

Stock Code: 2377

Micro-Star International Co., Ltd.

Handbook for the 2019 Annual Meeting of Shareholders

MEETING TIME: June 14, 2019.

PLACE: 11F., No.866-11, Zhongzheng Rd., Zhonghe Dist., New

Taipei City 235, Taiwan (R.O.C.)

Notice to readers

This English-version handbook is a summary translation of the Chinese version and is not an official document of the shareholders' meeting. If there is any discrepancy between the English and Chinese versions, the Chinese version shall prevail.

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Micro-Star International Co., Ltd.

Procedure for the 2019 Annual Meeting of Shareholders

Call the Meeting to order

Chairperson Remarks

Report Items

Adoption Items

Discussion Items

Extempore motions

Adjournment

Micro-Star International Co., Ltd.

Year 2019

Agenda of Annual Meeting of Shareholders

Time: 9:00 a.m. on Friday, June 14, 2019.

Place: 11F., No.866-11, Zhongzheng Rd., Zhonghe Dist., New Taipei City 235, Taiwan (R.O.C.)

Chairperson Remarks

I. Report Items:

1. Business Report of 2018
2. The Audit Committee's Review Report on the 2018 Financial Statements
3. Report of Employees' Compensation and Directors' Compensation for 2018.

II. Adoption Items:

1. To adopt 2018 Business Report and Financial Statements.
2. To adopt the proposal for distribution of 2018 profits.

III. Discussion Items

1. Amendment to the "Articles of Incorporation".
2. Amendment to the "Operational Procedures for Loaning of Company Funds".
3. Amendment to the "Operational Procedures for Endorsements and Guarantees".
4. Amendment to the "Operational Procedures for Acquisition or Disposal of Assets".
5. To approve the Proposal of Cash Distribution from the Capital Surplus.

IV. Extempore motions

V. Adjournment

Reports Items

Report No. 1

Business Report of 2018.

Business Report

Looking back at 2018, business operation was facing adverse challenges against the backdrop of U.S.-China trade tensions and European economic slowdown. The entire PC market was nearing saturation point and slightly declining. However, the demand for gaming continued to grow and the players showed an increased need for high and mid-end PCs as elated competition events and live streaming platforms became increasingly popular. Despite the sudden reversal of the demand for graphics cards driven by cryptocurrencies, such fall in the demand for high-end graphics cards, once boosted by the mining rush which caused the products to be in short supply, pushed the demand back to the e-sports market. In addition to the long-term effort in cultivating the high-end gaming market with continuous development of gaming-related PC products to fit the players' needs and responding to the great needs for artwork creation, the Company launched high-end image processing series. Moreover, the Company made a major progress in servers, industrial computers and AIoT for auto electronics, adding impetus to its growth momentum. The Company's consolidated revenues and profits both hit new highs in 2018. Looking ahead to 2019, the Company will continue to show its strength in R&D, production and sales by coming up with all-round gaming series and all types of commercial products and software solutions to create higher values for itself, the clients and the shareholders.

I. Operating Performance in 2018

1. Consolidated financial results

Unit: NT\$ thousands

Item	Year	2018	2017	Growth amount	Growth rate
Sales revenue		118,527,273	106,419,905	12,107,368	11.38%
Gross profit		16,129,686	15,031,293	1,098,393	7.31%
Profit after tax		6,041,129	4,937,422	1,103,707	22.35%
Basic earnings per share(After-tax) (in NT dollars)		7.15	5.84	1.31	22.43%
Diluted earnings per share (After-tax) (in NT dollars)		7.08	5.79	1.29	22.28%

2. Profitability analysis

Item	Year	Financial Analysis for the Last Two-Years	
		2018	2017
Financial structure(%)	Debt to asset ratio (%)	45.72	43.44
	Long-term capital to property, plant and equipment(%)	641.74	554.91
Solvency(%)	Current ratio(%)	199.30	206.42
	Quick ratio(%)	104.68	122.23
	Interest earned ratio (times) (%)	49,733.08	178,404.56
Profitability (%)	Return on assets (%)	11.60	9.92
	Return on shareholders' equity (%)	20.92	18.05
	Profit ratio (%)	5.10	4.64
	Basic after-tax EPS(NT\$)	7.15	5.84

3. Research and Development Status

As the leading brand in gaming PCs, MSI has always held the belief that it is its responsibility and obligation to develop a product beyond the players' expectation. In addition to the R&D personnel being the players who go to the field to interact directly with the consumer players and listen to them to understand their needs and expectations for the products, whether by working with the pro team leagues or through cross-industry cooperation with world-class makers, the Company provides the users not only with hardware specs, but also a comprehensive all-around gaming ecosystem experience.

