-align: center;"><u>level of authorization.</u></p> <p>3. The execution The Company’s financial and accounting department is responsible for the execution regarding <u>the acquisition or disposal of marketable security</u> upon completion of procedures mentioned above.</p> <p>4. Omit.</p>	<p style="text-align: center;"><u>transaction in amount exceeding NT\$300,000,000, either a pre-approval or an approval in a retroactive basis from board meeting is needed.</u></p> <p>(3) <u>Any acquisition or disposal of assets mad according to the Procedures or the regulations shall be agreed by a majority votes from audit committee and proposed to the board meeting for final approval. While two-thirds of votes from board meeting be needed if no majority vote from audit committee is obtained. Such resolution of audit committee shall be specified in the meeting minutes of board.</u></p> <p>3. The execution The Company’s financial and accounting department is responsible for the execution regarding the <u>investment in marketable security</u> upon completion of procedures mentioned above.</p> <p>4. Omit.</p>	
<p>Article 9: Procedures for related parties’ transactions</p> <p>1. Omit.</p> <p>2. Evaluation and operating procedures When acquiring or disposing real estate with a related party regardless of its transaction price, or acquiring or disposing assets other than real estate with a related party for the transaction price over 20% of the Company’s paid-in capital, 10% of the Company’s total assets, NT\$300 million, except for buying/selling government bonds, bonds with call/put option, and money market funds <u>issued by domestic security/investment/trust institutions</u>, the transaction may not be proceeded until the following matters have been</p>	<p>Article 9: Procedures for related parties’ transactions</p> <p>1. Omit.</p> <p>2. Evaluation and operating procedures When acquiring or disposing real estate with a related party regardless of its transaction price, or acquiring or disposing assets other than real estate with a related party for the transaction price over 20% of the Company’s paid-in capital, 10% of the Company’s total assets, NT\$300 million, except for buying/selling government bonds, bonds with call/put option, and <u>domestic</u> money market funds, the transaction may not be proceeded until the following matters have been approved by the Audit Committee and resolved by</p>	<p>To be revised based new definition by FSC.</p>

<p>approved by the Audit Committee and resolved by the Board of Directors. Contracts and payments shall only be signed and paid upon the approval from board of directors. When acquiring or disposing equipment for production purpose with a related party, board of directors can authorize the chairman to exercise the duty within the prescribed limit and report to the board of directors upon completion of the transactions. (1)~(7) Omit.</p> <p>3. Omit.</p>	<p>the Board of Directors. Contracts and payments shall only be signed and paid upon the approval from board of directors. When acquiring or disposing equipment for production purpose with a related party, board of directors can authorize the chairman to exercise the duty within the prescribed limit and report to the board of directors upon completion of the transactions. (1)~(7) Omit.</p> <p>3. Omit.</p>	
<p>Article 10: Procedures for acquisition or disposal of membership or intangible assets</p> <p>1. Omit.</p> <p>2. Terms and conditions of the transaction and level of authorization (1)~(2) Omit.</p> <p>3. Omit.</p> <p>4. CPA’s opinion is required under the following circumstances</p> <p>(1) Where the transaction price of acquiring or disposing membership or intangible assets reaches 20% of the Company’s paid-in capital or exceeds NT\$300 million, except for those transactions dealt with government <u>institutions</u>, CPA’s opinion, in compliance with the Provisions of Statement of Auditing Standards No. 20 published by the ARDF, shall be obtained prior to the date of occurrence.</p> <p>(2) Omit</p>	<p>Article 10: Procedures for acquisition or disposal of membership or intangible assets</p> <p>1. Omit.</p> <p>2. Terms and conditions of the transaction and level of authorization (1)~(2) Omit.</p> <p>(3) <u>Any acquisition or disposal of assets made according to the Procedures or the regulations shall be agreed by a majority votes from audit committee and proposed to the board meeting for final approval. While two-thirds of votes from board meeting be needed if no majority vote from audit committee is obtained. Such resolution of audit committee shall be specified in the meeting minutes of board.</u></p> <p>3. Omit.</p> <p>4. CPA’s opinion is required under the following circumstances</p> <p>(1) Where the transaction price of acquiring or disposing membership or intangible assets reaches 20% of the Company’s paid-in capital or exceeds NT\$300 million, except for those transactions dealt with government, CPA’s opinion, in</p>	<p>1. Revised words.</p> <p>2. Words to be moved.</p>

	<p>compliance with the Provisions of Statement of Auditing Standards No. 20 published by the ARDF, shall be obtained prior to the date of occurrence.</p> <p>(2) Omit</p>	
<p>Article 12: Procedures for acquisition or disposal of financial derivatives</p> <p>1. Trading principles and strategies (1)~(2) Omit. (3) Types of instrument A. financial department (a)~(c) omit. (d) Authorization for financial derivatives. a.~b. omit. B. ~D.omit</p> <p>2. ~5. Omit.</p>	<p>Article 12: Procedures for acquisition or disposal of financial derivatives</p> <p>1. Trading principles and strategies. (1)~(2) Omit. (3) Types of instrument A. financial department (a)~(c) omit. (d)Authorization for financial derivatives. a.~b. omit. c. <u>Any acquisition or disposal of assets mad according to the Procedures or the regaulations shall be agreed by a majority votes from audit committee and proposed to the board meeting for final approval. While two-thirds of votes from board meeting be needed if no majority vote from audit committee is obtained. Such resolution of audit committee shall be specified in the meeting minutes of board.</u></p> <p>B. ~D.Omit.</p> <p>2. ~5. Omit.</p>	<p>Words to be moved.</p>
<p>Article 13: Procedures for mergers, spin-off, acquisition and share transfer</p> <p>1. Evaluation and operating procedures (1) CPA, attorney, and securities underwriter shall be engaged to schedule project timetable and a</p>	<p>Article 13: Procedures for mergers, spin-off, acquisition and share transfer</p> <p>1. Evaluation and operating procedures (1) CPA, attorney, and securities underwriter shall be engaged to schedule project timetable and a task</p>	<p>1. To be revised based on consolidati on practical needs. 2. Revised</p>

<p>task force shall be formed to execute the project according to statutory rules and regulations. Prior to convening the Board of Directors to resolve on the matter, a CPA, attorney, or securities underwriter shall give an opinion on the reasonableness of the share exchange ratio, acquisition price, or distribution of cash or other property to shareholders, and submit it to the Board of Directors for deliberation and passage.</p> <p><u>The requirement for fairness reports from financial experts can be exempted when the acquisition or consolidation is made for the 100%-owned, directly or indirectly, subsidiaries or made between the 100%-owned, directly or indirectly, subsidiaries.</u></p> <p>(2) ~ (3) Omit.</p> <p>2. Others</p> <p>(1) ~ (5) Omit</p> <p>(6) Where any of the companies participating in a merger, spin-off, acquisition, or share transfer is not a public company, the Company shall sign an agreement with the counterparty whereby the latter is required to abide by the provisions of preceding paragraphs.</p> <p>(7) Omit.</p>	<p>force shall be formed to execute the project according to statutory rules and regulations. Prior to convening the Board of Directors to resolve on the matter, a CPA, attorney, or securities underwriter shall give an opinion on the reasonableness of the share exchange ratio, acquisition price, or distribution of cash or other property to shareholders, and submit it to the Board of Directors for deliberation and passage.</p> <p>(2) ~ (3) Omit.</p> <p>2. Others</p> <p>(1) ~ (5) Omit</p> <p>(6) Where any of the companies participating in a merger, spin-off, acquisition, or share transfer is not a public company, the Company shall sign an agreement with the counterparty whereby the latter is required to abide by the provisions of preceding paragraphs.</p> <p>(7) Omit.</p>	<p>words.</p>
<p>Article 14: Procedures for public disclosure of information</p> <p>1. Disclosure items and standards</p> <p>(1) Acquisition or disposal of real estate with a related party regardless of its transaction price, or of assets other than real estate with a related party for the transaction price over</p>	<p>Article 14: Procedures for public disclosure of information</p> <p>1. Disclosure items and standards</p> <p>(1) Acquisition or disposal of real estate with a related party regardless of its transaction price, or of assets other than real estate with a related party for the transaction price over 20% of</p>	<p>To be revised based on a definition from FSC and practical needs.</p>

<p>20% of the Company's paid-in capital, 10% of the Company's total assets, NT\$300 million. Trading of government bonds or bonds with call or put options are excluded herein.</p> <p>(2) ~ (3) Omit.</p> <p>(4) Any transaction, other than those referred in the preceding three subparagraphs, such as disposal of receivables by a financial institution or investment in mainland China that reaches 20% of the Company's paid-in capital or exceeds NT\$300 million. However, the following circumstances shall not apply:</p> <p>A. Omit.</p> <p>B. Securities trading by investment professionals on foreign or domestic securities exchanges or over-the-counter markets, general corporate bonds or general financial bonds without equity issued/outstanding in domestic preliminary markets, or marketable securities subscribed by security companies due to the underwriting needs and being designated as underwriters in accordance with related regulations of Taipei Exchange.</p> <p>C. Trading of bonds under repurchase/resale agreements, buying/selling money market funds issued by domestic security/investment/trust institutions.</p> <p>D. ~ F. Omit</p> <p>(5) Omit.</p> <p>2. Omit.</p> <p>3. Disclosure procedures</p> <p>(1) ~ (2) Omit.</p>	<p>the Company's paid-in capital, 10% of the Company's total assets, NT\$300 million. Trading of government bonds or bonds with call or put options are excluded herein.</p> <p>(2) ~ (3) Omit.</p> <p>(4) Any transaction, other than those referred in the preceding three subparagraphs, such as disposal of receivables by a financial institution or investment in mainland China that reaches 20% of the Company's paid-in capital or exceeds NT\$300 million. However, the following circumstances shall not apply:</p> <p>A. Omit.</p> <p>B. Securities trading by investment professionals on foreign or domestic securities exchanges or over-the-counter markets, general corporate bonds or general financial bonds without equity issued/outstanding in domestic preliminary markets, or marketable securities subscribed by security companies due to the underwriting needs and being designated as underwriters in accordance with related regulations of Taipei Exchange.</p> <p>C. Trading of bonds under repurchase/resale agreements buying/selling money market funds issued by domestic security/investment/trust institutions.</p> <p>D. ~ F. Omit</p> <p>(5) Omit.</p> <p>2. Omit.</p> <p>3. Disclosure procedures</p> <p>(1) ~ (2) Omit</p> <p>(3) Where an error or omission occurs at</p>	
---	--	--

<p>(3)Where an error or omission occurs at the time of public announcement, it is required to correct the error, and all the items shall be publicly <u>announced again within two days of being informed.</u></p> <p>(4)~(5)Omit.</p>	<p>the time of public announcement, it is required to correct the error, and all the items shall be publicly announced again.</p> <p>(4)~(5)Omit.</p>	
<p>Article 17: Implementation and amendment</p> <p>1. The Procedures for acquiring and disposing assets have been agreed by audit committee, approved by the meeting of board of directors and proposed to the Company’s shareholders’ meeting for final approval. The Company shall follow with the same procedures for any future amendment.</p> <p>2. <u>Any acquisition or disposal of assets made according to item#11 mentioned above and the Procedures or the regulations shall be agreed by a majority votes from audit committee and proposed to the board meeting for final approval. While two-thirds of votes from board meeting be needed if no majority vote from audit committee is obtained. Such resolution of audit committee shall be specified in the meeting minutes of board. The board shall take into considerations of the opinions from independent directors when resolving the Procedures. The board meeting minutes shall be specified of any objection from independent directors if any.</u></p> <p>3. <u>The “all members of audit committee” and “all members of board of directors” mentioned in preceding item and referred in the Procedures are computed based on those currently elected and delegated.</u></p>	<p>Article 17: Implementation and amendment</p> <p>The Procedures for acquiring and disposing assets have been agreed by audit committee, approved by the meeting of board of directors and proposed to the Company’s shareholders’ meeting for final approval. The Company shall follow with the same procedures for any future amendment.</p>	<p>Words to be moved.</p>

## **Appendix I**

*(Translation – In case of any discrepancy between the Chinese and English versions, the Chinese version shall prevail.)*

### **Kinsus Interconnect Technology Corp.**

#### **Rules of Procedure for Shareholder Meetings**

##### **Article 1**

Unless otherwise required by laws and regulations, the shareholders meeting of the Company shall be held in accordance with these Rules.

