

Soft-World International Corporation

2018 Annual Shareholders' Meeting

Meeting Agenda

(Translation)

Jun 14th, 2018

PLACE: M3 Banquet Hall, Howard Plaza Hotel Kaohsiung

(M3F, No.311, Chi-Hsien 1st Road, Kaohsiung, Taiwan)

A. Meeting Procedure

Soft-World International Corporation 2018 Shareholders' Annual Meeting Procedure

1. Call the Meeting to Order
2. Chairman Remarks
3. Management Presentation
4. Proposals
5. Discussion
6. Elections
7. Extempore Motions
8. Meeting Adjourn

B. Meeting Agenda

Soft-World International Corporation
2018 Shareholders' Annual Meeting Procedure

Time: 9:30am, Thursday, Jun 14th, 2018

Venue: M3 Banquet Hall, Howard Plaza Hotel Kaohsiung

(M3F, No.311, Chi-Hsien 1st Road, Kaohsiung, Taiwan)

1. Call the Meeting to Order
2. Chairman Remarks
3. Management Presentation
 - 3.1 2017 Annual Sales Report
 - 3.2 Supervisor's Review Report on the 2017 Financial Statements
 - 3.3 2017 Director Supervisor and Employee Recompense Distribution Report
4. Proposals
 - 4.1 2017 Financial Statements
 - 4.2 2017 Distribution of Profits
5. Discussion
 - 5.1 Amendment to Endorsements and Guarantees
6. Elections
 - 6.1 Election of Directors and Supervisors
7. Extempore Motions
8. Meeting Adjourn

C. Management Presentation

1. 2017 Annual Sales Report

Soft-World International Corporation 2017 Annual Sales Report

With the great efforts by employees and all clients' and suppliers' fully support, our 2017 consolidated sales is 15.612 billion dollars. Consolidated net profit for company owner is 418 million dollars. After tax EPS is 3.28 dollars.

Soft-World Group is dedicated to richly cultivating in digital gaming industry while expanding to financial technology business. Subsidiaries respectively focus on game developing, agent operation, distribution channel, internet integrated marketing, payment system renovating...etc, aiming toward internet group developing.

Company's main distribution channel is growing steadily in 2017. Our "MyCard" digital point provides versatile gaming and entertaining products and digital value-added service. With over 5 million members, we are at top of the markets in Taiwan, Hong Kong, and Macau. We are highly proactive reaching platform operation, building a fully integrated marketing service, including e-PLAY sales promotion, APP marketing, interactive media advertising platform, exhibition show contract, video and audio multimedia...etc. Found a social media professional team "Revitalize Advertising Dimension" provides digital advertising in the world's top 3 social media groups - Facebook, Instagram, and Google. Introduce "Kochava" in 2017, the world's largest third party advertising tracking service, creates maximum internet sales opportunity by offering accurate advertising marketing plan for all industry.

Facing the challenging environment in the gaming industry, Soft-World Group persistently devotes in game development and refining skills. ChineseGamer International Corporation, with its own intellectual property, has built "Wonderland Online Mobile", "Tun-Shi World S", "Shen Bing Xuan Qi", and startup theme "Sakura Reverie" and many more mobile games in 2017, also relaunches optimized classic online game "Jing-Yong Online 2017", "Ten Online", "Wu Lin Online" for breakthrough. Company operation looks promising.

Zealot Digital International Corporation, besides steadily operating in AR mobile game "My Hero Go", has foreseen the promising growth of global gaming market that increases the demand of game art design and music production. It expands its service by providing design team and Soft-World music centre for game music, and works with many game developers around the world to increase business opportunity. It also acquired IP authorisation to develop many classic mobile games such as "Wu Lin Online", "Flame Dragon Knights", and "Ten De Jai". Hoping to recreate the classic and maximize the IP value.

In game agency operation, Game Flier International Corporation focuses on localizing popular online games like “Shu Shan Online”, “Perfect World 2 Online”, “Dragon Nest Online”, “San Go Online”, “Ten Long Online”...etc, by updating and enriching game activity. Game First International Corporation launches two mobile games “TBD 123” and “Mini Dragon King”, also offers many game operators its professional customer service and social media team which have over ten year collaboration with American Company - Blizzard Entertainment Inc. Creating a complete service chain for the Group.

In addition to proactively enhancing its service to all gaming industry segments, the Group pays close attention to VR, AR games, prospect of E-Sports, and seeks opportunity to expand its business in South East Asia.

As to fintech development, “Pay2go Digital Wallet” by Pay2Go Technology Corporation has officially launched electronic payment service in the first quarter last year. People not only can pay, add value, transfer, and withdraw money by “Pay2go Digital Wallet”, but also pay individual income tax, vehicle license tax, house tax, and land value tax in Pay2go App. Collaborating with the Group’s MyCard point service that aims for small amount payment of digital entertainment. In September, join Taishin International Bank’s service for “agreed linked deposit account” for express deduction. In November, worked with “Pa Pa Go”, a taxi calling App by New Taipei City Taxi Business Association, for an easy mobile payment option. Moreover, “Pay2go Digital Wallet” offered O2O service in the cashless marketplace at the 2018 Taiwan Lantern Festival, and will continue this service in its physical store to enjoy a convenient experience brought by digital wallet.

For future prospects, the fintech group is looking to join cross-country internet financing, and to reach out to the world from Taiwan by providing full financial service for both buyers and sellers. Double developing mobile payment applications in Taiwan and the world, and expand to online mall and physical store. Fully promote mobile payment field and help membership growth.

Thanks to all employees’ countless effort and full support from our shareholders, directors, and supervisors, the business result of 2017 is as follow:

(A) 2017 Business Plan Result

The 2017 annual statement, examined by Deloitte Taiwan, consolidated net sales is 15,611,929 thousand New Taiwan Dollars. Consolidated net profit for company owner is 418 million New Taiwan Dollars. Earning per share after tax is EPS 3.28 dollars.

(B) 2017 Budget Control Result

No financial forecasting for 2017. This is not applicable.

(C) 2017 Financial Revenue and Expenditure and Profitability Analysis

1. Financial Revenue and Expenditure

Unit: thousand New Taiwan dollars

Item	2017	2016	in(de)crease amount	in(de)crease %
Operating Revenue	15,611,929	15,541,915	70,014	0.45
Gross Profit	2,703,321	2,923,359	(220,038)	(7.53)
Operating Expense	2,291,827	2,611,734	(319,907)	(12.25)
Operating Income	411,494	311,625	99,869	32.05
Pre-Tax Income	493,547	466,823	26,724	5.72
Annual Net Profit	367,278	367,573	(295)	(0.08)
Net Profit for Company Owner	417,558	420,962	(3,404)	(0.81)
Net Loss Attributed to Non-controlling Interest	(50,280)	(53,389)	3,109	(5.82)

Item	2017	2016
Return on Asset %		3.40
Return on Equity %		5.75
Capital Stock %	Operating Income	32.2
	Pre-Tax Income	38.7
Net Profit Margin %		2.37
EPS (dollars)		3.30

2. Profitability Analysis

(D) Research and Development

Soft-World Group has been focusing on game products, manufacturing original games and proactively investing in game music and sound effect production. Research and development cost on 2017 Consolidated Statement is total 413,622 thousand dollars.

Wishing all shareholders

Prosperous and good health.

2. Supervisor's Review Report on the 2017 Financial Statements

Soft-World International Corporation Supervisor's Review Report

The Board of Directors send out 2017 individual financial statements and consolidated financial statements to be examined by Deloitte Taiwan. The Examination Report, Business Report, and Disposition of Net Profit Report are all approved by Supervisors. All rules are complied with the Company Act. Report as stated in Article 219 in the Company Act.

For your honour's approval.

To
2018 Shareholders' Annual Meeting

Supervisor: Hung-Yuan Chang
Supervisor: Feng-Jian Bai
Supervisor: Shu-Juan Wang

March 26th, 2018

3. 2017 Director Supervisor and Employee Recompense Distribution Report

- (1) By Company Rules Article 22, shall allocate no less than 2% for employee recompense and no more than 2% for Directors and Supervisors.
- (2) 5,493,820 New Taiwan Dollars is allocated to Directors and Supervisors while 27,469,000 New Taiwan Dollars is allocated to employees. All payment by cash.
- (3) Employee recompense is limited to full-time employees in the corporation and subsidiaries. The amount will be based on length of service, job grade, performance, overall contribution or special achievement. The Chairman is fully authorised for this act.

D. Proposals

1. Proposed by the Board

Proposal: 2017 Financial Statements propose to approve

- I. 2017 Business Report and individual financial statements and consolidated financial statements are complete. By Article 228 and 230 in the Company Act, has been approved by the Board and the supervisors. Propose to approve.
- II. Please refer to p. 3 to 5 in this manual and p. 11 to 33 in appendix I.

Explanation

Resolution:

2. Proposed by the Board

Proposal: 2017 Distribution of Profits propose to approve

- I. 2017 Distribution of Profits has been approved by the Board and the supervisors.
- II. According to the Company Act and Company Rules, allocate 254,948,664 New Taiwan Dollars from the 2017 Distribution of Profits by cash dividend (2 dollars per share). Cash dividend amount less than 1 dollar will be account for Other Income of the company.
- III. For share bought back, treasury stock converted or cancelled, employee stock option certificates, capital increased by cash...etc, that effect average shares outstanding and cause dividend per share rate float, will have the Board to modify the rating issue.
- IV. 2017 Distribution of Profits comply with the Company Act and Company Rules can be found in p.34 appendix II.

Explanation:

Resolution:

E. Discussion

Proposed by the Board

Proposal: Amendment to Endorsements and Guarantees propose to approve

- I. Amendment to Endorsements and Guarantees is required by the modified regulations and company operation needs.
- II. Please refer to p. 35 in appendix III for amendment.

Explanation:

Resolution:

F. Elections

Proposed by the Board

Proposal: Election of Directors and Supervisors propose to elect

- I. Current Directors and Supervisors's term will be expired on Jun 16th, 2018. Election will be hold before expiration in the annual shareholder meeting. New Directors and Supervisors will be onboard immediately after the meeting.
- II. By Company Rules, should include seven Directors (with two Independent Directors) and two Supervisors.
- III. New Directors' and Supervisors' term of service is three years, starting from Jun 14th, 2018 to Jun 13th, 2021.
- IV. Directors and Supervisors election is by nomination. Shareholders shall choose from the candidate list.
- V. Candidates' education, experience, and other information can be found on p.36 to 38 in appendix IV for this election.
- VI. Please vote.

Explanation:

Election Result:

G. Extempore Motions

H. Meeting Adjourn

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Soft-World International Corporation

Opinion

We have audited the accompanying parent company only financial statements of Soft-World International Corporation (the Corporation), which comprise the parent company only balance sheets as of December 31, 2017 and 2016, and the parent company only statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the parent company only financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying parent company only financial statements present fairly, in all material respects, the parent company only financial position of the Corporation as of December 31, 2017 and 2016, and its parent company only financial performance and its parent company only cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Parent Company Only Financial Statements section of our report. We are independent of the 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 parent company only financial statements for the year ended December 31, 2017. These matters were addressed in the context of our audit of the parent company only financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters of the Corporation's parent company only financial statements for the year ended December 31, 2017 are discussed as follows.

Recognition of Revenue

The Corporation's main operating revenue is from the sale of MyCard.

As disclosed in Note 4 to the parent company only financial statements, deferred revenue is recognized at the time when the customers use MyCard in exchange for merchandise or games which are consumed them via the Internet. We considered the risks of the unfair recognition of revenue in which revenue might be recognized when MyCard has not been exchanged. Therefore, we focused on whether the recognition of revenue is presented fairly.

The main audit procedures which we performed included:

1. We tested the shipping orders and collection of MyCard on a sample basis to confirm the amounts as each unit of MyCard was shipped and recognized as deferred revenue.
2. We understood the mechanism for the exchange of MyCard for games and the mechanism of verifying deposits effectively, and reviewed the programming code's effectiveness on a sample basis.
3. We implemented computer-assisted audit techniques to test the accuracy of the points which were deposited, exchanged and consumed; we verified whether the information of exchange and consumption on the MyCard platform was the same as that of the reporting period; and we calculated whether the amounts reclassified from deferred revenue to sales revenue were accurate.

