

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 2018 Annual Meeting of Shareholders

Meeting Date: May 29<sup>th</sup>, 2018

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

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

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## **Kinsus Interconnect Technology Corp.**

### **Procedure for the 2018 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

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## Kinsus Interconnect Technology Corp. Agenda for the 2018 of Annual Meeting of Shareholders

Time: 9:00 a.m., May 29<sup>th</sup> (Tuesday), 2018

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

- I. Chairperson Declares the Starting of the Meeting
- II. Chairperson's Opening Statements
- III. Items To Be Reported
  1. 2017 Business Report
  2. Audit Committee's Review Report on the 2017 Financial Statements
  3. To Report 2017 Employees and Directors' Compensation
- IV. Items To be Approved
  1. To approve 2017 Business Report, Consolidated Financial Statements and Parent-company-only Financial Statements (Proposed by the Board of Directors)
  2. To approve the proposal for 2017 earnings distribution (Proposed by the Board of Directors)
- V. Items to Be Discussed and Resolved and The Election
  1. Resolving an issuance of restricted stock awards. (Proposed by the Board of Directors)
  2. Re-election of all directors. (Proposed by the Board of Directors)
  3. Release the newly re-elected directors 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 2017 Business Report

Explanatory Notes: Please refer to Attachment I. (Page 16 to 18)

2. Audit Committee's Review Report on the 2017 Financial Statements

Explanatory Notes: Please refer to Attachment II. (Page 19)

3. To report the 2017 employees and directors' compensation

Explanatory Notes:

- a. Based on the Company's Article of Incorporation, article#24, the Company's board of directors has resolved to pay out 2017 directors' and employees' compensation in amount of NT\$4,911,769 and NT\$80,693,370, respectively.
- b. The directors' and employees' compensation will be paid in cash and the same as those recognized in 2017 financial statements.

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

1. To approve 2017 Business Report, Consolidated Financial Statements and Parent-Company-Only Financial Statements (Proposed by the Board of Directors)

Explanatory Notes:

- a. The Company's Business Report, Consolidated Financial Statements and Parent-Company-Only Financial Statements 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.
- b. For details, please refer to page 16-18 of Attachment I and page 20-40 of Attachment III to the Meeting Handbook.

Resolution:

2. To approve the proposal for 2017 earnings distribution (Proposed by the Board of Directors)

Explanatory Notes:

- a. The Company makes the earnings distribution in accordance with its Articles of Incorporation based on 2017 net income of NT\$491,676,522 and making legal

reserve and special reserve in compliance with Company Act and the Articles. The 2017 earnings distribution table is shown in Attachment IV (page 41) to the Meeting Handbook for reference.

- b. 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.
- c. 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.

Resolution:

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

- 1. Resolving an issuance of restricted stock awards (RSA). (Proposed by the Board of Directors)

Explanatory Notes:

- a. The Company would issue restricted stock awards (RSA) for 2018 in accordance with the related regulations from Article 267, Item 8 of the Company Act and the "Regulations Governing the Offering and Issuance of Securities by Securities Issuers".
- b. The major terms are described below:
  - (1) Issue price: NT\$10 per share
  - (2) Total volume to be issued: 5,500,000 shares. The Company shall ore-file to the authority in one or several times starting one year from the shareholders' meeting resolving the issuance and may fulfill the issuance in one or several times based on its need within one year from the date the authority's approval letter arriving the Company. The chairman is authorized by the board to enact the actual issuance date.
  - (3) Release conditions:
    - (a) Vesting conditions:
      - i. Indicator A: employee at level 8  
The vested interest is listed below for the qualified employees under indicator A of the RSA plan in the condition of remaining on job from the grant date to the respective vested dates and no breach on laws and regulations, service agreements, commitments of integrity and confidentiality, ethic of conduct, etc.

- A. 20% upon one month from the grant date;
- B. 20% on April 25, 2019;
- C. 15% on September 25, 2019;
- D. 15% on April 25, 2020;
- E. 15% on September 25, 2020;
- F. 15% on April 25, 2021.

ii. Indicator B: employee at level 4 through level 7

The vested interest is listed below for the qualified employees under indicator B of the RSA Plan in the condition of remaining on job from the grant date to the respective vested dates, compliance with the respective requirements of performance, and no breach on laws and regulations, service agreements, commitments of integrity and confidentiality, ethic of conduct, etc.

- A. 20% upon one month from the grant date;
- B. 20% on April 25, 2019;
- C. 15% on September 25, 2019;
- D. 15% on April 25, 2020;
- E. 15% on September 25, 2020;
- F. 15% on April 25, 2021.

(b) Unvested employee:

The Company will buy back and cancel all the shares granted to, in accordance with the RSA Plan, the employees who do not meet the vested conditions.

(c) In cases of employee resign, retire, injury or dereliction of duty, death, transfer to affiliate company or leave without pay:

A. The Company will buy back in the issuance price all the unvested shares from the employees who be in those situations treated as losing qualification of being vested, including voluntary resignation, being laid-off/dismissal/retirement due to incompetency, non-occupational disaster death.

B. Employees being laid-off due to reasons other than incompetency:

The vested shares for any qualified but laid off employee during a year in accordance with other vested condition from Article 7 of the RSA Plan are computed by the days on duty timing the shares entitled at the vested date in this year. On the other hand, the Company will buy back all the unvested issued shares as the employees will be treated as losing

the qualification to be vested.

C. Injury of duty:

Any qualified employee who becomes disabled and unable to work continuously due to injury of duty are treated as completing the vesting period in that year but shall be subject to the limitation regarding vesting period and ratio set forth on article 7 of the RSA Plan. The underlying employee would lose his/her qualification to be vested in the following year of resign and the Company would therefore buy back and cancel all the unvested shares from the employee in the original issuance price except for, in a special approval from the chairman, those who have contributed significantly and/or done the best efforts to fulfill the duty to the Company.

D. Dereliction of duty:

All unvested shares of any qualified employee who die from duty are treated as vested at the date of death and can be inherited by in accordance with the Inherence Chapter of Civil Law and legally transferred under a trust agreement to the legal heir after the occurrence of the fact. The succession is to process according to related procedures specified in the “Handling Rule for a public company’s shares”.

E. Transfer to affiliate company

Any qualified employee who is to transfer to the affiliate companies upon request from the Company due to business needs may be treated as, if meeting with the other vesting conditions specified in article 7 of the RSA Plan in the year of transfer, to achieve the vesting condition with respect to timing, ratio and scope at the approval from the Chairman or authorized person.

F. Leave without pay

For any qualified employee who is permitted for a leave without pay, the retention seniority of unvested issued RSA shares specified in RSA Plan is to postpone by the duration of leave if the effective date of leave meets the other vesting conditions specified in article 7 of the RSA Plan.

G. The Company shall cancel all the RSA shares brought back according to the RSA Plan.

(4) Qualification requirements for employees:

- (a) The qualified employees are limited to those full-time employees who are formally hired and have been on board at the grant date of RSA shares.

