

Listed Stock Code: 3041



ALi Technology Co., Ltd.

2020 General Meeting of Shareholders

Meeting Handbook

Date: 9:00 A.M., June 12, 2020

Location: 4F., No. 207, Sec. 2, Tiding Blvd., Neihu
Dist., Taipei City
(Xuexue Institute Building)

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I. Meeting Procedure

1. Chairman Speech

2. Report Items

3. Ratification Items

4. Discussion Items

5. Extraordinary Motions

6. Meeting Adjourned

II. Meeting Agenda

Time: 9: 00 A.M., Friday, June 12, 2020

Location: 4F., No. 207, Sec. 2, Tiding Blvd., Neihu Dist., Taipei City

(Xuexue Institute Building)

Procedure:

1. Chairman Speech

2. Report Items

- (1) 2019 Annual Business Report
- (2) Audit Committee's Review Report
- (3) 2019 Report on Sound Operating Plan Implementation
- (4) Amendment Report on *Measures for Share Redemption and Transferring to Employees*
- (5) Report on Share Redemption Implementation
- (6) Amendment Report of the *First Issue of Employee Stock Subscription Voucher in 2019 and Stock Subscription Measures*

3. Ratification Items

- (1) 2019 Annual Business Report and Financial Statements
- (2) 2019 Loss Compensation

4. Discussion Items

- (1) 2020 First Issue of New Shares Restricting Employee Rights
- (2) Amendment to Part of the *Articles of Association*
- (3) Private Placement of Common Share

5. Extraordinary Motions

6. Meeting Adjourned

Report Items

Proposal 1

Proposal: 2019 Annual Business Report

Explanation: Annex 1 (page 11) for 2019 Annual Business Report

Proposal 2

Proposal: Audit Committee's Review Report

Explanation: Refer to Annex 2 (page 12) for Audit Committee's Review Report

Proposal 3

Proposal: 2019 Report on Sound Operating Plan Implementation

Explanation: In accordance with the provisions of J.G.Z.F.Z.No. 1080329607 issued by the Financial Supervision and Administration Commission on September 5, 2019; the report is as follows:

1. On June 11, 2019, the Company passed the resolution of the 2019 regular shareholders meeting to reduce capital to make up for its losses. After the approval of J.G.Z.F.Z.No. 1080329607 issued by the Financial Supervision and Administration Commission on September 5, 2019, the Company reported the implementation of the sound operating plan to the shareholders meeting in accordance with the provisions therefrom.
2. Please refer to Annex 3 (page 13) for Report on the Sound Operating Plan Implementation in accordance with the above-mentioned provisions.

Proposal 4

Proposal: Amendment Report on *Measures for Share Redemption and Transferring to Employees*

Explanation: 1. Revise the Company's *Measures for Share Redemption and Transferring to Employees* according to the Company's actual management requirements.

2. Refer to Annex 4 (page 14-15) for comparison table of amendments

Proposal 5

Proposal: Report on Share Redemption Implementation

Explanation: Details of the implementation of the Company's share redemption in 2020 are shown in the following table.

	As of 4 May 2020
Redemption term	6
Redemption purpose	Transfer share to employees
Redemption type	Common share
Maximum amount of redemption	1,490,225,225
Scheduled redemption period	2020/03/19~2020/05/18
Scheduled redemption quantity	3,850,000
Price range of redemption	10.50~18.00
Type and quantity of share redemption	Common share 936,000
Amount of share redemption	12,141,318
Ratio of redemption quantity to scheduled quantity (%)	24%

Proposal 6

Proposal: Amendment Report of the *First Issue of Employee Stock Warrants Rights Voucher in 2019 and Stock Warrants Measures*

Explanation: 1. In order to retain the flexibility of remaining employees, the Company revised the First Issue of Employee Stock Warrants Rights Voucher in 2019 and Stock Warrants Measures

2. Please refer to Annex 5 (pages 17-23) for a comparison table of the measures and amendment provisions.

Ratification Items

Proposal 1

Proposal: 2019 Annual Business Report and Financial Statements (Proposed by the Board of Directors)

Explanation: 1. The preparation of the Company's 2019 Business Report and Financial Statements were completed and approved by the Board of Directors. Among them, the Financial Statements were audited by independent auditors, CPA Ke Zhixian and CPA Qiu Mengjie with Deloitte & Touche. The aforesaid Financial Statements together with the Business Report were reviewed by the Audit Committee, and the written Audit Committee's Review Report form is presented.
2. Please refer to Annex 1 (page 11) and Annex 6 and 7 (pages 24-43) for 2019 Business Report, Independent Auditor's Report and financial statements.
3. Please approve accordingly.

Resolution:

Proposal 2

Proposal: 2019 Loss Compensation (Proposed by the Board of Directors)

Explanation: 1. The Company's 2019 net loss after-tax was NT\$ (the same below) 316,973,428, adding accumulated deficit at beginning of period of NT\$ 1,100,513,256, retained earnings due to investment adjustments using equity method of NT\$ 10,952 and subtracting capital reduction to cover loss of NT\$ 1,100,513,250, and accumulated deficit for this year of NT\$ 316,984,386.
2. No dividend will be distributed to shareholders this year.
3. The table of 2019 Loss Compensation is attached. Please approve accordingly.

ALi Technology Co., Ltd.

Table of 2019 Loss Compensation

	Unit: NT\$
Accumulated deficit at beginning of period	(1,100,513,256)
add: Retained earnings due to investment adjustment using equity method	(10,952)
add: Net loss in 2019	(316,973,428)
subtract: Capital reduction to cover loss	1,100,513,250
Accumulated deficit at end of period	<u>(316,984,386)</u>

Chairman: Liang, Hou-yi

Manager: Chen, Chia-hung

Chief account: Wang, Hsueh-mei

Resolution:

Discussion Items

Proposal 1

Proposal: 2020 First Issue of New Shares Restricting Employee Rights (Proposed by the Board of Directors)

Explanation: 1. The Company plans to issue new shares restricting employee rights for the first time in 2020 and set out share subscription measures (hereinafter referred to as the Measures, please refer to Annex 8 on pages 44-50 for details).

2. The total amount of shares to be issued under the Measures is NT\$ 21,000,000. Each share has a denomination of NT\$ 10 and a total of 2,100,000 shares of common shares are issued.

3. The Measures are subjecting to the following acquired conditions, acquired dates and acquired proportions when issuing new shares restricting employee rights:

(1) The employee was still in office on the acquired date.

(2) No violation of the Company's labor contract, working rules, non-competition, confidentiality agreement or contractual agreement with the company during the acquired period.

(3) The employee performance appraisal results of the previous year meet the standards (inclusive) or above; And

(4) The Company's overall operating performance meets the following objectives:

A. On the date when the Company's 2020 Financial Report audited and certified by CPA is approved by the Board of Directors, if the Company's 2020 operating income reaches NT\$ 2.25 billion, 30% of the acquired shares will be distributed.

B. On the date when the Company's 2021 Financial Report audited and certified by CPA is approved by the Board of Directors, if the Company's 2021 operating income reaches NT\$ 3 billion, 30% of the acquired shares will be distributed.

C. On the date when the Company's 2021 Financial Report audited and certified by CPA is approved by the Board of Directors, if the Company's 2021 net profit after-tax reaches NT\$ 100 million or more, 40% of the acquired shares will be distributed.

(5) In the event of M&A (merger, acquisition and division) of the Company by others and there are still new shares restricting employee rights that do not meet the acquired conditions, the allocated employees may submit a request to acquire the acquired shares in advance within 30 days from the date of adoption of the relevant legal resolution/base date (whichever is the earlier) and not subject to the above-mentioned acquired conditions such as performance achievement. If the deadline has not yet been fulfilled, the relevant contract or agreement shall apply.

4. The possible expensed amount, dilution of the Company's earnings per share and other matters affecting shareholders' equity under the Measures are as follows:

(1) If all the new shares restricting employee rights to be issued meet the acquired conditions, the total amount of possible expenses is about NT\$ 22,963,523.

(2) Based on the 192,539,746 shares currently in circulation, the dilution of

earnings per share is about NT\$ 0.12, which does not have a significant impact on shareholders' equity.

(3) The proportion of shares to be issued this time is 1.09% of the total shares issued by the Company.

5. If the conditions or contents set forth in the Measures have been instructed by the competent authority, amended by relevant laws and regulations, or need to be revised or amended for the financial market conditions or objective environment, the issuance shall not begin until the chairman of the Board of Directors is authorized to deal with all the conditions or contents except for those stipulated in Article 60-2 of the prospectus guidelines, which shall be approved by the Board of Shareholders, and subjecting to the approval of the Board of Directors.

6. Please approve accordingly.

Resolution:

Proposal 2

Proposal: Amendment to Part of the Articles of Association (Proposed by the Board of Directors)

Explanation: 1. Revise certain articles of the Company's Articles of Association in line with the revision of the Company Act and the Company's operation needs.

2. Please refer to Annex 9 (pages 51-53) for a comparison table of the revised provisions.

3. Please approve accordingly.

Resolution:

Proposal 3

Proposal: Private Placement of Common Share (Proposed by the Board of Directors)

Explanation: 1. In order to cope with the possible impact of the COVID-19 epidemic on the overall economic environment in advance and to facilitate the Company to raise working capital when necessary in the future, it is proposed to conduct seasoned equity offerings (SEO) and issue common shares by private placement at an appropriate time in accordance with Article 43-6 of the Securities and Exchange Act.

2. Information on SEO and common share issuance through private placement is as follows:

(1) Conditions for issuing:

A. Type: Common share.

b. Number: The total number of shares issued shall not exceed 28,880,000.

c. Par of share: NT\$ 10 per share.

d. Total amount: Authorize the Board of Directors to decide according to the actual situation.

(2) Basis and rationality of private placement price:

A. The price of this private placement of common shares shall be set at not less than 90% of the higher of the following two benchmark calculation prices on the pricing date of the Company:

(a) The simple arithmetic average of the closing price of common share calculated on one of the 1, 3 or 5 business days prior to the pricing date, after deducting the rights of bonus allotment and dividend, and adding

back the price after capital reduction and ex- rights; Or

(b) The simple arithmetic average of the closing price of the common share for the 30 business days prior to the pricing date, after deducting the share price with the rights of bonus allotment and interest allocation, and adding back the share price with the rights of capital reduction and ex-rights.

B. However, the actual pricing date and the actual issue price shall be subjected to the Board of Directors in accordance with the above-mentioned method, depending on the specific circumstances.

(3) Target selection:

Private placement targets are limited to strategic investors who meet the requirements of Article 43-6 of the Securities and Exchange Act and Financial Supervision and Administration Commission Order 091003455 of Taiwan Financial Securities (2010) of June 13, 2010, and be able to help the Company to promote technology, improve quality, reduce costs, improve efficiency, expand markets and other benefits, and agree with the Company's business philosophy.

(4) Target purpose:

In response to the long-term development needs of the Company, it is proposed to assist the Company in achieving the above-mentioned benefits through the technology, knowledge or channels of these strategic investors. The Board of Directors is to be fully authorized by the Board of Shareholders to handle matters relating to specific persons.

(5) Necessity of private placement:

A. Reasons for not adopting public offering:

Considering the capital market situation, efficiency, feasibility of raising capital, issuance cost and actual needs of introducing strategic investors; and the regulation that private placement of securities is subject to transfer restrictions within a certain period of time can ensure the long-term cooperative relationship between the Company and strategic investment partners, the Company adopts private placement.

B. Private placement quota:

No more than 28,880,000 shares.

C. Use of funds for each private placement and expected benefits:

The Company expects to conduct private placement of common shares in no more than three times within one year from the date of the resolution of the shareholders' meeting, depending on the market and the situation of specific persons. The private placement funds will be fully used to replenish the working capital. This private placement is expected strengthen the Company's competitiveness, enhance its operating efficiency and strengthen its financial structure, which is beneficial to shareholders' rights and interests.

(6) Rights and obligations of this private placement of common shares:

A. The rights and obligations of common shares issued in this private placement and subsequent allotment are the same as those of common shares issued by the Company. However, in accordance with the regulations, this private placement and the common shares subsequently allotted shall not be sold within three years from the delivery date of this private placement, except in accordance with Article 43-8 of the Securities and Exchange Act.

B. After three years since the delivery date of this private placement of

common shares and the subsequent allotment of common shares, the Board of Directors is to be authorized to apply to the Taiwan stock exchange and obtain approval conforming to the listing standards in accordance with the relevant provisions of the Guidelines for Handling Offering and Issuance of Securities by Issuers and the Taiwan Stock Exchange Limited Securities Listing Review Standards, apply to the Financial Supervision and Regulation Commission for a re-issuance of public shares, and apply for a listing transaction by means of book transfer and delivery without printing entities.

C. If there is a major change in the management right within one year before the Board of Directors decides to conduct private placement or if the introduction of strategic investors will result in a major change in the management right after conducting private placement: In the year before the Board of Directors of the Company decided to re-elect the directors due to their term of office, more than one-third of the directors changed, is a major change in the management rights as defined by laws and regulations. According to relevant laws and regulations, SinoPac Securities is requested to issue an Evaluation on Necessity and Rationality of Private Placement (please refer to Annex 10 pages 54-59). The contents of the Evaluation will be set forth in the notice of shareholders' regular meeting. When evaluating and selecting targets, the Company will adhere to the principle of no major change in management rights.

3. The proposal authorizes the Board of Directors to handle private placement of common shares in no more than three times within one year from the date of the resolution of the shareholders' meeting, depending on the actual situation of the offer; And within one year from the date of the resolution of the shareholders' meeting, it is proposed to request the shareholders' meeting to authorize the Board of Directors to make a resolution, regardless of whether the shares have been fully raised. If the original plan is still feasible, it shall be deemed that the shares have been fully collected for private placement of SEO and issuance of new shares, and the raising of private placement of SEO and issuance of new shares shall be completed.

4. The pricing date, actual issue price and capital increase benchmark date of this private placement are to be submitted to the Board of Directors authorized by this shareholders' meeting for decision.

5. If the issue price, issue conditions, planned items and other related matters of the new shares issued by this private placement are changed due to laws and regulations, opinions of the competent authority or changes in market conditions, it is proposed to submit the matter to the Board of Directors authorized by this shareholders' meeting for full handling.

6. Other matters not covered, or changes in issuance conditions, planned items and other related matters due to changes in laws and regulations, opinions of the competent authority or changes in market conditions, are proposed to be submitted to the Board of Directors authorized by this shareholders' meeting for amendment.

7. Please approve accordingly.

Resolution:

Extraordinary Motions

Meeting Adjourned

III. Annex

Annex 1

Business Report

2019 is a crucial year for the Company to vigorously adjust its operation constitution.

