

Pegavision Corporation

2020 Annual General Shareholders' Meeting

Meeting Agenda (Translation)

May 27, 2020

Avenue: Pegavision's Guishan Fab (No.5, Shing Yeh St., Guishan Dist.,
Taoyuan City 333,Taiwan (R.O.C.))

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---Disclaimer---

THIS IS A TRANSLATION OF THE AGENDA FOR THE 2020 ANNUAL GENERAL SHAREHOLDERS MEETING OF PEGAVISION CORPORATION. THE TRANSLATION IS FOR REFERENCE ONLY. IF THERE IS ANY DISCREPANCY BETWEEN THE ENGLISH VERSION AND CHINESE VERSION, THE CHINESE VERSION SHALL PREVAIL.

Pegavision Corp.

2020 Annual General Shareholders' Meeting Procedure

I. Call Meeting to Order

II. Chair's Address

III. Items to be reported

IV. Items to be approved

**V. Items to be discussed and resolved by shareholders
and the election**

VI. Other Questions and Special Motion

VII. Adjournment

Pegavision Corp.

2020 Annual General Shareholders' Meeting Agenda

Time : 9:30 a.m., May 27, 2020, Wednesday

Place : Pegavision's Guishan Fab(No.5, Shing Yeh St., Guishan Dist., Taoyuan City
333,Taiwan (R.O.C.))

I. Call Meeting to Order

II. Chairman's Address

III. Items to be reported :

1. The Company's 2019 operational and financial results(Business Report)
2. Audit Committee's Review Report on 2019 Financial Statements
3. The 2019 compensation of directors and supervisors and employee bonus
4. The cash dividends distribution of 2019 earnings
5. The amendment of the company's "Rules and Procedures of Board of Director Meetings"

IV. Items to be approved:

1. Adoption of 2019 Business Report and Financial Statements(proposed by Board of Directors)
2. Adoption of 2019 Earnings Appropriation(proposed by Board of Directors)

V. Items to be discussed and resolved by shareholders and the election:

1. The amendment to the Company's "Rules and Procedures of Shareholders Meetings" (proposed by Board of Directors)

VI. Other Questions and Special Motion

VII. Adjournment

I. Items to be reported

- (I) Summary: The Company's 2019 operational and financial results(Business Report).

Details: Please refer to Attachment 1 (pages 8 to 10) for the 2019 business report.

- (II) Summary: Audit Committee's review report on 2019 financial statements.

Details: Please refer to Attachment 2 (page 11) for Audit Committee's Review Report.

- (III) Summary: The 2019 compensation of directors and supervisors and employee bonus.

Details:

1. Employee remuneration totaling NT\$71,932,865 (representing 11.5% of pre-tax profit) and director remuneration totaling NT\$6,255,031 (representing 1% of pre-tax profit) have been proposed for 2019 according to Article 27 of the Company's Articles of Incorporation, both amounts are to be entirely paid in cash.
2. The sum of director remuneration paid in cash to directors and corporate representatives who hold positions within the group amounted to NT\$6,255,000.
3. No differences exist between the estimated amount and the actual distribution of the employee bonuses and there is NT\$31 differences between the estimated amount and the actual distribution of the remuneration to directors for the year ended December 31, 2019.

- (IV) Summary: The cash dividends distribution of 2019 earnings.

Details:

1. According to Article 27-1 of the Company's Articles of Incorporation, cash distribution to shareholders shall be resolved in a board meeting, and reported in the upcoming shareholder meeting. A proposal has been made to pay NT\$175,000,000 in cash dividends at NT\$2.5 per share.
2. The amount of cash dividend distribution shall be calculated using the payout ratio and truncated to the nearest NT\$1. Fractions that do not amount to a full NT\$1 shall be summed and recognized by the Company as other income. At which time, a proposal will also be raised to authorize the Chairman to set details such as the dividend baseline date.

- (V) Summary: The Amendments of the Company's "Rules and Procedures of

Board of Director Meetings".

Details:

1. The following amendments have been made to conform with the revised version of "Regulations Governing Procedure for Board of Directors Meetings of Public Companies" that the authority had announced through Letter No. Tai-Zheng-Shang-I-1090000926 dated January 16, 2020:
 - 1.1 The board may request the Chairman to convene board meetings with the support of more than half of total directors. If the Chairman does not convene a board meeting within the period required by law (15 days), the board may convene a meeting in its own capacity with the support of more than half of total directors, without seeking permission from the authority.
 - 1.2 A director would be considered to hold self interest in a motion discussed during board meeting if the director's spouse, 2nd-degree direct relative or closer, or any of the director's controlled or controlling entities holds stake in the said motion.
2. Please refer to Attachment 5 (pages 34 to 36) for a comparison between existing and amended terms of the Company's " Rules and Procedures of Board of Director Meetings "

II. Items to be approved

- (I) Summary: Adoption of the Company's 2019 business report and financial statements (proposed by board of directors).

Details:

1. The Company's 2019 business report and financial statements have been reviewed by the Audit Committee and approved by the board of directors; the financial statements have also been audited by CPA Ching-Piao Cheng and CPA Shao-Pin Kuo of Ernst & Young.
2. Please refer to Attachment 1 (pages 8 to 10) for the 2019 business report, and Attachment 3 (pages 12 to 32) for standalone and consolidated financial statements.

Resolutions:

- (II) Summary: Adoption of the 2019 Earnings Appropriation (proposed by board of directors).

Details:

1. The Company reported NT\$475,492,112 of net income in 2019; after providing for legal reserves of NT\$47,549,211 and special reserves of NT\$4,557,373 and adding to undistributed earnings of NT\$954,211,864 carried from previous years, the Company had NT\$1,377,597,392 of earnings that were available for distribution.
2. Please refer to Attachment 4 (page 33) for the Company's 2019 earnings appropriation report.

Resolutions:

III. Items to be discussed and resolved by shareholders and the election

- (I) Summary: The amendments to the Company's "Rules and Procedures of Shareholders Meetings" (proposed by board of directors).

Details:

1. The following amendments have been made to conform with the revised template of "Rules and Procedures of Shareholders Meetings" that the authority had published through Letter No. Tai-Zheng-Zhi-Li-1080024221 dated January 2, 2020:
 - 1.1 Discussions concerning capital reduction, cessation of public ownership, permission for directors' competing business involvement, capitalization of earnings, and capitalization of capital reserve cannot be raised in the form of a special motion.

- 1.2 If the shareholder meeting notice has already notified upfront of a full re-election of directors and supervisors with specific duty commencement date, then no further changes can be made to the duty commencement date, whether through special motion or otherwise, after re-election is completed during the shareholder meeting.
- 1.3 Shareholders' suggestions that are intended to enhance the Company's efforts toward public interest or social responsibilities may still be accepted as motions by the board of directors, and are not subject to the "one proposal" restriction.
2. Please refer to Attachment 6 (pages 37 to 43) for a comparison between existing and amended terms of the Company's " Rules and Procedures of Shareholders Meetings "

Resolutions:

IV. Other Question and Special Motion

V. Adjournment

Attachment 1

Pegavision Corporation

Business Report

Operating results

The International Monetary Fund (IMF) has estimated global economic growth at 3.0% for 2019, lower than the 3.7% concluded for 2018. According to Cooper Companies, the size of the contact lens market was estimated to have grown from US\$8.6 billion in 2018 to US\$8.9 billion in 2019. Although market size has expanded overall, the rate of growth was lower than the 8% reported for 2018. Owing to the contribution of our employees, the Company continued to report record-high revenues in the last year and was able to achieve above-market-average growth. The following is a report of last year's business results and this year's operating plan:

The Company generated NT\$3,355,133 thousand of consolidated revenues in 2019, up NT\$222,462 thousand or 7.1% from the NT\$3,132,671 thousand in 2018. In terms of gross profit margin, the Company was able to improve its automated production procedures and benefit from greatly improved yields and production flexibility that reduced the need for safety stock. As a result, the Company started reducing inventory level since the 1st quarter of 2019, and the liquidation affected gross profit margin. The Company reported gross profit margin of 44.5%, operating expense ratio of 26.85% and net income of NT\$475,492 thousand for 2019, representing a NT\$65,664 thousand or 12.13% decrease from the NT\$541,156 thousand one year ago. As the market grows, revenues from both OEM and proprietary brand sale increased.

In terms of product and production procedure development, the Company invested NT\$279,802 thousand into R&D in 2019, which was NT\$237,958 thousand or 17.58% higher than the year before. This investment not only increased production yield, but also contributed significantly to the development of next-generation silicone hydrogel and optics design.

Summary of current business plan

I. Operational strategies

Since inception, the Company has adhered to its business philosophy of "Expanding Consumers' Vision" and made dynamic adjustments to product portfolio based on market changes. By integrating internal resources, we have consistently improved product/service quality and competitiveness, and raised awareness toward

corporate governance, corporate responsibilities and environmental protection laws. Today, maximizing value for shareholders and bringing better wearing experience to consumers remain two of our primary goals.

II. Expected sales volume and basis

Size of the global contact lens market was estimated at US\$8.9 billion in 2019. According to Contact Lens Spectrum, outlook of the global contact lens market remains strong and optimistic in 2020, and after eliminating inflation and exchange rate factors, the Company still expects to achieve 5% to 6% growth. The Company will continue exploring markets for domestic and export sale, and expects to achieve above-industry growth for another year.

III. Key production/sales policies

In terms of production, the Company adopted new procedures and developed a modularized system that increased the level of automation as well as product quality, and commenced construction of Daxi Plant in October 2019 over the premise it had previously acquired in Taoyuan back in 2019. As for sales activities, the Company introduced a broader range of products under the Pegavision brand and its Japanese partners, and marketed them through proprietary retail stores, online merchants and renowned pharmacy chains to build its reputation as a quick fashion brand. With respect to OEM service, the Company has successfully strengthened customer relations through collaborative product development and distribution, and managed to achieve revenue growth in Europe and USA with its proprietary silicone hydrogel-based products.

Future development strategies

Building a healthy and fashionable brand image:

- I. From a healthy optics perspective, products such as progressive multifocal presbyopia, progressive multifocal cosmetic presbyopia, toric cosmetic and myopia control lenses will be introduced to satisfy the needs of all age groups.
- II. From a comfort perspective, a new generation of cosmetic and non-cosmetic silicone hydrogel-based lenses offering long-lasting moisture and high oxygen permeability will be introduced to deliver more comfortable wearing experience.
- III. From a health perspective, blue light/UV blocking lenses with high water content will be introduced to protect vision for modern consumers.

Impacts of the competitive environment, regulatory environment, and overall

business environment

The Company will continue investing resources to improve competitiveness, while at the same time avoid direct competition through product/service differentiation. Changes in domestic and foreign regulations concerning products and operations will be monitored closely to prevent or mitigate impact. Although the China-USA trade conflict does affect the business environment to some degree, the contact lens market is less susceptible to such impact, and with the help of our employees, we are confident of achieving above-industry growth for another year.

On behalf of all employees at Pegavision, I thank our shareholders for their ongoing support, and will strive to raise performance and competitiveness to the next level for the benefit of our shareholders, customers and employees.

Pegavision Corporation

Chairman T.H. Tung

President T.S Yang

Head of Accounting C.H. Wang

Attachment 2

Pegavision Corporation Audit Committee's Review Report

The Board of Directors has prepared the Company's 2019 Business Report, Financial Statements, and proposal for allocation of earnings. The CPA firm of Ernst & Young Taiwan was retained to audit Pegavision's Financial Statements and has issued an audit report relating to the Financial Statements. The Business Report, Financial Statements, and earnings allocation proposal have been reviewed and determined to be correct and accurate by the Audit Committee members of Pegavision Corporation. According to Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Law, we hereby submit this report.