Indicator A: employee at level 8

Indicator B: employee at level 4 through level 7

(b) The proposal of actually granted employees and the granted share volume for those employees shall be reviewed and submitted by the Chairman to the Board for a final approval in consideration of seniority, job position, performance, overall contribution, special merit, or other needs of management.

(c) For a single employee, the total of shares granted under Item 1, Article 56-1 of the Regulations Governing the Offering and Issuance of Securities by Securities Issuers and the RSA Rule shall not exceed 0.3% of the Company's total issued shares. Furthermore, for a single employee, the total of shares granted under Item 1, Article 56-1 of Regulations Governing the Offering and Issuance of Securities by Securities Issuers, the RSA Rule and Item 1, Article 56 of the Regulations Governing the Offering and Issuance of Securities by Securities Issuers shall not exceed 1% of the Company's total issued shares. However, at a special approval from industrial in-charging governmental authority, the total shares granted to a single employee under both the employee stock option plans and the RSA rule may be exempted from the above-mentioned limitation.

(5) The reason why it is necessary to issue restricted stocks for employees:

To retain and recruit professional talent, motivate employees, and enhance employees' teaming and potential for achieving the objective to jointly generate the benefit of employee and shareholders and to ensure the combination of the both parties' benefit.

(6) Calculated expense amount, diluted EPS and other factors affecting shareholder's equity:

(a) Calculated expense amount:

The expenses, calculated by using the closing unit trade price of NT\$51.3 at 2018/01/15, to be recorded in 2018, 2019, 2020 and 2021 would be NT\$104,042K, NT\$88,864K, NT\$30,292K and NT\$3,952K, respectively.

(b) Diluted EPS and other factors affecting shareholder's equity:

The dilution effect on EPS, based on the vesting conditions and currently issued and outstanding shares, would be NT\$0.23, NT\$0.20, NT\$0.07 and NT\$0.01 for 2018, 2019, 2020 and 2021, respectively.

Resolution:

2. Re-election of all directors. (Proposed by the Board of Directors)

Explanatory Notes:

a. The Company's 6<sup>th</sup> directorship will expire at June 10<sup>th</sup>, 2018. The Company should submit a proposal of re-electing all of 9 directors, including 3 independent directors,

to the annual shareholders' meeting in accordance with article 15 of the Company's Charter.

- b. The term for the newly 7<sup>th</sup> directorship, including independent directors, would be a 3-year period starting from the date of re-election at 2018 shareholders' meeting, i.e. from May 29<sup>th</sup>, 2018 to May 28<sup>th</sup>, 2021. The old directors shall resign at the date when new directors are elected.
- c. The Company shall adopt a candidate nomination method for its re-election of directors, including the independent directors, according to the Company's Charter. A list and details of candidates nominated, who have been examined and approved by the board of directors on April 13<sup>th</sup>, 2018, is as below.

List of Director Candidates (Total 6)

Name	Education	Experience	Currently serving	Shareholding When Elected
Tong,Zi-Xian	Computer and Communication Engineering /Taipei Tech Honorary Doctor of Engineering/ Taipei Tech	Vice President of Asustek Computer Corporation	Chairman: Pegatron Corp.(also the Executive CEO), Lumens Digital Optics Inc., Hua Wei Investment, Hua Yu Investment, Hua Xu Investment, Kinsus Investment, Pegavision Corp., Eslite Foundation for Culture and Arts, and Ri-Kuan Metal Corporation.  Director: Asrock Inc., Kinsus Interconnect Technology Corp., Hua Yuan Investment, Hua Wei Investment, Ezhi Technologies, AS Fly Travel Service, Azurewave Technologies, Inc., FuYang Technology Corp., Pegatron Holding Ltd.,	200,000

			<p>Unihan Holding Ltd.,  Protek Global Holdings Ltd.,  Magnificent Brightness Ltd.,  Casetek Holdings Ltd.,  Casetek Holdings Limited (CAYMAN),  Pegatron Holland Holding B.V.,  Digitek Global Holdings Ltd.,  AMA Holdings Ltd.,  Kinsus Corp. (USA),  Powtek Holdings Limited,  Cotek Holdings Limited,  Grand Upright Technology Limited,  Alliance Culture Foundation,  Hanguang Education Foundation,  Ministry of Culture National Performing Arts Center,  Koo Medical Foundation,  Lung Yingtai Cultural Foundation,  ASLINK PRECISION CO., LTD.,  Huang Da-fu Medical Education Promotion Foundation,  Fair Winds Foundation,  Relations Across the Taiwan Straits Development Research Foundation.</p> <p>President:  Taipei Computer Association,  Chinese cultural and creative park association</p> <p>Vice President:  Monte Jade Science &amp; Technology Association</p>	
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Guo, Ming-Dong	National Taipei Institute of Technology	CEO of Kinsus Interconnect Technology Corp., President of UNICAP ELECTRONICS	<p>Chairman: Kinsus Interconnect Technology Corp., Kinsus Corp.(USA)</p> <p>Director: Kinsus Holding(Samoa) Limited, Kinsus Holding (Cayman) Limited, Piotek Holding Ltd., Piotek Holdings Ltd.(Cayman), Piotek (HK) Trading Limited</p> <p>Director (Corporate representative): Kinsus Investment, Pegavision Corp.,</p>	1,069,795
Chen, He-Xu	Physics/Qinghua Univ.	General Manager of Kinsus Interconnect Technology Corp., Production Manager of Motorola	<p>Chairman: Kinsus Interconnect Technology Corp.</p> <p>Director(Corporate representative): Pegavision Corp, FuYang Technology Corp.</p>	361,002
Hua Xu Investment Rep.: Su, Yan-Xue	Master of Industrial Engineering/Carnegie Mellon	Chief Investment Officer of ASUSTEK Computer, Chief Investment Officer of PEGATRON Corp.	<p>Chairman: WYSE Research Inc.</p> <p>Director: KHL IV Venture Capital Corporation, Eslite Foundation for Culture and Arts, Yongyu Investment</p> <p>Director (Corporate representative): Guang Dian Cinema, Kinsus Interconnect Technology Corp.</p> <p>Independent Director: TXC Corporation, Zhong Yang Technology Co., Ltd.</p>	58,233,091

Hua Xu Investment Rep: Wu, Xiang-Xiang	M.B.A./Univ. of St. Thomas	Deputy Chairman of OFCO Industrial Corp.	Deputy General Manager of PEGATRON Corp.  Director: Tong Hsing Electronics Industries, Ltd., The ESLITE Corporation  Director (Corporate representative): Hua Wei Investment, Hua Yu Investment, Hua Xu Investment, Kinsus Investment  Supervisor: FuYang Technology Corp.	55,556,221
Cheng, Zhong-Ren	School of Law/Soochow Univ., PhD./Stanford University	Dean&Professor/Law School of Shih Hsin Univ.	Director: Kinsus Interconnect Technology Corp.  Independent Director: Wistron Corporation  Supervisor: Apex Material Technology Corp, Apacer Technology Inc., OTO Photonics Inc.	0