The Company's consolidated revenue in 2019 was NT\$ (the same below) 2,012 million, a 17% decrease from the previous year. The consolidated net loss was NT\$ 448 million, net loss after-tax was NT\$ 318 million, and loss per share after-tax was NT\$168 million. Although the overall revenue in 2019 is lower than that in 2018, under the active implementation of inventory control and elimination, the operating gross profit amount and operating gross profit rate are both significantly improved compared with that in 2018. In terms of management and control of operating expenses, in coordination with the internal implementation of many operating efficiency improvement projects, certain results have been achieved, resulting in a significant 58% reduction in the overall net loss after-tax in 2019 compared with 2018.

In terms of business development, in the first half of 2019, the pay TV set-top box business performed relatively worse than expected due to the adjustment and ordering of individual key customer groups. However, with the aforesaid customer operations stabilizing in the second half of 2019, and the African operator project officially entering mass production in the fourth quarter of 2019, the overall performance has rebounded. Retail TV set-top box business encountered headwinds in 2019. Fortunately, many European countries, such as Italy, Czech Republic, Poland, Greece, Spain and so on, have started the second digital conversion in response to 5G deployment. In addition, India TV is to convert from SD to HD, and emerging countries such as Africa are planning to introduce digital conversion. The Company's product specifications to meet the market demand are still ahead of its peers. The performance of retail TV set-top box business in 2020 will resume normal growth.

On the whole, although the Company's operating condition is not ideal compared with that of the previous year, the Company has accelerated contingency adjustment, re-planned its internal organizational structure and carefully controlled costs and expenses to optimize the overall allocation of resources. The Company has synchronously integrated product lines, focused on high-performance and cost-effective products, and continuously introduced chip solutions with excellent cost performance to enhance the overall product value and competitiveness. At the same time, the Company will also invest its research and development in the development of smart chips and establish an innovative technology team to expand new indoor smart businesses by creating diversified value-added applications with rich IP portfolio and technology extension. The new products include smart display chips, smart mobile platforms, smart voice platforms, etc. They are expected to start contributing revenue in 2020 and become new revenue growth momentum.

Looking ahead, all colleagues will continue to adhere to the core values of Innovation, Speed, Implementation and Simplicity and will continue to achieve important strategic goals of business layout and technology development in order to give back better operating results to shareholders. Finally, the Company would like to express sincerest thanks to all shareholders for their long-term support and encouragement to the company. Wish you good health and all the best.

Chairman: Liang, Hou-yi Manager: Chen, Chia-hung Chief account: Wang, Hsueh-mei

Audit Committee's Review Report

The Board of Directors prepared the Company's 2019 Annual Business Report, Financial Statements and Proposal on Compensation for Losses, in which the Financial Statements were audited and completed by Deloitte & Touche and the Independent Auditor's Report form is presented. The above-mentioned Business Report, Financial Statements and Proposal on Compensation for Losses have been reviewed by the Audit Committee and the information be determined to be correct and accurate. According to Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act, we hereby submit the above report. Please be advised accordingly.

Hereby

Shareholders' Regular Meeting of ALi Technology Co., Ltd. 2020

ALi Technology Co., Ltd.

Chairman of the Audit Committee

March 18, 2020

Annex 3

Report on Sound Operating Plan Implementation

The Company's sound operating plan has been compiled since the third quarter of 2019, and the implementation in the second half of 2019 is as follows:

Unit: NT\$ thousands	Plan	Financial Statements	Difference	Achievement rate (%)
Operating revenue	1,339,189	1,017,046	(322,143)	75.9
Gross profit from operations	381,300	442,102	60,802	115.9
Operating expenses	(581,123)	(618,885)	(37,762)	106.5
Net operating (loss) profit	(199,822)	(176,783)	23,039	88.5
Non-operating income and expenses	16,766	28,047	11,281	167.3
Net (loss) profit before tax	(183,056)	(148,736)	34,320	81.3
Current net (loss) profit	(154,123)	(122,193)	31,930	79.3

After adding the actual figures for the first half of 2019, the implementation situation is as follows:

Unit: NT\$ thousands	Plan	Financial Statements	Difference	Achievement rate (%)
Operating revenue	2,333,658	2,011,515	(322,143)	86.2
Gross profit from operations	688,843	749,645	60,802	108.8
Operating expenses	(1,160,030)	(1,197,792)	(37,762)	103.3
Net operating (loss) profit	(471,186)	(448,147)	23,039	95.1
Non-operating income and expenses	47,349	58,630	11,281	123.8
Net (loss) profit before tax	(423,837)	(389,517)	34,320	91.9
Current net (loss) profit	(349,747)	(317,817)	31,930	90.9

Description:

According to the Company's sound operating plan submitted to the Financial Supervision and Administration Commission on August 16, 2019, the estimated operating revenue for the second half of the year 2019 was NT\$ 1,339,189 thousand, with the actual result of 1,017,046 thousand. The revenue of the retail TV set-top box business was not as good as expected. However, under the Company's active inventory de-stocking, the operating gross profit was better than expected with an increase of about 61 million over the plan. Although the operating expenses increased by about 38 million over the plan, it was mainly to assess the lack of group synergy in the research and development projects of the research and development teams of European subsidiaries. The Board of Directors of the Company decided to close its operations in the third quarter of 2019 and estimated the liquidation expenses. To sum up, the net loss in the second half of 2019 was NT\$ 122,193,000, a decrease of NT\$ 31,930,000 from the original estimated net loss of NT\$ 154,123,000, and the net loss for the whole year was also reduced to NT\$ 317,817,000, a decrease of about NT\$ 32 million from the original estimated loss.

ALi Technology Co., Ltd.

Measures for Share Redemption and Transferring to Employees

- Article 1 In order to encourage employees, the Company has formulated the *Measures for Share Redemption and Transferring to Employees* in accordance with Article 28-2, paragraph 1, subparagraph 1 of the Securities and Exchange Act and relevant regulations such as the *Measures for Share Redemption and Transferring to Employees of Listed and OTC Companies* issued by the Financial Supervision and Administration Commission. The Share Redemption and Transferring to Employees of the Company shall be handled in accordance with the Measures except otherwise provided in relevant laws and regulations.
- Article 2 The shares transferred to employees are common shares, and their rights and obligations are the same as those of other common shares in circulation except as otherwise provided in relevant laws and regulations.
- Article 3 The repurchased shares may, in accordance with the provisions of the Measures, authorize the chairman of the Board of Directors to transfer the shares to employees in one or more times within five years from the date of share redemption. The shares repurchased transferring to employees may not be transferred again within 2 years after employees obtain them in accordance with Article 167-3 of the Company Act. However, shares that have been repurchased but have not yet been transferred to employees before the third amendment of the Measures are not subject to the aforesaid restriction.
- Article 4 Employees of the Company and subsidiaries (including overseas subsidiaries) that directly or indirectly hold more than 50% of the voting shares of the same invested company who are employed on the share subscription date or have made special contributions to the Company and have been reported to the chairman for approval may be eligible for subscription in accordance with the subscription amount specified in Article 5 of the Measures.
- Article 5 The Company shall determine the weight of shares to be transferred to employees based on the criteria of employee grade, length of service and special contribution to the Company, and submit the weight to the chairman for approval.
- Article 6 Operating procedures for redemption shares transferring to employees:
 1. According to the resolution of the Board of Directors, announce, declare and repurchase the shares of the Company within the execution period.
 2. The chairman of the Board of Directors shall, in accordance with the Measures, set and publish the date of employee subscription, criteria for the number of shares to be subscribed, subscription payment period, rights and restrictions, etc.
 3. Count the number of shares actually subscribed for and register the transfer of shares.
- Article 7 The average price of actual redemption price or the agreed price with the employee shall be taken as the transfer price when the redemption shares are transferred to the employee. The agreed price with the employee is the arithmetic average of the average closing price from the 6th to the 10th of each month in the 12 months prior to the actual transfer date (except for official holidays and rest days). If the agreed price is lower than the average price of the original actual redemption shares, the average price of the original actual redemption shares shall be taken as the agreed price. However, before the transfer, if the number of common shares issued by the Company increases or decreases, the average price of the actual redemption shares may be adjusted according to the increase or decrease ratio of the issued shares. Adjustment formula for average price of redemption shares: adjusted average price = average price of actual redemption shares x total number of common shares issued at the time of application for share redemption ÷ total number of common shares issued prior to transfer redemption share to employees.
- Article 8 After the redemption shares are transferred to the employees and the transfer registration is completed, the remaining rights and obligations shall be the same as those of the original shares, unless otherwise specified.

- Article 9 The Measures shall come into force after being passed by the resolution of the Board of Directors and may be reported to the Board of Directors for revision.
- Article 10 The Measures shall be submitted to the report of the shareholders' meeting, and the same shall apply to the revision.
- Article 11 These Measures were concluded on July 30, 2015.
The first revision was made on April 29, 2019.
The second revision was made on July 19, 2019.
The third revision was made on April 29, 2020

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***Comparison Table of Measures for Share Redemption and Transferring to Employees
Amendment***

Before	After	Cause
<p>Article 3 The redemption shares may, in accordance with the provisions of the Measures, authorize the chairman of the Board of Directors to transfer the shares to employees in one or more times within five years from the date of share redemption.</p>	<p>Article 3 The redemption shares may, in accordance with the provisions of the Measures, authorize the chairman of the Board of Directors to transfer the shares to employees in one or more times within five years from the date of share redemption. <u>The shares repurchased transferring to employees may not be transferred again within 2 years after employees obtain them in accordance with Article 167-3 of the Company Act. However, shares that have been repurchased but have not yet been transferred to employees before the third amendment of the Measures are not subject to the aforesaid restriction.</u></p>	<p>Add act of employee transfer restrictions.</p>
<p>Article 7 The average price of actual redemption shall be taken as the transfer price when the redemption shares are transferred to employees. However, prior to the transfer, in case of any increase or decrease in the number of common shares issued by the Company, the price may be adjusted within the range of the increase or decrease ratio of the issued shares. Adjustment formula for transfer price: adjusted transfer price = the average price of actual redemption shares x the total number of common shares issued at the time of application for share redemption ÷ total number of common shares issued prior to transfer to employees.</p>	<p>Article 7 The average price of actual redemption price or the agreed price with the employee shall be taken as the transfer price when the redemption shares are transferred to the employee. <u>The agreed price with the employee is the arithmetic average of the average closing price from the 6th to the 10th of each month in the 12 months prior to the actual transfer date (except for official holidays and rest days). If the agreed price is lower than the average price of the original actual redemption shares, the average price of the original actual redemption shares shall be taken as the agreed price.</u> However, before the transfer, if the number of common shares issued by the Company increases or decreases, <u>the average price of the actual redemption shares may be adjusted according to the increase or decrease ratio of the issued shares.</u> Adjustment formula for average price of redemption shares: adjusted average price = average price of actual redemption shares x total number of common shares issued at the time of application for share redemption ÷ total number of common shares issued prior to transfer redemption share to employees.</p>	<p>Reserve pricing flexibility of treasury stock</p>
<p>Article 11 These Measures were concluded on July 30, 2015. The first revision was made on April 29, 2019. The second revision was made on July 19, 2019.</p>	<p>Article 11 These Measures were concluded on July 30, 2015. The first revision was made on April 29, 2019. The second revision was made on July 19, 2019. <u>The third revision was made on April 29, 2020</u></p>	<p>Add the date of the third amendment.</p>

ALi Technology Co., Ltd.**The First Issue of Employee Stock Subscription Voucher in 2019 and Stock Subscription Measures****1. Purpose**

In order to attract and retain the talents required by the Company and encourage employees to jointly create the interests of the Company and shareholders, the Company has formulated the Company's Issue of Employee Stock Subscription Voucher and Stock Subscription Measures (hereinafter referred to as the Measures) in accordance with Article 28-3 of the Securities and Exchange Act and relevant provisions such as the Guidelines for Handling Offering and Issuance of Securities by Issuers (hereinafter referred to as the Guidelines).

2. Issue period

Issued within one year from the effective date of the competent authority's notification, it may be issued in one or more installments depending on actual needs. The actual date of issuance shall be approved by the chairman of the Board of Directors.

3. Qualifications of stock subscription

- (1) This is limited to employees in the Company's formal establishment who were on duty at the date when the Board of Directors approved the stock subscription voucher to employees, and employees of domestic and foreign subsidiaries of the Company who directly or indirectly hold more than 50% of voting shares.
- (2) The actual number of employees and the number of stock subscription they receive will be determined by the chairman with the approval of the Board, taking into account factors such as work performance, overall contribution, special merit or rank etc. However, if they are managers, they must first obtain the approval of the remuneration committee.
- (3) The total number of shares subscribed by the Company to a single employee by issuing employee stock subscription voucher in accordance with paragraph 1 of Article 56-1 of the Guideline, adding the total number of new shares restricting employee rights that the employee has acquired, shall not exceed 3/1000 of the total number of shares issued, and the total number of shares subscribed by the Company to a single employee by issuing stock subscription voucher in accordance with paragraph 1 of Article 56 of the Guideline shall not exceed 1% of the total number of shares issued.

4. Total number of issues

The total number of shares issued is 6,000,000 units, and the number of shares subscribed for per share unit is 1. The total number of new common shares to be issued due to the exercise of the subscription is 6,000,000.

5. Conditions of subscription

- (1). Subscription price: the subscription price shall be based on the closing price of the common shares on the date of issuing employee share subscription voucher.
- (2). Right period:
 - A. The employee may exercise the subscription according to the following schedule two years after the stock subscription voucher granted to the employee. The duration of this voucher shall be four years and six months from the date of issue. The voucher and its rights and interests shall not be transferred, pledged, given to others, or distributed in other ways, except for the successor. After the expiration of the duration, the unexercised voucher shall be deemed as a waiver, and the employee shall not claim his stock subscription right again.

Grant period of stock subscription voucher	Proportion of subscription exercisable
From the third year	30%
From the fourth year	30%
From the fifth year	40%

B. The Company has the right to withdraw and cancel the voucher without exercise right and the voucher with exercise right but has not been exercised when the employee violates the labor contract, appointment contract, working rules or laws after the Company grants the stock subscription voucher to the employee.

C. In the event of M&A (merger, acquisition and division) of the Company by others, the stock subscription voucher that has not yet been exercised shall not be subject to the content of the acquired conditions aforementioned in paragraph 1 of this Article. The employee may exercise all or part of the stock subscription or handle it in accordance with relevant contracts or plans within 30 days from the date of stock declaration or the date of adoption/benchmark date of relevant legal resolutions (whichever is earlier). If the deadline has not yet been fulfilled, the relevant contract or agreement shall apply.

(3) Types of shares subscribed: common shares of the Company.