##### **Article 2**

This Corporation shall furnish the attending shareholders with an attendance book to sign, or attending shareholders may hand in a sign-in card in lieu of signing in. The number of shares present shall be calculated based on the attendance sheet or the attendance cards delivered.

##### **Article 3**

The attendance and voting at the shareholders' meeting shall be calculated based on the shares.

##### **Article 4**

The place of the shareholders meeting shall be at the office of the Company or at a location convenient to the shareholders and suitable for convening a shareholders meeting. The time of the meeting may not be earlier than 9 a.m or later than 3 p.m.

##### **Article 4-1**

This Corporation shall specify in its shareholders meeting notices the time during which shareholder attendance registrations will be accepted, the place to register for attendance, and other matters for attention. The time during which shareholder attendance registrations will be accepted, as stated in the preceding paragraph, shall be at least 30 minutes prior to the time the meeting commences. The place at which attendance registrations are accepted shall be clearly marked and a sufficient number of suitable personnel assigned to handle the registrations. Shareholders and their proxies (collectively, "shareholders") shall attend shareholders meetings based on attendance cards, sign-in cards, or other certificates of attendance. Solicitors soliciting proxy forms shall also bring identification documents for verification.

##### **Article 5**

When the shareholders meeting was convened by the Board of Directors, the shareholders' meeting shall be presided by the Chairman of the Board of Directors. If the Chairman is absent or is unable to exercise the duties for certain reasons, the vice-Chairman shall act on his/her behalf. If the vice-Chairman is absent or is unable to exercise the duties for certain reasons, the Chairman may designate the managing director to act on his/her behalf; if there is no managing director, one of the directors may be designated to act on his/her behalf. Where the Chairman does not designate a proxy, the managing director or directors may elect a person among themselves to act on behalf of the Chairman. When the shareholders meeting was convened by other persons who have the convening right, the shareholders' meeting shall be presided by the convener. When a managing director or a director serves as chair, as referred to in the preceding paragraph, the managing director or director shall be one who has held that position for six months or more and who understands the financial and business conditions of the company. The same shall be true for a representative of a juristic person director that serves as chair.

##### **Article 6**

The Company may designate the attorneys, accountants or relevant personnel engaged to present in the shareholders meeting. The staffs handling the shareholders meeting shall wear identification cards or arm-band.

### **Article 7**

This Corporation, beginning from the time it accepts shareholder attendance registrations, shall make an uninterrupted audio and video recording of the registration procedure, the proceedings of the shareholders meeting, and the voting and vote counting procedures.

The recorded materials of the preceding paragraph shall be retained for at least 1 year. If, however, a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the recording shall be retained until the conclusion of the litigation.

### **Article 8**

Upon the starting time of the meeting, the chairman shall order the meeting to begin. However, where the shareholders present represent half or less than half of the total outstanding shares, the chairman may postpone the meeting for a total of two times. The postponed time may not in total exceed one hour. Where after two postponements, the shareholders present still do not meet the quorum but represent one-third or more of the total outstanding shares, a tentative resolution may be passed in accordance with Paragraph 1, Article 175 of the Company Act. If the shares present represent more than half of the total outstanding shares before the end of the meeting, the chairman may propose the tentative resolution to the shareholders meeting for voting in accordance with Article 174 of the Company Act.

### **Article 9**

If the shareholders meeting is convened by the Board of Directors, its agenda shall be stipulated by the Board of Directors, and the meeting shall be held in accordance with the agenda and may not be changed without the resolution of the shareholders meeting. When the shareholders meeting was convened by other persons who have the convening right, the above paragraph shall apply mutatis mutandis. Before the closing of the discussions (including provisional motions) stipulated in the agenda under the above two paragraphs, the chairman may not announce the adjournment of the meeting without resolution. After the adjournment of the meeting, the shareholders may not elect a chairman to continue the meeting at the original address or at another location.

### **Article 10**

Before a shareholder makes a statement, he/she must complete a statement slip stating the subject of the statement, the shareholder number (or attendance card number) and shareholder name, and the chairman shall determine the order of his/her statement. Where a shareholder present only completed a statement slip but did not make a statement, he/she will be deemed to not have made a statement. Where the statement made is inconsistent with that stated on the statement slip, the statement made will prevail. When a shareholder present makes a statement, the other shareholders may not make a statement and interfere, unless consent is obtained from the chairman and the shareholder making the statement. The chairman shall restrain such interfering shareholder.

### **Article 11**

For each proposal, a shareholder may not make more than two statements, unless consent is obtained from the chairman. Each statement may not exceed five minutes. The chairman may restrain the shareholder from making the statement if he/she violates the above provisions or has exceeded the scope of the proposal.

### **Article 12**

Where an institution is delegated to attend the shareholders meeting, it may only appoint one representative to attend.

Where the institution appoints two or more representatives to attend the shareholders meeting, only one person may make a statement for each proposal.

### **Article 13**

After a shareholder makes a statement, the chairman may respond him/herself or designate a relevant person to respond.

**Article 14**

Where the chairman believes that the proposal discussed may be resolved, he/she may announce the ending of the discussion and propose that votes be made.

**Article 15**

If the Chairman adjourns the Meeting in violation of these Rules and Procedures, the shareholders may designate, by a majority of votes represented by shareholders attending the Meeting, one person as chairman to continue the Meeting.

**Article 16**

The personnel supervising and calculating the votes for the proposals shall be designated by the chairman, but the supervising personnel shall be a shareholder. Vote counting for shareholders meeting proposals or elections shall be conducted in public at the place of the shareholders meeting. Immediately after vote counting has been completed, the results of the voting, including the statistical tallies of the numbers of votes and the numbers of votes with which they were elected, shall be announced on-site at the meeting, and a record made of the vote.

**Article 17**

During the meeting, the chairman may announce recesses at his/her own discretion.

**Article 18**

Unless otherwise specified in the Company Act and the Articles of Incorporation, resolutions at a shareholders' meeting shall be adopted by a majority vote of the shareholders present.

**Article 19**

When a proposal has an amendment or a replacement, the chairman may combine it with the original proposal and determine the order of resolution. If one of the proposals is resolved, the other proposals will be deemed as rejected and there is no need to make another resolution.

**Article 20**

The chairman may instruct the security officer to assist in maintaining the order of the meeting. The security officer shall wear an arm-band with the word "Security" when assisting in the maintenance of the order of the meeting.

**Article 21**

These Rules and Procedures shall be effective from the date it is approved by the Shareholders' Meeting. The same applies in case of revision.

**Article 22**

These Rules and Procedures of Shareholders' Meeting were made on June 28, 2003. The first amendment was on June 17, 2013.

## **Appendix II**

*(Translation – In case of any discrepancy between the Chinese and English versions, the Chinese version shall prevail.)*

### **Articles of Incorporation of Kinsus Interconnect Technology Corp.**

#### **CHAPTER 1 GENERAL PROVISIONS**

##### **Article 1**

This Company is incorporated under the Company Act, with the name of KINSUS INTERCONNECT TECHNOLOGY CORP, and the English name of KINSUS INTERCONNECT TECHNOLOGY CORP.

##### **Article 2**

The business scope of the Company is as following:

1. CC01080 Electronic Parts and Components Manufacturing
2. F119010 Wholesale of Electronic Materials
3. F219010 Retail Sale of Electronic Materials
4. I103060 Management consultation
5. CQ01010 Die Manufacturing
6. CC01990 Electrical Machinery, Supplies Manufacturing
7. CB01990 Other Machinery Manufacturing Not Elsewhere Classified
8. F401010 International Trade
9. ZZ99999 All business items that are not prohibited or restricted by laws and regulations, except for those subject to special approval.

##### **Article 3**

The Company has its head office in Taoyuan City, and the Company may establish branches in and out of this country.

##### **Article 4**

The method of the public announcement of the Company shall be made in accordance with Article 28 of the Company Act.

#### **CHAPTER II SHARES**

##### **Article 5**

The authorized capital of the Company is NTD 5,500,000,000, divided into 550,000,000 shares, at a par value of NTD 10 per share. The shares may be issued in installments, and the shares which have not been issued would be issued in installments pursuant to the resolution of board of directors.

##### **Article 6**

Share certificates of the Company shall be in registered form, signed or sealed by at least three directors, and issued after the authentication in accordance with laws. The issued shares may be exempted from printing any share certificate, provided that such issuance shall be duly registered or kept with the securities depository and clearing agent.

##### **Article 7**

The shareholders of the Company shall conduct shares related affairs or exercise other relevant

rights in accordance with the Regulations Governing the Administration of Shareholder Services of Public Companies unless the laws, regulations or securities regulation rules provide otherwise.

#### **Article 8**

The shareholders' register shall be closed during 60 days prior to the date of an ordinary shareholders' meeting, 30 days prior to the date of an extraordinary shareholders' meeting, or five days period prior to the record dates for distribution of dividends, bonuses or other benefits of the Company.

### **CHAPTER III SHAREHOLDER'S MEETING**

#### **Article 9**

The shareholders' meeting of the Company is as following :

1. Ordinary shareholders' meeting shall be convened within six months after close of each fiscal year by the branches.
2. Extraordinary shareholders' meeting shall be convened when necessary in accordance with the relevant laws and regulations.

#### **Article 10**

When the shareholders meeting was convened by the Board of Directors, the shareholders' meeting shall be presided by the Chairman of the Board of Directors. If the Chairman is absent, the Chairman may designate one of the directors to act on his/her behalf. Where the Chairman does not designate a proxy, the directors may elect a person among themselves to act as the chairman of the meeting. When the shareholders meeting was convened by other persons who has the convening right, the shareholders' meeting shall be presided by the convener. When there are two or more conveners, the conveners shall elect among themselves to act as the chairman of the meeting.

