Stock Code:1507

Yungtay Engineering Co., Ltd.
2018 Annual Shareholders'Meeting
Agenda Handbook

(Translation)

Date:June 28, 2018
Venue:No.1352, Chunri Rd., Taoyuan City
(Taoyuan Plant, Yungtay Engineering Co., Ltd.)

The English version is the translation of the Chinese version and if there is any conflict in the handbook betewwn the meaning of Chinese words of terms in the Chinese version and English words or terms in the English version, the meaning of the Chinese version shall prevail.

Dear Shareholders,

Yungtay Engineering Co., Ltd. ("the Company" hereinafter) has always believed that our enterprise value is achieved via providing high quality and reliable solutions to our customers and also create value to our shareholders continuously. We realize that over the past 3 years, the company has not met the expectations of our shareholders, driven primarily by weaknesses in our Chinese business and poor management. With that in mind, this year we will embark upon a business transformation journey that will reinvigorate our growth momentum. As part of this transformation, we have committed to strengthening our business operations, our Board of Directors, our operations and management team, as well as our Corporate Governance. These efforts we made can not succeed without your continued support and we look forward to your affirmative support of Board's proposals and the highly qualified nominees at Annual Shareholder's Meeting on June 28th, 2018.

With year-to-date shipments of 231,866 units and growing, the fundamentals of our business remain a valuable asset to our customers, investors, and employees. While we always have more to do to further realize the value and potential of our growth strategy, this past year we affirmed that we have set off on the right path to a bright future and will build it brick-by-brick.

Improving current status and looking ahead

In a valued partnership that has spanned over 50 years to date, Hitachi has been the key supporter of every aspect of The Company's elevator business. In order to survive and thrive long-term, in light of the fierce competition in China, Yungtay, under the leadership of the proposed new Chairman-Elect Ray Chun Su (許瑞鈞), will immediately perform a deep dive examination of the following areas: Product portfolio, supply chain efficiency, distribution effectiveness, technology development, service and maintenance markets, and employee training and development. Yungtay and Hitachi will co-develop this plan with the awareness that these actions come with a toll on resources and market opportunity cost. However, with long-term shareholder value creation as the main consideration, we believe the partnership of Yungtay and Hitachi will come through this transition stronger and more nimble, and better prepared to make a substantial and permanent mark in the China market.

Taiwan Market Situation

In recent years, Taiwan's housing market has entered a correction and adjustment phase. Despite that, The Company in Taiwan continued to deliver on excellent product technology and service quality in the housing market, such that during the downturn, the volume of orders continued to buck the trend. In 2017, the number of bookings increased by 13% comparing to 2016, and the exchange business of "new elevator for the old one" experienced a year-on-year growth rate of more than 15%. The company currently maintains the largest market share in Taiwan, and is still the recognized leader in the Taiwanese elevator industry. The elevator maintenance revenue has also increased steadily year-on-year, continuously infusing the company with stabilizing revenue and profits. In order to continue diversifying the company's operations, Yungtay-Hitachi Construction Machinery Co., Ltd, our joint venture with Hitachi and our affiliate Evest Corporation both profited steadily and contributed to the Group's overall revenue and profit.

Entering the Chinese Market

The Company's operating revenue in China accounted for approximately 70% of the consolidated operating revenue. In other words, our performance in this market has an oversized impact on our overall performance. Regretfully, we continue to face challenges in this market. During the tenure of former general manager Mr. Hsu, Tso-Ming (許作名), he presided over the rapid growth in China's overall elevator market. While booking orders have increased, our performance struggled as our customers often failed to fulfill the terms of the contracts, and for the bookings that were fulfilled, there was a significant increase in the number of orders refunded, which put a strain on working capital and led to unnecessary capital expenditures to expand production capacity that was ultimately not fully utilized. In the past three years, as the Company examined its China operations, the Company discovered some mistakes made by past management, such a clear mismatch between customer contracted orders and the company's deliveries. Therefore, subsequent leaders of the China business took remedial measures to improve the quality of products, reduce operating expenses, increase collection efficiency, and enhance the effectiveness of contracts to reduce the amount of refunded orders. However, despite these efforts, some orders were lost permanently.

Increasing the Proportion of Maintenance and Repair Revenue

The elevators market is highly correlated with the development of real estate sector. Therefore, a slowdown in real estate has negatively affected our business. For the past experience of The Company in Taiwan, while the real estate economy is bumpy, the maintenance revenue is not significantly affected by the cyclical nature of the market and will grow steadily year by year. In the past 20 years, the income from Taiwan's maintenance market grew from TWD $1 billion to more than TWD $2.5 billion, an increase of 150%, which is an annualized growth rate of 4.7%. It is believed that in the future, Yungtay China maintenance revenue will also become a strong source of continuous growth, and we look to this part of the maintenance business to be a stable source of income. It is the high-quality, high-efficiency delivery of our services and expertise on critical areas such as this that strengthen our essential partnerships with clients and builds value for shareholders.

Improved Corporate Governance

As part of the transformation, we regard the improvements of Corporate Governance as our first priority. To that extent, we have sought key stakeholders and external third parties to prove our commitment to sustainable corporate growth and creating shareholders' value.

The improvement of corporate governance in the past three years			
No.	2016	2017	2018 (continuously improve)
1	The company voted on the case for the regular shareholders meeting, and recorded the results of the shareholder's consent, objection and abstention on each proposal in the minutes.	The company disclosed its established corporate governance practices.	The board of directors proposed three candidates for independent directors, one more than the 2015(previous term), and considered the diversification of professionalism, gender, practice, and academic experience of independent directors. The three members are composed of accountants, university lecturers, and lawyers (female).
2	Shareholders often adopt electronic voting methods.	The company disclosed the communication status of independent directors, internal audit supervisors and accountants (such as the way, matters, and results of communication on the	The annual report of the company reveals the implementation of the resolutions of the regular shareholders' meeting of the previous year.

The improvement of corporate governance in the past three years			
No.	2016	2017	2018 (continuously improve)
		company's financial reports and financial business status) on the company's website.	
3	The company uploaded the annual report 14 days before the regular shareholders meeting.	The company's website exposes corporate governance information, including regulations and corporate governance structures.	The company has formulated the policy of diversification of board members and disclosed the implementation of the diversity policy in the annual report and the company's website.
4	The company will synchronously upload the notice of the meeting in English 30 days before the regular shareholders meeting.	The company set up a stakeholder area on the company's website to understand and respond to the important corporate social responsibility issues of concern to stakeholders.	The company's annual report detailed revealed the opinions of independent directors on major proposals of the board of directors and the company's handling of the opinions of independent directors.
5	The company uploaded the English version of the proceedings manual and meeting supplementary information 21 days before the regular shareholders meeting.	The company has established and detailed on the company's website a disclosure system for internal and external personnel to disclose illegal (including corruption) and unethical behavior.	The company makes reference to international human rights conventions, formulates policies for safeguarding human rights, and exposes them to annual reports or company websites.
6	The company simultaneously declares major messages in English.		The company formulates policies that will reflect the operating performance or results appropriately reflected in the remuneration of employees and expose them on annual reports or company websites.
7	The company's website exposes the company's profile, including at least the history of the company, the products it manufactures, or the presentation of its services, its organizational structure, and its operating team.		The company's website exposes the identity of stakeholders identified, issues of concern, channels of communication, and ways of responding.
8	The company's annual report and website reveal various employee welfare measures, retirement systems and their implementation.		The Company's website or annual report reveals the integrity management policy formulated, and specifies specific practices and plans for preventing dishonest behavior.
9	The company's annual report and website reveal the protection measures for employees' working environment and personal safety.		The company website discloses the annual financial report in English (including financial statements and notes).

The improvement of corporate governance in the past three years			
No.	2016	2017	2018 (continuously improve)
10	The company's board of directors regularly (at least once a year) evaluates the independence of visa accountants, and discloses the assessment procedures in detail in the annual report.		The company uploaded the English version of the annual report 7 days before the regular shareholders meeting.

In addition to the above, for the first time, the Company has disclosed the names and bios of non-independent directors in keeping with best practices of the nomination processes in the market.

Several key lessons learnt from missteps in the Chinese market during the tenure of former general manager Hsu, Tso-Ming (許作名) were that there is need for the company to have better risk management, more rigorous internal audits and better communication with the Board of Directors. To that extent, under the new operation, leadership and the guidance of the proposed independent directors, we intend to update our risk management procedures and establish clear lines of communications between all our businesses to ensure complete transparency and well informed decision making.

Additional Independent Directors for the Board of Directors and new Chairman

In keeping with global best practices with regards to corporate governance, we have changed the members of Board, and added additional independent directors.

Effective at the end of the current term, our Chairman Hsu, Tso-Li (許作立) has decided to retire from the Board. Current director Ray Chun Su (許瑞鈞) brings a wealth of strong business experiences and an international background and is passionate about maintaining the company's core values. If Ray Chun Su can be appointed to the post of Chairman of the 18th Board of Directors, we believe he will lead the Company to be stronger than before.

In addition, the Company deems that it's the right time to further reduce insider family representation on the Board, and to pursue increased independence to the Board by adding 3 new independent directors, increasing the independence of directors from 22% to 33%. The Company believes our proposed 9-seat board, which includes 3 independent directors and 6 non-independent directors, serves the purpose of

ensuring a high degree of independence on the board while still remaining flexible and nimble to achieve business purposes.

With that in mind, we propose put up for election all of the Board members, and we seek your support at the upcoming Shareholders' Meeting on June 28th for the following proposals:

1. Re-election of the-18th Directors;
2. Waiver of the non-competition restriction on the 18th Directors

When seeking candidates to our Board, we believe the suitability of a candidate is not only by his/her own background, but also by his/her expertise, which can strengthen the efficiency and robustness of the Board. In an engineering company like ours, the preferred set of diverse board members' qualifications should include well-represented backgrounds in the engineering industry, accounting, law, and risk management. Hence, our Board of Directors propose the following nominees to form our new Board of Directors:

Position	Nationality / Place of registration	Name	Gender	Date of initial election	Experience / Education
Director	Japan	Representative of Hitachi, Ltd.- Makoto Nagashima (株式會社日立製作所代表人-長島真)	M	1968	Hitachi, Ltd. Building Systems Business Unit (Global Sales Management Division General Manager) (Graduate School of Political Economy, Waseda University, Japan)
Director	Taiwan	Andrew Liang (梁世羽)	M	Initial nomination	Chairman of Jianyue Industrial and Chairman of Jian Xu Industrial (Master of Chemical Engineering, Stanford University, USA)
Director	USA	Ray Chun Su (許瑞鈞)	M	2012	Yungtay (China) Vice Chairman (Department of Mechanical Engineering, San Jose State University, California, USA)
Director	Taiwan	Fong Chieh Tsai (蔡鋒杰)	M	2006 to 2011 as Yungtay Director	CPA of the Republic of China and the General Manager of Yungtay Engineering Co., Ltd. (Master of Political Science Institute)
Director	Taiwan	Kuang Ming Chang (張光明)	M	1994 to 2018 as Yungtay Supervisor	Yungtay Engineering Co., Ltd. Supervisor (Department of Political Economy, Tokai University, Japan)

Position	Nationality / Place of registration	Name	Gender	Date of initial election	Experience / Education
Director	Taiwan	Taiwan Calsonic CO. Representative – Wann Lai Cheng (永鍊股份有限公司代表人-鄭萬來)	M	2012 as Yungtay Supervisor	Taiwan Calsonic Co. Chairman (Furen University Business Management Department)
Independent Director	Taiwan	Ching Yu Liao (廖錦玉)	F	Initial nomination	Lawyer of the Republic of China Law Firm, General Manager of Rohm Semiconductor Co., Ltd. (Master of Law, University of Political Science)
Independent Director	Taiwan	Meng Ta Wu (吳孟達)	M	Initial nomination	Cooperate accountant of Crowe Horwath CPA, Independent Director of Gourmet aster C Co., Ltd. (Master of Accounting Research Institute, National Taiwan University)
Independent Director	Taiwan	Yung Ming Hsieh (謝永明)	M	Initial nomination	Professor, Department of Accounting, Soochow University, Secretary-General of Taiwan Brand Development Cooperation and Exchange Promotion Association (Dr. Institute of Accounting, National Taiwan University)

Our slate of directors are not only strong individuals with impressive backgrounds, but also devotes themselves to the Board, which is diverse and well-balanced. The nominees collectively bring expertise across a variety of backgrounds that are essential for the Company, while their diverse perspectives individually further enhance the Company's success. Additionally, a good mix of incumbent directors with experience and knowledge of Yungtay operations and culture, alongside new directors with international perspectives will ensure a robust board that can make well informed decisions that are free of bias. Lastly, as we increase our focus on service and seek to gain back our footing in China, the proposed nominees bring the requisite background and are well equipped to lead the Company through the strategic expansion. We strongly recommend our shareholders support the election of these director nominees.

Shareholder Nominees

While the directors proposed by Tso Ming Hsu(許作名)、Welfit International(和發國際) and Herzu Investment (和築投資) regarding their professional qualifications, the

benefit they might bring to the Board remains unclear. Our company follows a structured internal director nomination process that allows us to evaluate all candidates and their relevant qualifications. The directors as proposed by other shareholders represent an expressed desire, it appears to simply serve an agenda of controlling the company operations rather than focusing on creating shareholder value. Additionally, It should also be noted that shareholder, Ray Tsen Hao Investment Co. Ltd., is suspected to be engaged in related competitive elevator business, and its company representative, Tso Ming Hsu (許作名), might be in violation of the director's code of conduct. Through a shareholders' proposal, a request was made to discuss his relevant legal responsibilities. However, due to the proposal being submitted late and the shareholder's lack of 1% shareholding, this proposal was not recognized as a topic for the 2018 Shareholders' Meeting and will be relegated to the responsibility of the Board of Directors to investigate further. This information is being disclosed, according to law.

As such, electing the other shareholders' slate of nominees would disrupt the Company and risk derailing the momentum we have gained with our comprehensive transformation plan, as their candidates plans on creating shareholder value are vague. Consequently, we expect that shareholders can support the candidates nominated by the Board of Directors to form a new Board of Directors to the best interests of shareholders.

The Company is encouraged by the shareholder response to our transformation plan and our efforts to improve corporate governance practices, and we will continue our efforts to protect shareholders interests. We are confident that the proposed enhancement to our strategy, the leadership of our new Chairman Ray Chun Su (許瑞鈞), and the change in Board composition not only leads to higher shareholder value, but also sets Yungtay to become one of Taiwan and even Asia's leading companies. We thank you for your full support, and we look forward to seeing you at the 2018 Shareholders' me Meeting.

Yours faithfully

Board of Directors, Yungtay Engineering Co., ltd.

Table of Contents

Page

1. Agenda 1

2. Status Report 2

3. Matters for Ratification 9

4. Matters for Discussion and Election 11

5. Extempore Motions 34

Attachment

(1) 2017 Business Report 36

(2) Supervisor's Review Report 37

(3) Financial Statements 38

(4) Rules of Procedure for Shareholders' Meeting 60

(5) Articles of Incorporation 60

(6) Rules Governing the Election of Directors and Supervisors 72

(7) Status of Shareholdings of Directors and Supervisors 74

(8) Imputed Earnings Per Share in 2017 after distribution of remuneration of employees and directors and supervisors 75

(9) The Impact of Stock Dividend Issuance on Business Performance and Earning per Share (EPS) 75

(10) Candidates for the 18th Directors (Independent directors included) 76

(11) The content of waiver of the non-competition restriction for the Director Candidates 81

Yungtay Engineering Co., Ltd.

2018 Annual Shareholders' Meeting

Agenda

Time: June 28, 2018 at 9 a.m.

Venue: No.1352, Chunri Rd., Taoyuan City

(Taoyuan Plant, Yungtay Engineering Co., Ltd.)

1. Chairman call meeting to order
2. Chairman's address
3. Status Report:
   (1) 2017 Business Report
   (2) Supervisors' Review of 2017 Financial Statements
   (3) Distribution of remuneration of employees and directors and supervisors in 2017
   (4) Report on the amendment of "Rules of Procedures for Board of Directors Meetings"
   (5) Other matter to be reported
4. Matters for Ratification
   (1) Ratification of 2017 Financial Statements
   (2) Ratification of 2017 earnings distribution proposal
5. Matters for Discussion and Election
   (1) Discussion of the amendment to "Rules Governing the Election of Directors and Supervisors" of the Company
   (2) Re-election of Directors of the Company
   (3) Waiver of the non-competition restriction on newly elected Directors of the Company
   (4) Discussion of the amendment to "the Articles of Incorporation" of the Company
   (5) Discussion of the amendment to "Regulations Governing Shareholders' Meeting" of the Company
   (6) Discussion of the amendment to "Handling Procedures for Acquisition and Disposal of Assets" of the Company
   (7) Discussion of the amendment to "Handling Procedures for Lending Funds to Other Parties and Making of Endorsement and Guarantees" of the Company
6. Extempore Motions
7. Meeting Adjourned

Status Report

1. 2017 Business Report
   Please refer to page 36 of the Handbook.
2. Supervisors' Review of 2017 Financial Statements
   Please refer to page 37 of the Handbook
3. Distribution of remuneration of employees and directors and supervisors in 2017
   Explanation: The proposal for the distribution of remuneration of employees and directors and supervisors of the Company in 2017, amounting to NT$42,608,155 and NT$4,734,239, distributed by cash, with the ratio of 2.88% and 0.32%, respectively, was resolved and passed at the Board of Directors.
4. Report on the amendment of "Rules of Procedures for Board of Directors Meetings"
   Explanation: To reflect the establishment of an audit committee by the Company to replace supervisors in accordance with the Financial Supervisory Commission indicated in the letter of Jin-Guan-Zheng-Fa No.10200531121 on December 31, 2013, it is proposed to amend "Rules of Procedures for Board of Directors Meetings" of the Company. Please refer to the comparison table as follows:

The comparison table of amendment to the Articles of "Rules of Procedures for Board of Directors Meetings" of the Company

AFTER Amendment	BEFORE Amendment	Explanation
Article 3: The Company's Board meetings shall be convened at least once every quarter. A notice specifying the reason for convening a Board meeting shall be sent to all Directors seven (7) days before the scheduled meeting day; provided, however, that a Board meeting may be convened on short notice in the event of emergency. Upon the consent of counterpart, such	Article 3: The Company's Board meetings shall be convened at least once every quarter. A notice specifying the reason for convening a Board meeting shall be sent to all Directors and Supervisors seven (7) days before the scheduled meeting day; provided, however, that a Board meeting may be convened on short notice in the event of emergency. Upon the consent of	According to the Financial Supervisory Commission (FSC) indicated in the letter of Jin-Guan-Zheng-Fa No.10200531121 on December 31, 2013, it is regulated to establish the Audit Committee to replace the Supervisors, hence the related wording, which is in connection with Supervisors in the context of Article 3, 1.(3)&4 of Article 12, 1.(7)&(8) of Article 16 and 2.(2)&4 of Article 16, is amended.