(4) In the event of resignation, transfer or inheritance of the employee for reasons, the employee shall handle the matter in the following manner during the existence of this voucher:

A. Voluntary resignation or severance

An employee stock subscription voucher with exercise right may exercise the stock subscription right within 10 working days from the effective date of resignation/severance (inclusive) or within the duration of this voucher (whichever is the deadline). If the exercise period falls within the period during which employee cannot be exercised as stipulated in the Measures, the exercise period may be extended. If the right is not exercised within the aforesaid period, the exercise right shall be deemed to have been waived. Employee stock subscription voucher that do not have the exercise right shall be deemed to have waived the share subscription right on the effective date of resignation/severance, unless the severance applicant has his share subscription right and exercise time limit separately approved by the chairman of the Board of Directors and subsequently submitted to the Board of Directors for ratification.

B. Dismiss

If the employee is dismissed by the Company due to gross negligence such as violation of labor contract or work rules and so on, the stock subscription voucher granted to the employee shall be deemed to have waived the stock subscription right on the day of dismissal.

C. Retire

An employee stock subscription voucher with exercise right may exercise the stock subscription right during the term of the stock subscription voucher in accordance with the right period specified in paragraph 2 of Article 5. The exercise period may be extended if it falls within the period during which the exercise of share subscription is not allowed under the Measures. Failure to exercise rights within the aforesaid period shall be deemed as waiver of share subscription rights. Employees who do not have the right to exercise their stock subscription voucher shall be deemed to have waived their stock subscription rights on the day of retirement.

D. Dead

When the employee dies, the employee stock subscription voucher granted may be inherited by the successor. However, the right to exercise the share subscription shall still be exercised in accordance with the rights stipulated in paragraph 2 of Article 5. The successor may apply to exercise the share subscription right within the duration of the employee's share subscription voucher only after completing the legal procedures and providing relevant supporting documents in accordance with the relevant laws and regulations on inheritance and transfer of shares in the country where the employee belongs and the Guidelines for Handling Stock Affairs of Companies Offering Public Shares.

E. Disabled by occupational disasters

If the employee is unable to continue to hold the post due to physical disability caused by occupational disasters, the employee's stock subscription voucher that has been granted may exercise the stock subscription right during the duration of the voucher in accordance with the right period specified in paragraph 2 of Article 5.

F. Leave without pay or leave for more than 30 consecutive days (including week holidays)

For those who have been approved by the Company to apply for the stock subscription of leave without pay or leave for more than 30 consecutive days (including week holidays), the employee stock subscription voucher with exercise right shall be exercised within one month from the date of leave without pay/leave (inclusive). If the stock subscription is not exercised within the time limit, the exercise right of the stock subscription shall be frozen and deferred until the stock subscription voucher is reinstated, but the duration of the voucher shall not be delayed by the period of leave without pay/leave. For stock subscription voucher without exercise rights, their rights shall be restored from the date of reinstatement/leave to work, provided that the exercise schedule of stock subscription shall be deferred after the period of leave without pay/leave, but shall still be limited to the duration of this stock subscription voucher.

G. Transfer

When the employee transferred to another company and the other company is a domestic and foreign subsidiary of the Company or the Company that directly or indirectly holds more than 50% of voting shares, upon the approval of the Chairman of the Board of Directors, the rights and obligations of the employee's subscription voucher will not be affected by the transfer.

H. For other reasons other than those listed above, or when adjustments must be made in accordance with relevant laws and regulations in actual implementation in accordance with the provisions of the preceding paragraphs, the chairman of the Board of Directors shall set or adjust them individually according to actual conditions.

(5) When employee stock subscription voucher abandoning stock subscription rights

The Company will cancel and not issue any employee stock subscription voucher that abandons stock subscription rights.

6. Performance

The performance of the employee stock subscription voucher shall be delivered by the Company by issuing new shares.

7. Adjustment of subscription price

(1) After the issuance of this stock subscription voucher, in case of any change in the Company's common shares (i.e. SEO (including private placement), capitalization of earnings, capitalization of capital reserve, merger of the Company, new shares issued by accepting shares of other companies, stock split and participation in issuing overseas depositary receipts through SEO), the share subscription price is adjusted according to the following formula and principle (calculated to NT\$ counting coins and rounded to the

following number). However, if the adjusted share subscription price has adverse impact on the tax of the employee, the Company will not have any liability to the employee.

Adjusted share subscription price = share subscription price before adjustment \times [(number of issued shares + (amount of contribution per share \times number of shares issued by new shares \div current price per share)) \div (number of issued shares + number of shares issued by new shares)]

A. [Number of issued shares] refers to the total number of issued shares of common share (including public offering and private placement) subtracting [number of canceled or untransferred treasury shares].

B. If the [amount of contribution per share] is for a free rights issue or stock split, the amount of contribution will be zero.

C. When merging with another company or accepting shares of another company to issue new shares, the amount of contribution per share shall be the average closing price of the common shares of the Company 30 days prior to the base date of merger or the base date of accepting shares of another company.

D. In case the adjusted subscription price is higher than the pre-adjustment subscription price, no adjustment will be made.

(2) After the issue of the employee stock subscription voucher, if the Company has issued cash dividends on common shares, it shall adjust the dividend according to the following formula on the base date of ex-dividend (calculated to NT\$ counting coins and rounded to the following number):

Adjusted share subscription price = share subscription price before adjustment \times (1 - ratio of cash dividend to current price per share)

The aforementioned current price per share shall be determined on the basis of the simple arithmetic average of the closing price of the Company's common shares calculated on the 1, 3 and 5 business days prior to the announcement date of the cash dividend closure and ex-dividend.

(3) After the issue of the employee stock subscription voucher, in the event that the Company's common shares are reduced due to capital reduction not due to cancellation of treasury shares, the stock subscription price shall be adjusted according to the following formula on the capital reduction base date (calculated to NT\$ counting coins and rounded to the following number):

Adjusted share subscription price = (share subscription price before adjustment - amount of cash returned per share) \times (number of common shares issued before capital reduction/number of common shares issued after capital reduction).

If the capital reduction is not to return the shareholder's shares, the amount of [capital reduction amount of cash returned per share] is zero.

8. Procedures for stock subscription exercise

(1) In addition to the period when the transfer of shares is suspended in accordance with the law and the date on which the Company negotiates with the Taiwan Stock Exchange (hereinafter referred to as the Stock Exchange) to stop the transfer of shares for free allotment, the date on which the transfer of shares for cash dividends is stopped, the three business days prior to the date on which the transfer of shares for SEO is stopped and the date on which the rights are distributed to the base date of rights distribution, or the base date on which the capital reduction is processed to the date on which the shares for capital reduction and replacement are started to be traded, the employee may fill in a subscription request in accordance with the Measures and submit a subscription request to the Company before 3: 00 p.m. on the first working day of the second and fourth weeks of each month.

(2) Payment

A. After accepting the share subscription request, the Company shall notify the employee to pay the share subscription at the designated bank within the time limit. Once the

employee has paid the share subscription, the employee shall not cancel the share subscription payment. If he fails to make the payment within the time limit, he shall be deemed to have voluntarily given up the share subscription application.

B. After payment, the employee shall deliver a photocopy of the remittance slip to the Company, which shall collect and review the relevant documents before submitting them to the stock affairs agency.

C. After receiving the documents and confirming the payment of the shares, the stock affairs agency will record the number of subscribed shares in the Company's shareholder register and issue the newly issued common shares to the Company by means of collective insurance transfer within five business days.

(3) The newly issued common shares of the Company will be listed for sale from the date of delivery to the employee.

(4) If the aforementioned employees are with household registration in the mainland China, the agent or representative in Taiwan will carry out the implementation on their behalf.

(5) The Company shall, within 15 days after the end of each quarter, announce the amount of shares delivered in the previous quarter due to the exercise of employee stock subscription voucher, and shall apply to the Company registration authority for capital change registration at least once each quarter.

(6) In case of any other change of capital required to be registered with the competent authority, if the interval between the base date and the base date of capital change registration referred to in the preceding paragraph is less than 20 days, the Company may adjust or merge the capital change registration operations according to the situation.

9. Limit after stock subscription exercise

(1) Unless otherwise provided by laws and regulations, the exercise of voting rights of employees with household registration in mainland China who hold common shares delivered by the Company in accordance with the Measures shall not have any material control or influence on the operation and management of the Company, and shall be attended by agents or representatives from Taiwan.

(2) The rights and obligations of common shares delivered by the Company are the same as those of common shares of the Company.

10. Tax

Unless otherwise provided in the Measures, taxes incurred from stock subscription by employees in accordance with the Measures and their exchanges shall be handled in accordance with the tax act of the competent authority at that time.

11. Signing and confidentiality

(1) After determining the total number of units to issue the employee stock subscription voucher, the share subscription price, the distribution principle, the list of employees and other matters, the organizer shall notify the employees to sign the Acceptance Agreement (the Agreement).

(2) The employee obtains the subscription right after signing the Agreement. Those who fail to complete the signing in accordance with the regulations shall be deemed to have given up their acceptance right.

(3) Employee stock subscription voucher and its rights and interests shall not be transferred, pledged, given to others or distributed in other ways.

(4) After signing the Agreement in Paragraph 1, the employee shall abide by the confidentiality provisions and shall not disclose relevant contents and quantity of the stock subscription voucher granted except as required by laws or the competent authority. In case of any violation, the Company has the right to withdraw or cancel in whole or in part the [stock subscription voucher with exercise right but have not yet been exercised] and the [stock subscription voucher without exercise right].

12. Enforcement regulation

The Company's organizer shall separately notify the employee of the procedures and detailed operation time for the employee list, signing, payment, issuance of shares and other matters in the Measures.

13. Other important agreed items

(1) After the issue of the employee stock subscription voucher, in case the Company capitalize earnings and capital reserve, the Company will adjust the stock subscription price in accordance with item (1) of Article 7, and will not issue additional employee subscription voucher or adjust the number of stock subscription.

(2) The Measures shall be attended by more than two-thirds of the directors of the Board of Directors and approved by one-half of the directors present, and the same shall apply to revisions before issuance.

(3) Authorize the chairman of the Board of Directors to amend the regulations upon the request of the competent authority during the case review, but the regulations may not be issued before ratification by the Board of Directors.

(4) Any matters not covered in the Measures shall be handled in accordance with relevant laws and regulations.

14. The Measures were concluded on September 25, 2019.

The first revision was made on April 29, 2020

ALi Technology Co., Ltd.

Comparison Table of the *First Issue of Employee Stock Subscription Voucher in 2019 and Stock Subscription Measures and Amendment Provisions*

Before	After	Cause
5. Conditions of subscription (2) Right period 3. (New)	5. Conditions of subscription (2) Right period 3. <u>In the event of M&A (merger, acquisition and division) of the Company by others, the stock option certificate that has not yet exercised the right is not subject to the content specification of the acquired conditions mentioned in Paragraph 1 of this Article. The stock option holder may exercise all or part of the stock option or deal with it in accordance with relevant contracts or plans within 30 days from the date of stock declaration or the date of adoption/base date of relevant legal resolutions (whichever is the earlier). If the deadline has not yet been fulfilled, the relevant contract or agreement shall apply.</u>	In order to retain the flexibility of the remaining employees
Article 11 These Measures were concluded on September 25, 2019	Article 11 These Measures were concluded on September 25, 2019 <u>The first revision was made on April 29, 2020</u>	Add the date of the first amendment.

Independent Auditors' Report

The Board of Directors and Shareholders ALi Technology Co., Ltd.:

Opinion

We have audited the accompanying consolidated financial statement of ALi Technology Co., Ltd. (ALi Corporation) and its subsidiaries as of December 31, 2019 and 2018, and the consolidated statement of comprehensive income, changes in equity and cash flows for the year then ended, and the notes to the consolidated financial statement, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements have been prepared in accordance with the financial reporting standards for securities issuer in all material respects, and present fairly the consolidated financial position of ALi Technology Co., Ltd. (ALi Corporation) as of December 31, 2019 and 2018, and the consolidated financial performance and consolidated cash flows for the year then ended.

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 ALi Corporation in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

Key audit matters for ALi Corporation's consolidated financial statements for the year ended December 31, 2019 are stated as follows:

Sales revenue

The sales revenue of ALi Corporation is mainly concentrated in the top five customers and its sales revenue of 1,537,410 thousand dollars accounted for 76% of the total operating income. We believe that ALi Corporation may be affected by performance growth pressure and competition to increase the risk of revenue recognition, so we take its operating income as the key audit matter of the year.

We carried out the audit procedures for operating income as follows:

1. Analyze the revenue types, customer concentration and changes of amount to determine whether there are any over-transaction or other anomalies to identify possible risks.
2. Interview and review the relevant internal documents, understand the internal control process of revenue, evaluate the revenue recognition of the relevant internal control design and implementation. Perform internal control tests to obtain sufficient and appropriate audit evidence for the effectiveness of control execution.
3. Obtain the detailed list, analyze the account balance and check or adjust to the general ledger. Test the adjustments between the ledger and the general ledger, and track down the adjustments items to obtain sufficient and appropriate audit evidence.
4. Determine the appropriate sampling method and sample quantity, and check the customer's order, delivery note or export declaration to evaluate whether the recorded amount is correct and meets the revenue recognition conditions.
5. Check the receipt reversal record and receipt voucher to evaluate whether the recorded amount is correct and whether the remittance object is consistent with the shipment object to prove the authenticity of the sales.