Pegavision Corporation

Chairman of the Audit Committee : Andrew T. Huang

February 10, 2020

Attachment 3

INDEPENDENT AUDITORS' REPORT

To: the Board of Directors and Shareholders of
Pegavision Corporation

Opinion

We have audited the accompanying parent-company-only balance sheets of Pegavision Corporation (the “Company”) as of December 31, 2019 and 2018, and the related parent-company-only statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the parent-company-only financial statements, including the summary of significant accounting policies (together referred as “the parent-company-only financial statements”).

In our opinion, the parent-company-only financial statements referred to above present fairly, in all material respects, the parent-company-only financial position of the Company as of December 31, 2019 and 2018, and their parent-company-only financial performance and cash flows for the years then ended, in conformity with the requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

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

Key Audit Matters

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

Revenue Recognition

We determine that revenue recognition is one of the key audit matters. The Company's revenue amounting to NT\$3,096,188 thousand for the year ended December 31, 2019 is a significant account to the Company's financial statements. The Company has conducted these sale activities in multi-marketplace, including Taiwan, China, Japan, etc. Furthermore, the timing of fulfilling performance obligation needs to be determined based on varieties of sale terms and conditions enacted in the main sale contracts or sale orders. We therefore conclude that there are significant risks with respect to the topic of revenue recognition.

Our audit procedures therefore include, but not limit to, evaluating the properness of accounting policy for revenue recognition, assessing and testing the effectiveness of relevant internal controls related to revenue recognition, sampling-test of details, including obtaining major sale orders or agreements to inspect the terms and conditions, checking the consistency of the fulfillment timing, performing analytical review procedures on sale revenues, and executing sale cut-off tests, etc. Besides, we evaluate whether the parameter which the management used as for the individual price estimates is appropriate and whether the trade price is allocated properly. We also recalculated the amount of the customer loyalty programmes as of December 31, 2019. We have also evaluated the appropriateness of the related disclosure in Note 6 to the financial statements.

Market valuation on Inventory

We determined the market valuation on inventory is also one of key audit matters. The Company's net inventory amounted to NT\$502,797 thousand, representing 10% of total assets, as of December 31, 2019, which is significant to the Company's financial statements. The market of the Company's main products, is characterized by fierce competition and the trend of consumers' preference, management, in timely considering the status of new products development and the demand from clients, has to evaluate the loss due to market value decline as well as write-down on slow-moving inventories to their net realizable value.

Our audit procedures therefore include, but not limit to, evaluating the Company's policy with respect to assessment the loss from slow-moving inventory and phased-out items, (including identification method, testing the accuracy of inventory aging schedule, analysis on inventory movement), evaluating the physical inventory stock take plan report provided by the management and choose the significant location to perform the observation, and inspecting the current status of inventory usage, etc. We also evaluated the appropriateness of related disclosure in the Note 5 and 6 to the financial statements.

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

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

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

Those charged with governance, including audit committee, are responsible for overseeing the financial reporting process of the Company.

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

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

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

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

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of 2019 parent-company-only financial statements and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we

determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

/s/Cheng,Ching – Piao

/s/Kuo,Shao – Pin

Ernst & Young
Taiwan, R.O.C
February 10th, 2020

Notice to Readers

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

Accordingly, the accompanying parent-company-only financial statements and report of independent accountants are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice. As the financial statements are the responsibility of the management, Ernst & Young cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

Pegavision Corporation
Parent-Company-Only Balance Sheets
As of December 31, 2019 and 2018
(Amounts Expressed in Thousands of New Taiwan Dollars)

Assets			2019		2018	
Code	Accounts	Notes	Amount	%	Amount	%
	Current assets					
1100	Cash and cash equivalents	4,6(1)	\$589,701	11	\$351,789	9
1110	Financial assets at fair value through profit or loss	4,6(2)	316,120	6	-	-
1136	Financial assets measured at amortized cost	4,6(3)	-	-	75,281	2
1170	Accounts receivable, net	4,6(4)	92,997	2	132,144	3
1180	Accounts receivable - related parties, net	4,6(4),7	322,474	6	307,194	7
1200	Other receivables		2,338	-	3,834	-
1310	Inventories, net	4,6(5)	502,797	10	701,746	17
1410	Prepayments		18,882	1	16,772	-
1470	Other current assets		9,309	-	12,445	-
11XX	Total current assets		<u>1,854,618</u>	<u>36</u>	<u>1,601,205</u>	<u>38</u>
	Non-current assets					
1550	Investment accounted for under equity method	4,6(6)	62,539	1	10,200	-
1600	Property, plant and equipment, net	4,6(7),8	3,023,144	58	2,057,132	49
1755	Right-of-use assets, net	4,6(18)	150,715	3	-	-
1780	Intangible assets, net	4,6(8)	4,536	-	2,306	-
1840	Deferred tax assets	4,6(22)	3,949	-	2,491	-
1900	Other non-current assets	6(7),6(9),7,8,9	113,778	2	519,879	13
15XX	Total non-current assets		<u>3,358,661</u>	<u>64</u>	<u>2,592,008</u>	<u>62</u>
1XXX	Total Assets		<u>\$5,213,279</u>	<u>100</u>	<u>\$4,193,213</u>	<u>100</u>

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

Pegavision Corporation
Parent-Company-Only Balance Sheets (Continued)
As of December 31, 2019 and 2018
(Amounts Expressed in Thousands of New Taiwan Dollars)

Liabilities and Equity			2019		2018	
Code	Accounts	Notes	Amount	%	Amount	%
	Current liabilities					
2100	Short-term borrowings	6(10)	\$128,914	2	\$159,501	4
2130	Contract liabilities	6(16)	31,448	1	155,577	4
2150	Notes payable		3,730	-	1,179	-
2170	Accounts payable		99,619	2	111,716	3
2200	Other payables	6(11), 7	622,460	12	832,169	20
2230	Current tax liabilities	4,6(22)	21,049	-	209,391	5
2280	Lease liabilities	4,6(18)	109,912	2	-	-
2300	Other current liabilities	6(12),6(13),7,8	86,076	2	175,727	4
21XX	Total current liabilities		<u>1,103,208</u>	<u>21</u>	<u>1,645,260</u>	<u>40</u>
	Non-current liabilities					
2540	Non-current portion of long-term borrowings	6(13),8	-	-	487,500	11
2570	Deferred tax liabilities	4,6(22)	8,623	-	4,652	-
2580	Lease liabilities	4,6(18)	46,981	1	-	-
2645	Guarantee deposits received		762	-	2,059	-
2650	Credit for investments accounted for under the equity method	4,6(6)	-	-	45,900	1
25XX	Total non-current liabilities		<u>56,366</u>	<u>1</u>	<u>540,111</u>	<u>12</u>
2XXX	Total liabilities		<u>1,159,574</u>	<u>22</u>	<u>2,185,371</u>	<u>52</u>
	Capital	6(15)				
3110	Common stock		700,000	14	600,000	14
3200	Capital surplus	6(15)	1,804,928	35	240,000	6
3300	Retained earnings	6(15)				
3310	Legal reserve		123,630	2	69,515	2
3320	Special reserve		5,237	-	4,491	-
3350	Unappropriated retained earnings		1,429,704	27	1,099,073	26
3400	Other equity interest		(9,794)	-	(5,237)	-
3XXX	Total equity		<u>4,053,705</u>	<u>78</u>	<u>2,007,842</u>	<u>48</u>
	Total liabilities and equity		<u>\$5,213,279</u>	<u>100</u>	<u>\$4,193,213</u>	<u>100</u>

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

Pegavision Corporation
Parent-Company-Only Statements of Comprehensive Income
For the Years Ended December 31, 2019 and 2018
(Amounts Expressed in Thousands of New Taiwan Dollars, Except Earnings Per Share)

Code	Accounts	Notes	2019		2018	
			Amount	%	Amount	%
4000	Operating revenue	4,6(16),7	\$3,096,188	100	\$3,198,837	100
5000	Operating costs	6(4),7	(1,804,453)	(58)	(1,584,770)	(49)
5900	Gross profit from operations		1,291,735	42	1,614,067	51
5910	Unrealized gross profit (loss) from sales		44,161	1	(96,779)	(3)
5950	Gross profit from operations		1,335,896	43	1,517,288	48
6000	Operating expenses	7				
6100	Selling expenses		(335,227)	(11)	(334,704)	(11)
6200	Administrative expenses		(156,743)	(5)	(165,938)	(5)
6300	Research and development expenses		(279,802)	(9)	(237,958)	(7)
6450	Expected credit gains (losses)	6(17)	2,192	-	(2,778)	-
	Operating expenses total		(769,580)	(25)	(741,378)	(23)
6900	Operating income		566,316	18	775,910	25
7000	Non-operating income and expenses	6(20)				
7010	Other income		10,939	-	9,882	-
7020	Other gains and losses		(19,213)	-	(30,973)	(1)
7050	Finance costs		(21,865)	-	(9,922)	-
7060	Share of profit or loss of subsidiaries, associates and joint ventures	4,6(6)	11,138	-	8,958	-
	Non-operating income and expense total		(19,001)	-	(22,055)	(1)
7900	Income from continuing operations before income tax		547,315	18	753,855	24
7950	Income tax	4,6(22)	(71,823)	(3)	(212,699)	(7)
8200	Net income		475,492	15	541,156	17
8300	Other comprehensive income (loss)	6(21)				
8360	Items that may be reclassified subsequently to profit or loss					
8380	Share of other comprehensive income (loss) of subsidiaries, associates and joint ventures		(4,557)	-	(746)	-
	Total other comprehensive income, net of tax		(4,557)	-	(746)	-
8500	Total comprehensive income		\$470,935	15	\$540,410	17
9750	Earnings per share - basic (in NT\$)	4,6(23)	\$7.62		\$9.02	
9850	Earnings per share - diluted (in NT\$)	4,6(23)	\$7.56		\$8.93	

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

Pegavision Corporation
Parent-Company-Only Statements of Changes in Equity
For the Years Ended December 31, 2019 and 2018
(Amounts Expressed in Thousands of New Taiwan Dollars)

	Items	Capital	Capital Surplus	Retained Earnings			Other Components of equity	Total Equity
				Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange differences arising on translation of foreign operations	
Code		3100	3200	3310	3320	3350	3410	3XXX
A1	Balance as of January 1, 2018	\$600,000	\$240,000	\$39,224	\$3,564	\$589,135	\$(4,491)	\$1,467,432
	Appropriation and distribution of 2017 earnings:							
B1	Legal reserve appropriated			30,291		(30,291)		-
B3	Special reserve appropriated				927	(927)		-
D1	Net income for 2018					541,156		541,156
D3	Other comprehensive income (loss) for 2018						(746)	(746)
D5	Total comprehensive income	-	-	-	-	541,156	(746)	540,410
Z1	Balance as of December 31, 2018	<u>\$600,000</u>	<u>\$24,000</u>	<u>\$69,515</u>	<u>\$4,491</u>	<u>\$1,099,073</u>	<u>\$(5,237)</u>	<u>\$2,007,842</u>
A1	Balance as of January 1, 2019	\$600,000	\$240,000	\$69,515	\$4,491	\$1,099,073	\$(5,237)	\$2,007,842
	Appropriation and distribution of 2018 earnings:							
B1	Legal reserve appropriated			54,115		(54,115)		-
B3	Special reserve appropriated				746	(746)		-
B5	Cash dividends - common shares					(90,000)		(90,000)
D1	Net income for 2019					475,492		475,492
D3	Other comprehensive income (loss) for 2019						(4,557)	(4,557)
D5	Total comprehensive income	-	-	-	-	475,492	(4,557)	470,935
E1	Capital increase by cash	100,000	1,564,928					1,664,928
Z1	Balance as of December 31, 2019	<u>\$700,000</u>	<u>\$1,804,928</u>	<u>\$123,630</u>	<u>\$5,237</u>	<u>\$1,429,704</u>	<u>\$(9,794)</u>	<u>\$4,053,705</u>

