

# MPI Corporation 2017 General Shareholders' Meeting

## Minutes

Date and time: June 13, 2017 (Tuesday), 10:00 am

Place: 2F, No. 26, Taiyuan Street, Zhubei, Hsinchu County (Conference Hall, Tai Yuen Hi-Tech Industrial Park)

Attendance: The total number of shares represented by attending shareholders and proxies at the meeting was counted at 61,522,422 shares, which represented 77.03% of the Company's 79,859,260 outstanding shares and exceeded the statutory requirement. Attending members of the board included: Chairman Ko, Chang-Lin, Director Scott Kuo, Director Yuki katayama, Independent Director Kao, Chin-Cheng, Independent Director Hsu, Mei-Fang, Supervisor Li, Tu-Cheng, Supervisor Tsai, Chang-Shou, and Supervisor Liu, Fang-Sheng, which exceeded the 1/3 of the 8 seats on board.

Invited presence: Wu, Kuei-Chen (CPA)

Chairperson: Ko, Chang-Lin (Chairman)                      Minute taker: Rose Jao (Manager)

I. Announcement of session

II. Address of the Chairman: skipped.

III. Reports

1. 2016 Business Report. (See Appendix I)
2. 2016 Supervisors Review Report. (See Appendix II)
3. 2016 Employee, Director and Supervisor Remuneration.

Note: (I) According to Article 20 of the Company's Articles of Incorporation, any pre-tax profit concluded from a financial year is subject to employee remuneration of 5%~15%, and director/supervisor remuneration of no more than 3%. Pre-tax profit before employee, director and supervisor remuneration in 2016 amounted to NT\$710,034,683, from which a proposal was made to provide NT\$61,660,059 or 8.68% as employee remuneration, and NT\$14,760,016 or 2.08% as director or supervisor remuneration.

(II) Employee remuneration totaling NT\$61,660,059 and director and supervisor remuneration totaling NT\$14,760,016 will be paid entirely in cash.

IV. Acknowledgments

Motion No. 1

Proposed by the Board

Agenda: Acknowledgment to the company's 2016 business report and financial statements.

Note: (I) The Company's 2016 business report and individual financial statements (including consolidated financial statements) have been prepared and passed by the board of directors, and reviewed by supervisors. The individual financial statements (including consolidated financial statements) have been audited by Wu, Kuei-Chen (CPA) and Chen, Tsan-Huang (CPA) of Nexia Sun Rise CPAs & Co., to which they issued an unqualified opinion. Please refer to Appendix III and IV.

(II) This proposal was passed during the 3rd board of directors meetings in 2017.

Resolution: Unanimously acknowledged as proposed without objection from attending shareholders.

Motion No. 2

Proposed by the Board

Agenda: Acknowledgment to the company's 2016 earnings appropriation.

Note: (I) The Company generated after-tax earnings of NT\$563,278,795 in 2016. Please refer to Appendix V for detailed earnings appropriation proposal.

(II) In consideration of the Company's future business development, a proposal was made to pay out NT\$334,342,646 of cash dividends and NT\$0 of stock dividends from distributable earnings in 2016. Based on a total of 79,605,392 shares outstanding on the day of the board of directors meeting, cash dividends were calculated at NT\$4.2 per share.

(III) In the event that corporate bonds are converted into common shares, or if MPI Corporation decides to repurchase its outstanding shares, or assign, transfer or retire treasury stock on a later date, to the extent that affects the number of outstanding shares and shareholders' dividend yield, the Board shall be fully authorized to exercise discretion over relevant details.

(IV) This proposal was passed during the 3rd board of directors meetings in 2017.

Resolution: Unanimously acknowledged as proposed without objection from attending shareholders.

## V. Points of discussion

Motion No.1:

Submitted by the Board of Directors

Cause of motion: the amendment to the "Articles of Incorporation" of MPI Corporation is presented for discussion.

Note: (I) Proposal to amend Article XII of the "Articles of Incorporation" to accommodate the Company's adoption of the nomination system for director and supervisor elections.

(II) Please refer to Appendix VI presented for a comparison of changes to "Articles of Incorporation."

(III) This proposal was passed during the 3rd board of directors meetings in 2017.

Resolution: Unanimously passed as proposed without objection from attending shareholders.

Motion No. 2:

Agenda: Amendments to the Company's "Director and Supervisor Election Rules."

Submitted by the Board of Directors

Note: (I) Proposal to amend "Director and Supervisor Election Rules" to accommodate the Company's adoption of the nomination system for director and supervisor elections.

(II) Please refer to Appendix VII for a comparison of changes to "Director and Supervisor Election Rules."

(III) This proposal was passed during the 3rd board of directors meetings in 2017.

Resolution: Unanimously passed as proposed without objection from attending shareholders.

Motion No. 3:

Agenda: Amendments to the Company's "Parliamentary Procedure for General Meeting of Shareholders."

Submitted by the Board of Directors

Note: (I) According to current regulations and Financial Supervisory Commission's instructions issued in Letter No. Jin-Guan-Zheng-Jiao-Tze 1060000381 dated January 18, 2017, all TWSE and TPEX-listed companies are required to introduce electronic voting as one of the voting methods accepted in shareholder meetings, starting January 1, 2018. A proposal was raised to amend the Company's "Parliamentary Procedure for General Meeting of Shareholders" to reflect this new rule.

(II) Please refer to Appendix VIII for comparison of changes to "Parliamentary Procedure for General Meeting of Shareholders."

(III) This proposal was passed during the 3rd board of directors meetings in 2017.

Resolution: Unanimously passed as proposed without objection from attending shareholders.

Motion No. 4:

Submitted by the Board of Directors

Agenda: Amendments to the Company's "Procedure for the Acquisition and Disposition of Assets."

Note: (I) Proposal to amend the Company's "Procedure for the Acquisition and Disposition of Assets" to conform with requirements of the Financial Supervisory Commission stated in Letter No. Jin-Guan-Zheng-Fa-Tze 1060001296 dated February 9, 2017.

(II) Please refer to Appendix IX for comparison of changes to "Procedure for the Acquisition and Disposition of Assets."

(III) This proposal was passed during the 3rd board of directors meetings in 2017.

Resolution: Unanimously passed as proposed without objection from attending shareholders.

Motion: Early re-election for 5 directors and 3 supervisors of the Company. Submitted by the Board of Directors

Note: (I) Tenure of the Company's directors and supervisors is due to expire on June 11, 2018. For the purpose of supporting the new business strategy, a proposal was made to re-elect the entire board early during the current general shareholders meeting.

(II) According to Article XII of the Company's "Articles of Incorporation," the re-election shall elect 5 directors (including 2 independent directors) and 3 supervisors, while independent director candidates are to be chosen using the nomination system. The 7th board of directors (including independent directors) and supervisors was initially elected to serve from June 12, 2015 until June 11, 2018; their tenure will be shortened until the end of the upcoming general shareholders meeting to accommodate the early re-election.

(III) The newly elected directors (including independent directors) and supervisors will serve a terms of 3 years starting from the day of general shareholders meeting (June 13, 2017) and ending on June 12, 2020.

(IV) According to Article XVIII of the Articles of Incorporation, the board of directors shall include 2 independent directors, to be nominated using the nomination system. The Company had already held a board of directors meeting on April 28, 2017 to review independent director candidates, during which a decision was made to nominate Madam Hsu, Mei-Fang and Mr. Kao, Chin-Cheng as independent directors. Information of the two candidates is shown below:

Name of candidate	Academic background	Career background	Shares held
Hsu, Mei-Fang	Department of Accounting, Ming Chuan University	Person-in-charge of Asia International	244,441 (shares)
Kao, Chin-Cheng	Postgraduate study of Law, National Chung Hsing University	Lian Cheng Law Office Attorney-at-law	162,414 (shares)

Result of election: The list of elected directors, independent directors and supervisors is as follows:

1. List of elected directors and independent directors

Shareholder ID/ID card number	Name	Number of votes received	Remark
163	MPI Investment Co., Ltd. Representative - Ko, Chang-Lin	71,496,497	Elected as director
163	MPI Investment Co., Ltd. Representative - Steve	57,413,245	Elected as director

	Chen		
163	MPI Investment Co., Ltd. Representative - Scott Kuo	41,565,711	Elected as director
125	Kao, Chin-Cheng	7,343,581	Elected as independent director
142	Hsu, Mei-Fang	7,343,581	Elected as independent director

2. List of elected supervisors

Shareholder ID/ID card number	Name	Number of votes received	Remark
1	Li, Tu-Cheng	36,101,723	Elected as supervisor
161	Liu, Fang-Sheng	36,062,723	Elected as supervisor
1149	Tsai, Chang-Shou	36,062,723	Elected as supervisor

VII. Special motion: None.

VII. Dismissal: June 13, 2017 at 10:28 am.

## MPI Corporation Operation Review

### I. 2016 Business Review

#### (I) Business Plan and Result

In 2016, the Group made NT\$4,961,755,000 in net operating revenues, which was 24% higher than the NT\$4,013,170,000 made in 2015. Net income for 2016 was concluded at NT\$563,279,000, up 91% from NT\$294,820,000 in 2015 and represented an after-tax EPS of NT\$7.09.

This improvement had been the result of global economic recovery combined with consumers' ongoing demand for mobile communication (e.g. smartphones) and world's attention towards industrial automation and vehicle safety in 2016. New applications such as auto electronics, servers and Internet of Things are expected to grow. These new applications involved more advance production procedures, and now account for a higher percentage of revenues. With respect to wafer foundry, the industry's leading manufacturers continued to increase capital spending and adopt more advanced production procedures as a means to improve competitiveness. IC assembly and testing companies, too, have benefited from the miniaturization of semiconductor productions and devoted a higher percentage of their capacity on high-end chips. This trend favors demands for higher end probe cards.

With respect to the research and development of new technologies, the Company had successfully introduced signal testing and component temperature testing equipment for semiconductor engineering in 2016, and continued to develop new products and features to meet customers' requirements. This line of products contributes to customers' performance and competitiveness, and is therefore essential to the Company's future growth.

#### (II) Revenue and profitability analysis

Currency unit: in NTD 1,000

Item \ Year		2015	2016	Change (%)
Revenue	Net Sales	4,013,170	4,961,755	23.64%
	Gross profit	1,793,072	2,296,686	28.09%
	Post-tax profit or loss	294,820	563,279	91.06%
Profitability	ROA (%)	4.68	8.29	77.14%
	ROE (%)	7.96	14.74	85.18%
	Operating income to paid-up capital ratio (%)	40.18	86.17	114.46%
	EBT to Paid-in capital ratio (%)	45.16	81.84	81.22%

	Profit margin (%)	7.33	11.30	54.16%	
	EPS (NT\$)	before retroactive adjustment	3.71	7.09	91.11%
		after retroactive adjustment	3.71	7.09	91.11%

### (III) Research and development

The Company's research and development progress in 2016 included:

1. Precision automated photoelectric equipment:
  - A. Multi-channel parallel LED die testing equipment
  - B. Automated testing and sorting equipment for laser diode wafers and products
  - C. Automated measuring module for OLED panels
2. Probe card:
  - A. Developed vertical type micro-electromechanical probe card to meet the industry's need for wafer fabrication at micro LED level
  - B. Developed high-speed wafer probe card to facilitate faster testing, and satisfy the need for high-speed transmission by new smart devices
3. Developed temperature control technology and completed development of temperature testing system for semiconductor components
4. Developed testing machinery for semiconductor engineering

## II. Summary of 2017 Business Plan

### (I) Business Policy

Technology is essential to maintain competitiveness. In light of the development of the microelectronic industry and technology requirements in the future, MPI Corporation undertakes the following strategic planning and commits its effort to sustain its competitive advantage:

- A. To satisfy demands for miniaturized high-end IC production, the Company continued development of new technologies such as micro pitch testing and multilayer organic substrate, and thereby prepared itself for future technological advancements.
- B. In response to the need for high-speed transmission by new smart devices, the Company will continue making enhancements to its high-speed wafer probe card to facilitate faster testing.
- C. To meet the test demands of the photoelectric semiconductor industry (LED, LD, PD, OLED Lighting...etc), the Company has been improving and optimizing its automated testing and inspection equipment, and thereby develop the capacity to provide customers with comprehensive solutions.
- D. Continue development of testing and inspection machinery for semiconductor

engineering and testing, and thereby satisfy customers' diverse needs and applications.

E. Continue development of temperature control systems and products for testing of semiconductor and fiber communication components and environment.

(II) Vital production and sales policies

To ensure business growth and competitiveness, the Company not only invests resources into technology research and development, but also enhances service capacity in overseas markets. Service locations were established in China and USA for more direct access to customers, and thereby allow faster and more comprehensive technical service, higher market share, and risk diversification. MPI Corporation is devoted to helping customers raise competitiveness. It has positioned itself as customers' technology partner and adopted the policy to provide customers the top quality products, the best solutions, and the most timely technical services.

### **III. The development strategy of the future**

(I) Utilizing the five main areas of expertise, namely prober, sorting, photoelectric testing, imaging detection and automated equipment, the Company will provide complete testing applications and solutions to meet the needs for mass production of the photoelectric semi-conductor industry.

(II) Given the possession of temperature control technology, the Company will continue to explore opportunities of component and environment temperature testing in industries such as semiconductor and fiber optic communication, and develop new product varieties to meet market applications.

(III) With respect to semiconductor engineering testing applications, the Company will continue developing more competitive products based on micro signal and high frequency testing technologies.

(IV) In response to consumers' demand for lighter, smaller, faster, more feature-rich and more power efficient applications, the Company has developed micro pitch and high-speed probe cards as means to improve test frequency and performance to customers' satisfaction, and thereby ensure competitiveness.

### **IV. The effect of the external competitive, legal and macroeconomic environment**

Based on forecasts made by world's leading research institutions, the global economy should achieve higher growth than the previous year, while future applications such as artificial intelligence (AI), advanced driver assistance system (ADAS), Internet of Things (IoT) and Internet of Vehicles (IoV) will continue to grow. Uprise of China's semiconductor industry also created new opportunities. The Company has been anticipating this trend by investing resources into R&D to provide customers with faster, more economically viable,



and better energy-saving solutions. Bringing the best, fastest and best quality solutions has always been the Company's goal; MPI will continue this path in the future and make ongoing improvements not just to compete, but to satisfy customers' needs and create long-term values for shareholders as well.

I wish

you all

joy and the best of luck.

Ko, Chang-Lin, Chairman

Scott Kuo, President

Rose Jao, Chief Accounting Officer

MPI Corporation  
Supervisors' Audit Report

The 2016 individual and consolidated financial statements submitted by the Board of Directors have been audited by Wu, Kuei-Chen (CPA) and Chen, Tsan-Huang (CPA) of Nexia Sun Rise CPAs & Co., and presented a fair view of the Company's financial position, business performance and cash flow. We also reviewed the business report and motion for earnings allocation submitted together with the financial statements. We hereby recognize said report and statements after conducting the audit on them pursuant to Article 219 of the Company Law and Article 36 of Securities and Exchange Act.