#### **Article 11**

A notice to convene an ordinary meeting of shareholders shall be given to each shareholder no later than 30 days prior to the scheduled meeting date, and a notice to convene an extraordinary meeting of shareholders shall be given to each shareholder no later than 15 days prior to the scheduled meeting date. Such notice shall specify the meeting date, meeting venue, and proposed matters and be sent to the shareholders in writing.

#### **Article 12**

When a shareholder for any reasons cannot attend the shareholders' meeting in person, he/she/it may attend the meeting by proxy by executing a power of attorney printed by the Company stating therein the scope of power authorized to the proxy.

#### **Article 13**

Except in the circumstances set forth in the Company Act where there is no voting right for a share, each shareholder of the Company shall have one vote for each share held.

#### **Article 14**

Unless otherwise specified in the Company Act, resolutions at a shareholders' meeting shall be adopted by a majority vote of the shareholders present in person or through proxy, who represent more than one-half of the total number of voting shares. When the shareholders meeting was convened by the Board of Directors, it shall be handled in accordance with Article 183 of the Company Act.

## **CHAPTER IV DIRECTORS, AUDIT COMMITTEE AND MANAGERS**

### **Article 15**

The Company set up five to nine directors with three-year term in adopting the system of nominating candidates. The shareholders elect the directors from the list of candidates and the directors can be re-elected for next term.

During the directors' term, the Company shall buy sufficient insurance for all its directors to cover the legal liability that might incur in mal-practice of its Company's business.

### **Article 15-1**

The Company may have independent directors within the aforementioned number of directors and the number of independent directors shall be no less than one-fifth of the total number of directors and shall not be less than two. The election of independent directors shall adopt the candidate nomination system, and the shareholders shall elect the independent directors from the list of the candidates of the independent directors. The professional qualifications, shareholdings, restrictions on concurrent position, nomination, and other compliance matters shall be handled in accordance with relevant regulations of the securities authorities.

### **Article 15-2**

Pursuant to Article 14 -4 of the Securities and Exchange Act, the Company shall establish an Audit Committee. The Audit Committee shall be composed of the entire number of Independent Directors.

### **Article 16**

The board of directors is composed of directors. The functions and responsibilities of the board of directors shall be as follows:

1. To determine the business plans and financial statements,
2. To propose distribution of profit or appropriation of losses,
3. To propose capital increase or decrease,
4. To enact important rules and organizational regulations of the Company,
5. To engage and terminate the general manager and principal manager of the Company
6. To determine the establishment and winding-up of branches,
7. To produce the budget and the final accounts, and
8. To perform other duties authorized by the Company Act or the resolution of the shareholders' meeting(s).

### **Article 17**

The Chairman will be elected from among directors by a majority vote at a board meeting at which at least two-thirds (2/3) of directors are present. The Chairman shall be the representative of the Company externally.

### **Article 18**

Convening the board meeting shall be handled in accordance with Article 204 of the Company Act. In order to convene the board meeting, notice may be made by written notice, e-mail or fax. 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 19**

The Chairman will preside at the board meetings. If the Chairman is on leave or unable to perform his/her duties, the Chairman may designate one of the directors to act on his/her behalf. Where the Chairman does not designate a proxy, the directors may elect a person among themselves to act as the chairman of the meeting. The directors shall personally attend the board meeting, and if the directors cannot attend the board meeting for certain reasons, he/she may appoint another director as his/her proxy. The board meeting may be convened via video conference, and the directors who attend the board meeting via video conference shall be deemed to have attended the meeting in person. The Chairman appoint another director as his/her proxy each time with a power of attorney stating the scope of authority with reference to the subjects to be discussed at the meeting and powers granted; provided that a director may act as the proxy for only one another director.

**Article 20**

The authority of the Audit Committee and the other compliance issues shall be made according to the Securities and Exchange Act and other relevant laws and regulations.

**Article 21**

The Company may have various managers. The appointment, discharge and the remuneration of the managers shall be handled in accordance with Article 29 of the Company Act.

## **CHAPTER V ACCOUNTING**

**Article 22**

The fiscal year of the Company commences from January 1 to December Final accounts shall be handled at the end of each fiscal year.

**Article 23**

After the end of each fiscal year, the following documents and statements should be approved by the board of directors, and then submit the same to the ordinary shareholders' meeting for recognition:

1. Business Report,
2. Financial Statements, and
3. Proposal for distribution of profit or appropriation of losses

**Article 24**

The Company, if making profits in current year, shall provide the ratio of employee compensation to "income before tax and the employee and directors' compensation to be provided" at less than 10% and the ratio of directors' compensation to "income before tax and the employee and directors' compensation to be provided" at be more than 1%, provided that all accumulated deficits, if any, are fully offset.

The employees' compensation can be distributed in cash or stocks. The employees receiving the stock dividends may include employees in affiliated companies who met certain conditions stipulated by the Board of Directors.

Employee and directors' compensation is to report in the shareholders' meeting.

**Article 24-1**

The Company, if making profits in current year, shall distribute the earnings in the following order:

1. Payment of all taxes and dues;
2. Offset prior years' operation losses;
3. Set aside 10% of the remaining amount after deducting items (a) and (b) as legal reserve;
4. Set aside or reverse special reserve in accordance with law and regulations;
5. The distribution of the remaining portion, if any, will be recommended by the Board of Directors and resolved in the shareholders' meeting.

The Company is in an industry with versatile environment. For long-term finance planning requirements and to meet the shareholders' demand for cash, dividend policy aims for a steady balance. Cash dividends distributed each year cannot be less than 10% of the total dividends paid.

## **ARTICLE VI SUPPLEMENTARY PROVISIONS**

### **Article 25**

The Company is allowed to make investment in an amount exceeding 40% of its paid-in capital and authorizes the Board of directors to execute the investment.

### **Article 25-1**

The Company may provide guarantee as necessary for the business.

### **Article 26**

The organizational rules and operating rules of the Company shall be enacted separately by the Board of Directors remuneration.

### **Article 27**

If there is any matter not covered herein, the Company Act and the relevant laws and regulations shall govern.

### **Article 28**

The Article was agreed by all the promoters in founder's meeting in September 1, 2000. The first revised was June 28, 2003. The second revised was August 26, 2003. The third revised was April 16, 2004. The fourth time revised was April 16, 2004. The fifth time revised was June 14, 2005. The sixth time revised was June 14, 2005. The seventh revised was June 19, 2006. The eighth revised was May 30, 2007. The ninth revised was May 30, 2008. The tenth revised was June 18, 2010. The eleventh revised was June 22, 2011. The twelfth revised was June 18, 2012. The thirteenth revised was May 27, 2016.

## **Appendix III**

*(Translation – In case of any discrepancy between the Chinese and English versions, the Chinese version shall prevail.)*

### **Articles of Incorporation of Kinsus Interconnect Technology Corp.**

#### **PRACTICAL GUIDELINES FOR LENDING TO OTHERS**

##### **Article 1**

The procedure punished according to the Company Act and the relevant provisions of the Financial Supervisory Commission.

##### **Article 2**

The Company loan funds to any of its shareholders or any other person under the following circumstances.

1. Where an inter-company or inter-firm business transaction calls for a loan arrangement;
2. Where an inter-company or inter-firm short-term financing facility is necessary. The term "short-term" as used in the preceding paragraph means one year, or the operating cycle (which is longer).

##### **Article 3**

The reason for and necessity of loaning funds to others

The Company loaning funds to others with business transactions shall be in accordance with article#4. The Company loaning funds to others due to financial needs shall be limited to the following conditions:

1. To an entity owned by the Company in 50% or above of share interests and with the necessity of being short-term financed for business needs.
2. To other entity due to the necessity of being short-term financed for purchasing materials or operational needs.
3. To other situations that be approved by the board for financing.

##### **Article 4**

The ceiling for aggregate and individual amount available for lending

The ceiling for the aggregate amount for the Company to lending to others is 20% of the equity except otherwise regulated by authority. While, that for individual amount if for affiliates or subsidiaries is 50% of the Company's aggregate amount available for lending out and the lower of the business transaction amount and 10% of the aggregate amount if for non-related parties with business transactions. The business transactions amount refers to the purchase amount or the sales amount of the goods between the parties, whichever is higher.

When there is a lending for funding needs between offshore subsidiaries whose voting shares are 100% owned, directly or indirectly, by the Company, the ceilings for aggregate and individual amounts are 20% and 10% of the Company's equity, respectively, and lending period shall not exceed one year.

##### **Article 5**

Loan term and calculation of interest are as follows

1. Term: The term of each loan extended by the Company shall not exceed one year.
2. Interest rate: shall not be lower than the rate that the Company loans from financial institutions for short-term loans. Interest payment shall generally be collected in a monthly basis.
3. Adjustment may be granted based on facts upon certain circumstances approved by the board of directors.

## **Article 6**

### Review procedures

#### 1. Application

Regarding the Company's lending to others, the borrower shall provide necessary company background and financial information to the Company for applying formally the line of credit and for the Company to set up "Book of Lending" to record the detail of borrower, amount, date of board approval, date of lending, the necessity and reasonableness for lending, credit status and risks of borrower, the impacts on the Company's operational risks, financial position and equity, decision to or not to obtain collaterals and assessing basis.

#### 2. Checking credit and assessing risks

The Company shall complete a credit investigation report by conducting, executed by financial department, investigations and assessments for the borrower's business, financial position, ability and credential to repay the loan, profitability and the usage of borrowing.

#### 3. Security

The Company shall acquire from the borrower a promisory note with the same amount with the loan before lending to others or acquire certain assets or property as collaterals if deemed necessary. For security purpose, the board of dericetors may allow the borrower endorsed by capable individuals or corporations, instead of acquire collaterals from the borrower, by taking into consideration of the credit report provided by financial department. The Company shall review the guarantor's article of incorporation for any permission for quaranty if the guarantor is a corporation.

#### 4. Scope of authorization

The proposal of lending to others, after credit-investigation by financial department, shall be submitted to the general manager for review and the boardmeeting for resolution.

Fund-lending between the Company and its subsidiaries, or among the subsidiaries, shall be approved by the board of directors of the lending company, which board may authorize its chairman to lend funds to a specific borrowing counterparty, within a certain pre-approved monetary amount and within a period not exceeding one year, in one or several drawdowns or via a revolving credit line.

The "certain pre-approved monetary amount" mentioned above is no more than 10% of the net worth of the most recent financial statements with respect to the Company and subsidiaries to lend to any singal enterprise except for the provision specified in Item#2, article#4.

## **Article 7**

Controlling measures of lending profile are as follows:

After the drawdown, the financial condition, business operation, credit status andvalue of collateral, if any, of the borrowers and guarantors shall be monitored closely. Shall there be any material changes, chairman shall be informed immediately and corrective actions shall be carried out in accordance with the instruction of the chairman.

Borrowers, prior to the due date of the loan, shall calculate and pay the interest along with the loan amount in order to have the promissory note cancelled or returned to the borrower or the mortgage written off.