Impairment Assessment on Accounts Receivable

The Corporation's assessment of the allowance for doubtful accounts receivable was based on the past experience with collections, the credit quality of customers, etc., and such assessment allows management to decide the rate and the amounts of the allowance for doubtful accounts receivable. We focused on the collection of accounts receivable which were receivable through telecommunications operators. Due to the collection of the accounts receivable, which involves individual credit risk and the assessment of the collection of accounts receivable of telecommunications operators, we considered that the allowance for doubtful accounts receivable involves significant accounting estimation and judgment. Therefore, we focused on whether the amounts of allowance for doubtful accounts receivable is presented fairly.

The main audit procedures which we performed included:

1. Based on past experience with collecting payments, information on exceeding the credit period, etc., we evaluated whether the policy of allowance for doubtful accounts receivable by management was appropriate.
2. We tested the aging of accounts receivable and the actual collection on a sample basis and reviewed whether the amounts of the allowance for doubtful accounts receivable were presented fairly.

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

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

In preparing the parent company only financial statements, management is responsible for assessing the 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 the Corporation or to cease operations, or has no realistic alternative but to do so.

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

Auditors' Responsibilities for the Audit of the Parent Company Only Financial Statements

Our objectives are to obtain reasonable assurance about whether the parent company only financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 parent company only 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 parent company only financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the 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 parent company only 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 Corporation to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the parent company only financial statements, including the disclosures, and whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of entities or business activities within the Corporation to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision, and performance of the audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the parent company only financial statements for the year ended December 31, 2017 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.

The engagement partners on the audit resulting in this independent auditors' report are Chiu-Yen Wu and Jun-Ji Kung.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 26, 2018

Notice to Readers

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

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

SOFT-WORLD INTERNATIONAL CORPORATION

PARENT COMPANY ONLY BALANCE SHEETS (In Thousands of New Taiwan Dollars)

ASSETS	December 31, 2017		December 31, 2016		LIABILITIES AND EQUITY	December 31, 2017		December 31, 2016	
	Amount	%	Amount	%		Amount	%	Amount	%
CURRENT ASSETS					CURRENT LIABILITIES				
Cash and cash equivalents (Notes 4 and 6)	\$ 2,427,673	25	\$ 2,246,209	22	Notes payable (Note 15)	\$ 21,299	-	\$ 27,797	-
Notes receivable (Notes 4, 5 and 7)	41,350	1	60,738	1	Notes payable - related parties (Notes 15 and 24)	145,387	2	270,765	3
Notes receivable - related parties (Notes 4, 5, 7 and 24)	530	-	399	-	Accounts payable (Note 15)	2,189,580	23	2,117,512	21
Accounts receivable, net (Notes 4, 5 and 7)	1,977,652	21	2,231,132	22	Accounts payable - related parties (Notes 15 and 24)	168,653	2	222,315	2
Accounts receivable - related parties (Notes 4, 5, 7 and 24)	110,119	1	108,570	1	Other payables (Notes 16 and 17)	496,905	5	587,133	6
Other receivables (Note 4)	17,215	-	1,745	-	Other payables - related parties (Note 24)	10,156	-	1,950	-
Other receivables - related parties (Notes 4 and 24)	6,538	-	8,807	-	Current tax liabilities (Notes 4 and 20)	69,610	1	22,283	-
Inventories (Notes 4 and 8)	34,341	-	46,171	1	Provisions - current (Note 4)	1,888	-	5,681	-
Other financial assets - current (Notes 9 and 25)	1,193,979	12	1,044,346	10	Receipts in advance (Note 4)	787,481	8	938,822	10
Other current assets	105,325	1	111,397	1	Deferred revenue - current (Notes 4 and 24)	16,069	-	18,726	-
Total current assets	5,914,722	61	5,859,514	58	Other current liabilities	17,558	-	29,308	-
					Total current liabilities	3,924,586	41	4,242,292	42
NONCURRENT ASSETS					NONCURRENT LIABILITIES				
Available-for-sale financial assets - noncurrent (Notes 4 and 10)	241,108	3	403,064	4	Deferred tax liabilities (Notes 4 and 20)	14,108	-	25,164	-
Financial assets measured at cost (Notes 4 and 11)	45,500	-	45,500	1	Net defined benefit liabilities (Notes 4 and 17)	79,932	1	82,092	1
Investments accounted for using equity method (Notes 4 and 12)	3,096,630	32	3,345,016	33	Guarantee deposits received	395	-	375	-
Property, plant and equipment (Notes 4, 13 and 25)	354,512	4	348,327	4	Other noncurrent liabilities (Note 12)	5,570	-	1,511	-
Other intangible assets (Notes 4 and 14)	3,319	-	4,038	-	Total noncurrent liabilities	100,005	1	109,142	1
Deferred tax assets (Notes 4 and 20)	31,546	-	31,474	-	Total liabilities	4,024,591	42	4,351,434	43
Refundable deposits	3,242	-	3,977	-	EQUITY (Note 18)				
Other financial assets - noncurrent (Note 9)	7,089	-	6,989	-	Share capital	1,274,743	13	1,274,743	13
Other noncurrent assets	148	-	612	-	Capital surplus	1,529,865	16	1,521,190	15
Total noncurrent assets	3,783,094	39	4,188,997	42	Retained earnings				
					Legal reserve	888,889	9	846,793	9
					Special reserve	25,117	-	25,117	-
					Unappropriated earnings	1,821,197	19	1,701,255	17
					Total retained earnings	2,735,203	28	2,573,165	26
					Other equity	133,414	1	327,979	3
					Total equity	5,673,225	58	5,697,077	57
TOTAL	\$ 9,697,816	100	\$ 10,048,511	100	TOTAL	\$ 9,697,816	100	\$ 10,048,511	100

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

(With Deloitte & Touche audit report dated March 26, 2018)

SOFT-WORLD INTERNATIONAL CORPORATION

PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	For the Year Ended December 31			
	2017		2016	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 4 and 24)				
Net sales	\$ 13,691,755	95	\$ 13,542,261	96
Other operating revenue	<u>733,967</u>	<u>5</u>	<u>581,397</u>	<u>4</u>
Total operating revenue	14,425,722	100	14,123,658	100
OPERATING COSTS (Notes 4, 8, 19 and 24)	<u>12,498,369</u>	<u>86</u>	<u>12,143,736</u>	<u>86</u>
GROSS PROFIT	1,927,353	14	1,979,922	14
REALIZED GAIN ON TRANSACTIONS	<u>2,657</u>	<u>-</u>	<u>11,283</u>	<u>-</u>
REALIZED GROSS PROFIT	<u>1,930,010</u>	<u>14</u>	<u>1,991,205</u>	<u>14</u>
OPERATING EXPENSES (Note 19)				
Selling and marketing expenses	1,246,473	9	1,446,905	10
General and administrative expenses	147,925	1	183,917	1
Research and development expenses	<u>23,419</u>	<u>-</u>	<u>10,152</u>	<u>-</u>
Total operating expenses	<u>1,417,817</u>	<u>10</u>	<u>1,640,974</u>	<u>11</u>
OPERATING INCOME	<u>512,193</u>	<u>4</u>	<u>350,231</u>	<u>3</u>
NON-OPERATING INCOME AND EXPENSES				
Other income (Note 19)	34,492	-	42,215	-
Other gains and losses (Note 19)	63,109	1	6,731	-
Share of profit (loss) of subsidiaries and associates accounted for using the equity method (Note 4)	<u>(93,172)</u>	<u>(1)</u>	<u>104,820</u>	<u>1</u>
Total non-operating income and expenses	<u>4,429</u>	<u>-</u>	<u>153,766</u>	<u>1</u>
PROFIT BEFORE INCOME TAX	516,622	4	503,997	4
INCOME TAX EXPENSE (Notes 4 and 20)	<u>99,064</u>	<u>1</u>	<u>83,035</u>	<u>1</u>
NET PROFIT FOR THE YEAR	<u>417,558</u>	<u>3</u>	<u>420,962</u>	<u>3</u>
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will not be reclassified subsequently to profit or loss				
Remeasurement of defined benefit plans (Note 17)	(2,096)	-	(6,829)	-
Share of other comprehensive income (loss) of subsidiaries accounted for using the equity method	1,168	-	(823)	-

(Continued)

SOFT-WORLD INTERNATIONAL CORPORATION

PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	For the Year Ended December 31			
	2017		2016	
	Amount	%	Amount	%
Income tax relating to items that will not be reclassified subsequently to profit or loss (Note 20)	\$ 357	-	\$ 1,160	-
	<u>(571)</u>	<u>-</u>	<u>(6,492)</u>	<u>-</u>
Items that may be reclassified subsequently to profit or loss				
Exchange differences on translating foreign operations (Note 18)	(44,330)	-	(19,095)	-
Unrealized gain (loss) on available-for-sale financial assets (Note 18)	(141,128)	(1)	92,061	-
Share of other comprehensive loss of subsidiaries and associates accounted for using the equity method (Note 18)	(16,597)	-	(40,863)	-
Income tax relating to items that may be reclassified subsequently to profit or loss (Notes 18 and 20)	7,490	-	3,243	-
	<u>(194,565)</u>	<u>(1)</u>	<u>35,346</u>	<u>-</u>
Other comprehensive income (loss) for the year, net of income tax	<u>(195,136)</u>	<u>(1)</u>	<u>28,854</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	\$ 222,422	2	\$ 449,816	3
EARNINGS PER SHARE (Note 21)				
Basic	\$ 3.28		\$ 3.30	
Diluted	\$ 3.26		\$ 3.29	

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

(With Deloitte & Touche audit report dated March 26, 2018)

(Concluded)

SOFT-WORLD INTERNATIONAL CORPORATION

PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY
(In Thousands of New Taiwan Dollars)

	Share Capital	Capital Surplus	Retained Earnings			Exchange Differences on Translating Foreign Operations	Other Equity		Total Equity
			Legal Reserve	Special Reserve	Unappropriated Earnings		Unrealized Gain (Loss) on Available-for-sale Financial Assets	Total Other Equity	
BALANCE AT JANUARY 1, 2016	\$ 1,274,743	\$ 1,521,183	\$ 815,921	\$ 25,117	\$ 1,508,868	\$ 39,162	\$ 253,471	\$ 292,633	\$ 5,438,465
Appropriation of 2015 earnings (Note 18)									
Legal reserve	-	-	30,872	-	(30,872)	-	-	-	-
Cash dividends distributed by the Corporation	-	-	-	-	(191,211)	-	-	-	(191,211)
	-	-	30,872	-	(222,083)	-	-	-	(191,211)
Net profit for the year ended December 31, 2016	-	-	-	-	420,962	-	-	-	420,962
Other comprehensive income (loss) for the year ended December 31, 2016, net of income tax	-	-	-	-	(6,492)	(19,806)	55,152	35,346	28,854
Total comprehensive income (loss) for the year ended December 31, 2016	-	-	-	-	414,470	(19,806)	55,152	35,346	449,816
Share of changes in equity of subsidiaries	-	(620)	-	-	-	-	-	-	(620)
Changes in capital surplus from investments in associates accounted for using the equity method	-	627	-	-	-	-	-	-	627
BALANCE AT DECEMBER 31, 2016	1,274,743	1,521,190	846,793	25,117	1,701,255	19,356	308,623	327,979	5,697,077
Appropriation of 2016 earnings (Note 18)									
Legal reserve	-	-	42,096	-	(42,096)	-	-	-	-
Cash dividends distributed by the Corporation	-	-	-	-	(254,949)	-	-	-	(254,949)
	-	-	42,096	-	(297,045)	-	-	-	(254,949)
Net profit for the year ended December 31, 2017	-	-	-	-	417,558	-	-	-	417,558
Other comprehensive loss for the year ended December 31, 2017, net of income tax	-	-	-	-	(571)	(39,941)	(154,624)	(194,565)	(195,136)
Total comprehensive income (loss) for the year ended December 31, 2017	-	-	-	-	416,987	(39,941)	(154,624)	(194,565)	222,422
Share of changes in equity of subsidiaries	-	2,347	-	-	-	-	-	-	2,347
Changes in capital surplus from investments in associates accounted for using the equity method	-	6,328	-	-	-	-	-	-	6,328
BALANCE AT DECEMBER 31, 2017	\$ 1,274,743	\$ 1,529,865	\$ 888,889	\$ 25,117	\$ 1,821,197	\$ (20,585)	\$ 153,999	\$ 133,414	\$ 5,673,225