To:  
2017 General Shareholders' Meeting of MPI Corporation

MPI Corporation  
Supervisor: Li, Tu-Cheng  
Liu, Fang-Sheng  
Tsai, Chang-Shou

March 24, 2017

## Appendix III

### **Independent Auditor’s Audit Report**

The Board of Directors and Shareholders

MPI Corporation

#### **Opinion**

We have audited the accompanying financial statements of MPI CORPORATION (the “Company”), which comprise the balance sheets as of December 31, 2016 and 2015, and the statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2016 and 2015, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

#### **Basis for Opinion**

We conducted our 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 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, and we have fulfilled our other ethical responsibilities in accordance with these requirements. Based on our audits and the reports of other auditors, we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended December 31, 2016. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters on the financial statements for the year ended December 31, 2016 were as follows:

##### **1. Revenue Recognition**

### Matter Description

Regarding the accounting policy of revenue recognition, please refer to (16) of Note 4 of the Individual Financial Statements. Regarding relevant disclosure, please refer to Note 9 and Statements of Major Accounting Items - Statement of Operating Revenue.

Sales revenue is the major index for investors and the management to evaluate the finance or performance of MPI Corporation. As the point in time for revenue recognition and the amount of recognized revenue can make a big difference on the financial statements, the CPA(s) has also reviewed the accuracy of these two key factors during the audit.

### Audit Procedures in Response

The CPA(s) has implemented audit procedures in response as summarized below:

- (1) Understood and tested the design and implementation efficiency of sales and receiving circulation control system.
- (2) Understood the major revenue type and trading terms of MPI Corporation to assess if the accounting policy of point in time for revenue recognition is appropriate.
- (3) Understood the product type and sales of the top 10 customers; sampled and reviewed the orders; assessed the influence of trading terms to revenue recognition; and confirmed if MPI Corporation has handled accounting relevant activities appropriately.
- (4) Evaluated if the number of days for turning over the sales revenue and payables; and analyzed changes to customers of this and last year at the same time point to see if there is any abnormality.
- (5) Implemented the detail test, where transactions of sales revenue before and after the financial statements within a specified period have been sampled to carry out the cut-off test and verify relevant certificates. Changes to the inventory in account books and transferred sales costs have been recorded during an appropriate period of period to evaluate the correctness of the period of recognizing the revenue, ensure if there is any abnormal revenue journal voucher, and understand if there is any grave refund or return after the period.

## **2. Inventory Valuation**

### Matter Description

Regarding the accounting policy of inventory valuation, please refer to (7) of Note 4 of Individual Financial Statements. Regarding significant accounting judgments, estimations, and assumptions of inventory valuation, please refer to Note 5 of Individual Financial Statements. Regarding descriptions of inventory accounting items, please refer to (4) of Note 6 of Individual Financial Statements. The Company recognize inventories amounting to NT\$2,132,335 thousand and Allowance for inventories amounting to NT\$212,012 thousand. The book value of the Company's inventories as December 31, 2016 was NT\$1,920,323 thousand and accounted 27% of the total

assets in the consolidated balance sheet.

MPI Corporation mainly engages in the manufacturing and sales of semiconductor production and testing equipment. Due to rapid technological changes, short life cycle and intense market competition of electronic products, there is a high tendency for inventory valuation loss and losses caused by outdated inventory. The inventory is evaluated by either the cost or net realizable value, depending on which one has the lower value. Inventories that exceed specific inventory age or are evaluated as outdated during individual assessment shall have the inventory loss evaluation conducted also based on the inventory age and future product demand during specific period of time. The information comes from the management's judgement on each product's net realizable value based on the inventory sales, age and quality conditions. As the amount of MPI Corporation's inventory is great; a number of items are included on the inventory list; and the valuation of inventories that have exceeded specific age or are outdated relies heavily on the management's subjective judgement and involves a high degree of uncertainty, the Account(s) believes that the inventory valuation and obsolescence loss is one of the key audit matters of the year.

#### Audit Procedures in Response

The CPA(s) has implemented the audit procedures in response as summarized below:

- (1) With the CPA's knowledge of the industry and MPI Corporation's operations, evaluated the soundness of the Corporation's policies concerning the allowance for inventory valuation loss and doubtful debts.
- (2) Understood MPI Corporation's inventory management procedures, reviewed its annual inventory plan, and participated in its annual inventory check to evaluate the management's judgement and control efficiency of outdated inventories.
- (3) Acquired the list of product inventory age, verified the appropriateness of reporting system logic, and confirmed the consistency of report information and adopted policies.
- (4) Evaluated the appropriateness of the methods of calculating inventory valuation impairment, including deciding the inventory classification based on the net realizable value, checking individual material number to verify the basic assumption of the calculation in relevant supporting document, and verify the accuracy of calculation.

### **3. Impairment Evaluation of Investments Accounted for Using the Equity Method (Goodwill Impairment Evaluation):**

#### Matter Description

Regarding the accounting policy of goodwill impairment, please refer to impairment of intangible assets and non-financial assets as described in (12) and (13) of Note 4 of Individual Financial Statements. Regarding significant accounting judgments, estimations, and assumptions of goodwill impairment evaluation, please refer to Note 5 of Individual Financial Statements. Regarding

descriptions of goodwill impairment evaluation, please refer to Investments Accounted for Using the Equity Method as described in (6) of Note 6 of Individual Financial Statements.

MPI Corporation acquired 100% equity of Allstron Corp (Allstron), and recognized goodwill with a value of NT\$45,533 thousand in the Consolidated Financial Statements. As a player in the electronic industry, Allstron is targeting the segment of measurement applications for its product line. For MPI Corporation, Allstron is a cash generating unit, and for goodwill impairment evaluation, Allstron's forecasted cash flow has been applied with an appropriate discount rate to measure this cash generating unit's recoverable amount. This year, the Allstron product line suffered from market downturn and unfavorable sales. Conducted by MPI Corporation, the evaluation of Allstron's recoverable amount revealed that its recoverable amount was lower than its goodwill carrying amount. MPI Corporation therefore recognized goodwill impairment with a value of NT\$45,533 thousand which is around 7% of individual benefits before tax, this year.

Regarding this cash generating unit's forecasted cash flow that is used to measure its recoverable amount, the forecast can come easily with subjective judgement and is accompanied with a high degree of uncertainty as it involves a number of assumptions, including the applied discount rate and five-year financial forecast that is used to estimate the future cash flow. These assumptions can make a huge difference in the measurement of recoverable amount and further affect the estimation of goodwill impairment amount. Therefore, the CPA(s) believes that the goodwill impairment evaluation conducted by MPI Corporation on Allstron shall be is one of the key audit matters of the year.

#### Audit Procedures in Response

Regarding specific descriptions of above key audit matters, the CPA(s) has implemented the audit procedures in response as summarized below:

- (1) Evaluated the management's procedures of forecasting Allstron's future cash flow and compared the consistency between the evaluation model's cash-flow forecast for the incoming five years and the operation approved by the management.
- (2) Discussed specific actions conducted during the operation plan and reviewed management's actual performance in the past operation plan to evaluate its will and ability to perform.
- (3) With supports of the Nexia Sun Rise's financial consultants and experts, evaluated the soundness of evaluation model, all types of growth rates, discount rate and other major assumptions adopted by the internal evaluators of the management. The procedures include:
  - A. The process and accordance of forecasting the sales growth rate and interest rate.
  - B. Check the generating unit's capital cost assumptions for adopted discount rate and compare it with similar return on assets in the market.
  - C. Checked the parameter and equation setting of the evaluation model.

D. Evaluated alternative assumptions of various forecasted growth rates and discounts rates adopted by the management to perform the sensitivity analysis of future cash flow; and confirmed the management has appropriately handled the uncertainty and possible influence involved in the estimation of impairment evaluation.

### **Other Matter-Making Reference to the Audits of Component Auditors**

As stated in the individual financial statements Note 6 , Certain investments, which were accounted for under the equity method based on the financial statements of the investees, were audited by other independent accountants. Respectively, the related shares of investment income from the subsidiaries amounted to NT\$(3,420) thousand and NT\$(1,018) thousand. Insofar as it related to the investments accounted for under the equity method balances of NT\$ 19,074 thousand and NT\$23,351 thousand as of December 31, 2016, December 31, 2015.

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

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

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

Those charged with governance, including supervisors, are responsible for overseeing the Company's financial reporting process.

### **Auditors' Responsibilities for the Audit of the Financial Statements**

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

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

1. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit

evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements for the year ended December 31, 2016 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of



doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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Sun Rise CPAs & Company  
Taipei, Taiwan, Republic of China  
March 24, 2017

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The accompanying financial statements are intended only to present the financial position, financial performance 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 audit such financial statements are those generally applied in the Republic of China.

For the convenience of readers, the independent auditors' report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' report and financial statements shall prevail.

**MPI CORPORATION**  
**CONSOLIDATED BALANCE SHEETS (ASSETS)**  
DECEMBER 31, 2016 AND 2015

(All amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

ASSETS	Note	December 31, 2016		December 31, 2015	
		Amounts	%	Amounts	%
<b>CURRENT LIABILITIES</b>					
Cash and cash equivalents	6(1)	\$ 475,399	7	\$ 234,594	4
Current financial assets at fair value through profit or loss	6(12)	60	-	-	-
Notes receivable, net	6(2)	5	-	5,403	-
Accounts receivable, net	6(3)	543,350	8	554,238	8
Accounts receivable -related parties, net	6(3).7	185,119	3	329,232	5
Other receivables		12,808	-	17,644	-
Other receivables -related parties	7	28,253	-	21,499	-
Inventories, net	6(4)	1,920,323	27	1,590,834	24
Prepayments		51,798	1	44,705	1
Other current assets	8	9,468	-	9,220	1
Total Current Assets		<u>3,226,583</u>	<u>46</u>	<u>2,807,369</u>	<u>43</u>
<b>NONCURRENT ASSETS</b>					
Investments accounted for using equity method	6(6)	809,405	11	837,241	13
Property, plant and equipment	6(7).7.8	2,612,388	37	2,595,075	40
Intangible assets	6(8)	35,293	-	35,739	-
Deferred income tax assets	6(18)	62,330	1	58,444	1
Other noncurrent assets		385,169	5	201,612	3
Total Noncurrent Assets		<u>3,904,585</u>	<u>54</u>	<u>3,728,111</u>	<u>57</u>
<b>TOTAL ASSETS</b>		<u>\$ 7,131,168</u>	<u>100</u>	<u>\$ 6,535,480</u>	<u>100</u>

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

**MPI CORPORATION**  
**CONSOLIDATED BALANCE SHEETS (LIABILITIES AND EQUITY)**

DECEMBER 31, 2016 AND 2015

(All amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

LIABILITIES AND EQUITY	Note	December 31, 2016		December 31, 2015	
		Amounts	%	Amounts	%
<b>CURRENT LIABILITIES</b>					
Short-term loans	6(9)	\$ 380,000	5	\$ 550,000	8
Current financial liabilities at fair value through profit or loss	6(12)	-	-	1,682	-
Accounts payable		405,426	6	369,674	6
Accounts payable-related parties	7	747	-	4,419	-
Payables on equipment		129,342	2	90,945	1
Other payables	6(10)	602,208	9	444,317	7
Other payables-related parties	7	85,971	1	63,569	1
Income tax payable		42,644	1	40,191	1
Provisions	6(11)	2,595	-	1,240	-
Sales revenue received in advance	7	648,794	9	453,325	7
Corporate bonds payable – current portion	6(12)	590,647	8	579,433	9
Current portion of long-term liabilities	6(13)	9,328	-	9,328	-
Other current liabilities		9,886	-	12,671	-
Total Current Liabilities		<u>2,907,588</u>	<u>41</u>	<u>2,620,794</u>	<u>40</u>
<b>NONCURRENT LIABILITIES</b>					
Long-term loans	6(13)	240,640	4	250,068	4
Deferred income tax liabilities	6(18)	8,433	-	7,547	-
Accrued pension cost	6(14)	27,454	-	23,225	-
Other noncurrent liabilities		97	-	1,256	-
Total Other Liabilities		<u>276,624</u>	<u>4</u>	<u>282,096</u>	<u>4</u>
<b>TOTAL LIABILITIES</b>		<u>3,184,212</u>	<u>45</u>	<u>2,902,890</u>	<u>44</u>
<b>EQUITY</b>					
EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE PARENT					
Capital common stock		796,054	11	796,054	12
Capital surplus		885,735	12	871,572	13
Retained earnings					
Appropriated as legal capital reserve		492,188	7	462,706	7
Unappropriated earnings		1,803,156	25	1,509,840	23
Total Retained Earnings		<u>2,295,344</u>	<u>32</u>	<u>1,972,546</u>	<u>30</u>
Other					
Foreign currency translation adjustments		(30,177)	-	26,872	1
Total others		<u>(30,177)</u>	<u>-</u>	<u>26,872</u>	<u>1</u>
Treasury stock		-	-	(34,454)	-
Equity attributable to shareholders of the parent		<u>3,946,956</u>	<u>55</u>	<u>3,632,590</u>	<u>56</u>
<b>TOTAL EQUITY</b>		<u>3,946,956</u>	<u>55</u>	<u>3,632,590</u>	<u>56</u>
<b>TOTAL LIABILITIES AND EQUITY</b>		<u>\$ 7,131,168</u>	<u>100</u>	<u>\$ 6,535,480</u>	<u>100</u>