AFTER Amendment	BEFORE Amendment	Explanation
notice in the preceding paragraph may be sent in electronic form. The matters described in the subparagraphs under Paragraph 1, Article 12 of these Rules shall be set out in the meeting notice and may not be raised by an extraordinary motion, except in an emergency or for good reason.	counterpart, such notice in the preceding paragraph may be sent in electronic form. The matters described in the subparagraphs under Paragraph 1, Article 12 of these Rules shall be set out in the meeting notice and may not be raised by an extraordinary motion, except in an emergency or for good reason.	
Article 12: The following matters shall be raised at the Company's Board meeting for discussion: 1. The Company's business plan; 2. Annual financial report and semi-annual financial report, with the exception of semi-annual financial reports which, under relevant laws and regulations, need not be audited and attested by a certified public accountant; 3. Internal control system established or revised in accordance with the provisions under Article 14-1 of the Securities and Exchange Act (hereinafter as the "SEA") and assessment of the effectiveness of internal control system; 4. Establishing or amending, in accordance with the provisions under Article 36-1 of the Taiwan SEA, procedures for handling important financial and business activities such as the acquisition or disposition of assets, derivative products transactions, lending of capital, endorsement for third parties, and provision of guarantees.; 5. Offering, issue or private placement of equity securities; 6. Appointment and/or dismissal of financial, accounting or internal audit officers;	Article 12: The following matters shall be raised at the Company's Board meeting for discussion: 1. The Company's business plan; 2. Annual financial report and semi-annual financial report, with the exception of semi-annual financial reports which, under relevant laws and regulations, need not be audited and attested by a certified public accountant; 3. Internal control system established or amended in accordance with the provisions under Article 14-1 of the Securities and Exchange Act (hereinafter as the "SEA"); 4. Establishing or amending, in accordance with the provisions under Article 36-1 of the Taiwan SEA, procedures for handling important financial and business activities such as the acquisition or disposition of assets, derivative products transactions, lending of capital, endorsement for third parties, and provision of guarantees.; 5. Offering, issue or private placement of equity securities; 6. Appointment and/or dismissal of financial, accounting or internal audit officers; 7. A donation to a related party or a substantial donation to a	

AFTER Amendment	BEFORE Amendment	Explanation
7. A donation to a related party or a substantial donation to a non-related party; provided, however, that a public-interest donation for the purpose of relieving a large-scale natural disaster may be submitted to the next Board meeting for ratification. 8. Matters to be resolved at general meeting or by the Board meeting under Article 14-3 of the SEA, other laws and regulations or the Articles of Incorporation, or other important matters required by the competent authority. The term "related party" in subparagraph 7 of the preceding paragraph means a related party as defined in the Regulations Governing the Preparation of Financial Reports by Securities Issuers. The term "substantial donation to a non-related party" means any donation or a series of donations within a one-year period to a single recipient that, on an individual basis or cumulatively, amount to NT$ 100 million or more, or reach 1 percent of the net operating revenue or 5 percent of the paid-in capital as stated in the audited financial reports for the most recent fiscal year. (To the stock of foreign company with no par value or par value not NT$10 per share, the amount, calculated by 5 percent of paid-in capital in this paragraph, is calculated by 2.5 percent of stockholders' equity of foreign company instead.) The term "within a one-year period" means the period between one year prior to the date of this Board meeting and the date of this Board meeting. Amount of the donations already approved by the Board should be excluded. At least one independent director shall attend the Boarding meeting in person; For matters submitted to be resolved at the Boarding	non-related party; provided, however, that a public-interest donation for the purpose of relieving a large-scale natural disaster may be submitted to the next Board meeting for ratification. 8. Matters to be resolved at general meeting or by the Board meeting under Article 14-3 of the SEA, other laws and regulations or the Articles of Incorporation, or other important matters required by the competent authority. The term "related party" in subparagraph 7 of the preceding paragraph means a related party as defined in the Regulations Governing the Preparation of Financial Reports by Securities Issuers. The term "substantial donation to a non-related party" means any donation or a series of donations within a one-year period to a single recipient that, on an individual basis or cumulatively, amount to NT$ 100 million or more, or reach 1 percent of the net operating revenue or 5 percent of the paid-in capital as stated in the audited financial reports for the most recent fiscal year. (To the stock of foreign company with no par value or par value not NT$10 per share, the amount, calculated by 5 percent of paid-in capital in this paragraph, is calculated by 2.5 percent of stockholders' equity of foreign company instead.) The term "within a one-year period" means the period between one year prior to the date of this Board meeting and the date of this Board meeting. Amount of the donations already approved by the Board should be excluded. For matters to be resolved at a Board meeting under the provisions of SEA, each independent Director shall attend the meeting in person or appoint another independent Director to	

AFTER Amendment	BEFORE Amendment	Explanation
meeting in the first paragraph, all independent directors shall attend the Boarding meeting in person. If the independent director fails to attend the Boarding meeting in person, he or she shall appoint another independent Director to attend the meeting on his or her behalf and may not appoint a proxy who is not an independent Director as his or her proxy. Any objection or reservation that an independent Director may have shall be specified in the minutes of proceedings of the Board meeting. If an Independent Director wishing to express his or her objection or reservation is unable to attend the Board meeting in person, he or she shall provide a written statement providing his view and opinions on the relevant matters for consideration at the Board meeting and his statement shall be included in the minutes of the Board meeting, unless there is some legitimate reason to do otherwise.	attend the meeting on his or her behalf and may not appoint a proxy who is not an independent Director as his or her proxy. Any objection or reservation that an independent Director may have shall be specified in the minutes of proceedings of the Board meeting. If an Independent Director wishing to express his or her objection or reservation is unable to attend the Board meeting in person, he or she shall provide a written statement providing his view and opinions on the relevant matters for consideration at the Board meeting and his statement shall be included in the minutes of the Board meeting, unless there is some legitimate reason to do otherwise.	
Article 16: Proceedings of the Company's Board meetings shall be recorded in the meeting minutes, which shall specify the following matters in detail: (1) Term (or year) of the meeting, and time and place; (2) Chairperson's name; (3) Attendance of Directors, including names and numbers of Directors who are present at the meeting, on leave or absent from the meeting; (4) Names and titles of the guests at the meeting; (5) Name of the secretary of the meeting; (6) Matters to be reported; (7) Matters for discussion: How a proposal is resolved and the result; summary of statement by Directors, experts and other persons; the name of	Article 16: Proceedings of the Company's Board meetings shall be recorded in the meeting minutes, which shall specify the following matters in detail: (1) Term (or year) of the meeting, and time and place; (2) Chairperson's name; (3) Attendance of Directors, including names and numbers of Directors who are present at the meeting, on leave or absent from the meeting; (4) Names and titles of the guests at the meeting; (5) Name of the secretary of the meeting; (6) Matters to be reported; (7) Matters for discussion: How a proposal is resolved and the result; summary of statement by Directors, Supervisors, experts and other persons;	

AFTER Amendment	BEFORE Amendment	Explanation
any Director that is an interested party as referred to in paragraph 1 of the preceding article, the explanation of the important aspects of the interest, the reasons why the Director was required or not required to abstain, and whether the Director has abstained; objections and/or reservations with records or written statements; and written opinions issued by Independent Directors in accordance with the provisions under Paragraph 4, Article 12 of these Rules;	the name of any Director that is an interested party as referred to in paragraph 1 of the preceding article, the explanation of the important aspects of the interest, the reasons why the Director was required or not required to abstain, and whether the Director has abstained; objections and/or reservations with records or written statements; and written opinions issued by Independent Directors in accordance with the provisions under Paragraph 4, Article 12 of these Rules;	
(8) Extraordinary motion: Name of the person submitting a proposal; how a proposal is resolved and the result; summary of statement by Directors, experts and other persons; the name of any Director that is an interested party as referred to in paragraph 1 of the preceding article, the explanation of the important aspects of the interest, the reasons why the Director was required or not required to abstain, and whether the Director has abstained; and objections and/or reservations with records or written statements; and	(8) Extraordinary motion: Name of the person submitting a proposal; how a proposal is resolved and the result; summary of statement by Directors, Supervisors, experts and other persons; the name of any Director that is an interested party as referred to in paragraph 1 of the preceding article, the explanation of the important aspects of the interest, the reasons why the Director was required or not required to abstain, and whether the Director has abstained; and objections and/or reservations with records or written statements; and	
(9) Other matters to be included.	(9) Other matters to be included.	
If either of the following happens to the resolution of the Board meeting, the fact should be specified in the meeting minutes and be published and reported on the Market Observation Post System designated by the Taiwan Financial Supervisory Commission within two (2) days of the Board meeting:	If either of the following happens to the resolution of the Board meeting, the fact should be specified in the meeting minutes and be published and reported on the Market Observation Post System designated by the Taiwan Financial Supervisory Commission within two (2) days of the Board meeting:	
(1) If there is any opposition or reservation by any independent Director with a record or written statement.	(1) If there is any opposition or reservation by any independent Director with a record or written statement.	
(2) Any matter the Audit Committee of the Company does not approve but is	(2) In case that the Audit Committee is established, any matter the Audit Committee of	

AFTER Amendment	BEFORE Amendment	Explanation
approved by the Board of Directors with the votes of at least two-thirds of all of the Directors. The Board meeting attendance book is part of the minutes of the proceedings and shall be properly kept during the existence of the Company. Minutes of the proceedings shall be signed or sealed by the chairperson and the secretary of the meeting, and copies thereof shall be distributed to all Directors within twenty (20) days of the meeting. The minutes shall be deemed important files of the Company and be properly kept during the existence of the Company. Preparation and distribution of the minutes of the proceedings in the first paragraph may be done electronically.	the Company does not approve but is approved by the Board of Directors with the votes of at least two-thirds of all of the Directors. The Board meeting attendance book is part of the minutes of the proceedings and shall be properly kept during the existence of the Company. Minutes of the proceedings shall be signed or sealed by the chairperson and the secretary of the meeting, and copies thereof shall be distributed to all Directors and Supervisors within twenty (20) days of the meeting. The minutes shall be deemed important files of the Company and be properly kept during the existence of the Company. Preparation and distribution of the minutes of the proceedings in the first paragraph may be done electronically.	

5. Other matter to be reported

(1) Report to the proposals submitted by shareholders

Explanation: 1. There was no proposal during the period (from April 22 to May 2, 2018) for shareholders to submit proposals to be discussed at the shareholders' meeting, nevertheless, the Company accepted a proposal from one shareholder after the day, May 15, 2018, when the meeting notice of board of directors was sending out.

2. Summary of the proposal:

According to the media report, Tso Ming Hsu (許作名), the director of the Company is trying to unite with the market faction to encroach the business rights of the Company, and some shareholders worry that the factors behind are not that simple. After verification, Tso Ming Hsu (許作名), in person, set up an investment company named Ray Tsen Hao, which is also engaged in the same business as that of the Company and serving area across Hong Kong, Macao, Mainland of

China and Taiwan. All this competition behavior and operation serving area are highly overlapped, which have already damaged seriously to the Company and the shareholders' equity. It is reasonably doubtful if Tso Ming Hsu (許作名) gets involved in the unfair competition and thus encroaches the business of the Company. To protect the Company and whole shareholders' equity, the Company should deliberate the disposal plan and proposes to the shareholders' meeting to nominate some other person to act on behalf of the Company, who shall proceed to do the necessary treatment, according to Article 213 of the Company Act.

3. Resolution of Board of Directors:

Due to the aforementioned proposal being submitted beyond the deadline and the shareholders' holding ratio being less than 1%, the aforementioned proposal is not included in the agenda of the 2018 Shareholders' Meeting in accordance with the Company Act.

Matters for Ratification

Case 1 (Proposed by the Board of Directors)

Proposal: Pleas ratify the Company's 2017 Business Report, Balance Sheets, Statements of Comprehensive Income, Statements of Changes in Equity and Statements of Cash Flows for the year ended December 31, 2017.

Explanation: The 2017 Business Report (please refer to page 36 of the Handbook) and Balance Sheets, Statements of Comprehensive Income, Statements of Changes in Equity and Statements of Cash Flows of the Company (please refer to page 38 to 59 of the Handbook), which have been audited and certified by CPAs Chen, Jen-Chi and Chen, Liu-li of Jiang Sheng & Co., CPAs, have been reviewed and approved by Supervisors of the Company. Please appove.

Resolution:

Case 2 (Proposed by the Board of Directors)

Proposal: Pleas ratify the Company's 2017 Proposal for earnings distribution

Explanation: The Board of Directors has drafted the Company's 2017 Proposal for surplus distribution as shown in the table below in accordance with applicable laws and the Company's Articles of Incorporation for your ratification.

2017 Earnings Distribution Proposal

Unit: NT$

Current year earnings available for distribution	
Prior year accumulated undistributable earnings	3,190,305,112
Add: Net income after tax for the year	1,127,885,884
Less: Actuarial loss adjusted to retained earnings	(80,695,500)
Less: Associates' remeasurement of defined benefits obligation recognized using the equity method	(1,262,383)
Total distributable earnings for the year	4,236,233,113
Distribution items:	
Legal reserve	112,788,588
Shareholders' dividends (NT$1 per share by cash)	410,820,000
Shareholders' bonuses (NT$1 per share by cash)	410,820,000
Retained unappropriated earnings at the end of the year	3,301,804,525

Note: Cash dividends are rounded to the nearest NT$1, and the total amount of cash dividends less than NT$1 will be accounted for as other income.

Resolution:

Matters for Discussion and Election

Case 1 (Proposed by the Board of Directors)

Proposal: Please discuss the amendment to "Rules Governing the Election of Directors and Supervisors" of the Company

Explanation: To reflect the establishment of an audit committee by the Company to replace supervisors in accordance with the Financial Supervisory Commission indicated in the letter of Jin-Guan-Zheng-Fa No.10200531121 on December 31, 2013, it is proposed to amend "Rules Governing the Election of Directors and Supervisors" of the Company. Please refer to the comparion table as follows:

The comparison table of amendment to the Articles of "Rules Governing the Election of Directors and Supervisors" of the Company

AFTER Amendment	BEFORE Amendment	Explanation
Name of Rules Rules Governing the Election of Directors of Yungtay Engineering Co., Ltd. (the Company)	Name of Rules Rules Governing the Election of Directors and Supervisors of Yungtay Engineering Co., Ltd. (the Company)	To comply with the letter of Jin-Guan-Zheng-Fa No.10200531121 promulgated by FSC on December 31, 2013, it is regulated to establish the Audit Committee to replace the Supervisors and the name of the Rules is amended accordingly.
Article 1 Unless otherwise provided in relevant laws or regulations and Articles of Incorporation of this Company, the directors of this Company shall be elected in accordance with the rules specified herein.	Article 1 Unless otherwise provided in relevant laws or regulations and Articles of Incorporation of this Company, the directors and supervisors of this Company shall be elected in accordance with the rules specified herein.	To comply with the letter of Jin-Guan-Zheng-Fa No.10200531121 promulgated by FSC on December 31, 2013, it is regulated to establish the Audit Committee to replace the Supervisors and the provision of this Article, which is related with the Supervisors is deleted accordingly.
Article 2 Election of directors of the Company shall be held at the shareholders' meeting.	Article 2 Election of directors and supervisors of the Company shall be held at the shareholders' meeting.	
Article 4 The cumulative voting method shall be used for election of directors at the Company.	Article 4 The cumulative voting method shall be used for election of directors and supervisors at the Company.	

AFTER Amendment	BEFORE Amendment	Explanation
Article 5 Unless otherwise provided in Articles of Incorporation, in the election of directors of the Company, each share shall have voting rights equivalent to the number of seats to be elected directors and such voting rights can be combined to vote for one person or divided to vote for several persons.	Article 5 Unless otherwise provided in Articles of Incorporation, in the election of directors and supervisors of the Company, each share shall have voting rights equivalent to the number of seats to be elected directors or supervisors and such voting rights can be combined to vote for one person or divided to vote for several persons.	
Article 6 The directors shall be elected by the shareholders' meeting from among the persons with disposing capacity. The number of directors will be as specified in the Company's Articles of Incorporation, with voting rights separately calculated and to be elected together for independent and non-independent director positions. Those receiving ballots representing the highest numbers of voting rights will be elected independent and non-independent director sequentially according to their respective numbers of votes. When two or more persons receive the same number of votes, thus exceeding the specified number of positions, they shall draw lots to determine the winner, with the Chairman drawing lots on behalf of any person not in attendance.	Article 6 The directors and supervisors shall be elected by the shareholders' meeting from among the persons with disposing capacity. The number of directors and supervisors will be as specified in the Company's Articles of Incorporation, with voting rights separately calculated for director or supervisor positions. Those receiving ballots representing the highest numbers of voting rights will be elected director or supervisor sequentially according to their respective numbers of votes. When two or more persons receive the same number of votes, thus exceeding the specified number of positions, they shall draw lots to determine the winner, with the Chairman drawing lots on behalf of any person not in attendance.	1. To comply with the letter of Jin-Guan-Zheng-Fa No.10200531121 promulgated by FSC on December 31, 2013, it is regulated to establish the Audit Committee to replace the Supervisors. 2. The voting rights of independent and non-independent director positions are calculated separately, to which the wording of reference example prepared by the competent authority is amended.
Article 8 Before the election begins, the chair shall appoint a number of persons to perform the respective duties of vote monitoring and counting personnel.	Article 8 Before the election begins, the chairman shall appoint some persons with shareholder status to perform the specific duties such as vote monitoring, calling-out and counting.	To simplify election operation, a number of practicle provisions are referred to and the regulation of calling-out ballot concerned is deleted.
Article 10 If a candidate is a shareholder, a voter must enter the candidate's account name and shareholder account number in the "candidate" column of the ballot;	Article 10 If a candidate is a shareholder, a voter must enter the candidate's account name and shareholder account number in the "candidate" column of the ballot;	1. Due to the consistency of the wording of the Rules, the wording of "election ballot" is amended to be "ballot". 2. Chinese word missed out is

AFTER Amendment	BEFORE Amendment	Explanation
for a non-shareholder, the voter shall enter the candidate's full name and identity card number. However, when the candidate is a governmental organization or juristic-person shareholder, the name of the governmental organization or juristic-person shareholder shall be entered in the column for the candidate's account name in the ballot paper, or both the name of the governmental organization or juristic-person shareholder and the name of its representative may be entered. When there are multiple representatives, the names of each respective representative shall be entered.	for a non-shareholder, the voter shall enter the candidate's full name and identity card number. However, when the candidate is a governmental organization or juristic-person shareholder, the name of the governmental organization or juristic-person shareholder shall be entered in the column for the candidate's account name in the election ballot paper, or both the name of the governmental organization or juristic-person shareholder and the name of its representative may be entered. When there are multiple representatives, the names of each respective representative shall be entered.	added.
Article 11 Ballots shall be deemed void under the following contions: 1. Ballots not specified by the Rules. 2. A blank ballot is placed in the ballot box; ballots not placed in the ballot box. 3. Ballot is stained, recorded unclearly, has errors or omissions, or is altered.. 4. The candidate whose name is entered in the ballot is a shareholder, but the candidate's account name and shareholder account number do not conform with those given in the shareholder register, or the candidate whose name is entered in the ballot is a non-shareholder, and a cross-check shows that the candidate's name or designation and uniform number do not match. 5. Other words or marks are entered in addition to the candidate's account name (name or designation) or shareholder account number (uniform number) and the number of voting rights allotted.	Article 11 Ballots shall be deemed void under the following contions: 1. Ballots not specified by the Rules. 2. A blank ballot is placed in the ballot box. 3. The writing is unclearly and indecipherably. 4. The candidate whose name is entered in the ballot is a shareholder, but the candidate's account name and shareholder account number do not conform with those given in the shareholder register, or the candidate whose name is entered in the ballot is a non-shareholder, and a cross-check shows that the candidate's name and identity card number do not match. 5. Other words or marks are entered in addition to the candidate's account name or shareholder account number (identity card number) and the number of voting rights allotted. 6. The candidate's account name (name) or shareholder account number (identity card number) not filled in the	To make the conditions of void of ballot clear and complete, the related subparagraphs be amended and 8th, 9th subparagraph are added.