Other matter

We have also audited the individual financial statements of ALi Technology Co., Ltd. as of and for the years ended December 31, 2019 and 2018 on which we have issued an unmodified opinion.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and 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 ALi Corporation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate ALi Corporation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance (including members of the Audit Committee) are responsible for overseeing the financial reporting process of ALi Corporation.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of ALi Corporation.
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 ALi Corporation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause ALi Corporation to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within ALi Corporation to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of ALi Corporation audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2019 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Deloitte Touche Tohmatsu Limited
Accountant Ko, Chih-hsien
Financial Supervision and Administration
Commission Approval Document Number
CHIN-KUAN-CHENG-LIU-TZU No.
0930160267

Accountant Chiu, Meng-Chieh
Financial Supervision and Administration
Commission Approval Document Number
CHIN-KUAN-CHENG-SHEN-TZU No.
1020025513

March 18 2020

ALi Technology Co., Ltd. and Subsidiaries Consolidated Balance Sheet As of 31 December 2019 and 2018

Unit: NT\$ thousands

Code	Assets	As of 31 December 2019		As of 31 December 2018	
		Amount	%	Amount	%
	Current assets				
1100	Cash and cash equivalents (Note 6)	\$ 1,335,729	33	\$ 716,824	16
1110	Financial assets measured at fair value through profit or loss - Current (Note 7)	33,203	1	414,402	9
1136	Financial assets at amortized cost - Current (Note 8)	516,575	13	1,225,679	28
1170	Accounts receivable - Net (Note 9)	215,151	5	222,324	5
1200	Other accounts receivable (Note 9)	95,966	2	179,774	4
1220	Current tax assets (Note 22)	5,360	-	9,612	-
130X	Inventories - Net (Note 10)	204,225	5	294,158	7
1470	Other current assets	42,607	2	11,861	-
11XX	Total current assets	<u>2,448,816</u>	<u>61</u>	<u>3,074,634</u>	<u>69</u>
	Non-current assets				
1510	Financial assets measured at fair value through profit or loss - Non-current (Note 7)	51,934	2	56,031	1
1550	Investments using equity method (Note 12)	17,167	1	17,781	-
1600	Property, plant and equipment - Net (Note 13)	345,897	11	476,488	11
1755	Right-of-use assets - Net (Note 14)	13,595	1	-	-
1760	Investing property - Net (Note 15)	243,301	3	132,964	3
1780	Intangible assets - Net (Note 16)	123,791	3	126,197	3
1840	Deferred tax assets (Note 22)	644,018	16	572,873	13
1920	Refundable deposits	8,199	-	10,528	-
1990	Other accounts paid in advance	90,062	2	-	-
15XX	Total non-current assets	<u>1,537,964</u>	<u>39</u>	<u>1,392,862</u>	<u>31</u>
1XXX	Total assets	<u>\$ 3,986,780</u>	<u>100</u>	<u>\$ 4,467,496</u>	<u>100</u>
	Liabilities and equity				
	Current liabilities				
2130	Contract liabilities - Current	\$ 39,317	1	\$ 8,062	-
2170	Accounts payable	196,726	5	405,480	9
2220	Other accounts payable (Note 17)	385,475	10	389,309	9
2230	Current tax liabilities (Note 22)	837	-	7,275	-
2250	Provisions (Note 18)	7,667	-	6,854	-
2280	Lease liabilities - Current (Note 14)	6,767	-	-	-
2300	Other current liabilities	4,014	-	2,864	-
21XX	Total current liabilities	<u>640,803</u>	<u>16</u>	<u>819,844</u>	<u>18</u>
	Non-current liabilities				
2570	Deferred tax liabilities (Note 22)	1,883	-	5,608	-
2580	Lease liabilities - Non-current (Note 14)	7,061	-	-	-
2645	Deposits received	2,298	-	1,138	-
25XX	Total non-current liabilities	<u>11,242</u>	<u>-</u>	<u>6,746</u>	<u>-</u>
2XXX	Total liabilities	<u>652,045</u>	<u>16</u>	<u>826,590</u>	<u>18</u>
	Equity attributable to owners of parent				
	Share capital				
3110	Ordinary share	<u>1,925,399</u>	<u>48</u>	<u>3,025,911</u>	<u>68</u>
	Capital surplus				
3210	Additional paid-in capital	1,075,660	27	1,075,660	24
3220	Treasury stock exchange	17,059	1	8,515	-
3235	Changes in ownership interests in subsidiaries	11,386	-	-	-
3271	Stock warrants right	56,067	1	61,620	2
3200	Total capital surplus	<u>1,160,172</u>	<u>29</u>	<u>1,145,795</u>	<u>26</u>
	Retained earnings (accumulated deficit)				
3310	Legal reserve	649,857	17	649,857	15
3350	Accumulated deficit	(316,984)	(8)	(1,100,512)	(25)
3300	Total retained earnings	<u>332,873</u>	<u>9</u>	<u>(450,655)</u>	<u>(10)</u>
3400	Other equity	(13,432)	-	20,083	-
3500	Treasury stock	(72,466)	(2)	(100,228)	(2)
31XX	Total equity attributable to owners of parent	<u>3,332,546</u>	<u>84</u>	<u>3,640,906</u>	<u>82</u>
36XX	Non-controlling interests	<u>2,189</u>	<u>-</u>	<u>-</u>	<u>-</u>
3XXX	Total equity	<u>3,334,735</u>	<u>84</u>	<u>3,640,906</u>	<u>82</u>
	Total liabilities and equity	<u>\$ 3,986,780</u>	<u>100</u>	<u>\$ 4,467,496</u>	<u>100</u>

The attached notes are part of this consolidated financial report.

Chairman: Liang, Hou-yi

Manager: Chen, Chia-hung

Chief account: Wang, Hsueh-mei

ALi Technology Co., Ltd. and Subsidiaries Consolidated Statement of Comprehensive Income
from 1 January to 31 December 2019 and 2018

Unit: NT\$ thousands LPS Unit: NT\$

Code		2019		2018	
		Amount	%	Amount	%
4000	Operating revenue	\$ 2,011,515	100	\$ 2,412,587	100
5000	Operating costs (Note 10 and 21)	<u>1,261,870</u>	<u>63</u>	<u>1,987,374</u>	<u>82</u>
5900	Gross profit from operations	<u>749,645</u>	<u>37</u>	<u>425,213</u>	<u>18</u>
	Operating expenses (Note 9, 21 and 28)				
6100	Selling expenses	124,001	6	200,582	8
6200	Administrative expenses	246,305	12	231,200	10
6300	Research and development expenses	831,607	41	1,036,231	43
6450	Impairment loss determined in accordance with IFRS 9	(<u>4,121</u>)	<u>-</u>	<u>27,228</u>	<u>1</u>
6000	Total	<u>1,197,792</u>	<u>59</u>	<u>1,495,241</u>	<u>62</u>
6900	Net operating loss	(<u>448,147</u>)	(<u>22</u>)	(<u>1,070,028</u>)	(<u>44</u>)
	Non-operating income and expenses				
7010	Other income (Note 21)	52,229	3	46,090	2
7020	Other gains and losses (Note 21)	7,565	-	12,666	-
7050	Finance costs (Note 21)	(<u>1,215</u>)	-	(<u>238</u>)	-
7060	Share of joint venture profit (loss) using equity method (Note 12)	<u>51</u>	<u>-</u>	(<u>48</u>)	<u>-</u>
7000	Total	<u>58,630</u>	<u>3</u>	<u>58,470</u>	<u>2</u>
7900	Loss before tax, net	(<u>389,517</u>)	(<u>19</u>)	(<u>1,011,558</u>)	(<u>42</u>)
7950	Tax Income (Note 22)	<u>71,700</u>	<u>4</u>	<u>249,306</u>	<u>10</u>
8200	Loss in this year, net	(<u>317,817</u>)	(<u>15</u>)	(<u>762,252</u>)	(<u>32</u>)

(continued)

(continued)

Code		2019		2018	
		Amount	%	Amount	%
	Other comprehensive income				
8360	Components of other comprehensive income that will be reclassified to profit or loss				
8361	Exchange differences on translation of foreign financial statements (Note 20)	(\$ 41,963)	(2)	(\$ 9,541)	-
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss (Note 22)	<u>8,378</u>	<u>-</u>	<u>869</u>	<u>-</u>
8300	Other comprehensive income in this year (net after tax)	<u>(33,585)</u>	<u>(2)</u>	<u>(8,672)</u>	<u>-</u>
8500	Total comprehensive income in this year	<u>(\$ 351,402)</u>	<u>(17)</u>	<u>(\$ 770,924)</u>	<u>(32)</u>
8600	Net loss attributable to:				
8610	Owners of the Company	(\$ 316,973)	(15)	(\$ 762,252)	(32)
8620	Non-controlling interests	<u>(844)</u>	<u>-</u>	<u>-</u>	<u>-</u>
		<u>(\$ 317,817)</u>	<u>(15)</u>	<u>(\$ 762,252)</u>	<u>(32)</u>
8700	Comprehensive income attributable to:				
8710	Owners of the Company	(\$ 350,488)	(17)	(\$ 770,924)	(32)
8720	Non-controlling interests	<u>(914)</u>	<u>-</u>	<u>-</u>	<u>-</u>
		<u>(\$ 351,402)</u>	<u>(17)</u>	<u>(\$ 770,924)</u>	<u>(32)</u>
	Loss per share (Note 23)				
9750	Basic loss per share	<u>(\$ 1.68)</u>		<u>(\$ 4.05)</u>	
9850	Diluted loss per share	<u>(\$ 1.68)</u>		<u>(\$ 4.05)</u>	

The attached notes are part of this consolidated financial report.

Chairman: Liang, Hou-yi

Manager: Chen, Chia-hung

Chief account: Wang, Hsueh-mei

ALi Technology Co., Ltd. and Subsidiaries Consolidated Statement of Change in Equity from 1 January to 31 December 2019 and 2018

Unit: NT\$ thousands

Code		Share capital (Note 20)	Capital surplus (Note 20 and 24)	Retained earnings (accumulated profit and loss) (Note 20)			Other equity interest		Treasury stock (Note 20)	Non-controlling interests (Note 20 and 25)	Total equity
				Legal reserve	Accumulated deficit	Total	Exchange differences on translation of foreign financial statements (Note 20)	Unrealized (loss) profit of financial assets for sale (Note 20)			
A1	Balance at 1 January 2018	\$ 3,025,911	\$ 1,142,684	\$ 649,857	(\$ 356,167)	\$ 293,690	\$ 28,755	\$ 17,907	(\$ 113,508)	\$ -	\$ 4,395,439
A3	Retrospective application and retrospective restatement	-	-	-	17,907	17,907	-	(17,907)	-	-	-
A5	Balance after restatement as of 1 January 2018	3,025,911	1,142,684	649,857	(338,260)	311,597	28,755	-	(113,508)	-	4,395,439
D1	Net loss in 2018	-	-	-	(762,252)	(762,252)	-	-	-	-	(762,252)
D3	Other comprehensive income after tax in 2018	-	-	-	-	-	(8,672)	-	-	-	(8,672)
T1	Treasury stock repayment costs	-	3,144	-	-	-	-	-	-	-	3,144
T1	Treasury stock transfer to employees	-	(33)	-	-	-	-	-	13,280	-	13,247
Z1	Balance as of 31 December 2018	3,025,911	1,145,795	649,857	(1,100,512)	(450,655)	20,083	-	(100,228)	-	3,640,906
D1	Net loss in 2019	-	-	-	(316,973)	(316,973)	-	-	-	(844)	(317,817)
D3	Other comprehensive income after tax in 2019	-	-	-	-	-	(33,515)	-	-	(70)	(33,585)
F1	Capital reduction to cover loss	(1,100,512)	-	-	1,100,512	1,100,512	-	-	-	-	-
M5	Actual acquisition or disposal of subsidiary equity price and book value difference	-	-	-	(11)	(11)	-	-	-	116	105
M7	Changes in ownership interests in subsidiaries	-	11,386	-	-	-	-	-	-	-	11,386
N1	Employee stock warrants right	-	476	-	-	-	-	-	-	-	476
O1	Non-controlling interests increase	-	-	-	-	-	-	-	-	2,987	2,987
T1	Treasury stock repayment costs	-	2,598	-	-	-	-	-	-	-	2,598
T1	Treasury stock transfer to employees	-	(83)	-	-	-	-	-	27,762	-	27,679
Z1	Balance at 31 December 2019	<u>\$ 1,925,399</u>	<u>\$ 1,160,172</u>	<u>\$ 649,857</u>	<u>(\$ 316,984)</u>	<u>\$ 332,873</u>	<u>(\$ 13,432)</u>	<u>\$ -</u>	<u>(\$ 72,466)</u>	<u>\$ 2,189</u>	<u>\$ 3,334,735</u>

The attached notes are part of this consolidated financial report.

Chairman: Liang, Hou-yi

Manager: Chen, Chia-hung

Chief account: Wang, Hsueh-mei

ALi Technology Co., Ltd. and Subsidiaries Consolidated Statement of Cash Flows from 1
January to 31 December 2019 and 2018

Unit: NT\$ thousands

Code		2019	2018
	Cash flows from (used in) operating activities		
A10000	Loss before tax, net	(\$ 389,517)	(\$ 1,011,558)
A20010	Adjustments to reconcile loss		
A20100	Depreciation expense	58,696	36,514
A20200	Amortization expense	105,804	115,632
A20300	Impairment loss determined in accordance with IFRS 9	(4,121)	27,228
A20400	Loss on financial assets at fair value through profit or loss, net	4,888	4,626
A20900	Finance costs	1,215	238
A21200	Interest income	(22,317)	(27,309)
A21300	Dividend income	(66)	(1,052)
A21900	Share-based payments costs	3,074	3,144
A22300	Share of profit (loss) of joint venture using equity method	(51)	48
A22500	Loss (gain) on disposal of property, plant and equipment	357	(11)
A23700	Inventory depreciation and sluggish loss (profit)	(83,866)	283,826
A24100	Unrealized foreign currency exchange profit	(30)	(1,985)
A29900	Inventory scrap loss	6,985	6,888
A30000	Changes in operating assets and liabilities, net		
A31115	Financial assets compulsorily at fair value through profit or loss	354,240	36,380
A31150	Accounts receivable	7,171	35,326
A31180	Other accounts receivable	79,150	56,920
A31200	Inventory	166,503	3,627
A31240	Other current assets	(30,878)	5,158
A31990	Other accounts paid in advance	(90,062)	-
A32125	Contract liabilities	31,255	8,062
A32150	Accounts payable	(206,026)	(3,980)
A32180	Other accounts payable	(18,919)	68,890
A32200	Provisions	813	(1,109)
A32230	Other current liabilities	1,825	(8,483)
A33000	Cash from operating	(23,877)	(362,980)

(continued)

(continued)

Code		2019	2018
A33100	Interest received	\$ 26,822	\$ 29,105
A33200	Dividend received	66	1,052
A33300	Interest paid	(1,215)	(238)
A33500	Income taxes paid	(5,323)	(6,700)
AAAA	Cash flows used in operating activities, net	(3,527)	(339,761)
Cash flows from (used in) investing activities			
B00050	Proceeds from disposal of financial assets at amortized cost	708,128	505,390
B02700	Acquisition of property, plant and equipment	(9,916)	(29,277)
B02800	Disposal of property, plant and equipment	2,562	11
B03700	Increase in refundable deposits	-	(115)
B03800	Decrease in refundable deposits	2,229	-
B04500	Acquisition of intangible assets	(85,671)	(142,470)
B04600	Disposal of intangible assets	357	-
BBBB	Cash flows from investing activities, net	617,689	333,539
Cash flows from (used in) financing activities			
C03000	Increase in deposits received	1,160	12
C04020	Payments of lease liabilities	(33,471)	-
C05100	Treasury stock transfer to employees	27,679	13,247
C05500	Disposal of subsidiaries equity (not loss control)	105	-
C05800	Non-controlling interests increase	14,373	-
CCCC	Cash flows from financing activities, net	9,846	13,259
DDDD	Effect of exchange rate changes on cash and cash equivalents	(5,103)	2,051
EEEE	Increase in cash and cash equivalents	618,905	9,088
E00100	Cash and cash equivalents at beginning of year	716,824	707,736
E00200	Cash and cash equivalents at end of year	\$ 1,335,729	\$ 716,824

The attached notes are part of this consolidated financial report.