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

# MPI CORPORATION

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

From January 1 to December 31, 2016 and 2015

(All amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

Items	Note	January 1 ~ December 31, 2016		January 1 ~ December 31, 2015	
		Amounts	%	Amounts	%
<b>OPERATING REVENUE, NET</b>	7				
Sales revenue		\$ 4,344,020	98	\$ 3,787,894	99
Less: sales returns		(2,532)	-	(2,862)	-
sales discounts and allowances		-	-	(2,101)	-
Commission revenue		81,118	2	55,162	1
Operating Revenue, net		4,422,606	100	3,838,093	100
<b>OPERATING COSTS</b>	6(4).7	(2,291,817)	(52)	(2,076,616)	(54)
<b>GROSS PROFIT</b>		2,130,789	48	1,761,477	46
Realized (Unrealized) Gross profit on sales to subsidiaries and associates		23,501	1	(83,913)	(2)
<b>GROSS PROFIT, NET</b>		2,154,290	49	1,677,564	44
<b>OPERATING EXPENSES</b>	7				
Selling expenses		(423,157)	(10)	(379,727)	(10)
General & administrative expenses		(246,118)	(6)	(194,240)	(5)
Research and development expenses	6(8)	(848,764)	(19)	(819,490)	(21)
Operating expense, net		(1,518,039)	(35)	(1,393,457)	(36)
<b>OPERATING INCOME</b>		636,251	14	284,107	8
<b>NON-OPERATING INCOME AND EXPENSES</b>					
Other gains and losses	6(17)	(58,574)	(1)	17,385	-
Finance costs	6(17)	(18,608)	-	(13,177)	-
Share of profits of subsidiaries and associates	6(6)	18,596	-	3,402	-
Interest income	7	540	-	887	-
Rent income	7	11,424	-	12,758	-
Allowance (reversal) for doubtful accounts	6(3)	235	-	-	-
Other non-operating revenue-other items	7	43,751	1	33,315	1
Total Non-operating income		(2,636)	-	54,570	1
<b>INCOME BEFORE INCOME TAX</b>		633,615	14	338,677	9
<b>INCOME TAX BENEFIT(EXPENSE)</b>	6(18)	(70,336)	(1)	(43,857)	(1)
<b>NET INCOME</b>		563,279	13	294,820	8
<b>OTHER COMPREHENSIVE INCOME (LOSS)</b>					
Items that are not to be reclassified to profit or loss					
Re-measurements from defined benefit plans		(2,682)	-	(8,049)	-
Share of remeasurements of defined benefit plans of subsidiaries and associates		1,017	-	(359)	-
Items that may be reclassified subsequently to profit or loss					
Exchange differences arising on translation of foreign operations		(57,049)	(1)	(13,900)	(1)
Share of other comprehensive income of subsidiaries		-	-	-	-
Other comprehensive income for the year, net of income tax		(58,714)	(1)	(22,308)	(1)
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		\$ 504,565	12	\$ 272,512	7
<b>NET INCOME(LOSS) ATTRIBUTABLE TO :</b>	6(19)				
Shareholders of the parent		\$ 7.09		\$ 3.71	
Noncontrolling interests		\$ 6.49		\$ 3.42	

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

MPI CORPORATION  
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY  
From January 1 to December 31, 2016 and 2015  
(All amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

Items	Capital-		Retained Earnings			Others		Total Equity
	Common Stock	Capital Surplus	Legal Capital Reserve	Special Capital Reserve	Unappropriated Earnings	Foreign Currency Translation Reserve	Treasury Stock	
BALANCE, JANUARY, 1, 2015	\$ 795,364	\$ 885,012	\$ 410,942	\$ -	\$ 1,593,614	\$ 40,772	\$ -	\$ 3,725,704
Legal capital reserve			51,764		(51,764)			-
Cash Dividends of Common Stock					(318,422)			(318,422)
Capital Reserve From Stock Warrants		(325)						(325)
Disposal of investments accounted for under the equity method		(19,306)						(19,306)
Net Income in 2015					294,820			294,820
Other comprehensive income in 2015, net of income tax					(8,408)	(13,900)		(22,308)
Total comprehensive income in 2015					286,412	(13,900)		272,512
Convertible Bonds Transferred To Common Stock	690	6,191						6,881
Decrease (increase) in treasury stock							(34,454)	(34,454)
BALANCE, DECEMBER, 31, 2015	\$ 796,054	\$ 871,572	\$ 462,706	\$ -	\$ 1,509,840	\$ 26,872	\$ (34,454)	\$ 3,632,590
BALANCE, JANUARY, 1, 2016	\$ 796,054	\$ 871,572	\$ 462,706	\$ -	\$ 1,509,840	\$ 26,872	\$ (34,454)	\$ 3,632,590
Legal capital reserve			29,482		(29,482)			-
Cash Dividends of Common Stock					(238,816)			(238,816)
Net Income in 2016					563,279			563,279
Other comprehensive income in 2016, net of income tax					(1,665)	(57,049)		(58,714)
Total comprehensive income					561,614	(57,049)		504,565
Issuance of stock from exercise of employee stock options		14,163					34,454	48,617
BALANCE, DECEMBER, 31, 2016	\$ 796,054	\$ 885,735	\$ 492,188	\$ -	\$ 1,803,156	\$ (30,177)	\$ -	\$ 3,946,956

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

**MPI CORPORATION**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
From January 1 to December 31, 2016 and 2015  
(All amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

Items	Jan 1 ~ Dec 31,2016	Jan 1 ~ Dec 31,2015
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Income before income tax	\$ 633,615	\$ 338,677
Adjustments to reconcile net income to net		
Depreciation	232,438	176,163
Amortization	44,731	40,241
(Reversal) allowance for doubtful receivables	(235)	3,649
Gains on Financial Assets (Liabilities) at Fair Value through Profit or Loss	(1,742)	2,285
Interest expense	18,608	13,177
Interest revenue	(540)	(887)
Compensation cost of employee stock options	12,937	-
Loss (gain) on equity-method investments	(18,596)	(3,402)
(Gain) loss on disposal of property, plant and equipment	175	285
Gains on disposal of investments	-	(5,706)
Loss on valuation of nonfinancial asset	45,533	-
(Realized) Unrealized gross profit on sales to subsidiaries and associates	(23,501)	83,913
Adjustments-exchange (Gain) loss on prepayments for equipment	(564)	1,677
Net changes in operating assets and liabilities		
Decrease (Increase) in notes receivable	5,398	4,527
Decrease (Increase) in notes receivable-related parties	-	5,299
Decrease (Increase) in accounts receivable	11,050	(98,879)
Decrease (Increase) in accounts receivable-related parties	144,186	41,808
Decrease (Increase) in other receivables	4,835	2,656
Decrease (Increase) in other receivables-related parties	(6,754)	(17,490)
Decrease (Increase) in inventories	(329,489)	42,384
Decrease (Increase) in prepayments	(7,093)	15,917
Decrease (Increase) in other current assets	(210)	(166)
Net changes in operating assets and liabilities		
(Decrease) Increase in accounts payable	35,752	(87,260)
(Decrease) Increase in accounts payable-related parties	(3,672)	(3,386)
(Decrease) Increase in other accounts payable	158,008	(72,313)
(Decrease) Increase in other accounts payable-related parties	22,401	23,033
(Decrease) Increase in provision of liabilities	1,355	(3,616)
(Decrease) Increase in sales revenue received in advance	195,469	(154,819)
(Decrease) Increase in other current liabilities	(2,785)	625
Decrease(Increase) in accrued pension cost	1,548	(3,168)
Cash generated from operations	1,172,858	345,224
Interest received	540	1,027
Interest (excluding capitalization of interest)	(7,512)	(2,039)
Cash dividends	(238,816)	(318,422)
Income taxes paid	(70,881)	(81,979)
Net cash Provided By Operating Activities	<u>856,189</u>	<u>(56,189)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from disposal of financial assets measured at cost	-	25,938
Addition of investments accounted for using equity method	(48,555)	(349,990)
Disposal of investments accounted for using equity method	13,254	-
Additions to property, plant and equipment	(211,447)	(886,717)
Proceeds from sale of property, plant and equipment	482	126
Intangible assets	(22,402)	(28,057)
Increase in other financial assets	(38)	(29)
(Increase) in other non-current assets	(205,440)	-
Decrease in other non-current assets	-	80,161
Cash dividends received from equity-method investees	5,000	22,700
Net cash Provided Used In Investing Activities	<u>(469,146)</u>	<u>(1,135,868)</u>

(Continue)

**MPI CORPORATION**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
From January 1 to December 31, 2016 and 2015  
(All amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

Items	Jan 1 ~ Dec 31, 2016	Jan 1 ~ Dec 31, 2015
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Increase (decrease) in short-term loans	-	550,000
(decrease) in short-term loans	(170,000)	-
Increase in long-term borrowings	-	191,771
Repayments of long-term loans	(9,428)	-
Increase (decrease) in noncurrent liabilities	(1,159)	-
Decrease (increase) in treasury stock	-	(34,454)
Employees to repurchase of treasury stock	34,349	-
Net cash (Used In) Financing Activities	<u>(146,238)</u>	<u>707,317</u>
Net increase in cash and cash equivalents	240,805	(484,740)
Cash and cash equivalents at beginning of year	234,594	719,334
Cash and cash equivalents at end of year	<u>\$ 475,399</u>	<u>\$ 234,594</u>

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

## **Independent Auditor’s Audit Report**

### **The Board of Directors and Shareholders**

### **MPI Corporation**

### **Opinion**

We have audited the accompanying consolidated financial statements of **MPI CORPORATION** (the “Company”) and its subsidiaries (collectively referred to as the “Group”), which comprise the consolidated balance sheets as of December 31, 2016 and 2015, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2016 and 2015, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the 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 Group in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2016. These matters were addressed in the context of our audit of the consolidated financial



statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters on the consolidated financial statements for the year ended December 31, 2016 were as follows:

## **I. Revenue Recognition**

### Matter Description

Regarding the accounting policy of revenue recognition, please refer to (16) of Note 4 of the Consolidated Financial Statements.

Sales revenue is the major index for investors and the management to evaluate the finance or performance of MPI Group. As the point in time for revenue recognition and the amount of recognized revenue can make a big difference on the financial statements, the CPA(s) has also reviewed the accuracy of these two key factors during the audit.

### Audit Procedures in Response

The CPA(s) has implemented audit procedures in response as summarized below:

- (1) Understood and tested the design and implementation efficiency of sales and receiving circulation control system.
- (2) Understood the major revenue type and trading terms of MPI Group to assess if the accounting policy of point in time for revenue recognition is appropriate.
- (3) Understood the product type and sales of the top 10 customers; sampled and reviewed the orders; assessed the influence of trading terms to revenue recognition; and confirmed if MPI Group has handled accounting relevant activities appropriately.
- (4) Evaluated if the number of days for turning over the sales revenue and payables; and analyzed changes to customers of this and last year at the same time point to see if there is any abnormality.
- (5) Implemented the detail test, where transactions of sales revenue before and after the financial statements within a specified period have been sampled to carry out the cut-off test and verify relevant certificates. Changes to the inventory in account books and transferred sales costs have been recorded during an appropriate period of period to evaluate the correctness of the period of recognizing the revenue, ensure if there is any abnormal revenue journal voucher, and understand if there is any grave refund or return after the period.

## **2. Inventory Valuation**

### Matter Description

Regarding the accounting policy of inventory valuation, please refer to (8) of Note 4 of Consolidated Financial Statements. Regarding significant accounting judgments, estimations, and assumptions of inventory valuation, please refer to Note 5 of Individual Financial Statements. Regarding descriptions of inventory accounting items, please refer to (4) of Note 6 of Individual Financial Statements. The Group recognize inventories amounting to NT\$2,174,063 thousand and Allowance for inventories amounting to NT\$219,377 thousand. The book value of the Group's

inventories as December 31, 2016 was NT\$1,954,686 thousand and accounted 27% of the total assets in the consolidated balance sheet.

MPI Group mainly engages in the manufacturing and sales of semiconductor production and testing equipment. Due to rapid technological changes, short life cycle and intense market competition of electronic products, there is a high tendency for inventory valuation loss and losses caused by outdated inventory. The inventory is evaluated by either the cost or net realizable value, depending on which one has the lower value. Inventories that exceed specific inventory age or are evaluated as outdated during individual assessment shall have the inventory loss evaluation conducted also based on the inventory age and future product demand during specific period of time. The information comes from the management's judgement on each product's net realizable value based on the inventory sales, age and quality conditions. As the amount of MPI Corporation's inventory is great; a number of items are included on the inventory list; and the valuation of inventories that have exceeded specific age or are outdated relies heavily on the management's subjective judgement and involves a high degree of uncertainty, the Account(s) believes that the inventory valuation and obsolescence loss is one of the key audit matters of the year.

#### Audit Procedures in Response

The CPA(s) has implemented the audit procedures in response as summarized below:

- (1) With the CPA's knowledge of the industry and MPI Group's operations, evaluated the soundness of the Corporation's policies concerning the allowance for inventory valuation loss and doubtful debts.
- (2) Understood MPI Group's inventory management procedures, reviewed its annual inventory plan, and participated in its annual inventory check to evaluate the management's judgement and control efficiency of outdated inventories.
- (3) Acquired the list of product inventory age, verified the appropriateness of reporting system logic, and confirmed the consistency of report information and adopted policies.
- (4) Evaluated the appropriateness of the methods of calculating inventory valuation impairment, including deciding the inventory classification based on the net realizable value, checking individual material number to verify the basic assumption of the calculation in relevant supporting document, and verify the accuracy of calculation.

### **3. Impairment Evaluation of Investments Accounted for Using the Equity Method (Goodwill Impairment Evaluation):**

#### Matter Description

Regarding the accounting policy of goodwill impairment, please refer to impairment of intangible assets and non-financial assets as described in (12) and (13) of Note 4 of Consolidated Financial Statements. Regarding significant accounting judgments, estimations, and assumptions of goodwill impairment evaluation, please refer to Note 5 of Consolidated Financial Statements. Regarding

descriptions of goodwill impairment evaluation, please refer to Investments Accounted for Using the Equity Method as described in (8) of Note 6 of Consolidated Financial Statements.

MPI Group acquired 100% equity of Allstron Corp (Allstron), and recognized goodwill with a value of NT\$45,533 thousand in the Consolidated Financial Statements. As a player in the electronic industry, Allstron is targeting the segment of measurement applications for its product line. For MPI Group, Allstron is a cash generating unit, and for goodwill impairment evaluation, Allstron's forecasted cash flow has been applied with an appropriate discount rate to measure this cash generating unit's recoverable amount. This year, the Allstron product line suffered from market downturn and unfavorable sales. Conducted by MPI Group, the evaluation of Allstron's recoverable amount revealed that its recoverable amount was lower than its goodwill carrying amount. MPI Group therefore recognized goodwill impairment with a value of NT\$45,533 thousand which is around 7% of individual benefits before tax, this year.

Regarding this cash generating unit's forecasted cash flow that is used to measure its recoverable amount, the forecast can come easily with subjective judgement and is accompanied with a high degree of uncertainty as it involves a number of assumptions, including the applied discount rate and five-year financial forecast that is used to estimate the future cash flow. These assumptions can make a huge difference in the measurement of recoverable amount and further affect the estimation of goodwill impairment amount. Therefore, the CPA(s) believes that the goodwill impairment evaluation conducted by MPI Group on Allstron shall be is one of the key audit matters of the year.