AFTER Amendment	BEFORE Amendment	Explanation
6. The candidate's account name (name or designation) or shareholder account number (uniform number) not filled in the ballot. 7. Illegible writing 8. The same ballot to be filled in the ballot 2 or at least 2 candidates. 9. The total votes cast by the voter exceeding the total voting rights of such voter.	ballot. 7. Illegible writing.	
Article 12 The election of directors, after casting votes, shall be ended up with opening the ballot boxes by monitoring and counting the votes by counting personnel simultaneously.	Article 12 The election of directors and supervisors shall be held with setting up the ballot boxes separately. The monitoring and counting personnel shall open the ballot boxes simultaneously after casting votes, separately.	1. To delete this Article with respect to Supervisors as regulated. 2. To simplify election operation, the provision, with respect to the calling-out ballot, be deleted and some wording of Article 12 be amended.
Article 13 The list of persons elected as directors of the Company, shall be announced by the chairman on the site after the end of the poll. The ballots for the election referred to in the preceding paragraph shall be all sealed in an envelope bag with the signatures of the monitoring personnel and kept in proper custody for at least one year. If, however, a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the ballots shall be retained until the conclusion of the litigation.	Article 13 Calling-out and counting the ballots shall be supervised by the monitoring personnel, and the list of persons elected as directors which they were elected, shall be announced by the chairman on the site after the end of the poll.	1. To simplify election operation, a number of practicle provisions are referred to and the regulation of calling-out ballot concerned is deleted. 2. The second paragraph is added in accordance with the sample prepared by the competent authority.
Article 14 These Rules, and any amendments hereto, shall be implemented after approval by a shareholders meeting.	Article 14 The Company's Board of Directors shall issue notification to each director and supervisor elected.	1. The original Article 14 is deleted to conform to the reality. 2. The original Article 15 is moved forward to Article 14.
	Article 15: These Rules, and any amendments hereto, shall be implemented after approval by a shareholders meeting.	

Resolution:

Case 2 (Proposed by the Board of Directors)

Proposal: Election of directors for the new term is requested

Explanation:

1. In accordance with the Articles of Incorporation of the Company, the Company has 7 to 11 directors (including 2 to 3 independent directors) whose tenure of office is 3 years. The tenure of Directors and Supervisors of the Seventeenth term (this term) has lapsed, and all Directors shall be totally re-elected at 2018 Shareholders' Meeting.
2. The term of the newly elected 9 Directors (including 3 independent directors) of the eighteenth term is 3 years, effective from June 28, 2018 to June 27, 2021.
3. According to the Articles of Incorporation of the Company, independent directors shall be elected by adopting a candidate nomination system, and the Independent Directors candidates roster has been examined and passed by the Board of Directors on May 17, 2018. List of Director candidates and their related information are specified from page 76 to 80 of the Handbook.
4. Please conduct the election.

The result of the election:

Case 3 (Proposed by the Board of Directors)

Proposal: Waiver of the non-competition restriction on newly elected directors of the Company

Explanation:

1. According to Article 209 of the Company Act, a director who does anything for himself or on behalf of another person that is within the scope of the Company's business, shall explain to the Shareholders' Meeting the essential content of such an act and secures its approval. It is proposed to approve the waiver of the non-competition restriction on newly elected directors (independent directors included).
2. The content of waiver of the non-competition restriction of all Director (Independent Directors included) candidates of the Eighteenth term of the Company, please refers to page 81 to 82 of the Handbook. Nevertheless, only the newly elected Directors (Independent Directors included) are subject to the waiver of the non-competition restriction.

Resolution:

Case 4 (Proposed by the Board of Directors)

Proposal: Please discuss the amendment to "the Articles of Incorporation" of the Company

Explanation: To reflect the establishment of an audit committee by the Company to replace supervisors in accordance with the Financial Supervisory Commission indicated in the letter of Jin-Guan-Zheng-Fa No.10200531121 on December 31, 2013, it is proposed to amend "the Articles of Incorporation" of the Company. Please refer to the comparison table of "the Articles of Incorporation" before and after amendments.

The comparison table of amendment to the Articles of "the Articles of Incorporation" of the Company

AFTER Amendment	BEFORE Amendment	Explanation
Article 16: The chairman of the Board of Directors presides as the chair of Shareholders' meeting. In the event that the chairman is on a leave of absence, or is unable to exercise his powers and authorities, the vice chairman of the Directors shall act in lieu of the chairman. If the vice chairman of the Directors is also on a leave of absence, or cannot exercise his powers and authorities, the chairman shall designate a Director to chair such general meeting. If the chairman does not designate a proxy, the Directors shall select one from among themselves to act as the chair. If a general shareholders' meeting is called by any person(s) other than the Directors, the person(s) who has called the meeting shall preside as the chair of such general meeting; and if there is more than one person who called a general meeting, such persons shall elect one from among themselves to act as the chair of such general meeting.	Article 16: The chairman of the Board of Directors presides as the chair of Shareholders' meeting. In the event that the chairman is on a leave of absence, or is unable to exercise his powers and authorities, the chairman shall designate a Director to chair such general meeting. If the chairman does not designate a proxy, the Directors shall select one from among themselves to act as the chair. If a general shareholders' meeting is called by any person(s) other than the Directors, the person(s) who has called the meeting shall preside as the chair of such general meeting; and if there is more than one person who called a general meeting, such persons shall elect one from among themselves to act as the chair of such general meeting.	To match with the establishment of vice chairman.

AFTER Amendment	BEFORE Amendment	Explanation
Article 20: The Company shall have 7 to 15 directors, to be elected by the shareholders' meeting from among candidates with legal capacity. The aggregate shareholding percentages of the entire bodies of directors shall comply with the regulations prescribed by the securities supervisory authorities. The Company's independent directors shall be 2 to 4 in number and shall not less than one-fifth of directors seats, and the method of nomination and election together with other matters for compliance with respect to independent directors shall be prescribed by the Company Act and the security competent authority. The Board of Directors shall set up an audit committee, which consists of all independent directors, and its powers and related matters shall be stipulated by the Securities and Exchange Act and other applicable laws.	Article 20: The Company shall have 7 to 11 directors, to be elected by the shareholders' meeting from among candidates with legal capacity. The aggregate shareholding percentages of the entire bodies of directors shall comply with the regulations prescribed by the securities supervisory authorities.	1. The upper limit of the number of directors is promoted to 15 directors. 2. To comply with the establishment of the Audit Committee of the Company to replace the Supervisors and to Simplify the number of Articles, it is proposed that the regulations in connection with directors, independent directors and Audit Committee are combined together into one Article, and current Article 20-1 is moved to the second paragraph of Article 20 and some wording is amended. 3. According to FSC indicated in the letter of Jin-Guan-Zheng-FA No.10200531121 on December 31, 2013, it is regulated to establish the Audit Committee, thus the third paragraph of Article 20 is added.
(Current Article Deleted)	Article 20-1: Pursuant to the provisions of Securities and Exchange Act, the Company's board of directors shall include 2 to 3 independent, at least 1/5 of total directors. The election of independent directors shall be based on a candidate nomination system. Other related matters shall proceed in accordance with the regulations of competent authorities.	This Article is moved to the second paragraph of Article 20 and some wording is amended. Consequently, this Article is deleted.
Article 21: The Board of Directors is composed of Directors from which a chairman shall be selected by a majority vote at a meeting attended by over two-thirds of the Directors, and a vice chairman may also be elected in the same manner. The chairman shall externally represent the Company.	Article 21: The Board of Directors is composed of Directors from which a chairman shall be selected by a majority vote at a meeting attended by over two-thirds of the Directors. The chairman shall externally represent the Company.	To match with the establishment of vice chairman.

AFTER Amendment	BEFORE Amendment	Explanation
Article 22: Meetings of the board of directors shall be called once per quarter; though in emergency situations, a meeting may be called whenever necessary. Except for the first meeting of the board of directors of every new term, all other meetings of the board of directors shall be convened and presided by the chairman of the board of directors. If the chairman of the board is on leave or cannot perform his duties for some reason, the vice chairman of the Directors shall act in lieu of the chairman. If the vice chairman of the Directors is also on a leave of absence, or cannot exercise his powers and authorities, the chairman of the board of directors shall designate one director. If the chairman of the board of directors does not designate a proxy, the chairman shall be elected from among the directors present.	Article 22: Meetings of the board of directors shall be called once per quarter; though in emergency situations, a meeting may be called whenever necessary. Except for the first meeting of the board of directors of every new term, all other meetings of the board of directors shall be convened and presided by the chairman of the board of directors. If the chairman of the board is on leave or cannot perform his duties for some reason, the chairman of the board of directors shall designate one director. If the chairman of the board of directors does not designate a proxy, the chairman shall be elected from among the directors present.	To match with the establishment of vice chairman.
(Current Article Deleted)	Article 26: (Deleted) Chapter 5 Supervisors Article 27~Article 33 (Omitted)	To comply with the establishment of the Audit Committee to replace the Supervisors, it is regulated to delete all Articles of Chapter 5, which is related with the Supervisors.
Chapter 5 Managers Article 26: (Omitted)	Chapter 6 Managers Article 31~Article 32: (Omitted)	The serial number of Chapter and Articles is adjusted.
Chapter 6 Accounting Article 27: (Omitted)	Chapter 7 Accounting Article 33: (Omitted)	
Article 28: After the close of each year, the following reports shall be prepared by the board of directors and submitted to the general shareholders' meeting for ratification in accordance with regulations. 1. Business Report 2. Financial Statements 3. Proposal Concerning	Article 34: After the close of each fiscal year, the following reports shall be prepared by the board of directors and submitted to the supervisors for review 30 days prior to the general shareholders' meeting. Supervisors shall prepare the review report accordingly and submit it to the general shareholders' meeting for reviewing and for ratification:	1. To adjust the serial number of Chapter and Articles. 2. In compliance with the establishment of the Company's Audit Committee to replace the Supervisors, some wording related with Supervisors is deleted and amended to some extent accordingly.

AFTER Amendment	BEFORE Amendment	Explanation
Appropriation of Net Profits or Recovering of Losses	1. Business Report 2. Financial Statements 3. Proposal Concerning Appropriation of Net Profits or Recovering of Losses	
Article 29: If the Company makes profits in a fiscal year, it shall appropriate at least 1% as the remuneration of employees by share or cash, determined by the Board of Directors; the Company may request Remuneration Committee to submit the proposal for up to 1% of the earnings mentioned above as the remuneration of directors to the Board of Directors for resolution. The distribution of remuneration of employees and directors shall be reported in the Shareholders' Meeting. However, the distribution of remuneration of employees and directors based on the ratio mentioned in the preceding paragraph shall be made after deducting the reserve for offsetting the accumulated losses, if any.	Article 35: If the Company makes profits in a fiscal year, it shall appropriate at least 1% as the remuneration of employees by share or cash, determined by the Board of Directors; the Company may request Remuneration Committee to submit the proposal for up to 1% of the earnings mentioned above as the remuneration of directors and supervisors to the Board of Directors for resolution. The distribution of remuneration of employees and directors and supervisors shall be reported in the Shareholders' Meeting. However, the distribution of remuneration of employees and directors and supervisors based on the ratio mentioned in the preceding paragraph shall be made after deducting the reserve for offsetting the accumulated losses, if any.	
Article 29-1~Article 29-2 (Omitted)	Article 35-1~Article 35-2 (Omitted)	
Article 30: The remuneration of directors and employees shall be paid regardless of profit or losses	Article 36: The remuneration of directors, supervisors and employees shall be paid regardless of profits or losses.	
Article 30-1: The board of directors is authorized to reach an agreement that the remuneration of directors (including the chairman) shall refer to the recommendation of Remuneration Committee and the normal standards in the same industry.	Article 36-1: The board of directors is authorized to reach an agreement that the remuneration of directors (including the chairman) and supervisors shall refer to the recommendation of Remuneration Committee and the normal standards in the same industry.	

AFTER Amendment	BEFORE Amendment	Explanation
Chapter 7: Supplementary Provisions Article 31~Article 33: (Omitted)	Chapter 8: Supplementary Provisions Article 37~Article 40: (Omitted)	The serial number of Chapter and Articles is adjusted.
Article 34: These Articles of Incorporation were enacted on June 16, 1966, ... (The previous amendments omitted) The 45th amendment is made on June 28, 2018.	Article 41: (Omitted) In compliance with Article 14-4 of Securities and Exchange Act and Article 12 of Regulations Governing Exercise of Power by Audit Committee of Public Companies, these Articles of Incorporation, which are in relation to the establishment of the Audit Committee, shall repeal the establishment of Supervisors and the related Articles concerning the Supervisors at the time when the Audit committee is commenced.	1. The serial number of Article is adjusted. 2. In order to simplify Article, the content of the related Articles is amended accordingly. 3. In compliance with the establishment of the Audit Committee of the Company to replace officially the Supervisors, the content of transitional provisions is deleted accordingly.

Resolution:

Case 5 (Proposed by the Board of Directors)

Proposal: Please discuss the amendment to "Regulations Governing Shareholders' Meeting" of the Company

Explanation: To reflect the establishment of an audit committee by the Company to replace supervisors in accordance with the Financial Supervisory Commission indicated in the letter of Jin-Guan-Zheng-Fa No.10200531121 on December 31, 2013, it is proposed to amend "Regulations Governing Shareholders' Meeting" of the Company. Please refer to the comparion table as follows:

The comparison table of amendment to the Articles of "Regulations Governing Shareholders' Meeting" of the Company

AFTER Amendment	BEFORE Amendment	Explanation
Article 14 The persons for supervising the casting of votes and the counting thereof for resolutions shall be designated by the chairman, provided, however, that the person supervising the casting of votes shall be a shareholder. The vote counting process of the voting and election shall be announced at the venue of the meeting once completed, including the weights. And the result of the vote counting process shall be recorded. The election of directors shall be held in accordance with election regulations formulated by the Company. The result of the election shall be announced at the scene, including the list of elected directors and the weights. The votes mentioned in the preceding paragraph shall be sealed and signed by the tellers and kept for at least a year. The litigations brought by shareholders in accordance with Article 189 of Company Act shall be recorded until closed.	Article 14 The persons for supervising the casting of votes and the counting thereof for resolutions shall be designated by the chairman, provided, however, that the person supervising the casting of votes shall be a shareholder. The vote counting process of the voting and election shall be announced at the venue of the meeting once completed, including the weights. And the result of the vote counting process shall be recorded. The election of directors and supervisors shall be held in accordance with election regulations formulated by the Company. The result of the election shall be announced at the scene, including the list of elected directors and supervisors and the weights. The votes mentioned in the preceding paragraph shall be sealed and signed by the tellers and kept for at least a year. The litigations brought by shareholders in accordance with Article 189 of Company Act shall be recorded until closed.	1. To comply with the establishment of the Audit Committee to replace the Supervisors in accordance with the letter of No.10200531121 promulgated by FSC on December 31, 2013. 2. The amendment is adopted since the Company's Directors are re-elected in 2018, thus the regulations in connection with the Supervisors in the second paragraph of this Article are deleted.

AFTER Amendment	BEFORE Amendment	Explanation
Article 16 Unless otherwise specified in the Company Act and the Articles of Association, resolutions shall be adopted by a majority of the votes represented by the attending shareholders.	Article 16 Unless otherwise specified in the Company Act and the Articles of Incorporation, resolutions shall be adopted by a majority of the votes represented by the attending shareholders. The resolution shall be deemed adopted and shall have the same effect as if it was voted by casting ballots if no objection is voiced after inquiry by the chairman.	1. According to the letter of Jin-Guan-Zheng-Giao No.1020038442 promulgated by FSC, any company with electronic voting in the Shareholders' meeting shall come to resolution to the proposal if the shareholders of electronic voting express cons or waiver to the proposal. 2. To comply with Article 8 of the Company's Practical Rules of Governance, it is not necessary to make any distinction whether the shareholders express objection to the proposal or not, instead the Company should adopt the proper ballot voting model to resolve any proposal. Accordingly, the second paragraph of this Article is deleted.

Resolution:

Case 6 (Proposed by the Board of Directors)

Proposal: Please discuss the amendment to "Handling Procedures for Acquisition and Disposal of Assets" of the Company

Explanation: To reflect the establishment of an audit committee by the Company to replace supervisors in accordance with the Financial Supervisory Commission indicated in the letter of Jin-Guan-Zheng-Fa No.10200531121 on December 31, 2013, it is proposed to amend "Handling Procedures for Acquisition and Disposal of Assets" of the Company. Please refer to the comparion table as follows:

The comparison table of amendment to the Articles of "Handling Procedures for Acquisition and Disposal of Assets" of the Company

AFTER Amendment	BEFORE Amendment	Explanation
Article 14 When the Company acquires or disposes of real estate from a Related Party or when it intends to acquire or dispose of assets other than real estate from or to a Related Party and the transaction amount reaches 20% or more of the Company's paid-in capital, 10% or more of the Company's total assets, or NT$300 million or more, except for trading government bonds or bonds under repurchase/resale agreements and purchasing or redeeming domestic money market funds in Taiwan, the Company may not proceed to enter into a transaction contract or make a payment until the following matters have been approved by the Audit Committee and recognized by the Board: 1. The purpose, necessity and anticipated benefit of the property acquisition or disposal. 2. The reason for choosing the Related Party as a trading counterparty. 3. With respect to the acquisition of real estate from a Related Party, information	Article 14 When the Company acquires or disposes of real estate from a Related Party or when it intends to acquire or dispose of assets other than real estate from or to a Related Party and the transaction amount reaches 20% or more of the Company's paid-in capital, 10% or more of the Company's total assets, or NT$300 million or more, except for trading government bonds or bonds under repurchase/resale agreements and purchasing or redeeming domestic money market funds in Taiwan, the Company may not proceed to enter into a transaction contract or make a payment until the following matters have been approved by the Board and ratified by the Supervisors: 1. The purpose, necessity and anticipated benefit of the property acquisition or disposal. 2. The reason for choosing the Related Party as a trading counterparty. 3. With respect to the acquisition of real estate from a Related Party, information	1. To comply with the establishment of the Audit Committee to replace the Supervisors in accordance with the letter of No.10200531121 promulgated by FSC on December 31, 2013. 2. The amendment is adopted since the Company's Independent Directors who organize the Audit Committee are re-elected in 2018, thus the regulations in connection with the Supervisors are deleted. Due to the establishment that the Supervisors are replaced by the Audit Committee, some wording in the system example of the Audit Committee is adjusted. 3. Again, the proposal should be resolved first and then sumitted to the Board for approval, thus the procedures should be clarified in sequential number.