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

Pegavision Corporation
Parent-Company-Only Statements of Cash Flows
For the Years Ended December 31, 2019 and 2018
(Amounts Expressed in Thousands of New Taiwan Dollars)

Code	Items	2019	2018	Code	Items	2019	2018
AAAA	Cash flows from operating activities:			BBBB	Cash flows from investing activities:		
A10000	Net income before tax	\$547,315	\$753,855	B00040	Disposal (acquisition) of financial assets at amortised cost	75,281	(75,281)
A20000	Adjustments:			B01800	Acquisition of investment accounted for under equity method	(47,497)	-
A20010	Profit or loss not effecting cash flows:			B02700	Acquisition of property, plant and equipment	(1,258,880)	(1,738,466)
A20100	Depreciation (including right-of-use assets)	676,594	512,720	B02800	Proceeds from disposal of property, plant and equipment	16	290
A20200	Amortization	1,866	1,199	B03700	Decrease (increase) in refundable deposits	4,567	(9,827)
A20300	Expected credit losses (gain)	(2,192)	2,778	B04500	Acquisition of intangible assets	(4,096)	(2,873)
A20400	Net loss (gain) of financial assets (liabilities) at fair value through profit or loss	(69)	8	BBBB	Net cash provided by (used in) investing activities	(1,230,609)	(1,826,157)
A20900	Interest expense	21,865	9,922				
A21200	Interest income	(3,178)	(6,186)	CCCC	Cash flows from financing activities:		
A22300	Share of profit or loss of subsidiaries, associates and joint ventures	(11,138)	(8,958)	C00100	Increase in (repayment of) short-term borrowings	(30,587)	62,662
A22500	Loss on disposal of property, plant and equipment	(16)	(290)	C01600	Increase in long-term borrowings	1,100,000	800,000
A23100	Gain on disposal of investments	(97)	(140)	C01700	Repayment of long-term borrowings	(1,700,000)	(301,000)
A23700	Impairment loss on non-financial assets	12,149	49,770	C03000	Increase in guarantee deposits received	(1,297)	1,477
A23900	Unrealized (gains) losses	(44,161)	96,779	C04020	Payments of lease liabilities	(128,670)	-
A30000	Changes in operating assets and liabilities:			C04500	Cash dividends paid	(90,000)	-
A31115	Financial assets at fair value through profit or loss	(315,954)	132,040	C04600	Capital increase by cash	1,664,928	-
A31150	Accounts receivable	41,339	(19,436)	CCCC	Net cash provided by (used in) financing activities	814,374	563,139
A31160	Accounts receivable - related parties	(15,280)	(268,293)				
A31180	Other receivables	303	80	EEEE	Net Increase (decrease) in cash and cash equivalents	237,912	(163,078)
A31200	Inventories	198,949	(391,826)	E00100	Cash and cash equivalents at beginning of period	351,789	514,867
A31230	Prepayments	(2,110)	6,760	E00200	Cash and cash equivalents at end of period	\$589,701	\$351,789
A31240	Other current assets	3,136	21,201				
A32125	Contract liabilities	(124,129)	12,462				
A32130	Notes payable	2,551	(1,938)				
A32150	Accounts payable	(12,097)	16,167				
A32180	Other payables	(70,586)	209,618				
A32230	Other current liabilities	22,849	32,487				
A33000	Cash generated from operations	927,909	1,160,779				
A33100	Interest received	4,371	5,028				
A33300	Interest paid	(20,481)	(8,931)				
A33500	Income tax paid	(257,652)	(56,936)				
AAAA	Net cash provided by (used in) operating activities	654,147	1,099,940				

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

MANAGEMENT REPRESENTATION LETTER

The entities that are required to be included in the combined financial statements of Pegavision Corporation as of December 31, 2019 and for the year then ended under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with the International Financial Reporting Standard No. 10, "Consolidated Financial Statements." In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, Pegavision Corporation and Subsidiaries do not prepare a separate set of combined financial statements.

Very truly yours,

Pegavision Corporation

By

Tung, Tzu-Hsien

Chairman

February 10th, 2020

INDEPENDENT AUDITORS' REPORT

To : the Board of Directors and Shareholders of
Pegavision Corporation

Opinion

We have audited the accompanying consolidated balance sheets of Pegavision Corporation (the "Company") and its subsidiaries as of December 31, 2019 and 2018, the related consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including the summary of significant accounting policies (together referred as "the consolidated financial statements").

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Company and its subsidiaries as of December 31, 2019 and 2018, and its consolidated financial performance and cash flows for the years then ended, in conformity with the requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards, International Accounting Standards, Interpretations developed by the International Financial Reporting Interpretations Committee or the former Standing Interpretations Committee as endorsed by Financial Supervisory Commission of the Republic of China.

Basis for Opinion

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

Key Audit Matters

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

Revenue Recognition

We determine that revenue recognition is one of the key audit matters. The Group's revenue amounting to NT\$3,355,133 thousand for the year ended December 31, 2019 is a significant account to the Group's consolidated financial statements. The Group has conducted these sale activities in multi-marketplace, including Taiwan, China, Japan, etc. Furthermore, the timing of fulfilling performance obligation needs to be determined based on varieties of sale terms and conditions enacted in the main sale contracts or sale orders. We therefore conclude that there are significant risks with respect to the topic of revenue recognition.

Our audit procedures therefore include, but not limit to, evaluating the properness of accounting policy for revenue recognition, assessing and testing the effectiveness of relevant internal controls related to revenue recognition, sampling-test of details, including obtaining major sale orders or agreements to inspect the terms and conditions, checking the consistency of the fulfillment timing, performing analytical review procedures on sale revenues, and executing sale cut-off tests, etc. Besides, we evaluate whether the parameter which the management used as for the individual price estimates is appropriate and whether the trade price is allocated properly. We also recalculated the amount of the customer loyalty programmes as of December 31, 2019. We have also evaluated the appropriateness of the related disclosure in Note 6 to the consolidated financial statements.

Market valuation on Inventory

We determined the market valuation on inventory is also one of key audit matters. The Group's net inventory amounted to NT\$549,992 thousand, representing 10% of total assets, as of December 31, 2019, which is significant to the Group's consolidated financial statements. The market of the Group's main products, is characterized by fierce competition and the trend of consumers' preference, management, in timely considering the status of new products development and the demand from clients, has to evaluate the loss due to market value decline as well as write-down on slow-moving inventories to their net realizable value.

Our audit procedures therefore include, but not limit to, evaluating the Group's policy with respect to assessment the loss from slow-moving inventory and phased-out items, (including identification

method, testing the accuracy of inventory aging schedule, analysis on inventory movement), evaluating the physical inventory stock take plan report provided by the management and choose the significant location to perform the observation, and inspecting the current status of inventory usage, etc. We also evaluated the appropriateness of related disclosure in the Note 5 and 6 to the consolidated financial statements.

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

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

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

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

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

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

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

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk

of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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

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

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

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

Other

We have audited and expressed an unqualified opinion on the parent-company-only financial statements of the Company as of and for the years then ended December 31, 2019 and 2018.

/s/Cheng, Ching-Piao

/s/Kuo, Shao-Pin

Ernst & Young
Taiwan, R.O.C.
February 10th, 2020

Notice to Readers

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

Accordingly, the accompanying consolidated financial statements and report of independent accountants are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice. As the financial statements are the responsibility of the management, Ernst & Young cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

Pegavision Corporation and Subsidiaries
Consolidated Balance Sheets
As of December 31, 2019 and 2018
(Amounts Expressed In Thousands of New Taiwan Dollars)

Assets			As of December 31, 2019		As of December 31, 2018	
Code	Accounts	Notes	Amount	%	Amount	%
	Current assets					
1100	Cash and cash equivalents	4, 6(1)	\$812,807	15	\$429,999	10
1110	Financial assets at fair value through profit or loss	4, 6(2)	316,120	6	-	-
1136	Financial assets measured at amortized cost	4, 6(3)	-	-	75,281	2
1170	Accounts receivable, net	4, 6(4), 6(15), 7	253,311	5	192,424	5
1200	Other receivables		2,338	-	3,834	-
1310	Inventories, net	4, 6(5)	549,992	10	796,900	19
1410	Prepayments		23,275	-	17,310	-
1470	Other current assets		29,340	1	44,674	1
11xx	Total current assets		<u>1,987,183</u>	<u>37</u>	<u>1,560,422</u>	<u>37</u>
	Non-current assets					
1600	Property, plant and equipment, net	4, 6(6), 8, 9	3,029,925	57	2,059,794	50
1755	Right-of-use assets, net	4, 6(17)	166,708	3	-	-
1780	Intangible assets, net	4, 6(7)	4,536	-	2,306	-
1840	Deferred tax assets	4, 6(21)	4,689	-	2,817	-
1900	Other non-current assets	6(6), 6(8), 7, 8	116,664	3	522,065	13
15xx	Total non-current assets		<u>3,322,522</u>	<u>63</u>	<u>2,586,982</u>	<u>63</u>
1xxx	Total Assets		<u>\$5,309,705</u>	<u>100</u>	<u>\$4,147,404</u>	<u>100</u>

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

Pegavision Corporation and Subsidiaries
Consolidated Balance Sheets-(Continued)
As of December 31, 2019 and 2018
(Amounts Expressed In Thousands of New Taiwan Dollars)

Liabilities and Equity			As of December 31, 2019		As of December 31, 2018	
Code	Accounts	Notes	Amount	%	Amount	%
	Current liabilities					
2100	Short-term borrowings	6(9)	\$128,914	3	\$159,501	4
2130	Contract liabilities	6(15)	70,765	1	131,823	3
2150	Notes payable		3,730	-	1,179	-
2170	Accounts payable		99,619	2	111,716	3
2200	Other payables	6(10), 7	652,391	12	849,604	20
2230	Current tax liabilities	4, 6(21)	32,819	1	215,535	5
2280	Lease liabilities	4, 6(17)	113,937	2	-	-
2300	Other current liabilities	6(11), 6(12)	86,297	2	175,993	4
21xx	Total current liabilities		<u>1,188,472</u>	<u>23</u>	<u>1,645,351</u>	<u>39</u>
	Non-current liabilities					
2540	Non-current portion of long-term borrowings	6(12), 8	-	-	487,500	12
2570	Deferred tax liabilities	4, 6(21)	8,623	-	4,652	-
2580	Lease liabilities	4, 6(17)	58,143	1	-	-
2645	Guarantee deposits received		762	-	2,059	-
25xx	Total non-current liabilities		<u>67,528</u>	<u>1</u>	<u>494,211</u>	<u>12</u>
2xxx	Total liabilities		<u>1,256,000</u>	<u>24</u>	<u>2,139,562</u>	<u>51</u>
	Equity					
3100	Capital	6(14)				
3110	Common stock		700,000	13	600,000	14
3200	Capital surplus	6(14)	1,804,928	34	240,000	6
3300	Retained earnings	6(14)				
3310	Legal reserve		123,630	2	69,515	2
3320	Special reserve		5,237	-	4,491	-
3350	Unappropriated retained earnings		1,429,704	27	1,099,073	27
3400	Other equity interest		(9,794)	-	(5,237)	-
3xxx	Total equity		<u>4,053,705</u>	<u>76</u>	<u>2,007,842</u>	<u>49</u>
	Total liabilities and equity		<u>\$5,309,705</u>	<u>100</u>	<u>\$4,147,404</u>	<u>100</u>