#### Audit Procedures in Response

Regarding specific descriptions of above key audit matters, the CPA(s) has implemented the audit procedures in response as summarized below:

- (1) Evaluated the management's procedures of forecasting Allstron's future cash flow and compared the consistency between the evaluation model's cash-flow forecast for the incoming five years and the operation approved by the management.
- (2) Discussed specific actions conducted during the operation plan and reviewed management's actual performance in the past operation plan to evaluate its will and ability to perform.
- (3) With supports of the Nexia Sun Rise's financial consultants and experts, evaluated the soundness of evaluation model, all types of growth rates, discount rate and other major assumptions adopted by the internal evaluators of the management. The procedures include:
  - A. The process and accordance of forecasting the sales growth rate and interest rate.
  - B. Check the generating unit's capital cost assumptions for adopted discount rate and compare it with similar return on assets in the market.
  - C. Checked the parameter and equation setting of the evaluation model.
  - D. Evaluated alternative assumptions of various forecasted growth rates and discounts rates adopted by the management to perform the sensitivity analysis of future cash flow; and confirmed the management has appropriately handled the uncertainty and possible influence involved in the estimation of impairment evaluation.

## **Other Matter-Making Reference to the Audits of Component Auditors**

Information on the subsidiaries of MPI Corporation included in the aforementioned statements covering the period of 2016 and 2015. And the information on direct investment as disclosed in note 13 is valued as audited by other public accountants. Said subsidiaries' total assets of are NT\$39,649 thousand and NT\$52,276 thousand or accounted for 0.55% and 0.79% of the consolidated total assets as of December 31, 2016 and 2015, respectively. As of January 1 to December 31, 2016 and 2015, had net operating revenue amounted to NT\$52,927 thousand and NT\$56,362 thousand, or accounted for 1.07% and 1.40% of the consolidated net operating revenue, respectively.

## **Other Matter**

We have also audited the parent Group only financial statements of MPI CORPORATION as of and for the years ended December 31, 2016 and 2015 on which we have issued an unqualified opinion.

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

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

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

Those charged with governance, including supervisors, are responsible for overseeing the Group's financial reporting process.

## **Auditors' Responsibilities for the Audit of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the auditing standards generally accepted in the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered

material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

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

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

We also provide those charged with governance with a statement that we have complied with

relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2016 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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Sun Rise CPAs & Company  
Taipei, Taiwan, Republic of China

March 24, 2017

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The accompanying consolidated financial statements are intended only to present the consolidated financial position, financial performance 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 audit such consolidated financial statements are those generally applied in the Republic of China.

For the convenience of readers, the independent auditors' report and the accompanying consolidated financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' report and consolidated financial statements shall prevail.

**MPI CORPORATION AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS (ASSETS)**  
**DECEMBER 31 ,2016 AND 2015**

(All amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

ASSETS	Note	December 31,2016		December 31,2015	
		Amounts	%	Amounts	%
<b>CURRENT LIABILITIES</b>					
Cash and cash equivalents	6(1)	\$ 749,227	10	\$ 473,793	7
Current financial assets at fair value through profit or loss	6(12)	60	-	-	-
Notes receivable, net	6(2)	18,001	-	26,568	-
Accounts receivable, net	6(3)	774,020	11	769,566	12
Accounts receivable -related parties, net	6(3).7	36,613	1	81,938	1
Other receivables		14,944	-	19,725	-
Income tax receivable		1,736	-	1,603	-
Inventories, net	6(4)	1,954,686	27	1,636,177	25
Prepayments		101,670	1	125,854	2
Other current assets	8	11,596	-	10,587	-
Total Current Assets		<u>3,662,553</u>	<u>50</u>	<u>3,145,811</u>	<u>47</u>
<b>NONCURRENT ASSETS</b>					
Investments accounted for using equity method	6(6)	96,221	1	112,301	2
Property, plant and equipment	6(7).7.8	2,971,021	41	2,962,969	45
Intangible assets	6(8)	35,923	1	81,467	1
Deferred income tax assets	6(18)	65,622	1	59,193	1
Other noncurrent assets		433,654	6	289,730	4
Total Noncurrent Assets		<u>3,602,441</u>	<u>50</u>	<u>3,505,660</u>	<u>53</u>
<b>TOTAL ASSETS</b>		<u>\$ 7,264,994</u>	<u>100</u>	<u>\$ 6,651,471</u>	<u>100</u>

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

**MPI CORPORATION AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS (LIABILITIES AND EQUITY)**  
**DECEMBER 31, 2016 AND 2015**  
(All amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

LIABILITIES AND EQUITY	Note	December 31, 2016		December 31, 2015	
		Amounts	%	Amounts	%
<b>CURRENT LIABILITIES</b>					
Short-term loans	6(9)	\$ 384,052	5	\$ 554,217	9
Current financial liabilities at fair value through profit or loss	6(12)	-	-	1,682	-
Notes payable		-	-	56	-
Accounts payable		425,773	6	394,182	6
Accounts payable-related parties	7	92	-	2,992	-
Payables on equipment		134,487	2	127,068	2
Other payables	6(10)	640,354	9	479,110	7
Other payables-related parties	7	342	-	6,667	-
Income tax payable		46,762	1	42,783	1
Provisions	6(11)	2,595	-	1,240	-
Sales revenue received in advance	7	696,866	10	492,069	8
Corporate bonds payable – current portion	6(12)	590,647	8	579,433	9
Current portion of long-term liabilities	6(13)	9,328	-	9,328	-
Lease obligations payable – <b>current</b>		16,697	-	-	-
Other current liabilities		26,026	-	23,199	-
Total Current Liabilities		<u>2,974,021</u>	<u>41</u>	<u>2,714,026</u>	<u>42</u>
<b>NONCURRENT LIABILITIES</b>					
Long-term loans	6(13)	240,640	3	250,068	4
Deferred income tax liabilities	6(18)	11,292	-	11,679	-
Lease obligations payable – <b>noncurrent</b>		50,091	1	-	-
Accrued pension cost		29,071	1	26,014	-
Other noncurrent liabilities		97	-	1,256	-
Total Other Liabilities		<u>331,191</u>	<u>5</u>	<u>289,017</u>	<u>4</u>
<b>TOTAL LIABILITIES</b>		<u>3,305,212</u>	<u>46</u>	<u>3,003,043</u>	<u>46</u>
<b>EQUITY</b>					
EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE PARENT					
Capital common stock		796,054	11	796,054	12
Capital surplus		885,735	12	871,572	13
Retained earnings					
Appropriated as legal capital reserve		492,188	7	462,706	7
Unappropriated earnings		1,803,156	24	1,509,840	23
Total Retained Earnings		<u>2,295,344</u>	<u>31</u>	<u>1,972,546</u>	<u>30</u>
Other					
Foreign currency translation adjustments		(30,177)	-	26,872	-
Total others		<u>(30,177)</u>	<u>-</u>	<u>26,872</u>	<u>-</u>
Treasury stock		-	-	(34,454)	(1)
Equity attributable to shareholders of the parent		<u>3,946,956</u>	<u>54</u>	<u>3,632,590</u>	<u>54</u>
<b>NONCONTROLLING INTERESTS</b>		<u>12,826</u>	<u>-</u>	<u>15,838</u>	<u>-</u>
<b>TOTAL EQUITY</b>		<u>3,959,782</u>	<u>54</u>	<u>3,648,428</u>	<u>54</u>
<b>TOTAL LIABILITIES AND EQUITY</b>		<u>\$ 7,264,994</u>	<u>100</u>	<u>\$ 6,651,471</u>	<u>100</u>

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



**MPI CORPORATION AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**  
From January 1 to December 31, 2016 and 2015  
(All amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

Items	Note	January 1 ~ December 31,2016		January 1 ~ December 31,2015	
		Amounts	%	Amounts	%
<b>OPERATING REVENUE, NET</b>	7				
Sales revenue		\$ 4,532,993	91	\$ 3,712,683	92
Less: sales returns		(2,531)	-	(3,270)	-
sales discounts and allowances		(34)	-	(2,289)	-
Commission revenue		99,065	2	65,254	2
Processing Fees revenue		332,262	7	240,792	6
Operating Revenue, net		4,961,755	100	4,013,170	100
<b>OPERATING COSTS</b>	6(4).7	(2,665,069)	(54)	(2,220,098)	(55)
<b>GROSS PROFIT</b>		2,296,686	46	1,793,072	45
Realized (Unrealized) Gross profit on sales to subsidiaries and associates		176	-	3,039	-
<b>GROSS PROFIT, NET</b>		2,296,862	46	1,796,111	45
<b>OPERATING EXPENSES</b>	7				
Selling expenses		(443,492)	(9)	(396,216)	(10)
General & administrative expenses		(318,812)	(6)	(260,632)	(7)
Research and development expenses	6(8)	(848,616)	(17)	(819,423)	(20)
Operating expense, net		(1,610,920)	(32)	(1,476,271)	(37)
<b>OPERATING INCOME</b>		685,942	14	319,840	8
<b>NON-OPERATING INCOME AND EXPENSES</b>					
Other gains and losses	6(17)	(61,394)	(1)	19,578	1
Finance costs	6(17)	(19,490)	(1)	(13,397)	-
Share of profits of subsidiaries and associates	6(6)	4,341	-	6,728	-
Interest income	7	1,725	-	2,126	-
Rent income	7	7,565	-	8,888	-
Other non-operating revenue-other items	7	32,799	1	15,751	-
Total Non-operating Income		(34,454)	(1)	39,674	1
<b>INCOME BEFORE INCOME TAX</b>		651,488	13	359,514	9
<b>INCOME TAX BENEFIT(EXPENSE)</b>	6(18)	(90,651)	(2)	(65,373)	(2)
<b>NET INCOME</b>		560,837	11	294,141	7
<b>OTHER COMPREHENSIVE INCOME (LOSS)</b>					
Items that are not to be reclassified to profit or loss					
Re-measurements from defined benefit plans		(1,665)	-	(8,408)	-
Items that may be reclassified subsequently to profit or loss					
Exchange differences arising on translation of foreign operations		(57,619)	(1)	(14,542)	-
Other comprehensive income for the year, net of income tax		(59,284)	(1)	(22,950)	-
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		\$ 501,553	10	\$ 271,191	7
<b>NET INCOME(LOSS) ATTRIBUTABLE TO :</b>					
Shareholders of the parent		\$ 563,279	11	\$ 294,820	7
Noncontrolling interests		(2,442)	-	(679)	-
		\$ 560,837	11	\$ 294,141	7
<b>TOTAL COMPREHENSIVE INCOME(LOSS)</b>					
Shareholders of the parent		\$ 504,565	10	\$ 272,512	7
Noncontrolling interests		(3,012)	-	(1,321)	-
		\$ 501,553	10	\$ 271,191	7
<b>EARNINGS PER COMMON SHARE(NTD)</b>	6(19)				
Basic earnings per share		\$ 7.09		\$ 3.71	
Diluted earnings per share		\$ 6.49		\$ 3.42	

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

**MPI CORPORATION AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**  
From January 1 to December 31, 2016 and 2015

(All amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

Items	Capital-		Retained Earnings		Others		Treasury Stock	Total	Non-controlling	Total Equity
	Common Stock	Capital Surplus	Legal Capital Reserve	Unappropriated Earnings	Foreign Currency Translation Reserve					
BALANCE, JANUARY, 1, 2015	\$ 795,364	\$ 885,012	\$ 410,942	\$ 1,593,614	\$ 40,772	\$ -	\$ 3,725,704	\$ 17,159	\$ 3,742,863	
Legal capital reserve			51,764	(51,764)			-		-	
Cash Dividends of Common Stock				(318,422)			(318,422)		(318,422)	
Capital Reserve From Stock Warrants		(325)					(325)		(325)	
Disposal of investments accounted for under the equity method		(19,306)					(19,306)		(19,306)	
Net Income in 2015				294,820			294,820	(679)	294,141	
Other comprehensive income in 2015, net of income tax				(8,408)	(13,900)		(22,308)	(642)	(22,950)	
Total comprehensive income in 2015				286,412	(13,900)		272,512	(1,321)	271,191	
Convertible Bonds Transferred To Common Stock	690	6,191					6,881		6,881	
Decrease (increase) in treasury stock						(34,454)	(34,454)		(34,454)	
<b>BALANCE, DECEMBER, 31, 2015</b>	<b>\$ 796,054</b>	<b>\$ 871,572</b>	<b>\$ 462,706</b>	<b>\$ 1,509,840</b>	<b>\$ 26,872</b>	<b>\$ (34,454)</b>	<b>\$ 3,632,590</b>	<b>\$ 15,838</b>	<b>\$ 3,648,428</b>	
BALANCE, JANUARY, 1, 2016	\$ 796,054	\$ 871,572	\$ 462,706	\$ 1,509,840	\$ 26,872	\$ (34,454)	\$ 3,632,590	\$ 15,838	\$ 3,648,428	
Legal capital reserve			29,482	(29,482)			-		-	
Cash Dividends of Common Stock				(238,816)			(238,816)		(238,816)	
Net Income in 2016				563,279			563,279	(2,442)	560,837	
Other comprehensive income in 2016, net of income tax				(1,665)	(57,049)		(58,714)	(570)	(59,284)	
Total comprehensive income				561,614	(57,049)		504,565	(3,012)	501,553	
Issuance of stock from exercise of employee stock options		14,163					34,454		48,617	
<b>BALANCE, DECEMBER, 31, 2016</b>	<b>\$ 796,054</b>	<b>\$ 885,735</b>	<b>\$ 492,188</b>	<b>\$ 1,803,156</b>	<b>\$ (30,177)</b>	<b>\$ -</b>	<b>\$ 3,946,956</b>	<b>\$ 12,826</b>	<b>\$ 3,959,782</b>	