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

(With Deloitte & Touche audit report dated March 26, 2018)

SOFT-WORLD INTERNATIONAL CORPORATION

PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS (In Thousands of New Taiwan Dollars)

	<u>For the Year Ended December 31</u>	
	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 516,622	\$ 503,997
Adjustments for:		
Depreciation expenses	6,142	5,283
Amortization expenses	18,468	16,619
Impairment loss recognized on accounts receivable	9,638	11,160
Interest income	(17,811)	(18,328)
Dividend income	(4,853)	(3,337)
Share of profit (loss) of subsidiaries and associates accounted for using the equity method	93,172	(104,820)
Gain on disposal of investments	(67,650)	-
Loss on inventories	703	955
Realized gain on the transactions with subsidiaries and associates	(2,657)	(11,283)
Others	464	820
Changes in operating assets and liabilities		
Notes receivable	19,388	(54,180)
Notes receivable - related parties	(131)	1,399
Accounts receivable	243,842	(119,515)
Accounts receivable - related parties	(1,549)	(32,599)
Other receivables	(15,529)	(1,195)
Other receivables - related parties	2,269	7,109
Inventories	11,127	33,661
Other current assets	6,072	(22,499)
Notes payable	(6,498)	11,693
Notes payable - related parties	(125,378)	130,523
Accounts payable	72,068	502,119
Accounts payable - related parties	(53,662)	(2,164)
Other payables	(90,228)	59,389
Other payables - related parties	8,206	(157)
Provisions	(3,793)	(3,172)
Receipts in advance	(151,341)	174,148
Other current liabilities	(11,750)	(27,838)
Net defined benefit liabilities	(4,256)	(12,413)
Cash generated from operations	451,095	1,045,375
Interest received	17,870	17,822
Dividends received	145,340	33,572
Income tax paid	(55,018)	(135,388)
Net cash generated from operating activities	<u>559,287</u>	<u>961,381</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of available-for-sale financial assets	-	(6,467)
Proceeds of sale of available-for-sale financial assets	88,478	-

(Continued)

SOFT-WORLD INTERNATIONAL CORPORATION

PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS (In Thousands of New Taiwan Dollars)

	For the Year Ended December 31	
	2017	2016
Acquisition of investments accounted for using the equity method	\$ (32,298)	\$ (162,470)
Proceeds of capital reduction from investments accounted for using the equity method	-	59,442
Payments for property, plant and equipment	(12,327)	(145,600)
Proceeds from disposal of property, plant and equipment	-	60
Increase in refundable deposits	-	(1,374)
Decrease in refundable deposits	735	-
Payments for intangible assets	(17,749)	(14,515)
Increase in other financial assets	(149,733)	(13,586)
Decrease in other financial assets	<u>-</u>	<u>122,910</u>
Net cash used in investing activities	<u>(122,894)</u>	<u>(161,600)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in guarantee deposits received	20	-
Decrease in guarantee deposits received	-	(250)
Cash dividends	<u>(254,949)</u>	<u>(191,211)</u>
Net cash used in financing activities	<u>(254,929)</u>	<u>(191,461)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	181,464	608,320
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>2,246,209</u>	<u>1,637,889</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 2,427,673</u>	<u>\$ 2,246,209</u>

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

(With Deloitte & Touche audit report dated March 26, 2018)

(Concluded)

REPRESENTATION LETTER

The entities that are required to be included in the consolidated financial statements of affiliates in accordance with the “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises” for the year ended December 31, 2017 are all the same as those included in the consolidated financial statements of Soft-World International Corporation and its subsidiaries prepared in conformity with the International Financial Reporting Standard 10 “Consolidated Financial Statements.” Relevant information that should be disclosed in the consolidated financial statements of affiliates is included in the consolidated financial statements of Soft-World International Corporation and its subsidiaries. Hence, we do not prepare a separate set of consolidated financial statements of affiliates.

Very truly yours,

SOFT-WORLD INTERNATIONAL CORPORATION

By

Chairman

March 26, 2018

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Soft-World International Corporation

Opinion

We have audited the accompanying consolidated financial statements of Soft-World International Corporation and its subsidiaries (the "Group"), which comprise the consolidated balance sheets as of December 31, 2017 and 2016, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2017 and 2016, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2017. 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 of the Group's consolidated financial statements for the year ended December 31, 2017 are discussed as follows.

Recognition of Revenue

The Group's main operating revenue is from the sale of MyCard.

As disclosed in Note 4 to the consolidated financial statements, deferred revenue is recognized at the time when the customers use MyCard in exchange for merchandise or games which are consumed them via the Internet.

We considered the risks of the unfair recognition of revenue in which revenue might be recognized when MyCard has not been exchanged. Therefore, we focused on whether the recognition of revenue is presented fairly.

The main audit procedures which we performed included:

1. We tested the shipping orders and collection of MyCard on a sample basis to confirm the amounts as each unit of MyCard was shipped and recognized as deferred revenue.
2. We understood the mechanism for the exchange of MyCard for games and the mechanism of verifying deposits effectively, and reviewed the programming code's effectiveness on a sample basis.
3. We implemented computer-assisted audit techniques to test the accuracy of the points which were deposited, exchanged and consumed; we verified whether the information of exchange and consumption on the MyCard platform was the same as that of the reporting period; and we calculated whether the amounts reclassified from deferred revenue to sales revenue were accurate.

Impairment Assessment on Accounts Receivable

The Group's assessment of the allowance for doubtful accounts receivable was based on the past experience with collections, the credit quality of customers, etc., and such assessment allows management to decide the rate and amounts of the allowance for doubtful accounts receivable. We focused on the collection of accounts receivable which are receivable through telecommunications operators. Due to the collection of the accounts receivable, which involves individual credit risk and the assessment of the collection of accounts receivable of telecommunications operators, we considered that the allowance for doubtful accounts receivable involves significant accounting estimation and judgment. Therefore, we focused on whether the amounts of allowance for doubtful accounts receivable is presented fairly.

The main audit procedures which we performed included:

1. Based on past experience with collecting payments, information on exceeding the credit period, etc., we evaluated whether the policy of allowance for doubtful accounts receivable by management was appropriate.
2. We tested the aging of accounts receivable and the actual collection on a sample basis and reviewed whether the amounts of the allowance for doubtful accounts receivable were presented fairly.

Other Matter

We have also audited the parent company only financial statements of Soft-World International Corporation as of and the years ended December 31, 2017 and 2016 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 the IFRS, IAS, IFRIC, and SIC endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2017

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.

The engagement partners on the audit resulting in this independent auditors' report are Chiu-Yen Wu and Jun-Ji Kung.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 26, 2018

Notice to Readers

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

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

SOFT-WORLD INTERNATIONAL CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS (In Thousands of New Taiwan Dollars)

ASSETS	December 31, 2017		December 31, 2016		LIABILITIES AND EQUITY	December 31, 2017		December 31, 2016	
	Amount	%	Amount	%		Amount	%	Amount	%
CURRENT ASSETS					CURRENT LIABILITIES				
Cash and cash equivalents (Notes 4 and 6)	\$ 4,805,007	43	\$ 4,995,195	44	Notes payable (Note 17)	\$ 31,128	-	\$ 35,198	-
Notes receivable (Notes 4, 5 and 7)	41,350	-	63,284	1	Notes payable - related parties (Notes 17 and 28)	7,438	-	9,521	-
Notes receivable - related parties (Notes 4, 5, 7 and 28)	-	-	28	-	Accounts payable (Note 17)	2,364,151	21	2,277,144	20
Accounts receivable, net (Notes 4, 5 and 7)	2,217,795	20	2,461,996	22	Accounts payable - related parties (Notes 17 and 28)	5,095	-	10,200	-
Accounts receivable - related parties (Notes 4, 5, 7 and 28)	30,705	-	35,339	-	Other payables (Notes 18, 20 and 28)	760,049	7	852,059	8
Other receivables (Notes 4, 7 and 28)	23,885	-	8,904	-	Current tax liabilities (Notes 4 and 23)	75,896	1	27,100	-
Current tax assets (Note 23)	10,269	-	34,121	-	Provisions - current (Note 4)	1,890	-	5,681	-
Inventories (Notes 4 and 8)	62,768	1	75,263	1	Deferred revenue (Note 4)	1,065,063	9	1,185,981	11
Prepaid royalty payments (Note 4)	77,125	1	100,910	1	Other current liabilities (Note 19)	470,649	4	299,540	3
Other financial assets - current (Notes 9 and 29)	2,725,815	24	1,943,761	17					
Other current assets	163,546	1	182,575	2	Total current liabilities	4,781,359	42	4,702,424	42
Total current assets	10,158,265	90	9,901,376	88	NONCURRENT LIABILITIES				
NONCURRENT ASSETS					Deferred tax liabilities (Notes 4 and 23)	18,357	-	32,054	-
Available-for-sale financial assets - noncurrent (Notes 4 and 10)	368,360	3	534,222	5	Net defined benefit liabilities (Notes 4 and 20)	84,184	1	85,587	1
Financial assets measured at cost - noncurrent (Notes 4 and 11)	45,500	-	61,116	1	Guarantee deposits received	2,545	-	2,130	-
Investments accounted for using the equity method (Notes 4 and 13)	75,981	1	99,615	1	Other noncurrent liabilities (Note 9)	2,000	-	-	-
Property, plant and equipment (Notes 4, 14 and 29)	390,129	4	392,946	3	Total noncurrent liabilities	107,086	1	119,771	1
Investment properties (Notes 4 and 15)	54,346	1	59,272	1	Total liabilities	4,888,445	43	4,822,195	43
Goodwill (Note 4)	104,398	1	104,398	1	EQUITY ATTRIBUTABLE TO OWNERS OF THE CORPORATION (Note 21)				
Other intangible assets (Notes 4 and 16)	23,311	-	38,062	-	Share capital	1,274,743	11	1,274,743	11
Deferred tax assets (Notes 4, 5 and 23)	45,078	-	49,340	-	Capital surplus	1,529,865	14	1,521,190	13
Refundable deposits (Note 29)	11,730	-	34,353	-	Retained earnings				
Long-term prepayments for investments	2,502	-	1,846	-	Legal reserve	888,889	8	846,793	8
Net defined assets - noncurrent (Notes 4 and 20)	17,575	-	15,138	-	Special reserve	25,117	-	25,117	-
Other financial assets - noncurrent (Notes 9 and 29)	7,640	-	6,989	-	Unappropriated earnings	1,821,197	16	1,701,255	15
Other noncurrent assets	2,571	-	2,217	-	Total retained earnings	2,735,203	24	2,573,165	23
Total noncurrent assets	1,149,121	10	1,399,514	12	Other equity	133,414	1	327,979	3
					Total equity attributable to owners of the Company	5,673,225	50	5,697,077	50
TOTAL	\$ 11,307,386	100	\$ 11,300,890	100	NON-CONTROLLING INTERESTS (Note 21)	745,716	7	781,618	7
					Total equity	6,418,941	57	6,478,695	57
					TOTAL	\$ 11,307,386	100	\$ 11,300,890	100

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

(With Deloitte & Touche audit report dated March 26, 2018)