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

Pegavision Corporation and Subsidiaries
Consolidated Statements Of Comprehensive Incomes
For the Years Ended December 31, 2019 and 2018
(Amounts Expressed in Thousands of New Taiwan Dollars, Except for Earnings per Share)

Code	Items	Notes	2019		2018	
			Amount	%	Amount	%
4000	Operating revenue	4, 6(15)	\$3,355,133	100	\$3,132,671	100
5000	Operating costs	6(5), 7	(1,862,103)	(55)	(1,527,316)	(49)
5900	Gross profit		1,493,030	45	1,605,355	51
6000	Operating expenses	7				
6100	Selling expenses		(427,763)	(13)	(387,276)	(12)
6200	Administrative expenses		(195,045)	(6)	(186,263)	(6)
6300	Research and development expenses		(279,802)	(8)	(237,958)	(8)
6450	Expected credit gains (losses)	6(16)	1,694	-	(2,791)	-
	Operating expenses total		(900,916)	(27)	(814,288)	(26)
6900	Operating income		592,114	18	791,067	25
7000	Non-operating income and expenses	6(19)				
7010	Other income		12,739	-	10,304	-
7020	Other gains or losses		(21,841)	-	(30,993)	(1)
7050	Finance costs		(22,157)	(1)	(9,922)	-
	Total non-operating incomes and expenses		(31,259)	(1)	(30,611)	(1)
7900	Income from continuing operations before income tax		560,855	17	760,456	24
7950	Income tax	4, 6(21)	(85,363)	(3)	(219,300)	(7)
8200	Net income		475,492	14	541,156	17
8300	Other comprehensive income (loss)	6(20)				
8360	Items that may be reclassified subsequently to profit or loss					
8380	Exchange differences resulting from translating the financial statements of a foreign operation		(4,557)	-	(746)	-
	Total other comprehensive income, net of tax		(4,557)	-	(746)	-
8500	Total comprehensive income		\$470,935	14	\$540,410	17
9750	Earnings per share-basic (in NTD)	4, 6(22)	\$7.62		\$9.02	
9850	Earnings per share-diluted (in NTD)	4, 6(22)	\$7.56		\$8.93	

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

Pegavision Corporation and Subsidiaries
Consolidated Statements of Changes in Equity
For the Years Ended December 31, 2019 and 2018
(Amounts Expressed In Thousands of New Taiwan Dollars)

Code	Items	Equity Attributable to Shareholders of the Parent						Total Equity
		Capital	Capital Surplus	Retained Earnings			Exchange differences arising on translation of foreign operations	
				Legal Reserve	Special reserve	Unappropriated Earnings		
		3100	3200	3310	3320	3350	3410	3XXX
A1	Balance as of January 1, 2018	\$600,000	\$240,000	\$39,224	\$3,564	\$589,135	\$(4,491)	\$1,467,432
	Appropriation and distribution of 2017 earnings							
B1	Legal reserve appropriated			30,291		(30,291)		-
B3	Special reserve appropriated				927	(927)		-
D1	Net income for 2018					541,156		541,156
D3	Other comprehensive income (loss) for 2018						(746)	(746)
D5	Total comprehensive income	-	-	-	-	541,156	(746)	540,410
Z1	Balance as of December 31, 2018	\$600,000	\$240,000	\$69,515	\$4,491	\$1,099,073	\$(5,237)	\$2,007,842
A1	Balance as of January 1, 2019	\$600,000	\$240,000	\$69,515	\$4,491	\$1,099,073	\$(5,237)	\$2,007,842
	Appropriation and distribution of 2018 earnings							
B1	Legal reserve appropriated			54,115		(54,115)		-
B3	Special reserve appropriated				746	(746)		-
B5	Cash dividends-common shares					(90,000)		(90,000)
D1	Net income for 2019					475,492		475,492
D3	Other comprehensive income (loss) for 2019						(4,557)	(4,557)
D5	Total comprehensive income	-	-	-	-	475,492	(4,557)	470,935
E1	Capital increase by cash	100,000	1,564,928					1,664,928
Z1	Balance as of December 31, 2019	\$700,000	\$1,804,928	\$123,630	\$5,237	\$1,429,704	\$(9,794)	\$4,053,705

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

Pegavision Corporation and Subsidiaries
Consolidated Statements of Cash Flows
For the Years Ended December 31, 2019 and 2018
(Amounts Expressed in Thousands of New Taiwan Dollars)

Code	Items	2019	2018	Code	Items	2019	2018
AAAA	Cash flows from operating activities:			BBBB	Cash flows from investing activities:		
A10000	Income before income tax	\$560,855	\$760,456	B00040	Disposal (acquisition) of financial assets at amortised cost	75,281	(75,281)
A20000	Adjustments:			B02700	Acquisition of property, plant and equipment	(1,266,497)	(1,740,994)
A20010	Profit or loss not effecting cash flows:			B02800	Proceeds from disposal of property, plant and equipment	16	290
A20100	Depreciation (including right-of-use assets)	685,206	513,418	B03700	Decrease (increase) in refundable deposits	3,867	(9,975)
A20200	Amortization	1,866	1,199	B04500	Acquisition of intangible assets	(4,096)	(2,873)
A20300	Expected credit losses (gain)	(1,694)	2,791	BBBB	Net cash provided by (used in) investing activities	(1,191,429)	(1,828,833)
A20400	Net loss (gain) of financial assets (liabilities) at fair value through profit or loss	(69)	8				
A20900	Interest expense	22,157	9,922	CCCC	Cash flows from financing activities:		
A21200	Interest income	(3,839)	(6,588)	C00100	Increase in (repayment of) short-term borrowings	(30,587)	62,662
A22500	Loss (gain) on disposal of property, plant and equipment	1,530	(290)	C01600	Increase in long-term borrowings	1,100,000	800,000
A23100	Gain on disposal of investments	(97)	(140)	C01700	Repayments of long-term borrowings	(1,700,000)	(301,000)
A23700	Impairment loss on non-financial assets	12,149	49,770	C03000	Increase (decrease) in guarantee deposits received	(1,297)	1,477
A30000	Changes in operating assets and liabilities:			C04020	Payments of lease liabilities	(136,418)	-
A31115	Financial assets at fair value through profit or loss	(315,954)	132,040	C04500	Cash dividends paid	(90,000)	-
A31150	Accounts receivable	(59,172)	(79,729)	C04600	Capital increase by cash	1,664,928	-
A31180	Other receivables	303	735	CCCC	Net cash provided by (used in) financing activities	806,626	563,139
A31200	Inventories	246,908	(466,529)				
A31230	Prepayments	(5,965)	6,710	DDDD	Effect of exchange rate changes	(4,909)	(747)
A31240	Other current assets	15,334	(7,783)				
A32125	Contract liabilities	(61,058)	(5,563)	EEEE	Increase (decrease) in cash and cash equivalents	382,808	(155,269)
A32130	Notes payable	2,551	(1,938)	E00100	Cash and cash equivalents at beginning of period	429,999	585,268
A32150	Accounts payable	(12,097)	16,167	E00200	Cash and cash equivalents at end of period	\$812,807	\$429,999
A32180	Other payables	(58,090)	216,828				
A32230	Other current liabilities	22,804	32,529				
A33000	Cash generated from operations	1,053,628	1,174,013				
A33100	Interest received	5,032	5,430				
A33300	Interest paid	(20,481)	(8,931)				
A33500	Income tax paid	(265,659)	(59,340)				
AAAA	Net cash provided by (used in) operating activities	772,520	1,111,172				

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

Attachment 4

Pegavision Corporation Earnings Appropriation Report 2019

Unit: NTD

Item	Amount
Opening undistributed earnings	954,211,864
Plus: 2019 net income	475,492,112
Subtotal	1,429,703,976
Provisions:	
Provision for legal reserve (10%)	(47,549,211)
Provision for special reserve	(4,557,373)
Subtotal of distributable earnings for the year	1,377,597,392
Distributions:	
Shareholders' dividends - NT\$2.5 cash per share	(175,000,000)
Closing undistributed earnings	1,202,597,392
Note 1: The appropriation will be allocated out of 2019 earnings as a priority.	

Chairman: T.H. Tung

President: Te-Sheng Yang

Head of Accounting:
Ching-Hsiang Wang

Attachment 5

Pegavision Corporation

Comparison Table for the Articles of Rules and Procedures of Board of Director Meetings before and after revision

Amended clause	Existing clause	Explanation
<p>Article 10: Board meetings of the Company <u>that are convened by the Chairman shall be chaired</u> by the Chairman. However, <u>if</u> the first meeting of a newly elected board <u>is</u> convened by the director who receives the highest number of votes at the shareholder meeting, the meeting chairperson shall be elected among all directors present at that meeting. If two or more directors are equally eligible to serve as convener, one shall be elected among themselves to serve as convener.</p> <p><u>If a board meeting is convened with the consent of more than half of the board under any of the conditions described in Paragraph 4, Article 203 or Paragraph 3, Article 203-1 of The</u></p>	<p>Article 10: Board meetings of the Company shall be convened and chaired by the Chairman. However, the first meeting of a newly elected board shall be convened by the director who receives the highest number of votes at the shareholder meeting, whereas the meeting chairperson shall be elected among all directors present at that meeting. If two or more directors are equally eligible to serve as convener, one shall be elected among themselves to serve as convener.</p>	<ol style="list-style-type: none"> 1. Revised wording to Paragraph 1. 2. Added Paragraph 2, which requires board meetings convened with the consent of more than half of the board to have one chairperson appointed amongst themselves, for conformity with the amendments made to Paragraph 4, Article 203 and Paragraph 3, Article 203-1 of The Company Act on August 1, 2018. 3. Renumbered Paragraph 2 to Paragraph 3.

<p><u>Company Act, the participating directors shall appoint one among themselves to serve as chairperson.</u></p> <p>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.</p>	<p>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.</p>	
<p>Article 17: Paragraph 1 is unchanged. <u>A director would be considered to hold self interest in a motion discussed in the abovementioned meeting if the director's spouse, 2nd-degree direct relative or closer, or any of the director's controlled or controlling entities holds stake in the said motion.</u></p> <p>When making board resolutions, Paragraph 4, Article 206 and Paragraph 2, Article 180 of The</p>	<p>Article 17: Paragraph 1 is unchanged.</p> <p>When making board resolutions, Paragraph 2, Article 206 and Paragraph 2, Article 180 of The</p>	<p>1. Added Paragraph 2 that: A director would be considered to hold self interest in a motion discussed during board meeting if the director's spouse, 2nd-degree direct relative or closer, or any of the director's controlled or controlling entities holds stake in the said motion, for conformity with the amendments made to Paragraph 3, Article 206 of The Company Act on August 1, 2018.</p>

Company Act shall apply to directors who are prohibited from exercising voting rights under <u>the two preceding Paragraphs</u> .	Company Act shall apply to directors who are prohibited from exercising voting rights under the preceding Paragraph .	2. Renumbered Paragraph 2 to Paragraph 3, and revised reference to conform with the mentioning of "Paragraph 4" in Paragraph 3, Article 206.
Article 20: (Additional rules) Establishment and amendment of the conference rules are subject to approval by the Company's board of directors and acknowledgment in shareholder meeting. The board of directors is authorized to make subsequent amendments as deemed necessary. The above rules were first established on April 29, 2014. <u>The second amendment was made on May 27, 2020.</u>	Article 20: (Additional rules) Establishment and amendment of the conference rules are subject to approval by the Company's board of directors and acknowledgment in shareholder meeting. The board of directors is authorized to make subsequent amendments as deemed necessary. The above rules were first established on April 29, 2014.	Added revision date.