AFTER Amendment	BEFORE Amendment	Explanation
regarding appraisal of the reasonableness of the preliminary transaction terms in accordance with Articles 10-3 and 10-4.	regarding appraisal of the reasonableness of the preliminary transaction terms in accordance with Articles 10-3 and 10-4.	
4. The date and price at which the Related Party originally acquired the real estate, the original trading counterparty, and that trading counterparty's relationship to the Company and the Related Party.	4. The date and price at which the Related Party originally acquired the real estate, the original trading counterparty, and that trading counterparty's relationship to the Company and the Related Party.	
5. Monthly cash flow forecasts for the year commencing from the anticipated month of signing of the contract, and evaluation of the necessity of the transaction, and reasonableness of the funds utilization.	5. Monthly cash flow forecasts for the year commencing from the anticipated month of signing of the contract, and evaluation of the necessity of the transaction, and reasonableness of the funds utilization.	
6. An appraisal report from a professional appraiser or a CPA's opinion obtained in compliance with the preceding paragraph.	6. An appraisal report from a professional appraiser or a CPA's opinion obtained in compliance with the preceding paragraph.	
7. Restrictive covenants and other important stipulations associated with the transaction.	7. Restrictive covenants and other important stipulations associated with the transaction.	
The calculation of the transaction amounts referred to in the preceding paragraph shall be made in accordance with Paragraph 2, Article 32 herein, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items that have been approved by the Audit Committee and recognized by the Board need not be counted toward the transaction amount.	The calculation of the transaction amounts referred to in the preceding paragraph shall be made in accordance with Paragraph 2, Article 32 herein, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items that have been approved by the Board and ratified by the Supervisors need not be counted toward the transaction amount.	
With respect to the acquisition or disposal of business-use equipment between the Company and its subsidiaries, the Company's Board may delegate the Board Chairperson to decide such matters when the transaction is within amount of NT$300,000,000 and have the decisions subsequently submitted to and ratified by the next Board meeting. When an acquisition of	With respect to the acquisition or disposal of business-use equipment between the Company and its subsidiaries, the Company's Board may delegate the Board Chairperson to decide such matters when the transaction is within amount of NT$300,000,000 and have the decisions subsequently submitted to and ratified by the next Board meeting. When an acquisition of	

AFTER Amendment	BEFORE Amendment	Explanation
real estate from a Related Party is submitted for discussion by the Board pursuant to the first paragraph, the Board shall take into full consideration each Independent Director's opinions. If an Independent Director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the Board meeting. The material asset transactions pursuant to the first paragraph, submitted by the Company to the Board for approval, shall be approved by more than half of all Audit Committee members first and then submitted to the Board for approval. If approval of more than half of all Audit Committee members as required in the preceding paragraph is not obtained, such asset transaction could be approved by more than two-thirds of all directors, and the resolution of the Audit Committee shall be recorded in the Minutes of the Board of Directors' Meeting.	real estate from a Related Party is submitted for discussion by the Board pursuant to the first paragraph, if the Company establishes the position of independent directors the Board shall take into full consideration each Independent Director's opinions. If an Independent Director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the Board meeting. If the Company establishes the Audit Committee, the material asset transactions in the first paragraph, required to be ratified by supervisors, shall be approved by more than half of all Audit Committee members first and then submitted to the Board for approval. If approval of more than half of all Audit Committee members as required in the preceding paragraph is not obtained, such asset transaction could be approved by more than two-thirds of all directors, and the resolution of the Audit Committee shall be recorded in the Minutes of the Board of Directors' Meeting.	
Article 17 Where the Company acquires real estate from a Related Party and the results of appraisals conducted in accordance with the provisions of Article 15 and Article 16 are uniformly lower than the transaction price, the following steps shall be taken: 1. A special reserve shall be set aside in accordance with the applicable laws, rules, and regulations against the difference between the real estate transaction price and the appraised cost, and may not be distributed or used for capital increase or issuance of bonus shares. Where a public company uses the equity method to account for its investment in the Company, then the special	Article 17 Where the Company acquires real estate from a Related Party and the results of appraisals conducted in accordance with the provisions of Article 15 and Article 16 are uniformly lower than the transaction price, the following steps shall be taken: 1. A special reserve shall be set aside in accordance with the applicable laws, rules, and regulations against the difference between the real estate transaction price and the appraised cost, and may not be distributed or used for capital increase or issuance of bonus shares. Where a public company uses the equity method to account for its investment in the Company, then the special	1. To comply with the letter of No.10200531121 promulgated by FSC on December 31, 2013, it is regulated to establish the Audit Committee to replace the Supervisors. 2. The provision of Article 218 of the Company Act is regulated for the Supervisors, thus some wording is required to describe the content of this Article in order that the reality is in compliance with the formation.

AFTER Amendment	BEFORE Amendment	Explanation
reserve shall be set aside pro rata in a proportion in accordance with the applicable laws, rules, and regulations. 2. The Audit Committee shall supervise the execution in the preceding subparagraph. 3. Actions taken pursuant to subparagraph 1 and 2 shall be reported to a shareholders meeting, and the details of the transaction shall be disclosed in the annual report and any investment prospectus. The Company that has set aside a special reserve under the preceding paragraph may not utilize the special reserve until it has recognized a loss on decline in market value of the assets it purchased at a premium, or they have been disposed of, or adequate compensation has been made, or the status quo ante has been restored, or there is other evidence confirming that there was nothing unreasonable about the transaction, and got the Taiwan authority's consent. When the Company obtains real estate from a Related Party, it shall also comply with the provisions of the preceding two paragraphs if there is other evidence indicating that the acquisition was not an arm's length transaction.	reserve shall be set aside pro rata in a proportion in accordance with the applicable laws, rules, and regulations. 2. The supervisors shall comply with the provisions stipulated in Article 218 of the Company Act. 3. Actions taken pursuant to subparagraph 1 and 2 shall be reported to a shareholders meeting, and the details of the transaction shall be disclosed in the annual report and any investment prospectus. The Company that has set aside a special reserve under the preceding paragraph may not utilize the special reserve until it has recognized a loss on decline in market value of the assets it purchased at a premium, or they have been disposed of, or adequate compensation has been made, or the status quo ante has been restored, or there is other evidence confirming that there was nothing unreasonable about the transaction, and got the Taiwan authority's consent. When the Company obtains real estate from a Related Party, it shall also comply with the provisions of the preceding two paragraphs if there is other evidence indicating that the acquisition was not an arm's length transaction.	
Article 23 The Company shall have in place a review journal for derivatives transactions and keep loggings of the types, amounts, board of directors' approval dates, and other issues to be prudent with for future reference. The Company's internal auditors should be regularly informed of derivative transactions and have to provide a monthly audit report of trading department transactions as well as the	Article 23 The Company shall have in place a review journal for derivatives transactions and keep loggings of the types, amounts, board of directors' approval dates, and other issues to be prudent with for future reference. The Company's internal auditors should be regularly informed of derivative transactions and have to provide a monthly audit report of trading department transactions as well as the	To comply with the letter of No.10200531121 promulgated by FSC on December 31, 2013, it is regulated to establish the Audit Committee to replace the Supervisors.

AFTER Amendment	BEFORE Amendment	Explanation
process of derivative transactions. if any major irregularities are discovered, the auditors must notify the Audit Committee in writing.	process of derivative transactions. if any major irregularities are discovered, the auditors must notify each supervisor in writing.	
Article 37 The Procedures shall be passed by the Audit Committee and the Board of Directors and then be submitted to the Shareholders' Meeting for final approval and then put into effect. When the Procedures is amended, the same procedures shall be applied. If an Independent Director objects to or expresses reservation, the opinions shall be recorded in the minutes of the Board meeting.	Article 37 The Procedures shall be passed by the Board of Directors and then be submitted to the Shareholders' Meeting for final approval after submitting to each Supervisor. When the Procedures is amended, the same procedures shall be applied. Any objection by the Directors which is recorded or in writing shall be submitted to each Supervisor. If the Company establishes' the position of the Independent Directors, the Procedures, pursuant to the provisions in the preceding paragraph, shall be submitted to the Board for discussion. The Board of Directors shall take into full consideration each Independent Director's opinions. If an Independent Director objects to or expresses reservations about any matter, the approval or reason of objection be recorded in the minutes of the Board meeting.	1. To comply with the letter of No.10200531121 promulgated by FSC on December 31, 2013, it is regulated to establish the Audit Committee to replace the Supervisors. 2. The Audit Committee adopts the pre-auditing system before the Board is held, which is different from the post-auditing system before amendment; the opinion, in the Security Exchange Act and Handling Rules promulgated from Security Exchange Commission, of "Cons" or "Reservation" is different from that of "Pros" or "Cons" in the current Article, thus the amendment is simply treated at same time.
Article 38 Where the acquisition and disposal of assets by the Company pursuant to the Procedures and other laws shall be approved by the Board and if any Indirect Director objects to or express reservations about any matter, the opinions thereof and reasons therefore shall be recorded in the Minutes of Board Meeting. The Company's material assets or derivatives dealings shall be approved by the Audit Committee with the votes of at least half of all members of the Audit Committee and be submitted to the Board for approval. If the aforementioned	Article 38 Where the acquisition and disposal of assets by the Company pursuant to the Procedures and other laws shall be approved by the Board, any objection by the Directors which is recorded or in writing shall be delivered to each Supervisor. If the Company has an independent director, the opinion of each independent director shall be fully taken into consideration when the transaction of acquisition and disposal of assets is under discussion for approval. The opinions thereof and the reasons therefore shall be recorded in the Minutes of Board	1. To comply with the letter of No.10200531121 promulgated by FSC on December 31, 2013, it is regulated to establish the Audit Committee to replace the Supervisors, thus the wording is amended and simply treated. And two paragraphs of the current Article be combined into one paragraph to comply with the regulations and the wording of example. 2. The second paragraph is added with respect to the resolution barrier of "Material Assets or the Dealing of Derivative" to comply with the third paragraph of Article 8 of

AFTER Amendment	BEFORE Amendment	Explanation
asset or derivatives dealing do not approved with the votes of at least half of all members of the Audit Committee but with the votes of at least two-thirds of all of Directors, the resolution by the Audit Committee be recorded in the Minutes of Board meeting.	Meeting.	"Handling Standards of Acquisition or Disposal of Assets of Publicly Traded Company".

Resolution:

Case 7 (Proposed by the Board of Directors)

Proposal: Please discuss the amendment to "Handling Procedures for Lending Funds to Other Parties and Making of Endorsements and Guarantee" of the Company

Explanation: To reflect the establishment of an audit committee by the Company to replace supervisors in accordance with the Financial Supervisory Commission indicated in the letter of Jin-Guan-Zheng-Fa No.10200531121 on December 31, 2013, it is proposed to amend "Handling Procedures for Lending Funds to Other Parties and Making of Endorsements and Guarantee" of the Company. Please refer to the comparion table as follows:

The comparison table of amendment to the Articles of "Handling Procedures for Lending Funds to Other Parties and Making of Endorsements and Guarantee" of the Company

AFTER Amendment	BEFORE Amendment	Explanation
Article 8 The Procedures and any amendment thereof shall be effective upon approval by the Audit Committee first and then by Board of Directors, subject to the ordinary resolution in the general meeting. Any objection by the Directors which is recorded or in writing shall be submitted to the Audit Committee and for discussion by the Shareholders' Meeting. The same shall apply to any amendments to the Procedures. The Procedures shall be submitted to the Board of Directors for discussion pursuant to the provisions in the preceding paragraph, the Board of Directors shall take into full consideration each independent Director's opinions. If an Independent Director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the board of directors meeting.	Article 8 The Procedures and any amendment thereof shall be effective upon approval by Board of Directors first and then by each Supervisor, subject to the ordinary resolution in the general meeting. Any objection by the Directors which is recorded or in writing shall be submitted to each supervisor and for discussion by the Shareholders' Meeting. The same shall apply to any amendments to the Procedures. If the Company establishes the position of Independent Directors afterwards, the Procedures shall be submitted to the Board of Directors for discussion pursuant to the provisions in the preceding paragraph, the Board of Directors shall take into full consideration each independent Director's opinions. If an Independent Director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the board of directors meeting.	1. To comply with the letter of No.10200531121 promulgated by FSC on December 31, 2013, it is regulated to establish the Audit Committee to replace the Supervisors. 2. The amendment is adopted since the Company's Independent Directors to organize the Audit Committee are re-elected in 2018, thus the regulations in connection with the Supervisors are deleted and replaced by the Audit Committee. 3. Again, the proposal should be resolved first and then sumitted to the Board for approval, under the system of pre-auditing, thus the procedures should be clarified in sequential number. 4. The Company is required to establish the position of Independent Director, thus the wording of "establishes

AFTER Amendment	BEFORE Amendment	Explanation
		the position of Independent Directors afterwards" is deleted.
Article 12 Subsequent measures for management of loans, and procedures for handling delinquent creditor's rights: 1. Finance unit shall prepare the statement of loans to others every quarter and submitted to the Board of Directors, and shall make sufficient provision based on the condition of the Company's lending profile in accordance with GAAP, adequately disclose information in the financial statements, and provide CPA with necessary information for conducting due auditing for the purpose of auditor's report which is presented fairly. 2. Internal auditors shall perform auditing on the procedures and the implementation of the Procedures by regular time and produce written auditing reports. Should there be any violation found, seriously a written report is needed to notify the Audit Committee and then to notify Financial Security Commission by the Audit Committee. 3. If the Company has overdue receivables which is still dunning and uncollectible, then the Company shall take recovery action for which a legal solution is sought to the debtor, in order to protect the right and interests of the Company.	Article 12 Subsequent measures for management of loans, and procedures for handling delinquent creditor's rights: 1. Finance unit shall prepare the statement of loans to others every quarter and submitted to the Board of Directors, and shall make sufficient provision based on the condition of the Company's lending profile in accordance with GAAP, adequately disclose information in the financial statements, and provide CPA with necessary information for conducting due auditing for the purpose of auditor's report which is presented fairly. 2. Internal auditors shall perform auditing on the procedures and the implementation of the Procedures by regular time and produce written auditing reports. Should there be any violation found seriously, a written report is needed to notify Supervisors and then to notify Financial Security Commission by Supervisors. 3. If the Company has overdue receivables which is still dunning and uncollectible, then the Company shall take recovery action for which a legal solution is sought to the debtor, in order to protect the right and interests of the Company.	1. To comply with the letter of No.10200531121 promulgated by FSC on December 31, 2013, it is regulated to establish the Audit Committee to replace the Supervisors. 2. The amendment is adopted since the Company's Independent Directors to organize the Audit Committee are re-elected in 2018, thus the regulations in connection with the Supervisors are deleted and replaced by the Audit Committee.
Article 17 The Company shall have in place a review journal for matters of funding-loan and keep loggings of the entity to which the Company may loan funds, amounts, board of directors' approval dates, the	Article 17 The Company shall have in place a review journal for matters of funding-loan and keep loggings of the entity to which the Company may loan funds, amounts, board of directors' approval dates, the	

AFTER Amendment	BEFORE Amendment	Explanation
day of funding-loan, and other issues to be prudent with for future reference pursuant to the provisions in the preceding paragraph. The Company's internal auditors should perform auditing on the Procedures and the implementation of the Procedures, which are related with the funding-loan, at least every quarter and produce written auditing reports. Should there be any significant violation found, a written report is needed to notify the Audit Committee.	day of funding-loan, and other issues to be prudent with for future reference pursuant to the provisions in the preceding paragraph. The Company's internal auditors should perform auditing on the Procedures and the implementation of the Procedures, which are related with the funding-loan, at least every quarter and produce written auditing reports. Should there be any significant violation found, a written report is needed to notify each Supervisor.	
Article 18 Should a borrower no longer satisfy the criteria set forth in the relevant regulations and/or the Procedures or there be any excess over the lending limit due to unexpected changes of the Company, a corrective plan has to be provided to the Audit Committee and the Board of Directors and the proposed correction actions should be implemented within the period specified in such plan. Should a endorsee/guarantee company no longer satisfy the criteria set forth in the relevant regulations and/or the Procedures or there be any excess over the endorsements/guarantee limit due to unexpected changes of the Company, a corrective plan has to be provided to the Audit Committee and the Board of Directors and the proposed correction actions should be implemented within the period specified in such plan.	Article 18 Should a borrower no longer satisfy the criteria set forth in the relevant regulations and/or the Procedures or there be any excess over the lending limit due to unexpected changes of the Company, a corrective plan has to be provided to each Supervisor and the proposed correction actions should be implemented within the period specified in such plan. Should a endorsee/guarantee company no longer satisfy the criteria set forth in the relevant regulations and/or the Procedures or there be any excess over the endorsements/guarantee limit due to unexpected changes of the Company, a corrective plan has to be provided to each Supervisor and the proposed correction actions should be implemented within the period specified in such plan.	
Article 22 The Department of Business Management of the Company should establish and maintain a memorandum book for its endorsement/guarantee activities and record in detail the following information for the record: the commitment of collateral, the	Article 22 The Department of Business Management of the Company should establish and maintain a memorandum book for its endorsement/guarantee activities and record in detail the following information for the record: the commitment of collateral, the	

AFTER Amendment	BEFORE Amendment	Explanation
entity for which the endorsement/guarantee is made, the outcome of risk evaluation, the amount of endorsement/guarantee, the content of collateral and the condition and date of discharging the liability of guarantee which are related with the cancellation and making of endorsement/guarantee. The Company's internal auditors should perform auditing on the Procedures and the implementation of the Procedures, which are related with endorsement/guarantee, at least every quarter and Produce written auditing report. Should there be any significant violation found, a written report is needed to notify the Audit Committee.	entity for which the endorsement/guarantee is made, the outcome of risk evaluation, the amount of endorsement/guarantee, the content of collateral and the condition and date of discharging the liability of guarantee which are related with the cancellation and making of endorsement/guarantee. The Company's internal auditors should perform auditing on the Procedures and the implementation of the Procedures, which are related with endorsement/guarantee, at least every quarter and Produce written auditing report. Should there be any significant violation found, a written report is needed to notify each Supervisor.	

Resolution:

Extempore Motions

Attachment

2017 Business Report

In 2017, the Company's consolidated revenue was NT$16,752,000,000, a decrease of 14.45 compared to the previous year; the net income after tax was almost NT$1,128,000,000 and the earnings per share was NT$2.76.