SOFT-WORLD INTERNATIONAL CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	For the Year Ended December 31			
	2017		2016	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 4 and 28)				
Net sales	\$ 14,234,354	91	\$ 14,517,794	93
Other operating revenue	<u>1,377,575</u>	<u>9</u>	<u>1,024,121</u>	<u>7</u>
Total operating revenue	15,611,929	100	15,541,915	100
OPERATING COSTS (Notes 4, 8, 22 and 28)	<u>12,908,608</u>	<u>83</u>	<u>12,618,556</u>	<u>81</u>
GROSS PROFIT	<u>2,703,321</u>	<u>17</u>	<u>2,923,359</u>	<u>19</u>
OPERATING EXPENSES (Note 22)				
Selling and marketing expenses	1,547,321	10	1,786,157	12
General and administrative expenses	330,844	2	342,189	2
Research and development expenses	<u>413,662</u>	<u>2</u>	<u>483,388</u>	<u>3</u>
Total operating expenses	<u>2,291,827</u>	<u>14</u>	<u>2,611,734</u>	<u>17</u>
OPERATING INCOME	<u>411,494</u>	<u>3</u>	<u>311,625</u>	<u>2</u>
NON-OPERATING INCOME AND EXPENSES				
Other income (Note 22)	73,931	-	129,579	1
Other gains and losses (Notes 11 and 22)	36,479	-	33,810	-
Share of loss of associates accounted for using the equity method (Notes 4 and 13)	<u>(28,357)</u>	<u>-</u>	<u>(8,191)</u>	<u>-</u>
Total non-operating income and expenses	<u>82,053</u>	<u>-</u>	<u>155,198</u>	<u>1</u>
PROFIT BEFORE INCOME TAX	493,547	3	466,823	3
INCOME TAX EXPENSE (Notes 4, 5 and 22)	<u>126,269</u>	<u>1</u>	<u>99,250</u>	<u>1</u>
NET PROFIT FOR THE YEAR	<u>367,278</u>	<u>2</u>	<u>367,573</u>	<u>2</u>
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will not be reclassified subsequently to profit or loss				
Remeasurement of defined benefit plans (Note 20)	(1,038)	-	(8,985)	-
Income tax relating to items that will not be reclassified subsequently to profit or loss (Note 23)	<u>177</u>	<u>-</u>	<u>1,526</u>	<u>-</u>
	<u>(861)</u>	<u>-</u>	<u>(7,459)</u>	<u>-</u>

(Continued)

SOFT-WORLD INTERNATIONAL CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	For the Year Ended December 31			
	2017		2016	
	Amount	%	Amount	%
Items that may be reclassified subsequently to profit or loss				
Exchange differences on translating foreign operations (Note 21)	\$ (54,106)	-	\$ (26,474)	-
Unrealized gain (loss) on available-for-sale financial assets (Note 21)	(145,034)	(1)	51,080	-
Share of other comprehensive loss of associates accounted for using the equity method (Notes 13 and 21)	-	-	(24)	-
Income tax relating to items that may be reclassified subsequently to profit or loss (Notes 21 and 23)	9,959	-	3,292	-
	<u>(189,181)</u>	<u>(1)</u>	<u>27,874</u>	<u>-</u>
Other comprehensive income (loss) for the year, net of income tax	<u>(190,042)</u>	<u>(1)</u>	<u>20,415</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 177,236</u>	<u>1</u>	<u>\$ 387,988</u>	<u>2</u>
NET PROFIT (LOSS) ATTRIBUTABLE TO:				
Owners of the Corporation	\$ 417,558	2	\$ 420,962	3
Non-controlling interests	<u>(50,280)</u>	<u>-</u>	<u>(53,389)</u>	<u>(1)</u>
	<u>\$ 367,278</u>	<u>2</u>	<u>\$ 367,573</u>	<u>2</u>
TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:				
Owners of the Corporation	\$ 222,422	1	\$ 449,816	3
Non-controlling interests	<u>(45,186)</u>	<u>-</u>	<u>(61,828)</u>	<u>(1)</u>
	<u>\$ 177,236</u>	<u>1</u>	<u>\$ 387,988</u>	<u>2</u>
EARNINGS PER SHARE (Note 24)				
Basic	<u>\$ 3.28</u>		<u>\$ 3.30</u>	
Diluted	<u>\$ 3.26</u>		<u>\$ 3.29</u>	

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

(With Deloitte & Touche audit report dated March 26, 2018)

(Concluded)

SOFT-WORLD INTERNATIONAL CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (In Thousands of New Taiwan Dollars)

	Equity Attributable to Owners of the Corporation						Other Equity		Total	Non-controlling Interests	Total Equity
	Share Capital	Capital Surplus	Retained Earnings			Exchange Differences on Translating Foreign Operations	Unrealized Gain (Loss) on Available-for-sale Financial Assets	Total Other Equity			
			Legal Reserve	Special Reserve	Unappropriated Earnings						
BALANCE AT JANUARY 1, 2016	\$ 1,274,743	\$ 1,521,183	\$ 815,921	\$ 25,117	\$ 1,508,868	\$ 39,162	\$ 253,471	\$ 292,633	\$ 5,438,465	\$ 860,412	\$ 6,298,877
Appropriation of 2015 earnings (Note 21)											
Legal reserve	-	-	30,872	-	(30,872)	-	-	-	-	-	-
Cash dividends distributed by the Corporation	-	-	-	-	(191,211)	-	-	-	(191,211)	-	(191,211)
	-	-	30,872	-	(222,083)	-	-	-	(191,211)	-	(191,211)
Cash dividends distributed by subsidiaries (Note 21)	-	-	-	-	-	-	-	-	-	(12,958)	(12,958)
Net profit (loss) for the year ended December 31, 2016	-	-	-	-	420,962	-	-	-	420,962	(53,389)	367,573
Other comprehensive income (loss) for the year ended December 31, 2016, net of income tax	-	-	-	-	(6,492)	(19,806)	55,152	35,346	28,854	(8,439)	20,415
Total comprehensive income (loss) for the year ended December 31, 2016	-	-	-	-	414,470	(19,806)	55,152	35,346	449,816	(61,828)	387,988
Share of changes in equity of subsidiaries	-	(620)	-	-	-	-	-	-	(620)	620	-
Changes in capital surplus from investments in associates accounted for using the equity method	-	627	-	-	-	-	-	-	627	-	627
Decrease in non-controlling interests	-	-	-	-	-	-	-	-	-	(4,628)	(4,628)
BALANCE AT DECEMBER 31, 2016	1,274,743	1,521,190	846,793	25,117	1,701,255	19,356	308,623	327,979	5,697,077	781,618	6,478,695
Appropriation of 2016 earnings (Note 21)											
Legal reserve	-	-	42,096	-	(42,096)	-	-	-	-	-	-
Cash dividends distributed by the Corporation	-	-	-	-	(254,949)	-	-	-	(254,949)	-	(254,949)
	-	-	42,096	-	(297,045)	-	-	-	(254,949)	-	(254,949)
Cash dividends distributed by subsidiaries (Note 21)	-	-	-	-	-	-	-	-	-	(2,154)	(2,154)
Net profit (loss) for the year ended December 31, 2017	-	-	-	-	417,558	-	-	-	417,558	(50,280)	367,278
Other comprehensive income (loss) for the year ended December 31, 2017, net of income tax	-	-	-	-	(571)	(39,941)	(154,624)	(194,565)	(195,136)	5,094	(190,042)
Total comprehensive income (loss) for the year ended December 31, 2017	-	-	-	-	416,987	(39,941)	(154,624)	(194,565)	222,422	(45,186)	177,236
Share of changes in equity of subsidiaries	-	2,347	-	-	-	-	-	-	2,347	(2,347)	-
Changes in capital surplus from investments in associates accounted for using the equity method	-	6,328	-	-	-	-	-	-	6,328	-	6,328
Increase in non-controlling interests	-	-	-	-	-	-	-	-	-	13,785	13,785
BALANCE AT DECEMBER 31, 2017	\$ 1,274,743	\$ 1,529,865	\$ 888,889	\$ 25,117	\$ 1,821,197	\$ (20,585)	\$ 153,999	\$ 133,414	\$ 5,673,225	\$ 745,716	\$ 6,418,941

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

(With Deloitte & Touche audit report dated March 26, 2018)

SOFT-WORLD INTERNATIONAL CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS (In Thousands of New Taiwan Dollars)

	<u>For the Year Ended December 31</u>	
	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 493,547	\$ 466,823
Adjustments for:		
Depreciation expenses	23,206	24,248
Amortization expenses	76,036	145,483
Impairment loss recognized on accounts receivable	25,758	11,930
Interest income	(34,069)	(36,396)
Dividend income	(4,853)	(3,337)
Share of loss of associates accounted for using the equity method	28,357	8,191
Gain on disposal of property, plant and equipment	(178)	(529)
Gain on disposal of investments	(67,650)	(37,252)
Impairment loss on financial assets	15,597	-
Reversal of write-down of inventories	(4,671)	(10,903)
Loss on inventories	5,594	995
Others	1,861	2,665
Changes in operating assets and liabilities		
Notes receivable	21,934	(56,726)
Notes receivable - related parties	28	2
Accounts receivable	234,356	(56,627)
Accounts receivable - related parties	4,634	(12,919)
Other receivables	(14,906)	8,431
Current tax assets	23,852	10,099
Inventories	11,572	71,702
Prepaid royalty payments	14,674	25,895
Other current assets	16,820	25,626
Notes payable	(4,070)	13,450
Notes payable - related parties	(2,083)	2,905
Accounts payable	87,007	471,704
Accounts payable - related parties	(5,105)	(4,966)
Other payables	(91,511)	158,854
Provisions	(3,791)	(9,308)
Deferred revenue	(120,918)	111,703
Other current liabilities	171,109	102,146
Net defined benefit liabilities	(4,878)	(14,082)
Other noncurrent liabilities	2,000	-
Cash generated from operations	<u>899,259</u>	<u>1,419,807</u>
Interest received	33,999	35,862
Dividends received	6,458	3,337
Income tax paid	<u>(76,772)</u>	<u>(160,697)</u>
Net cash generated from operating activities	<u>862,944</u>	<u>1,298,309</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of available-for-sale financial assets	-	(6,467)

(Continued)

SOFT-WORLD INTERNATIONAL CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS (In Thousands of New Taiwan Dollars)

	For the Year Ended December 31	
	2017	2016
Proceeds of sale of available-for-sale financial assets	\$ 88,478	\$ 61,252
Acquisition of investments accounted for using the equity method	-	(21,600)
Increase in long-term prepayments for investments	-	(1,846)
Net cash inflow on acquisition of subsidiaries	-	16,463
Proceeds of capital reduction from investments accounted for using the equity method	-	4,842
Payments for property, plant and equipment	(19,309)	(156,758)
Proceeds from disposal of property, plant and equipment	422	1,520
Increase in refundable deposits	-	(23,226)
Decrease in refundable deposits	22,623	1,355
Payments for intangible assets	(68,295)	(85,338)
Proceeds from disposal of intangible assets	-	6,971
Increase in other financial assets	(911,103)	(82,994)
Decrease in other financial assets	128,398	285,657
Increase in other noncurrent assets	<u>(8)</u>	<u>(89)</u>
Net cash used in investing activities	<u>(758,794)</u>	<u>(258)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in guarantee deposits received	430	768
Decrease in guarantee deposits received	(15)	(253)
Cash dividends	(254,949)	(191,211)
Changes in non-controlling interests	<u>11,631</u>	<u>(17,586)</u>
Net cash used in financing activities	<u>(242,903)</u>	<u>(208,282)</u>
EFFECT OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS HELD IN FOREIGN CURRENCIES		
	<u>(51,435)</u>	<u>(20,922)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(190,188)	1,068,847
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>4,995,195</u>	<u>3,926,348</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 4,805,007</u>	<u>\$ 4,995,195</u>

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

(With Deloitte & Touche audit report dated March 26, 2018)

(Concluded)

Soft-World International Corporation
EARNINGS DISTRIBUTION TABLE
Year 2017

(Unit: NTD \$)

Items	Amount	
	Subtotal	Total
2017 net profit		417,558,355
Less: Legal reserve (10%)		(41,755,836)
Earnings in 2017 Available for Distribution		375,802,519
Undistributed retained earnings of prior year		1,404,210,141
Re-measurement of defined benefit plans recorded in retained earnings		(571,352)
Accumulated earnings available for distribution at the year ended of 2017		1,779,441,308
Distributable items:		
Dividend to shareholders (Cash dividends: \$2 per share)		254,948,664
Unappropriated retained earnings		<u>1,524,492,664</u>

- Note:1. The dividend is calculated and rounded up to the dollar in accordance with 127,474,332 outstanding common stock shares issued by March 26, 2018. Should the company buyback its shares, transfer treasury stocks to employees, encounter conversions of corporate bonds or engage in any transactions that affect the number of outstanding shares before the dividend base date, the Board of Directors shall be authorized to make the necessary changes with regards to dividend payout per shareholder.
2. Upon the approval of the annual shareholders' meeting, the board of directors will be authorized upon the resolution reached in the shareholders' meeting to have the ex-dividend date determined and the dividend distributed proportionally according to the latest shareholders' registry.
3. Earnings in 2017 is distributed in priority.
4. The total number of odd shares for less than NT\$1 is transferred to other income of the company.