List of independent director candidates (Total 3)

Name	Education	Experience	Currently serving	Shareholding When Elected
Chen, Jin-Cai	Graduate School/Tamkang Univ., M.P.A/Univ. of San Francisco	President of Namchow Group	Chairman: Win Semiconductors Corp., Chainwin Agriculture and Animal Technology (Cayman Islands) Ltd., Win-Win Venture Capital Co., Ltd.  Assistant Chairman: Hiwin Technologies Corp.	0

			<p>Director:  Namchow (Thailand),  WIN Semi USA Inc.,  Hiwin (USA),  Win Semiconductors Cayman  Island Co., Ltd.,  Yong Ju (Thailand), ITEQ Corp.,  Jiangsu Chainwin Animal  Technology LTD.</p> <p>Independent Director:  Tong Hsing Electronics  Industries, Ltd.,  Kinsus Interconnect Technology  Corp.</p> <p>Supervisor:  Inventec Solar Energy Corp.,  TAIPEI 101</p>	
<p>Reasons for Mr. Chen to be elected as an independent director for 3 consecutive terms:  As Mr. Chen possesses profound knowledges in financial/accounting profession and the  practical ability of corporate governance as well as well-running business, he is competent  to contribute himself and benefit significantly to the Company.</p>				
Huang, Chun- Bao	Electrical Engineering/National Taipei Institute of Technology	President & GM of HAVIX ELECTRONICS CO., LTD.	<p>President &amp; GM:  HAVIX ELECTRONICS CO.,  LTD.</p> <p>Independent Director:  Pegatron Corp.,  Kinsus Interconnect Technology  Corp.</p>	0
<p>Reasons for Mr. Huang to be elected as an independent director for 3 consecutive terms:  Mr. Huang is a very important consultant for the Company's board of directors as he is  experienced with the management of industry risk, performance evaluation and business  administration.</p>				

Wu, Hui-Huang	Department of Electronics Engineering/NCTU	Board Director & President of Universal Microelectronics Co., Ltd., Director of Taiwan Electrical and Electronic, Director of Taiwan Federation of Industry, Director of Taiwan Province Industry Association.	Director: Taiwan Read Foundation  Independent Director: Kinsus Interconnect Technology Corp., Universal Microelectronics Co., Ltd.  Member of compensation committee: Merry Corp.  Special Mergers and Acquisitions Committee Members: Merry Corp.	
Reasons for Mr. Wu to be elected as an independent director for 3 consecutive terms: Not applicable.				

d. The election is to execute in accordance with the “The Rule for Director Election” of the Company.

Election results:

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

Explanatory Notes:

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. In the presumption that the newly-elected director’s behavior will not cause any harm to the Company, it is hereby proposed to release them from the prohibition of non-complete.

Title	Name	Current Concurrent Duties
Director	Tong, Zi-Xian	Chairman: Pegatron Corp. (also the Executive CEO), Lumens Digital Optics Inc., Hua Wei Investment, Hua Yu Investment, Hua Xu Investment, Kinsus Investment, Pegavision Corp., Ri-Kuan Metal Corporation  Director:

		<p>Asrock Inc.,  Hua Yuan Investment,  Hua Wei Investment,  Hua Wei International,  Ezhi Technologies,  AS Fly Travel Service,  Azurewave Technologies, Inc.,  FuYang Technology Corp.,  Pegatron Holding Ltd.,  Unihan Holding Ltd.,  Protek Global Holdings Ltd.,  Magnificent Brightness Ltd.,  Casetek Holdings Ltd.,  Casetek Holdings Limited (CAYMAN),  Pegatron Holland Holding B.V.,  Digitek Global Holdings Ltd.,  AMA Holdings Ltd.,  Kinsus Corp.(USA),  Powtek Holdings Limites,  Cotek Holdings Limited,  Grand Upright Technology Limited,  Aslink Precision Co., Ltd.</p>
Director	Guo, Ming-Dong	<p>Chairman:  Kinsus Corp.(USA)</p> <p>Director:  Kinsus Holding (Samoa) Limited,  Kinsus Holding (Cayman) Limited,  Piotek Holding Ltd.,  Piotek Holdings Ltd. (Cayman),  Piotek (HK) Trading Limited</p> <p>Director (Corporate representative):  Kinsus Investment,  Pegavision Corp.</p>
Director	Chen, He-Xu	<p>Director (Corporate representative):  Pegavision Corp.,  FuYang Technology Corp.</p>
Director	Hua Xu Investment Rep.: Su, Yan-Xue	<p>Chairman:  WYSE Research Inc.</p> <p>Director:  KHL IV Venture Capital Corporation,  Yongyu Investment</p> <p>Independent Director:  TXC Corporation,  Zhong Yang Technology Co., Ltd.</p>

Director	Hua Xu Investment Rep: Wu, Xiang- Xiang	Director: Tong Hsing Electronic Inc., Ltd., The Eslite Corporation  Director (Corporate representative): Hua Wei Investment, Hua Yu Investment, Hua Xu Investment, Kinsus Investment
Director	Cheng, Zhong- Ren	Independent Director: Wistron Corporation
Independent Director	Chen, Jin-Cai	Chairman: Win Semiconductors Corp., Chainwin Agriculture and Animal Technology (Cayman Islands) Ltd., Win-Win Venture Capital Co., Ltd.  Assistant Chairman: Hiwin Technologies Corp.  Director: Namchow (Thailand), WIN Semi USA Inc., Hiwin (USA), Win Semiconductors Cayman Island Co., Ltd., Yong Ju (Thailand), ITEQ Corp., Jiangsu Chainwin Animal Technology LTD.  Independent Director: Tong Hsing Electronics Industries, Ltd.
Independent Director	Huang, Chun- Bao	President & GM: HAVIX ELECTRONICS CO., LTD.  Independent Director: Pegatron Corp.
Independent Director	Wu, Hui-Huang	Independent Director: Universal Microelectronics Co., Ltd.

Resolution:

#### **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.)*

### 2017 Business Report

#### 1. 2017 Business Report

GDP in 2017 grew by 3.8% as market changed dramatically. Among them, semi-conductor market, which is the most related with the Group, grew by 22.2% while the growth rate of memory was 64%, accounted for as the important portion, 31%, among the semi-conductor products. However, semi-conductor memory market growth does not trigger the growth of packaging and substrate industries as the growth of memory eventually is driven by the rapid growing of 3D multi-layer memory chip. The growth trend of substrates used in high-end packaging, such as AP for telecom devise, CPU for server, and FPGA for automation and base station, seems relatively weak.

It is possible that many factors, such as the rising US interest rate in 2017, blockchain revolution, uncertain schedule of Fed's reduction of its balance sheet, reducing monetary easing policy by major economies, US tax reduction policy, and the intense geopolitics situation in Asia, would influence global economy movement trend in near future.

Fortunately the most important momentum for electronic products and semi-conductors, i.e. AI+IoT=AIoT, is continuously developing and rapidly expanded. It is expected that AIoT will drive significantly the demand of semi-conductors and electronics.