All loans and its interest shall be paid off upon the due date. In the event that a loan is over-due and not repaid, the Company shall take legal measures against its collateral or guarantor.

## **Article 8**

The Compaby shall enact and submit to audit committee an improvement plan for control and execution if ceratin situations, such as the Company's net worth reduced) that make the borrower incapable to meet the credit requirement or the lending amount exceed the lending limitation.

The Company's lending to parent company and subsidiaries or lending among subsidiaries shall bein compliance with the resolution of board meeting and can be authorized to the chairman to execute the lending to the same borrower within the certain amount and for no more than one

year in several installments.

The “certain pre-approved monetary amount” mentioned above is no more than 10% of the net worth of the most recent financial statements with respect to the Company and subsidiaries to lend to any single enterprise except for the provision specified in Item#2, article#4.

#### **Article 9**

The Company shall make a public announcement and submit the related information to security authority in accordance with relevant regulations.

#### **Article 10**

The Company’s subsidiaries may lend to others only when the subsidiaries enact a practical guidance for lending to others in accordance with the Practical Guidance for Public Companies to Lend to Others and complete the subsidiaries’ board approval procedures.

The subsidiaries shall prepare a monthly detail schedule of lending to others and submit the schedule to the Company’s financial department for the purpose of public announcement and filing to authority.

If the subsidiaries are not domestic public companies, the Company is responsible for the subsidiaries’ public announcement and filing matters.

#### **Article 10-1**

The subsidiaries or parent companies referred to in this Guidance be consistent with the definition in the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

The financial statements of a public company is referred to as that prepared under IFRS. The net worth referred to in the Guidance is the equity account in balance sheet attributed to parent company under the requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuer.

#### **Article 11**

##### **Penalty**

Any employee who takes in-charge of the lending to others but breaches the regulation in the Guidance shall be punished according to the materiality of breach and taken into consideration upon annual performance assessment based on the Company’s management rule.

#### **Article 12**

The practical guidance should be agreed by the audit committee, resolved by the meeting of Board of Directors and implemented after being proposed to shareholders for final approval. The procedures for amendment are the same.

These Articles of Incorporation were agreed upon and signed on May 15, 2002.

First amended on Jan. 30, 2003;

Second amended on Jun. 16, 2009;

Third amended on Jun. 18, 2010;

Fourth amended on Jun. 18, 2012;

Fifth amended on Jun. 17, 2013;

Sixth amended on Jun. 19, 2014.

## Appendix IV

*(Translation – In case of any discrepancy between the Chinese and English versions, the Chinese version shall prevail.)*

### Articles of Incorporation of Kinsus Interconnect Technology Corp.

#### PRACTICAL GUIDANCE FOR ENDORSEMENTS/GUARANTEES

##### Article 1

The guidance has been enacted in accordance with the Company Act and the relevant provisions of the Financial Supervisory Commission.

##### Article 2

Scope of application

The Company, when making endorsements/guarantees, shall be in compliance with this Guidance.

The term "endorsements/guarantees" as used in these Regulations refers to the following:

1. Financing endorsements/guarantees, including:
  - (1) Bill discount financing.
  - (2) Endorsement or guarantee made to meet the financing needs of another company.
  - (3) Issuance of a separate negotiable instrument to a non-financial enterprise as security to meet the financing needs of the Company itself.
2. Customs duty endorsement/guarantee, meaning an endorsement or guarantee for the Company itself or another company with respect to customs duty matters.
3. Other endorsements/guarantees, meaning endorsements or guarantees beyond the scope of the above two subparagraphs.
4. Any creation by the company of a pledge or mortgage on its chattel or real property as security for the loans of another company shall also comply with these Regulations.

##### Article 3

The Company may make endorsements/guarantees only for the following companies:

1. A company with which the Company does business.
2. A company in which the Company directly and indirectly holds more than 50 percent of the voting shares.
3. A company that directly and indirectly holds more than 50 percent of the voting shares in the Company.

Companies in which the Company holds, directly or indirectly, 90% or more of the voting shares may make endorsements/guarantees for each other.

##### Article 4

Ceiling for Endorsement and Guarantee

The aggregate amount of endorsement and guarantee provided by the Company shall not exceed 50% of the net worth of the Company's most recent financial statements.

The total amount of the endorsement and guarantee provided to any individual company shall not exceed 20% of the net worth of the Company's most recent financial statements.

The aggregate amount of endorsement and guarantee and the total amount to each individual company provided by the Company and/or its subsidiaries shall not exceed 60% and 30%, respectively, of the net worth of the Company's most recent financial statements.

While, the endorsement or guarantee made for an entity with business transactions shall not exceed the lower of the business transactions amount or 10% of the total endorsement and guarantee amount that the Company makes for others.

The business transaction amount refers to the purchase amount or sales amount of the goods between the parties, whichever is higher.

The Company and subsidiaries shall report the necessity and reasonableness to the shareholders when the total endorsement and guarantee amount reaches 50% of the equity of the most recent financial statements.

## **Article 5**

Procedures for use and custody of corporate chops

Except providing guarantee notes for the use of notes making endorsement/guarantee activities, it also shall use the company chop (the "Chop") registered with the Ministry of Economic Affairs ("MOEA") for the use of endorsement and/or guarantee.

The chop for the use of notes, the Chop and notes shall be under the safekeeping of a special personnel and may be used to issue negotiable instruments only following proper internal procedure.

The appointment and the change of the personnel safekeeping the Chop shall be approved by the resolution of the Board of Directors.

If the Company provides guarantees in favor of a foreign company, the Guarantee Agreement shall be signed by the person who was authorized by the Board of Directors.

## **Article 6**

Endorsement/guarantee procedures

### **1. Application**

The Company shall complete an application form for any endorsement/guarantee and also establish and maintain a reference book to record all endorsement/guarantee-related information in accordance with the relevant regulation, including the parties to be endorsed/guaranteed, amount, the date of board meeting resolution or chairman approval, the date of endorsement/guarantee, the necessity and rationality of the endorsement/guarantee, the credibility and risk of involved parties, the impact towards the Company's operating risk, financial position and shareholders' equity, and the necessity to acquire collateral and appraisal of collateral.

### **2. Checking credibility and risk assessment**

Finance Department, based on the application form, shall then investigate into the business that the parties to be endorsed/guaranteed are involved, the financial position, the ability to repay the debts and credibility, profitability and usage of loans, for evaluating the necessity and rationality of the endorsement/guarantee, the credibility and risk of involved parties, the impact towards the Company's operating risk, financial position and shareholders' equity, and the necessity to acquire collateral and appraisal of collateral.

Such evaluation results, along with comments and opinions provided by other related departments, shall be submitted to the Board of Directors for approval. A pre-determined limit may be delegated to the Chairman by the Board of Directors to facilitate execution and such endorsement/guarantee shall be reported to the most upcoming Board of Directors' Meeting for ratification.

### **3. Authorization**

When providing endorsement/guarantee to another company, the Company shall evaluate the risks and prepare an evaluation report and may require the endorsee/guarantee company to provide collaterals if deemed needed. The endorsement/guarantee shall be pre-approved by the board of directors except for some urgent situations that may be approved by chairman, authorized by the board of directors as limited as mentioned in previous article, and submitted to the following board meeting for ratification. The opinions, either agreement or objection, of independent directors shall be taken into consideration and specified in the board meeting minutes when resolving the endorsement/guarantee.

In case the above limits have to be exceeded to accommodate business needs, the approval from the Audit Committee and a resolution of the Board of Directors should be obtained and over half of all the directors should jointly endorse the potential loss that may be brought about by the excess of limits. The Board of Directors should also revise the Guidance and has it ratified at the Shareholders' Meeting. If the revised Guidance are not ratified at the Shareholders' Meeting, the Board of Directors should furnish a plan containing a timetable to withdraw the excess portion. The opinions, either agreement or objection, of independent directors shall be taken into consideration and specified in the board meeting minutes when resolving the endorsement/quarantee.

If the party to whom the Company provided endorsement and/or guarantee no longer satisfies the criteria set forth in Article 2 herein, or the amount of endorsement and/or guarantee exceeded the limits due to changes of basis on which the amounts of limits are calculated, the amount of endorsement/guarantee or the excess of limits shall be eliminated upon the maturity of the original contract or the updated contract. This situation shall be reported to the board of directors.

The endorsement/guarantee made in accordance with Item 2, Article 3 of this Guidance, between the subsidiaries, whose voting shares are at least 90% owned, directly or indirectly, by the Company, shall be submitted to the Board of Directors for approval in advance, provided, however, this approval requirement shall not apply to endorsement/guarantee made between subsidiaries in which the Company holds, directly or indirectly, 100% of the voting shares.

#### **Article 7**

If, due to changes of circumstances (such as exceeding limit due to reduction in the Company's net worth), the party to whom the Company provided endorsement and/or guarantee no longer satisfies the criteria, or the amount of endorsement and/or guarantee exceeded the limits, a corrective plan shall be provided to the audit committee and the proposed correction actions should be implemented within the period specified in the plan.

In case the Company provides endorsement/guarantee for the benefit of a subsidiary whose net worth is lower than half of its paid-in capital, the Company shall examine the relevant risks, establish risk control measures and exercise implementation review as below.

1. After providing endorsement/guarantee, the Company shall closely monitor the financial position, business development and credibility of the subsidiary and also the fluctuations in fair value of collaterals if so provided. Any significant changes in fair value of collaterals shall be immediately reported to the general manager and the chairman to seek for the urgent and necessary remediation.
2. Only when the endorsement/guarantee is released, the Company can return the pledged promisory note or collaterals to the parties to whom the Company provided endorsement and/or guarantee or allow the pledged right to be eliminated.
3. Any extension of the endorsement/guarantee shall be proposed in advance to the Company's board of directors by the parties to whom the Company provided endorsement and/or guarantee. Any violation of this requirement may cause the Company to directly dispose the pledged assets or collaterals as repayment.

For purposes of determining the paid-in capital of the above-mentioned subsidiary receiving from the Company any endorsement/guarantee who has no par value or has a par value other than NT\$10, the sum of the share capital plus "capital surplus - additional paid-in capital" shall be deemed as its paid-in capital.

#### **Article 8**

Reporting and announcement procedures for endorsement/guarantee

Should there be any endorsement/guarantee which is required to be reported to the governmental authority-in-charge or to be publicly announced, such report or public announcement shall be made by the Company in accordance with the relevant laws, rules and regulations.

## **Article 9**

The Company's subsidiary who desires to make endorsement/guarantee to others shall enact its own guidance according to the "Guidelines for Fund-Lending and Providing Endorsements and Guarantees by Public Companies", propose it to the board of directors for approval and then execute the endorsement/guarantee accordingly.

The Company's subsidiary who makes any endorsement/guarantee shall prepare detailed schedule of endorsement/guarantee for the most recent month for the financial department to execute announcement and reporting matters.

If there is any reporting and announcement required for the Company's subsidiary which is not a domestic public company, the Company will follow the requirement on behalf of its subsidiary.