Soft-World International Corporation

Comparison Table for the Amendments to the Operational Procedures for Endorsements and Guarantees

Article	Previous Revision	Amended Revision	Basis of Revisions and Reasons
Article IX	<p>Usage and storage procedures of stamp seal:</p> <p>1. The company shall use the seal which had applied for registration with the Ministry of Economic Affairs as the special seal for endorsement. The seal shall be kept by special person, and can be received and issued notes only when following the operating procedures stipulated by the company. The appointment and dismiss of the seal custodian should be reported to the board of directors for approval.</p> <p>2. If the company is guaranteeing for a foreign company, the letter of guarantee issued by the company shall be signed by the person authorized by the board of directors.</p>	<p>Usage and storage procedures of stamp seal:</p> <p>1. The company shall use the seal which had applied for registration with the Ministry of Economic Affairs as the special seal for endorsement. The seal shall be kept by special person, <u>and can be received and issued notes only when following the seal usage procedures stipulated by the company.</u></p> <p>2. If the company is guaranteeing for a foreign company, the letter of guarantee issued by the company shall be signed by the person authorized by the board of directors.</p>	Amendments are required according to the law.
Article XIV	<p>The amendments of the procedures were first amended on June 25, 2003, the second amendment on June 23, 2006, the third amendment on June 26, 2007, the fourth amendment on June 19, 2009, the fifth amendment on June 17, 2010, the sixth amendment on June 27, 2012, and the seventh amendment on June 19, 2013.</p>	<p>The amendments of the procedures were first amended on June 25, 2003, the second amendment on June 23, 2006, the third amendment on June 26, 2007, the fourth amendment on June 19, 2009, the fifth amendment on June 17, 2010, the sixth amendment on June 27, 2012, and the seventh amendment on June 19, 2013, and the eighth amendment on June 14, 2018.</p>	Attach the date of this revision.

No.	Name	Education	Experience	Current position	Share Holding
Director					
1	WANG, CHIN-PO	Division of Chemical Engineering, National Kaohsiung University of Applied Sciences	Chairman, Soft-World Co., Ltd.	Chairman, Soft-World Co., Ltd.	21,594,350
2	WANG, CHIUNG-FEN	Bachelor of Law, National Chung Hsing University	President, General Law Firm Chairman, Jin Zhifu Asset Management Company Chairman, Taiwan Steel Co., Ltd. Chairman, GMTC Co., Ltd. Vice Chairman, Chunzu Machinery Co., Ltd. Board of Directors, KMC International Co., Ltd Director, Chunyu Factory Co., Ltd. Independent Director, Aeon Co., Ltd Independent Director, Neng Tyi Precision Co., Ltd. Independent Director, Da Bomb Protein Co., Ltd. Board Supervisor, Taiwan Wax Co., Ltd.	President, General Law Firm Chairman, Jin Zhifu Asset Management Company Chairman, Taiwan Steel Co., Ltd. Chairman, GMTC Co., Ltd. Vice Chairman, Chunzu Machinery Co., Ltd. Director, KMC International Co., Ltd. Director, Chunyu Factory Co., Ltd. Independent Director, Aeon Co., Ltd Independent Director, Neng Tyi Precision Co., Ltd. Board Supervisor, Taiwan Wax Co., Ltd.	0
3	CHEN, CHING-JUNG	Bachelor of Electrical Engineering, Chinese Culture University	Chairman, Hengshang Construction Co., Ltd Chairman, Dyansty International Information Co., Ltd.	Chairman, Hengshang Construction Co., Ltd. Chairman, Dyansty International Information Co., Ltd.	0
4	SHIH, MING-HAO	Master of Business Administration, Pennsylvania State University	Founder, Association of Taiwan Listed Companies Director, Trade-van Info Services	Founder, Association of Taiwan Listed Companies	11,110
5	PAN, MING-TSAN	Master of Business Administration, National Taiwan University	General Manager, TAINET Investment Co. Ltd. Managing Director, MagiCapital	General Manager, TAINET Investment Co. Ltd.	0
6	Pegasus Holding Co., Representative: LIU PO-YUAN	Mechanical Engineering Division, Hwa Hsia Institute of Technology	Chairman, Gamania Co., Ltd.	Chairman, Gamania Co., Ltd.	4,120,000
7	HSIAO, CHENG-HAO	Data Processing Division, Ling Tung Industry and Business Vocational High School	Chairman, Wanin International Co., Ltd.	Chairman, Wanin International Co., Ltd.	16,000
8	WU, AI-YUN	Bachelor of Accounting, Ming Chuan University	Finance Director, Focus Technology Co., Ltd.	Company Representative, Xingtian Technology Co., Ltd.	0
Independent Director					
1	LI, MING-HSIEN	Master of Accounting, National Chengchi University	Adjunct Associate Professor, National Cheng Kung University Director of Greater China, PricewaterhouseCoopers Deputy Director, PwC Taiwan Chief of the Board, PwC Taiwan South Division Hosted Accountant, PwC Taiwan Executive Director, National Federation of CPA Associations of ROC	Adjunct Associate Professor, National Cheng Kung University Deputy Director, PwC Taiwan	0
2	LIN, HSUAN-CHU	PhD in Finance, New Jersey State University Master of Business Administration (MBA), New Jersey State University	Independent Director, Chinese Gamer Co., Ltd. Independent Director, Taiwan Cooperative Bank Independent Director, Taiwan Cooperative Financial Holdings Associate Professor, Department of Accounting Institute of Finance Studies, Cheng Gong University School of Management	Independent Director, Chinese Gamer Co., Ltd. Independent Director, Taiwan Cooperative Bank Independent Director, Taiwan Cooperative Financial Holdings Associate Professor, Department of Accounting Institute of Finance Studies, Cheng Gong University School of Management	0

No.	Name	Education	Experience	Current position	Share Holding
3	WANG, YU-MIN	Bachelor of Law, Chung Hsing University	Director, United Law Firm	Director, United Law Firm	0
4	CHUANG, PI-HUA	Master of Accounting Research, National Taiwan University	Accountant, HAPS Consulting LTD. & CPAS	Accountant, HAPS Consulting LTD. & CPAS	0
Supervisor					
1	CHANG, HUNG-YUAN	Master of Accounting and MBA, St. John's University, New York City, USA	Board Supervisor, Soft-World Co. Ltd. Independent Director, TPK Technology Group Adjunct Professor, Department of Communication Management and Enterprise Management, Shih Hsin University Adjunct Professor, Department of Business Administration, Soochow University Assistant Finance Director and Assistant Director, Interplex Industries Inc., New York, USA General Manager, Suftech Co., Ltd. Director of Accounting Department, Shixin University Director of International Management School, Shih Hsu University Enterprise Management Foundation Director, Soochow University Director of Culture and Education Foundation, Mingdao High School Board Supervisor, Shih Hsin University	Board Supervisor, Soft-World Co. Ltd. Independent Director, TPK Technology Group Adjunct Professor, Department of Communication Management and Enterprise Management, Shih Hsin University Adjunct Professor, Department of Business Administration, Soochow University	0
2	CHIEN, CHIN-CHENG	PhD, Department of Accounting, New Jersey State University	Supervisor, Chinese Gamer Co., Ltd. Independent Director, GMTC Co., Ltd. Independent Directors and Remuneration Committee Member, Uni-President. Professor, Department of Accountancy and Graduate Institute of Finance, National Cheng Kung University Adjunct Professor, Department of Accountancy and Graduate Institute of Finance, National Cheng Kung University Independent Director and Remuneration Committee Member, KMC (Kuei Meng) International Ltd. Remuneration Committee Member, Hanping Electronics Co., Ltd. Remuneration Committee Member, Jiuyang Precision, Co., Ltd. Remuneration Committee Member, Chunzu Machinery Co., Ltd.	Supervisor, Chinese Gamer Co., Ltd. Independent Director, GMTC Co., Ltd. Independent Directors and Remuneration Committee Member, Uni-President.	0
3	Wanin International Co., Ltd Representative: LIN, CHING-HAN	Bachelor of Finance, National Chung Cheng University	Special Assistant, Wanin International Co., Ltd.	Special Assistant, Wanin International Co., Ltd.	1,828,000

ARTICLES OF INCORPORATION
OF
SOFT-WORLD INTERNATIONAL CORPORATION

SECTION I: GENERAL PROVISIONS

Article 1: The Company shall be incorporated as a company limited by shares under the Company Act and its name shall be " SOFT-WORLD INTERNATIONAL CORPORATION."

Article 2: The scope of business of the Company shall be as follow:

1. F218010 Retail Sale of Computer Software;
2. CC01110 Computers and Computing Peripheral Equipment' s Manufacturing;
3. F118010 Wholesale of Computer Software;
4. I301010 Software Design Services;
5. F113070 Wholesale of Telecom Instruments;
6. I301030 Digital Information Supply Services;
7. E701010 Telecommunications Construction;
8. F401010 International Trade;
9. J303010 Magazine and Periodical Publication;
10. I401010 General Advertising Services;
11. J602010 Agents and Managers for Performing Arts, Entertainers, and Models;
12. J305010 Audio Tape and Record Publishers;
13. F209060 Retail sale of Stationery Articles, Musical Instruments and Educational Entertainment Articles;
14. F109070 Wholesale of Stationery Articles, Musical Instruments and Educational Entertainment Articles;
15. JZ99050 Agency Services
16. ZZ99999 All business that are not prohibited or restricted by laws and regulations other than those requiring special permits;
17. G902011 Type II Telecommunications Enterprise.

Article 3: The total amount of the Company's reinvestment shall not be subject to the restriction of not exceed 40% of its paid-in capital by Article 13 of the Company Act, and the Company may act as a guarantor and to reinvest between industries on behave of business requirements.

Article 4: The Company shall have its head-office in Kaohsiung City, Taiwan and, if necessary, may set up branches in and out of this country upon resolution of its Board of Directors.

Article 5: (Deleted)

SECTION II: SHARES

Article 6: The total capital amount of the Company shall be two billion New Taiwan Dollars (NT\$2,000,000,000), divided into two hundred million (200,000,000) shares, at a par value of ten New Taiwan Dollars (NT\$10) per share, and may be paid-up in installments. The Board of Directors is authorized to issue the unissued shares on actual needs after resolution.

The total amount of aforesaid capital shall retain fifty million (NT\$50,000,000) for the issuance of share subscription warrant, corporate bonds with warrants, or share subscription preferred shares, in a total amount of five million (5,000,000) shares, at a par value of ten New Taiwan Dollars (NT\$10) per share, and may be paid-up in installments on resolutions of the Board of Directors.

The Company may transfer shares to employees at less than the average actual share repurchase price, or to issue share subscription warrant for employees at less than the market price. Notwithstanding the Company must have obtained the consent of at least two-thirds of the voting rights present at the most recent shareholders meeting attended by shareholders representing a majority of total issued shares.