Attachment 6

Pegavision Corporation

Comparison Table for the Articles of Rules and Procedures of Shareholders Meetings before and after revision

Amended clause	Existing clause	Explanation
<p>Article 3: Paragraphs 1, 2 and 3 are unchanged. The meeting notice and announcement shall include a detailed agenda. Notice and announcements can be served in electronic form with the recipient's consent. Issues that involve election or dismissal of directors, amendments to the Articles of Incorporation, <u>capital reduction,</u> <u>cessation of public ownership, permission for directors' competing business involvement,</u> <u>capitalization of earnings,</u> <u>capitalization of capital reserve,</u> corporate liquidation, merger, divestment, or any matters listed in Paragraph 1, Article 185 of The Company Act and Articles 26-1</p>	<p>Article 3: Paragraphs 1, 2 and 3 are unchanged. The meeting notice and announcement shall include a detailed agenda. Notice and announcements can be served in electronic form with the recipient's consent. Issues that involve election or dismissal of directors, amendments to the Articles of Incorporation, corporate liquidation, merger, divestment, or any matters listed in Paragraph 1, Article 185 of The Company Act and Articles 26-1 and Article 43-6 of Securities and Exchange Act shall be raised as regular motions and can not be raised in the form of special motion.</p>	<p>1. Amended Paragraph 4 to conform with revisions to Paragraph 5, Article 172 of The Company Act.</p>

<p>and Article 43-6 of Securities and Exchange Act shall be raised as regular motions <u>with summaries explained in the meeting agenda</u>, and cannot be raised in the form of special motion. <u>The notification can be served by posting relevant details onto the website designated by the securities authority or the Company and sharing a link to the webpage.</u> <u>If the shareholder meeting notice has already notified upfront of a full re-election of directors and independent directors with specific duty commencement date, then no further changes can be made to the duty commencement date, whether through special motion or otherwise, when re-election is completed during the meeting.</u> Shareholders that own more than 1% of the</p>	<p>Shareholders that own more than 1% of the</p>	<p>2. Added Paragraph 5 to this Article to conform with Letter No. Jing-Shang-10702417500 issued by the authority on August 6, 2018.</p> <p>3. Renumbered the paragraph to Paragraph</p>
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<p>Company's outstanding shares are entitled to propose motions for discussion in annual general meetings; each shareholder may only propose one motion; proposals above that limit will be excluded from discussion.</p> <p><u>However, shareholders' suggestions that are intended to enhance the Company's efforts toward public interest or social responsibilities may still be accepted as motions by the board of directors.</u> The board of directors may disregard shareholders' proposals if the proposed motions exhibit any of the conditions described in Paragraph 4, Article 172-1 of The Company Act.</p> <p>The Company shall announce, before the book closure date of annual general meeting, the conditions, <u>methods (written or electronic)</u>, places and time within which shareholders'</p>	<p>Company's outstanding shares are entitled to propose motions for discussion in annual general meetings. However, each shareholder may only propose one motion; proposals above that limit will be excluded from discussion. The board of directors may disregard shareholders' proposals if the proposed motions exhibit any of the conditions described in Paragraph 4, Article 172-1 of The Company Act.</p> <p>The Company shall announce, before the book closure date of annual general meeting, the conditions, places and time within which shareholders' proposals are accepted. The</p>	<p>6 with wordings revised, and added Paragraph 5 to conform with revised Paragraph 1, Article 172-1 of The Company Act.</p> <p>4. Renumbered the paragraph to Paragraph 7 to conform with revised Paragraph 2, Article 172-1 of The Company Act.</p>
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<p>proposals are accepted. The acceptance period shall not be less than ten days.</p> <p>Shareholders shall limit their proposed motions to 300 words; proposals that exceed 300 words will not be accepted for discussion.</p> <p>Shareholders who have successfully proposed their motions shall attend the annual general meeting in person or through proxy and participate in the discussion.</p> <p>The Company shall notify each proposing shareholder the outcomes of their proposed motions before the date the meeting notice is sent.</p> <p>Meanwhile, motions that satisfy the conditions listed in this Article shall be included as part of the meeting notice. During the shareholder meeting, the board of directors shall explain the reasons why certain proposed</p>	<p>acceptance period shall not be less than ten days.</p> <p>Shareholders shall limit their proposed motions to 300 words only; proposals that exceed 300 words will not be accepted for discussion.</p> <p>Shareholders who have successfully proposed their motions shall attend the annual general meeting in person or through proxy and participate in the discussion.</p> <p>The Company shall notify each proposing shareholder the outcomes of their proposed motions before the date the meeting notice is sent.</p> <p>Meanwhile, motions that satisfy the conditions listed in this Article shall be included as part of the meeting notice. During the shareholder meeting, the board of directors shall explain the reasons why certain proposed</p>	<p>5. Renumbered the paragraph to Paragraph 8.</p> <p>6. Renumbered the paragraph to Paragraph 9.</p>
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<p>motions are excluded from discussion.</p>	<p>motions are excluded from discussion.</p>	
<p>Article 10:</p> <p>For shareholder meetings that are convened by the board of directors, the board of directors will determine the meeting agenda. <u>All proposed motions (including special motions and amendments to existing motions) shall be voted on a case-by-case basis.</u> The agenda can not be changed unless resolved during the shareholder meeting.</p> <p>Paragraphs 2 and 3 are unchanged.</p> <p>For any motions, amendments or special motions proposed during the meeting, the chairperson may announce to discontinue further discussions if the issue in question is considered to have been sufficiently discussed to proceed with voting, <u>and shall allocate ample time to vote.</u></p>	<p>Article 10:</p> <p>For shareholder meetings that are convened by the board of directors, the board of directors will determine the meeting agenda. The agenda cannot be changed unless resolved during the shareholder meeting.</p> <p>Paragraphs 2 and 3 are unchanged.</p> <p>For any motions, amendments or special motions proposed during the meeting, the chairperson may announce to discontinue further discussions if the issue in question is considered to have been sufficiently discussed to proceed with voting.</p>	<p>1. Amended Paragraph 1 to conform to the market-wide implementation of electronic voting across TWSE- and TPEx-listed companies since 2018, and to enforce case-by-case voting.</p> <p>2. Amended Paragraph 4 to prevent excessive limitation on shareholders' voting time by the meeting convener, and give shareholders ample time to exercise voting rights.</p>
<p>Article 13:</p> <p>Paragraph 1 is unchanged.</p> <p>The Company <u>shall</u> give</p>	<p>Article 13:</p> <p>Paragraph 1 is unchanged.</p> <p>The Company may give</p>	<p>Amended Paragraph 2 to conform to the market-wide implementation of</p>

<p>shareholders the option to exercise voting rights <u>in writing or</u> using the electronic method during shareholder meetings.</p> <p>Instructions for exercising voting rights in writing or through electronic means shall be stated clearly on the meeting notice.</p> <p>Shareholders who have voted in writing or using the electronic method are considered to have attended shareholder meeting in person. However, they are considered to have waived their rights to participate in any special motion or any amendment to the original discussion that may arise during the shareholder meeting. For this reason, the Company should avoid proposing special motions or amendments to the original motion where possible.</p> <p>Omitted from this point onwards.</p>	<p>shareholders the option to exercise voting rights in writing or using the electronic method during shareholder meetings.</p> <p>Instructions for exercising voting rights in writing or through electronic means shall be stated clearly on the meeting notice.</p> <p>Shareholders who have voted in writing or using the electronic method are considered to have attended shareholder meeting in person. However, they are considered to have waived their rights to participate in any special motion or any amendment to the original discussion that may arise during the shareholder meeting. For this reason, the Company should avoid proposing special motions or amendments to the original motion where possible.</p> <p>Omitted from this point onwards.</p>	<p>electronic voting across TWSE- and TPEx-listed companies since 2018.</p>
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<p>Article 15:</p> <p>Paragraphs 1 and 2 are unchanged.</p> <p>The minutes shall detail the date and venue of the meeting, the chairperson's name, the method of resolution, the proceeding and results <u>of various votes (including weight)</u>. Minutes shall be retained for as long as the Company exists.</p>	<p>Article 15:</p> <p>Paragraphs 1 and 2 are unchanged.</p> <p>The minutes shall detail the date and venue of the meeting, the chairperson's name, the method of resolution, the proceeding and results of various motions. Minutes shall be retained for as long as the Company exists.</p>	<p>Amended Paragraph 3 based on recommendations made by Asian Corporate Governance Association to enforce case-by-case voting.</p>
<p>Article 20:</p> <p>The above rules were established on April 29, 2014.</p> <p>The 1st amendment was made on June 16, 2015.</p> <p><u>The 2nd amendment was made on May 27, 2020.</u></p>	<p>Article 20:</p> <p>The above rules were established on April 29, 2014.</p> <p>The 1st amendment was made on June 16, 2015.</p>	<p>Added revision date.</p>

Appendix 1

Pegavision Corporation

Articles of Incorporation

Chapter One General Provisions

Article 1: The Company is incorporated according to The Company Act, and has been named PEGAVISION CORPORATION.

Article 2: Business activities of the Company are as follows:

- | | | |
|--------|---------|--|
| I. | CF01011 | Medical Materials and Equipment Manufacturing |
| II. | F108031 | Wholesale of Drugs, Medical Goods |
| III. | F208031 | Retail Sale of Medical Equipments |
| IV. | CE01030 | Photographic and Optical Equipment Manufacturing |
| V. | CE01010 | Precision Instruments Manufacturing |
| VI. | F113030 | Wholesale of Precision Instruments |
| VII. | F213040 | Retail Sale of Precision Instruments |
| VIII. | CC01040 | Lighting Facilities Manufacturing. |
| IX. | F113020 | Wholesale of Household Appliance |
| X. | F213010 | Retail Sale of Household Appliance |
| XI. | F401010 | International Trade |
| XII. | IG01010 | Biotechnology Services |
| XIII. | C802041 | Drugs and Medicines Manufacturing |
| XIV. | F108021 | Wholesale of Drugs and Medicines |
| XV. | F208021 | Retail Sale of Drugs and Medicines |
| XVI. | JZ99060 | Spectacles Shops |
| XVII. | F110020 | Wholesale of Spectacles |
| XVIII. | F210020 | Retail Sale of Spectacles |
| XIX. | F206020 | Retail Sale of Articles for Daily Use |
| XX. | F106020 | Wholesale of Articles for Daily Use |
| XXI. | F208040 | Retail Sale of Cosmetics |
| XXII. | F108040 | Wholesale of Cosmetics |
| XXIII. | F399990 | Retail sale of Others |

XXIV.	F203010	Retail sale of Food and Grocery
XXV.	F102170	Wholesale of Food and Grocery
XXVI.	I401010	General Advertising Services
XXVII.	F399010	Convenience Stores
XXVIII.	F301010	Department Stores
XXIX.	F301020	Supermarkets
XXX.	I301010	Software Design Services
XXXI.	ZZ99999	All business items that are not prohibited or restricted by law, except those that are subject to special approval

Article 3: The Company is headquartered in Taoyuan City, and may establish domestic or foreign branches subject to board of directors' approval.

Article 4: Public announcements of the Company shall be duly made in accordance with Article 28 of The Company Act.

Chapter Two Share Capital

Article 5: The Company has an authorized capital of Eight Hundred Million New Taiwan Dollars, at a par value of NTD 10 per share, which can be offered in multiple issues. Unissued shares may be offered over multiple issues, subject to board of directors' resolution. The Company shall reserve four million shares of its authorized capital to meet exercise of warrants, preferred shares with warrant and corporate bonds with warrant, which can be offered over multiple issues with board of directors' resolution.