The MSI gaming notebook computer is equipped with the latest high-definition graphics card and central processing unit, combining features such as wide viewing angle, wide color gamut, ultra-high update rate, exclusive True Color for accurate color correction, one-button colorful esports keyboard, built-in Hi-Res Audio headphone amplifier and maximized Giant Speaker to provide players with great enjoyment of both vision and hearing. The Prestige series notebooks, specially developed for all types of creators, intelligently detects the editing and drawing software used by creators for system optimization. With continuous commitment to professional mobile workstations, the MSI Mobile Workstation has received a number of ISV certifications, providing the best compatibility experience for ISV software computing in all areas of expertise. The MSI display card comes in the SEA HAWK, VENTUS, and AERO series for different cooling system requirements so that players can get the maximum performance. For the desktop product, the "Trident X" was launched, which is not only the smallest gaming desktop in the industry, but also supports the latest Intel® overclock Core™ i9-9900K series processors that can only be coupled with a large mainframe. It also carries the latest NVIDIA® GeForce RTX™ 20 Series graphics card and the first-ever interchangeable transparent tempered glass side panel which allows the possibility of maximum and rapid upgrades for users, making it the largest competitor for general game consoles. For the esports screen products, the Company launched the curved "Optix MPG27CQ" for esports, which combines SteelSeries GameSense's first RGB lighting effects that can be synchronized with the game. It also introduces the industry's first "Gaming OSD APP", which allows users to use the keyboard and mouse in an intuitive way to optimize the settings for the curved gaming screen.

Both the MSI Optix MPG27 series surface esports screen and the MSI GE73 Raider RGB esports notebook won recognition from the jurors in the 2018 Computex; while the FUNTORO smart fleet management and cloud service platform, FUNTORO smart course business service solution claimed major awards, showing the Company's strength and determination to step into the field of software service platforms; and in 2018, a total of 14 products won the Taiwan Excellence Award with an award-winning rate as high as 70%. It is MSI's commitment to continue to concentrate its efforts on innovation, design and performance to bring higher values to e-sports players and all users.

II. Operating Plan for 2019

To adjust to the future environment, MSI's adopted operation guidelines, estimated goals and important sales strategies for 2019 are as follows:

1. operation guideline

- (1) Sales and marketing aspect: progressively explore new markets and new customers and establish a long-term entrusted stable business relationship with customers with potentials and sound financial status to create mutual benefits.
- (2) Product R&D aspect: Develop products which meet users' needs.
- (3) Finance aspect: uphold the principle of steady and stable operation, and control various financial risks.
- (4) Manufacturing, quality and service aspect: continue implementing automated manufacturing to increase quality and efficiency. Improve repair and services to enhance customer satisfaction.

2. Sales forecast and the analysis

MSI covers a wide range of product lines. We not only will carry on with our dedications in the high-end niche market to pursue a steady growth, and will also consolidate efforts in new product development and marketing promotions to boost shipment volume, including for motherboards, graphic cards, notebooks, AIOs, desktop PCs, servers, IPCs vehicle electronics and robots products. We expect there is space for growth. Our goal is to raise the overall profits and to proactively increase the market share of all our products. The 2019 shipment forecast for motherboards and graphic cards is twenty million pieces.

3. Important sales policies

- (1) Production policy aspect: Always paying attention to the global major political and economic situations to respond to the possible change in market demand and the suppliers' productivity. To increase capacity utilization rate by adopting planned procurement of components. To adopt flexible production to reduce stock level yet fulfilling customer's order demand. To observe the dynamic of supply chains and to ensure an effective production of employees, equipment, materials, and manufacturing methods.
- (2) Sales policy aspect: to provide good quality products that suit customers' need. To gain a mutual success in sales target with our customers.

Facing the challenge of current global IT industry environment changes and the dynamic, intense competition, MSI will stand by our hardcore RD strength, combining sales and marketing endeavors to achieve the goal of profit increase. We believe with the hard work of all the employees, our overall sales performance will hit continuous growth. I hereby on behalf of the MSI management team express our appreciation to all our shareholders, customers and suppliers. We also appreciate the hard efforts of all employees and directors made during the past year. We hope our shareholders will keep supporting

and encouraging us. We will work harder to achieve a greater performance and sales results to share with you.

Sincerely yours,

Chairman: Hsu, Hsiang

Report No. 2

Audit Committee's Review Report of 2018.

Audit Committee's Review Report

The Board of Directors has prepared the Company's 2018 Business Report, Financial Statements, and proposal for allocation of earnings. The CPA firm of PWC was retained to audit MSI's Financial Statements and has issued an audit report relating to the Financial Statements. The Business Report, Financial Statements, and earnings allocation proposal have been reviewed and determined to be correct and accurate by the Audit Committee members of Micro-Star International Co., Ltd. According to relevant requirements of the Securities and Exchange Act and the Company Law, we hereby submit this report.