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

**MPI CORPORATION AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
From January 1 to December 31, 2016 and 2015

(All amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

Items	Jan 1 ~ Dec 31,2016	Jan 1 ~ Dec 31,2015
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Income before income tax	\$ 651,488	\$ 359,514
Adjustments to reconcile net income to net		
Depreciation	361,936	268,359
Amortization	57,161	47,684
(Reversal) allowance for doubtful receivables	1,726	4,984
Gains on Financial Assets (Liabilities) at Fair Value through Profit or Loss	(1,742)	2,285
Interest expense	19,490	13,397
Interest revenue	(1,725)	(2,126)
Compensation cost of employee stock options	14,268	-
Loss (gain) on equity-method investments	(4,341)	(6,728)
(Gain) loss on disposal of property, plant and equipment	191	307
Gains on disposal of investments	-	(5,706)
Loss on valuation of nonfinancial asset	45,533	-
(Realized) Unrealized gross profit on sales to subsidiaries and associates	(176)	(3,039)
Adjustments-exchange (Gain) loss on prepayments for equipment	(564)	1,677
Net changes in operating assets and liabilities		
Decrease (Increase) in notes receivable	8,567	18,280
Decrease (Increase) in accounts receivable	(5,804)	(185,891)
Decrease (Increase) in accounts receivable-related parties	45,398	21,366
Decrease (Increase) in other receivables	4,780	2,518
Decrease (Increase) in inventories	(318,509)	75,415
Decrease (Increase) in prepayments	24,183	14,049
Decrease (Increase) in other current assets	(666)	1,179
(Decrease) Increase in notes payable	(56)	(2,204)
(Decrease) Increase in accounts payable	31,592	(106,623)
(Decrease) Increase in accounts payable-related parties	(2,900)	(5,032)
(Decrease) Increase in other accounts payable	161,361	(60,622)
(Decrease) Increase in other accounts payable-related parties	(6,325)	(7,189)
(Decrease) Increase in provision of liabilities	1,355	(3,616)
(Decrease) Increase in sales revenue received in advance	204,798	(171,217)
(Decrease) Increase in other current liabilities	2,826	4,152
Decrease(Increase) in accrued pension cost	1,392	(3,327)
Cash generated from operations	1,295,237	271,846
Interest received	1,726	2,267
Cash dividends received	13,192	-
Interest (excluding capitalization of interest)	(8,393)	(2,259)
Cash dividends	(238,816)	(318,422)
Income taxes paid	(93,622)	(111,407)
Net cash Provided By Operating Activities	969,324	(157,975)

(Continue)

**MPI CORPORATION AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
From January 1 to December 31, 2016 and 2015

(All amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

Items	Jan 1 ~ Dec 31,2016	Jan 1 ~ Dec 31,2015
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from disposal of financial assets measured at cost	-	25,938
Net cash flow from acquisition of subsidiaries	(332,669)	(1,087,949)
Proceeds from sale of property, plant and equipment	482	149
Intangible assets	(22,966)	(28,057)
Increase in other financial assets	(344)	(34)
(Increase) in other non-current assets	(181,299)	-
Decrease in other non-current assets	-	43,636
Cash dividends received from equity-method investees	(123)	-
Net cash Provided Used In Investing Activities	<u>(536,919)</u>	<u>(1,046,317)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Increase (decrease) in short-term loans	-	549,833
(decrease) in short-term loans	(170,165)	-
Increase in long-term borrowings	-	191,771
Repayments of long-term loans	(9,428)	-
Increase (decrease) in other nocurrent liabilities	(1,159)	(127)
Decrease (increase) in treasury stock	-	(34,454)
Employees to repurchase of treasury stock	34,349	-
Increase (decrease) in noncontrolling interests	(570)	(642)
Net cash (Used In) Financing Activities	<u>(146,973)</u>	<u>706,381</u>
Effects of exchange rate change on cash	<u>(9,998)</u>	<u>(3,908)</u>
Net increase in cash and cash equivalents	275,434	(501,819)
Cash and cash equivalents at beginning of year	473,793	975,612
Cash and cash equivalents at end of year	<u>\$ 749,227</u>	<u>\$ 473,793</u>

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

## Appendix V

**MPI Corporation**  
**Disposition of Net Earnings**  
2016

Unit: NTD

Item	Amount	
	Subtotal	Total
Unallocated earnings at the ending		\$ 1,241,541,469
Less: Other consolidated income (actuarial income under defined benefit plan 2016)	( 1,664,090)	
Add: Net profit after tax this year	563,278,795	
Subtotal:		1,803,156,174
Provision:		
Less: Provision of 10% legal reserve	( 56,327,880)	
Less: Special Reserve (Shareholders' equity less-Exchange difference arising from translation of the financial statement of foreign operations)	( 30,177,018)	
Subtotal of allocable earnings:		1,716,651,276
Item of distribution:		
Shareholder bonus - cash	( 334,342,646)	
Shareholder bonus - stock	( 0)	
Unallocated earnings at the ending		\$ 1,382,308,630

Chairman: Ko, Chang-Lin    President: Scott Kuo    Chief Accounting Officer: Rose Jao

## Appendix VI

### MPI Corporation

#### Mapping of the clauses of the Articles of Incorporation before and after amendment

Clause	Before amendment	After amendment	Cause of amendment
Article XII	<p>The Company shall establish 5 seats of directors and 3 seats of supervisors, who shall be persons of legal competent and elected by the General Meeting of Shareholders. Directors and supervisors shall have tenure of 3 years and may be assume a second term of office if reelected.</p> <p>Of all the seats of directors as mentioned, there shall be at least two (2) seats of independent directors who shall be elected from a nomination of candidates system and the number of seats for independent directors shall constitute at least 1/5 of the total seats of directors. The professional qualification, quantity of shareholding, limitation of job position, methods of nomination and election and other issues for compliance shall be handled in accordance with the requirements of the competent authority of securities. The Company may purchase liability insurance policies to insure itself against liabilities incurred by directors and supervisors over the terms of their service. The board of directors is fully authorized to proceed with insurance-related matters.</p>	<p>The Company shall establish 5 seats of directors and 3 seats of supervisors, who shall be <u>nominated using the nomination system</u> and elected during the General Meeting of Shareholders <u>from the list of nominated director and supervisor candidates</u>. Directors and supervisors shall serve a tenure of 3 years and may assume a second term of office if reelected.</p> <p>Of all the seats of directors as mentioned, there shall be at least two (2) seats of independent directors who shall be elected from a nomination of candidates system and the number of seats for independent directors shall constitute at least 1/5 of the total seats of directors. The professional qualification, quantity of shareholding, limitation of job position, methods of nomination and election and other issues for compliance shall be handled in accordance with the requirements of the competent authority of securities. The Company may purchase liability insurance policies to insure itself against liabilities incurred by directors and supervisors over the terms of their service. The board of directors is fully authorized to proceed with insurance-related matters.</p>	Keep abreast with the changes in applicable legal rules
Article XXII	<p>The Articles of Incorporation were instituted on July 20, 1995. Amendment was made for the 1st instance on September 20, 1996. (skipped)</p>	<p>The Articles of Incorporation were instituted on July 20, 1995. Amendment was made for the 1st instance on September 20, 1996. (skipped) <u>The 20th amendment was made on June 30, 2017</u></p>	Addition of the date of the last amendment

Appendix VII

MPI Corporation

Comparison of Changes to "Director and Supervisor Election Rules"

Clause	Before amendment	After amendment	Cause of amendment
Article <u>V</u>	<p>The Company's independent directors shall be nominated using the nomination system, and elected during General Meeting from the listed of nominated independent director candidates. Before the book closure date of the General Meeting, the Company is required to announce: the period in which independent director candidate nomination is accepted, the number of seats to be elected, the location where nominations are accepted, and other relevant issues. The nomination period must be no shorter than 10 days.</p> <p>The board of directors or shareholders with more than 1% ownership interest may provide a list of independent director candidates for the next board, to be used as reference for the next independent director election. However, the number of nominees may not exceed the number of elected independent directors. The same headcount applies to independent directors nominated by the board of directors.</p> <p>Other relevant issues of compliance shall be governed by the Company Act and rules of the securities competent authority.</p>	<p>The Company's <del>independent</del> directors <u>and supervisors</u> shall be nominated using the nomination system, and elected during the General Meeting of Shareholders from the list of nominated <del>independent</del> director <u>and supervisor</u> candidates. Before the book closure date of the General Meeting, the Company is required to announce: the period in which <del>independent</del> director <u>and supervisor</u> candidate nomination is accepted, the number of seats to be elected, the location where nominations are accepted, and other relevant issues. The nomination period must be no shorter than 10 days.</p> <p>The board of directors or shareholders with more than 1% ownership interest may provide a list of <del>independent</del> director <u>and supervisor</u> candidates <del>for the next board</del>, to be used as reference for the next <del>independent</del> director <u>and supervisor</u> election. However, the number of nominees may not exceed the number of elected <del>independent</del> directors <u>and supervisors</u>. <del>The same headcount applies to independent directors nominated by the board of directors.</del></p> <p>Other relevant issues of compliance shall be governed by the Company Act and rules of the securities competent authority.</p>	Revised Article number and wording
Article <u>VI</u>	<p>During the election, the chairperson shall designate ballot examiners, ballot announcers and ballot counters to perform duties relating to the election. Ballot examiners may be appointed from shareholders present at the meeting.</p>	<p>During the election, the chairperson shall designate ballot examiners <del>ballot announcers</del> and ballot counters to perform duties relating to the election. Ballot examiners may be appointed from shareholders present at the meeting.</p>	Revised Article number and wording
Article <u>VII</u>	<p>The ballot box shall be prepared by the Company, and opened for public examination by ballot examiners prior</p>	<p>The ballot box shall be prepared by the Company, and opened for public examination by ballot examiners prior</p>	Revised Article number

Clause	Before amendment	After amendment	Cause of amendment
	to the election.	to the election.	
Article <u>VIII</u>	Voters are required to write in the "Voted Candidate" field the name, shareholder ID and the number of votes to be cast to the candidate. Where the candidate is a corporate shareholder, write the full name of the corporate entity or the name of the corporate entity plus the name of its representative.	Voters are required to write in the "Voted Candidate" field the name, shareholder ID and the number of votes to be cast to the candidate. Where the candidate is a corporate shareholder, write the full name of the corporate entity or the name of the corporate entity plus the name of its representative.	Revised Article number
Article <u>IX</u>	Independent director and non-independent director elections shall be held in the same session with votes counted separately.	Independent director and non-independent director elections shall be held in the same session with votes counted separately.	Revised Article number
Article <u>X</u>	Ballots are considered void in any of the following circumstances: (1) Ballots that are not cast into the ballot box. (2) Use of ballots that are not prepared by the Company. (3) Ballots that are left blank. (4) The candidate's name and shareholder ID do not match the shareholders registry. (5) Ballots that are written with text and symbols other than the name and shareholder ID of the voted candidate and the number of votes assigned. (6) Illegible writing. (7) Alteration to the voted candidate's name, shareholder ID or number of votes assigned. (8) The name of the voted candidate coincides with the name of another shareholder, but no shareholder ID is specified for identification purpose.	Ballots are considered void in any of the following circumstances: (1) Ballots that are not cast into the ballot box. (2) Use of ballots that are not prepared by the Company. (3) Ballots that are left blank. (4) The candidate's name and shareholder ID do not match the shareholders registry. (5) Ballots that are written with text and symbols other than the name and shareholder ID of the voted candidate and the number of votes assigned. (6) Illegible writing. (7) Alteration to the voted candidate's name, shareholder ID or number of votes assigned. (8) The name of the voted candidate coincides with the name of another shareholder, but no shareholder ID is specified for identification purpose.	Revised Article number
Article <u>XI</u>	Ballots are to be counted openly immediately after voting. The chairperson will announce the outcome of the vote.	Ballots are to be counted openly immediately after voting. The chairperson will announce the outcome of the vote.	Revised Article number
Article <u>XII</u>	This policy was established on March 5, 2001 with the approval of the board of directors, and implemented following formal acknowledgment at a General Meeting. The same procedures shall apply for subsequent amendments. The 1st amendment was made on	This policy was established on March 5, 2001 with the approval of the board of directors, and implemented following formal acknowledgment at a General Meeting. The same procedures shall apply for subsequent amendments. The 1st amendment was made on	Added Article number and revision date



Clause	Before amendment	After amendment	Cause of amendment
	<p>March 9, 2007 with the approval of the board of directors, and ratified during the General Meeting dated June 15, 2007.</p>	<p>March 9, 2007 with the approval of the board of directors, and ratified during the General Meeting dated June 15, 2007.</p> <p><u>The 2nd amendment was made on March 24, 2017 with the approval of the board of directors, and ratified during the General Meeting dated June 13, 2017.</u></p>	

Appendix VIII

MPI Corporation

Comparison of Changes to "Parliamentary Procedure for General Meeting of Shareholders"

Clause	Before amendment	After amendment	Cause of amendment
Article <u>II</u>	<p>Unless otherwise specified by law, General Meetings are to be convened by the board of directors.</p> <p>The company shall prepare the electronic version of the notice of meeting, appointment of agent form, information on motions for ratification, discussion, the election or discharge of Directors and Supervisors, and the motions and causes of motions and upload the aforementioned information to MOPS at least 30 days before a regular session or at least 15 days before a special session of the General Meeting. In addition, the company shall also prepare the parliamentary procedure handbook and supplementary materials for the meeting in electronic version and upload the information to MOPS at least 21 days before a regular session or 15 days before a special session is scheduled, and prepare the hard copies of parliamentary procedure handbook and supplementary materials for the meeting and make these materials available at the offices of the Company and the professional share registration agent commissioned by the Company, or release the materials on the site of the meeting.</p> <p>The aforementioned notice and announcement shall contain information on the cause of the session, and may be made in electronic form at the consent of the respondents. Motions of election or discharge of Directors, Supervisors, alteration of the Articles of Incorporation, dissolution, merger, split up of the company, or anything as stated in Article 185-1, Article 26-1, Article 43-6 of the Securities and Exchange Act, and Article 56-1 and Article 60-2 of the Regulations Governing the Offering and Issuance of Securities by Securities Issuers shall be explicitly</p>	<p>Unless otherwise specified by law, General Meetings are to be convened by the board of directors.</p> <p>The company shall prepare the electronic version of the notice of meeting, appointment of agent form, information on motions for ratification, discussion, the election or discharge of Directors and Supervisors, and the motions and causes of motions and upload the aforementioned information to MOPS at least 30 days before a regular session or at least 15 days before a special session of the General Meeting. In addition, the company shall also prepare the parliamentary procedure handbook and supplementary materials for the meeting in electronic version and upload the information to MOPS at least 21 days before a regular session or 15 days before a special session is scheduled, and prepare the hard copies of parliamentary procedure handbook and supplementary materials for the meeting and make these materials available at the offices of the Company and the professional share registration agent commissioned by the Company, or release the materials on the site of the meeting.</p> <p>The aforementioned notice and announcement shall contain information on the cause of the session, and may be made in electronic form at the consent of the respondents. Motions of election or discharge of Directors, Supervisors, alteration of the Articles of Incorporation, dissolution, merger, split up of the company, or anything as stated in Article 185-1, Article 26-1, Article 43-6 of the Securities and Exchange Act, and Article 56-1 and Article 60-2 of the Regulations Governing the Offering and Issuance of Securities by Securities Issuers shall be explicitly</p>	<p><u>Revised Article number</u></p>