In terms of research and development, the cost of research and development in 2017 was about NT$483,000,000, an decrease of 19.2% compared to the previous year. We have committed ourselves to the research and development including high-speed elevators, heavy-load room less elevator development, villa ladder type development, elevator group supervisory control system upgrade development, pre-login service system development of car destination floor and video multimedia device development for elevator. This year, we will continue to intensify the functions of elevator control systems, to develop permanent magnet hosts designed for high-speed elevator, to optimize the system structure of elevator, to do the green energy design for elevator and to integrate the product compliance development.

Looking to the trend in 2018, in spite that the government restrains the adjustment of housing tax and some of the MRT lines will soon open to traffic, however, the real estate in Taiwan is facing the depletion of inventories and is affected by the rise of interest rates in USA. Another variable is that Central Bank will raise interest rates in the future, which is really hard to push forward the rising of the whole houses in Taiwan. Consequently, the real estate industry is still in the stage of correction. It is expected that the number of elevators sold in Taiwan would reach 3,128 units approximately. Due to the slow economic growth in Mainland China, the slowdown of investment, the gradual tightening of monetary policy and more stringent policy controls, it is expected that the housing market is not easy to rebound and the number of elevators sold in Mainland China would be about 11,500 units in 2018.

We still keep on adhereing to the business philosophy that Technology is No.1, Quality is No.1 and Service is No.1, as well as devoting ourselves to the implementation of green energy technology for the purpose of creating a new generation of environmental protection. We also sustain to be on duty for the whole year to handle the condition of elevator all day long, together with providing the best repair and maintenance service with smart mobile device. In spite that we are facing the uncertain operating environment, we still strive to develop replacement market for old elevators and further maximize profits for all shareholders. Lastly, may I extend our most heartfelt thanks to each shareholder and may you, continue to spur us on.

Wishing you all the best of health and success in your endeavors.

Chairman: Tso Li Hsu　　President: Fong Chieh Tsai　　Chief Accountant: Chun Hsu Chen

Supervisors' Review Report

The Board of Directors has prepared and submitted to us 2017 Business Report, Consolidated Balance Sheets, Statements of Comprehensive Income, Statements of Changes in Equity, Statements of Cash Flows (including Consolidated Financial Statements) and the Proposal for Earnings Distribution. We, the Supervisors, have duly examined the same as correct and accurate. We hereby report to the 2018 Annual Shareholders' Meeting in accordance with Article 219 of the Company Act.

Sincerely,
2018 Annual Shareholders' Meeting
Yungtay Engineering Co., Ltd.

Supervisors: Wann Lai Cheng 鄭萬來
Kuang Ming Chang

March 15, 2018

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Yungtay Engineering Co., Ltd.

Opinion

We have audited the accompanying consolidated financial statements of Yungtay Engineering Co., Ltd. and its subsidiaries (the "Company"), which comprise the consolidated balance sheets as of December 31, 2017, and 2016, and the consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of 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 Company 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 the 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 standard are further described in the section Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audits 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.

Recognition of sales

Please refer to Note 6(20) to the consolidated financial statements for the details of the information about the sale of goods associated with elevators and related maintenance, which accounts for 95.94% of the total operating revenue.

The main clients come from construction industry, which have already signed the contract with regard to the sales of elevator and maintenance. The timing for revenue recognition lies in the point when the elevator is installed completely and are examined and qualified by the competent authority, and the maintenance is recognized over time followed by the designated service time in accordance with the contract. Since the timing for revenue recognition and correct attribution of revenue is subject to the significant judgment and decision from the management, it has been identified a key audit matter.

Our key audit procedures performed in respect of the above area included: review the material contracts in order to evaluate the sales of elevators, maintenance and related products and services to be recognized in the right time and to be reasonable.

Evaluation of goodwill

The carrying amount of goodwill was $121,928 thousand as of December 31, 2017, please refer to Note 6(13) to the consolidated financial statements. The Company's goodwill has been tested for impairment at the end of the annual reporting period. For the purpose of impairment testing, goodwill is allocated to each of the Company's cash-generating units. The recoverable amount of a cash-generating unit to which goodwill is allocated relies on the management's judgment, including the forecast of the future sales, profit margin, the growth rate, the movement of other operating cost, estimation of future cash flows and annual pretax discount rates which are major assumptions of key assumption factors.

Our key audit procedures performed in respect of the above area included: by way of implementing the subsitative detail test to make sure that the management were doing

the right computation with regard to the impairment of a cash-generating unit to which goodwill was allocated, and re-calculating and evaluating the above-mentioned key assumption factors' correctness and reasonableness.

Evaluation of inventories

The carrying amount of inventories was NT$6,535,659 thousand, which accounted for 27% of the total assets in the consolidated balance sheet and could have a material impact on the consolidated financial statements. Inventories tended to be obsolete and caused damaged easily because of rapid development of technology in the production of elevator and uncertainty in the demand market. The estimate of net realizable value of inventories is subject to the management's subjective judgment. Consequently, the evaluation of inventories' measurement at the lower of cost or net realizable value, together with the provision of the allowance for the inventories decline loss, has been identified as a key audit matter.

Our key audit procedures performed in respect of the above area included: understood and tested the design and operating effectiveness of internal controls of inventories; obtained the evaluation data of net realizable value of inventories prepared by management; implemented the computation through the way of sampling to assure the correctness of the provision of the allowance for the inventories decline and verified and compared the contract price of recent actual sales to understood if there was any decline happened to the inventories. Moreover, observed year-end inventory physical count and executed sampling of inventory physical count to assess the adequacy of the methods used by management to identify and monitor if there was any obsolescent inventories.

Other Matter

We have also audited the parent company only financial statements of Yungtay Engineering Co., Ltd. as of and for 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 Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, of has no realistic alternative but to do so.

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

Auditors' Responsibilities for the Audit of the 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 Company's internal control.

3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the 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 Company 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 on the financial information of components constituting the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

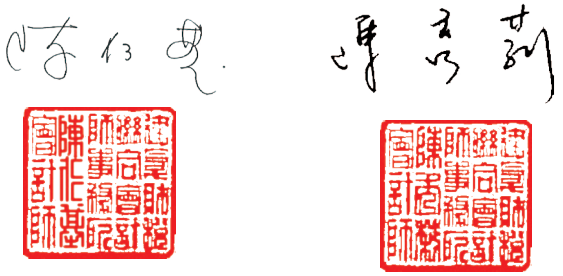
We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with statements 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 2017 consolidated financial statements 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 Chen, Jen-Chi and Chen, Xiu-li.



A member of Russell Bedford International

Taipei, Taiwan (Republic of China)

March 15, 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 accepted and 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.

Yungtay Engineering Co., Ltd. and its Subsidiaries
Consolidated Balance Sheets - Asset
(Amounts Expressed in Thousands of New Taiwan Dollars)

Code	Account	Note	31-Dec-17 Amount	%	31-Dec-16 Amount	%
11xx	Current assets					
1100	Cash and cash equivalents	6(1)	$ 4,135,644	17	4,361,037	16
1110	Financial asset at fair value through profit or loss	6(2)	211,202	1	406,969	1
1125	Available-for-sale financial assets	6(2)	95,957	-	-	-
1150	Note receivable, net	6(4)	311,188	1	290,769	2
1170	Accounts receivable, net	6(4)	3,334,774	14	4,286,109	15
1200	Other receivables		19,774	-	22,914	-
130x	Inventories	6(5)	6,535,659	27	7,972,356	29
1410	Prepayments	6(6)	406,875	2	488,716	2
1460	Non-current assets held for sale	6(7)	50,272	-	56,523	-
1478	Refundable deposits	6(8)	415,775	2	567,966	2
1470	Other current assets		5,923	-	-	-
11xx	Total current assets		15,523,043	64	18,453,359	67
15xx	Non-current assets					
1543	Non-current financial assets at cost	6(9)	88,932	-	288,932	1
1550	Investments accounted for using equity method	6(10)	381,021	2	421,435	2
1600	Property, plant and equipment	6(11)	5,811,956	25	6,138,314	22
1760	Investment property, net	6(12)	856,203	4	888,614	3
1780	Intangible assets	6(13)	185,577	1	284,841	1
1840	Deferred tax assets	6(23)	737,997	3	975,197	3
1915	Prepayments for equipment	6(11)	17,143	-	86,555	-
1920	Refundable deposits	6(8)	62,886	-	62,832	-
1985	Long-term prepaid rents	6(13)	244,682	1	259,316	1
1990	Advances to employees and official business		13,337	-	17,264	-
1990	Other non-current assets, others	12(1)	6,060	-	19,409	-
15xx	Total non-current assets		8,405,794	36	9,442,709	33
1xxx	Total assets		23,928,837	100	27,896,068	100

(Continued)

(Notes attached are part of the consolidated financial statements)

Yungtay Engineering Co., Ltd. and its Subsidiaries
Consolidated Balance Sheets – Liabilities and Equity
(Amounts Expressed in Thousands of New Taiwan Dollars)

Code	Account	Note	31-Dec-17 Amount	%	31-Dec-16 Amount	%
21xx	Current liabilities					
2120	Financial liabilities at fair value through profit or loss	6(2)	$ 5,529	-	-	-
2125	Derivative financial liabilities for hedging	6(3)	-	-	8,369	-
2150	Notes payable		355,411	1	384,756	1
2170	Accounts payable		2,002,065	8	2,538,511	9
2200	Other payables	6(15)	1,007,579	4	1,292,947	5
2230	Current income tax liabilities	6(23)	67,039	-	236,857	1
2310	Advances received	6(16)	7,438,298	31	9,367,096	34
2313	Deferred revenue	6(20)	322,221	1	370,621	1
2399	Other current liabilities		1,772	-	1,608	-
21xx	Total current liabilities		11,199,914	45	14,200,765	51
25xx	Non-current liabilities					
2570	Deferred income tax liabilities	6(23)	6,868	-	7,985	-
2630	Long-term deferred revenue	6(20)	125,680	1	148,973	-
2640	Net defined benefit liabilities-non-current	6(18)	716,714	4	1,480,836	5
2645	Deposit received	6(17)	114,725	-	146,557	1
2670	Other non-current liabilities			-	447	-
25xx	Total non-current liabilities		963,987	5	1,784,798	6
2xxx	Total liabilities		12,163,901	50	15,985,563	57
31xx	Total equity attributable to owners of parent					
3100	Capital stock	6(19)	4,108,200	17	4,108,200	14
3200	Capital surplus	6(19)	264,835	1	256,332	1
3300	Retained earnings	6(19)				
3310	Legal reserve		2,696,805	12	2,741,305	10
3350	Unappropriated earnings		4,236,232	18	4,331,773	16
3400	Other equity	6(19)	146,757	1	363,526	1
3500	Treasury stock	6(19)	(69,411)	-	(69,411)	-
31xx	Equity attributable to owners of parent		11,583,418	49	11,731,725	42
36xx	Non-controlling interest		181,518	1	178,780	1
3xxx	Total equity		11,764,936	50	11,910,505	43
3x2x	Total liabilities and equity		23,928,837	100	27,896,068	100

(Notes attached are part of the consolidated financial statements)

Yungtay Engineering Co., Ltd. and its Subsidiaries
Consolidated Statements of Comprehensive Income
(Amounts Expressed in Thousands of New Taiwan Dollars)

Code	Account	Note	2017 Amount	%	2016 Amount	%
4000	Operating revenue	6(20)	$ 16,752,217	100	19,581,652	100
5000	Operating costs	6(5)	(12,297,354)	(73)	(13,934,011)	(71)
5900	Gross profits from operations		4,454,863	27	5,647,641	29
6000	Operating expenses					
6100	Selling expenses		(1,050,712)	(6)	(1,343,435)	(7)
6200	Administrative expenses		(1,442,280)	(9)	(1,568,328)	(8)
6300	Research and development expenses		(482,948)	(3)	(597,909)	(3)
	Total operating expenses		(2,975,940)	(18)	(3,509,672)	(18)
6900	Net operating income		1,478,923	9	2,137,969	11
7000	Non-operating income and expenses					
7010	Other income	6(21)	33,729	-	41,975	-
7020	Government grants	6(21)	43,452	-	23,938	-
7020	Other gains and losses	6(21)	4,571	-	(66,431)	-
7050	Finance costs	6(21)	(89)	-	(51)	-
7060	method	6(10)	(11,683)	-	47,751	-
	Total non-operating income and expenses		69,980	-	47,182	-
7900	Income before income tax		1,548,903	9	2,185,151	11
7950	Income tax expenses					
7951	Current income tax expenses	6(23)	(152,092)	(1)	(269,929)	(1)
7952	Deferred income tax expenses	6(23)	(239,642)	(1)	(330,733)	(2)
8000	Current income from continuing operations		1,157,169	7	1,584,489	8
8100	Gains and losses from discontinuing operation, net		-	-	-	-
8200	Net income for the year		1,157,169	7	1,584,489	8
8300	Other comprehensive income (loss), net					
8310	Items that will not be reclassified subsequently to profit of loss:					
8311	Re-measurement on defined benefits obligation	6(18)	(97,225)	-	(21,089)	-
8320	Share of other comprehensive gains and losses of associates accounted for using equity method		(1,263)	-	414	-
8349	Income tax benefit related to items that will not be reclassified subsequently	6(23)	16,529	-	3,585	-
	Total items not reclassified into gains and losses		(81,959)	-	(17,090)	-
8360	Items that may be reclassified subsequently to profit of loss:					
8361	Exchange differences on translation of foreign financial statements	6(19)	(205,088)	(1)	(713,674)	(4)
8362	Unrealized gains (losses) from available-for-sale financial assets	6(19)	(7,743)	-	697	-
8370	Share of other comprehensive gains and losses of associates accounted for using equity method	6(19)	(3,938)	-	(26,354)	-
	Total items to be reclassified into gains and losses		(216,769)	(1)	(739,331)	(4)
8500	Total comprehensive income for the year		858,441	6	$828,068	4
8600	Profit attributable to					
8610	Profit attributable to owners of parent		1,127,886	7	1,554,995	8
8620	Profit attributable to non-controlling interests		29,283	-	29,494	-
			1,157,169	7	1,584,489	8
8700	Comprehensive income attributable to					
8710	Comprehensive income attributable to owners of parent		829,158	7	798,574	8
8720	Comprehensive income attributable to non-controlling interests		29,283	-	29,494	-
			$ 858,441	7	828,068	8
	Earnings per share (in NT dollar)	6(24)				
9750	Basic earnings per share (in NT dollar)		$ 2.76		3.80	

(Notes attached are part of the consolidated financial statements)

Yungtay Engineering Co., Ltd. and its Subsidiaries
Consolidated Statements of Changes in Equity
(Amounts Expressed in Thousands of New Taiwan Dollars)

Account	Equity attributable to owners of parent									
			Retained earnings		Other equity					
	Capital share	Capital surplus	Legal reserve	Unappropriated earnings	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) on financial assets available-for-sale	Treasury share	Total	Non-controlling interests	Total equity
Balance as of January 1, 2016	$4,108,200	250,581	2,556,338	4,088,177	1,104,651	(1,794)	(69,411)	12,036,742	172,548	12,209,290
Appropriation & distribution of earnings in 2015										
Legal reserve			184,967	(184,967)				-	-	-
Cash dividends				(1,109,214)				(1,109,214)	-	(1,109,214)
Adjustments of capital surplus for company's cash dividends received by subsidiaries		5,751						5,751	-	5,751
Net income in 2016 (Note 1)				1,554,995				1,554,995	29,494	1,584,489
Other comprehensive income (loss) in 2016				(17,090)	(739,504)	173		(756,421)	-	(756,421)
Total comprehensive income (loss) in 2016	-	-	-	1,537,905	(739,504)	173	-	798,574	29,494	828,068
Non-controlling interests from cash dividends distributed by subsidiaries	-	-	-	-	-	-	-	-	(23,123)	(23,123)
Cash dividends distributed from subsidiaries to non-controlling interests	-	-	-	-	-	-	-	-	(139)	(139)
Disposal of shares of subsidiary attributed to non-controlling interesrs	-	-	-	(128)	-	-	-	(128)	-	(128)
Balance as of December 31, 2016	$4,108,200	256,332	2,741,305	4,331,773	365,147	(1,621)	(69,411)	11,731,725	178,780	11,910,505
Balance as of January 1, 2017	$4,108,200	256,332	2,741,305	4,331,773	365,147	(1,621)	(69,411)	11,731,725	178,780	11,910,505
Appropriation & distribution of earnings in 2016										
Legal reserve			155,500	(155,500)				-	-	-
Cash dividends				(985,968)				(985,968)	-	(985,968)
Adjustments of capital surplus for company's cash dividends received by subsidiaries		5,112						5,112	-	5,112
Overdue dividends unaccalimed		3,319						3,319	-	3,319
Adjustments to share of changes in equities of associates		72						72	-	72
Net income in 2017				1,127,886				1,127,886	29,283	1,157,169
Other comprehensive income (loss) in 2017				(81,959)	(209,671)	(7,098)		(298,728)	-	(298,728)
Total comprehensive income (loss) in 2017	-	-	-	1,045,927	(209,671)	(7,098)	-	829,158	29,283	858,441
Non-controlling interests from cash dividends distributed by subsidiaries	-	-	-	-	-	-	-	-	(26,545)	(26,545)
Balance as of December 31, 2017	4,108,200	264,835	2,896,805	4,236,232	155,476	(8,719)	(69,411)	11,583,418	181,518	11,764,936

(Notes attached are part of the consolidated financial statements)

Yengtay Engineering Co., Ltd. and its Subsidiaries
Consolidated Statements of Cash flows
(Amounts Expressed in Thousands of New Taiwan Dollars)