Micro-Star International Co., Ltd.

Chairman of the Audit Committee:
Mr. Wang, Sung-Chou

April 30, 2019

Report No. 3

Report of Employees' Compensation and Directors' Compensation for 2018.

- (1) 2018 Employees' Compensation and Directors' Compensation distribution plan is in accordance with Article 235-1 of the Company Act and Article 19-1 of the Articles of Incorporation.
- (2) The company's 2018 profit before allocation of Employees' Compensation and Directors' Compensation is NT \$ 7,593,734,339; of which an approximate 6.78% is distributed to Employees' Compensation, amount NT \$ 515,000,000 (all cash distribution) ; of which 0.65% is distributed to Directors' Compensation, amount NT\$49,500,000. Both Employees' Compensation and Directors' Compensation are distributed in cash.
- (3) The distribution above is resolved by the Company's Remuneration Committee and the Board of Directors. The above figures are no difference from the amount recognized in 2018.

Adoption Items

1.

Proposed by the Board

Proposal:

Adoption of the 2018 Business Report and Financial Statements

Explanation:

- (1)MSI Company's Financial Statements, including the balance sheet, income statement, statement of changes in shareholders' equity, and statement of cash flows, were audited by independent auditors, Liang, Hua-Ling and Lai, Chung-His of PricewaterhouseCoopers, Taiwan. Also Business Report and Financial Statements have been approved by the Board of Directors and examined by the Audit Committee.
- (2)The 2018 Business Report, independent auditors' audit report, and the above-mentioned Financial Statements. Please refer to page3-7,10-32.

Resolution:

REPORT OF INDEPENDENT ACCOUNTANTS TRANSLATED FROM CHINESE

To the Board of Directors and Shareholders of MICRO-STAR INTERNATIONAL CO., LTD. AND SUBSIDIARIES

Opinion

We have audited the accompanying consolidated balance sheets of MICRO-STAR INTERNATIONAL CO., LTD. AND SUBSIDIARIES (the “Group”) as of December 31, 2018 and 2017, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2018 and 2017, 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, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory Commission.

Basis for opinion

We conducted our audits in accordance with the “Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants” and generally accepted auditing standards in the Republic of China (ROC GAAS). Our responsibilities under those standards are further described in the *Auditor’s Responsibilities for the Audit of the consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the Code of Professional Ethics for Certified Public Accountants in the Republic of China (the “Code”), and we have fulfilled our other ethical responsibilities in accordance with the Code. Based on our audits and the audit reports of other independent accountants, we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the year ended December 31, 2018. These matters were addressed in the context of our audit of the consolidated financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

Key audit matters for the Group's consolidated financial statements of the year ended December 31, 2018 are stated as follows:

Occurrence of sales revenue from significant customers

Description

Please refer to Note 4(24) for accounting policies on revenue recognition. Other than international brands, the Group sells its products to customers in various countries. With the Group actively developing new products, sales revenue increases progressively every year, and the occurrence of sales revenue is critical to the financial statements. Thus, the occurrence of sales revenue from new significant customers, excluding international brands, was identified as a key audit matter.

How our audit addressed the matter

We performed the following audit procedures in respect of the above key audit matter:

- A. Obtained an understanding of and assessed internal controls in relation to sales revenue from new significant customers, and validated the operating effectiveness of those above mentioned internal controls.
- B. Obtained detailed listing of sales revenue from new significant customers in the current year, and validated supporting documents, including sales invoices, customer purchase orders and delivery documents.
- C. Inspected contents and relevant evidences in relation to sales returns and discounts occurring subsequent to the reporting period and assessed the reasonableness of respective sales revenue recognised.

Estimation of allowance for inventory valuation losses

Description

Please refer to Note 4(11), for accounting policies on inventory valuation, Note 5(2) for the uncertainty of accounting estimates and assumptions applied on inventory valuation, and Note 6(4) for details of inventories. As of December 31, 2018, the balances of inventories and allowance for inventory valuation losses are NT\$22,784,575 thousand and NT\$731,713 thousand, respectively.

The Group is primarily engaged in manufacturing and sales of motherboard, interface card, notebook computer and other electronic products. Due to the rapid technological innovations, shorter electronic product life cycles, and the fluctuation of market prices within the industry, there is a higher risk of inventory losses due from market value decline or obsolescence. The Group recognises inventories at the lower of cost and net realisable value. As the monetary values of inventories are material, and there are various types of inventories, the estimation and determination

of the net realisable value of inventories as of the balance sheet date are subject to management's judgement and contain a high level of uncertainty and have material effects on the financial statements, and therefore, it was identified as a key audit matter.