Article 7: The share certificate of the Company shall all be name-bearing share certificates. Issuing after affixed with the seals or by signature of at least three (3) directors of the Company, stamped with the company's logo, and after issue a visa within the prescribed time limit. The share can be merged and replaced with a large denomination of shares. After the shares are issued to the public by the Company, the Company may be exempted from printing any share certificate for the shares issued.

Article 8: The share transfer registration shall be suspended within 60 days before the regular shareholders' meeting, within 30 days prior to the special shareholders' meeting, or within 5 days before the company's decision to distribute dividends or other benefits.

SECTION III: SHAREHOLDERS' MEETING

Article 9: Shareholders' meeting shall be of two types, namely regular and special shareholders' meeting. The former shall be convened by the Board of Directors once a year within 6 months after the close of each fiscal year and the latter shall be convened whenever necessary.

Article 9-1: Shareholders' meeting shall be convened by the Board of Directors, and be presided over by the Chairman of the Board of Directors; in case the Chairman of the Board of Directors is on leave or unable to perform his duties for cause, the Chairman of the Board of Directors shall designate a director to act as the chairman; if no such designation, the directors shall elect one from among themselves. For the Shareholders' meeting convened by any other person having the convening right, such person shall act as the chairman of that meeting provided, however, that if there are two or more persons having the convening right, the chairman of the meeting shall be elected from among themselves.

Article 10: In case a shareholder is unable to attend a shareholders' meeting in person, such shareholder may issue proxy in the form printed by the Company, setting forth the scope of authorization for the representative to be present on his/her/its behalf. The issuance of proxy shall be in accordance with Article 177 of the Company Act and the Regulations Governing the Use of Proxies for Attendance at Shareholder Meetings of Public Companies.

Article 11: Unless otherwise provided in the Company Act, a resolution shall be made at the Shareholder' s meeting holding and representing majority of the total number of issued and outstanding shares and at which meeting a majority of the shareholders shall vote in favor of the resolution.

Article 11-1: The resolutions of the shareholders' meeting shall be recorded in the minutes, and shall be made in accordance with Article 183 of the Company Act.

Article 12: A shareholder in the Company shall have one voting power in respect of each share in his/her/its possession. However, the shares shall have no voting power under any of the circumstances stipulated in Article 179 of the Company Act.

SECTION IV: DIRECTORS AND SUPERVISORS

Article 13: The Company shall have five (5) to eleven (11) directors to be elected at a shareholders' meeting, two (2) to three (3) supervisors to serve a term of three years. Director and supervisor may be re-elected. The aforesaid Board of Directors must have at least two (2) or one-fifth (1/5) of all directors, whichever is higher, independent directors. After the Company' s shares are issued to the public, the percentage of shareholdings of all the directors and supervisors selected is subject to the provisions separately prescribed by the competent authority in charge of securities affairs.

All the directors and supervisors are elected at a shareholders' meeting through candidates nominating system from the nominees listed. In the process of electing directors or supervisors at a shareholders' meeting, the number of votes exercisable in respect of one share shall be the same as the number of directors and supervisors to be elected, and the total number of votes per share may be consolidated for election of one candidate or may be split for election of two or more candidates. A candidate to whom the ballots cast represent a prevailing number of votes shall be deemed a director or supervisor elect.

The relevant matters concerning the acceptance method and announcement of the aforesaid candidate nomination system shall be in accordance with the relevant laws and regulations of the Company Act and the Securities and Exchange Act.

Article 13-1: The meeting of the Board of Directors shall be held at least once every quarter. In convening a meeting of the Board of Directors, a notice indicated the purpose(s) for convening the meeting shall be given to each director no later than 7 days prior to the scheduled meeting date. However, in the case of urgency, the meeting may be convened at any time.

The convening of the Company's meeting of the Board of Directors can be done in writing, or via e-mail or fax.

Article 14: The Board of Directors is organized by directors. The Chairman of the Board of Directors shall be elected from among the directors by a majority of the directors present at a meeting attended by more than two-thirds (2/3) of directors. The Chairman shall externally represent the Company and perform his/her duties.

Article 14-1: When the chairman is on leave or unable to perform his/her duties for cause, his/her agent shall comply with Article 208 of the Company Act.

Article 14-2: The attendance of directors and the appointment to attend the Board of Directors, their agents shall be in accordance with Article 205 of the Company Act.

Article 15: When the number of vacancies in the Board of Directors equals to or exceed one third (1/3) of the total number of directors, or when all supervisors of the Company are discharged, the board of directors shall, within 30 days, convene a special shareholders' meeting to elect new directors and supervisors, whose term of office are limited to fulfill the remaining term of the predecessors. After the Company's shares are issued to the public, the board of directors shall, within 60 days, convene a special shareholders' meeting to elect new directors and supervisors.

Article 16: The Board of Directors is authorized at the general level by the industry to decide all compensation of all directors and supervisors, regardless of operating profit or loss.

Article 17: The supervisor shall perform duties in accordance with the statutes, articles of incorporation and the powers conferred by the shareholders' meeting.

Article 17-1: The Company may purchase D&O liability insurance for the directors and supervisors to reduce the risk of directors and supervisors being accused by shareholders or other related parties while performing their duties.

Article 17-2: When a government agency or a juristic person acts as a shareholder of the Company, its representative must not be elected at the same time or serve as a director and supervisor of the Company, except as approved by the competent authority.

SECTION V: MANAGERS

Article 18: The Company may have one general manager whose appointment, dismissal and remuneration shall be in accordance with the Company Act.

Article 19: As required by the business, the Company may employ a certified public accountant and lawyer as its adviser, and its remuneration shall be determined by the Board of Directors.

SECTION VI: ACCOUNTING

Article 20: The fiscal year of the Company is from January 1 of each year to December 31 of the same year.

Article 21: After the close of each fiscal year, the Board of Directors shall prepare the following documents and submit the same to the supervisors for auditing on or before thirty (30) days prior to the regular shareholders' meeting and then submit to the regular shareholders' meeting for acceptance:

- (1) the business report,
- (2) the financial statement and
- (3) the surplus earning distribution or loss off-setting proposals.

Article 22: When the Company allocates the profit of the current year, if any, no less than 2% of the profit shall be set aside as employees' compensation, and no more than 2% of the aforesaid profit as Directors' compensation. The proposals of the employees' compensation and the directors' compensation should be reported on the Shareholders' meeting. Notwithstanding the foregoing, when there are accumulated losses, the profits shall be used to offset accumulated losses first, and then the balance of which may be allocated to employees and directors in accordance with the aforesaid percentage.

The aforesaid compensation should be distributed to the qualified employees of the Company or of the subsidiaries of the Company employees in the form of stock or cash. The Board of Directors is hereby authorized to set forth the plan of distribution.

Article 22-1: The current year's earnings, if any, shall first be used to pay all taxes and offset prior years' accumulated losses and then set aside 10% as legal reserve. When such legal reserve amounts to the total paid-in capital, the Company shall not be subject to this requirement. The Company may then appropriate or reverse a certain amount as special reserve according to the relevant regulations. The remaining earnings, plus the accumulated undistributed earnings, may be appropriated to shareholders as dividends or bonuses according to the distribution plan proposed by the Board of Directors and approved by the shareholders' meeting.

After taking into account of the Company's future development plan and the need to deepen research and development, with the goal of achieving sustainable development and pursuing the long-term interests of shareholders in line with the overall environmental and industrial characteristics, the dividend policy of the Company is to set aside no less than 15% of distributable earnings as shareholders' dividends and bonuses. However, in case the accumulated distributable earnings is less than 25% of paid-in capital, the Company may choose not to distribute dividends.

Dividends may be distributed by ways of cash or stock dividend provided that the cash dividends shall not be less than 10% of the total dividends.

SECTION VII: SUPPLEMENTARY PROVISIONS

Article 23: In regard to all matters not provided for in these Articles of Incorporation, the Company Act or other laws and regulations shall govern.

Article 24: These Article of Incorporation were enacted on April 20, 1983, and amended on October 4, 1984 for the first time, the second time on November 26, 1988, the third time on December 11,

1989, the fourth time on August 15, 1994, the fifth time on June 25, 1996, the sixth time on September 20, 1996, the seventh time on October 5, 1997, the eighth time on November 20, 1997, the ninth time on July 11, 1998, the tenth time on July 31, 1998, the eleventh time on June 21, 1999, the twelfth time on June 16, 2000, the thirteenth time on June 15, 2001, the fourteenth time on June 18, 2002, the fifteenth time on June 18, 2002, the sixteenth time on June 25, 2003, the seventeenth time on June 25, 2003, the eighteenth time on June 4, 2004, the nineteenth time on June 4, 2004, the twentieth time on June 22, 2005, the 21st time on June 22, 2005, the 22nd time on June 23, 2006, the 23rd time on June 26, 2007, the 24th time on June 26, 2007, and the 25th time on June 19, 2008, the 26th time on June 19, 2009, the 27th time on June 17, 2010, the 28th time on the June 17, 2011, the 29th time on June 27, 2012, the thirtieth time on June 23, 2016, and the 31st time on June 22, 2017.

Appendix II

Soft-World International Corporation Directors and Supervisors Election Rules

Article 1: Directors and Supervisors election should comply with this rule unless stated in other laws or regulations.

Article 2: Directors election should consider overall deploy of the Board. Board members should be diversified and able to formulate multiple guidelines with its operations, operating types, and development needs that includes but not limited to two directions below:

- I. Basic terms and values: gender, age, nationality, and culture.
 - II. Professional knowledge and skills: professional background (such as Law, Accounting, Industry, Finance, Marketing, and Technology)
- Board member should possess the knowledge, skill, and culture to perform its duty.

Overall requirement as below:

- I. Judgement ability on operations.
- II. Accounting and Finance analysis ability.
- III. Operating and managing ability.
- IV. Crisis management ability.
- V. Knowledge of the industry.
- VI. Vision in global market
- VII. Leadership ability.
- VIII. Decision making ability.

Over half the members of the Directors should not be related as spouses or second-degree relatives.

The Board should evaluate its member list based on performance evaluation.

Article 3: Supervisors' requirement as below:

- I. Honest and practical
- II. Fair judgement
- III. Professional knowledge
- IV. Extensive experience
- V. Ability to understand Financial Reports

Within Supervisors or Supervisors and Directors, at least one should not be related as spouses or second-degree relatives.

Supervisors should not be in other positions as Directors, managers, and employees.

At least one of the Supervisors should live in the country to perform duty timely.

Article 4: Independent Directors' qualification should comply with Article 2, 3 and 4 in the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies".

The election of the Independent Directors should comply with Article 5, 6, 7, 8, and 9 in the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies".

- Article 5: Directors and Supervisors election should comply with the procedure in Article 192 section 1 in the Company Act. To review the candidates of Directors and Supervisors' qualification, education and experience, and all event listed in Article 30 in the Company Act, no other qualification should be included randomly. Review result should be provided to shareholders to elect properly.
- If the number of the candidates is less than 1/3 of the regulation requirement, the company should call for another shareholder meeting for by-election within 60 days. If the number of the Independent Directors is less than regulation requirement, should call for by-election in a recent shareholder meeting. If all Independent Directors are dismissed, should call for a shareholder meeting for by-election within 60 days. If Supervisors are dismissed that cause the number of the members to be less than regulation requirement, should call for by-election in a recent shareholder meeting. If all Supervisors are dismissed, should call for a shareholder meeting for by-election within 60 days.
- Article 6: Directors and Supervisors election is by accumulated votes. Every share can cast votes that are equal to the numbers required for the Directors and Supervisors. Votes can be cast to the same or different candidates.
- Article 7: The Board should provide numbered ballots that are equal to the numbers required for the Directors and Supervisors and distribute to the attending shareholders. Attendance card numbers printed on the ballots may be used instead of the names of voters. shareholders.
- Article 8: The number of Directors and Supervisors by Company Rules will calculate separately for Independent and Non-independent Directors. One received highest vote and sequentially are elected until the required number is met. If two candidates received the same votes and exceed the required number, they shall draw lots to determine the result. The Chairmen can draw lots if the candidate is absent.
- Article 9: Before the election, the chair shall appoint a number of shareholders to monitor voting status and count voting result. The ballot boxes shall be prepared by the Board and publicly examined by the vote monitoring personnel before voting begins.
- Article 10: If a candidate is a shareholder, the voter should enter the candidate's account name and shareholder account number in the candidate column of the ballot. If not a shareholder, the voter shall enter the candidate's full name and ID number. However, if the candidate is a government organization or a juristic-person shareholder, the name of the government organization or a juristic-person shareholder or its representative's name shall be entered. Every name should be entered when there are multiple representatives.
- Article 11: Ballot is not valid under these circumstances:
- I. Using a ballot that is not prepared by the Board.
 - II. A blank ballot.
 - III. Unable to identify the writing or it's been altered.