## **Article 9-1**

The "subsidiary" or "parent company" referred in this Guidance shall be defined as the same as those in the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Where the Company's financial reports are prepared according to the International Financial Reporting Standards, "net worth" in the Guidance means the equity attributable to owners of the parent in the balance sheet.

## **Article 10**

### **Penalty**

The Company's managers and persons-in-charge shall follow the Guidance in order to prevent the Company from incurring any losses. Should there be any violation of related regulations or the Guidance, subsequent castigation is subject to the related Personnel Articles of the Company in considering the materiality of violation.

## **Article 11**

The Guidance should be agreed by the audit committee, resolved by the meeting of Board of Directors and implemented after being proposed to shareholders for final approval. The procedures for amendment are the same.

These Articles of Incorporation were agreed upon and signed on May 15, 2002.

First amended on Jun. 28, 2003;

Second amended on Jun. 19, 2006;

Third amended on Jun. 16, 2009;

Fourth amended on Jun. 18, 2010;

Fifth amended on Jun. 18, 2012;

Sixth amended on Jun. 17, 2013;

Seventh amended on Jun. 19, 2014.

## Appendix V

*(Translation – In case of any discrepancy between the Chinese and English versions, the Chinese version shall prevail.)*

### **Kinsus Interconnect Technology Corp. Procedures for Acquisition or Disposal of Assets**

#### **Article 1**

The purpose of the procedures is for Kinsus Interconnect Technology Corp. (“the Company”) to protect its assets and to comply with relevant laws, rules and regulations. Any acquisition or disposal of assets conducted by the Company shall comply with the regulations set forth.

#### **Article 2**

The procedures are set forth in accordance with provisions of Article 36-1 of the Securities and Exchange Act (“the Act”), “Regulations Governing the Acquisition and Disposal of Assets by Public Companies” and other applicable laws, rules and regulations.

#### **Article 3**

The term "assets" as used in the procedures includes the following:

1. Investments in stocks, government bonds, corporate bonds, financial bonds, domestic beneficiary certificate, foreign mutual fund, depositary receipts, call (put) warrants, beneficial interest securities, and asset-backed securities;
2. Property (including land, houses and buildings, property for investment purpose, rights to use land, and inventory of construction companies) and equipment;
3. Memberships;
4. Intangible assets: Patents, copyrights, trademarks, charter rights, and other intangible assets;
5. Claims of financial institutions (including receivables, bills purchased and discounted, loans, and overdue receivables);
6. Derivatives products;
7. Assets acquired or disposed of in connection with mergers, spin-off, acquisitions, or share transfer in accordance with acts of law;
8. Other major assets.

#### **Article 4**

Terms used in the procedures are defined as follows:

1. “Derivatives”: Forward contracts, options contracts, futures contracts, leverage contracts, swap contracts, and compound contracts combining the 2 above products, whose value is derived from assets, interest rates, foreign exchange rates, indexes or other interests. The term "forward contracts" does not include insurance contracts, performance contracts, after-sales service contracts, long-term leasing contracts, or long-term purchase (sales) agreements.
2. Assets acquired or disposed through mergers, demergers, acquisitions, or transfer of shares in accordance with law: Refers to assets acquired or disposed through mergers, demergers, or acquisitions conducted under the Business Mergers and Acquisitions Act, Financial Holding Company Act, Financial Institution Merger Act and other acts, or to transfer of shares from another company through issuance of new shares of its own as the consideration therefor (hereinafter "transfer of shares") under Article 156, paragraph 8 of the Company Act.
3. “Related party” or “Subsidiary”: As defined in the Regulations Governing the Preparation of Financial Reports by Securities Issuers.
4. Professional appraiser: Refers to a real property appraiser or other person duly authorized by law to engage in the value appraisal of real property or equipment.
5. “Date of occurrence”: Refers to the date of contract signing, date of payment, date of

consignment trade, date of transfer, date of Boards of Directors resolutions, or other date that can confirm the counterparty and monetary amount of the transaction, whichever date is earlier; provided, for investment for which approval of the Competent Authority is required, the earlier of the above date or the date of receipt of approval by the Competent Authority shall apply.

6. “Investment in mainland China”: Refers to investments in China approved by the Ministry of Economic Affairs Investment Commission or conducted in accordance with the provisions of the Regulations Governing Permission for Investment or Technical Cooperation in the Mainland Area.
7. “Latest financial statements”: Refers to the financial statements of the company audited or examined by certified public accountant (“CPA”) which has been published in accordance with applicable regulation before the subject acquisition or disposal of assets.

#### **Article 5**

Limits of amounts for the Company and each subsidiary in acquisition of non-operating related real estate and securities investment:

1. The acquisition of real estate for non-operating purpose shall not exceed 50% of its paid-in capital.
2. The total amount of securities investment shall not exceed 120% of its net worth.
3. The amount of investment in each respective security should not exceed 60% of its net worth.

#### **Article 6**

Professional appraisers and their officers, CPA, attorneys, and securities underwriters that provide the Company with appraisal reports, CPA's opinions, attorney's opinions, or underwriter's opinions shall not be a related party of any party to the transaction.

#### **Article 7**

Procedures for acquisition or disposal of real estate or equipment

1. The Company acquisition or disposal of property and equipments shall follow the Company's internal control procedures of fixed assets.
2. Terms and conditions of the transaction and level of authorization
  - (1) The transaction price of acquisition or disposal of real estate shall reference the publicly announced value, appraised price, and actual transaction price in neighboring area to determine conditions and price. Final transaction price shall be approved in accordance with the level of authorization. Where each transaction price exceeds 10% of the Company's net worth, approval from board of directors shall be obtained.
  - (2) The transaction price of acquisition or disposal of equipment shall be determined either by price quotation, price comparison, price negotiation or tender. Final transaction price shall be approved in accordance with the level of authorization. Where each transaction price exceeds 10% of the Company's net worth, approval from board of directors shall be obtained.
  - (3) Any acquisition or disposal of assets made according to the Procedures or the regulations shall be agreed by a majority votes from audit committee and proposed to the board meeting for final approval. While two-thirds of votes from board meeting be needed if no majority vote from audit committee is obtained. Such resolution of audit committee shall be specified in the meeting minutes of board.
3. Execution  
Where the Company acquires or disposes property or equipment, appropriate approval shall be obtained in accordance with the level of authorization and responsible department shall execute accordingly.
4. Appraisal report of property and equipment  
In acquiring or disposing real estate or equipment where the transaction price reaches 20%

of the Company's paid-in capital or NT\$300 million or more, the Company shall obtain an appraisal report prior to the date of occurrence from a professional appraiser and shall further comply with the following provisions, except trading with a government agency, contracting third parties to build on the land owned or rented by the Company, or acquiring or disposing of machinery and equipment for operating purposes:

- (1) Where due to special circumstances and it is necessary to give a restricted price, specified price, or special price as a reference basis for the transaction price, the transaction shall be submitted for approval from the Board of Directors in advance, and the same procedure shall be followed for any future changes to the terms and conditions of the transaction.
- (2) Where the transaction price equals to or exceeds NT\$1 billion, appraisals from two or more professional appraisers shall be obtained.
- (3) Where any one of the following circumstances applies with respect to the professional appraiser's appraisal results, except the actual acquisition price is lower than the appraised price or the actual disposal price is higher than the appraised price, a CPA shall be engaged to perform the appraisal in accordance with the provisions of Statement of Auditing Standards No. 20 published by the ROC Accounting Research and Development Foundation (ARDF) and render a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price: a. The difference between the appraised price and the actual transaction price equals to or exceeds 20% of the transaction price. b. The difference between the appraised prices of two or more professional appraisers equals to or exceeds 10 % of the transaction price.
- (4) Where a professional appraisal is conducted prior to the contract date, the appraisal report should have been issued within 3 months of the contract date. However, if the object's publicly announced value is still the same and the appraisal report, and the report was issued no longer than 6 months, then the original professional appraiser may provide opinions.
- (5) Where the Company acquires or disposes assets through court auction, the certificate issued by the court can be used to replace appraisal report or CPA opinions.

## **Article 8**

### Procedures for acquisition or disposal of securities Investment

1. The Company acquisition or disposal of securities investment shall follow the Company's internal control procedures of investment.
2. Terms and conditions of the transaction and level of authorization
  - (1) Where the securities are traded in the centralized exchanged markets, the trading price shall be approved in accordance with the level of authorization. The general manager is authorized to approve any transaction amounting to NT\$50,000,000 or below while such transaction shall be reported to the following board meeting as to its nature as well as the analysis of unrealized investment gain or loss. For any transaction in amount exceeding NT\$50,000,000, a pre-approval from board meeting is needed.
  - (2) Where the securities are traded in the non-centralized markets, the subject matter's most recent financial statements audited by CPA shall be obtained prior to the date of occurrence, and used as the reference of its transaction price for the considerations of its net value per share, profitability and future potential. The general manager is authorized to approve any transaction amounting to NT\$300 million or below while such transaction shall be reported to the following board meeting and executed in accordance with the level of authorization. For any transaction in amount exceeding NT\$300 million, either a pre-approval or an approval in a retroactive basis from board meeting is needed.
  - (3) Any acquisition or disposal of assets made according to the Procedures or the regulations shall be agreed by a majority votes from audit committee and proposed to the board

meeting for final approval. While two-thirds of votes from board meeting be needed if no majority vote from audit committee is obtained. Such resolution of audit committee shall be specified in the meeting minutes of board.

3. The execution

The Company's financial and accounting department is responsible for the execution regarding the investment in marketable security upon completion of procedures mentioned above.

4. Professional opinions

- (1) In acquiring or disposing securities where the transaction price reaches 20% of the Company's paid-in capital or exceeds NT\$300 million, opinions regarding the transaction price from CPA shall be obtained prior to the date of occurrence. Where CPA's opinion is based on the professional opinions, it shall be prepared in accordance with the provisions of Statement of Auditing Standards No. 20 published by the ARDF. Where the transaction price is available in the open market or otherwise regulated by the Financial Supervisory Commission ("SFC") under the Executive Yuan, the limitation shall not apply.
- (2) Where the Company acquires or disposes assets through court auction, the certificate issued by the court can be used to replace appraisal report for CPA's opinions.

## Article 9

Procedures for related parties' transactions are as follows:

1. When acquiring or disposing assets from a related party, in addition to the procedures set forth in the Article 7, if the transaction price reaches 10% or more of the Company's total assets, an appraisal report from a professional appraiser or a CPA's opinion shall be obtained to ensure necessary resolutions are adopted and the reasonableness of the transaction terms is appraised. When judging whether a trading counterparty is a related party, in addition to legal formalities, the substance of the relationship shall also be considered.

2. Evaluation and operating procedures

When acquiring or disposing real estate with a related party regardless of its transaction price, or acquiring or disposing assets other than real estate with a related party for the transaction price over 20% of the Company's paid-in capital, 10% of the Company's total assets, NT\$300 million or more, except in trading of government bonds or bonds with call or put options, or subscription or redemption of domestic money market funds, the transaction may not be proceeded until the following matters have been approved by the Audit Committee and the Board of Directors. Contracts and payments shall only be signed and paid upon the approval from Board of Directors. When acquiring or disposing equipment for production purpose with a related party, Board of Directors can authorize the chairman to exercise the duty within the prescribed limit and report to the Board of Directors upon completion of the transactions.