How our audit addressed the matter

We performed the following audit procedures in respect of the above key audit matter:

- A. Assessed the reasonableness and the consistency of policies in relation to the provision of allowance for inventory valuation losses and procedures based on our understanding of the Group's operations and industry.
- B. Validated the appropriateness of system logic of the report of individually identified obsolete inventory prepared by management and confirmed the consistency with Group's policies.
- C. Validated the appropriateness of estimation basis for net realisable value of inventories and inspected respective supporting documents, including sales prices or purchase prices, reperformed the calculation of the report and assessed the reasonableness of management's determination of net realisable value of inventories.

Other matter – Reference to audits of other independent accountants

We did not audit the financial statements of certain consolidated subsidiaries and investments accounted for under the equity method that are included in the consolidated financial statements. Those financial statements were audited by other independent accountants, whose reports thereon have been furnished to us, and our opinion expressed herein is based solely on reports of the other independent accountants. Total assets of the abovementioned entities (including investments accounted for under the equity method) amounted to NT\$9,411,349 thousand and NT\$10,202,580 thousand as of December 31, 2018 and 2017, constituting 17% and 21% of consolidated total assets, respectively. Sales revenue of the above mentioned entities amounted to NT\$22,331,098 thousand and NT\$24,629,128 thousand, for the years ended December 31, 2018 and 2017, constituting 19% and 23% of consolidated total sales revenue, respectively.

Other matter – Parent company only financial reports

We have audited and expressed an unmodified opinion with other matter section on the parent company only financial statements of MICRO-STAR INTERNATIONAL CO., LTD. as of and for the years ended December 31, 2018 and 2017.

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 International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory Commission, and for such internal control as management determines is necessary to enable the

preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Independent accountant's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ROC GAAS 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 ROC GAAS, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are

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

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

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

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

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

Liang, Hua-Ling

Lai, Chung-Hsi

For and on behalf of PricewaterhouseCoopers, Taiwan

March 21, 2019

The accompanying consolidated financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying consolidated financial statements and report of independent accountants are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.

As the financial statements are the responsibility of the management, PricewaterhouseCoopers cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

MICRO-STAR INTERNATIONAL CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2018 AND 2017
(Expressed in thousands of New Taiwan dollars)

Assets	Notes	December 31, 2018		December 31, 2017		
		AMOUNT	%	AMOUNT	%	
Current assets						
1100	Cash and cash equivalents	6(1)	\$ 8,815,680	16	\$ 10,028,064	20
1110	Financial assets at fair value	6(2)				
	through profit or loss - current		98,400	-	20,916	-
1150	Notes receivable, net	6(3)	35,183	-	21	-
1170	Accounts receivable, net	6(3)	16,040,189	29	15,108,103	31
1200	Other receivables		159,681	-	340,610	1
1220	Current income tax assets		44,944	-	4,984	-
130X	Inventories, net	6(4)	22,052,862	40	16,321,027	33
1410	Prepayments	6(5)	1,381,022	3	1,292,728	3
1476	Other current financial assets		728,936	1	68,835	-
11XX	Total current assets		<u>49,356,897</u>	<u>89</u>	<u>43,185,288</u>	<u>88</u>
Non-current assets						
1600	Property, plant and equipment	6(6) and 8	4,738,544	9	5,087,802	10
1760	Investment property - net	6(7)	341,241	1	337,892	1
1840	Deferred income tax assets	6(22)	438,204	1	348,019	1
1900	Other non-current assets	6(8) and 8	299,287	-	194,388	-
15XX	Total non-current assets		<u>5,817,276</u>	<u>11</u>	<u>5,968,101</u>	<u>12</u>
1XXX	Total assets		<u>\$ 55,174,173</u>	<u>100</u>	<u>\$ 49,153,389</u>	<u>100</u>

(Continued)

MICRO-STAR INTERNATIONAL CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2018 AND 2017
(Expressed in thousands of New Taiwan dollars)