Article 5-1: Any transfer of shares to employees below the average buyback price or issuance of employee warrants with exercise price below the level stipulated in "Regulations Governing the Offering and Issuance of Securities by Securities Issuers" shall be resolved in a shareholder meeting with the presence of shareholders representing more than half of outstanding shares, and voted in favor by more than two-thirds of votes present in the meeting.

- Article 5-2: The Company may use a variety of compensation instruments including: treasury stocks purchased according to The Company Act and Securities and Exchange Act, employee warrants, new shares and issuance of restricted shares, which can be transferred to, granted to or subscribed by employees of controlling or controlled entities who satisfy certain criteria. The board of directors is authorized to set these criteria at its discretion.
- Article 6: The sum of investments in other business entities is not subject to the restrictions imposed under Article 13 of The Company Act (i.e. 40% of paid-up capital).
- Article 7: The Company issues owner-registered shares only. Every share certificate shall be issued with the signatures or seals of at least 3 directors. Shares of the Company may be issued in non-tangible form, subject to registration with the centralized securities depository.
- Article 8: No changes can be made to the shareholders registry within the 60 days prior to annual general meeting, or within 30 days prior to extraordinary shareholder meeting, or within 5 days before the baseline date for dividends or other gains distributed by the Company. The above periods shall date back from the date of meeting or from the baseline date.
- Article 9: Unless otherwise specified by law or securities regulation, all share administration-related affairs and matters concerning exercising of shareholders' rights shall proceed according to "Regulations Governing the Administration of Shareholder Services of Public Companies."
- Article 10: Shareholders of the Company are required to complete a seal specimen card and provide a signature or seal pattern at the time of account opening. Seal specimen cards shall be retained by the Company's shareholder service department or stock transfer agent for future reference, and the same requirement applies to subsequent changes.

Chapter Three Shareholder Meetings

- Article 11: The Company holds two types of shareholder meeting: annual general meeting

and extraordinary shareholder meeting. Annual general meetings are convened at least once a year at a time no later than six months after the end of a financial year, whereas extraordinary shareholder meetings can be convened at any time deemed necessary.

Convention of annual general meeting shall be notified 30 days in advance, whereas extraordinary shareholder meetings are to be notified 15 days in advance. Details such as the meeting date, venue and proposals shall be communicated to each shareholder in writing or using electronic form; however, shareholders with less than 1,000 shares can be communicated by way of public announcement instead.

Article 12: Shareholder meetings that are convened by the board of directors are to be chaired by the Chairman. If the Chairman is on leave or unable to perform duty for any reason, a person of acting duty shall be appointed according to Article 208 of The Company Act. For shareholder meetings that are convened by any authorized party other than the board of directors, the convener shall chair the meeting. If two or more parties are equally eligible to serve as convener, one shall be elected among themselves to serve as convener.

Article 13: If a shareholder is unable to attend shareholder meeting in person, a proxy can be appointed by presenting a properly signed/sealed proxy form printed in the Company's prescribed format, while specifying the scope of delegated authority.

Article 14: Shareholders are entitled to one voting right for every share held, except for shares that are subject to voting restrictions outlined in The Company Act. Shareholders shall be given the option to exercise voting rights in writing or electronically during shareholder meetings, as the laws may require. Shareholders who opt to exercise voting rights using electronic method mentioned in the preceding Paragraph are considered to have participated shareholder meeting in person, but waived their rights to participate in any special motion or any amendment to original motions that may arise during the

shareholder meeting.

Article 15: Except otherwise regulated by The Company Act, a shareholder meeting resolution is passed when more than 50% of all outstanding shares are represented in the meeting, and that the motion is voted in favor by more than 50% of all voting rights represented at the meeting.

Article 16: If the Company is solely owned by a single corporate shareholder, the board of directors shall be authorized to exercise shareholders' authorities on behalf; in which case, rules pertaining to shareholder meeting stipulated in the Articles of Incorporation are no longer applicable.

Chapter Four Directors, Audit Committee and Managers

Article 17: The Company has 5 to 9 directors, who shall be elected by shareholders using the nomination system stipulated in The Company Act from capable candidates to serve a term of 3 years. Term of service can be extended if re-elected. The Company may purchase liability insurance policies to insure itself against liabilities of its directors over the course of service.

The director seats mentioned above may include independent directors, which shall be no fewer than 3 and account for no less than one-fifth of the board. Restrictions concerning independent directors' eligibility, shareholding, concurrent employment, nomination and other compliance issues are governed by relevant laws of the securities authority.

Article 17-1: The Company shall comply with Article 14-4 of the Securities and Exchange Act by assembling an Audit Committee that consists entirely of independent directors.

Article 17-2: Functional committees of various purposes may be assembled under the board of directors. Each functional committee shall establish a separate foundation principle, and implement once approved by the board of directors.

Article 18: The board of directors shall consist entirely of directors, whose authority includes the following matters:

- I. Proposal of business plans.
- II. Proposal of earnings appropriation or loss reimbursement plans.
- III. Proposal of capital-raising and capital reduction plans.
- IV. Making of key policies and organizational rules within the Company.
- V. Appointment and dismissal of the Company's managers.
- VI. Branch establishment and removal.
- VII. Budgeting and year-end account closure.
- VIII. Any other authorities vested under The Company Act or shareholders' resolutions.

Article 19: The board of directors shall appoint one Chairman during a board meeting where more than two-thirds of directors are present with the support of more than half of all attending directors. A Vice Chairman may be appointed as needed. The Chairman serves as the Company's representative to the outside world.

Article 20: Unless otherwise specified in The Company Act, board of directors meetings are to be convened by the Chairman. Unless otherwise regulated by The Company Act, board resolutions are passed only if more than half of total board members are present in a meeting, and with more than half of attending directors voting in favor.

Article 21: The Chairman serves as the chairperson for board meetings. If the Chairman is unable to perform duties due to leave of absence or any reason, a delegate shall be appointed in accordance with Article 208 of The Company Act. Directors are expected to attend board meetings in person; directors who are unable to attend in person may appoint another director as proxy to attend on behalf. For board meetings that proceed by way of video conferencing, all directors who participate in the video conference are considered to have attended the meeting in person. Directors seeking proxy attendance from another director are required to issue a separate proxy letter for every board meeting, and specify the extent of delegated authority for each motion. Each proxy attendant may only represent the presence of one absent director.

Article 22: Convention of board meeting can be notified to each director through writing, fax or e-mail according to Article 204 of The Company Act. Meetings may also be convened at any time in the case of emergency.

Article 23: Matters concerning Audit Committee, including composition, duties and authority, are governed by Securities and Exchange Act and related laws.

Article 24: The Company may compensate its directors for the services rendered based on directors' involvements and contributions to the Company's operations, in reference to local and foreign peer levels. Directors who concurrently assume duties within the Company are entitled to receive remuneration according to Article 27 of the Articles of Incorporation, and can be paid monthly salaries at managers' standard.

The Company may create managerial positions. Appointment, dismissal and remuneration of whom shall comply with Article 29 of The Company Act.

Chapter Five Accounting

Article 25: The Company's accounting period starts from January 1 and ends December 31 each year. Account closure is performed at the end of each year.

Article 26: At the end of each financial year, the Company shall prepare the following reports according to Article 228 of The Company Act and present them for review by the Audit Committee and resolution by the board of directors before seeking acknowledgment in an annual general meeting.

I. Business report.

II. Financial statements.

III. Earnings appropriation or loss reimbursement proposals.

Article 27: When it is determined that the company has profit for a fiscal year, the company shall appropriate the employee's and directors remuneration according to following sequence; however, in the case that the company still has retained losses, profits shall first be reserved to offset cumulative losses and then appropriate according to following sequence:

- I. Employee remuneration - No less than 10%, which can be paid in cash or in shares to employees of controlling or controlled entities who satisfy certain criteria. The board of directors is authorized to set this criteria at its discretion.
- II. Director remuneration - No more than 1%.

Article 27-1: When it is determined that the company has earnings for a fiscal year, the earnings shall firstly to be appropriated to profit-seeking business income tax and reimbursement of previous losses as required by law, followed by a 10% provision for legal reserve. However, no further provision of legal reserve is required if the Company has accumulated legal reserve to an amount equal to share capital. Next, provisions for special reserve are to be made according to laws or instructions of the authority. The remainder plus undistributed earnings accumulated in previous years can then be distributed or retained, for which the board of directors is required to propose an earnings appropriation plan and seek resolution in a shareholder meeting.

Cash distribution of the above surplus to shareholders shall be resolved in a board meeting with more than two-thirds of the board present, voted in favor by more than half of attending directors, and reported in the upcoming shareholder meeting.

Article 28: The distribution of the dividends of the company will coordinate with the surplus of that year based on the principal of stabilization. The Company operates in a rapidly changing industry and has therefore adopted a balanced dividend policy to cater for future capital requirements and long-term operations. As a result, the Company shall pay out no less than 10% of current year's distributable earnings as dividends under Article 27-1, with cash portion accounting for no less than 10% of total dividends.

Article 29: Dividends are distributed only to the shareholders listed on the shareholders registry five days before the cash/stock dividend baseline date.

Chapter Six Additional Rules

Article 30: The Company's organizational rules and administrative principles shall be

established separately by the board of directors.

Article 31: The Company may offer guarantees and endorsements to external parties as needed to facilitate business activities.

Article 32: Any matters that are not addressed in the Articles of Incorporation shall be governed by The Company Act and the relevant regulations.

Article 33: This Articles of Incorporation was approved unanimously by all founders on August 12, 2009. The 1st amendment was made on April 29, 2014.

The 2nd amendment was made on June 16, 2015.

The 3rd amendment was made on June 14, 2016.

The 4th amendment was made on June 14, 2018.

The 5th amendment was made on June 14, 2019.

Pegavision Corporation

Chairman: T.H. Tung

Appendix 2

Pegavision Corporation

Rules and Procedures of Shareholders Meetings

Article 1: This policy has been established in accordance with Article 5 of "Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies" to promote proper governance over the Company's shareholder meetings and to enforce supervisory and administrative functions of such meetings.

Article 2: Unless otherwise specified by law or Articles of Incorporation, shareholder meetings shall proceed according to the terms of this policy.

Article 3: Unless otherwise specified by law, shareholder meetings are to be convened by the board of directors.

The Company shall prepare an electronic file that contains the meeting notice, a proxy form, a detailed agenda of topics to be acknowledged or discussed during the meeting, and notes on the election or dismissal of directors and post it onto the Market Observation Post System (MOPS) at least 30 days before an annual general meeting, or 15 days before an extraordinary shareholder meeting. At least 21 days before an annual general meeting or 15 days before an extraordinary shareholder meeting, an electronic copy of the shareholder meeting handbook and supplementary information shall be prepared and posted onto MOPS. Hard copies of the shareholder meeting manual and supplementary information also have to be prepared at least 15 days before the meeting and made accessible to shareholders at any time. These documents shall be made available at the Company's premises and at the share transfer agent, and distributed on-site at the shareholder meeting.

The meeting notice and announcement shall include a detailed agenda. Notice and announcements can be served in electronic form with the recipient's consent. Issues that involve election or dismissal of directors, amendments to the Articles of Incorporation, corporate liquidation, merger, divestment, or any matters listed in Paragraph 1, Article 185 of The Company Act and Articles 26-1 and Article 43-6 of Securities and Exchange Act shall be raised as regular motions and cannot be raised in the form of a special motion.