Clause	Before amendment	After amendment	Cause of amendment
	<p>stated in the cause of calling for the session and cannot be proposed as impromptu motions.</p> <p>Shareholders holding 1% or more of the total outstanding shares of the company propose motions in a regular session in writing but each shareholder is permitted to propose one motion only. Any more motions will not be included into the agenda of the meeting. For proposal of motions pertinent to any conditions as specified in Article 172-1-(4) of the Company Act may be declined by the Board for including into the agenda.</p> <p>The company shall announce the motions proposed by the shareholders, the place and time for handling the motions before the date on which shares are stopped for transactions before a regular session is scheduled. At least 10 days shall be allowed for handling the motions.</p> <p>Each motion is limited to 300 words or it will not be included into the agenda. Shareholders shall attend the regular session in period or appointing a proxy to attend and engaged in the discussion of the motion being proposed.</p> <p>The company shall inform the shareholders of the motions being proposed and handled before the date of notice of the General Meeting and list the motions meeting the requirements of this clause into the meeting notice. For motions proposed by shareholders not being listed into the agenda, the Board shall explain the reasons for noting including such motions as a part of the agenda.</p>	<p>stated in the cause of calling for the session and cannot be proposed as impromptu motions.</p> <p>Shareholders holding 1% or more of the total outstanding shares of the company propose motions in a regular session in writing but each shareholder is permitted to propose one motion only. Any more motions will not be included into the agenda of the meeting. For proposal of motions pertinent to any conditions as specified in Article 172-1-(4) of the Company Act may be declined by the Board for including into the agenda.</p> <p>The company shall announce the motions proposed by the shareholders, the place and time for handling the motions before the date on which shares are stopped for transactions before a regular session is scheduled. At least 10 days shall be allowed for handling the motions.</p> <p>Each motion is limited to 300 words or it will not be included into the agenda. Shareholders shall attend the regular session in period or appointing a proxy to attend and engaged in the discussion of the motion being proposed.</p> <p>The company shall inform the shareholders of the motions being proposed and handled before the date of notice of the General Meeting and list the motions meeting the requirements of this clause into the meeting notice. For motions proposed by shareholders not being listed into the agenda, the Board shall explain the reasons for noting including such motions as a part of the agenda.</p>	
Article <u>III</u>	<p>Shareholders may appoint proxies to attend General Meetings by completing the Company's proxy form and specifying the scope of delegated authority. One shareholder may appoint one proxy and present one authorization of agent only and such document shall be delivered to the company no later than five (5) days prior to the scheduled date of the General Meeting. For repeated</p>	<p>Shareholders may appoint proxies to attend General Meetings by completing the Company's proxy form and specifying the scope of delegated authority. One shareholder may appoint one proxy and present one authorization of agent only and such document shall be delivered to the company no later than five (5) days prior to the scheduled date of the General Meeting. For repeated</p>	<p><u>Revised Article number</u></p>

Clause	Before amendment	After amendment	Cause of amendment
	<p>authorization of agent, the initial authorization shall prevail unless otherwise the previous authorization has been declared for revocation. After the delivery of the authorization of agent to the company and that the shareholder desire to attend the meeting in person, or cast the vote in correspondence or electronic form, such shareholder may inform the company for the revocation of the authorization previous made in writing no later than two (2) days prior to the scheduled date of the meeting. Any late arrival of the petition for revocation of the authorization agent will not be accepted. Accordingly, the proxy shall attend the meeting and cast the vote.</p> <p>Notice to the company for revocation of the authorization of agent must be made in writing. For the expression of such intent beyond the deadline, the vote cast by the proxy in the meeting under the authorization of agent shall stand.</p>	<p>authorization of agent, the initial authorization shall prevail unless otherwise the previous authorization has been declared for revocation. After the delivery of the authorization of agent to the company and that the shareholder desire to attend the meeting in person, or cast the vote in correspondence or electronic form, such shareholder may inform the company for the revocation of the authorization previous made in writing no later than two (2) days prior to the scheduled date of the meeting. Any late arrival of the petition for revocation of the authorization agent will not be accepted. Accordingly, the proxy shall attend the meeting and cast the vote.</p> <p>Notice to the company for revocation of the authorization of agent must be made in writing. For the expression of such intent beyond the deadline, the vote cast by the proxy in the meeting under the authorization of agent shall stand.</p>	
Article <u>IV</u>	<p><u>An attendance log shall be provided to record shareholders' attendance; alternatively, shareholders may present attendance cards to signify their presence.</u></p> <p><u>The quantity of shares represented by the shareholders attending the meeting shall be based on the information of the sign-in books and the sign-in cards being surrendered.</u></p> <p>The company shall present the parliamentary handbook, annual report, attendance card, speech memo, ballots, and other materials for the meeting to shareholders attending the meeting. If there is an election of Directors and Supervisors to be held, attach a ballot for such purpose.</p> <p>The shareholders shall bring with them the attendance card, sign-in card, or other documents for attending the meeting. The Company shall not add the requirement for additional identification documents for a shareholder's attendance to the</p>	<p><del>An attendance log shall be provided to record shareholders' attendance; alternatively, shareholders may present attendance cards to signify their presence.</del></p> <p><del>The quantity of shares represented by the shareholders attending the meeting shall be based on the information of the sign-in books and the sign-in cards being surrendered.</del></p> <p>The company shall present the parliamentary handbook, annual report, attendance card, speech memo, ballots, and other materials for the meeting to shareholders attending the meeting. If there is an election of Directors and Supervisors to be held, attach a ballot for such purpose.</p> <p>The shareholders shall bring with them the attendance card, sign-in card, or other documents for attending the meeting. The Company shall not add the requirement for additional identification documents for a shareholder's attendance to the</p>	<p><u>Revised Article number</u> and amended contents to conform with law</p>

Clause	Before amendment	After amendment	Cause of amendment
	<p>meeting. Persons requesting for authorization of agent instrument shall bring their ID documents for confirmation.</p> <p>Where the shareholders may be the government or institutions, more than one representative may be assigned to attend the meeting.</p>	<p>meeting. Persons requesting for authorization of agent instrument shall bring their ID documents for confirmation.</p> <p>Where the shareholders may be the government or institutions, more than one representative may be assigned to attend the meeting.</p>	
Article <u>V</u>	<p>Attendance and voting during General Meetings are represented in numbers of shares. The quantity of shares represented by the shareholders attending the meeting shall be based on the information of the sign-in book or the sign-in cards being surrendered, plus the votes representing the shares cast by correspondence or electronic mean.</p>	<p>Attendance and voting during General Meetings <u>shall be</u> represented in numbers of shares. The quantity of shares represented by the shareholders attending the meeting shall be based on the information of the sign-in book or the sign-in cards being surrendered, plus the votes representing the shares cast by correspondence or electronic mean.</p>	<p><u>Revised Article number and wording</u></p>
Article <u>VI</u>	<p>General Meetings shall be held at locations that are suitable and convenient for shareholders to attend. Meetings must not commence anytime earlier than 9:00 am or later than 3:00 pm.</p>	<p>General Meetings shall be held at locations that are suitable and convenient for shareholders to attend. Meetings must not commence anytime earlier than 9:00 am or later than 3:00 pm.</p>	<p><u>Revised Article number</u></p>
Article <u>VII</u>	<p>General Meetings that are convened by the board of directors shall be chaired by the Chairman. If the Chairman is unable to perform such duties due to leave of absence or any reason, the Vice Chairman shall act on the Chairman's behalf. If the Vice Chairman is also unavailable or is non-existent, the Chairman may appoint one of the directors to act on behalf. If the Chairman does not appoint a delegate, one shall be elected among the directors to act on behalf. Where an entitled third party other than the Board of Directors may call for the General Meeting, such party shall preside over the meeting. In case there are two entitled parties calling for the General Meeting, one of them shall be nominated to preside over the meeting.</p>	<p>General Meetings that are convened by the board of directors shall be chaired by the Chairman. If the Chairman is unable to perform such duties due to leave of absence or any reason, the Vice Chairman shall act on the Chairman's behalf. If the Vice Chairman is also unavailable or is non-existent, the Chairman may appoint one of the directors to act on behalf. If the Chairman does not appoint a delegate, one shall be elected among the directors to act on behalf. Where an entitled third party other than the Board of Directors may call for the General Meeting, such party shall preside over the meeting. In case there are two entitled parties calling for the General Meeting, one of them shall be nominated to preside over the meeting.</p>	<p><u>Revised Article number</u></p>
Article <u>VIII</u>	<p>The company may summon its lawyers, certified public accountants, and any relevant personnel to be present at the General Meeting. Personnel administering the General</p>	<p>The company may summon its lawyers, certified public accountants, and any relevant personnel to be present at the General Meeting. Personnel administering the General</p>	<p><u>Revised Article number</u></p>

Clause	Before amendment	After amendment	Cause of amendment
	Meeting shall wear ID badge or arm badge at the venue of the meeting.	Meeting shall wear ID badge or arm badge at the venue of the meeting.	
Article <u>IX</u>	The Company's General Meetings must be recorded in video or audio, and kept for at least 1 year. If legal action is instituted by shareholders pursuant to Article 189 of the Company Act, the ballots shall be retained until the final ruling of the action.	The Company's General Meetings must be recorded in video or audio, and kept for at least 1 year. If legal action is instituted by shareholders pursuant to Article 189 of the Company Act, the ballots shall be retained until the final ruling of the action.	<u>Revised Article number</u>
Article <u>X</u>	<p>The chairperson should announce commencement of meeting as soon as it is due. However, if attendants represent less than half of the Company's outstanding shares, the chairperson may announce to postpone the meeting up to two times, for a period totaling no more than one hour. The chairperson shall dismiss the meeting if the attending shareholders still represent less than one-thirds of outstanding shares after two postponements. In the event of that postponement has been made twice and the shareholders present in the meeting cannot represent one-half but represent more than one-third of the total outstanding shares, Article 175-1 of the Company Act shall be applicable whereby provisional resolution could be made.</p> <p>If the session is still in progress with the eventual presence of shareholders representing more than half of the total outstanding shares, the Chairman shall refer the provisional resolution to the General Meeting for finalization pursuant to Article 174 of the Company Act.</p>	<p>The chairperson should announce commencement of meeting as soon as it is due. However, if attendants represent less than half of the Company's outstanding shares, the chairperson may announce to postpone the meeting up to two times, for a period totaling no more than one hour. The chairperson shall dismiss the meeting if the attending shareholders still represent less than one-thirds of outstanding shares after two postponements. In the event of that postponement has been made twice and the shareholders present in the meeting cannot represent one-half but represent more than one-third of the total outstanding shares, Article 175-1 of the Company Act shall be applicable whereby provisional resolution could be made.</p> <p>If the session is still in progress with the eventual presence of shareholders representing more than half of the total outstanding shares, the Chairman shall refer the provisional resolution to the General Meeting for finalization pursuant to Article 174 of the Company Act.</p>	<u>Revised Article number</u>
Article <u>XI</u>	<p>Where General Meeting is convened by the board of directors, the meeting proceeding shall be determined by the board of directors and followed accordingly. No changes can be made to the proceeding except with shareholders' resolution; however, changes to the order of the proceeding can be made at the chairperson's discretion.</p> <p>If only the rearrangement of the orders</p>	<p>Where General Meeting is convened by the board of directors, the meeting proceeding shall be determined by the board of directors and followed accordingly. No changes can be made to the proceeding except with shareholders' resolution; however, changes to the order of the proceeding can be made at the chairperson's discretion.</p> <p>If only the rearrangement of the orders</p>	<u>Revised Article number</u>

Clause	Before amendment	After amendment	Cause of amendment
	<p>of the meeting is required, the Chairman shall make such arrangement.</p> <p>The same principle shall be applicable to General Meeting being called for by parties other than the Board of Directors.</p> <p>Before the parliamentary procedure is accomplished in accordance with the agenda (including the impromptu motions) as stated in the preceding two (2) paragraphs, the Chairman cannot announce for the adjournment of the meeting unless at the resolution of the shareholders in session. However, the Chairman may announce for the adjournment of the meeting for maintaining order of the session, or there is something that cannot allow for the smooth progress of the meeting.</p> <p>After the meeting is adjourned, shareholders cannot nominate another chairman or seek another venue for continuation of the meeting.</p>	<p>of the meeting is required, the Chairman shall make such arrangement.</p> <p>The same principle shall be applicable to General Meeting being called for by parties other than the Board of Directors.</p> <p>Before the parliamentary procedure is accomplished in accordance with the agenda (including the impromptu motions) as stated in the preceding two (2) paragraphs, the Chairman cannot announce for the adjournment of the meeting unless at the resolution of the shareholders in session. However, the Chairman may announce for the adjournment of the meeting for maintaining order of the session, or there is something that cannot allow for the smooth progress of the meeting.</p> <p>After the meeting is adjourned, shareholders cannot nominate another chairman or seek another venue for continuation of the meeting.</p>	
Article <u>XII</u>	<p>Shareholders who wish to speak during the meeting must produce an opinion slip detailing the topic, shareholder ID (or the attendance ID serial) and shareholder's name. The order of shareholders' comments shall be determined by the chairperson.</p> <p>Shareholders who have just prepared the speech memo without taking the floor for delivery of speech shall be deemed no delivery of speech. In case the content of the speech delivered on the floor is irrelevant with the content in the speech memo, the latter shall stand.</p> <p>When a shareholder is having the floor, all other shareholders shall not interfere unless at the consent of the Chairman or the shareholder who is taking the floor. Any unrestrained action shall be discouraged by the Chairman.</p>	<p>Shareholders who wish to speak during the meeting must produce an opinion slip detailing the topic, shareholder ID (or the attendance ID serial) and shareholder's name. The order of shareholders' comments shall be determined by the chairperson.</p> <p>Shareholders who have just prepared the speech memo without taking the floor for delivery of speech shall be deemed no delivery of speech. In case the content of the speech delivered on the floor is irrelevant with the content in the speech memo, the latter shall stand.</p> <p>When a shareholder is having the floor, all other shareholders shall not interfere unless at the consent of the Chairman or the shareholder who is taking the floor. Any unrestrained action shall be discouraged by the Chairman.</p>	<u>Revised Article number</u>
Article <u>XIII</u>	Shareholder cannot speak for more than two times, for 5 minutes each, on the same agenda without the consent	Shareholder cannot speak for more than two times, for 5 minutes each, on the same agenda without the consent	<u>Revised Article number</u>