- (1) The purpose, the necessity and the anticipated benefit of acquisition or disposal of the real estate.
- (2) The reason for choosing the related party as a trading counterparty.
- (3) Information regarding the reasonableness of the preliminary transaction terms in accordance with subparagraph 1 and 4 of paragraph 3, Article 9.
- (4) The date and the price at which the related party originally acquired the real estate, the original trading counterparty, and that trading counterparty's relationship to the Company and the related party.
- (5) Monthly cash flow forecasts for the year commencing from the anticipated month of signing of the contract, and evaluation of the necessity of the transaction, and reasonableness of the funds utilization.
- (6) An appraisal report from a professional appraiser or a CPA's opinion obtained in compliance with the preceding article.

- (7) Restrictive covenants and other important stipulations associated with the transaction.
3. Evaluation of the reasonableness of the transaction costs
    - (1) When acquiring real estate from a related party, the reasonableness of the transaction costs shall be evaluated by the following means:
      - A. Based upon the related party's transaction price plus necessary interest on funding and the costs to be duly borne by the buyer. "Necessary interest on funding" is imputed as the weighted average interest rate on borrowing in the year the Company purchases the property; it may not be higher than the maximum non-financial industry lending rate announced by the Ministry of Finance.
      - B. Total loan value appraisal from a financial institution where the related party has previously created a mortgage on the property as 8 security for a loan; provided the actual cumulative amount loaned by the financial institution shall have been 70% or more of the financial institution's appraised loan value of the property and the period of the loan shall have been one year or more. However, this shall not apply where the financial institution is a related party of one of the trading counterparties.
    - (2) Where land and structures thereupon are combined as a single property purchased in one transaction, the transaction costs for the land and the structures may be separately appraised in accordance with either of the means listed in the preceding paragraph.
    - (3) While the cost of the real estate acquired from a related party shall be appraised in accordance with the provisions of the subparagraph (1) of paragraph 3, Article 1, CPA shall also be engaged to review the appraisal and render a specific opinion.
    - (4) Where the real estate is acquired from a related party, it shall be appraised in accordance with the provisions of the subparagraph (1) of paragraph 3, Article 9, and if the appraised cost is lower than the actual transaction cost, the paragraph (5) of Item 3, Article 9 shall apply. However, where the following circumstances exist, objective evidence has been submitted and specific opinions on reasonableness have been obtained from a professional real estate appraiser and a CPA, this restriction shall not apply:
      - A. Where the related party acquires undeveloped land or leased land for development and in compliance with one of the following conditions:
        - a. Where undeveloped land is appraised in accordance with the means in the preceding Article, and the actual transaction price is lower than the related party's construction cost plus reasonable construction profit. The "reasonable construction profit" shall be deemed the average gross operating profit margin of the related party's construction division over the most recent three years or the gross profit margin for the construction industry for the most recent period as announced by the Ministry of Finance, whichever is lower.
        - b. Where the recent transactions by unrelated parties within the preceding year involving other floors of the same property or neighboring or closely valued parcels of land, and the land area and the transaction terms are similar in consideration of the 9 reasonable price discrepancies in floor or land prices in per property market practices.
        - c. Where the recent leasing transactions by unrelated parties for other floors of the same property within the preceding year, and the transaction terms are similar in consideration of the reasonable price discrepancies among floors per property leasing market practices.
      - B. Where the Company acquiring real estate from a related party and the terms of the transaction are similar to the terms of the recent transactions for acquisition of neighboring or closely valued parcels of land of a similar size by unrelated parties within the preceding year.

- (5) Where the Company acquires property from a related party and the results of appraisals conducted in accordance with the provisions of the subparagraph (1) and (2) of paragraph 3, Article 9, are uniformly lower than the transaction price while no evidence can be provided that subparagraph (4) of paragraph 3 is not applicable to the transaction, the following steps shall be taken:
- A. A special reserve shall be set aside in accordance with the provisions of Article 41, paragraph 1 of the Act against the difference between the real estate transaction price and the appraised cost, and may not be distributed or used for capital increase or issuance of bonus shares. Where the Company uses the equity method to account for its investment in another public company, then the special reserve called for under Article 41, paragraph of the Act shall be set aside pro rata in a proportion consistent with the share of the Company's equity stake in the other company.
  - B. The Audit Committee shall comply with the provisions of Article 10 218 of the Company Act.
  - C. Actions taken pursuant to subparagraph 1 and 2 shall be reported to a shareholders meeting, and the details of the transaction shall be disclosed in the annual report and any investment prospectus.
- The Company and A public company investing the Company accounted for under equity method that have set aside a special reserve under the preceding paragraph may not utilize the special reserve until it has recognized a loss on decline in market value of the assets it purchased at a premium, or they have been disposed of, or adequate compensation has been made, or the status quo ante has been restored, or there is other evidence confirming that there was nothing unreasonable about the transaction, and the FSC has given its consent.
- (6) Where the Company acquires real estate from a related party and one of the following circumstances exists, the acquisition shall be conducted in accordance with the provisions paragraph 1 and 2 of Article 9, while subparagraph 1, 2 and 3 of paragraph 3 shall not apply:
- A. The related party acquired the real estate through inheritance or as a gift.
  - B. More than five years had elapsed from the time the related party signed the contract to obtain the real estate to the signing date for the current transaction.
  - C. The property is acquired through signing of a joint development contract with the related party, or through engaging a related party to build property, either on the company's own land or on rented land.
- (7) Where the Company obtains property from a related party, it shall also comply with the provisions set forth in the subparagraph (5) of paragraph 3, Article 9, if there is other evidence indicating that the acquisition was not an arms length transaction.

## **Article 10**

Procedures for acquisition or disposal of membership or intangible assets are as follows:

1. Evaluation and operating procedures
 

Acquisition or disposal of membership or intangible assets shall according to the relevant laws and regulations.
2. Terms and conditions of the transaction and level of authorization
  - (1) The transaction price of acquisition or disposal of membership shall refer to the market value, terms and conditions and transaction price and a report shall be prepared for submission to the general manager. Where the transaction price exceeds 1% of the Company's paid-in capital or under NT\$3 million, shall be submitted to the General Manager for approval and shall be filed in the last meeting of the Board of Directors and if the transaction price exceeds NT\$3 million, must be approved by the Board of Directors.
  - (2) The transaction price of acquisition or disposal of intangible assets shall refer to

professional opinion or the market value, terms and conditions and transaction price and a report shall be prepared for submission to the chairman. Where the transaction price exceeds 10% of the Company's paid-in capital or under NT\$20 million, shall be submitted to Chairman for approval and shall be filed in the last meeting of the Board of Directors and if the transaction price exceeds NT\$20 million, must be approved by the Board of Directors.

- (3) Any acquisition or disposal of assets made according to the Procedures or the regulations shall be agreed by a majority vote from audit committee and proposed to the board meeting for final approval. While two-thirds of votes from board meeting be needed if no majority vote from audit committee is obtained. Such resolution of audit committee shall be specified in the meeting minutes of board.

### 3. Execution

Where the Company acquires or disposes membership or intangible assets, appropriate approval shall be obtained in accordance with the level of authorization and responsible departments shall execute accordingly.

### 4. CPA's opinion is required under the following circumstances:

- (1) Where the transaction price of acquiring or disposing membership or intangible assets reaches 20% of the Company's paid-in capital or exceeds NT\$300 million, except trading with the Government organizations, CPA's opinion, in compliance with the Provisions of Statement of Auditing Standards No. 20 published by the ARDF, shall be obtained prior to the date of occurrence.
- (2) Where the Company acquires or disposes of memberships or intangible assets through court auction procedures, the evidentiary documentation issued by the court may be substituted for the appraisal report or CPA opinion.

## **Article 10-1**

The calculation of the transaction price referred to in the preceding four articles shall be done in accordance with the subparagraph (5) of paragraph 1, Article 16, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items for which an appraisal report from a professional appraiser or a CPA's opinion has been obtained need not be counted toward the transaction amount.

## **Article 11**

Procedures for acquisition or disposal of Claims of financial institutions. In principle, the Company does not conduct any trading regarding acquisition or disposal of claims of financial institutions. Where the trading is intended in the future, relevant operating procedures shall be by the Board of Directors.

## **Article 12**

Procedures for acquisition or disposal of financial derivatives are as follows:

### 1. Trading principles and strategies

#### (1) Types of instrument

A. Financial derivatives referred herein are broadly defined as instruments that derive their value from the performance of underlying assets, interest or currency exchange rates or other instrument such as swaps, options, futures, forwards and various combinations thereof.

B. Claims of financial institutions shall be conducted in accordance with The Procedures set forth. The transactions for redeemable bonds may be exempted from the regulations of the Procedures.

#### (2) Strategies

Financial derivatives are mainly used for hedging purpose and the selection of instruments shall correlate or associate with the business operation. In order to reduce

the overall currency exposures and hedging cost, the currency of the position held shall be the same as the one used for business activities, and the position of the currency (account receivable and payable in foreign currency) shall be balanced. The transaction of specific purpose shall be evaluated carefully and prior approval from the Board of Directors.

(3) Authorization and delegation

A. Finance departments

a. Trading

- (a) To establish financial derivative strategies for the Company.
- (b) To evaluate holding of the positions periodically, establish trading strategies based on the judgment of the market intelligence and submit for approval.
- (c) To execute the trading in accordance with the level of authorization.
- (d) Shall material incident occur in the financial market and existing strategies. is no longer applicable, new trading strategies shall be proposed and used as the basis for trading upon approval from the general manager.

b. Accounting staff

- (a) Executing the confirmation of transaction.
- (b) Examining if the transactions are executed in accordance with authorization and existing strategy.
- (c) Performing monthly assessment and submitting the assessment report to general manager.
- (d) Accounting.
- (e) Public announcement and filing in accordance with regulations of FSC.

c. Settlement: To execute the settlement

d. Level of approval

(a) Level of approval required for each transaction of hedging purpose

Level of approval	Delegation of daily transaction	Delegation of each accumulated net position
Finance Manager	Below of US\$0.5M	Below of US\$1.5M
Ganager Manader	US\$0.5M-2M	Below of US\$5M
Chairman	US\$2M and more	Below of US\$10M

- (b) Transaction of other purposes shall only be preceded upon approval from the Audit Committee and the Board of Directors.
- (c) Any acquisition or disposal of assets mad according to the Procedures or the regulations shall be agreed by a majority votes from audit committee and proposed to the board meeting for the final approval. While two-thirds of votes from board meeting be needed if no majority vote from audit committee is obtained. Such resolution of audit committee shall be specified in the meeting minutes of board.

B. Internal Audit

The Company's internal audit personnel shall periodically make a determination of the suitability of internal controls on derivatives and conduct a monthly audit of how faithfully derivatives trading by the trading department adheres to the procedures for engaging in derivatives trading, and prepare an audit report. If any material violation is discovered, all supervisors shall be notified in writing.