Chairman: Liang, Hou-yi

Manager: Chen, Chia-hung

Chief account: Wang, Hsueh-mei

Independent Auditors' Report

The Board of Directors and Shareholders ALi Technology Co., Ltd.

Opinion

We have audited the accompanying individual financial statement of ALi Technology Co., Ltd. (the Company) as of December 31, 2019 and 2018, and the individual statement of comprehensive income, changes in equity and cash flows for the year then ended, and the notes to the individual financial statement, including a summary of significant accounting policies.

In our opinion, the accompanying individual financial statements have been prepared in accordance with the financial reporting standards for securities issuer in all material respects, and present fairly the individual financial position of ALi Technology Co., Ltd. (the Company) as of December 31, 2019 and 2018, and the individual financial performance and individual cash flows for the year then ended.

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 Individual Financial Statements section of our report. We are independent of the Company in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

Key audit matters for the Company's individual financial statements for the year ended December 31, 2019 are stated as follows:

Sales revenue

The sales revenue of the Company is mainly concentrated in the top five customers and its sales revenue of 1,537,410 thousand dollars accounted for 79% of the total operating income. We believe that the Company may be affected by performance growth pressure and competition to increase the risk of revenue recognition, so we take its operating income as the key audit matter of the year.

We carried out the audit procedures for operating income as follows:

1. Analyze the revenue types, customer concentration and changes of amount to determine whether there are any over-transaction or other anomalies to identify possible risks.
2. Interview and review the relevant internal documents, understand the internal control process of revenue, evaluate the revenue recognition of the relevant internal control design and implementation. Perform internal control tests to obtain sufficient and appropriate audit evidence for the effectiveness of control execution.
3. Obtain the detailed list, analyze the account balance and check or adjust to the general ledger. Test the adjustments between the ledger and the general ledger and track down the adjustments items to obtain sufficient and appropriate audit evidence.
4. Determine the appropriate sampling method and sample quantity, and check the customer's order, delivery note or export declaration to evaluate whether the recorded amount is correct and meets the revenue recognition conditions.
5. Check the receipt reversal record and receipt voucher to evaluate whether the recorded amount is correct and whether the remittance object is consistent with the shipment object to prove the authenticity of the sales.

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

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

In preparing the individual financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to

going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance (including members of the Audit Committee) are responsible for overseeing the financial reporting process of the Company.

Auditors' Responsibilities for the Audit of the Individual Financial Statements

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

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

1. Identify and assess the risks of material misstatement of the individual 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 Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the individual financial statements or, if such disclosures are inadequate, to modify our opinion. Our

conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the individual financial statements, including the disclosures, and whether the individual financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the individual 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 the individual financial statements for the year ended December 31, 2019 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Deloitte Touche Tohmatsu Limited
Accountant Ko, Chih-hsien
Financial Supervision and Administration
Commission Approval Document Number
CHIN-KUAN-CHENG-LIU-TZU No.
0930160267

Accountant Chiu, Meng-Chieh
Financial Supervision and Administration
Commission Approval Document Number
CHIN-KUAN-CHENG-SHEN-TZU No.
1020025513

March 18 2020

ALi Technology Individual Balance Sheet As of 31 December 2019 and 2018

Unit: NT\$ thousands

Code	Assets	As of 31 December 2019		As of 31 December 2018	
		Amount	%	Amount	%
	Current assets				
1100	Cash and cash equivalents (Note 6)	\$ 703,542	18	\$ 470,753	11
1110	Financial assets measured at fair value through profit or loss - Current (Note 7)	33,203	1	360,906	8
1136	Financial assets at amortized cost - Current (Note 8)	495,050	13	831,249	19
1170	Accounts receivable - Net (Note 9)	215,039	6	222,324	5
1200	Other account receivable (Note 9)	92,668	2	171,025	4
1210	Other account receivable - Related parties (Note 26)	2,424	-	188	-
1220	Current tax assets (Note 21)	2,527	-	3,870	-
130X	Inventories - Net (Note 10)	196,119	5	294,158	7
1470	Other current assets	38,578	1	7,386	-
11XX	Total current assets	1,779,150	46	2,361,859	54
	Non-current assets				
1550	Investments using equity method (Note 11)	716,253	18	738,292	17
1600	Property, plant and equipment - Net (Note 12)	334,424	9	457,478	10
1760	Investing property - Net (Note 14)	243,301	6	132,964	3
1780	Intangible assets - Net (Note 15)	123,471	3	125,716	3
1840	Deferred tax assets (Note 21)	643,167	16	569,342	13
1920	Refundable deposits	3,257	-	3,309	-
1990	Other account paid in advance	90,062	2	-	-
15XX	Total non-current assets	2,153,935	54	2,027,101	46
1XXX	Total assets	\$ 3,933,085	100	\$ 4,388,960	100
Code	Liabilities and equity				
	Current liabilities				
2130	Contract liabilities - Current	\$ 39,317	1	\$ 8,062	-
2170	Accounts payable	190,341	5	405,480	9
2220	Other accounts payable (Note 16)	283,019	7	278,655	7
2220	Other accounts payable - Related parties (Note 26)	74,226	2	40,764	1
2250	Provisions (Note 17)	7,667	-	6,854	-
2300	Other current liabilities	1,788	-	1,493	-
21XX	Total current liabilities	596,358	15	741,308	17
	Non-current liabilities				
2570	Deferred tax liabilities	1,883	-	5,608	-
2645	Deposits received	2,298	-	1,138	-
25XX	Total non-current liabilities	4,181	-	6,746	-
2XXX	Total liabilities	600,539	15	748,054	17
	Equity				
	Share capital				
3110	Ordinary share	1,925,399	49	3,025,911	69
	Capital surplus				
3210	Additional paid-in capital	1,075,660	27	1,075,660	25
3220	Treasury stock exchange	17,059	-	14,544	-
3235	Changes in ownership interests in subsidiaries	11,386	-	-	-
3271	Stock warrants right	56,067	2	55,591	1
3200	Total capital surplus	1,160,172	29	1,145,795	26
	Retained earnings (accumulated deficit)				
3310	Legal reserve	649,857	17	649,857	15
3350	Accumulated deficit	(316,984)	(8)	(1,100,512)	(25)
3300	Total retained earnings	332,873	9	(450,655)	(10)
3400	Other equity	(13,432)	-	20,083	-
3500	Treasury stock	(72,466)	(2)	(100,228)	(2)
3XXX	Total equity	3,332,546	85	3,640,906	83
	Total liabilities and equity	\$ 3,933,085	100	\$ 4,388,960	100

The attached notes are part of this individual financial report.

Chairman: Liang, Hou-yi

Manager: Chen, Chia-hung

Chief account: Wang, Hsueh-mei

ALi Technology Individual Statement of Comprehensive Income from 1 January to 31

December 2019 and 2018

Unit: NT\$ thousands LPS Unit: NT\$

Code		2019		2018	
		Amount	%	Amount	%
4000	Operating revenue	\$ 1,951,954	100	\$ 2,412,587	100
5000	Operating costs (Note 10 and 20)	<u>1,238,581</u>	<u>63</u>	<u>1,987,374</u>	<u>82</u>
5900	Gross profit from operations	<u>713,373</u>	<u>37</u>	<u>425,213</u>	<u>18</u>
	Operating expenses (Note 9, 20 and 26)				
6100	Selling expenses	102,327	5	157,141	7
6200	Administrative expenses	157,290	8	161,052	7
6300	Research and development expenses	879,494	46	1,166,279	48
6450	Impairment loss determined in accordance with IFRS 9	(<u>4,121</u>)	<u>-</u>	<u>27,228</u>	<u>1</u>
6000	Total	<u>1,134,990</u>	<u>59</u>	<u>1,511,700</u>	<u>63</u>
6900	Net operating loss	(<u>421,617</u>)	(<u>22</u>)	(<u>1,086,487</u>)	(<u>45</u>)
	Non-operating income and expenses				
7010	Other income (Note 20)	32,492	2	23,118	1
7020	Other gains and losses	(5,445)	-	13,034	1
7050	Finance costs	(54)	-	(238)	-
7070	Share of profit (loss) of associates accounted for using equity method	<u>8,479</u>	<u>-</u>	<u>34,835</u>	<u>1</u>
7000	Total	<u>35,472</u>	<u>2</u>	<u>70,749</u>	<u>3</u>
7900	Loss before tax, net	(386,145)	(20)	(1,015,738)	(42)
7950	Tax Income (Note 21)	<u>69,172</u>	<u>4</u>	<u>253,486</u>	<u>10</u>
8200	Loss in this year, net	(<u>316,973</u>)	(<u>16</u>)	(<u>762,252</u>)	(<u>32</u>)

(continued)

(continued)

<u>C o d e</u>		2019		2018	
		<u>A m o u n t</u>	<u>%</u>	<u>A m o u n t</u>	<u>%</u>
	Other comprehensive income				
8360	Components of other comprehensive income that will be reclassified to profit or loss				
8361	Exchange differences on translation	(\$ 41,893)	(2)	(\$ 9,541)	-
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss (Note 21)	8,378	-	869	-
8300	Other comprehensive income in this year (net after tax)	(33,515)	(2)	(8,672)	-
8500	Total comprehensive income in this year	(\$ 350,488)	(18)	(\$ 770,924)	(32)
	Loss per share (Note 22)				
9750	Basic loss per share	(\$ 1.68)		(\$ 4.05)	
9850	Diluted loss per share	(\$ 1.68)		(\$ 4.05)	

The attached notes are part of this individual financial report.

Chairman: Liang, Hou-yi

Manager: Chen, Chia-hung

Chief account: Wang, Hsueh-mei

ALi Technology Individual Statements of Change in Equity 1 January to 31 December 2019 and 2018

Unit: NT\$ thousands

Code		Share capital (Note 19)	Capital reserve (Note 19 and 23)	Retained earnings (accumulated deficit) (Note 19)			Other equity interest		Treasury stock (Note 19)	Total equity
				Legal reserve	Accumulated deficit	Total	Exchange differences on translation of foreign financial statements (Note 19)	Unrealized (loss) profit of financial assets for sale (Note 19) (Note 19)		
A1	Balance at 1 January 2018	\$ 3,025,911	\$ 1,142,684	\$ 649,857	(\$ 356,167)	\$ 293,690	\$ 28,755	\$ 17,907	(\$ 113,508)	\$ 4,395,439
A3	Retrospective application and retrospective restatement	-	-	-	17,907	17,907	-	(17,907)	-	-
A5	Balance after restatement as of 1 January 2018	3,025,911	1,142,684	649,857	(338,260)	311,597	28,755	-	(113,508)	4,395,439
D1	Net loss in 2018	-	-	-	(762,252)	(762,252)	-	-	-	(762,252)
D3	Other comprehensive income after tax in 2018	-	-	-	-	-	(8,672)	-	-	(8,672)
T1	Treasury stock repayment costs	-	3,144	-	-	-	-	-	-	3,144
T1	Treasury stock transfer to employees	-	(33)	-	-	-	-	-	13,280	13,247
Z1	Balance as of 31 December 2018	3,025,911	1,145,795	649,857	(1,100,512)	(450,655)	20,083	-	(100,228)	3,640,906
D1	Net loss in 2019	-	-	-	(316,973)	(316,973)	-	-	-	(316,973)
D3	Other comprehensive income after tax in 2019	-	-	-	-	-	(33,515)	-	-	(33,515)
F1	Capital reduction to cover loss	(1,100,512)	-	-	1,100,512	1,100,512	-	-	-	-
M5	Actual acquisition or disposal of subsidiary equity price and book value difference	-	-	-	(11)	(11)	-	-	-	(11)
M7	Changes in ownership interests in subsidiaries	-	11,386	-	-	-	-	-	-	11,386
N1	Employee stock warrants right costs	-	476	-	-	-	-	-	-	476
T1	Treasury stock repayment costs	-	2,598	-	-	-	-	-	-	2,598
T1	Treasury stock transfer to employees	-	(83)	-	-	-	-	-	27,762	27,679
Z1	Balance at 31 December 2019	<u>\$ 1,925,399</u>	<u>\$ 1,160,172</u>	<u>\$ 649,857</u>	<u>(\$ 316,984)</u>	<u>\$ 332,873</u>	<u>(\$ 13,432)</u>	<u>\$ -</u>	<u>(\$ 72,466)</u>	<u>\$ 3,332,546</u>

The attached notes are part of this individual financial report.

Chairman: Liang, Hou-yi

Manager: Chen, Chia-hung

Chief account: Wang, Hsueh-mei

ALi Technology Individual Statement of cash flows 1 January to 31 December of 2019 and
2018

Unit: NT\$ thousands

Code		2019	2018
	Cash flows from (used in) operating activities		
A10000	Loss before tax, net	(\$ 386,145)	(\$ 1,015,738)
A20010	Adjustments to reconcile loss		
A20100	Depreciation expense	22,761	22,651
A20200	Amortization expense	105,655	115,073
A20300	Impairment loss determined in accordance with IFRS 9	(4,121)	27,228
A20400	Loss (gain) on financial assets at fair value through profit or loss, net	(2,573)	4,077
A20900	Finance costs	54	238
A21200	Interest income	(10,543)	(12,867)
A21300	Dividend income	(66)	(1,052)
A21900	Share-based payments costs	3,074	3,144
A22400	Subsidiaries' interests share using equity method	(8,479)	(34,835)
A23700	Inventory depreciation and sluggish loss (profit)	(84,757)	283,826
A24100	Unrealized foreign currency exchange profit	(268)	(885)
A29900	Inventory scrap loss	6,985	6,888
A30000	Changes in operating assets and liabilities, net		
A31115	Financial assets compulsorily at fair value through profit or loss	330,376	(10,255)
A31150	Accounts receivable	7,288	35,326
A31180	Other accounts receivable	78,259	57,496
A31190	Other accounts receivable - Related parties	(2,243)	(190)
A31200	Inventory	175,811	3,627
A31240	Other current assets	(31,192)	7,147
A31990	Other account paid in advance	(90,062)	-
A32125	Contract liabilities	31,866	7,902
A32150	Accounts payable	(214,334)	(3,980)
A32160	Other accounts payable - Related parties	34,423	(16,711)
A32180	Other accounts payable	(11,810)	33,725
A32200	Provisions	813	(1,109)
A32230	Other current liabilities	295	(5,307)
A33000	Cash from operating	(48,933)	(494,581)
A33100	Interest received	10,634	18,527
A33200	Dividend received	66	1,052

(continued)

(continued)

Code		2019	2018
A33300	Interest paid	(\$ 54)	(\$ 238)
A33500	Income taxes refund	<u>1,343</u>	<u>1,053</u>
AAAA	Cash flows used in operating activities, net	<u>(36,944)</u>	<u>(474,187)</u>
	Cash flows from (used in) investing activities		
B00050	Proceeds from disposal of financial assets at amortized cost	336,199	601,844
B02700	Acquisition of property, plant and equipment	(5,572)	(22,184)
B03800	Decrease in refundable deposits	52	3
B04500	Acquisition of intangible assets	<u>(85,313)</u>	<u>(142,469)</u>
BBBB	Cash flows from investing activities, net	<u>245,366</u>	<u>437,194</u>
	Cash flows from (used in) financing activities		
C03000	Increase in deposits received	1,160	12
C04020	Payments of lease liabilities	(4,472)	-
C05000	Treasury stock transfer to employees	<u>27,679</u>	<u>13,247</u>
CCCC	Cash flows from financing activities, net	<u>24,367</u>	<u>13,259</u>
EEEE	Increase (decrease) in cash and cash equivalents, net	232,789	(23,734)
E00100	Cash and cash equivalents at beginning of year	<u>470,753</u>	<u>494,487</u>
E00200	Cash and cash equivalents at end of year	<u>\$ 703,542</u>	<u>\$ 470,753</u>

The attached notes are part of this individual financial report.