Shareholders that own more than 1% of the Company's outstanding shares are entitled to propose motions for discussion in annual general meetings. However, each shareholder may only propose one motion; proposals above that limit will be excluded from discussion. The board of directors may disregard shareholders'

proposals if the proposed motions exhibit any of the conditions described in Paragraph 4, Article 172-1 of The Company Act.

The Company shall announce, before the book closure date of annual general meeting, the conditions, places and time within which shareholders' proposals are accepted. The acceptance period shall not be less than ten days.

Shareholders shall limit their proposed motions to 300 words only; proposals that exceed 300 words will not be accepted for discussion. Shareholders who have successfully proposed their motions shall attend the annual general meeting in person or through proxy and participate in the discussion.

The Company shall notify each proposing shareholder the outcomes of their proposed motions before the date the meeting notice is sent. Meanwhile, motions that satisfy the conditions listed in this Article shall be included as part of the meeting notice. During the shareholder meeting, the board of directors shall explain the reasons why certain proposed motions are excluded from discussion.

Article 4: Shareholders may appoint proxies to attend shareholder meetings on their behalf by completing the Company's proxy form and specifying the scope of delegated authority.

Each shareholder may issue one proxy form and delegate one proxy only. All proxy forms shall be received by the Company at least 5 days before the shareholder meeting. In cases where multiple proxy forms are issued, the one that arrives first shall prevail. However, this excludes situations where the shareholder has issued a proper declaration to withdraw the previous proxy arrangement.

Should the shareholder decide to attend shareholder meeting personally or exercise voting rights in writing or using electronic means after a proxy form has been received by the Company, a written notice shall be sent to the Company by no later than two days before the meeting commences to withdraw the proxy arrangement. If the shareholder fails to withdraw proxy arrangement before the due date, vote of the proxy attendant shall prevail.

Article 5: Shareholder meetings shall be held at locations that are suitable and convenient for shareholders to attend. Meetings shall not commence anytime earlier than 9AM or later than 3PM. Independent directors' opinions shall be fully taken into consideration when choosing the meeting venue and time.

Article 6: Shareholders and representatives thereof (collectively referred to as shareholders) shall attend shareholder meetings by presenting valid conference

pass, attendance card or other document of similar nature. Proxy form acquirers are required to bring identity proof for verification.

An attendance log shall be prepared to record shareholders' attendance; alternatively, shareholders may present attendance cards to signify their presence. Shareholders who attend the meeting shall be given a copy of the meeting handbook, annual report, attendance card, speech note, motion ballot and any information relevant to the meeting. Prepare additional ballots if director election is also being held during the meeting.

Where the shareholder is a government agency or corporate entity, more than one representative may attend shareholder meetings on their behalf. Corporate entities that have been designated as proxy attendants can only appoint one representative to attend shareholder meeting.

Article 7: Shareholder meetings that are convened by the board of directors shall be chaired by the Chairman. If the Chairman is on leave or is unable to exercise duties for any reason, the Vice Chairman will act on behalf; if there is no Vice Chairman or if the Vice Chairman is also on leave or is unable to exercise duties for any reason, the Chairman may appoint one managing director to assume acting duty; if there is no managing director, one of the directors shall be appointed to perform acting duty; if no delegate is appointed by the Chairman, one shall be appointed among managing directors or directors.

Shareholder meetings that are convened by the board of directors should have more than have of the board attending.

For shareholder meetings that are convened by any authorized party other than the board of directors, the convener shall chair the meeting. If two or more parties are equally eligible to serve as convener, one shall be elected among themselves to serve as convener.

The Company may summon its lawyers, certified public accountants, and any relevant personnel to be present at shareholder meetings.

Article 8: The entire proceeding of shareholder meeting shall be recorded in video or audio. These recordings shall be retained for at least one year. However, if a shareholder raises a litigious claim against the Company in accordance with Article 189 of The Company Act, the abovementioned documents shall be retained until the end of the litigation.

Article 9: Shareholders' presence is determined by the number of shares represented in a meeting. The number of shares represented in a meeting is calculated based on attendance log records or the attendance cards collected, plus the number of

shares that have voting rights exercised in writing or through electronic means. The chairperson should announce commencement of meeting as soon as it is due. However, if current 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 attending shareholders still represent less than one-third of outstanding shares after two postponements.

If attending shareholders still represent more than one-third but less than half of outstanding shares after two postponements, the attending shareholders may reach a tentative resolution according to Paragraph 1, Article 175 of The Company Act. This tentative resolution shall then be communicated to every shareholder and another shareholder meeting shall be held within the next month.

If the number of shares represented accumulate to more than half of all outstanding shares as the meeting progresses, the chairperson may propose the tentative resolutions for final voting according to Article 174 of The Company Act.

Article 10: For shareholder meetings that are convened by the board of directors, the board of directors will determine the meeting agenda. The agenda cannot be changed unless resolved during the shareholder meeting.

The above rule also applies to shareholder meetings that are convened by any authorized party other than the board of directors.

In either of the two situations described above, the chairperson cannot dismiss the meeting while a motion (including special motion) is still in progress. If the chairperson violates conference rules by dismissing the meeting when not allowed to do so, other members of the board shall immediately assist attending shareholders in electing another chairperson that has the support of more than half of voting rights represented on-site to continue the meeting.

For any motions, amendments or special motions proposed during the meeting, the chairperson may announce to discontinue further discussions if the issue in question is considered to have been sufficiently discussed to proceed with voting.

Article 11: Shareholders who wish to speak during the meeting shall produce a speech note detailing the topic, shareholder ID (or the attendance ID serial) and shareholder's name. The order of shareholders' comments is determined by the chairperson

Shareholders who submit a speech note without actually speaking are considered to have remained silent. If the shareholder's actual comments differ from those stated in the speech note, the actual comments expressed shall be taken into record.

Each shareholder shall speak for no more than two times, for 5 minutes each, on the same motion unless otherwise agreed by the chairperson. The chairperson may stop shareholders from speaking if they violate any terms of the policy or speak outside the discussed topic.

While a shareholder is speaking, other shareholders can not speak simultaneously or interfere in any way unless agreed by the chairperson and the person speaking. Any violators shall be restrained by the chairperson.

Where a corporate shareholder has appointed two or more representatives to attend the shareholder meeting, only one representative may speak per motion. After a shareholder has finished speaking, the chairperson may answer the shareholder's queries personally or appoint any relevant personnel to do so.

Article 12: Votes in a shareholder meeting are vested based on the number of shares represented.

Shares that do not carry voting rights are excluded from the calculation of outstanding shares when voting for the final resolution.

Shareholders cannot vote, or appoint proxies to vote, on any motions that present a conflict between their own interests and interests of the Company.

The number of shares held by shareholders who are not permitted to vote shall be excluded from the calculation of total voting rights.

With the exception of trust enterprises and certain share transfer agencies approved by the authority, a proxy may not represent more than 3% of total voting rights in aggregate when representing two or more shareholders during the meeting. Voting rights that exceed this threshold shall be excluded from calculation.

Article 13: Shareholders are entitled to one vote per share, except for shares that are subject to voting restrictions or situations outlined in Paragraph 2, Article 179 of The Company Act.

The Company may give shareholders the option to exercise voting rights in writing or using the electronic method during shareholder meetings. Instructions for exercising voting rights in writing or through electronic means shall be stated clearly on the meeting notice. Shareholders who have voted in writing or using the electronic method are considered to have attended shareholder meeting in person. However, they are considered to have waived their rights to participate

in any special motion or any amendment to the original discussion that may arise during the shareholder meeting. For this reason, the Company should avoid proposing special motions or amendments to the original motion where possible. Instructions to exercise written and electronic votes shall be delivered to the Company at least 2 days before the shareholder meeting. In the event of duplicate submissions, the earliest submission shall be taken into record. However, this excludes situations where a proper declaration is issued to withdraw the previous arrangement.

Shareholders who wish to attend the shareholder 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, and by no later than two days before the day of shareholder meeting. The written/electronic vote shall prevail if not withdrawn before the cutoff time. If a shareholder exercises vote in writing or through electronic means and at the same time delegates a proxy to attend shareholder meeting, the voting decision exercised by the proxy shall prevail.

Unless otherwise regulated by The Company Act or stated in the Articles of Incorporation, a motion is passed when supported by shareholders representing more than half of total voting rights in the meeting. A motion is considered passed if the chairperson receives no objection from any attending shareholders. This voting method is deemed as effective as does the conventional ballot method.

In cases where several amendment or alternative solutions have been proposed at the same time, the chairperson shall determine the order in which proposals are to be voted. However, if any solution is passed, all other proposals shall be deemed rejected and no further voting is necessary.

The chairperson shall appoint ballot examiners and ballot counters to support the voting process. The ballot examiner shall be a shareholder. Motion and election votes are to be counted openly at the shareholder meeting. Results of the vote shall be announced on-site and recorded in minutes.

Article 14: Shareholder meetings that involve election of directors shall proceed according to the Company's election policy. Results of the election shall be announced on-site.

All ballots used in the above election shall be sealed and signed by the ballot examiner, and held in proper custody for at least one year. However, if a shareholder raises a litigious claim against the Company in accordance with Article 189 of The Company Act, the abovementioned documents shall be retained until the end of the litigation.

Article 15: Shareholder meeting resolutions shall be compiled into detailed minutes, signed or sealed by the chairperson, and disseminated to each shareholder by no later than 20 days after the meeting. Preparation and distribution of meeting minutes can be made in electronic form.

The Company may disseminate meeting minutes by announcing details over MOPS.

The minutes shall detail the date and venue of the meeting, the chairperson's name, the method of resolution, the proceeding and results of various motions. Minutes shall be retained for as long as the Company exists.

Article 16: During the shareholder meeting, the Company shall disclose information regarding the number of shares acquired by acquirers and the number of shares represented by proxies using the prescribed format. The Company shall disclose on MOPS in a timely manner any shareholder meeting resolutions that constitute material information as defined by law or the rules of Taiwan Stock Exchange Corporation (or Taipei Exchange).

Article 17: Officers of the shareholder meeting shall wear proper identification or arm badge.

The chairperson may instruct security staff to help maintain order in the meeting. While maintaining order in the meeting, all security staff are required to wear arm badges that identify their role as "Security."

The chairperson may stop anyone who attempts to speak using instruments that are not provided by the Company.

The chairperson may instruct security staff to remove shareholders who continue to violate conference rules despite being warned.

Article 18: The chairperson may put the meeting in recess at appropriate times. In the event of force majeure, the chairperson may suspend the meeting temporarily and resume at another time.

If the shareholder meeting is unable to conclude all scheduled motions (including special motions) before the venue is due for return, participants may resolve to continue the meeting at an alternative location.

Shareholders may also resolve to postpone or resume the meeting within the next 5 days, according to Article 182 of The Company Act.

Article 19: The above rules are subject to approval by the board of directors, and shall take effect immediately once approved during shareholder meeting; the same applies to all subsequent revisions.

Article 20: The above rules were established on April 29, 2014.
The 1st amendment was made on June 16, 2015.

Appendix 3

Pegavision Corporation

Rules and Procedures of Board of Director Meetings

Article 1: The following rules have been established in accordance with Article 2 of "Regulations Governing Procedure for Board of Directors Meetings of Public Companies" to enhance board of directors' governance, supervision and management over the Company.

Article 2: (Applicability)

All issues relating to board of directors meeting, such as the agenda, procedures, minutes, announcements, compliance etc., shall proceed according to the Rules.

Article 3: (Delegation of board of directors' authority)

The board of directors may delegate its authority if permitted by law or the Company's Articles of Incorporation, except for the items listed in Article 7 of the Rules that have to be discussed in a board meeting by none other than the directors themselves. The level, nature or scope of delegated authority shall proceed according to:

- I. The Company's "Delegation Policy."
- II. Applicable management policies, systems and rules of the Company.
- III. Other relevant laws, if stipulated otherwise.