C. Performance Evaluation

a. Trading with hedging purpose

- (a) The evaluation basis is the profit/loss between cost of the currency on the book and derivative transaction.

- (b) To fully comprehend the risks of evaluation, the Company shall conduct evaluation based on the monthly closing.
    - (c) The Finance department shall provide evaluation of the foreign currency based position, the market trend and analysis of foreign currency to the president and chairman for their review.
  - b. Trading with specific purpose
 

The evaluation shall be conducted based on the actual profit/loss and the Finance personnel shall prepare financial statements based on the position held for management's review on a periodic basis.
- D. Total transaction amount, and the maximum limit of loss
  - a. The Contract Amount
    - (a) Transaction amount for hedging purpose
 

In order to control transaction risk, the financial department shall closely monitor the overall risk exposure. The transaction amount for hedging shall not exceed two-thirds of the Company's net overall risk exposure or otherwise an approval from the general manager be needed.
    - (b) Transaction for specific purpose
 

This can only be executed upon the financial department completing a proper strategy based on a good forecast toward market fluctuations and the board of directors approving such transaction. The accumulated contract amount of transactions for specific purpose shall not exceed USD10 million or otherwise an approval from the board of directors and compliance with the enacted policy be needed.
  - b. Maximum Limit of Loss
    - (a) There is no need to set up the maximum limit of loss for the transaction for hedging purpose as it is entered into for reducing risks.
    - (b) Maximum limit of loss shall be established for the transaction contract for specific purpose once being entered into. Its maximum limit of loss shall not exceed 10% of the transaction contract amount or otherwise it shall be reported to the general manager as well as the board meeting for taking necessary responding actions.
    - (c) The maximum limit of loss for individual contract shall not exceed the lower of USD20,000 or 5% of the contract.
    - (d) The annual accumulated maximum limit of loss of the transaction contracts for specific purpose shall no exceed USD300,000.

## 2. Measures of Risk management

### (1) Credit Risk Control

The management over market risks shall be executed in accordance with following guidances due to the fact that engaging in financial derivatives is sensitive to market fluctuations and operating risks:

Counterparty: shall be of domestic or international reputable financial institutions.

Financial tools: shall be provided by domestic or international reputable financial institutions.

Transaction amount: the unsettled transaction amount for a same counterparty shall not exceed 10% of total authorized amount, except for those specially approved by the general manager.

### (2) Market Risk Control

Primarily the open currency market provided by the banks, excluding the option market.

### (3) Liquidity Risk Control

To ensure liquidity, financial instruments with high liquidity shall be chosen, and financial institutions responsible for trading shall provide sufficient information and have the capability to trade in any markets over any time zone.

- (4) Cash-Flow Risk Control
 

To maintain stable turnover of the working capital of the Company, the source of the capital for derivative transaction shall be self funded, and the demand in cash flows for future 3 months shall be taken into consideration in determining the operated amount.
- (5) Operating Risk Control
  - A. To comply with the authorized amount, procedures and internal audit processes.
  - B. Different personnel shall be assigned for trading, confirmation and settlement.
  - C. Personnel who is in charge of risk evaluation, monitoring and controlling shall not be in same department as those described in the preceding paragraph, and reporting shall be made to the Board of Directors or the management who is not responsible for trading or determination of position.
  - D. The Company shall review the net exposure of derivatives at least once a week and at least twice a month for those entered into for specific purpose. The result of review shall be submitted and reported to the general manager or the authorized person by the board.
- (6) Financial Instrument Risk Control
 

Personnel, who is in charge of the trading, shall have sufficient knowledge and professional skills of the financial instrument and shall request the banks to fully disclose associated risks.
- (7) Legal Risk Control
 

Any documents with financial institutions can only be signed after reviewing by the legal department or legal counsels.
3. Internal audit
  - (1) The Company's internal audit personnel shall periodically make a determination of the suitability of internal controls on derivatives and conduct a monthly audit of how faithfully derivatives trading by the trading department adheres to the procedures for engaging in derivatives trading, and prepare an audit report. If any material violation is discovered, all supervisors shall be notified in writing.
  - (2) The Company's internal audit personnel shall file the internal audit reports and the executing details of internal auditing by the end of February of the following year and also the improvement actions with respect to any deficiencies found by the end of May of the following year to FSC.
4. Periodic evaluation system
  - (1) The Board of Directors shall authorize the management to monitor and review the compliance of the derivative transaction with internal procedures periodically. If any abnormality detected in the market value evaluation report, the Board of Directors shall be informed immediately and responsive actions shall also be taken accordingly.
  - (2) The position held under the derivative trading shall be evaluated once a week, while transaction associated with hedging purpose shall be evaluated twice per month, and the evaluation reports shall be submitted to the management authorized by the Board of Directors.
5. Auditing principle by the Board of Directors
  - (1) Board of Directors shall assign the management to constantly monitor and control the risks of derivative transaction with the following principles:
    - A. To conduct periodic review and check if the risk management measures are adequate and in compliance with the internal procedures.
    - B. To monitor the trading and its performance. Shall there be any material event, Board of Directors shall be informed and necessary actions shall be taken.
  - (2) To check if the performance meets the business strategy and to determine if the risks are within the corporate tolerance level periodically.
  - (3) Derivative transaction shall be conducted in accordance with the relevant procedures and reported to Board of Directors afterwards.

- (4) To establish a reference book for derivative transaction with detailed information, including its type, amount, approval date from Board of Director and evaluation items listed in the paragraph 2 of Article 4, the paragraph 1 and 2 of Article 5.

### **Article 13**

Procedures for mergers, spin-off, acquisition and share transfer are as follows:

#### 1. Evaluation and operating procedures

- (1) CPA, attorney, and securities underwriter shall be engaged to schedule 17 project timetable and a task force shall be formed to execute the project according to statutory rules and regulations. Prior to convening the Board of Directors to resolve on the matter, a CPA, attorney, or securities underwriter shall give an opinion on the reasonableness of the share exchange ratio, acquisition price, or distribution of cash or other property to shareholders, and submit it to the Board of Directors for deliberation and passage.
- (2) The Company shall issue a public report to shareholders detailing important contractual content and matters relevant to the merger, spin-off, or acquisition prior to the shareholders meeting. The report shall include the expert's opinion referred to in the preceding paragraph when sending shareholders meeting notification provided, where a provision of another Act exempts the Company from convening a shareholders meeting to approve the merger, spin-off, or acquisition, this restriction shall not apply. Where the shareholders meeting of any one of the companies participating in a merger, spin-off, or acquisition fails to convene or pass a resolution due to lack of a quorum, insufficient votes, or other legal restriction, or the proposal is rejected by the shareholders meeting, the companies participating in the merger, spin-off or acquisition shall immediately make public announcement regarding their reasons, the follow-up measures, and the preliminary date of the next shareholders meeting.
- (3) A full written record of the following information shall be prepared and retained for five years for reference:
  - A. Personnel information  
Including the occupational titles, names, and national ID numbers (or passport numbers in the case of foreign nationals) of all persons involved in the planning or implementation of any merger, spin-off acquisition, or transfer of another company's shares prior to disclosure of the information.
  - B. Dates of material events  
Including the signing of any letter of intent or memorandum of understanding, the hiring of a financial or legal advisor, the execution of a contract, and the convening of a Board of Directors meeting.
  - C. Important documents and minutes  
Including merger, spin-off, acquisition, and share transfer plans, 18 any letter of intent or memorandum of understanding, material contracts, and minutes of Board of Directors meetings.

#### 2. Others

- (1) Board of Director meeting date:  
Companies participating in a merger, spin-off, or acquisition shall convene a Board of Directors meeting and shareholders meeting on the day of the transaction to resolve matters relevant to the merger, spin-off, or acquisition, unless another Act provides otherwise or the FSC is notified in advance of extraordinary circumstances and grants consent. Companies participating in a share transfer shall call a Board of Directors meeting on the day of the transaction, unless another Act provides otherwise or the FSC is notified in advance of extraordinary circumstances and grants consent.
- (2) Non-disclosure commitment:  
Every person participating in or privy to the plan for merger, spin-off, acquisition, or share transfer shall issue a written undertaking of confidentiality and may not disclose

the content of the plan prior to public disclosure of the information and may not trade, in their own name or under the name of another person, in any stock or other equity security of any company related to the plan for merger, spin-off, acquisition, or transfer of shares.

- (3) Pricing principles for transfer or acquisition of shares:

Companies participating in a share transfer shall engage a CPA, attorney, or securities underwriter to give an opinion on the reasonableness of the share exchange ratio, acquisition price, or distribution of cash or other property to shareholders, and submit it to the shareholders' meeting. Acquisition or share transfer may not arbitrarily alter the share exchange ratio or acquisition price unless under the below-listed circumstances, and shall stipulate the circumstances permitting alteration in the contract for the merger, spin-off, acquisition, or transfer of shares:

  - A. Cash capital increase, issuance of convertible corporate bonds, or the issuance of bonus shares, issuance of corporate bonds with warrants, preferred shares with warrants, stock warrants, or other equity based securities.
  - B. An action, such as a disposal of major assets that affects the Company's financial operations.
  - C. An event, such as a major disaster or major change in technology 19 that affects equity or share price.
  - D. An adjustment where any of the companies participating in the merger, demerger, acquisition, or transfer of shares from another company, buys back treasury stock.
  - E. An increase or decrease in the number of entities or companies participating in the merger, spin-off, acquisition, or transfer of shares.
  - F. Other terms and conditions that the contract stipulates may be altered and that have been publicly disclosed.
- (4) Content of contract

The contract of the companies participating in the merger, spin-off, acquisition, or share transfer shall be under Article 371-1 of Company Act and Article 22 of Business Mergers and Acquisitions Act and shall also record the followings:

  - A. Handling of breach of contract
  - B. Principles for the handling of equity-type securities previously issued or treasury stock previously bought back by any company that is extinguished in a merger or its spin-off.
  - C. The amount of treasury stock participating companies are permitted under law to buy back after the record date of calculation of the share exchange ratio, and the principles for handling thereof.
  - D. The manner of handling changes in the number of participating entities or companies.
  - E. Preliminary progress schedule for plan execution, and anticipated completion date.
  - F. Scheduled date for convening the legally mandated shareholders meeting if the plan exceeds the deadline without completion, and relevant procedures.
- (5) Changes of companies participating in mergers, spin-off, acquisition and share transfer:

After public disclosure of the information, if any company participating in the merger, spin-off, acquisition, or share transfer intends further to carry out a merger, spin-off, acquisition, or share transfer with another company, all of the participating companies shall carry out anew the procedures or legal actions that had originally been completed toward the merger, spin-off, acquisition, or share transfer; except that where the number of participating companies is decreased and a participating company's shareholders meeting has adopted a 20 resolution authorizing the Board of Directors to alter the limits of authority, such participating company may be exempted from calling another shareholders meeting to resolve on the matter anew.
- (6) Where any of the companies participating in a merger, spin-off, acquisition, or share transfer is not a public company, the Company shall sign an agreement with the

counterparty whereby the latter is required to abide by the provisions of preceding paragraphs.