Chairman: Liang, Hou-yi

Manager: Chen, Chia-hung

Chief account: Wang, Hsueh-mei

ALi Technology Co., Ltd.**Measures for the First Issue of New Shares Restricting Employee Rights in 2020****Article 1 Purpose**

In order to attract and retain the talents required by the Company and encourage employees to jointly create the interests of the Company and shareholders, the Company has formulated the Company's Issue of Employee Stock Subscription Voucher and Stock Subscription Measures (hereinafter referred to as the Measures) in accordance with Article 267 of the Company Act and relevant provisions such as the Guidelines for Handling Offering and Issuance of Securities by Issuers (hereinafter referred to as the Guidelines) of Financial Supervision and Administration Commission.

Article 2 Issue period

Within one year from the date when the competent authority reports the effective notice, the issuance may be made in one or more installments depending on actual needs. The actual issuance date (i.e. the base date of capital increase) shall be set by the chairman authorized by the Board of Directors.

Article 3 Qualification for assigned employee

1. Limited to full-time employees in the Company's formal establishment who have been on duty on the date of giving the new shares restricting employee rights.

The actual number of the new shares restricting employee rights obtained by qualified employees will be determined by the chairman with the approval of the Board, taking into account factors such as working age, title, work performance, overall contribution, special merit or others. However, if they are managers or directors, they must first obtain the approval of the remuneration committee.

2. The total number of shares subscribed by the Company to a single employee by issuing employee stock subscription voucher in accordance with paragraph 1 of Article 56-1 of the Guideline, adding the total number of new shares restricting employee rights that the employee has acquired, shall not exceed 3/1000 of the total number of shares issued, and the total number of shares subscribed by the Company to a single employee by issuing stock subscription voucher in accordance with paragraph 1 of Article 56 of the Guideline shall not exceed 1% of the total number of shares issued.

Article 4 Total issued

The total amount of this issue is NT\$ 21,000,000, each with a denomination of NT\$ 10. The total issued is 2,100,000 common shares.

Article 5 Conditions for issuing:

1. Issue price: The new shares restricting employee rights are issued free of charge, and the issue price is NT\$ 0 per share.
2. Type of shares to be issued: Newly issued common shares of the Company.
3. Acquired conditions:

A. Employee are still on active duty after allocated new shares restricting employee rights in accordance with the Measures on acquired day, no violation of the Company's labor contract, working rules, non-competition and confidentiality agreement, or contractual agreement with the Company during the period, and the performance evaluation results of the employees allocated in the previous year meet the standards (inclusive) or above and the overall operating performance of the Company meets the following targets, the shares will be acquired according to the following dates and proportions:

- a. On the date when the Company's 2020 Financial Report audited and certified by CPA is approved by the Board of Directors, if the Company's 2020 operating income

- reaches NT\$ 2.25 billion¹, 30% of the acquired shares will be distributed.
- b. On the date when the Company's 2021 Financial Report audited and certified by CPA is approved by the Board of Directors, if the Company's 2021 operating income reaches NT\$ 3 billion, 30% of the acquired shares will be distributed.
 - c. On the date when the Company's 2021 Financial Report audited and certified by CPA is approved by the Board of Directors, if the Company's 2021 net profit after-tax reaches NT\$ 100 million or more, 40% of the acquired shares will be distributed.
- B. The aforementioned shares will be counted up to each share, and the Company may adjust them according to the actual situation.
- C. In the event of M&A (merger, acquisition and division) of the Company by others and there are still new shares restricting employee rights that do not meet the acquired conditions, the allocated employees may submit a request to acquire the acquired shares in advance within 30 days from the date of adoption of the relevant legal resolution/base date (whichever is the earlier) and not subject to acquired conditions such as performance achievement of item 1 of this Article. If the deadline has not yet been fulfilled, the relevant contract or agreement shall apply.
4. When employee failure to reach acquired conditions:
After the employee is allocated new shares restricting employee rights, if the acquired conditions are not met, the Company will take back all the shares free of charge and cancel them.
5. When an employee has not acquired new shares restricting employee rights, such as resignation, severance, leave without pay, disability due to occupational disasters, death, general death or transfer:
- A. For employee resignation or severance, the shares that have not been acquired at the effective date of the resignation or severance shall be deemed as all acquired conditions have not been reached, and the Company shall take back all the shares free of charge and cancel them.
 - B. For employees been approved by the Company to apply for leave without pay, if they have not acquired new shares restricting employee rights, when they meet the acquired conditions, their acquired rights will be lost from the date when the leave without pay occurs, and their shares will be fully recovered and canceled by the Company free of charge.
 - C. For employees unable to continue to hold office due to physical disability caused by occupational disasters, their shares that have not yet been acquired may be acquired in full on the date of resignation.
 - D. For employees died due to occupational disaster or general death, their shares shall be deemed to be fully acquired on the day of death, and their heirs may apply to receive the shares that they should inherit or the rights and interests that have been disposed of after completing the necessary legal procedures and providing relevant supporting documents.
 - E. For qualified employee transferred to another company, and the other company is a domestic and foreign subsidiary of the Company or the Company directly or indirectly holds more than 50% of voting shares, upon the approval of the Chairman of the Board of Directors, the rights and obligations of the shares it has not acquired will not be affected by the transfer.
 - F. For other reasons other than those listed above, or when adjustments must be made in accordance with relevant laws and regulations in actual implementation in accordance with the provisions of the preceding paragraphs, the chairman of the

¹The Measures set an operating performance target of NT\$ 2.5 billion when they were enacted on November 13, 2019. However, due to the sudden natural disasters caused by the COVID-19 epidemic, the Board of Directors approved a 10% reduction to NT\$ 2.25 billion.

Board of Directors shall set or adjust them individually according to actual conditions.

Article 6 Rights to be restricted before employees reaching acquired conditions

1. After the issue of new shares restricting employee rights, the trust shall be delivered immediately. The trust deed of the new shares shall be signed by the Company on behalf of the employees and the stock trust institution designated by the Company. Before the acquired conditions are reached, the trustee shall not be requested to return the new shares restricting employee rights for any reason or in any way.
2. Before reaching the acquired conditions, the employee cannot sell, pledge, transfer, donate, request the Company to buy back the new shares restricting employee rights, or otherwise divide the new shares after receiving the new shares.
3. Except for the restrictions aforementioned, other rights and obligations (including but not limited to participating in allotment of shares, allotment of interest, SEO and subscription, reduction in shares proportion to be allotted and/or changes in shares or rights and interests arising from various legal reasons such as merger, division and share conversion) of the new shares allocated to employees in accordance with the Measures are the same as those of the common shares already issued by the Company. However, the shares returned by the Company for capital reduction shall be delivered to the trust before reaching the acquired conditions.
4. Before the employees reach the acquired conditions, the trust agency shall be entrusted to exercise the attendance, proposal, speech, voting rights and other matters related to shareholders' rights and interests in the shareholders' meeting of the Company.
5. The Company shall have full authority to (including but not limited to) negotiate, sign, amend, extend, cancel and terminate the trust agreement with the stock trust institution and the Company on behalf of the employees during the trust period for the delivery of new shares restricting employee rights, as well as instructions on the delivery, use and disposal of trust property. The employee shall also, in accordance with Article 106 of the Civil Code, authorize the Company in writing to be both a party to the trust agreement, a trustee and a substitute for the employee.

Article 7 Tax

Taxes on shares allocated under the Measures shall be handled in accordance with the Tax Act of the Republic of China at that time.

Article 8 Confidentiality and restrictions

1. After determining such matters as the issuing unit, subscription price, distribution principle and list of recipients of the new shares restricting employee rights, the organizer shall notify the employees to sign the Consent Form for Accepting New Shares Restricting Employee Rights (the Consent Form). Those who fail to complete the signing in accordance with the regulations shall be deemed to have given up their qualification to allocate the new shares.
2. After signing the Consent Form, employees shall abide by the confidentiality provisions and shall not inform others of the relevant contents and personal rights of the proposal.
3. Any holder of new shares and derivative rights of the new shares obtained through the Measures shall abide by the Measures and the Consent Form, and shall be subjected to the Company's salary confidentiality regulations. They shall not inquire about others or disclose the relevant content and quantity of new shares restricting employee rights granted. If there is any violation, the Company may conduct punishment and if there are serious circumstances, the Company may withdraw new shares of such employees free of charge and cancel them.

Article 9 Enforcement regulation

Relevant procedures and detailed operation time related to the employee list, signing and other matters in the Measures shall be separately notified by the Company's organizer to the

employees.

Article 10 Other matter

1. The Measures shall be attended by more than two-thirds of the directors of the Board of Directors and approved by one-half of the directors present and approved by the competent authority before coming into effective, and the same shall apply to revisions before issuance.
2. If the conditions or contents set forth in the Measures have been instructed by the competent authority, amended by relevant laws and regulations, or need to be revised or amended for the financial market conditions or objective environment, the issuance shall not begin until the chairman of the Board of Directors is authorized to deal with all the conditions or contents except for those stipulated in Article 60-2 of the prospectus guidelines, which shall be approved by the Board of Shareholders, and subjecting to the approval of the Board of Directors.
3. Any matters not covered in the Measures shall be handled in accordance with relevant laws and regulations.

Article 11 These Measures were concluded on November 13, 2019

The first revision was made on April 29, 2020

ALi Technology Co., Ltd.

Comparison Table of the Measures for the First Issue of New Shares Restricting Employee Rights in 2020

Before	After	Cause
Article 5 (3) Acquired conditions 1-(1) On the date when the Company's 2020 Financial Report audited and certified by CPA is approved by the Board of Directors, if the Company's 2020 operating income reaches NT\$ 2.5 billion, 30% of the acquired shares will be distributed.	Article 5 (3) Acquired conditions 1-(1) On the date when the Company's 2020 Financial Report audited and certified by CPA is approved by the Board of Directors, if the Company's 2020 operating income reaches NT\$ <u>2.25 billion</u> , 30% of the acquired shares will be distributed. ¹ <u>The Measures set an operating performance target of NT\$ 2.5 billion when they were enacted on November 13, 2019. However, due to the sudden natural disasters caused by the COVID-19 epidemic, the Board of Directors approved a 10% reduction to NT\$ 2.25 billion.</u>	In response to the possible impact of the COVID-19 epidemic on the overall economic environment, revise the operating objective
Article 5 (3) Acquired conditions 2. The aforementioned shares will be counted up to each share if there is zero share, and the Company may adjust them according to the actual situation.	Article 5 (3) Acquired conditions 2. The aforementioned shares will be counted up to each share if there is zero share , and the Company may adjust them according to the actual situation.	Slightly revise words
Article 5 (3) Acquired conditions 3. (New)	Article 5 (3) Prerequisite 3. <u>In the event of merger (merger, acquisition and division) of the Company by others, if there are still new shares that do not meet the acquired conditions and restrict the rights of employees, the allocated employees may request to acquire the acquired shares in advance within 30 days from the date of adoption of the relevant legal resolution/base date (whichever is the earlier), and not subject to acquired conditions such as performance achievement of item 1 of this Article. If the deadline has not yet been fulfilled, the relevant contract or agreement shall apply.</u>	In order to retain the flexibility of the remaining employees

Article 5 (5) When an employee has not acquired new shares restricting employee rights, such as resignation, severance, leave without pay, disability due to occupational disasters, death or general death:	Article 5 (5) When an employee has not acquired new shares restricting employee rights, such as resignation, severance, leave without pay, disability due to occupational disasters, death, general death <u>or transfer</u> :	Add requirement of transfer
Article 5 (5) 5. (New) 6. (New)	Article 5 (5) <u>5. For qualified employee transferred to another company, and the other company is a domestic and foreign subsidiary of the Company or the Company directly or indirectly holds more than 50% of voting shares, upon the approval of the Chairman of the Board of Directors, the rights and obligations of the shares it has not acquired will not be affected by the transfer.</u> <u>For other reasons other than those listed above, or when adjustments must be made in accordance with relevant laws and regulations in actual implementation in accordance with the provisions of the preceding paragraphs, the chairman of the Board of Directors shall set or adjust them individually according to actual conditions.</u>	Add requirement of transfer
Article 6 (5) New	Article 6 (5) <u>During the trust period for the delivery of new shares that restrict employee rights, the Company shall have full power to enter into (including but not limited to) the negotiation, signing, amendment, extension, dissolution and termination of the trust agreement with the stock trust institution and the Company on behalf of the employees, as well as the instructions for the delivery, use and disposal of trust property. The employee shall also, in accordance with Article 106 of the Civil Code, authorize the Company in writing to be both a party to the trust agreement, a trustee and a substitute for the employee.</u>	According to the actual implementation standards

Article 11 The Measures were concluded on November 13, 2019	Article 11 The Measures were concluded on November 13, 2019 <u>The first revision was made on April 29, 2020</u>	Add the date of the first amendment.
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Comparison Table of *Articles of Association* Amendments

Before	After	Cause
Article 7 The Company's shares are issued in registered form with the signatures or seals of three or more directors and legally certification. Shares issued by the Company may be exempted from printing but should be registered with a centralized securities depository institution.	Article 7 The Company's shares are issued in registered form with the signatures or seals of three or more representative directors and legally certification. Shares issued by the Company may be exempted from printing but should be registered with a centralized securities depository institution.	Revise to cooperate with the regulations.
New	Article 9-1 <u>The transfer of treasury shares purchased, the employee stock subscription voucher, the issue of new shares restricting employee rights, and the issue of new shares reserved for employees by the Company in accordance with the law may all include employees of controlled or affiliated companies who meet certain conditions, which shall be determined by the Board of Directors.</u>	Revise to cooperate with the regulations.
Article 13 Unless otherwise provided in the Company Act and other laws and regulations, resolutions of the shareholders' meeting shall be made with the consent of a majority of the voting rights of shareholders present, representing a majority of the total number of issued shares.	Article 13 Unless otherwise provided in the Company Act and other laws and regulations, resolutions of the shareholders' meeting shall be made with the consent of a majority of the voting rights of shareholders present, representing a majority of the total number of issued shares. <u>Shareholders of the Company can exercise their voting rights electronically, and relevant matters shall be handled in accordance with laws and regulations.</u>	Revise to cooperate with the regulations.
Article 20 If there is a net profit after-tax for the current period in the Company's annual final accounts, the Company shall first make up the accumulated deficits (including adjusting the undistributed surplus amount) and allocate 10% as the legal reserve according to law; However, this is not the case when the legal reserve has reached the paid-in capital of the Company. The special	Article 20 If there is a net profit after-tax for the current period in the Company's annual final accounts, the Company shall first make up the accumulated deficits (including adjusting the undistributed surplus amount) and allocate 10% as the legal reserve according to law based on the current net profit after-tax adding other items except for current net profit after-tax as undistributed surplus for the current year; However, this is not the case when the legal reserve has reached the paid-in capital of the Company. The special reserve shall be allocated or reversed in accordance with laws or regulations of the competent authority. The remaining surplus, together with the undistributed	Revise to cooperate with the regulations.