Liabilities and Equity	Notes	December 31, 2018		December 31, 2017		
		AMOUNT	%	AMOUNT	%	
Current liabilities						
2100	Short-term borrowings	6(9)	\$ 3,000,000	6	\$ -	-
2120	Financial liabilities at fair value through profit or loss - current	6(2)	5,555	-	24,448	-
2150	Notes payable		200	-	-	-
2170	Accounts payable		14,933,624	27	16,032,335	32
2200	Other payables	6(10)	3,418,250	6	3,490,587	7
2230	Current income tax liabilities		1,017,290	2	813,537	2
2250	Provision for liabilities - current	6(13)	501,095	1	454,744	1
2365	Refund liabilities- current		1,796,905	3	-	-
2399	Other current liabilities, others		92,142	-	105,006	-
21XX	Total current liabilities		<u>24,765,061</u>	<u>45</u>	<u>20,920,657</u>	<u>42</u>
Non-current liabilities						
2540	Long-term borrowings	6(11) and 8	16,442	-	16,642	-
2570	Deferred income tax liabilities	6(22)	2,297	-	16,967	-
2640	Net defined benefit liability, non-current	6(12)	217,609	-	202,757	1
2670	Other non-current liabilities, others		226,903	1	193,096	-
25XX	Total non-current liabilities		<u>463,251</u>	<u>1</u>	<u>429,462</u>	<u>1</u>
2XXX	Total liabilities		<u>25,228,312</u>	<u>46</u>	<u>21,350,119</u>	<u>43</u>
Equity attributable to owners of parent						
Share capital						
3110	Share capital - common stock	6(14)	8,448,562	15	8,448,562	17
Capital surplus						
3200	Capital surplus	6(15)	1,226,049	2	1,225,615	3
Retained earnings						
3310	Legal reserve	6(16)	4,378,464	8	3,884,722	8
3320	Special reserve		421,815	1	389,482	1
3350	Unappropriated retained earnings		15,976,937	29	14,276,704	29
Other equity interest						
3400	Other equity interest		(505,966)	(1)	(421,815)	(1)
31XX	Equity attributable to owners of the parent		<u>29,945,861</u>	<u>54</u>	<u>27,803,270</u>	<u>57</u>
3XXX	Total equity		<u>29,945,861</u>	<u>54</u>	<u>27,803,270</u>	<u>57</u>
3X2X	Total liabilities and equity		<u>\$ 55,174,173</u>	<u>100</u>	<u>\$ 49,153,389</u>	<u>100</u>

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

MICRO-STAR INTERNATIONAL CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017
(Expressed in thousands of New Taiwan dollars, except earnings per share)

Items	Notes	Year ended December 31					
		2018		2017			
		AMOUNT	%	AMOUNT	%		
4000		\$	118,527,273	100	\$	106,419,905	100
5000		(	102,397,587)	(86)	(	91,388,612)	(86)
5900			<u>16,129,686</u>	<u>14</u>		<u>15,031,293</u>	<u>14</u>
6100		(	5,166,468)	(4)	(	5,308,799)	(5)
6200		(	921,767)	(1)	(	907,941)	(1)
6300		(	3,347,836)	(3)	(	3,200,893)	(3)
6450		(	1,665)	-	(-	-
6000		(	<u>9,437,736</u>	<u>(8)</u>	(	<u>9,417,633</u>	<u>(9)</u>
6900			<u>6,691,950</u>	<u>6</u>		<u>5,613,660</u>	<u>5</u>
7010			655,733	-		386,275	-
7020		(	182,141)	-	(	18,030)	-
7050		(	14,408)	-	(	3,353)	-
7000			<u>459,184</u>	<u>-</u>		<u>364,892</u>	<u>-</u>
7900			7,151,134	6		5,978,552	5
7950		(	1,110,005)	(1)	(	1,041,130)	(1)
8200		\$	<u>6,041,129</u>	<u>5</u>	\$	<u>4,937,422</u>	<u>4</u>
8311		(\$	21,430)	-	(\$	37,520)	-
8349			<u>8,461</u>	<u>-</u>		<u>6,378</u>	<u>-</u>
8310		(	12,969)	-	(	31,142)	-
8361		(	84,151)	-	(	191,655)	-
8360		(	84,151)	-	(	191,655)	-
8300		(\$	<u>97,120</u>	<u>-</u>	(\$	<u>222,797</u>	<u>-</u>
8500		\$	<u>5,944,009</u>	<u>5</u>	\$	<u>4,714,625</u>	<u>4</u>
8610		\$	<u>6,041,129</u>	<u>5</u>	\$	<u>4,937,422</u>	<u>4</u>
8710		\$	<u>5,944,009</u>	<u>5</u>	\$	<u>4,714,625</u>	<u>4</u>
9750		\$		7.15	\$		5.84
9850		\$		7.08	\$		5.79

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

MICRO-STAR INTERNATIONAL CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017
(Expressed in thousands of New Taiwan dollars)