The Company's revenue in parent-company-only basis totaled to NT\$16,286,034 thousand in 2017, decreased by 9.18% compared to NT\$17,931,850 thousand in 2016. Net income in parent-company-only basis was NT\$491,676 thousand in 2017, decreased by 77.99% compared to NT\$2,233,705 thousand in 2016. The Company's consolidated revenue totaled to NT\$22,335,486 thousand in 2017, decreased by 3.58% compared to NT\$23,165,066 thousand in 2016. The consolidated net income was NT\$335,322 thousand in 2017, decreased by 83.82% compared to NT\$2,073,028 thousand in 2016. Main reasons for the reduction in profit are the production learning curve and huge startup expenditures of new HsinFong Factory. The delayed product release schedule and slower production learning curve contributes to the reduction in gross margin rate while the capital expenditures and related startup expenditures increased the operational expenses ratio. It can be expected that the two negative factors will impact less in 2018.

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

Account (In parent-company-only basis)	2017	2016	Growth Rate (%)
Operating revenues	16,286,034	17,931,850	-9.18%
Gross profit	3,077,973	4,709,722	-34.65%
Operating income	499,936	2,691,712	-81.43%
Pre-tax income	617,128	2,627,932	-76.52%
Net income	491,676	2,233,705	-77.99%
Earnings per share (in NT\$)	1.10	5.01	

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

Account (In consolidated basis)	2017	2016	Growth Rate (%)
Operating revenues	22,335,486	23,165,066	-3.58%
Gross profit	4,162,724	5,750,545	-27.61%
Operating income	399,225	2,589,772	-84.58%
Pre-tax income	529,123	2,569,458	-79.41%
Net income	335,322	2,073,028	-83.82%
Net income/loss attributable to:			
Shareholders of the parent	491,676	2,233,705	
Non-controlling interests	-156,354	-160,677	
Earnings per share (In NT\$)	1.10	5.01	

## 2. Summary of 2018 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.

The Company has adjusted its product mix toward diversification to respond to the slowing IC substrate industry and stopping high-end semiconductors process market. In order to keep a growing trend and momentum for profitability, the Company has invested more resources on SiP module, server/CPU, memory and soft board module.

## (2)2018 Expected Sales and Its Sources

For 2018, overall GDP will grow by 4.1%, which is better than 2017's, according to a global survey. Semiconductor market will accordingly grow better than 2017 at 24%. Among them, the bigger portion of the growth are components related to AI, including server CPU, Imager processor GPU, sensor control chip, memory, etc. The opportunity from application of automobile electronics, including assisted autopilot ADAS, automatic driving environment sensor, automatic driving learning algorithm processor, etc., will continuously grow but subordinated to AI's.

Another opportunity is 5G telecom, which is one of the important interfaces to speed up IoT/AI, i.e. AIoT, ending applications. By providing huge amount of bandwidth, 5G telecommunication platform enables the transfer of huge amount of information and automation, information mining/analysis in an inexpensive way. Neural network constructed in AI application therefore can be implemented and influence and change human life in every aspect. However, 5G telecom can't contribute to 2018 business performance since it is unable to turn into business until the end of 2018 while we will focus on related technique supports, control clients' product developing status and preliminary layout efforts, which would be the success factors of subsequent growth.

## (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. The Company should try its best to catch the business opportunity of processor and memory.

## 3. Company development strategy

We will aim at application of slim substrates of ABF-FCBGA and memory and the techniques and products of SiP module and SLP module in short-term, keeping up with the elemental global semiconductor developing trend of continuously miniature line width, aperture, and thickness in medium term, and developing complicated structural technique of active/passive components and direct wafer bonding in long term. By these development strategies, we are confident that the Company will definitely sustain our competitiveness in product market as well as in the technique.

Chairman:

CEO:

Chief Accountant:

## **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 2017 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-Cxi Chen

January 29<sup>th</sup>, 2018

## **Attachment III**

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

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, 2017 and 2016, 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 referred as "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, 2017 and 2016, 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, 2017. 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.

## English Translation of an Audit Report Originally Issued in Chinese

### Revenue Recognition

We determine that revenue recognition is one of the key audit matters. The Company's revenue amounting to NT\$16,286,034 thousand for the year ended December 31, 2017 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.

### Market valuation on Inventory

We determined the market valuation on inventory one of key audit matters in considering that the amount of inventory was significant and the assessment of sufficiency of inventory loss requires significant management judgement. The Company's net inventory amounted to NT\$1,255,598 thousand as of December 31, 2017. As the application market of substract, the Company's main products, is characterized by rapid development in technology and the trend of consumers' preference, management, in timely considering the status of new products development and the demand from clients, has to evaluate the loss due to market value decline as well as write-down on slow-moving inventories to their net realizable value. Our audit procedures therefore include, but not limit to, evaluating the Company's policy with respect to assessment the loss from slow-moving inventory and phased-out items, (including identification method, testing the accuracy of inventory aging schedule, analysis on inventory movement), performing observation on the Company's inventory physical-taking, and inspecting the current status of inventory usage, etc. We also assessed the adequacy of the inventory-related disclosures shown in the Note 5 and 6 to the parent-company-only 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, 2017 and 2016, and for the years then ended were audited by other auditors, whose reports thereon have 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\$823,380 thousand and NT\$432,689 thousand as of December 31, 2017 and 2016 representing 2.28% and 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\$(77,880) thousand and NT\$(12,783) thousand representing (12.62)% and (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 years then ended amounting to NT\$(19,180) thousand and NT\$(4,528) thousand representing 25.22% and 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.

## English Translation of an Audit Report Originally Issued in Chinese

### **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.

English Translation of an Audit Report Originally Issued in Chinese

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 company 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 2017 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  
January 29<sup>th</sup>, 2018  
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, 2017 and 2016

(Amounts Expressed in Thousands of New Taiwan Dollars)

Assets			2017		2016	
Code	Accounts	Notes	Amount	%	Amount	%
	<b>Current assets</b>					
1100	Cash and cash equivalents	4, 6(1)	\$8,797,966	24	\$9,833,450	28
1110	Financial assets at fair value through profit or loss	4, 6(2)	1,410,216	4	2,839,333	8
1147	Bond investments with no active market	4, 6(3)	423,057	1	423,057	1
1150	Notes receivable, net	4, 6(4)	1,756	-	3,030	-
1170	Accounts receivable, net	4, 6(5)	2,382,221	7	2,513,446	7
1180	Accounts receivable - related parties, net	4, 6(5), 7	954	-	33,730	-
1200	Other receivables		156,997	-	243,431	1
1210	Other receivables - related parties	7	11,656	-	314,027	1
1310	Inventories, net	4, 6(6)	1,255,598	4	1,318,258	4
1410	Prepayments		213,761	1	73,942	-
1470	Other current assets		47,735	-	29,811	-
11XX	Total current assets		<u>14,701,917</u>	<u>41</u>	<u>17,625,515</u>	<u>50</u>
	<b>Non-current assets</b>					
1550	Investment accounted for under equity method	4, 6(7)	4,121,363	11	3,778,285	10
1600	Property, plant and equipment, net	4, 6(8), 9	14,406,084	40	11,947,782	34
1780	Intangible assets, net	4, 6(9)	12,796	-	5,208	-
1840	Deferred tax assets	4, 6(24)	130,819	-	9,593	-
1915	Prepayment for equipment	4, 6(8), 9	2,758,841	8	2,133,188	6
1995	Other non-current assets	6(10)	3,886	-	3,838	-
15XX	Total non-current assets		<u>21,433,789</u>	<u>59</u>	<u>17,877,894</u>	<u>50</u>
1XXX	Total Assets		<u>\$36,135,706</u>	<u>100</u>	<u>\$35,503,409</u>	<u>100</u>