Clause	Before amendment	After amendment	Cause of amendment
	<p>of the chairperson. The Chairman shall prevent further speech of a particular shareholder who violates the aforementioned requirements or where the content of the speech is irrelevant to the motion in point.</p>	<p>of the chairperson. The Chairman shall prevent further speech of a particular shareholder who violates the aforementioned requirements or where the content of the speech is irrelevant to the motion in point.</p>	
Article <u>XIV</u>	<p>Corporate entities can only appoint one representative to attend General Meetings. For institutional shareholders appointing two (2) or more representatives to the General Meeting, only one representative may expression opinion on particular motion.</p>	<p>Corporate entities can only appoint one representative to attend General Meetings. For institutional shareholders appointing two (2) or more representatives to the General Meeting, only one representative may expression opinion on particular motion.</p>	<u>Revised Article number</u>
Article <u>XV</u>	<p>After a shareholder has finished speaking, the chairperson may answer to the shareholder's queries personally or appoint any relevant personnel to do so.</p>	<p>After a shareholder has finished speaking, the chairperson may answer to the shareholder's queries personally or appoint any relevant personnel to do so.</p>	<u>Revised Article number</u>
Article <u>XVI</u>	<p>Votes in a General Meeting are determined by the number of shares represented during the meeting. For resolution of the General Meeting, the quantity of shares held by shareholders without voting rights is excluded as a part of the total outstanding shares. For motions where specific shareholders have a conflict of interest with the company, these shareholder shall be excused from voting and cannot acting as the proxy of another shareholder to exercise the voting right. The quantity of shares bearing no voting right is excluded from the quantity of shares represented by shareholders attending the meeting in the calculation. If particular person who has been appointed by two (2) or more shareholders as proxy to attend the meeting, the voting right being represented under the authorization of agent shall not exceed 3% of the total quantity of outstanding shares bearing voting rights or the voting right in excess of relevant quantity shall not be</p>	<p>Votes in a General Meeting are determined by the number of shares represented during the meeting. For resolution of the General Meeting, the quantity of shares held by shareholders without voting rights is excluded as a part of the total outstanding shares. For motions where specific shareholders have a conflict of interest with the company, these shareholder shall be excused from voting and cannot acting as the proxy of another shareholder to exercise the voting right. The quantity of shares bearing no voting right is excluded from the quantity of shares represented by shareholders attending the meeting in the calculation. If particular person who has been appointed by two (2) or more shareholders as proxy to attend the meeting, the voting right being represented under the authorization of agent shall not exceed 3% of the total quantity of outstanding shares bearing voting rights or the voting right in excess of relevant quantity shall not be</p>	<u>Revised Article number</u>



Clause	Before amendment	After amendment	Cause of amendment
	counted.	counted.	
Article XVII	<p>Shareholders are entitled to one vote per share, except for shares that are subject to voting restrictions or circumstances outlined in Paragraph 2, Article 179 of The Company Act. When the General Meeting is in session, votes can be cast by correspondence or electronic means. Where the company may adopt an electronic means of voting pursuant to Article 177-1-(1) of the Company Act in exception, it shall adopt both voting by correspondence or electronic means. In so doing, the company shall specify the detail of voting by correspondence or electronic means in the notice of General Meeting. Shareholders casting their votes by correspondence or electronic means shall be deemed attending the meeting in person but votes on impromptu motions or amendment to original motions shall be deemed their abstention from voting of these motions. Instructions to exercise written and electronic votes must be delivered to the Company at least <u>5</u> days before the General Meeting. In the event of duplicate submissions, the earliest submission received shall prevail. In case of repeated expression of intent, the initial intent so expressed shall stand unless declaration for the revocation of the previous expression of intent is made. Shareholders who wish to attend the General Meeting in person after exercising their voting rights in writing or using electronic methods are required to withdraw their votes using the same method by which the vote was cast in the first place, by no later than <u>one</u> day before the day of General Meeting. The written/electronic vote shall prevail if not withdrawn before the cutoff time. If an expression of intent to vote by correspondence or electronic means has been made and at the same time, a proxy has been appointed to attend the meeting, the votes cast by the proxy in</p>	<p>Shareholders are entitled to one vote per share, except for shares that are subject to voting restrictions or circumstances outlined in Paragraph 2, Article 179 of The Company Act. When the General Meeting is in session, votes can be cast by correspondence or electronic means. Where the company may adopt an electronic means of voting pursuant to Article 177-1-(1) of the Company Act in exception, it shall adopt both voting by correspondence or electronic means. In so doing, the company shall specify the detail of voting by correspondence or electronic means in the notice of General Meeting. Shareholders casting their votes by correspondence or electronic means shall be deemed attending the meeting in person but votes on impromptu motions or amendment to original motions shall be deemed their abstention from voting of these motions. Instructions to exercise written and electronic votes must be delivered to the Company at least <u>2</u> days before the General Meeting. In the event of duplicate submissions, the earliest submission received shall prevail. In case of repeated expression of intent, the initial intent so expressed shall stand unless declaration for the revocation of the previous expression of intent is made. Shareholders who wish to attend the General Meeting in person after exercising their voting rights in writing or using electronic methods are required to withdraw their votes using the same method by which the vote was cast in the first place, by no later than <u>two days</u> before the day of General Meeting. The written/electronic vote shall prevail if not withdrawn before the cutoff time. If an expression of intent to vote by correspondence or electronic means has been made and at the same time, a proxy has been appointed to attend the</p>	<p><u>Revised Article number and amended contents to conform with law</u></p>

Clause	Before amendment	After amendment	Cause of amendment
	the meeting shall stand.	meeting, the votes cast by the proxy in the meeting shall stand.	
Article <u>XVIII</u>	The chairperson may announce to discontinue further discussions if the motion is considered to have been sufficiently discussed to proceed with voting. A motion is passed if no objection is expressed by attendants upon the chairperson's inquiry. If a vote is called by the chairperson, the attendants may vote on multiple motions separately in the same session.	The chairperson may announce to discontinue further discussions if the motion is considered to have been sufficiently discussed to proceed with voting. A motion is passed if no objection is expressed by attendants upon the chairperson's inquiry. If a vote is called by the chairperson, the attendants may vote on multiple motions separately in the same session.	<u>Revised Article number</u>
Article <u>XIX</u>	The chairperson will appoint a ballot examiner and a ballot counter; the ballot examiner must be a shareholder. The result of voting shall be announced on the scene immediately and tracked on record.	The chairperson will appoint a ballot examiner and a ballot counter; the ballot examiner must be a shareholder. The result of voting shall be announced on the scene immediately and tracked on record.	<u>Revised Article number</u>
Article <u>XX</u>	The chairperson may call the meeting into recess at a suitable time.	The chairperson may call the meeting into recess at a suitable time.	<u>Revised Article number</u>
Article <u>XXI</u>	Unless otherwise specified in The Company Act or the Articles of Incorporation, an agenda is passed with the consent of shareholders representing more than half of total voting interests in the meeting. At the point of voting, the Chairman or designated personnel shall announce the total quantity of voting rights represented by the shareholders before proceeding to voting. For motions that have no adverse opinions from the shareholders in session as announced, it shall be deemed action in favor of the motions has been taken and the effect shall be the same as casting votes for resolution. For motions that triggered adverse opinions, decision shall be made by voting as stated in preceding paragraphs.	Unless otherwise specified in The Company Act or the Articles of Incorporation, an agenda is passed with the consent of shareholders representing more than half of total voting interests in the meeting. At the point of voting, the Chairman or designated personnel shall announce the total quantity of voting rights represented by the shareholders before proceeding to voting. For motions that have no adverse opinions from the shareholders in session as announced, it shall be deemed action in favor of the motions has been taken and the effect shall be the same as casting votes for resolution. For motions that triggered adverse opinions, decision shall be made by voting as stated in preceding paragraphs.	<u>Revised Article number</u>
Article <u>XXII</u>	In cases where there are several amendments or alternative solutions to a certain agenda, the chairperson shall determine the order in which the new and original proposals are voted. If one of these motion, amendment or substitute is being passed, all other options shall be deemed vetoed and no	In cases where there are several amendments or alternative solutions to a certain agenda, the chairperson shall determine the order in which the new and original proposals are voted. If one of these motion, amendment or substitute is being passed, all other options shall be deemed vetoed and no	<u>Revised Article number</u>

Clause	Before amendment	After amendment	Cause of amendment
	further voting is necessary.	further voting is necessary.	
Article <u>XXIII</u>	<p>Director and supervisor elections in the General Meeting shall proceed according to the Company's election rules. Election results must be announced on-site.</p> <p>The ballots for the aforementioned election shall be kept in the box, sealed and signed by the witness, and retained for at least one year.</p> <p>If legal action is instituted by shareholders pursuant to Article 189 of the Company Act, the ballots shall be retained until the final ruling of the action.</p>	<p>Director and supervisor elections in the General Meeting shall proceed according to the Company's election rules. Election results must be announced on-site.</p> <p>The ballots for the aforementioned election shall be kept in the box, sealed and signed by the witness, and retained for at least one year.</p> <p>If legal action is instituted by shareholders pursuant to Article 189 of the Company Act, the ballots shall be retained until the final ruling of the action.</p>	<u>Revised Article number</u>
Article <u>XIV</u>	<p>General Meeting resolutions shall be compiled into detailed minutes, and signed or sealed by the chairperson, and disseminated to each shareholder by no later than 20 days after the meeting. The preparation and the circulation of the minutes of meeting on record may be made electronically. The minutes of meeting on record as mentioned may be uploaded to MOPS for announcement.</p> <p>The content of the minutes of meeting on record shall contain information on the date, month, year, venue, name of chairman, method of resolution, the process of discussion, the summary and result, and shall be kept during the entire perpetuity of the company.</p> <p>Where the method of resolution as mentioned is the inquiry by the chairman for opinions from the shareholders and that the shareholders expressed no adverse opinions, specify as “passed at unanimous consent of the shareholders upon the inquiry of the chairman”. In case of adverse opinion from the shareholders, specify the method of voting and the number of votes in favor of the motion and the proportion to the voting rights.</p>	<p>General Meeting resolutions shall be compiled into detailed minutes, and signed or sealed by the chairperson, and disseminated to each shareholder by no later than 20 days after the meeting. The preparation and the circulation of the minutes of meeting on record may be made electronically. The minutes of meeting on record as mentioned may be uploaded to MOPS for announcement.</p> <p>The content of the minutes of meeting on record shall contain information on the date, month, year, venue, name of chairman, method of resolution, the process of discussion, the summary and result, and shall be kept during the entire perpetuity of the company.</p> <p>Where the method of resolution as mentioned is the inquiry by the chairman for opinions from the shareholders and that the shareholders expressed no adverse opinions, specify as “passed at unanimous consent of the shareholders upon the inquiry of the chairman”. In case of adverse opinion from the shareholders, specify the method of voting and the number of votes in favor of the motion and the proportion to the voting rights.</p>	<u>Revised Article number</u>
Article <u>XXV</u>	During the General Meeting, the Company shall publish information regarding the number of proxy forms acquired and the number of shares represented by proxies using the	During the General Meeting, the Company shall publish information regarding the number of proxy forms acquired and the number of shares represented by proxies using the	<u>Revised Article number</u>

Clause	Before amendment	After amendment	Cause of amendment
	<p>prescribed format.</p> <p>Where the motions for resolutions may involve materiality under law or Taiwan Stock Exchange Corporation (Taipei Exchange, TPEX (Gre Tai Securities Market, GTSM)), the company shall upload the information to MOPS within stipulated time.</p>	<p>prescribed format.</p> <p>Where the motions for resolutions may involve materiality under law or Taiwan Stock Exchange Corporation (Taipei Exchange, TPEX (Gre Tai Securities Market, GTSM)), the company shall upload the information to MOPS within stipulated time.</p>	
<p>Article <u>XXVI</u></p>	<p>Organizers of the General Meeting must wear proper identification or arm badges.</p> <p>The Chairman may instruct a prefect team (or security personnel) to maintain order of the meeting.</p> <p>In maintaining order at the venue of the meeting, the prefect team (or security personnel) shall wear arm badge marking the word “prefect”.</p> <p>Where the meeting place may be equipped with sound amplifier equipment, the Chairman shall stop any speech delivered by shareholders not using the equipment installed by the company.</p> <p>In the event of insubordination to the correction of the Chairman, obstruction of the progress of the meeting and failure to take corrective action upon persuasion, the respective shareholder shall be escorted by the prefect or security personnel to leave the venue on the order of the Chairman.</p>	<p>Organizers of the General Meeting must wear proper identification or arm badges.</p> <p>The Chairman may instruct a prefect team (or security personnel) to maintain order of the meeting.</p> <p>In maintaining order at the venue of the meeting, the prefect team (or security personnel) shall wear arm badge marking the word “prefect”.</p> <p>Where the meeting place may be equipped with sound amplifier equipment, the Chairman shall stop any speech delivered by shareholders not using the equipment installed by the company.</p> <p>In the event of insubordination to the correction of the Chairman, obstruction of the progress of the meeting and failure to take corrective action upon persuasion, the respective shareholder shall be escorted by the prefect or security personnel to leave the venue on the order of the Chairman.</p>	<p><u>Revised Article number</u></p>
<p>Article <u>XXVII</u></p>	<p>This policy was established on March 5, 2001 with the approval of the board of directors, and implemented following formal approval at a General Meeting. The same procedures shall apply for subsequent amendments. (skipped)</p>	<p>This policy was established on March 5, 2001 with the approval of the board of directors, and implemented following formal approval at a General Meeting. The same procedures shall apply for subsequent amendments. (skipped)</p> <p><u>The 6th amendment was made on March 24, 2017 with the approval of the board of directors, and ratified during the General Meeting dated June 13, 2017.</u></p>	<p><u>Added Article number and revision date</u></p>

Appendix IX

MPI Corporation

Comparison of Changes to "Procedure for the Acquisition and Disposition of Assets"

Clause	Before amendment	After amendment	Cause of amendment
Article VIII	<p>In the event of any of the followings in the acquisition and disposition of assets, the company shall declare with FSC at designated format to designated website within 2 days after action has been taken depending on the nature of the assets:</p> <p>I. Acquisition or disposition of assets from related parties, or engagement in other transactions with related parties beyond the acquisition and disposition of assets in excess of 20% of the paid-in capital, 10% of the total assets, or NTD 300 million of the company, This excludes trading of government bonds, bond repurchases/resales, and subscription or redemption of domestic money market funds.</p> <p>II. Proceeding to corporate mergers, split up, acquisition or acceptance of the assignment of shares.</p> <p>III. Loss in derivative trade at the upper limit of all or individual contracts as set forth in the procedure governing derivative trade.</p> <p>IV. All transactions of assets further to the content as stated in the preceding 3 paragraphs, disposition of creditor right by financial institutions, or investments in Mainland China which amount is in excess of 20% of the paid-in capital of the company or NTD300 million except the followings:            (I) Trading of government bonds.            (II) Where the Company specializes in the investment profession, any securities traded through domestic and overseas exchange or through securities firms, or securities subscribed by a securities firm in the primary market according to laws.</p>	<p>In the event of any of the followings in the acquisition and disposition of assets, the company shall declare with FSC at designated format to designated website within 2 days after action has been taken depending on the nature of the assets:</p> <p>I. Acquisition or disposition of assets from related parties, or engagement in other transactions with related parties beyond the acquisition and disposition of assets in excess of 20% of the paid-in capital, 10% of the total assets, or NTD 300 million of the company, This excludes trading of government bonds, bond repurchases/resales, and subscription or redemption of <u>money market funds issued by domestic securities investment trust companies.</u></p> <p>II. Proceeding to corporate mergers, split up, acquisition or acceptance of the assignment of shares.</p> <p>III. Loss in derivative trade at the upper limit of all or individual contracts as set forth in the procedure governing derivative trade.</p> <p>IV. Acquisition or disposal of operational machinery and equipment, where the counterparty is not a related party <u>and the transaction amount meets any of the following requirements:</u>  <u>(I) For public companies with paid-up capital less than NTD 100 million, the transaction amounts to NTD 500 million and above.</u>  <u>(II) For public companies with paid-up capital of NTD 100 million or higher, the transaction amounts to NTD 1 billion and above.</u></p> <p>V. For public construction company, acquisition or disposal of construction property where the counterparty is not a related party</p>	<p>To conform with requirements of the Financial Supervisory Commission stated in Letter No. Jin-Guan-Zhe ng-Fa-Tze 1060001296</p>