Notes	Equity attributable to owners of the parent									
	Capital surplus					Retained earnings			Financial statements translation differences of foreign operations	Total equity
	Share capital - common stock	Total capital surplus, additional paid-in capital	Treasury stock transactions	Capital surplus, Donated assets received	Employee stock warrants	Legal reserve	Special reserve	Unappropriated retained earnings		
<u>2017</u>										
Balance at January 1, 2017	\$ 8,448,562	\$ 1,895,419	\$ 130,592	\$ -	\$ 44,460	\$ 3,395,928	\$ 389,482	\$ 12,816,215	(\$ 230,160)	\$ 26,890,498
Profit for the year	-	-	-	-	-	-	-	4,937,422	-	4,937,422
Other comprehensive loss for the year	-	-	-	-	-	-	-	(31,142)	(191,655)	(222,797)
Total comprehensive income	-	-	-	-	-	-	-	4,906,280	(191,655)	4,714,625
Appropriations of 2016 earnings :	6(16)									
Legal reserve	-	-	-	-	-	488,794	-	(488,794)	-	-
Cash dividends	-	-	-	-	-	-	-	(2,956,997)	-	(2,956,997)
Cash dividends from capital surplus	6(15)	(844,856)	-	-	-	-	-	-	-	(844,856)
Balance at December 31, 2017	\$ 8,448,562	\$ 1,050,563	\$ 130,592	\$ -	\$ 44,460	\$ 3,884,722	\$ 389,482	\$ 14,276,704	(\$ 421,815)	\$ 27,803,270
<u>2018</u>										
Balance at January 1, 2018	\$ 8,448,562	\$ 1,050,563	\$ 130,592	\$ -	\$ 44,460	\$ 3,884,722	\$ 389,482	\$ 14,276,704	(\$ 421,815)	\$ 27,803,270
Profit for the year	-	-	-	-	-	-	-	6,041,129	-	6,041,129
Other comprehensive loss for the year	-	-	-	-	-	-	-	(12,969)	(84,151)	(97,120)
Total comprehensive income	-	-	-	-	-	-	-	6,028,160	(84,151)	5,944,009
Appropriations of 2017 earnings :	6(16)									
Legal reserve	-	-	-	-	-	493,742	-	(493,742)	-	-
Special reserve	-	-	-	-	-	-	32,333	(32,333)	-	-
Cash dividends	-	-	-	-	-	-	-	(3,801,852)	-	(3,801,852)
Due to donated assets received	-	-	-	434	-	-	-	-	-	434
Balance at December 31, 2018	\$ 8,448,562	\$ 1,050,563	\$ 130,592	\$ 434	\$ 44,460	\$ 4,378,464	\$ 421,815	\$ 15,976,937	(\$ 505,966)	\$ 29,945,861

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

MICRO-STAR INTERNATIONAL CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017
(Expressed in thousands of New Taiwan dollars)

	Notes	Years ended December 31	
		2018	2017
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Profit before tax		\$ 7,151,134	\$ 5,978,552
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation (including investment properties)		685,785	580,657
Amortization (including long-term prepaid rents)	6(20)	9,188	9,134
Expected credit gain		1,665	(19,065)
Net (gains) losses on financial assets and liabilities at fair value through profit or loss		(70,334)	47,830
Interest expense		14,408	3,353
Interest income	6(18)	(88,788)	(69,944)
(Gain) loss on disposal of property, plant and equipment	6(19)	(46,913)	933
Loss on disposal of investments		2,849	345
Loss on unrealized foreign currency exchange		28,275	34,708
Changes in operating assets and liabilities			
Changes in operating assets			
Financial asset held for trading		(26,147)	129,420
Notes receivable, net		(35,162)	8,309
Accounts receivable		899,718	(984,869)
Other receivables		182,643	(17,568)
Inventories, net		(5,731,835)	199,703
Prepayments		(88,294)	(145,320)
Other current financial assets		(660,101)	(68,835)
Other non-current assets		3,808	(19,792)
Changes in operating liabilities			
Notes payable		200	-
Accounts payable		(1,098,711)	(2,015,491)
Other payables		(69,781)	(260,187)
Provision for liabilities - current		46,351	144,006
Current refund liabilities		(36,726)	-
Other current liabilities, others		(12,732)	(259,395)
Net defined benefit liability		(6,578)	(6,557)
Other non-current liabilities		-	(27,731)
Cash inflow generated from operations		1,053,922	3,242,196
Interest received		86,892	80,242
Interest paid		(13,974)	(3,237)
Income tax paid		(1,042,224)	(943,789)
Net cash flows from operating activities		84,616	2,375,412

(Continued)

MICRO-STAR INTERNATIONAL CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017
(Expressed in thousands of New Taiwan dollars)

	Notes	Years ended December 31	
		2018	2017
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Acquisition of property, plant and equipment	6(6)	(\$ 450,502)	(\$ 637,578)
Proceeds from disposal of property, plant and equipment		50,311	3,319
Acquisition of investment properties	6(7)	(2,409)	-
Increase in refundable deposits		(3,620)	(1,315)
Increase in other financial assets		(46,369)	(34,211)
Net cash flows used in investing activities		(452,589)	(669,785)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Increase in short-term borrowings	6(9)	3,000,000	-
Payment of long-term borrowings		(898)	(1,004)
Increase in guarantee deposits received		33,807	46,701
Cash dividends paid	6(16)	(3,801,852)	(2,956,997)
Cash distribution from capital reserve	6(15)	-	(844,856)
Net cash flows used in financing activities		(768,943)	(3,756,156)
Effect of exchange rate		(75,468)	(188,993)
Net decrease in cash and cash equivalents		(1,212,384)	(2,239,522)
Cash and cash equivalents at beginning of year	6(1)	10,028,064	12,267,586
Cash and cash equivalents at end of year	6(1)	\$ 8,815,680	\$ 10,028,064

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

REPORT OF INDEPENDENT ACCOUNTANTS TRANSLATED FROM CHINESE

To the Board of Directors and Shareholders of MICRO-STAR INTERNATIONAL CO., LTD.