Before	After	Cause
<p>reserve shall be allocated or reversed in accordance with laws or regulations of the competent authority. The remaining surplus, together with the undistributed surplus at beginning of period (including adjustment of the undistributed surplus amount), shall be proposed by the Board of Directors and submitted to the shareholders' meeting for resolution to distribute dividends and bonuses.</p> <p>The Company's affiliated industries are in the growth stage. Depending on investment environment, capital demand, company business, financial planning and other factors, the distributable surplus for the current year may be fully distributed. Surplus can be distributed in cash or stock, but the proportion of cash dividends distributed by shareholders shall not be less than ten percent (10%) of the total dividends of shareholders.</p>	<p>surplus at beginning of period (including adjustment of the undistributed surplus amount), shall be proposed by the Board of Directors and submitted to the shareholders' meeting for resolution to distribute dividends and bonuses.</p> <p>The Company's affiliated industries are in the growth stage. Depending on investment environment, capital demand, company business, financial planning and other factors, the distributable surplus for the current year may be fully distributed. Surplus can be distributed in cash or stock, but the proportion of cash dividends distributed by shareholders shall not be less than ten percent (10%) of the total dividends of shareholders.</p>	
New	<p><u>Article 21</u> <u>Treasury shares bought by the Company in accordance with the law may be transferred to employees at a price lower than the average price of the shares actually bought back or issue employee stock subscription voucher at a stock subscription price lower than the closing price of the common shares on the issue date with the consent of shareholders representing more than half of the total number of issued shares and more than two thirds of the voting rights of the shareholders present.</u></p>	Consider increasing the flexibility of equity incentive operation and revise it.
Article 21 Matters not covered in the Articles of Association shall be handled in accordance with the Company Act and other laws and regulations.	<p><u>Article 21</u> Matters not covered in the Articles of Association shall be handled in accordance with the Company Act and other laws and regulations.</p>	Revise with the addition to the provisions.

Before	After	Cause
Article 22 (omitted)	Article <u>22</u> 23 (omitted) <u>The 22nd revision was made on June 12, 2020</u>	Revise with the addition to the provisions and add the 22nd amendment date.

ALi Technology Co., Ltd.

**Evaluation on the Necessity and Rationality of Private
Placement of Securities**

SinoPac Securities Co., Ltd.

Person in Charge: Chu, Shi-ting

April 29, 2020

ALi Technology Co., Ltd.

Evaluation on the Necessity and Rationality of Private Placement of Securities

ALi Technology Co., Ltd (hereinafter referred to as ALi Technology or the Company) plans to set up private placement of common shares (hereinafter referred to as the Private Placement) by resolution of the Board of Directors on April 29, 2020, whose formal set up is subjected to the resolution of the shareholders' meeting. According to the regulations of *Precautions for Private Placement of Securities by Public Offering Companies*, if there has been a major change in the management right in the previous year of the Board of Directors resolution or that there has been a major change in the management right after the introduction of strategic investors into private placement, the securities underwriter shall be requested to issue an evaluation of the necessity and rationality of private placement. As ALi Technology fully re-elected its directors at the shareholders' regular meeting on 11 June 2019 and the number of directors changed by more than one third, there was a major change in the management rights in the previous year before the Board of Directors resolution. In addition, the total number of shares issued by the Company is 192,540,000, which is 221,420,000 after adding the maximum number of 28,880,000 shares to be privately offered. The total number of shares to be privately offered is estimated to be 13.04% of the total equity after private placement. The securities underwriter does not rule out the possibility of major changes in the management rights of the Company after private placement. Therefore, the Company has appointed the securities underwriter to issue an assessment of the necessity and rationality of the private placement.

The content of the Evaluation is only used as the basis for the Board of Directors and shareholders' meeting of ALi Technology to decide this private placement proposal on April 29, 2020 and cannot be used for other purposes. The Evaluation is based on the financial information provided by ALi Technology and its public announcement information in the public information platform. It is hereby declared that the Evaluation shall not bear any legal responsibility for the impact of the change of the evaluation content that may be caused by the change of the private placement plan or other events.

1. Company profile

ALi Technology Co., Ltd. was established on June 10, 1993 and listed on August 26, 2002. The Company is mainly engaged in research, development, design and sales of chipsets related to consumer electronics products, as well as the aforesaid chip design services and intellectual property business. The main products are Set-top Box (STB) chips, including Satellite, Terrestrial, Cable and Internet Protocol (IP) and other standard resolution and high-resolution STB integrated chips, accounting for nearly 90% of operating revenue.

2. Underwriter evaluation

In order to enrich the operating capital and meet the capital requirements of the Company's future development, ALi Technology plans to issue common shares for SEO in China through private placement, with a limit of no more than 28,880,000 shares. It is estimated that the number of common shares to be issued will not exceed three times within one year from the date of the shareholders' meeting. The necessity and rationality of private placement for the Company are hereby explained as follows:

(1) Suitability

According to the Company's 2019 consolidated financial report audited and certified by CPA, its net loss after-tax is NT\$ 317,817 thousands, and its retained earnings is NT\$ 332,873 thousands. In addition, the private placement target the Company expecting this time is limited to strategic investors who can help the Company upgrade technology, improve quality, reduce costs, improve efficiency and expand the market, and agree with the Company's business philosophy. Therefore, it is not subject to the

restriction of Article 3 of *Precautions for Private Placement of Securities by Public Offering Companies* that public offering companies are net profit after-tax in the latest year and are not allowed to conduct private placement of securities without accumulated losses.

(2) Necessity

The combined operating income of ALi Technology from 2017 to 2019 was NT\$ 3,187,062 thousands, NT\$ 2,412,587 thousands and NT\$ 2,011,515 thousands respectively. The combined net loss after-tax was NT\$ 469,104 thousands, NT\$ 762,252 thousands and NT\$ 317,817 thousands respectively. The Company's consolidated operating income has declined year by year in the last three years, mainly due to the slowdown in the global retail terminal consumer electronics market in recent years, which has resulted in the Company's end-customer revenue performance not as expected and the conservative purchasing strategy, thus affecting the Company's sales of digital set-top box chips. Moreover, in order to maintain its leading position in the market, the Company has continued to develop various transmission technologies and STB solutions and actively distributed research and development related to new generation products to maintain its technological advantages. Therefore, the Company continued to invest high research and development costs in 2017 to 2019 years, resulting in net loss after-tax in the last three years.

After considering the current operating conditions and industrial prospects, the Company plans to increase capital to enrich its working capital and meet the needs of future operating development funds, so as to strengthen the operating and competitiveness of the Company and to improve its financial structure and enhance the overall shareholders' rights and interests. However, if the capital increase is carried out through public offering, it may be difficult to win the favor of investors and make the completion of its capital raising plan uncertain. Therefore, considering efficiency, convenience, issuance cost, equity stability and other factors, it is necessary for the Company to carry out SEO through private offering.

(3) Rationality

A. Rationality of Reasons for Adopting Private Placement

Considering that if the Company raises funds through public offering, it may not be conducive to obtaining the required funds in a short period of time given the Company's recent profit situation, market environment and stock liquidity, while private offering is relatively fast and simple and can obtain the required funds in a short period of time, it is reasonable to plan to issue common shares through private placement instead of public offering.

B. Rationality of the use of private equity funds and expected benefits

This private placement of the Company is intended to enrich operating capital. The number of shares expected to be issued is limited to more than 28,880,000 shares. The price of common shares in this private placement is limited to not less than 9% of the higher of the following two benchmarks calculated on the pricing date of the Company:

- (a) The simple arithmetic average of the closing price of common share calculated on one of the 1, 3 or 5 business days prior to the pricing date, after deducting the rights of bonus allotment and dividend, and adding back the price after capital reduction and ex- rights; Or
- (b) The simple arithmetic average of the closing price of the common share for the 30 business days prior to the pricing date, after deducting the share price with the rights of bonus allotment and interest allocation, and adding back the share price with the rights of capital reduction and ex-rights.

Therefore, the price of the Company's private placement price is still in line with

the regulations of *Precautions for Private Placement of Securities by Public Offering Companies*. If the board meeting notice date sent by the Board of Directors deliberation unit of the Company on April 21, 2020 is taken as the pricing date of the private placement assumed by the securities underwriter for the purpose of issuing this Evaluation, the private placement price floor is as follows:

(a) The average closing price of 1 business day prior to the pricing date = NT\$ 14.90.

The average closing price for 3 business days prior to the pricing date = NT\$ 14.57.

The average closing price of 5 business day prior to the pricing date = NT\$ 14.47.

(b) The average closing price of 30 business day prior to the pricing date = NT\$ 14.01.

(c) The higher average closing price of (1) and (2) above is NT\$ 14.90.

(d) $\text{NT\$ } 14.90 \times 90\% = \text{NT\$ } 13.41$, so the price floor of this private placement common share shall not be less than NT\$ 13.41.

If the price floor is NT\$ 13.41, the Company's raised amount in the private placement is NT\$ 387,281 thousands, which will be fully used to replenish its operating capital. The possible impacts and changes on the Company's financial situation are as follows:

Item		The Board of Directors decided to review the Consolidated Financial Statements for the latest period (the fourth quarter of 2019)	Pro forma Private placement After private placement
Financial structure	Debt ratio (%)	16.36%	14.91%
	Ratio of long-term funds to property, plant and equipment (%)	565.98%	631.71%
Debt paying ability	Current ratio (times)	3.82	4.43
	Quick ratio (times)	3.50	4.11
Cash flow in (thousands)		—	387,281

As shown in the above table, after the private placement of the Company is completed, the estimated debt ratio will drop to 14.91%, the ratio of long-term capital to property, plant and equipment will rise to 631.71%, and the current ratio and quick ratio will rise to 4.43 times and 4.11 times respectively. Therefore, the Company's own capital will be increased, and the Company's financial structure and debt paying ability will be improved. In addition, the funds raised by the Company in this private placement will be used to replenish its operating capital instead of borrowing from financial institutions to solve the shortage. According to the average borrowing rate of 2.2% of the Company, it is estimated that the Company will save about NT\$ 8,520 thousands in interest expense every year after the completion of this private placement. Therefore, the Company can obtain stable long-term capital, improve its financial structure, maintain flexibility in financial scheduling, and reduce the erosion of interest expense on the Company profit. After evaluation, the use of funds and expected benefits of this private placement should be reasonable.

3. Selection of candidates and its feasibility and necessity

(1) Selection of candidates

The candidates for this private placement of the Company are limited to the

specific persons specified in Article 43-6 of the Securities and Exchange Act and the *Precautions for Private Placement of Securities by Public Offering Companies*. The specific persons to be appointed are limited to the strategic investors who can help the Company to upgrade technology, improve quality, reduce costs, improve efficiency and expand the market, and agree with the Company's business philosophy. The actual selection of candidates shall be handled in accordance with relevant regulations after negotiation. Therefore, the selection of the candidates is appropriate.

(2) Feasibility and necessity of candidates

The Company is mainly engaged in the research and development and design of STB-related chips. It is a design industry upstream of the IC industry and is also one of the leading manufacturers in the global STB retail market. Due to its rich experience in the semiconductor industry, the Company has repeatedly introduced various new products ahead of domestic and foreign peers over the years and has continuously actively distributed the Pay-TV operator market and other new STB fields. Considering the changes in the overall digital TV ecological environment, the Company is also actively developing 4K UHD (Ultra High Definition) STB-related chips in order to gain a competitive advantage in the increasingly severe industrial competition. Therefore, the Company expects that after the private placement is approved by the resolution of the shareholders' meeting, the Board of Directors will, in accordance with the resolution of the shareholders' meeting, identify strategic investors that will be beneficial to the Company's future operation, and rely on the resources of strategic investors to enhance the technical content and quality of the Company's existing products, improve production efficiency and reduce costs, and open up sales channels and potential customers, thus enhancing the Company's profit and shareholders' rights and interests. Moreover, the price set on the pricing date of this private placement will be lower than the market price at that time, which will also help to enhance the investment willingness of strategic investors. Therefore, the selection of the candidates for this private placement should be feasible and necessary.

4. Rationality when private placement cause management rights transfer

The candidates for this private placement of the Company is limited to strategic investors. The Company will choose individuals or legal persons who can provide various financial resources, operation and management technologies, integrate product manufacturing processes, strengthen financial cost management and assist in product business development, channel expansion and are beneficial to current operation and future development strategies of the Company to increase the operating income and profit. In addition, the stipulation that private placement of securities cannot be freely transferred within three years will further ensure the long-term cooperative relationship between the Company and strategic investors and help stabilize the Company's operation. Accordingly, if the management rights are transferred in the future, it should be beneficial to the Company's business, finance and shareholders' interests.

(4) Impact of private placement on the Company's business, finance and shareholders' equity.

1. Impact on the Company's business

Faced with the rapid development of the science and technology industry, the increasing level of product technology, the increasingly fierce competition in the industry and the gradual shortening of the product life cycle, the Company continues to invest in research and development costs to maintain its product niche and

develop various transmission technologies and STB solutions to strengthen the Company's advantages in the industry and to widen the competition gap with its peers. Therefore, in this private placement, the Company considers the continued operation and future development of the Company. It is proposed to introduce strategic investors that will be beneficial to the Company's future operations, so as to assist the Company in formulating appropriate operating strategies and improving its overall competitiveness, thus increasing the Company's operating income and profits and providing positive benefits to the Company's business.