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

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, 2017 and 2016  
 (Amounts Expressed in Thousands of New Taiwan Dollars)

Liabilities and Equity			2017		2016	
Code	Accounts	Notes	Amount	%	Amount	%
	<b>Current liabilities</b>					
2100	Short-term loans	6(11)	\$2,263,117	6	\$1,277,100	4
2150	Notes payable		41,687	-	43,498	-
2170	Accounts payable		1,331,417	4	1,074,861	3
2180	Accounts payable - related parties	7	201,977	1	207,877	1
2200	Other payables	6(12), 7	2,292,456	6	2,414,819	7
2230	Current income tax liabilities	4, 6(24)	293,685	1	469,126	1
2300	Other current liabilities	6(13)	318,373	1	324,358	1
21XX	Total current liabilities		<u>6,742,712</u>	<u>19</u>	<u>5,811,639</u>	<u>17</u>
	<b>Non-current liabilities</b>					
2540	Long-term loans	6(14), 8	1,365,625	4	788,700	2
2570	Deferred tax liabilities	4, 6(24)	846	-	351	-
2600	Other non-current liabilities	4, 6(15), 6(16)	27,962	-	33,009	-
25XX	Total non-current liabilities		<u>1,394,433</u>	<u>4</u>	<u>822,060</u>	<u>2</u>
2XXX	Total liabilities		<u>8,137,145</u>	<u>23</u>	<u>6,633,699</u>	<u>19</u>
	<b>Capital</b>					
3100	Capital	6(17)				
3110	Common stock		4,460,000	12	4,460,000	12
3200	Capital surplus	6(17)	5,956,519	16	5,939,819	17
3300	Retained earnings	6(17)				
3310	Legal capital reserve		3,563,389	10	3,340,018	9
3320	Special reserve		613	-	-	-
3350	Unappropriated earnings		14,095,717	39	15,163,371	43
3400	Other components of equity		(77,677)	-	(613)	-
3500	Treasury Stock	6(17)	-	-	(32,885)	-
3XXX	Total equity		<u>27,998,561</u>	<u>77</u>	<u>28,869,710</u>	<u>81</u>
	Total liabilities and equity		<u>\$36,135,706</u>	<u>100</u>	<u>\$35,503,409</u>	<u>100</u>

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

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, 2017 and 2016

(Amounts Expressed in Thousands of New Taiwan Dollars, Except Earnings Per Share)

Code	Accounts	Notes	2017		2016	
			Amount	%	Amount	%
4000	Operating revenues	4, 6(19), 7	\$16,286,034	100	\$17,931,850	100
5000	Operating costs	7	(13,208,061)	(81)	(13,222,128)	(74)
5900	Gross profit		3,077,973	19	4,709,722	26
6000	Operating expenses	7				
6100	Selling		(347,294)	(2)	(204,559)	(1)
6200	General and administrative		(1,246,491)	(8)	(859,383)	(5)
6300	Research and development		(984,252)	(6)	(954,068)	(5)
	Operating expenses total		(2,578,037)	(16)	(2,018,010)	(11)
6900	Operating income		499,936	3	2,691,712	15
7000	Non-operating income and expenses					
7010	Other income	6(22), 7	199,082	1	155,185	1
7020	Other gains and losses	6(22), 7	45,375	-	8,391	-
7050	Finance costs	6(22), 7	(39,078)	-	(27,776)	-
7070	Share of profit or loss of subsidiaries, associates and joint ventures		(88,187)	-	(199,580)	(1)
	Non-operating income and expense total		117,192	1	(63,780)	-
7900	Income from continuing operations before income tax		617,128	4	2,627,932	15
7950	Income tax	4, 6(24)	(125,452)	(1)	(394,227)	(3)
8200	Net income		491,676	3	2,233,705	12
8300	Other comprehensive income (loss)	6(23)				
8310	Item that may not be reclassified subsequently to profit or loss					
8311	Actuarial gain (loss) on defined benefit plans		1,004	-	(959)	-
8360	Items that may be reclassified subsequently to profit or loss					
8370	Share of other comprehensive income (loss) of subsidiaries, associates and joint ventures		(77,064)	-	(234,931)	(1)
8399	Income tax related to items that may be reclassified subsequently to profit or loss		-	-	39,834	-
	Total other comprehensive income, net of tax		(76,060)	-	(196,056)	(1)
8500	Total comprehensive income		\$415,616	3	\$2,037,649	11
9750	Earnings per share - basic (in NT\$)	6(24)	\$1.10		\$5.01	
9850	Earnings per share - diluted (in NT\$)	6(24)	\$1.10		\$4.95	

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

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, 2017 and 2016

(Amounts Expressed in Thousands of New Taiwan Dollars)

Code	Items	Capital 3100	Capital Surplus 3200	Retained Earnings			Other Components of equity	Treasury Stock 3500	Total Equity 3XXX
				Legal Reserve 3310	Special Reserve 3320	Unappropriated Earnings 3350	Exchange differences arising on translation of foreign operations 3410		
A1	Balance as of January 1, 2016	\$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 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
A1	Balance as of December 31, 2016	4,460,000	5,939,819	3,340,018	-	15,163,371	(613)	(32,885)	28,869,710
	Appropriation and distribution of 2016 earnings:								
B1	Legal reserve			223,371		(223,371)			-
B3	Special reserve				613	(613)			-
B5	Cash dividends - common shares					(1,336,350)			(1,336,350)
C7	Change in associates and joint ventures accounted for using equity method		8,329						8,329
D1	Net income for 2017					491,676			491,676
D3	Other comprehensive income (loss) for 2017					1,004	(77,064)		(76,060)
D5	Total comprehensive income	-	-	-	-	492,680	(77,064)	-	415,616
N1	Share-based payment transactions		8,371					32,885	41,256
Z1	Balance as of December 31, 2017	\$4,460,000	\$5,956,519	\$3,563,389	\$613	\$14,095,717	\$(77,677)	\$-	\$27,998,561

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

NOTE: The employees' bonuses of NT\$80,693 and the directors' and supervisors' remuneration of NT\$4,912 thousand for the year ended December 31, 2017 had been deducted from comprehensive income for the year ended December 31, 2017.  
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.