- (7) Upon the resolution by the Board of Directors, material information shall be disclosed via internet-based information system to the FSC for recordation within two days of the Board of Director resolution.

#### **Article 14**

Procedures for public disclosure of information are as follows:

1. Disclosure items and standards
  - (1) Acquisition or disposal of real estate with a related party regardless of its transaction price, or of assets other than real estate with a related party for the transaction price over 20% of the Company's paid-in capital, 10% of the Company's total assets, NT\$300 million. Trading of government bonds, bonds with call or put options and subscription or redemption of domestic money market funds are excluded herein.
  - (2) Merger, spin-off, acquisition, or share transfer.
  - (3) Losses from derivative transaction reaching the maximum limits of aggregated losses or losses on individual contracts set forth in The Procedures adopted by the Company.
  - (4) Any transaction, other than those referred in the preceding three subparagraphs, such as disposal of receivables by a financial institution or investment in mainland China that reaches 20% of the Company's paid-in capital or exceeds NT\$300 million. However, the following circumstances shall not apply:
    - A. Trading of government bonds.
    - B. Securities trading by investment professionals on foreign or domestic securities exchanges or over-the-counter markets, or subscription of securities by a securities firm, either in the primary market or in accordance with the relevant regulations.
    - C. Trading of bonds with call or put options, or subscription or redemption of domestic money market funds.
    - D. Where the type of asset acquired or disposed is equipment/machinery for operational use, the trading counterparty is not a related party, and the transaction price is less than NT\$500 million.
    - E. Where the type of asset acquired or disposed is real estate for operational use, the trading counterparty is not a related party, and the transaction price is less than NT\$500 million.
    - F. Where land is acquired under an arrangement for commissioned construction on self-owned or rented land, joint construction and allocation of housing units, joint construction and allocation of ownership percentages, or joint construction and separate sale, and the amount the company expects to invest in the transaction is less than NT\$500 million.
  - (5) The amount of transactions mentioned above shall be calculated as follows:
    - A. The amount of any individual transaction
    - B. The cumulative transaction amount of acquisitions and disposals of the same type of underlying asset with the same trading counterparty within one year.
    - C. The cumulative transaction amount of real estate acquisitions and disposals (cumulative acquisitions and disposals, respectively) within the same development project within one year.
    - D. The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of the same security within one year.
2. Timeline and standards for public disclosure of information  
Should acquisition or disposal of assets meet the standards for public disclosure of information, the Company needs to file and make public announcement within two days from the date of the event.
3. Disclosure procedures

- (1) The Company shall disclose information into the reporting website designated by the FSC in accordance with the statutory regulations.
- (2) The Company and on behalf of its non-public subsidiaries shall compile monthly reports on the status of derivatives trading up to the end of the preceding month and enter the information in the prescribed format into the reporting website designated by the FSC by the tenth day of each month.
- (3) Where an error or omission occurs at the time of public announcement, it is required to correct the error, and all the items shall be publicly announced again.
- (4) The Company acquiring or disposing of assets shall keep all relevant contracts, meeting minutes, reference books, appraisal reports and CPA, attorney, and securities underwriter's opinions at the Company headquarters, where they shall be retained for five years except where another Act provides otherwise.
- (5) Where any of the following circumstances occurs with respect to a transaction that the Company has already publicly announced and reported in accordance with the following paragraph, a public report of relevant information shall be made on the reporting website designated by the FSC within two days from the date of occurrence:
  - A. Change, termination, or rescission of a contract signed in regard to the original transaction.
  - B. The merger, spin-off, acquisition, or share transfer is not completed by the scheduled date set forth in the contract.
  - C. Change of the publicly disclosed information.

#### **Article 14-1**

For the calculation of 10% of the total assets under the Regulations, the total assets stated in the most recent parent company only financial report or individual financial report prepared under the Regulations Governing the Preparation of Financial Reports by the Securities Issuers shall be used.

#### **Article 15**

The subsidiaries of the Company shall comply with the followings:

1. The subsidiaries shall establish the Procedures in accordance with the "Regulation Governing the Acquisition and Disposal of Assets by Public Companies" and obtain approval from the subsidiaries' Board of Directors and its shareholders' meetings and execute in accordance with the enacted procedures.
2. The subsidiaries shall comply with the provisions set forth in The Procedures, in addition to their own procedures, when acquiring or disposing assets.
3. Information required to be publicly announced and reported in accordance with the provisions of acquisitions and disposals of assets by a subsidiary of the Company that is not itself a public company in Taiwan shall be reported by the parent company.
4. The paid-in capital or total asset of the Company shall be the standard for determining whether or not the Company shall disclose information on behalf of a subsidiary in the event of the type of transaction specified therein reaches 20 % of the paid-in capital or 10% of the total asset.

#### **Article 16**

Penalties are as follows: Where the employees of the Company violate the provisions set forth, appropriate penalties shall be carried out in accordance with the relevant human resource management procedures and employees handbook of the Company.

#### **Article 17: Implementation and amendment**

The Procedures for acquiring and disposing assets have been agreed by audit committee, approved by the meeting of board of directors and proposed to the Company's shareholders'

meeting for final approval. The Company shall follow with the same procedures for any future amendment.

**Article 18: Others**

Anythings that are not prescribed in this Procedures shall be executed in accordance with related rules or regulations.

## **Appendix VI**

*(Translation – In case of any discrepancy between the Chinese and English versions, the Chinese version shall prevail.)*

### **Kinsus Interconnect Technology Corp. Rules for Election of Directors**

#### **Article 1**

Election of directors shall be acted upon in accordance with these regulations.

#### **Article 2**

The election of directors of the Company shall be executed at the shareholders' meeting.

#### **Article 3**

Company's directors shall be elected through cumulative voting. Voters' registration can be substituted by the attendee card number which is printed on the ballots.

#### **Article 4**

When electing the Company's directors, each share shall be entitled to one vote for each director to be elected. In the election of directors of this Company, each share shall have voting rights equivalent to the number of seats to be elected and such voting rights can be combined to vote for one person or divided to vote for several persons.

#### **Article 5**

When voting commences, the chair shall appoint several inspectors to count ballots and carry out related duties.

#### **Article 6**

The numbers of the Directors of the Company shall be provided by the Articles of Incorporation of the Company. The election of independent directors and non-independent directors shall be held together; but elected places shall be calculated separately. The elected candidates shall base on the total voting rights received. If an elected director submits a representation for not to be the director before the Company applying to the government for updated registration, the person with votes next to the elected will be deemed elected. When two or more persons receive the same number of votes and the specified number of positions is exceeded, the two persons receiving the same number of votes shall draw lots to decide who shall serve; the chair shall draw lots on behalf of a non-attendee.

#### **Article 7**

During the election, the chairman shall appoint vote inspectors and vote counters from among the shareholders in attendance to take charge of inspecting and counting the votes.

#### **Article 8**

A ballot box shall be provided by the board of directors and shall be kept in public view by the monitor before the vote.

#### **Article 9**

The voters shall fill in the "candidate" column the candidate's name and the voters' attending number and place the ballots into the ballot box. If the candidate is a government agency or a legal entity, the full name of the government agency or the legal entity or the name(s) of their representative(s) should be filled in the column.

**Article 10**

A ballot is invalid under any of the circumstances listed below:

1. Not the votes prepared by the board of directors.
2. Any blank ballot placed in the ballot box.
3. Any ballot with illegible writing or incomplete corrections rendering it unrecognizable.
4. Any ballot with the names of more than candidates.
5. Any ballot containing other characters in addition to the name, ID card number or uniform number or shareholder account number of the candidate.
6. The name of the candidates filled in the ballots being the same as another candidate's name and the respective shareholder's numbers (ID numbers) not being indicated to distinguish.

**Article 11**

The ballot box used for voting shall be prepared by this Company and checked in public by the person to check the ballots after voting.

**Article 12**

The vote inspector and vote counter shall monitor the opening of the ballots, and the chairman shall announce the results immediately thereafter.

**Article 13**

The board of directors of the Company shall deliver a written notification to the directors elected.

**Article 14**

Matters not specified in the Rules shall be governed by the Company Act, articles of association of the Company and the relevant laws and regulations.

**Article 15**

These Regulations and any amendments hereto shall enter into force when approved by a resolution at a Shareholders' Meeting.

**Article 16**

These regulations were enacted on June 28, 2003.

The first amendment was made on June 18, 2012.

## Appendix VII

(Translation – In case of any discrepancy between the Chinese and English versions, the Chinese version shall prevail.)

### Shareholding of Directors

1. Paid-in capital of the Company is NTD\$4,460,000,000, with a total of 446,000,000 outstanding shares.
2. According to Article 26 of the Securities and Exchange Act, the minimum number of shares to be held by the entire directors is 16,000,000 shares.
3. As of the date for suspending the share transfer for this shareholders meeting, the shareholding of each individual and entire directors stipulated in the shareholders roster is as follows:

Book closure date: March 28, 2017

Position	Name	Shareholding when elected		Current shareholding	
		Shares	Shareholding ratio (%)	Shares	Shareholding ratio (%)
Chairman	Guo, Ming-Dong	1,179,795	0.26%	1,069,795	0.24%
Director	Tong, Zi-Xian	200,000	0.04%	200,000	0.04%
Director	Asustek Investment Co. Ltd.	58,233,091	13.06%	58,233,091	13.06%
	Representative: Su, Yan-Xue	-	-	-	-
Director	Asuspower Investment Co. Ltd.	55,556,221	12.46%	55,556,221	12.46%
	Representative: Wu, Xiang-Xiang	-	-	-	-
Director	Cheng, Zhong-Ren	-	-	-	-
Independent Director	Chen, Jin-Cai	-	-	-	-
Independent Director	Huang, Chun-Bao	-	-	-	-
Independent Director	Wu, Hui-Huang	-	-	-	-
Total		115,169,107	25.82%	115,059,107	25.80%

Remark: 1. The Company has set up Audit Committee and, accordingly, no supervisor is needed.

2. Ms. Jing Lu has resigned from her directorship since October 31, 2016.

## **Appendix VIII**

(Translation – In case of any discrepancy between the Chinese and English versions, the Chinese version shall prevail.)

### **Other Explanation Item**

The acceptance of the shareholders' proposals for the shareholders meeting this year:

1. According to Article 172-1 of the Company Act, shareholder(s) holding one percent (1%) or more of the total number of outstanding shares of a company may propose to the company a proposal for discussion at a shareholders' general meeting.
2. The number of words of a proposal to be submitted by a shareholder shall be limited to not more than three hundred (300) words, and more than one proposal or any proposal containing more than 300 words shall not be included in the agenda of the shareholders' meeting.
3. The period for acceptance of shareholders' proposal: From March 6, 2017 to March 15, 2017; the information has been announced on the Market Observation Post System.
4. The Company did not receive any shareholders' proposal during the aforesaid period.