- IV. If the candidate is a shareholder, but the account name and shareholder account number does not match the shareholder's list. If the candidate is not a shareholder, the name and ID number entered does not match after checking.
- V. Content entered on a ballot other than the account name (name), shareholder number (ID number), and the number of the vote.
- VI. Candidate's name that is identical to other shareholder but did not enter shareholder number or ID number for verification.

Article 12: Vote will be count immediately after the end of the vote. Result, including the winner's name and the number of the vote received, should be announced by the Chairman or other assigned personnel.
The ballots for the election should be sealed and signed by the vote monitoring personnel and keep in safety for at least one year.

Article 13: This procedure, if amended, will be executed after the approval in the shareholder's meeting.

Appendix 3

Soft-World International Corporation Rules of Procedure of Shareholders' Meeting

Article 1: Unless as otherwise provided in the laws and regulations, the procedure of the shareholders' meetings of the Company shall be handled in accordance with these Rules.

Article 2: Unless as otherwise provided in the Company Law, a shareholders' meeting shall be chaired by the Chairman of the Board.

If a shareholders' meeting is convened by the Chairman of the Board, the chairman of the meeting shall be the Chairman of the Board. If the Chairman of the Board is on leave or for any reason unable to exercise the powers of a chairman, the Deputy Chairman of the Board shall act in the place of the Chairman. If there is no Deputy Chairman in place or the Deputy Chairman is also on leave or for any reason unable to exercise the powers of a chairman, the Chairman shall appoint one of the Directors to act as the chairman of the meeting. If the Chairman does not make such an appointment, then the chairman of the meeting shall be elected among the Directors.

Article 3: At each shareholders' meeting, a shareholder may issue a proxy form printed by the Company with the scope of authorization specified, and entrust a proxy to attend the shareholders' meetings.

Article 4: The venue of a shareholders' meeting shall be in the county or city where the Company is located, or a place convenient for the shareholders' attendance and suitable for holding a shareholders' meeting. The meeting start time shall not be earlier than 9:00 am or later than 3:00 pm. The Independent Directors' opinions shall be fully considered in deciding the meeting venue and time.

Article 5: Unless as otherwise provided in the Company Law, a shareholders' meeting shall be convened by the Board of Directors. If a shareholders' meeting is convened by the Board of Directors, the meeting chairman shall be the Chairman of the Board. If the Chairman of the Board is on leave or for any reason unable to exercise the powers of a chairman, the Deputy Chairman of the Board shall act in the place of the Chairman. If there is no Deputy Chairman in place or the Deputy Chairman is also on leave or for any reason unable to exercise the powers of a chairman, the Chairman shall appoint one of the Managing Directors to act as the chairman of the meeting. If there are no Managing Directors in place, the Chairman shall appoint one of the Directors to act as the chairman of the meeting. If the Chairman does not make such an appointment, then the chairman of the meeting shall be elected among the Managing Directors or Directors. If a shareholders' meeting is convened by a party other than the Board of Directors, the chairman of the meeting shall

be the convening party. If there are two or more convening parties, then the chairman of the meeting shall be elected among one of them.

Article 6: The Company may appoint its lawyer, accountant or related persons to attend a shareholders' meeting in a non-voting capacity.

Article 7: The Company shall audio-record or video-record the whole process of a shareholders' meeting and shall keep the recording for at least one year. However, if a shareholder filed a lawsuit in accordance with Article 189 of the Company Law, the Company shall keep the recording until the end of the lawsuit.

Article 8: The attendance at a shareholders' meeting shall be based on the number of shares represented by the attending shareholders.

The number of shares represented by the attending shareholders is calculated based on the sign-in book or attendance cards, plus the number of shares in which voting rights are exercised in writing or electronically.

The chairman shall call the meeting to order at the scheduled meeting start time. If the attending shareholders do not represent a majority of the total number of shares issued, the chairman may announce a meeting postponement, provided that no more than two such postponements for a combined total length of no more than 1 hour are to be made. If after two postponements the attending shareholders still represent less than one third of the total number of issued shares, the chairman shall announce the meeting aborted.

If the quorum is not met after two postponements, but the attending shareholders represent one third or more of the total number of issued shares, a tentative resolution may be adopted pursuant to paragraph 1, Article 175 of the Company Law, and all the shareholders shall be notified of the tentative resolution and the re-convening of the shareholders' meeting within one month.

If the quorum is met after a tentative resolution is made in the shareholders' meeting, the chairman may submit the tentative resolution to the shareholders' meeting for recognition pursuant to Article 174 of the Company Law.

Article 9: If a shareholders' meeting is convened by the Board of Directors, the meeting agenda shall be set by the Board of Directors. The meeting shall proceed in the order as set in the agenda, which may not be changed without a resolution of the shareholders' meeting. The provisions of the preceding paragraph apply mutatis mutandis to a shareholders' meeting convened by a party other than the Board of Directors but with the power to convene a meeting.

Article 10: Before speaking, an attending shareholder must write down on a speaker's slip the subject of the speech, the shareholder's account number (or attendance card number) and the account name. The order in which the shareholders speak shall be set by the chairman.

An attending shareholder who has submitted a speaker's slip but does not speak shall be

deemed to have not spoken. When the content of the speech does not correspond to the subject given on the speaker's slip, the spoken content shall prevail.

The shareholder's speech is limited to five minutes at each proposal, and up to two times with the permission of the chairman, and a time limit of five minutes each. The Chairman may terminate the speech if a shareholder's speech exceeds the time limit or the scope of the proposal.

At the time a shareholder speaks, the other shareholders shall not speak and interfere except with the consent of the chairman and the speaking shareholder, otherwise the chairman shall stop such interfering behavior.

Where a legal-person shareholder appoints two or more representatives to attend a shareholders' meeting, only one of the representatives may speak on the same proposal.

After an attending shareholder has spoken, the Chairman may either respond in person or appoint a relevant person to respond.

Article 11: The voting at a shareholders' meeting shall be based on the number of shares represented by the attending shareholders.

The total number of shares issued to non-voting shareholders shall not be counted for the resolutions of a shareholders' meeting.

When a shareholder has a stake in the matter of the meeting that is detrimental to the interests of the Company, it shall not be included in the voting, and shall not exercise its voting rights on behalf of other shareholders.

The number of shares with no voting rights in the preceding paragraph shall not be counted in the number of voting rights of the attending shareholders.

Except for trust businesses or share agencies approved by the securities regulatory authority, when a person is entrusted by more than two shareholders at the same time, the voting rights under his/her agency shall not exceed 3% of the total voting rights of the issued shares, otherwise the exceeding portion shall not be counted.

Article 12: A shareholder has one voting right per share; however, those who have no voting rights as listed in Article 179-2 of the Company Law are not subject to this restriction.

For the Company's shareholders' meeting, a shareholder may exercise its voting rights in writing or electronically. When the voting rights are exercised in writing or electronically, the exercise method shall be clearly stated in the convening notice of the shareholders' meeting. Shareholders who exercised their voting rights in writing or electronically are deemed to have attended the shareholders' meeting in person. However, they are deemed to abstain from the temporary motions and the amendments to the original proposals of the shareholders' meeting.

The voting of a proposal, unless otherwise stipulated in the Company Law or the Articles

of Association of the Company, is subject to the consent of the attending shareholders representing more than half of the voting rights. Voting shall be conducted on a case-by-case basis, and on the same day of the shareholders' meeting the results of the shareholder's consent, objection and abstention shall be entered on MOPS.

When there are amendments or alternatives to the same proposal, the chairman shall combine them with the original case and set the voting order accordingly.

The scrutineers for proposal voting and the vote-counting staff shall be appointed by the chairman, but the scrutineers shall have the shareholder status.

Voting at a shareholders' meeting or vote counting for election proposals shall be conducted at a public place of the meeting venue, and the voting results, including the rights statistics, shall be announced on the spot after the completion of vote counting and be made into a record.

Article 13: When there is an election of Directors and Supervisors in a shareholders' meeting, the election shall proceed in accordance with the relevant election rules stipulated by the Company, and the results, including a list of elected Directors and Supervisors and the number of votes for each person, shall be announced on the spot.

The votes for the election mentioned in the preceding paragraph shall be sealed and signed by the scrutineers for safekeeping, and shall be kept for at least one year. However, if a shareholder filed a lawsuit in accordance with Article 189 of the Corporation Law, it shall be kept until the end of the lawsuit.

Article 14: The resolutions of a shareholders' meeting shall be made into minutes, signed or sealed by the chairman, and distributed to all shareholders within 20 days after the meeting. The production and distribution of the minutes may be made in electronic form.

On the distribution of the above-mentioned minutes, the Company may make a public announcement by entering the minutes on MOPS.

The minutes shall honestly record the year, month, day and venue of the meeting, the name of the chairman, the resolution method, the proceedings of the proposals and the results. The minutes shall be kept in the existence of the Company.

Article 15: The meeting affair staff of the shareholders' meeting shall wear an identity card or an armband.

The chairman may direct proctors or security personnel to help maintain the order at the meeting. Such proctors or security personnel shall wear an identification card or armband bearing the word "Proctor".

If there is loud speaking equipment provided at the meeting venue, the chairman may stop a shareholder from speaking with equipment other than the one provided at the meeting.

The chairman may direct the proctors or security personnel to expel a shareholder from the

meeting venue if the shareholder violates the Rules of Procedure and does obey the command of the chairman, and therefore hinders the proceeding of the meeting.

Article 16: The Chairman may announce a break in case of needs during the course of a meeting. In the event of force majeure events, the chairman may, depending on the situation, announce a temporary adjournment and the time for meeting resumption, or a resolution may be adopted at the shareholders' meeting to resume the meeting within 5 days without any further notices or announcements.

Article 17: The Rules are implemented after the adoption of the resolution in the shareholders' meeting. The same procedure applies to the amendments to the Rules.

Appendix 4

Soft-World International Corporation Measures for Endorsements and Guarantees

Article 1: The Company shall undertake endorsements or guarantees for others in accordance with these Measures. However, if other laws or regulations provide otherwise, such laws or regulations shall be followed.

Article 2: The endorsements and guarantees mentioned in these Measures include:

1. Financing endorsements and guarantees
 - (1) Discounted bill financing.
 - (2) Endorsements or guarantees for the purpose of financing to other companies.
 - (3) Issuing bills to non-financial businesses as a guarantor for the purpose of financing the Company,.
2. Tariff endorsements and guarantees
Endorsements or guarantees for tariff matters of the Company or other companies.
3. Other endorsements and guarantees
Endorsements or guarantees that do not fall under the previous two categories.
4. The Company provides chattel or real estate to set up pledge or mortgage for the guarantee of other companies' loans.

Article 3: Objects of Endorsements and Guarantees:

Except for the situations where the Company undertakes guarantees to companies in the same industry for the purpose of business development, or undertakes endorsements and guarantees to companies of its investment on a pro-rata basis with other joint investors, the objects of the Company's endorsements and guarantees are limited to the following companies:

- I. Companies with business relationships.
2. Companies which the Company directly and indirectly holds more than 50% of their shares with voting rights.
3. Companies which directly and indirectly hold more than 50% of the shares with voting rights in the Company.