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, 2017 and 2016

(Amounts Expressed in Thousands of New Taiwan Dollars)

Code	Items	2017	2016	Code	Items	2017	2016
AAAA	Cash flows from operating activities:			BBBB	Cash flows from investing activities:		
A10000	Net income before tax	\$617,128	\$2,627,932	B01800	Acquisition of investment accounted for under equity method	(600,000)	(602,000)
A20000	Adjustments:			B02700	Acquisition of property, plant and equipment	(5,356,287)	(4,255,307)
A20010	Profit or loss not effecting cash flows:			B02800	Proceeds from disposal of property, plant and equipment	23	241,776
A20100	Depreciation	2,343,599	2,259,944	B03800	Decrease (increase) in refundable deposits	(48)	(1,636)
A20200	Amortization	23,069	19,197	B04500	Acquisition of intangible assets	(30,657)	(14,536)
A20300	Bad debt expense (gain on recovery)	(29,010)	4,289	BBBB	Net cash provided by (used in) investing activities	(5,986,969)	(4,631,703)
A20400	Net loss (gain) of financial assets (liabilities) at fair value through profit or loss	(6,700)	(10,159)				
A20900	Interest expense	39,078	27,776	CCCC	Cash flows from financing activities:		
A21200	Interest income	(52,634)	(62,885)	C00100	Increase in (repayment of) short-term loans	986,017	(554,166)
A21900	Cost of share based payment	8,371	-	C01600	Increase in long-term loans	870,000	800,000
A22300	Share of profit or loss of subsidiaries, associates and joint ventures	88,187	199,580	C01700	Repayment of long-term loans	(298,088)	(303,111)
A22500	Loss on disposal of property, plant and equipment	4,092	451	C03000	Increase in guarantee deposits received	-	2,000
A23800	Gain on reversal of impairment loss	(17,100)	17,100	C04500	Payment of cash dividends	(1,336,350)	(1,559,075)
A30000	Changes in operating assets and liabilities:			C05100	Treasury stock purchased	32,885	-
A31110	Financial Assets at fair value through profit or loss	1,435,817	695,568	CCCC	Net cash provided by (used in) financing activities	254,464	(1,614,352)
A31130	Notes receivable	1,274	(1,195)				
A31150	Accounts receivable	160,235	402,904	EEEE	Net Increase (decrease) in cash and cash equivalents	(1,035,484)	(1,165,453)
A31160	Accounts receivable - related parties	32,776	(11,971)	E00100	Cash and cash equivalents at beginning of period	9,833,450	10,998,903
A31180	Other receivable	86,230	37,350	E00200	Cash and cash equivalents at end of period	\$8,797,966	\$9,833,450
A31190	Other receivable - related parties	302,371	(306,538)				
A31200	Inventories	62,660	(509)				
A31230	Prepayment	(139,819)	41,202				
A31240	Other current assets	(17,924)	42,427				
A32130	Notes payable	(1,811)	(6,336)				
A32150	Accounts payable	256,556	25,559				
A32160	Accounts payable - related parties	(5,900)	(221,000)				
A32180	Other payable	(181,486)	(262,715)				
A32210	Advance receipts	(1,507)	760				
A32230	Other current liabilities	535	(3,040)				
A32240	Net pension liability under defined benefit plan	(4,043)	(4,098)				
A33000	Cash generated from operations	5,004,044	5,511,593				
A33100	Dividend received	100,000	-				
A33100	Interest received	52,838	63,584				
A33300	Interest paid	(38,237)	(27,984)				
A33500	Income tax paid	(421,624)	(466,591)				
AAAA	Net cash provided by (used in) operating activities	4,697,021	5,080,602				

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

English Translation of Financial Statements and a Report Originally Issued in Chinese

**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, 2017 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

January 29<sup>th</sup>, 2018

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

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

**Opinion**

We have audited the accompanying consolidated balance sheets of Kinsus Interconnect Technology Corp. and subsidiaries (the “Company”) as of December 31, 2017 and 2016, 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 referred as “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 as of December 31, 2017 and 2016, and its 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 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 2017 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\$22,335,486 thousand for the year ended December 31, 2017 is a significant account to the Company's consolidated financial statements. The Company has conducted these sale activities in multi-marketplace, including Taiwan, China, USA, etc. Among these locations, the Company has 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 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.

### Market valuation on Inventory

We determined the market valuation on inventory one of key audit matters in considering that the amount of inventory was significant and the assessment of sufficiency of inventory loss requires significant management judgement. The Company's net inventory amounted to NT\$2,127,714 thousand as of December 31, 2017. As the application market of substract, the Company's main products, is characterized by rapid development in technology and the trend of consumers' preference, management, in timely considering the status of new products development and the demand from clients, has to evaluate the loss due to market value decline as well as write-down on slow-moving inventories to their net realizable value. Our audit procedures therefore include, but not limit to, evaluating the Company's policy with respect to assessment the loss from slow-moving inventory and phased-out items, (including identification method, testing the accuracy of inventory aging schedule, analysis on inventory movement), performing observation on the Company's inventory physical-taking, and inspecting the current status of inventory usage, etc. We also assessed the adequacy of the inventory-related disclosures shown in the Note 5 and 6 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, 2017 and 2016 and for the years then ended were audited by other auditors, whose reports thereon have 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\$823,380 thousand and NT\$432,689 thousand as of December 31, 2017 and 2016 representing 1.95% and 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 years then ended amounting to NT\$(77,880) thousand and NT\$(12,783) thousand representing (14.72)% and (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 years then ended amounting to NT\$(19,180) thousand and NT\$(4,528) thousand representing 17.37% and 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, 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 or supervisors, are responsible for overseeing the financial reporting process of the Company.

## **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.
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.

English Translation of Financial Statements and a Report Originally Issued in Chinese

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 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 2017 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.

We have audited and expressed an unqualified opinion on the parent-company-only financial statements of the Company as of and for the years then ended December 31, 2017 and 2016.