Code	Account	2017	2016
AAAA	Cash flows from operating activities:		
A10000	Income before income tax	$ 1,548,903	2,185,151
A20000	Adjustments:		
A20010	Adjustments to reconcile profit (loss) that would not affect the cash flows		
A20100	Depreciation expense	393,667	370,018
A20200	Amortization expense	17,105	15,945
A20300	Provision for bad debt expense	78,508	31,600
A20400	Financial asset at fair value through profit or loss	879	1,138
A20900	Interest expense	89	51
A29900	Expenses recognized from long-term prepaid rents	9,431	6,439
A21200	Interest income	(27,175)	(31,230)
A21300	Dividend income	(6,554)	(10,745)
A22300	Share of loss (gain) of associates accounted for using equity method	11,683	(47,751)
A22500	Loss (gain) on disposal of property, plant and equipment, net	(3,603)	(880)
A22500	Loss on obsolescence of property, plant and equipment	18,168	17,045
A22500	Gain on disposal of other non-current assets	(3,780)	-
A22700	Loss on disposal of Investment property	96	71
A22800	Loss on disposal of Intangible assets	-	(3,053)
A23000	Gain on disposal of non-current assets available-for-sale	464	(2,669)
A23100	Loss (gain) on disposal of investments	-	445
A23700	Allowance for inventory valuation	16,316	(5,492)
A23700	Impairment loss of goodwill	74,292	64,975
A23800	property	-	(159)
A23800	Gain on reversal of impairment losses on non-current assets available-for-sale	5,478	(1,814)
A24100	Unrealized foreign exchange loss	28,380	17,597
A20010	Total adjustments to reconcile profit (loss)	613,444	421,531
A30000	Change in operating assets and liabilities		
A31000	Change in operating assets		
A31110	Increase (decrease) in financial assets held for sale	291,188	(104,804)
A31130	Increase (decrease) in notes receivable, net	(20,419)	116,392
A31150	Increase (decrease) in accounts receivable, net	887,553	686,903
A31180	Increase (decrease) in other receivables	3,698	(8,155)
A31200	Decrease (increase) in inventory	1,481,159	1,365,724
A31230	Decrease in prepayments	77,825	(15,998)
A31240	Decrease in other current assets	(465)	52
A31000	Total change in operating assets	2,720,539	2,040,114
A32000	Change in operating liabilities		
A32130	Increase (decrease) in notes payable	(29,345)	(115,943)
A32150	Increase (decrease) in accounts payable	(536,446)	(239,450)
A32180	Increase (decrease) in other payables	(255,683)	(106,571)
A32210	Increase (decrease) in unearned revenue	(1,928,798)	(1,573,411)
A32230	Increase (decrease) in other current liabilities	164	(199)
A32240	Increase (decrease) in defined benefit liabilities, net	(861,347)	(76,302)
A23990	Increase in deferred revenue	(71,693)	(48,200)
A32000	Total change in operating liabilities	(3,683,148)	(2,160,076)
A30000	Total change in operating assets and liabilities	(962,609)	(119,962)

(Continued)

Code	Account	2017	2016
A20000	Total adjustments	(349,165)	301,569
A33000	Cash inflow (outflow) generated from operations	1,199,738	2,486,720
A33100	Interest received	28,037	30,594
A33200	Dividends received	30,156	13,325
A33300	Interest paid	(89)	(51)
A333500	Income tax paid	(320,869)	(401,098)
AAAA	Net cash generated from operating activities	936,973	2,129,490
BBBB	Cash flow from investing activities		
B00400	Disposal of financial assets available-for sale-non-current value	-	5,188
B01400	Proceeds from decrease of capital of financial assets carried at cost	-	1,503
B02600	Disposal of non-current assets available-for-sale	4,887	22,302
B02700	Acquisition of property, plant and equipment (Note 6(25))	(194,050)	(818,545)
B02800	Proceeds from disposal of property, plant and equipment	25,797	27,324
B02800	Proceeds from disposal of other assets-golf certificate	9,300	-
B03800	Decrease in refundable deposits	152,137	44,258
B04500	Acquisition of intangible assets	(6,607)	(11,680)
B04600	Disposal of Intangible assets available-for-sale	-	4,465
B05500	Disposal of nvestment property available-for-sale	3,513	9
B06700	Increase in other non-current assets	3,387	8,124
B07100	Increase in prepayments on equipment	(16,394)	(65,679)
BBBB	Net cash flows in investing activities	(18,030)	(782,731)
CCCC	Cash flows from financing activities		
C03100	Decrease in deposits received	(31,832)	(48,989)
C04300	Increase in other non-current liabilities	(447)	(687)
C04500	Cash dividends paid	(1,007,401)	(1,126,586)
C05800	Change in non-controlling equity	-	(139)
C09900	Other-overdue dividends unaccalimed	3,319	-
CCCC	Net cash flows from financing activities	(1,036,361)	(1,176,401)
DDDD	Impact of change in exchange rate on cash and cash equivalents	(107,975)	(240,834)
EEEE	Net increase (decrease) in cash and cash equivalents	(225,393)	(70,476)
E00100	Cash and cash equivalents at the beginning of year	4,361,037	4,431,513
E00200	Cash and cash equivalents at the end of year	$ 4,135,644	4,361,037

(Notes attached ar(Notes attached are part of the consolidated financial statements)

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Yungtay Engineering Co., Ltd.

Opinion

We have audited the accompanying parent company only financial statements of Yungtay Engineering Co., Ltd. (the "Company"), 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 Company 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 standard are further described in the section Auditors' Responsibilities for the Audit of the Parent company only Financial Statements section of our report. We are independent of the Company in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audits 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.

Recognition of sales

Please refer to Note 6(17) to the parent company only financial statements for the details of the information about the sale of goods associated with elevators and related maintenance, which accounts for 99.44% of the total operating revenue.

The main clients come from construction industry, which have already signed the contract with regard to the sales of elevator and maintenance. The timing for revenue recognition lies in the point when the elevator is installed completely and are examined and qualified by the competent authority, and the maintenance is recognized over time followed by the designated service time in accordance with the contract. Since the timing for revenue recognition and correct attribution of revenue is subject to the significant judgment and decision from the management, it has been identified a key audit matter.

Our key audit procedures performed in respect of the above area included: review the material contracts in order to evaluate the sales of elevators, maintenance and related products and services to be recognized in the right time and to be reasonable.

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

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

Auditors' Responsibilities for the Audit of the 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 Company's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the 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 Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the parent company only financial statements, including the 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 on the financial information of components constituting the Company to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for

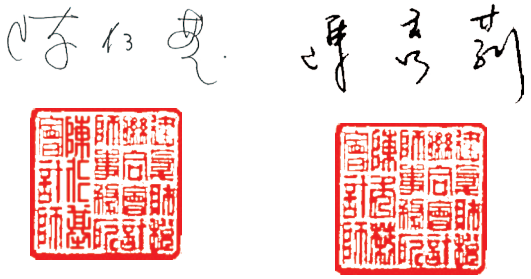
our audit opinion.

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 statements 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 2017 parent company only financial statements 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 Chen, Jen-Chi and Chen, Xiu-li.



A member of Russell Bedford International
Taipei, Taiwan (Republic of China)
March 15, 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 accepted and 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.

Yungtay Engineering Co., Ltd.
Parent Company Only Balance Sheets - Asset
(Amounts Expressed in Thousands of New Taiwan Dollars)

Code	Account	Note	31-Dec-17 Amount	%	31-Dec-16 Amount	%
11xx	Current assets					
1100	Cash and cash equivalents	6(1)	$ 823,662	5	1,353,550	8
1110	Financial asset at fair value through profit or loss	6(2)	211,202	1	406,969	2
1125	Available-for-sale financial assets	6(2)	95,957	1	-	-
1150	Note receivable, net	6(3)	205,249	1	212,497	2
1170	Accounts receivable, net	6(3)	1,035,155	7	1,001,654	6
1200	Other receivables		3,324	-	12,090	-
130x	Inventories	6(4)	1,194,172	8	1,081,088	7
1410	Prepayments	6(5)	14,180	-	11,000	-
1460	Non-current assets held for sale	6(6)	-	-	-	-
1470	Other current assets		686	-	-	-
11xx	Total current assets		3,583,587	23	4,078,848	25
15xx	Non-current assets					
1543	Non-current financial assets at cost	6(8)	86,557	1	286,557	2
1550	Investments accounted for using equity method	6(9)	9,087,814	60	9,381,336	57
1600	Property, plant and equipment	6(10)	1,386,582	9	1,302,883	8
1760	Investment property, net	6(11)	940,807	6	986,156	6
1780	Intangible assets	6(12)	7,806	-	8,226	-
1840	Deferred income tax assets	6(20)	147,788	1	307,290	2
1915	Prepayments for equipment	6(10)	17,023	-	23,375	-
1920	Refundable deposits	6(7)	49,880	-	41,618	-
1990	Advances to employees and official business		4,413	-	7,710	-
1990	Other non-current assets, others	12(1)	5,520	-	11,040	-
15xx	Total non-current assets		11,734,190	77	12,356,191	75
1xxx	Total assets		$ 15,317,777	100	16,435,039	100

(Continued)

(Notes attached are part of the parent company only financial statements)

Yungtay Engineering Co., Ltd.
Parent Company Only Balance Sheets – Liabilities and Equity
(Amounts Expressed in Thousands of New Taiwan Dollars)

Code	Account	Note	31-Dec-17 Amount	%	31-Dec-16 Amount	%
21xx	Current liabilities					
2120	Financial liabilities at fair value through profit or loss	6(2)	$ 686	-	-	-
2150	Notes payable		286,593	2	296,924	2
2170	Accounts payable		447,072	3	407,998	2
2200	Other payables	6(13)	227,461	1	252,482	2
2230	Current income tax liabilities	6(20)	2,247	-	196,824	1
2310	Advances received	6(14)	1,917,793	12	1,922,289	12
2313	Deferred revenue	6(17)	89,387	1	95,602	1
2335	Receipts under custody		1,237	-	1,193	-
	Total current liabilities		2,972,476	19	3,173,312	20
25xx	Non-current liabilities					
2570	Deferred income tax liabilities	6(20)	6,868	-	7,967	-
2630	Long-term deferred revenue	6(17)	33,024	-	35,922	-
2640	Net defined benefit liabilities-non-current	6(15)	716,714	5	1,480,836	9
2645	Deposit received		5,277	-	5,277	-
25xx	Total non-current liabilities		761,883	5	1,530,002	9
2xxx	Total liabilities		3,734,359	24	4,703,314	29
31xx	Equity					
3100	Capital stock	6(16)	4,108,200	26	4,108,200	24
3200	Capital surplus	6(16)	264,835	2	256,332	2
3300	Retained earnings	6(16), 6(20)				
3310	Legal reserve		2,896,805	19	2,741,305	17
3350	Unappropriated earnings		4,236,232	28	4,331,773	26
3400	Other equity	6(16)	146,757	1	363,526	2
3500	Treasury stock	6(16)	(69,411)	-	(69,411)	-
3xxx	Total equity		11,583,418	76	11,731,725	71
3x2x	Total liabilities and equity		$ 15,317,777	100	16,435,039	100

(Notes attached are part of the parent company only financial statements)

Yungtay Engineering Co., Ltd.

Parent Company Only Statements of Comprehensive Income

(Amounts Expressed in Thousands of New Taiwan Dollars)

Code	Account	Note	2017 Amount	2017 %	2016 Amount	2016 %
4000	Operating revenue	6(17)	$ 5,465,334	100	5,489,385	100
5000	Operating costs	6(4)	(3,702,387)	(68)	(3,606,337)	(66)
5900	Gross profits from operations		1,762,947	32	1,883,048	34
5910	Unrealized profit from sales		(705)	-	(948)	-
5920	Realized profit from sales		948	-	904	-
5950	Gross profits from operations, net		1,763,190	32	1,883,004	34
6000	Operating expenses					
6100	Selling expenses		(57,396)	(1)	(53,085)	(1)
6200	Administrative expenses		(386,723)	(7)	(405,811)	(7)
6300	Research and development expenses		(169,835)	(3)	(149,243)	(3)
	Total operating expenses		(613,954)	(11)	(608,139)	(11)
6900	Net operating income		1,149,236	21	1,274,865	23
7000	Non-operating income and expenses					
7010	Other income	6(18)	12,975	-	20,110	-
7020	Other gains and losses	6(18)	(6,555)	-	(12,845)	-
7050	Finance costs	6(18)	(98)	-	(62)	-
7070	Share of profit of subsidiaries and associates accounted for using equity method	6(9)	279,896	5	584,753	11
	Non-operating income and expenses		286,218	5	591,956	11
7900	Income before income tax		1,435,454	26	1,866,821	34
7950	Income tax expenses					
7951	Current income tax expenses	6(20)	(132,636)	(2)	(297,809)	(6)
7952	Deferred income tax expenses	6(20)	(174,932)	(3)	(14,017)	-
8000	Current income from continuing operations		1,127,886	21	1,554,995	28
8100	Gains and losses from discontinuing operation, net		-	-	-	-
8200	Net income for the year		1,127,886	21	1,554,995	28
8300	Other comprehensive income (loss), net					
8310	Items that will not be reclassified subsequently to profit of loss:					
8311	Re-measurement on defined benefits obligation	6(15)	(97,225)	(2)	(21,089)	-
8321	Re-measurement on defined benefits obligation of associates accounted for using equity method		(1,263)	-	414	-
8349	Income tax benefit related to items that will not be reclassified subsequently	6(20)	16,529	-	3,585	-
	Total items not reclassified into gains and losses		(81,959)	(2)	(17,090)	-
8360	Items that may be reclassified subsequently to profit of loss:					
8362	Unrealized gains (losses) from available-for-sale financial assets	6(16)	(7,743)	-	697	-
8380	Share of other comprehensive income (loss) of subsidiaries and associates accounted for using equity method	6(16)	(209,026)	(4)	(740,028)	(13)
	Total items to be reclassified into gains and losses		(216,769)	(4)	(739,331)	(13)
8500	Total comprehensive income for the year		$ 829,158	15	798,574	15
	Earnings per share (in NT dollar)	6(21)				
9750	Basic earnings per share (in NT dollar)		$ 2.76		3.80	

(Notes attached are part of the parent company only financial statements)

Yungtay Engineering Co., Ltd.
Parent Company Only Statements of Changes in Equity
(Amounts Expressed in Thousands of New Taiwan Dollars)

Account	Capital stock	Capital surplus	Retained earnings: Legal reserve	Retained earnings: Unappropriated earnings	Other equity: Exchange differences arising on translation of foreign	Other equity: Unrealized gains (losses) from available-for-sale financial assets	Treasury stock	Total equity
Balance as of January 1, 2016	$ 4,108,200	250,581	2,556,338	4,088,177	1,104,651	(1,794)	(69,411)	12,036,742
Appropriation & distribution of earnings in 2015								
Legal reserve			184,967	(184,967)				-
Cash dividends				(1,109,214)				(1,109,214)
Adjustments of capital surplus for company's cash dividends received by subsidiaries		5,751						5,751
Net income in 2016 (Note 1)				1,554,995				1,554,995
Other comprehensive income (loss) in 2016				(17,090)	(739,504)	173		(756,421)
Total comprehensive income (loss) in 2016	-	-	-	1,537,905	(739,504)	173	-	798,574
Changes on disposal of shares of investee	-	-	-	(128)	-	-	-	(128)
Balance as of December 31, 2016	$ 4,108,200	256,332	2,741,305	1,537,777	365,147	(1,621)	(69,411)	11,731,725
Balance as of January 1, 2017	$ 4,108,200	256,332	2,741,305	4,331,773	365,147	(1,621)	(69,411)	11,731,725
Appropriation & distribution of earnings in 2016								
Legal reserve			155,500	(155,500)				-
Cash dividends				(985,968)				(985,968)
Adjustments of capital surplus for parent's cash dividends received by subsidiaries		5,112						5,112
Overdue dividends unaccalimed		3,319						3,319
Adjustments to share of changes in equities of associates		72						72
Net income in 2017 (Note 2)				1,127,886				1,127,886
Other comprehensive income (loss) in 2017				(81,959)	(209,671)	(7,098)		(298,728)
Total comprehensive income (loss) in 2017	-	-	-	1,045,927	(209,671)	(7,098)	-	829,158
Balance as of December 31, 2017	$ 4,108,200	264,835	2,896,805	4,236,232	155,476	(8,719)	(69,411)	11,583,418

Note 1: The employee's bonus and the remuneration of directors and supervisors in 2016 are NT$ 48,424,000 and NT$5,380,000 respectively, which have been deducted from the parent company only statement of comprehensive income

Note 2: The employee's bonus and the remuneration of directors and supervisors in 2017 are NT$39,596,000 and NT$4,400,000 respectively, which have been deducted from the parent company only statement of comprehensive income.

(Notes attached are part of the parent company only financial statements)

Yungtay Engineering Co., Ltd.
Parent Company Only Statements of Cash flows
(Amounts Expressed in Thousands of New Taiwan Dollars)

Code	Account	2,017	2,016
AAAA	Cash flows from operating activities:		
A10000	Income before income tax	$ 1,435,454	1,866,821
A20000	Adjustments:		
A20010	Adjustments to reconcile profit (loss) that would not affect the cash flows		
A20100	Depreciation expense	52,216	48,392
A20200	Amortization expense	6,521	4,883
A20400	Financial asset at fair value through profit or loss	879	1,138
A20900	Interest expense	98	62
A21200	Interest income	(6,498)	(9,466)
A21300	Dividend income	(6,477)	(10,644)
A23900	Gross (gain) loss from sale, net	(243)	44
A22400	Share of (profit) of subsidiaries and associates accounted for using equity method	(279,896)	(584,753)
A22500	Loss (gain) on disposal of property, plant and equipment,	(1,029)	127
A22500	Loss on obsolescence of property, plant and equipment	31	54
A22500	Gain on disposal of other non-current assets	(3,780)	-
A22700	Loss on disposal of Investment property	-	71
A23100	Loss on disposal of investments	-	445
A23700	Allowance for inventory valuation	16,316	(5,492)
A24100	Unrealized foreign exchange loss	31,608	18,705
A20010	Total adjustments to reconcile profit (loss)	(190,254)	(536,434)
A30000	Change in operating assets and liabilities		
A31000	Change in operating assets		
A31110	Increase (decrease) in financial assets held for sale	291,188	(104,804)
A31130	Increase (decrease) in notes receivable, net	7,248	46,671
A31150	Increase (decrease) in accounts receivable, net	(33,501)	(7,201)
A31180	Increase (decrease) in other receivables	9,973	32
A31200	Decrease (increase) in inventory	(130,313)	3,648
A31230	Decrease in prepayments	(7,196)	878
A31000	Total change in operating assets	137,399	(60,776)
A32000	Change in operating liabilities		
A32130	Increase (decrease) in notes payable	(10,331)	(6,322)
A32150	Increase (decrease) in accounts payable	39,074	(41,459)
A32180	Increase (decrease) in other payables	(25,021)	8,827
A32210	Increase (decrease) in unearned revenue	(4,496)	(23,442)
A32230	Increase (decrease) in other current liabilities	44	7
A32240	Increase (decrease) in defined benefit liabilities, net	(861,347)	(76,303)
A23990	Increase in deferred revenue	(9,113)	(3,108)
A32000	Total change in operating liabilities	(871,190)	(141,800)
A30000	Total change in operating assets and liabilities	(733,791)	(202,576)

(Continued)

Code	Account	2017	2016
A20000	Total adjustments	(924,045)	(739,010)
A33000	Cash inflow (outflow) generated from operations	511,409	1,127,811
A33100	Interest received	6,787	9,794
A33200	Dividends received	280,033	385,591
A33300	Interest paid	(98)	(62)
A33350	Income tax paid	(327,213)	(231,711)
AAAA	Net cash generated from operating activities	470,918	1,291,423
BBBB	Cash flow from investing activities		
B00400	Disposal of financial assets available-for sale-non-current	-	5,188
B01400	Proceeds from decrease of capital of financial assets carried at cost	-	1,503
B02400	Proceeds from decrease of capital of investees accounted	95,000	66,575
B02700	Acquisition of property, plant and equipment (Note 6(22))	(63,901)	(64,661)
B02800	Proceeds from disposal of property, plant and equipment	1,141	29
B02800	Proceeds from disposal of other assets-golf certificate	9,300	-
B03700	Increase in refundable deposits	(8,262)	-
B03800	Decrease in refundable deposits	-	1,089
B04500	Acquisition of intangible assets	(6,101)	(6,407)
B05500	Disposal of investment property	-	8
B06700	Decrease (increase) in other non-current assets	3,297	(3,821)
B07100	Increase in prepayments on equipment	(17,023)	(23,375)
BBBB	Net cash flows from investing activities	13,451	(23,872)
CCCC	Cash flows from financing activities		
C03000	Increase in deposits received	-	99
C04500	Cash dividends	(985,968)	(1,109,214)
C09900	Other-overdue dividends unaccalimed	3,319	-
CCCC	Net cash flows from financing activities	(982,649)	(1,109,115)
DDDD	Impact of change in exchange rate on cash and cash equivalents	(31,608)	(18,705)
EEEE	Net increase (decrease) in cash and cash equivalents	(529,888)	139,731
E00100	Cash and cash equivalents at the beginning of year	1,353,550	1,213,819
E00200	Cash and cash equivalents at the end of year	$ 823,662	1,353,550

(Notes attached are part of the parent company only financial statements)

Yungtay Engineering Co., Ltd.
Rules of Procedure for Shareholders' Meeting

Article 1 Meetings of shareholders shall be acted upon in accordance with these rules.