The Company may undertake endorsements and guarantees to a company which the Company directly and indirectly holds more than 90% of its shares with voting rights, but the amount shall not exceed 10% of the Company's net value. However, this restriction does not apply to the Company's endorsements and guarantees to companies which the Company directly and indirectly holds 100% of their shares with voting rights.

The investment referred to in the first item above means the Company's direct investment or the Company's investment through companies which the Company directly and indirectly holds 100% of their shares with voting rights.

Article 3-1: The subsidiaries and parent companies referred to in these Measures shall be determined in accordance with the provisions of the Guidelines for Preparation of Financial Reports by Securities Issuers. Where a public offering company's financial report is prepared by international financial reporting standards, the net value referred to in the Measures refers to the owner's equity in the balance sheet, required in the Guidelines for Preparation of Financial Reports by Securities Issuers, that is attributable to the parent company.

The term "announcement and declaration" refers to the input of information on the reporting website designated by the Financial Supervision Commission, Executive Yuan.

The term “occurrence date” refers to the earlier of the transaction contract date, the date of payment, the date of the Board of Directors' resolution, or the date on which the transaction counterparty and the transaction amount can be confirmed.

Article 4: Limits of Endorsements and Guarantees

1. The total amount of the Company's external endorsements and guarantees shall not exceed 50 percent (exclusive) of its net value for the current period.
2. The limit of endorsements and guarantees for a single company shall not exceed 20 percent of the Company's net value for the current period.
The net value is as set out in the latest financial statement audited or reviewed by the accountant.
3. For a company which the Company undertakes endorsements and guarantees to due to business relationship, in addition to the limits above, the amount of the individual endorsement or guarantee shall not exceed the amount of business transactions between the two parties. The amount of business transaction referred to is the higher of purchase or sales amount between the two parties.
4. The total amount of endorsements and guarantees by the Company and its subsidiaries as a whole shall not exceed 50 percent (exclusive) of the Company's net value for the current period, and the limit of endorsements and guarantees for a single company shall not exceed 30 percent (exclusive) of the Company's net value for the current period. If the total amount of the Company's and its subsidiaries' endorsements and guarantees reaches 50 percent of the Company's net value for the current period, the Company shall explain at the shareholders' meeting the necessity and rationality.
If the shares of a subsidiary of the Company are not denominated or if the denomination of each share is not NT\$10, the paid-in capital calculated in accordance with the provisions of paragraph 11 above shall be calculated as the sum of paid-in capital plus capital reserve minus share-issuance premium.
5. If the Company's endorsement object is a subsidiary whose net worth is less than one-half of its paid-in capital, in addition to handling the situation in accordance with item 1 of Article 6 of the Measures, the person in charge at the financial unit shall prepare a table of the changes in the amounts and the balances of endorsements and guarantees every month for reporting to the responsible supervisor for review. The auditor shall make at least a quarterly audit on the endorsement and guarantee procedures and their implementation status, and put the audit results in writing. If any major violations are found, the supervisor shall be immediately notified in writing.

Article 5: Decision Making and Level of Authority

1. The approval of the Board of Directors shall be obtained before the Company undertakes an endorsement or guarantee. The Board of Directors may authorize the Chairman of the Board to make a decision, in accordance with the relevant provisions of the Measures, on a single endorsement or guarantee if the amount is within the limit of NT\$30million, and report to the Board of Directors afterwards in the latest board meeting for approval.
2. When the Company undertakes an endorsement or guarantee for business reasons, and the amount exceeds that set in the Measures but meets the conditions in the Measures, the Company shall obtain the approval of the Board of Directors and the joint named consent of more than half of the Directors regarding the possible loss due to the overrun portion. The Measures for Endorsements and Guarantees shall also be amended and recognized in the shareholders' meeting. If no approval is obtained in the shareholders' meeting, a plan shall be made to eliminate the overrun portion within a certain period.
3. Before the Company's endorsement or guarantee in accordance with the provisions of paragraph 2 of Article 3 for a subsidiary in which the Company directly and indirectly holds more than 90% of its shares with voting rights, the approval from the Company's

Board of Directors shall be obtained beforehand. However, this restriction does not apply to the Company's endorsements and guarantees for companies in which the Company directly and indirectly holds 100% of their shares with voting rights.

If the Company has Independent Directors in place, each independent director's opinions shall be fully considered during the discussion in the board meeting, and their consent or objection and the reasons for objection shall be recorded in the board meeting minutes.

Article 6: Handling and Review Procedures for Endorsements and Guarantees:

1. When the Company undertakes an endorsement or guarantee, the recipient company shall issue an application to the Company's Finance Department. The Finance Department shall investigate the creditworthiness of the endorsed or guaranteed company, assess its risk and prepare an assessment record. After the review is passed, the case shall be submitted to the General Manager and the Chairman for approval. Collateral shall be obtained if necessary,.
2. The Finance Department shall conduct a credit investigation and risk assessment for the endorsed or guaranteed company. The assessment shall include:
 - (1) The necessity and rationality of the endorsement or guarantee.
 - A. Whether the amount of endorsement or guarantee is necessary based on the financial status of the endorsed or guaranteed company.
 - B. Whether the accumulated endorsement or guarantee amount is still within the limit.
 - C. For an endorsement or guarantee due to business relationship, assess whether the endorsement or guarantee amount and business transaction amount are within the limit.
 - (2) Credit investigation and risk assessment of the object of endorsement or guarantee.
 - (3) Impact on the Company's operational risks, financial conditions and shareholders' rights and interests.
 - (4) Whether collateral shall be obtained, and assessment of the collateral's value.
3. The Finance Department shall establish a reference book which records in detail for future reference the object of endorsement or guarantee, the amount, the date of the board meeting's approval or the Chairman's decision on the implementation date, the endorsement or guarantee date and the matters to be carefully assessed in accordance with the provisions of the preceding paragraph.
4. The Finance Department shall assess or recognize the contingent losses from the endorsement or guarantee, and appropriately disclose the endorsement or guarantee information in the financial report. It shall also provide relevant information to the accountant, for it to adopt necessary audit procedures.
5. If due to the Company's change of circumstances, the object of endorsement or guarantee which is originally in compliance with the provisions of the Measures but subsequently fails to comply, or the amount of the endorsement or guarantee exceeds the limit due to a change of the limit calculation basis, then the endorsement or guarantee amount for the object or the overrun portion shall be eliminated at the end of the period specified in the contract, or within the fixed period of an improvement plan. The relevant improvement plan shall be sent to each Supervisor and reported in the board meeting.

Article 7: Cancellation of Endorsements and Guarantees:

1. When the endorsement or guarantee related documents or bills must be written off due to debt clearing or rollover, the guaranteed company shall prepare an official letter to send the original endorsement or guarantee related documents or bills to the Finance Department of the Company to stamp the "cancellation" seal before returning. The

application letter shall be kept for future reference.

2. The Finance Department shall record the cancelled endorsement or guarantee documents or bills in the endorsement and guarantee register to ensure that the endorsement and guarantee amount is reduced.
3. At the extension and renewal of documents or bills, if the financial institution requires the new documents or bills to be endorsed before returning the old documents or bills, the Finance Department shall record the relevant details and retrieve the old documents or bills as soon as possible for cancellation.

Article 8: Internal Control

1. The Company's internal auditor shall at least every quarter audit endorsement and guarantee procedures and their implementation status, and make a written record accordingly. If a major violation is found, the auditor shall immediately notify the Supervisors in writing.
2. The Company shall follow the prescribed procedures when undertaking an endorsement or guarantee. If a major violation is found, the Company shall impose a penalty on the manager and the person in charge according to the situation.

Article 9: Use and Custody of Seals:

1. The Company shall use the company seal registered with the Ministry of Economic Affairs as the special seal for endorsement and guarantee. The seal shall be kept by dedicated personnel, and shall be used for bill issuing according to the operating procedures stipulated by the Company. When there is a change of the seal keeper, it shall be reported to the Board of Directors for approval.
2. If the Company undertakes a guarantee for a foreign company, the letter of guarantee issued by the Company shall be signed off by the person authorized by the Board of Directors.

Article 10: Announcement and Declaration Procedures:

In addition to the announcement and declaration made by the Company on the 10th day of each month on the amount of endorsements and guarantees of the Company and its subsidiaries in the previous month, if the amount of endorsements and guarantees meets one of the following criteria, an announcement and declaration shall be made within two days from the date the occurrence date:

1. The amount of endorsements and guarantees of the Company and its subsidiaries exceeds 50% of the Company's net value in the latest financial statement.
2. The amount of endorsements and guarantees of the Company and its subsidiaries for a single company exceeds 20% of the Company's net value in the latest financial statement.
3. The amount of endorsements and guarantees of the Company and its subsidiaries for a single company exceeds NT\$10 million, and the total amount of endorsements and guarantees, long-term investment and loans exceeds 30% of the Company's net value in the latest financial statement.
4. The newly added amount of endorsements and guarantees of the Company and its subsidiaries exceeds NT\$30 million and 5% of the Company's net value in the latest financial statement.

If the Company's subsidiary is not a domestic public offering company and the subsidiary has the any of the matters mentioned in item 4 of the preceding paragraph that need to be announced and declared, the announcement and declaration shall be made by the Company

on its behalf.

Article 11: Control Procedures for Subsidiaries' Application for Endorsements and Guarantees:

When a subsidiary of the Company intends to provide an endorsement or guarantee for others, the Company shall request the subsidiary to follow the endorsement and guarantee procedures in the provisions of the "Guidelines for Public Offering Companies' Loans to Others and Endorsements and Guarantees" promulgated by the Securities and Futures Commission.

Article 12: The matters not covered by the Measures shall be handled in accordance with the relevant laws and regulations and the relevant regulations of the Company.

Article 13: The Measures shall be sent to the Supervisors and submitted to the shareholders' meeting for approval after being adopted in the board meeting. If any Director objects and a record or a written statement is in place, the Company shall send the objection to the Supervisors and submit it to the shareholders' meeting for discussion. The same procedures apply to the amendments to the Measures.

When the Company submits the Measures to the board meeting for discussion according to the provisions of the preceding paragraph, it shall fully consider the opinions of each Independent Director and shall include their consent or objection and the reasons for the objection in the board meeting minutes.

Article 14: The first revision of the Measures was made on June 25, 2003, the second revision on June 23, 2006, the third revision on June 26, 2007, the fourth revision on June 19, 2009, the fifth revision on June 17, 2010, the sixth revision on June 27, 2012, and the seventh revision on June 19, 2013.

Annex 5

Shareholding of All Directors and Supervisors Recorded on Shareholders Roster by April 16, 2018.

Target Date: April 16, 2018

Position	Name	Shareholding Prior on the date share transfer registration suspended	
		Shareholding	Shareholding Ratio
Chairman	WANG, CHIN-PO	21,594,350	16.94%
Director	CHEN, PO-CHANG	0	0
Director	CHUNG, HSING-PO	256,202	0.20%
Director	LI, JUNG-I	4,934	0.00%
Director	LEU, SHYUE-SEN	112,312	0.09%
Director	WANG, HSUAN-TSE	1,163,145	0.91%
Director	LEE, YIN-CHIANG	3,000	0.00%
Independent Director	SHYU, SO-DE	0	0
Independent Director	WANG, LEE-JUNG	281,428	0.22 %
Total		23,415,371	18.37%
Supervisor	CHANG, HONG-YAN	0	0
Supervisor	PAI, FON-TSAO	469,314	0.37%
Supervisor	WANG, SHU-CHUAN	1,760,324	1.38%
Total		2,229,638	1.75%

Total issued shares: 127,474,332 shares on April 16, 2018.

The minimum required combined shareholding of all directors by law: 8,000,000 shares

The minimum required combined shareholding of all supervisors by law: 800,000 shares

The shareholding by all directors and supervisors of the Company meets the requirements of laws and regulations.

The minimum required combined shareholding of all directors and supervisors of the Company is calculated by 80% in accordance with Article 2, Item 1 of Rules and Review Procedures for Director and Supervisor Share Ownership Ratios at Public Companies.