<p>(III) Bond repurchases/resales, or subscription or redemption of domestic money market funds.</p> <p>(IV) Acquisition or disposal of operational machinery and equipment amounting to less than NTD 500 million, where the counterparties are unrelated.</p> <p>(V) Acquisition or disposal of real estate properties for construction use by a public-listed company involved in the construction business, which amount to less than NTD 500 million and that the counterparties are unrelated.</p> <p>(VI) Acquisition of real estate property through the form of: commissioned development over purchased land, commissioned development over leased land, joint development with separate ownership, joint development with proportional holding, or joint development with partial sale, which the Company expects to invest no more than NTD 500 million.</p> <p>The aforementioned amounts shall be calculated in the following methods:</p> <p>I. The amount of each transaction.</p> <p>II. The cumulative amount of similar assets acquired from or disposed to the same counterparty over the past one year.</p> <p>III. The accumulated amount of the acquisition or disposition (calculated separately) of the same project of real property in one year.</p> <p>IV. The accumulated amount of acquisition or dispositions</p>	<p>and the transaction does not amount to NTD 500 million and above.</p> <p><u>VI. Acquisition of real estate property through the form of: commissioned development over purchased land, commissioned development over leased land, joint development with separate ownership, joint development with proportional holding, or joint development with partial sale, which the Company expects to invest no more than NTD 500 million.</u></p> <p><u>VII. All transactions of assets further to the content as stated in the preceding 6 paragraphs, disposition of creditor right by financial institutions, or investments in Mainland China which amount is in excess of 20% of the paid-in capital of the company or NTD 300 million, except the followings:</u></p> <p>(I) Trading of government bonds.</p> <p>(II) Where the company specializes in the investment profession, any securities traded through domestic and overseas exchange or through securities firms, or <u>ordinary corporate bonds and ordinary bank debentures without equity attribute subscribed in the domestic primary market, or securities subscribed by a securities firm as part of its underwriting service or counseling service for Emerging Stock Market companies as regulated by Taipei Exchange.</u></p> <p>(III) Bond repurchases/resales, or subscription or redemption of <u>money market funds issued by domestic securities investment trust companies.</u></p> <p>The aforementioned amounts shall be calculated in the following methods:</p> <p>I. The amount of each transaction.</p> <p>II. The accumulated amount for transactions with particular counterparty for the acquisition or disposition of subject of trade of the same nature in one year.</p> <p>III. The accumulated amount of the acquisition or disposition (calculated separately) of the same project of real property in one year.</p> <p>IV. The accumulated amount of</p>	
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	<p>(calculated separately) of particular security in one year.  One year as referred to shall be the period from the date of deed moving backward for one year in retrospect. The portion of trade already declared as required in this procedure could be exempted from calculation.  The company shall declare all information of derivative trade conducted by itself and subsidiaries, which are not domestic public companies to the end of the previous month in designated format to designated website of FSC by the 10th day of each month. In the event or error of missing of the items required for declaration, the company shall take corrective action and shall declare for a new round as required.  In acquisition or disposition of assets, the company shall keep a copy of related contracts, minutes of meetings on record, record books, appraisal reports, opinions issued by certified public accountants, lawyers or securities underwriters and retain such documents for at least 5 years unless otherwise specified by law.</p>	<p>acquisition or dispositions (calculated separately) of particular security in one year.  One year as referred to shall be the period from the date of deed moving backward for one year in retrospect. The portion of trade already declared as required in this procedure could be exempted from calculation.  The company shall declare all information of derivative trade conducted by itself and subsidiaries, which are not domestic public companies to the end of the previous month in designated format to designated website of FSC by the 10th day of each month. In the event or error of missing of the items required for declaration, the company shall take corrective action and shall declare for a new round <u>within 2 days after becoming aware</u>.  In acquisition or disposition of assets, the company shall keep a copy of related contracts, minutes of meetings on record, record books, appraisal reports, opinions issued by certified public accountants, lawyers or securities underwriters and retain such documents for at least 5 years unless otherwise specified by law.</p>	
Article X	<p>Except for transactions involving government agency, commissioned development of purchased land, commissioned development of leased land, and acquisition/disposal of machinery for business operations, all other acquisitions and disposals of property and equipment amounting to more than 20% of the company's paid up capital or NTD 300 million must be supported by valuation reports issued by professional valuers prior to the event. These valuation reports shall also comply with the following:  I. Where limit price, fixed price or specific price is taken as reference for setting the transaction price due to specific reasons, the resolution of the Board of Directors shall be necessary before the transaction. The same procedure is</p>	<p>Except for transactions involving government agency, commissioned development of purchased land, commissioned development of leased land, and acquisition/disposal of machinery for business operations, all other acquisitions and disposals of property and equipment amounting to more than 20% of the company's paid up capital or NTD 300 million must be supported by valuation reports issued by professional valuers prior to the event. These valuation reports shall also comply with the following:  I. Where limit price, fixed price or specific price is taken as reference for setting the transaction price due to specific reasons, the resolution of the Board of Directors shall be necessary before the transaction. The same procedure is</p>	<p>To conform with requirements of the Financial Supervisory Commission stated in Letter No. Jin-Guan-Zhe ng-Fa-Tze 1060001296</p>

	<p>applicable to any change in the terms and conditions of subsequent transactions.</p> <p>II. The transaction amount exceeds NTD1 billion shall be subject to the appraisal of at least 2 professional appraisal firms.</p> <p>III. If valuation concluded by the professional valuer exhibits any of the following, a certified public accountant must be engaged to provide opinions with regards to the discrepant value and the rationality of the transaction price in accordance with Statement on Auditing Standards No. 20, published by the Accounting Research and Development Foundation of the Republic of China (ARDF), except in situations where the valued price is higher than the price of asset acquired or lower than the price of asset sold:</p> <p>(I) The difference between the appraisal value and the transaction amount exceeds 20% of the transaction amount.</p> <p>(II) The appraisal values presented by 2 or more professional appraisal firms showed variation of more than 10% of the transaction value.</p> <p>IV. The date on which the professional appraisal firms issued the appraisal reports shall not fall beyond 3 months from the date of entering into agreements. If the announced present value in the same period is applicable and is falling within 6 months, the original appraisal firms shall present a statement of opinion.</p>	<p>applicable to any change in the terms and conditions of subsequent transactions.</p> <p>II. The transaction amount exceeds NTD1 billion shall be subject to the appraisal of at least 2 professional appraisal firms.</p> <p>III. If valuation concluded by the professional valuer exhibits any of the following, a certified public accountant must be engaged to provide opinions with regards to the discrepant value and the rationality of the transaction price in accordance with Statement on Auditing Standards No. 20, published by the Accounting Research and Development Foundation of the Republic of China (ARDF), except in situations where the valued price is higher than the price of asset acquired or lower than the price of asset sold:</p> <p>(I) The difference between the appraisal value and the transaction amount exceeds 20% of the transaction amount.</p> <p>(II) The appraisal values presented by 2 or more professional appraisal firms showed variation of more than 10% of the transaction value.</p> <p>IV. The date on which the professional appraisal firms issued the appraisal reports shall not fall beyond 3 months from the date of entering into agreements. If the announced present value in the same period is applicable and is falling within 6 months, the original appraisal firms shall present a statement of opinion.</p>	
Article XII	<p>Except in situations where the counterparty is a government agency, acquisition or disposal of membership or other intangible assets that amount to more than 20% of paid-up capital or NTD 300 million must be supported by CPA's opinions with regards to the rationality of the transaction price according to Statement on Auditing Standards No. 20 published by ADRF before the deal is executed.</p>	<p>Except in situations where the counterparty is a government agency, acquisition or disposal of membership or other intangible assets that amount to more than 20% of paid-up capital or NTD 300 million must be supported by CPA's opinions with regards to the rationality of the transaction price according to Statement on Auditing Standards No. 20 published by ADRF before the deal is executed.</p>	<p>To conform with requirements of the Financial Supervisory Commission stated in Letter No. Jin-Guan-Zheng-Fa-Tze 1060001296</p>
Article XVI	<p>With the exception of government bonds, bond repurchases/resales, and subscription/redemption of</p>	<p>With the exception of government bonds, bond repurchases/resales, and subscription/redemption of</p>	<p>To conform with requirements</p>



<p>domestic money market funds, any acquisition or disposal of real estate property with a related party and any acquisition or disposal of non-real estate asset with a related party that amounts to more than 20% of paid-up capital, 10% of total assets or NT\$300 million are subject to the board of directors' approval and supervisors' acknowledgment before contracting and payment. The following information must be presented for approval and acknowledgment:</p> <p>I. The purpose, necessity, and expected return of the acquisition or disposition of assets.</p> <p>II. The reason for choosing a related party as the counterparty.</p> <p>III. Information on assessment of the expected terms and conditions of transactions to justify the acquisition of real properties from a related party.</p> <p>IV. Information on the original date of acquisition of the assets by the related party and the price, the counterparty and its relation to the related party and the company.</p> <p>V. The projection of cash flows from the month the agreement is made in one year ahead with assessment of the necessity of the transaction and the rationale of capital utilization.</p> <p>VI. The appraisal reports issued by professional appraisal firms or opinions of certified public accountants as required in Article 15.</p> <p>VII. The constrained conditions and other important terms and conditions of these transactions. The calculation of the amount as stated in the preceding paragraph shall be done in accordance with Article 8. One year as referred to shall be the period from the date of deed moving backward for one year in retrospect. The amount that has been ratified by the Board of Directors and Supervisors as required by this standard can be excluded from the calculation. Acquisition or disposal of operational equipment with the</p>	<p>money market funds issued by domestic securities investment trust <u>companies</u>, any acquisition or disposal of real estate property with a related party and any acquisition or disposal of non-real estate asset with a related party that amounts to more than 20% of paid-up capital, 10% of total assets or NT\$300 million are subject to the board of directors' approval and supervisors' acknowledgment before contracting and payment. The following information must be presented for approval and acknowledgment:</p> <p>I. The purpose, necessity, and expected return of the acquisition or disposition of assets.</p> <p>II. The reason for choosing a related party as the counterparty.</p> <p>III. Information on assessment of the expected terms and conditions of transactions to justify the acquisition of real properties from a related party.</p> <p>IV. Information on the original date of acquisition of the assets by the related party and the price, the counterparty and its relation to the related party and the company.</p> <p>V. The projection of cash flows from the month the agreement is made in one year ahead with assessment of the necessity of the transaction and the rationale of capital utilization.</p> <p>VI. The appraisal reports issued by professional appraisal firms or opinions of certified public accountants as required in Article 15.</p> <p>VII. The constrained conditions and other important terms and conditions of these transactions. The calculation of the amount as stated in the preceding paragraph shall be done in accordance with Article 8. One year as referred to shall be the period from the date of deed moving backward for one year in retrospect. The amount that has been ratified by the Board of Directors and Supervisors as required by this standard can be excluded from the calculation. Acquisition or disposal of operational equipment with the</p>	<p>of the Financial Supervisory Commission stated in Letter No. Jin-Guan-Zheng-Fa-Tze 1060001296</p>
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Article XX	<p>Before the Company proceeds with business merger, divestment, acquisition, or share exchange, a certified public accountant, lawyer, or securities underwriter must be engaged to provide opinions with regards to the exchange ratio, the</p>	<p>Before the Company proceeds with business merger, divestment, acquisition, or share exchange, a certified public accountant, lawyer, or securities underwriter must be engaged to provide opinions with regards to the exchange ratio, the</p>	<p>To conform with requirements of the Financial Supervisory</p>

	<p>acquisition price, or the amount of cash or other properties distributed to shareholders before the proposal is presented for board of directors' resolution. These opinions are subject to discussion and resolution by the board of directors.</p> <p>Important details of the business merger, divestment or acquisition shall be compiled into a public report and delivered to shareholders along with meeting advice and expert's opinions mentioned in the preceding paragraph before the General Meeting. These documents will be used by shareholders to decide whether to support the merger, divestment or acquisition. This excludes any circumstances where the Company is exempted by law to resolve the business merge, divestment, or acquisition through a General Meeting.</p> <p>If any participant of the business merger, divestment, or acquisition is unable to convene a shareholder meeting or produce a resolution, or if the motion is voted down by shareholders due to insufficient attendants, insufficient votes, or other legal restrictions, then participants of the business merger, divestment, or acquisition shall immediately announce to the public the causes of the discontinuance, any follow-up actions, and the estimated date of the next shareholder meeting.</p>	<p>acquisition price, or the amount of cash or other properties distributed to shareholders before the proposal is presented for board of directors' resolution. These opinions are subject to discussion and resolution by the board of directors.</p> <p><u>However, experts' opinions are not required for mergers between the Company and subsidiaries to which it holds 100% direct or indirect ownership interest, and mergers between subsidiaries to which the Company holds 100% direct or indirect ownership interest.</u></p> <p>Important details of the business merger, divestment or acquisition shall be compiled into a public report and delivered to shareholders along with meeting advice and expert's opinions mentioned in the preceding paragraph before the General Meeting. These documents will be used by shareholders to decide whether to support the merger, divestment or acquisition. This excludes any circumstances where the Company is exempted by law to resolve the business merge, divestment, or acquisition through a General Meeting.</p> <p>If any participant of the business merger, divestment, or acquisition is unable to convene a shareholder meeting or produce a resolution, or if the motion is voted down by shareholders due to insufficient attendants, insufficient votes, or other legal restrictions, then participants of the business merger, divestment, or acquisition shall immediately announce to the public the causes of the discontinuance, any follow-up actions, and the estimated date of the next shareholder meeting.</p>	<p>Commission stated in Letter No. Jin-Guan-Zheng-Fa-Tze 1060001296</p>
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