Article 2 The Company shall state the registration time, location, and other notices in the Notice of General Shareholders' Meeting.

The registration shall be held at least 30 minutes prior to the meeting; the registration location shall be clearly marked and staffed.

The shareholders or their representatives (shareholders) present shall wear attendance badges, attendance cards, or other badges; representatives on behalf shareholders shall also bring their ID cards for examination.

The attendance book shall be prepared for shareholders' to sign in, or shareholders present may turn in their attendance cards.

The total attendance and vote shall be calculated in accordance with the attendance book or attendance cards turned in at the meeting.

The agenda handbooks, annual reports, attendance cards, speaker's slips, votes, and other meeting data shall be distributed to shareholders present; votes shall be given to those eligible for the election of directors and supervisors.

Article 3 If a shareholders' meeting is convened by the board, the chairman of the board shall be the chairman presiding at the meeting. If the chairman of the board is on leave or cannot perform his duties for some reason, the vice chairman shall preside at the meeting on the chairman's behalf; if the Company does not have a vice chairman or the vice chairman is on leave or cannot perform his duties for some reason, the chairman shall designate one managing director to act on his behalf. If the Company does not have a managing director, the chairman shall designate one director to act on his behalf. If the chairman has not appointed an agent or the designated director cannot perform his duties for some reason, the meeting chair shall be elected from among the directors present.

The managing director or the director acting on the chairman's behalf shall serve for more than six months and understand the financial and operating conditions of the Company.

If the meeting is convened by any other person besides the board of directors who is entitled to convene the meeting, such person shall be the chairman to preside at the meeting. If there are more than two persons convening the meeting, then shall be the one elected by the other.

Article 4 The chairman shall call the meeting to order at the time scheduled for the meeting, provided, however, that if during postpone the shareholders' meeting to a later time, provided, however, that the maximum number of

times a shareholder meeting may be postponed shall be two and total time of postponement shall not exceed one hour. If after two postponements no quorum can yet be constituted but the shareholders present at the meeting represent more than one third of the total outstanding shares, tentative resolutions may be made in accordance with Section 1 of Article 175 of the Company Act. If before the end of the meeting and at enough shares become present to constitute a quorum, the chairman may then re-submit the tentative resolutions to the meeting for approval, in accordance with Article 174 of the Company Act.

Article 5 The agenda for the shareholders' meetings shall be set by the Board of Directors if the meeting is convened by the Board of Directors. The meeting shall be conducted in accordance with the agenda, which may not be altered without a resolution adopted at the shareholders' meeting.

The preceding provisions of this Article apply mutatis mutandis to cases where shareholders' meetings are convened by any person(s), other than the Board of Directors, entitled to convene the meeting.

Unless otherwise resolved at the shareholders' meeting, the chairman may not announce adjournment of the meeting unless the scheduled agenda items (including Special Motions) set forth in the preceding provisions of this Article are concluded.

After the meeting is adjourned, shareholders may not separately elect a chair and resume the meeting at the original or another venue. If the chairman announces adjournment of the meeting and violates these rules of procedure, the meeting may be continued after electing one of the attendees to be the meeting chainman in accordance to the approval of the majority of the votes represented by the attending shareholders.

Article 6 In addition to proposals listed in the meeting agenda, amendments, alternatives, or other proposals proposed by shareholders in the special motion shall be endorsed by other shareholders, which apply *mutatis mutandis* to the change in the agenda and adjournment. The shareholding of the proposers and endorsers mentioned in the preceding paragraph shall reach 0.2% of total shares issued or 100,000 shares.

Article 7 The Company may appoint designated attorneys, certified public accounts or other relevant persons to attend shareholders' meetings.

The staff members who take charge of the shareholders' meeting affairs shall wear identification certificates or armbands.

Article 8 The Company shall record the registration, shareholders' meetings, and vote counting processes by audio or video.

The recording mentioned in the preceding paragraph shall be kept for at least one year. The litigations brought by shareholders in accordance with Article 189 of Company Act shall be recorded until closed.

To maintain the order of the meeting, attendants other than the mass media and clerks designated by the Company are restricted from taking pictures or recording to avoid interfering with the proceedings or

offending personal privacy of shareholders present.

Article 9 When a shareholder attending the meeting wishes to speak, he or she shall first fill out a speaker's card, specifying therein the major points of his or her speech, account number (or number appeared on attendance pass) and account name. The chairman shall determine sequence of shareholders' speeches.

A shareholder in attendance who submits a speaker's slip but does not speak shall be deemed to have not spoken. In the case where the contents of a shareholder's speech differ from those specified on the speaker's card, the contents of the actual speech shall prevail.

Unless otherwise permitted by the chairman and speaking shareholder, no shareholder shall interrupt the speech of the speaking shareholder; the chairman shall stop any such interruptions.

Article 10 A shareholder may not speak more than twice on the same resolution without the chairman's consent, with five minutes maximum for each speech.

The chairman may stop any shareholder who violates the above rules or exceeds the scope of the agenda item.

Article 11 Any legal entity designated as proxy by shareholder(s) to be present at the meeting may appoint only one representative to attend the meeting.

If a corporate shareholder designates two or more representatives to attend the meeting, only one of the representatives so designated may speak on any one motion.

Article 12 The chairman may respond or designate other persons to respond after an attending shareholder's speech.

Article 13 When the chairman considers that the discussion for a motion has reached the extent for making a resolution, he may announce discontinuance of the discussion and submit the motion for resolution.

Article 14 The persons for supervising the casting of votes and the counting thereof for resolutions shall be designated by the chairman, provided, however, that the person supervising the casting of votes shall be a shareholder.

The vote counting process of the voting and election shall be announced at the venue of the meeting once completed, including the weights. And the result of the vote counting process shall be recorded.

The election of directors and supervisor shall be held in accordance with election regulations formulated by the Company. The result of the election shall be announced at the scene, including the list of elected directors and supervisors and the weights.

The votes mentioned in the preceding paragraph shall be sealed and signed by the tellers and kept for at least a year. The litigations brought by shareholders in accordance with Article 189 of Company Act shall be recorded until closed.

Article 15 During the process of the meeting, the chairman may announce a recess at an appropriate time.

Article 16 Unless otherwise specified in the Company Act and the Articles of Association, resolutions shall be adopted by a majority of the votes represented by the attending shareholders.

The resolution shall be deemed adopted and shall have the same effect as if it was voted by casting ballots if no objection is voiced after inquiry by the chairman.

Article 17 If there is an amendment or replacement proposal to the original proposal, the chairman shall decide the sequence of voting for such proposals, provided that if any one of the proposals has been approved, the others shall be deemed vetoed and no further voting is required.

Article 18 The chairman may direct disciplinary officers (or security personnel) to maintain the order of the Meeting. For identification purposes, they shall wear a badge bearing the words of "disciplinary officer."

Article 19 If the matters do not provided this rules, shall pursuant to applicable laws and regulations and Articles of Association.

Article 20 These rules and procedures shall be effective after ratification at the shareholders' meetings. The same applies to modifications.

Yungtay Engineering Co., Ltd.
Articles of Incorporation

Chapter 1 General Provisions

Article 1: The Company, organized under the Company Act as a Company limited by shares, and shall be named Yungtay Engineering Co., Ltd. (hereinafter, "the Company").

Article 2: The Company's scope of business is as follows:

1. CB01010 Machinery and Equipment Manufacturing
2. F113010 Wholesale of Machinery
3. E603020 Elevator Construction
4. E604010 Machinery Installation Construction
5. F401010 International Trade
6. E599010 Pipe Lines Construction
7. E605010 Computing Equipment Installation Construction
8. E603040 Fire Fighting Equipment Construction
9. E603090 Illumination Equipment Construction
10. E603050 Cybernation Equipment Construction
11. H701010 Residence and Buildings Lease Construction and Development
12. F112040 Wholesale of Petrochemical Fuel Products
13. F113020 Wholesale of Household Appliance
14. F113030 Wholesale of Precision Instruments
15. F113050 Wholesale of Computing and Business Machinery Equipment
16. JE01010 Rental and Leasing Business
17. IF01010 Traditional Physical Management
18. IB01010 Buildings Public Security Check
19. G202010 Parking Garage Business
20. J101010 Buildings Cleaning Service
21. CB01030 Pollution Controlling Equipment Manufacturing
22. CC01010 Electric Power Supply, Electric Transmission and Power Distribution Machinery Manufacturing
23. CC01080 Electronic Parts and Components Manufacturing
24. CB01990 Other Machinery Manufacturing Not Elsewhere Classified

25. E701010 Telecommunications Construction

26. I301010 Software Design Services

27. I301020 Data Processing Services

28. I301030 Digital Information Supply Services

29. CA02010 Metal Architectural Components Manufacturing

30. H703100 Real Estate Rental and Leasing

Article 2-1: The Company can invest other companies and become their shareholders. The amount of investment is not limited by the percentage of paid-up share capital.

Article 3: The Company is headquartered in Taipei City, Taiwan and when necessary may establish branches at home and abroad according to resolutions by the board of directors.

Article 4: Any and all public announcements to be made by the Company shall be published in a conspicuous place on a daily newspaper circulating in the municipality or county (city) wherein the company is located, or uploaded to Market Observation Post System, or through other common ways.

Chapter 2 Shares

Article 5: The authorized capital of the Company is NT$4.6 billion, consisting of 460 million shares, all of common stock, with a par value of NT$10 per share. The board of directors is authorized to issue the shares in separate installments as required.

Article 6: The share certificates of the Company shall without exception be in registered form, signed by, or affixed with the seals of five directors, and stamped and authenticated by the competent governmental authority upon issuance. Shares issued by the Company and registered with centralized securities depository enterprises need not be in certificate form.

Article 7: Shareholders or representatives shall fill in signature cards and send to the Company for record. The procedures apply to any change. Acquisition of shares or dividends, contacts in writing, and exercise of all rights shall be made with signature.

Article 8: If a shareholder's seal is lost, damaged, or replaced, the shareholder shall fill in the application form for seal change or loss, stating the share number, and shareholdings and submit the application form, new seal, ID card, and shares to the Company for the registration of new seal. If the shareholder entrusts a representative to register the new seal, the representative shall submit the shareholder's ID card or the seal certificate issued by the household registration office, the power of attorney, and the representative's ID card to the Company for the registration of new seal.

Article 9: If intending to transfer shares, shareholders shall fill in the application form for share transfer and have the assignors and assignees sign and submit the application form and shares to the Company for share transfer. After being registered in the shareholders register, they shall be the shareholders of the Company. If the procedures mentioned above are not performed, the original shareholders remain unchanged. Successors shall provide the valid proof documents to apply for the change in the title.

Article 10: In case of share loss or damage, shareholders shall inform the Company in writing and receive new shares in accordance with Company Act and related laws and regulations.

Article 11: If shares are defaced or reissued in accordance with the provisions of the preceding two articles, a fee will be charged by the Company.

Article 12: All entries in the shareholders register due to share transfers shall be suspended for 60 days prior to an ordinary shareholders meeting, or for 30 days prior to an extraordinary shareholders meeting, or for 5 days prior to the record date fixed for distributing dividends, bonus, or any other benefit.

Chapter 3 Shareholders' Meeting

Article 13: Shareholders' meetings of the Company are of two kinds: regular shareholders' meetings and special shareholders' meetings. The regular shareholders' meeting is called by the Board of Directors once per year within six months from closing of the fiscal year. Special shareholders' meetings may be called in accordance with applicable laws and regulations whenever necessary.

Article 14: A notice to convene a regular shareholders' meeting shall be given to each shareholder 30 days in advance. A notice to convene a special shareholders' meeting shall be given to each shareholder 15 days in advance. The notice shall state the time, place and purpose of the meeting to be convened.

Article 15: For any shareholders' meeting, a shareholder may appoint a proxy to attend the meeting by using the proxy form issued by the Company and specifying the scope of proxy. A proxy shall act on behalf of the shareholder in accordance with Regulations Governing the Use of Proxies for Attendance at Shareholder Meetings of Public Companies and related laws and regulations.

Article 16: The chairman of the board shall be the chairman presiding at the meeting. If the chairman of the board is on leave or cannot perform his duties for some reason, the board of directors shall designate one director. If the board of directors does not designate one director, the shareholders' meeting shall be convened by others who have the right to convene a meeting and he or she shall be the chairman. If there is more

than one person with the rights to convene a shareholders' meeting, they shall nominate a chairman from among themselves.

Article 17: Unless otherwise provided by applicable law or regulation, a resolution of the shareholders' meeting shall be adopted by the consent of a majority of the votes represented by those in attendance at the meeting, in person or by proxy, by shareholders who represent a majority of the total issued shares.

Article 18: Each shareholder of the Company is entitled to one vote per share, unless otherwise provided in Article 179 of Company Act.

Article 19: The resolutions of the shareholders meeting shall be recorded in the minutes stating the time, venue, and chairman's name, and such minutes shall be signed by or sealed with the stamp of the chairman of the meeting and distributed to all shareholders within 20 days. The making and distribution of such minutes may be made in electronic form. The distribution of such minutes mentioned in the preceding paragraph may include the announcement on the market observation post system.

Chapter 4 Directors and Board of Directors

Article 20: The Company shall have seven to eleven directors, to be elected by the shareholders' meeting from among candidates with legal capacity. The term of office shall be three years, and they may continue in office if re-elected. The aggregate shareholding percentages of the entire bodies of directors shall comply with the regulations prescribed by the securities supervisory authorities.

Article 20-1: Pursuant to the provisions of Securities and Exchange Act, the Company's board of directors shall include two to three independent, at least 1/5 of total directors. The election of independent directors shall be based on a candidate nomination system. Other related matters shall proceed in accordance with the regulations of competent authorities.

Article 21: The Board of Directors is composed of Directors from which a chairman shall be selected by a majority vote at a meeting attended by over two-thirds of the Directors. The chairman shall externally represent the Company.

Article 22: Meetings of the board of directors shall be called once per quarter; though in emergency situations, a meeting may be called whenever necessary. Except for the first meeting of the board of directors of every new term, all other meetings of the board of directors shall be convened and presided by the chairman of the board of directors. If the chairman of the board is on leave or cannot perform his duties for some reason, the board of directors shall designate one director. If the board of directors does not designate one director, the chairman of shall be elected from among the directors present.

Article 23: Unless otherwise provided for by applicable law or regulation, a resolution of the board of directors shall be adopted by the consent of a majority of the votes represented by those the majority in attendance at the board of directors meeting. The resolutions of the meetings of the board of directors shall be recorded in the minutes, and such minutes shall be signed by or sealed with the stamp of the chairman of the meeting.

Article 24: If there exists a shortfall of one-third of directors, the board of directors shall convene a shareholders' meeting for the by election of absent directors. The term of newly elected directors shall continue for the original term of the directors replaced.

Article 25: A directors may authorize a director to attend the meeting of the board of directors on behalf of them with the power of attorney stating the scope of authorization.

Article 26: (Deleted).

Chapter 5 Supervisors

Article 27: The Company shall have two or three supervisors, to be elected by the shareholders' meeting from among candidates with legal capacity. The term of office is three years, and they may continue in office if reelected. The aggregate shareholding percentages of the entire body of supervisors shall comply with the regulations prescribed by the competent authority.

Article 28: In addition to performing their duties of supervision in accordance with laws and regulations, supervisors of the Company may attend the meeting of the board of directors and state their opinions without votes.

Article 29: If all supervisors have been dismissed, the board of directors shall convene a shareholders' meeting for the by election of absent supervisors. The term of newly elected supervisors shall continue for the original term of the supervisors replaced.

Article 30: Supervisors shall not act as directors or managers of the Company or perform other duties.

Chapter 6 Managers

Article 31: The Company may appoint managers, including one Chief Executive Officer, whose commissioning, decommissioning and pay rate shall be decided by a resolution to be adopted by a majority vote of the directors at a meeting of the board of directors attended by at least a majority of the entire directors of the Company.

Article 32: (Deleted).

Chapter 7 Accounting

Article 33: The fiscal year of the Company is fixed from January 1 to December 31.

Article 34: After the close of each fiscal year, the following reports shall be prepared by the board of directors and submitted to the supervisors for review. Supervisors shall prepare the review report accordingly and submit it to the general shareholders' meeting for reviewing and for ratification:

(1) Business Report

(2) Financial Statements

(3) Proposal Concerning Appropriation of Net Profits or Recovering of Losses

Article 35: If the Company makes profits in a fiscal year, it shall appropriate at least 1% as the remuneration of employees by share or cash, determined by the Board of Directors; the Company may request Remuneration Committee to submit the proposal for up to 1% of the earnings mentioned above as the remuneration of directors and supervisors to the Board of Directors for resolution. The distribution of remuneration of employees and directors and supervisors shall be reported in the Shareholders/ Meeting. However, the distribution of remuneration of employees and directors and supervisors based on the ratio mentioned in the preceding paragraph shall be made after deducting the reserve for offsetting the accumulated losses, if any.

Article 35-1: If the Company makes profits in a fiscal year, such earnings shall be used to offset the losses and pay the taxes in accordance with applicable laws; then, 10% of the remaining earnings shall be held as the legal reserve, followed by the special reserve and dividends. The rest of such profits shall be appropriated in accordance with the following procedures:

(1) Shareholders' bonuses.

(2) Retained earnings.

The distribution ratio mentioned in the preceding paragraph shall be determined by the Board of Directors and then adopted in the General Shareholders' Meeting.

Article 35-2: The dividends and bonuses shall be distributed by the Company from 50% of net profit after tax for the period. Among the dividends and bonuses, cash dividends shall account for 50% or more in response to the mature market development of major products and operations of the Company the abovementioned distribution ratio may be adjusted subject to actual demands for business development or investments.

Article 36: The remuneration of directors, supervisors, and employees shall be paid regardless of profits or losses.