Ernst & Young  
January 29<sup>th</sup>, 2018  
Taipei, Taiwan,  
Republic of China

Notices 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 and not those of any other jurisdictions. The standards, procedures and practices to review such consolidated financial statements are those generally accepted and applied in the Republic of China.*

English Translation of Consolidated Financial Statements Originally Issued in Chinese  
Kinsus Interconnect Technology Corp. and Subsidiaries  
Consolidated Balance Sheets  
As of December 31, 2017 and 2016  
(Amounts Expressed In Thousands of New Taiwan Dollars)

Assets			2017		2016	
Code	Accounts	Notes	Amount	%	Amount	%
	Current assets					
1100	Cash and cash equivalents	4, 6(1)	\$10,342,012	24	\$11,212,646	27
1110	Financial assets at fair value through profit or loss	4, 6(2)	1,553,833	4	3,268,435	8
1147	Bond investments with no active market	4, 6(3)	423,057	1	423,057	1
1150	Notes receivable, net	4, 6(5)	1,756	-	3,030	-
1170	Accounts receivable, net	4, 6(6)	3,353,060	8	3,197,829	8
1180	Accounts receivable - related parties	4, 6(6), 7	333,700	1	399,736	1
1200	Other receivables		208,485	-	289,514	1
1210	Other receivables - related parties	7	6,243	-	307,646	1
1310	Inventories, net	4, 6(7)	2,127,714	5	2,258,244	5
1410	Prepayments		260,566	1	134,676	-
1470	Other current assets		163,976	-	120,742	-
11XX	Total current assets		<u>18,774,402</u>	<u>44</u>	<u>21,615,555</u>	<u>52</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)	823,380	2	432,689	1
1600	Property, plant and equipment, net	4, 6(9), 8,9	19,151,653	46	16,578,663	40
1780	Intangible assets	4, 6(10)	22,850	-	18,820	-
1840	Deferred income tax assets	4, 6(26)	131,090	-	9,882	-
1900	Other non-current assets	6(11), 7	314,024	1	295,385	1
1915	Prepayment for equipment	4, 6(9), 9	3,010,078	7	2,252,721	6
15XX	Total non-current assets		<u>23,503,075</u>	<u>56</u>	<u>19,638,160</u>	<u>48</u>
1XXX	Total Assets		<u>\$42,277,477</u>	<u>100</u>	<u>\$41,253,715</u>	<u>100</u>

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

English Translation of Consolidated Financial Statements Originally Issued in Chinese  
Kinsus Interconnect Technology Corp. and Subsidiaries  
Consolidated Balance Sheets-(Continued)  
As of December 31, 2017 and 2016  
(Amounts Expressed In Thousands of New Taiwan Dollars)

Liabilities and Equity			2017		2016	
Code	Accounts	Notes	Amount	%	Amount	%
	<b>Current liabilities</b>					
2100	Short-term loans	6(12)	\$3,297,397	8	\$2,228,478	6
2150	Notes payable		44,804	-	48,092	-
2170	Accounts payable		2,526,036	6	2,126,485	5
2180	Accounts payable - related parties	7	-	-	16,059	-
2200	Other payables	6(13), 7	3,597,985	8	3,021,801	7
2230	Current income tax liabilities	4, 6(26)	352,272	1	510,591	1
2300	Other current liabilities	6(15)	719,393	2	688,291	2
21XX	Total current liabilities		<u>10,537,887</u>	<u>25</u>	<u>8,639,797</u>	<u>21</u>
	<b>Non-current liabilities</b>					
2540	Long-term loans	6(16), 8	1,746,800	4	1,508,390	4
2570	Deferred income tax liabilities	4, 6(26)	1,253	-	631	-
2600	Other non-current liabilities	4, 6(17), 6(18)	76,539	-	90,128	-
25XX	Total non-current liabilities		<u>1,824,592</u>	<u>4</u>	<u>1,599,149</u>	<u>4</u>
2XXX	Total liabilities		<u>12,362,479</u>	<u>29</u>	<u>10,238,946</u>	<u>25</u>
31XX	Equity attributable to shareholders of the parent					
3100	Capital	6(19)				
3110	Common stock		4,460,000	11	4,460,000	11
3200	Capital surplus	6(19)	5,956,519	14	5,939,819	14
3300	Retained earnings	6(19)				
3310	Legal reserve		3,563,389	8	3,340,018	8
3320	Special reserve		613	-	-	-
3350	Unappropriated earnings		14,095,717	33	15,163,371	37
3400	Other components of equity		(77,677)	-	(613)	-
3500	Treasury Stock	6(19)	-	-	(32,885)	-
36XX	Non-controlling interests	6(19)	1,916,437	5	2,145,059	5
3XXX	Total equity		<u>29,914,998</u>	<u>71</u>	<u>31,014,769</u>	<u>75</u>
	Total liabilities and equity		<u>\$42,277,477</u>	<u>100</u>	<u>\$41,253,715</u>	<u>100</u>

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

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, 2017 and 2016  
(Amounts Expressed In Thousands of New Taiwan Dollars, Except Earnings Per Share)

Code	Accounts	Notes	2017		2016	
			Amount	%	Amount	%
4000	Net revenue	4, 6(21), 7	\$22,335,486	100	\$23,165,066	100
5000	Cost of sale	7	(18,172,762)	(81)	(17,414,521)	(75)
5900	Gross profit		4,162,724	19	5,750,545	25
6000	Operating expenses	7				
6100	Sales and marketing		(706,746)	(3)	(509,185)	(2)
6200	General and administrative		(1,611,376)	(7)	(1,213,506)	(5)
6300	Research and development		(1,445,377)	(7)	(1,438,082)	(7)
	Total operating expenses		(3,763,499)	(17)	(3,160,773)	(14)
6900	Operating income		399,225	2	2,589,772	11
1310						
7000	Non-operating incomes and expenses					
7010	Other incomes	6(24), 7	237,046	1	195,672	1
7020	Other gains and losses	6(24), 7	49,878	-	(131,897)	(1)
7050	Finance costs	6(24), 7	(79,146)	(1)	(71,306)	-
7060	Share of profit or loss of associates and joint ventures	4, 6(8)	(77,880)	-	(12,783)	-
	Total non-operating incomes and expenses		129,898	-	(20,314)	-
7900	Income before income tax		529,123	2	2,569,458	11
7950	Income tax expense	4, 6(26)	(193,801)	(1)	(496,430)	(2)
8200	Net income		335,322	1	2,073,028	9
8300	Other comprehensive income (loss)	6(25)				
8310	Item that may not be reclassified to profit or loss					
8311	Actuarial gain (loss) from defined benefit plans		1,004	-	(959)	-
8360	Items that may be reclassified subsequently to profit or loss					
8361	Exchange differences arising on translation of foreign operations		(92,241)	-	(361,332)	(1)
8370	Share of profit or loss of associates and joint ventures		(19,180)	-	(4,528)	-
8399	Income tax related to items that may be reclassified subsequently to P/L		-	-	39,834	-
	Total other comprehensive income, net of tax		(110,417)	-	(326,985)	(1)
8500	Total comprehensive income		\$224,905	1	\$1,746,043	8
8600	Net income (loss) attributable to:					
8610	Shareholders of the parent		\$491,676	2	\$2,233,705	10
8620	Non-controlling interests		(156,354)	(1)	(160,677)	(1)
			\$335,322	1	\$2,073,028	9
8700	Total comprehensive income (loss) attributable to:					
8710	Shareholders of the parent		\$415,616	2	\$2,037,649	9
8720	Non-controlling interests		(190,711)	(1)	(291,606)	(1)
			\$224,905	1	\$1,746,043	8
9750	Earnings per share - basic (In NT\$)	6(27)	\$1.10		\$5.01	
9850	Earnings per share - diluted (In NT\$)	6(27)	\$1.10		\$4.95	