Opinion

We have audited the accompanying parent company only balance sheets of MICRO-STAR INTERNATIONAL CO., LTD. (the “Company”) as at December 31, 2018 and 2017, and the related parent company only statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and 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 at December 31, 2018 and 2017, 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 generally accepted auditing standards in the Republic of China (ROC GAAS). Our responsibilities under those standards are further described in the *Auditor’s 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 Code of Professional Ethics for Certified Public Accountants in the Republic of China (the “Code”), and we have fulfilled our other ethical responsibilities in accordance with the Code. Based on our audits and the audit reports of other independent accountants, we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the parent company only financial statements of the year ended December 31, 2018. 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, we do not provide a separate opinion on these matters.

Key audit matters for Company's parent company only financial statements of the year ended December 31, 2018 are stated as follows:

Occurrence of sales revenue from significant customers

Description

Please refer to Note 4(22) for accounting policies on revenue recognition. Other than international brands, the Company sells its products to customers in various countries. With the Company actively developing new products, sales revenue increases progressively every year, and the occurrence of sales revenue is critical to the financial statements. Thus, the occurrence of sales revenue from new significant customers, excluding international brands, was identified as a key audit matter.

How our audit addressed the matter

We performed the following audit procedures in respect of the above key audit matter:

- A. Obtained an understanding of and assessed internal controls in relation to sales revenue from new significant customers, and validated the operating effectiveness of those abovementioned internal controls.
- B. Obtained detailed listing of sales revenue from new significant customers in the current year, and validated supporting documents, including sales invoices, customer purchase orders and delivery documents.
- C. Inspected contents and relevant evidences in relation to sales returns and discounts occurring subsequent to the reporting period and assessed the reasonableness of respective sales revenue recognized.

Estimation of allowance for inventory valuation losses

Description

Please refer to Note 4(9), for accounting policies on inventory valuation, Note 5(2) for the uncertainty of accounting estimates and assumptions applied on inventory valuation, and Note 6(4) for details of inventories. As of December 31, 2018, the balances of inventories and allowance for inventory valuation losses are NT\$22,794,251 thousand and NT\$627,200 thousand, respectively.

The Company is primarily engaged in manufacturing and sales of motherboard, interface card, notebook computer and other electronic products. Due to the rapid technological innovations, shorter

electronic product life cycles, and the fluctuation of market prices within the industry, there is a higher risk of inventory losses due from market value decline or obsolescence. The Company recognises inventories at the lower of cost and net realisable value. As the monetary values of inventories are material, and there are various types of inventories, the estimation and determination of the net realisable value of inventories at the balance sheet date are subject to management's judgement and contain a high level of uncertainty and have material effects on the financial statements, and therefore, it was identified as a key audit matter.

How our audit addressed the matter

We performed the following audit procedures in respect of the above key audit matter:

- A. Assessed the reasonableness and the consistency of policies in relating to the provision of allowance for inventory valuation losses and procedures based on our understanding of the Company's operations and industry.
- B. Validated the appropriateness of system logic of the report of individually identified obsolete inventory prepared by management and confirmed the consistency with Company's policies.
- C. Validated the appropriateness of estimation basis for net realisable value of inventories and inspected respective supporting documents, including sale prices or purchase prices, reperformed the calculation of the report and assessed the reasonableness of management's determination of net realizable value of inventories.

Other matter-Reference to audits of other independent accountants

We did not audit the financial statements of certain investments accounted for under the equity method that are included in the parent company only financial statements. Those financial statements were audited by other independent accountants, whose reports thereon have been furnished to us, and our opinion expressed herein is based solely on reports of the other independent accountants. Total assets of the abovementioned investees (including investments accounted for under the equity method) amounted to NT\$1,054,586 thousand and NT\$1,128,075 thousand as at December 31, 2018 and 2017, constituting 1.83% and 2.20% of total assets, respectively. Comprehensive income of the abovementioned investees amounted to NT\$28,776 thousand and NT\$106,659 thousand, for the years ended December 31, 2018 and 2017, constituting 0.48% and 2.26% of total comprehensive income, respectively.

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, or has no realistic alternative but to do so.