Article 36-1: The Board of directors is authorized to reach an agreement that the remuneration of directors (including the chairman) and supervisors shall

refer to the recommendation of Remuneration Committee and the normal standards in the same industry.

Chapter 8 Supplementary Provisions

Article 37: (Deleted).

Article 38: Any matters not sufficiently provided for in these Articles of Association shall be handled in accordance with the Company Act and other applicable laws or regulations.

Article 39: The amendments to Articles of Association shall be approved by a majority of shareholders in attendance at a meeting attended by shareholders accounting for at least two-thirds of total shares. If the shareholding mentioned in the preceding paragraph is short, the amendments to Articles of Association shall be approved by at least two-thirds of shareholders having votes in attendance at a meeting attended by shareholders accounting for a majority of total shares issued.

Article 40: The Company may provide endorsements and guarantees and act as a guarantor.

Article 41: These Articles of Incorporation were enacted on June 16, 1966 and took effect after the approval and registration by the competent authority.

The 1st amendment was made on December 27, 1967.

The 2ed amendment was made on November 25, 1968.

The 3rd amendment was made on March 31, 1972.

The 4th amendment was made on March 30, 1973.

The 5th amendment was made on April 16, 1973.

The 6th amendment was made on June 25, 1976.

The 7th amendment was made on June 27, 1977.

The 8th amendment was made on June 29, 1978.

The 9th amendment was made on May 11, 1979.

The 10th amendment was made on April 18, 1980.

The 11th amendment was made on December 12, 1980.

The 12th amendment was made on April 17, 1981.

The 13th amendment was made on May 28, 1982.

The 14th amendment was made on November 21, 1982.

The 15th amendment was made on May 27, 1983.

The 16th amendment was made on June 8, 1983.

The 17th amendment was made on October 21, 1983.

The 18th amendment was made on April 20, 1984.

The 19th amendment was made on April 10, 1985.

The 20th amendment was made on April 25, 1985.

The 21st amendment was made on May 11, 1985.

The 22ed amendment was made on April 25, 1986.

The 23rd amendment was made on February 28, 1987.

The 24th amendment was made on April 24, 1987.

The 25th amendment was made on April 22, 1988.

The 26th amendment was made on January 26, 1989.

The 27th amendment was made on April 21, 1989.

The 28th amendment was made on April 23, 1990.

The 29th amendment was made on April 26, 1991.

The 30th amendment was made on May 7, 1993.

The 31st amendment was made on May 27, 1994.

The 32ed amendment was made on May 12, 1995.

The 33rd amendment was made on May 23, 1997.

The 34th amendment was made on May 22, 1998.

The 35th amendment was made on May 21, 1999.

The 36th amendment was made on May 18, 2000.

The 37th amendment was made on June 6, 2002.

The 38th amendment was made on May 23, 2003.

The 39th amendment was made on May 7, 2004.

The 40th amendment was made on May 6, 2005.

The 41st amendment was made on June 23, 2006.

The 42ed amendment was made on June 15, 2012.

The 43rd amendment was made on June 12, 2014.

The 44rd amendment was made on June 16, 2016.

In compliance with Article 14-4 of Securities and Exchange Act and Article 12 of Regulations governing Exercise of Power by Audit Committee of Public Companies, these Articles of Incorporation, which are in relation to the establishment of the Audit Committee, shall repeal the establishment of Supervisors and the related Articles concerning the Supervisors at the time when the Audit committee is commenced.

Yungtay Engineering Co., Ltd.
Rules Governing the Election of Directors and Supervisors

Article 1: Unless otherwise specified by the Company's Articles of Incorporation and related regulations, the election of the Company's directors and supervisors shall be governed by these Rules.

Article 2: The election of the Company's directors and supervisors shall be held at the shareholders' meeting.

Article 3: (Deleted)

Article 4: The cumulative voting method shall be used for election of the directors and supervisors at the Company.

Article 5: Unless otherwise provided in Articles of Incorporation, in the election of directors and supervisors of the Company, each share shall have voting rights equivalent to the number of seats to be elected directors or supervisors and such voting rights can be combined to vote for one person or divided to vote for several persons.

Article 6: The directors and supervisors shall be elected by the shareholders' meeting from among the persons with disposing capacity.

The number of directors and supervisors will be as specified in the Company's Articles of Incorporation, with voting rights separately calculated for director or supervisor positions. Those receiving ballots representing the highest numbers of voting rights will be elected director or supervisor sequentially according to their respective numbers of votes. When two or more persons receive the same number of votes, thus exceeding the specified number of positions, they shall draw lots to determine the winner, with the Chairman drawing lots on behalf of any person not in attendance.

Article 6-1: The election and qualification of independent directors at the Company shall comply with the Company's Articles of Incorporation, the Regulations governing Appointment of Independent Directors and Compliance Matters for Public Companies and other related regulations.

When an independent director is dismissed for any reason, resulting in a number of directors lower than that required under the Securities Trading Act, a by-election for independent director shall be held at the next following shareholders' meeting.

Article 7: The ballot prepared by the board of directors shall be numbered in accordance with the number of attendance certificate, with adding the number of voting rights.

Article 8: Before the election begins, the chairman shall appoint some persons with shareholder status to perform the specific duties such as vote monitoring,

calling-out and counting.

Article 9: The ballot box used for voting shall be prepared by the board of directors and checked in public by the person to check the ballots before voting commences.

Article 10: If a candidate is a shareholder, a voter must enter the candidate's account name and shareholder account number in the "candidate" column of the ballot; for a non-shareholder, the voter shall enter the candidate's full name and identity card number. However, when the candidate is a governmental organization or juristic-person shareholder, the name of the governmental organization or juristic-person.

Article 11: Ballots shall be deemed void under the following contions:

1. Ballots not specified by the Rules.
2. A blank ballot is placed in the ballot box.
3. The writing is unclearly and indecipherably.
4. The candidate whose name is entered in the ballot is a shareholder, but the candidate's account name and shareholder account number do not conform with those given in the shareholder register, or the candidate whose name is entered in the ballot is a non-shareholder, and a cross-check shows that the candidate's name and identity card number do not match.
5. Other words or marks are entered in addition to the candidate's account name or shareholder account number (identity card number) and the number of voting rights allotted.
6. The candidate's account name (name) or shareholder account number (identity card number) not filled in the ballot.
7. Illegible writing.

Article 12: The election of directors and supervisors shall be held with setting up the ballot boxes separately. The monitoring and counting personnel shall open the ballot boxes simultaneously after casting votes, separately.

Article 13: Calling-out and counting the ballots shall be supervised by the monitoring personnel, and the list of persons elected as directors which they were elected, shall be announced by the chairman on the site after the end of the poll.

Article 14: The Company's Board of Directors shall issue notification to each director and supervisor elected.

Article 15: These Rules, and any amendments hereto, shall be implemented after approval by a shareholders meeting.

Yungtay Engineering Co., Ltd.
Status of Shareholdings of Directors and Supervisors

Paid-up capital: 410,820,000 Ex-dividend date: April 30, 2018

Title	Name	Shares held in share register
Chairman	Tso Li Hsu (許作立)	17,000,000
Director	Hitachi, Ltd. Representative: Makoto Nagashima (長島真)	31,817,168
Director	Tso Ming Hsu (許作名)	2,159,888
Director	Ray Chun Su (許瑞鈞)	0
Director	Feng Ming Wu (吳逢明)	422,930
Director	Yu Hsin Hsu (徐毓新)	138,000
Director	Tien Po Tsao (曹田波)	4,134
Independent Director	Hsien Cheng Hsu (許獻政)	10,569
Independent Director	Kung Hsiao Chang (張功效)	542
Total shares held by all directors		51,553,231
Statutory minimum shares held by all directors		16,000,000
Supervisor	Kuang Ming Chang (張光明)	1,190,260
Supervisor	Wann Lai Cheng (鄭萬來)	586,508
Supervisor	Chi Shen Investment Co., Ltd. Representative: Yu Ming Liang (梁育銘)	2,989,126
Total shares held by all supervisors		4,765,894
Statutory minimum shares held by all supervisors		1,600,000

Imputed Earnings Per Share (EPS) in 2017 after distribution of remuneration of employees and directors and supervisors

Not applicable (Since January 1, 2008, the remuneration of employees and directors and supervisors is recognized as expenses).

The Impact of Stock Dividend Issuance on Business Performance and Earnings Per Share (EPS)

Not applicable (no proposal for stock dividend issuance is proposed in 2018 Annual Shareholders' Meeting).

Yungtay Engineering Co., Ltd.
Candidates for the 18th Directors (Independent directors included)

Category	Nominator	Candidate	Educational background	Work Experience	Current Position	Shares Held	Date of Initial Election
Director	Board of Directors	Hitachi, Ltd. Representative: Makoto Nagashima (長島真)	SPSE, Waseda University	Managing Director, Hitachi,Ltd. Deputy General Manager, Global Elevator & Escalator Division. Building Systems Business Unit. Hitachi, Ltd.	General Manager, Global Sales Management Division. Building Systems Business Unit. General Manager, Hitachi Ltd. Director, Yungtay Engineering Co., Ltd.	31,817,168 shares	1968
Director		Kuang Ming Chang (張光明)	Tokai University Dept. of Political Economy	Supervisor, Yungtay Engineering Co., Ltd. Director, Taichung City Central District Cooperative	Supervisor, Yungtay Engineering Co., Ltd. Director, Taichung City Central District Cooperative	1,190,260 shares	1994 to 2018 as Yungtay Supervisor
Director		Ever link Co., Ltd. Representative: Wann Lai Cheng (鄭萬來)	Fu Jen Catholic University Dept. of Business Administration	Chairman, Taiwan Calsonic Co.,Ltd Chairman, Ever link Co., Ltd. Supervisor, Yungtay Engineering Co., Ltd	Chairman, Taiwan Calsonic Co.,Ltd Chairman, Ever link Co., Ltd. Supervisor, Yungtay Engineering Co., Ltd.	100,000 shares	2012 as Yungtay Supervisor
Director		Shi Ming Liang (梁世明)	Master of Chemical Engineering, Stanford University	Chairman, Nachi C. Y. Corporation. Chairman, Taiwan Asahi Bearing Co., Ltd. Chairman, Kun Lun Investment Co., Ltd. Deputy General Manager, Chien Hsin Trading Co., Ltd.	Chairman, Nachi C. Y. Corporation. Chairman, Taiwan Asahi Bearing Co., Ltd. Chairman, Kun Lun Investment Co., Ltd. Deputy General Manager, Chien Hsin Trading Co., Ltd	485,054 shares	Initial nomination
Director		Ray Chun Su (許瑞鈞)	San Jose State University Mechanical Engineering	Deputy Chairman, Yungtay Elevator Equipment (China) Co., Ltd. Director, Yungtay Engineering Co., Ltd.	Deputy Chairman, Yungtay Elevator Equipment (China) Co., Ltd. Director, Yungtay Engineering Co., Ltd.	0 share	2012

Category	Nominator	Candidate	Educational background	Work Experience	Current Position	Shares Held	Date of Initial Election
Director	Board of Directors	Fong Chieh Tsai (蔡鋒杰)	Master of Accounting, National Chengchi University	Chairman, Yungtay-Hitachi Construction Machinery Co., Ltd.	President, Yungtay Engineering Co., Ltd.	114,232 shares	2006 to 2011 as Yungtay Director
Independent Director		Ching Yu Liao (廖錦玉)	Master of Law, National Chengchi University	Attorney, Taiwan International Patent Office	General Manager. Rohm Semiconductor Co. Ltd.	0 share	Initial nomination
				Attorney, Lee and Li, Attorneys-at-Law.			
				Attorney, Saint Island International Law Office.			
Independent Director		Meng Ta Wu (吳孟達)	Master of Accounting, National Taiwan University	Supervisor auditor, Pricewaterhouse Coopers (PwC) Taiwan.	CPA Partner, Crowe Horwath (TW) CPAs	0 share	Initial nomination
				CPA, Dinkum & Co., CPAs	Independent Director, Gourmet Master Co. Ltd.		
				Member of Management Committee. Land Acquisition and Land Development Fund. DORTS.	Independent Director, Fun Yours Technology Co., Ltd.		
					Chairperson, Accounting & Auditing Committee, Taiwan Certified Public Accountants Association		
					Committee Member, Auditing Committee, Accounting Research and Development Foundation		
					Consultant, Taiwan Financial Reporting Standards Committee, Accounting Research and Development Foundation		

Category	Nominator	Candidate	Educational background	Work Experience	Current Position	Shares Held	Date of Initial Election
Independent Director	Board of Directors	Yung Ming Hsieh (謝永明)	Doctor of Accounting, National Taiwan University	Associate Professor and Chair of Accounting, Soochow University	Professor, Soochow University	0 share	Initial nomination
					Independent Director, G-Fun Industrial Corporation		
				Associate Professor, National Chengchi University.	Committee Member, the TPEx Securities Listing Review Committee of Taipei Exchange		
				Member of the Board of Examiners/Drafter/ Grader, Examination Yuan of ROC.	Secretary general, Taiwan Brand Development Cooperation and Exchange Promotion Association		
				Supervisor, Electronic Business Management Society			
				Equity Representative, National Development Fund, Executive Yuan			
Director	Welfit International Investment Ltd. Herzu Investment Ltd.	Tso Ming Hsu (許作名)	Tamkang University. Water Resources Engineering	President, Yungtay Engineeting Co., Ltd.	Managing Director, Republic of China Elevator Association	2,159,888 Shares	2006
					Director, Yungtay Engineeting Co., Ltd.		
Director		Ssu Tsung Cheng (鄭斯聰)	Fu Jen Catholic University Dept. of International Trading	Representative of Corporate Director COTA Bank.	Principal, Hong Yi (鴻憶) Investment Ltd.	1,000 shares	Initial nomination
Independent Director		Shih Yang Chen (陳世洋)	Accounting Bachelor, Soochow University	Director of Taxation and Taxation Committee, Taiwan Certificated Accountant Association.	Principal, Chung Sun Certified Public Accountants Taipei Office	0 Share	Initial nomination
				The 17th Vice President, Taipei Certificated Accountant Association.	The 10th director of National Federation, ROC Certificated Accountant Association.		
				The 15th and 16th Director of , Regulatory Affairs Committee Taipei Certificated Accountant Association.			

Category	Nominator	Candidate	Educational background	Work Experience	Current Position	Shares Held	Date of Initial Election
Director	Tso Ming Hsu	Hsin Chao Huang (黃信昭)	Hwa Hsia University of Technology Dept. of Electrical Engineering	Marketing director, Yungtay Elevator Equipment (China) Co., Ltd.	Chief Operating Officer, Rueichenghao Investment Co., Ltd.	2,060 share	Initial nomination
Director		Ssu Tsung Cheng (鄭斯聰)	Fu Jen Catholic University Dept. of International Trading	Representative of Corporate Director COTA Bank.	Principal, Hong Yi (鴻億) Investment Ltd.	1,000 shares	Initial nomination
Director		Yung Ping Su (蘇永平)	EMBA, National Central University	Chairman, Huangpu Construction Co., Ltd.	Chairman, Huangpu Construction Co., Ltd.	0 share	Initial nomination
Director		Shih Ching Chang (張石清)	Southern Taiwan University of Science and Technology Dept. of Electrical Engineering	None	None	930 share	Initial nomination
Independent Director		Ying Chen Lai (賴瑩真)	Master of Law, Private Soochow University	The 12th Executive Director, Taipei Awakening Association	Joint-office Attorney, WTC Partners Law Office	0 Share	Initial nomination
				The 11th Supervisor, Taipei Awakening Association	Chairperson of The 28th Legal education committee, Taipei Bar Association		
				Attorney, International Business Law Office			
Independent Director		Chung Yu Chen (陳重佑)	Management Institute PhD, National Yulin University of Science and Technology	Lecturer, Dept. of Accounting Information. Tzu Chi University of Science and Technology	Principal, Yong Xu (永續) Certified Public Accountants	0 Share	Initial nomination
				Lecturer, Dept. of Accounting. National Yulin University of Science and Technology			
				Senior Auditor, KPMG			
				Lecturer, Dept. of Business Administration. National Yulin University of Science and Technology			
				Lecturer, Dept. of Accounting and Statistics. TransWorld University			

Category	Nominator	Candidate	Educational background	Work Experience	Current Position	Shares Held	Date of Initial Election
Independent Director	Tso Ming Hsu	Shih Yang Chen (陳世洋)	Accounting Bachelor, Soochow University	Director of Taxation and Taxation Committee, Taiwan Certificated Accountant Association	Principal, Chung Sun Certified Public Accountants Taipei Office	0 Share	Initial nomination
				The 17th Vice President, Taipei Certificated Accountant Association	The 10th director of National Federation, ROC Certificated Accountant Association		
				The 15th and 16th Director of , Regulatory Affairs Committee Taipei Certificated Accountant Association			

Yungtay Engineering Co., Ltd.

The content of waiver of the non-competition restriction, which is proposed to shareholders' meeting for the following director candidates:

Title	Name	Job with other companies
Director	Hitachi, Ltd. Representative : Makoto Nagashima (長島真)	General Manager, Global Sales Management Division. Building Systems Business Unit. Hitachi Ltd.
Director	Kuang Ming Chang (張光明)	Director,Taichung City Central District Cooperative
Director	Ever link Co., Ltd. Representative : Wann Lai Cheng (鄭萬來)	Chairman: Taiwan Calsonic、Ever link Director: Browave、Powertech Technology、Center Laboratories Legal representative of the director: BioEngine Capital、Uni-Calsonic、BioEngine Technology Development、Glac Biotech、Chuang Yi Biotech、Lumosa Therapeutics Supervisor: Yungtay Engineering Co., Ltd.、Polstar Technologies Legal representative of the supervisor: Mycenax Biotech、TPG Biologics
Director	Shi Ming Liang (梁世明)	Chairman: Nachi C. Y.、Taiwan Asahi Bearing、Kun Lun Investment Deputy General Manager: Chien Hsin Trading
Director	Ray Chun Su (許瑞鈞)	Legal representative of Yungtay Elevator Equipment (China)
Director	Fong Chieh Tsai (蔡鋒杰)	Legal representative of Yungtay Engineering Ltd. (Hong Kont)
Independent Director	Ching Yu Liao (廖錦玉)	General Manager of Rohm Semiconductor Co., Ltd.

Title	Name	Job with other companies
Independent Director	Meng Ta Wu (吳孟達)	CPA Partner, Crowe Horwath (TW) CPAs Independent Director, Gourmet Master Co. Ltd. Independent Director, Fun Yours Technology Co.,Ltd. Chairperson, Accounting & Auditing Committee, Taiwan Certified Public Accountants Association Committee Member, Auditing Committee, Accounting Research and Development Foundation. Consultant, Taiwan Financial Reporting Standards Committee, Accounting Research and Development Foundation
Independent Director	Yung Ming Hsieh (謝永明)	Professor, Soochow University Independent Director, G-Fun Industrial Corporation Committee Member, the TPEx Securities Listing Review Committee of Taipei Exchange. Secretary general, Taiwan Brand Development Cooperation and Exchange Promotion Association.