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

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, 2017 and 2016

(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	Special Reserve	Unappropriated Earnings	Exchange differences arising on translation of foreign operations				
3100	3200	3310	3320	3350	3410	3500	31XX	36XX	3XXX		
A1	Balance as of January 1, 2016	\$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
A1	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
	Appropriation and distribution of 2016 earnings:										
B1	Legal reserve			223,371		(223,371)			-		-
B3	Special reserve				613	(613)			-		-
B5	Cash dividends - common shares					(1,336,350)			(1,336,350)		(1,336,350)
C7	Change in associates and joint ventures accounted for using equity method		8,329						8,329		8,329
D1	Net income (loss) for 2017					491,676			491,676	(156,354)	335,322
D3	Other comprehensive income (loss) for 2017					1,004	(77,064)		(76,060)	(34,357)	(110,417)
D5	Total comprehensive income	-	-	-	-	492,680	(77,064)	-	415,616	(190,711)	224,905
N1	Share-based payment transactions		8,371					32,885	41,256		41,256
O1	Changes in non-controlling interests									(37,911)	(37,911)
Z1	Balance as of December 31, 2017	\$4,460,000	\$5,956,519	\$3,563,389	\$613	\$14,095,717	\$(77,677)	\$-	\$27,998,561	\$1,916,437	\$29,914,998

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

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, 2017 and 2016

(Amounts Expressed in Thousands of New Taiwan Dollars)

Code	Items	2017	2016	Code	Items	2017	2016
AAAA	Cash flows from operating activities:			BBBB	Cash flows from investing activities:		
A10000	Net income before tax	\$529,123	\$2,569,458	B00700	Disposal of bond investments with no active market	-	5,055
A20000	Adjustments:			B01800	Acquisition of investment accounted for under equity method	(479,422)	(450,000)
A20010	Profit or loss not effecting cash flows:			B02700	Acquisition of property, plant and equipment	(6,261,465)	(4,761,567)
A20100	Depreciation	3,413,416	3,464,017	B02800	Proceeds from disposal of property, plant and equipment	239	260,601
A20200	Amortization	30,655	31,215	B03800	Decrease (increase) in refundable deposits	(29,733)	(4,813)
A20300	Bad debt expense (gain on recovery)	(29,065)	6,531	B04500	Acquisition of intangible assets	(34,980)	(20,457)
A20400	Net loss (gain) of financial assets (liabilities) at fair value through profit or loss	(7,140)	(10,653)	BBBB	Net cash provided by (used in) investing activities	(6,805,361)	(4,971,181)
A20900	Interest expense	79,146	71,306				
A21200	Interest income	(62,316)	(72,471)	CCCC	Cash flows from financing activities:		
A21900	Cost of share based payment	8,371	-	C00100	Increase in (repayment of) short-term loans	1,068,919	(866,552)
A22300	Share of profit or loss of subsidiaries, associates and joint ventures	77,880	12,783	C01600	Increase in long-term loans	870,000	800,000
A22500	Loss on disposal of property, plant and equipment	5,847	43,555	C01700	Repayment of long-term loans	(595,038)	(694,292)
A23700	Impairment loss on non-financial assets (gain on recovery)	(19,598)	21,126	C03000	Increase in guarantee deposits received	(8,542)	7,273
A30000	Changes in operating assets and liabilities:			C04500	Payment of cash dividends	(1,336,350)	(1,559,075)
A31110	Financial Assets at fair value through profit or loss	1,721,742	278,588	C05100	Treasury stock sold to employees	32,885	-
A31130	Notes receivable	1,274	(1,195)	C05800	Change in non-controlling interests	(37,911)	-
A31150	Accounts receivable	(125,900)	386,860	CCCC	Net cash provided by (used in) financing activities	(6,037)	(2,312,646)
A31160	Accounts receivable - related parties	66,036	(150,827)				
A31180	Other receivable	80,053	47,292	DDDD	Effect of exchange rate changes	(61,870)	(2,510)
A31190	Other receivable - related parties	301,403	(305,565)				
A31200	Inventories	130,530	27,192	EEEE	Net Increase (decrease) in cash and cash equivalents	(870,634)	(1,533,661)
A31230	Prepayment	(125,890)	24,529	E00100	Cash and cash equivalents at beginning of period	11,212,646	12,746,307
A31240	Other current assets	(41,639)	15,635	E00200	Cash and cash equivalents at end of period	\$10,342,012	\$11,212,646
A31990	Long-term prepaid rent	11,094	28,213				
A32130	Notes payable	(3,288)	(7,392)				
A32150	Accounts payable	399,551	129,686				
A32160	Accounts payable - related parties	(16,059)	16,059				
A32180	Other payable	13,984	(369,201)				
A32200	Provisions	-	(294)				
A32210	Advance receipts	55,899	59,442				
A32230	Other current liabilities	(652)	(3,469)				
A32240	Net pension liability under defined benefit plan	(4,043)	(4,098)				
A33000	Cash generated from operations	6,490,414	6,308,322				
A33100	Interest received	63,254	72,140				
A33300	Interest paid	(78,328)	(72,842)				
A33500	Income tax paid	(472,706)	(554,944)				
AAAA	Net cash provided by (used in) operating activities	6,002,634	5,752,676				

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

## 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, 2017

Item	Amount (In: NT\$)
Beginning retained earnings	\$13,603,036,922
Add: Other comprehensive income (loss) in 2017	
-Actuarial gain/loss of defined benefit	1,004,078
Add: Net profit after tax in 2017	<u>491,676,522</u>
Distributable earnings	14,095,717,522
Less: 10% legal reserve	(49,167,652)
Special reserve	(77,064,301)
Cash dividend to shareholders (NT\$1.5 per share)	<u>(669,000,000)</u>
Subtotal	<u>(795,231,953)</u>
Unappropriated retained earnings	<u><u>\$13,300,485,569</u></u>
Total shares for dividend to be distributed	446,000,000

Calculation:

Paid-in capital: NT\$4,460,000,000

Chairman:

CEO:

Chief Accountant:

## **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. C801010 Basic Industrial Chemical Manufacturing
10. 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. The fourteenth revised was May 27, 2017.

## **Appendix III**

*(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 IV

(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 31, 2018

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	Chen, Ho-Shu	361,002	0.08%	361,002	0.08%
Director	Asustek Investment Co. Ltd.	58,233,091	13.06%	58,233,091	13.06%
	Representative: Su, Shanon	-	-	-	-
Director	Asuspower Investment Co. Ltd.	55,556,221	12.46%	55,556,221	12.46%
	Representative: Wu, Shaing	-	-	-	-
Director	Cheng, Zhong-Ren	-	-	-	-
Independent Director	Chen, Jin-Cxi	-	-	-	-
Independent Director	Huang, Chuan-Bao	-	-	-	-
Independent Director	Wu, Hui-Huang	-	-	-	-
Total		115,530,109	25.90%	115,420,109	25.88%

## Appendix V

(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 23, 2018 to April 2, 2018; the information has been announced on the Market Observation Post System.
4. The Company did not receive any shareholders' proposal during the aforesaid period.