Article 4: (Convening of board meeting and meeting notice)

The Company shall convene board of directors meetings at least once every quarter. Convention of board meeting shall be communicated to directors and supervisors 7 days in advance with detailed agenda; however, board meetings may be convened in

shorter notices in case of emergency.

Except in the case of emergency or under circumstances supported by justifiable reasons, all matters listed in Paragraph 1, Article 7 of this policy shall be raised as regular motions, and cannot be raised in the form of a special motion.

Article 5: (Meeting notice and meeting materials)

The shareholders service department has been designated as the meeting organizer, whose responsibilities are to handle matters relating to regular board meetings. The meeting organizer gathers opinions from directors in advance to determine motions and agenda for the upcoming board meeting, and notifies all directors while inviting supervisors to attend within the timeframe mentioned in Article 4. The meeting organizer shall also prepare adequate materials and have them sent to participants along with the meeting notice.

Directors may request for supplemental information from the meeting organizer if they consider the prepared materials to be inadequate. Directors may resolve to postpone certain discussions if they consider the information presented to them to be inadequate.

Article 6: (Agenda)

Agenda of a regular board meeting shall include at least the following topics:

I. Reports:

- (I) Minutes of the last meeting and execution of board resolutions.
- (II) Reports on key financial and business matters.
- (III) Reports on the internal audit progress.
- (IV) Reports on other important matters.

II. Discussions:

- (I) Discussions carried forward from the previous meeting.
- (II) Discussions scheduled for the current meeting.
- III. Special motions.

Article 7: (Matters requiring discussion at board meeting and expression of opinions in-person by independent directors)

The following issues concerning the Company shall be resolved by the board of directors:

- I. Operating plans of the Company.
- II. Annual and semi-annual financial reports.
- III. Establishment or amendment of the Company's internal control system according to Article 14-1 of the Securities and Exchange Act.
- IV. Establishment or amendment of asset acquisition and disposal procedures, derivative trading procedures, external party lending procedures, external party endorsement and guarantee procedures, and other procedures of major financial or business consequence according to Article 36-1 of the Securities and Exchange Act.
- V. Offering, issuance or private placement of securities with equity characteristics.
- VI. Appointment and dismissal of finance, accounting, or internal audit officers.
- VII. Any decisions that shall be resolved in a shareholder meeting or a board of directors meeting as required by law or Articles of Incorporation, and any major issues prompted by the competent authority.

Independent directors, if available, shall personally attend board meetings or appoint other independent directors to attend on their behalf for any decisions that have to be resolved in a board of directors meeting according to Article 14-3 of the Securities and

Exchange Act. All objections and reservations expressed by independent directors shall be detailed in board of directors meeting minutes. If the independent director is unable to express objections or reservations in person during the board of directors meeting, the opinion shall be expressed in writing in advance and recorded in board meeting minutes unless there is justifiable reason not to do so.

Article 8: (Preparation of attendance logs and documents, and directors' proxy attendance)

Attendance logs shall be provided during board meetings and signed by all directors present at the meeting.

Directors are required to attend board meetings personally. Directors who are unable to attend in-person may seek proxy attendance from other directors according to the Articles of Incorporation. Directors who participate in the meeting using video conferencing are considered to have attended in-person.

Directors seeking proxy attendance from another director are required to issue a separate proxy letter for every board meeting, and specify the extent of delegated authority for each motion.

Each proxy attendant may only represent the presence of one absent director.

Article 9: (Principles on meeting venue and time)

Board meetings should be convened at the Company's premise and within office hours. However, meetings may also be convened at other locations and times that are convenient and suitable for directors to attend if need be.

Article 10: (Meeting chairperson and acting chairperson)

Board meetings of the Company shall be convened and chaired by the Chairman. However, the first meeting of a newly elected board shall be convened by the director who receives the highest number

of votes at the shareholder meeting, whereas the meeting chairperson shall be elected among all directors present at that meeting. If two or more directors are equally eligible to serve as convener, one shall be elected among themselves to serve as convener.

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.

Article 11: (Convention of board meeting)

The chairperson shall announce commencement of board meeting when the time is due with more than half of all directors present.

If the meeting is due to convene but less than half of board is present, the chairman may postpone the meeting for up to two times. If the number of participants remains insufficient after two postponements, the chairperson may re-convene the meeting at another time according to Paragraph 1, Article 4 of the Rules.

The term "all directors" mentioned above shall refer to those who are currently in active duty.

Article 12: (Board meeting materials and participants)

When the board convenes its meeting, the shareholders service department shall have relevant materials ready for use at directors' request.

Depending on the discussed motion, managers of relevant duty may be called to report at meetings. Professionals such as certified public accountants and lawyers may also be invited to provide expert opinions in board meetings.

Supervisors may be invited to present opinions and discuss

motions at board meeting, but are unable to exercise voting rights over matters that are to be resolved exclusively under board authority.

Article 13: (Discussion of motions)

Board meeting discussions shall proceed primarily as scheduled in the meeting notice. However, changes can be made with the consent of more than half of all attending directors.

The chairperson cannot dismiss the meeting without the consent of more than half of all attending directors.

If the number of remaining directors falls to less than half of all attending directors while the board meeting is in progress, the chairperson shall suspend the meeting at the request of remaining directors and proceed according to Paragraph 2, Article 11 of the Rules.

Article 14: (Directors' statements and chairperson's instructions)

Once an attending director has made a statement, the chairperson may answer personally or appoint any relevant personnel to answer the query, or consult any professionals present at the board meeting for information.

The chairperson may restrain directors from speaking repeatedly or outside the scope of the discussed topic, if their actions have prevented other directors from speaking or have affected the meeting's proceeding.

Article 15: (Voting (1))

The chairperson may announce to discontinue further discussion if the topic is considered to have been sufficiently discussed to proceed with voting.

A motion is considered passed if the chairperson receives no objection from any attending directors. Should any director express objection after being inquired by the chairperson, the

discussed motion shall be resolved through vote.

The chairperson may choose to proceed with voting using any of the following methods, but if there is any objection among attendants as to the choice of voting method, the chairperson shall adopt the method that has the highest support among attendants:

- I. Voting with a show of hands or use of voting instruments.
- II. Vote by roll call.
- III. Vote by ballot.
- IV. Any other methods chosen by the company.

The attending directors mentioned in the two paragraphs above do not include directors who are not permitted to vote under Paragraph 1, Article 17.

Article 16: (Voting (2) and ballot examination/counting)

Unless otherwise regulated by the Securities and Exchange Act, The Company Act or the Articles of Incorporation, a motion is passed if it is supported by more than half of attending directors. In cases where several amendment or alternative solutions have been proposed at the same time, the chairperson shall determine the order in which proposals are to be voted. However, if any proposal is passed, all other proposals shall be deemed rejected and no further voting is necessary.

If the voting requires a ballot examiner and a ballot counter, the chairperson shall appoint them accordingly. The ballot examiner, however, shall be a director.

Outcome of a vote shall be documented and announced on site.

Article 17: (Avoidance of conflicting interest by directors)

Directors are required to disassociate from all discussion and voting, but may express opinion and reply, in any motion that poses a conflict of interest between the Company and themselves or the entities they represent. Furthermore, they are prohibited

from exercising voting rights on behalf of other directors.

When making board resolutions, Paragraph 2, Article 206 and Paragraph 2, Article 180 of The Company Act shall apply to directors who are prohibited from exercising voting rights under the preceding Paragraph.

Article 18: (Meeting minutes and acknowledgment)

Proceeding of the Company's board meetings shall be recorded in detailed minutes. The meeting minutes shall duly include the following details:

- I. The meeting session (or year), time, and venue.
- II. Name of the meeting chairperson.
- III. Directors' attendance, including the number and names of attendees, absentees, and those on leave of absence.
- IV. Names and titles of other participants invited to the meeting.
- V. Name of the minutes taker.
- VI. The reported issues.
- VII. Discussions: the method of resolution and outcome of each motion; a summary of opinions, objections or reservations expressed by directors, supervisors, experts and other personnel either on record or through written statements.
- VIII. Special motions: the name of the proposer, the method of resolution and outcome of each motion; a summary of opinions, objections or reservations expressed by directors, supervisors, experts and other personnel either on record or through written statements.
- IX. Other details deemed relevant for inclusion in meeting minutes.

The attendance log constitutes part of the board meeting minutes, and therefore shall be kept properly over the Company's existence.

Meeting minutes shall be signed or sealed by the chairperson and the minutes taker, and distributed to all directors and supervisors within 20 days after the meeting. The minutes should also be treated as part of the Company's key files and retained as such over the Company's existence.

Preparation and distribution of meeting minutes mentioned in Paragraph 1 can be made in electronic form.

Article 19: (Video and audio recording in board meetings)

Board of directors meetings shall be recorded in video or audio, and kept for at least 5 years. The footage can be stored in electronic form.

Should any litigation arise with respect to a specific board meeting resolution before the abovementioned expiry, the relevant recordings shall be retained as evidence indefinitely until the litigation is concluded.

Where meetings are held by way of video conferencing, the recorded video and audio shall be treated as part of the meeting minutes, and kept properly over the Company's existence.

Article 20: (Supplemental provisions)

Establishment and amendment of the conference rules are subject to approval by the Company's board of directors and acknowledgment in shareholder meeting. The board of directors is authorized to make subsequent amendments as deemed necessary. The above rules were first established on April 29, 2014.

Appendix 4

Directors' Shareholding

- I. The Company has paid-up capital of NT\$700,000,000, issued in 70,000,000 shares.
- II. According to Article 26 of Securities and Exchange Act, the entire board of directors is required to maintain a minimum holding position of 5,600,000shares.
- III. Directors' individual and aggregate shareholding as at the book closure date prior to this annual general meeting are shown as follows:

Date: March 29, 2020

Title	Name	Shareholding when elected		Shareholding position as at the book closure date	
		No. of shares	Percentage	No. of shares	Percentage
Chairman	Tzu-Hsien Tung	645,729	1.08%	645,729	0.92%
Vice Chairman	Ming-Tung Kuo	1,928,868	3.21%	1,928,868	2.76%
Director	Kinsus Investment Co., Ltd. Representative: Te-Sheng Yang	22,088,736	36.81%	21,233,736	30.33%
Director	Kinsus Investment Co., Ltd. Representative: Ho-Hsu Chen	22,088,736	36.81%	21,233,736	30.33%
Director	Asuspowers Investment Co., Ltd. Representative: Mu-Jung Wun	5,701,121	9.50%	5,480,121	7.83%
Director	Asuspowers Investment Co., Ltd. Representative: Wen-Yung Ho	5,701,121	9.50%	5,480,121	7.83%
Independent director	Jen-Lu Yao	-	-	-	-
Independent director	Andrew Ta-Fu Huang	-	-	-	-
Independent director	Shu-Yu Lee	-	-	-	-
Total directors' shareholding		30,364,454	50.60%	29,288,454	41.84%

Appendix V

Update on shareholders' proposals for the current annual general meeting:

1. According to Article 172-1 of The Company Act: "Shareholders that own more than 1% of the company's outstanding shares are entitled to propose, in writing, motions for discussion in annual general meetings."
2. Each shareholder may only propose one motion; proposals above that limit are excluded from discussion. Proposals shall be limited to 300 words only; proposals that exceed 300 words will not be accepted for discussion.
3. The Company had been accepting shareholders' proposals for this year's annual general meeting from March 20 to March 30, 2020, with relevant announcements made on MOPS.
4. No proposal was received from shareholders during that period.