2. Impact on the Company's finance

The purpose of this private placement is to enrich the operating capital. In addition to avoiding the increase of financial risks due to bank borrowing, raising the debt ratio and interest costs, it also meets the needs of future operating development funds, strengthen the Company's operating and competitiveness, and effectively improve the Company's financial structure. Therefore, the immediate and effective injection of private placement funds will also have positive benefits on the finance of the Company.

3. Impact on the Company's shareholders' rights and interests

This private placement of the Company is limited to strategic investors, with a view to assisting the Company in formulating appropriate business strategies, improving the overall competitiveness of the Company and thus creating profits. Although the introduction of strategic investors may cause the possibility of major changes in management rights, private placement of securities is restricted from free transfer for three years, which can ensure the long-term cooperative relationship between the Company and strategic investors and help stabilize the Company's operation. Therefore, the private placement should have a positive impact on the shareholders' rights and interests of the Company.

3. Conclusion

Considering the Company's long-term future development and flexible use of financial policies, this private placement fund will be used to replenish the Company's operating capital or other capital needs in response to the Company's future development. It is expected that the smooth implementation of this proposal will strengthen the financial structure, enhance competitiveness, and further enhance profitability, which is also beneficial to shareholders' rights and interests. After considering the Company's profitability and the feasibility of raising funds through public offering, it is necessary and reasonable for the Company to handle securities through private placement.

IV. Appendix

Appendix 1

ALi Technology Co., Ltd.

Articles of Association (Before Amendment)

Chapter I	General
Article 1	The Company is organized in accordance with the Company Act and is named ALi Technology Co., Ltd.
Article 2	The business of the Company is as follows: CC01060 Wired communication machinery and equipment manufacturing. CC01070 Wireless communication machinery and equipment manufacturing. CC01080 Electronic components manufacturing. CC01110 Computer and its peripheral equipment manufacturing. F213060 Retail of telecommunication equipment. F218010 Retail of information software. F219010 Retail of electronic materials. F401010 International trade. F601010 Intellectual property industry. I301010 Information software service. I301020 Data processing services. I501010 Product design. ZZ99999 In addition to licensed businesses, businesses not prohibited or restricted by laws and regulations may be operated
Article 3	Due to business and investment relations, the Company may endorse and guarantee to other parties.
Article 4	The amount of the Company's foreign investment may not be limited by Article 13 of the Company Act.
Article 5	The Company has its head office in Xinzhu city and may set up branches at home and abroad upon the resolution of the Board of Directors if necessary.
Chapter II	Share
Article 6	The total capital of the Company is set at NT\$ 1.6 billion, divided into NT\$ 160 million shares, each with an amount of NT\$ 10, which authorizes the Board of Directors to issue the shares in batches. The total amount of capital referred to in the preceding paragraph is reserved NT\$ 250 million, divided into 25 million shares, with an amount of NT\$ 10 per share. It is reserved for use when exercising stock options and may be issued in batches in accordance with resolutions of the Board of Directors.
Article 7	The Company's shares are issued in registered form with the signatures or seals of three or more directors and legally certification. Shares issued by the Company may be exempted from printing but should be registered with a centralized securities depository institution.
Article 8	Unless otherwise provided by law, the shareholders of the Company shall handle the share affairs such as share transfer, right setting, loss reporting, inheritance, gift and address change, loss reporting or replacement of seal, etc. in accordance with the <i>Guidelines for Handling Share Affairs of Companies Offering Public Shares</i> .
Article 9	The change of name and transfer of shares shall be suspended within 60 days before the regular shareholders' meeting, 30 days before the temporary shareholders' meeting or 5 days before the Company decides to distribute dividends and bonuses or other benefits.
Chapter III	Meeting of Shareholders
Article 10	The shareholders' meeting is divided into two types: regular meeting and temporary meeting. The regular meeting is held once a year and shall be convened by the Board of

- Directors within six months after the end of each fiscal year. The temporary meeting will be convened according to law when necessary.
- Article 11 If a shareholder is unable to attend the shareholders' meeting for some reason, he/she may issue a power of attorney issued by the Company stating the scope of authorization, sign and seal it and entrust an agent to attend on his/her behalf.
- Article 12 Shareholders of the Company have one vote per share, but those who have any of the circumstances specified in Article 179 of the Company Act have no vote.
- Article 13 Unless otherwise provided in the Company Act and other laws and regulations, resolutions of the shareholders' meeting shall be made with the consent of a majority of the voting rights of shareholders present, representing a majority of the total number of issued shares.

Chapter IV Directors and Audit Committee

- Article 14 The Company has five to seven directors, of whom at least three are independent directors. Candidate nomination system is adopted for the election of independent directors and non-independent directors.
The election of directors shall be conducted in accordance with the provisions of Article 198 of the Company Act. Independent directors and non-independent directors shall be elected together, and the number of seats to be elected shall be calculated respectively. Those who have more voting rights represented by the votes obtained shall be elected as independent directors and non-independent directors. Their term of office shall be three years and they may be re-elected.
The total number of registered shares held by all directors of the Company is determined in accordance with the standards set forth in the *Rules on the Percentage of Shares Held by Directors and Supervisors of Public Offering Companies and Rules on Audit and Implementation* promulgated by the Financial Supervision and Administration Commission. The Company may take out liability insurance for directors within the scope of compensation that the directors are liable for according to law.
- Article 15 The Board of Directors shall be organized by directors, and two-thirds or more of the directors present and more than half of the directors present shall agree to elect one chairman from each other. The vice-chairman may be elected according to business needs, and the chairman shall represent the Company externally.
The Company may set up committee for audit, salary and remuneration or other functional committees.
The convening of the Board of Directors of the Company shall be notified to all directors seven days in advance, and the Company may convene the Board of Directors at any time in case of emergency. The Board of Directors of the Company may be convened in writing, E-mail or fax.
- Article 16 If the chairman asks for leave or is unable to exercise his/her authority for some reason, his/her agent shall handle the matter in accordance with the provisions of Article 208th of the Company Act. Director
If he/she is unable to attend the Board of Directors in person, he/she may issue a power of attorney and entrust other directors to act as his/her agent, provided that the agent is only authorized by one person.

Chapter V Manager

- Article 17 The Company may have a chief executive, deputy chief executive, general manager, career general manager and deputy general manager. their appointment, dismissal and remuneration shall be handled in accordance with article 29 of the Company Act.

Chapter VI Accountant

- Article 18 At the end of each fiscal year, the Board of Directors shall compile the following statement and submit it to the shareholders' regular meeting for recognition:
Business Report.
Financial Statements.
Proposal on surplus distribution or loss compensation.
- Article 19 If the Company has any profit in the year (the so-called profit refers to the profit before-tax deduction of employee remuneration and director remuneration), it shall allocate less than 5% as employee remuneration and no more than 1.5% as director remuneration. However, when the Company still has accumulated deficit
(including adjusting the undistributed surplus amount), it shall reserve the compensation amount in advance.
The remuneration referred to in the preceding paragraph may be in the form of shares or cash, which may be distributed to employees of affiliated companies who meet the conditions set by the Board of Directors. The remuneration of directors referred to in the preceding paragraph can only be paid in cash.
The first two items shall be decided by the Board of Directors and reported to the board of shareholders.

Article 20 If there is a net profit after-tax for the current period in the Company's annual final accounts, the Company shall first make up the accumulated deficits (including adjusting the undistributed surplus amount) and allocate 10% as the legal reserve according to law; However, this is not the case when the legal reserve has reached the paid-in capital of the Company. The special reserve shall be allocated or reversed in accordance with laws or regulations of the competent authority. The remaining surplus, together with the undistributed surplus at beginning of period (including adjustment of the undistributed surplus amount), shall be proposed by the Board of Directors and submitted to the shareholders' meeting for resolution to distribute dividends and bonuses.

The Company's affiliated industries are in the growth stage. Depending on investment environment, capital demand, company business, financial planning and other factors, the distributable surplus for the current year may be fully distributed. Surplus can be distributed in cash or stock, but the proportion of cash dividends distributed by shareholders shall not be less than ten percent (10%) of the total dividends of shareholders.

Chapter VII Supplementary Provisions

Article 21 Matters not covered in the Articles of Association shall be handled in accordance with the Company Act and other laws and regulations.

Article 22 The Articles of Association was concluded on April 20, 1993

The first revision was made on December 3, 1993

The 2nd revision was made on June 24, 1995

The 3rd revision was made on January 8, 1996

The 4th revision was made on April 20, 1996

The 5th revision was made on June 27, 1996

The 6th revision was made on June 20, 1997

The 7th revision was made on April 3, 1998

The 8th revision was made on April 3, 1998

The 9th revision was made on April 27, 2000

The 10th revision was made on April 25, 2001

The 11th revision was made on June 13, 2002

The 12th revision was made on June 2, 2004

The 13th revision was made on August 26, 2004

The 14th revision was made on June 14, 2006

The 15th revision was made on June 15, 2007

The 16th revision was made on June 16, 2009

The 17th revision was made on June 18, 2010

The 18th revision was made on June 9, 2011

The 19th revision was made on June 20, 2012

The 20th revision was made on June 29, 2016

The 21st revision was made on June 11, 2019

ALi Technology Co., Ltd.

Rules of Procedure for Shareholders' Meeting

Adopted at the shareholders' meeting on June 20, 1997

Revised at the shareholders' meeting on April 03, 1998

Revised at the shareholders' meeting on May 15, 2003

1. The shareholders' meeting of the Company shall be conducted in accordance with the Rules.
2. Shareholders or their agents attending the shareholders' meeting shall sign in and the sign-in formalities shall be replaced by a attendance card; The number of shares attended shall be calculated based on the attendance card submitted.
3. The attendance and voting at the shareholders' meeting shall be based on shares.
4. The shareholders' meeting shall be held at the place where the Company is located or at a place convenient for shareholders to attend and suitable for the meeting. The starting time of the meeting shall not be earlier than 9 am or later than 3 pm.
5. If the shareholders' meeting is convened by the Board of Directors, the chairman of the meeting shall be the chairman of the Company. If the chairman asks for leave or is unable to exercise his/her authority for some reason, the chairman shall appoint one director to act for him/her. If the chairman does not appoint an agent, the directors shall appoint one representative from each other. If the shareholders' meeting is convened by a convener other than the Board of Directors, the chairman of the meeting shall be the convener.
6. The Company may appoint appointed lawyers, accountants or relevant personnel to attend the shareholders' meeting. The meeting personnel handling the shareholders' meeting shall wear identification cards or armbands.
7. The whole process of the shareholders' meeting will be recorded or videotaped and kept for one year.
8. When the meeting time has expired, the chairman will announce the meeting starting. However, in the absence of shareholders representing more than half of the total number of issued shares, the chairman may postpone the meeting for two times. The total delay shall not exceed one hour. If the delay is still insufficient for two times and shareholders representing more than one-third of the total number of issued shares are present, it may be regarded as a false resolution in accordance with the first paragraph of Article 175 of the Company Act. Before the end of the current meeting, if the number of shares represented by the shareholders present has reached more than half of the total number of shares issued, the chairman may, in accordance with the provisions of article 174 of the Company Act, re-submit the fake resolution made to the regular meeting for resolution.
9. If the shareholders' meeting is convened by the Board of Directors, its agenda shall be set by the Board of Directors; The meeting shall be held in accordance with the agenda and shall not be changed without a resolution of the shareholders' meeting. During the meeting, the chairman may declare a break at his/her discretion. Before the end of the meeting, the chairman shall not declare the meeting adjourned without a resolution. If the chairman violates the rules of procedure and declares the meeting adjourned, a majority of the voting rights of the shareholders present may agree to elect a chairman to continue the meeting.
10. Before attending a shareholder's speech, the chairman shall first fill in a speech form setting out the main message of the speech, the shareholder's account number and the name of the account, and the chairman shall determine the order of his/her speech. Shareholders present at the meeting will be deemed not to have spoken if they have only made a statement but have not spoken. If the content of the speech is inconsistent with the statement, the content of the speech shall prevail; When a shareholder makes a speech, other shareholders shall not interfere with the speech without the consent of the chairman and the speaking shareholders, and the chairman shall stop the violator.
11. Each shareholder of the same proposal shall not speak more than twice without the consent of the chairman, and each time shall not exceed five minutes. If a shareholder's speech violates these regulations or exceeds the scope of the topic, the chairman may stop his/her speech.
12. When a legal person is entrusted to attend the shareholders' meeting, only one representative may

- be appointed to attend. If two or more representatives are appointed to attend, only one person may be allowed to speak on the same proposal.
13. After attending the shareholder's speech, the chairman may reply in person or designate relevant personnel.
 14. When the chairman considers that the discussion of the proposal has reached the voting level, he/she may announce the suspension of the discussion and put it to the vote.
 15. The scrutineers and tellers for voting on the proposal shall be designated by the chairman, but the scrutineers shall have the status of shareholders. The results of the voting shall be reported on the spot and recorded.
 16. Unless otherwise provided in the Company Act and the Articles of Association of the Company, a motion shall be passed with the consent of more than half of the voting rights of the shareholders present. If there is no objection after consultation by the chairman, it shall be deemed as approved, and its effect shall be the same as that of voting.
 17. If there are amendments or substitutes to the same proposal, the chairman shall decide the voting order with the original proposal. If one of the proposals has been approved, the other proposals will be regarded as rejected and there is no need to vote again.
 18. The chairman may direct the guards (or security personnel) to assist in maintaining order at the venue. The guard (or security personnel) shall wear the armband with the word Guard when they are present to help maintain order.
 19. In the event of force majeure during the meeting, the chairman may suspend the meeting or hold another meeting at a later date.
 20. Matters not covered in the Rules shall be handled in accordance with the Company Act and other laws and regulations.
 21. These Rules shall come into force after being approved by the shareholders' meeting, and the same shall apply to amendments.

Appendix 3

Shareholding of All Directors

Title	Name	Date of appointment	Closing date: April 14, 2020	
			Holding share (share)	Holding proportion (%)
Chairman	Liang, Hou-yi	108.06.11	18,000	0.01
Director	Hsiao, Chung-ho	108.06.11	906,143	0.47
Independent Director	Tsai, Jung-tung	108.06.11	0	0.00
Independent Director	Jack Qi Shu (Shu, Qi)	108.06.11	0	0.00
Independent Director	Huang, Ta-lun	108.06.11	0	0.00
Total			924,143	0.48

Note 1: Total shares issued on April 14, 2020: 192,539,746 common shares.

Note 2: The number of independent directors of the Company exceeds one-half of the total number of directors and an audit committee has been set up. Therefore, the rules of number of shares to be held by all directors and supervisors is not applicable.