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

Independent accountant's responsibilities for the audit of the parent company only financial statements

Our objectives are to obtain reasonable assurance about whether the parent company only financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ROC GAAS 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 ROC GAAS, we exercise professional judgement 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 auditor's 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 auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the parent company only financial statements, including the 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 appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

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

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

Liang, Hua-Ling

Lai, Chung-Hsi

For and on behalf of PricewaterhouseCoopers, Taiwan

March 21, 2019

The accompanying parent company only financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying parent company only financial statements and report of independent accountants are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.

As the financial statements are the responsibility of the management, PricewaterhouseCoopers cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

MICRO-STAR INTERNATIONAL CO., LTD.
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2018 AND 2017
(Expressed in thousands of New Taiwan dollars)

Assets	Notes	December 31, 2018		December 31, 2017		
		AMOUNT	%	AMOUNT	%	
Current assets						
1100	Cash and cash equivalents	6(1)	\$ 6,979,442	12	\$ 8,220,379	16
1110	Financial assets at fair value	6(2)				
	through profit or loss - current		14,332	-	20,916	-
1150	Notes receivable, net	6(3)	2,377	-	21	-
1170	Accounts receivable, net	6(3)	10,736,410	19	9,860,662	19
1180	Accounts receivable - related	7				
	parties		5,881,877	10	5,465,125	11
1200	Other receivables		91,329	-	75,344	-
1210	Other receivables - related parties	7	-	-	6,488	-
130X	Inventories	6(4)	22,167,051	39	16,416,662	32
1410	Prepayments		1,115,391	2	1,145,554	2
1476	Other current financial assets		728,936	1	68,835	-
11XX	Current Assets		<u>47,717,145</u>	<u>83</u>	<u>41,279,986</u>	<u>80</u>
Non-current assets						
1550	Investments accounted for under	6(5)				
	equity method		7,099,071	12	7,380,758	14
1600	Property, plant and equipment	6(6)	2,363,138	4	2,373,408	5
1840	Deferred income tax assets	6(19)	392,815	1	300,381	1
1900	Other non-current assets		5,603	-	3,886	-
15XX	Non-current assets		<u>9,860,627</u>	<u>17</u>	<u>10,058,433</u>	<u>20</u>
1XXX	Total assets		<u>\$ 57,577,772</u>	<u>100</u>	<u>\$ 51,338,419</u>	<u>100</u>

(Continued)

MICRO-STAR INTERNATIONAL CO., LTD.
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2018 AND 2017
(Expressed in thousands of New Taiwan dollars)

Liabilities and Equity	Notes	December 31, 2018		December 31, 2017		
		AMOUNT	%	AMOUNT	%	
Current liabilities						
2100	Short-term borrowings	6(7)	\$ 3,000,000	5	\$ -	-
2120	Financial liabilities at fair value	6(2)				
	through profit or loss - current		5,555	-	24,448	-
2150	Notes payable		200	-	-	-
2170	Accounts payable		14,658,805	25	15,864,494	31
2200	Other payables	6(8)	2,754,512	5	2,670,177	5
2220	Other payables - related parties	7	3,671,761	6	3,405,827	7
2230	Current income tax liabilities		961,026	2	740,703	1
2250	Provisions for liabilities - current	6(10)	514,601	1	454,744	1
2365	Refund liabilities-current		1,702,658	3	-	-
2399	Other current liabilities, others		27,539	-	68,329	-
21XX	Current Liabilities		<u>27,296,657</u>	<u>47</u>	<u>23,228,722</u>	<u>45</u>
Non-current liabilities						
2570	Deferred income tax liabilities	6(19)	1,755	-	16,252	-
2640	Accrued pension liabilities	6(9)	217,609	1	202,757	1
2670	Other non-current liabilities, others		115,890	-	87,418	-
25XX	Non-current liabilities		<u>335,254</u>	<u>1</u>	<u>306,427</u>	<u>1</u>
2XXX	Total Liabilities		<u>27,631,911</u>	<u>48</u>	<u>23,535,149</u>	<u>46</u>
Equity						
Share capital						
3110	Share capital - common stock	6(11)	8,448,562	15	8,448,562	16
Capital surplus						
3200	Capital surplus	6(12)	1,226,049	2	1,225,615	2
Retained earnings						
3310	Legal reserve	6(13)	4,378,464	7	3,884,722	8
3320	Special reserve		421,815	1	389,482	1
3350	Unappropriated retained earnings		15,976,937	28	14,276,704	28
Other equity interest						
3400	Other equity interest		(505,966)	(1)	(421,815)	(1)
3XXX	Total equity		<u>29,945,861</u>	<u>52</u>	<u>27,803,270</u>	<u>54</u>
3X2X	Total liabilities and equity		<u>\$ 57,577,772</u>	<u>100</u>	<u>\$ 51,338,419</u>	<u>100</u>

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

MICRO-STAR INTERNATIONAL CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017
(Expressed in thousands of New Taiwan dollars, except earnings per share amounts)

Items	Notes	Year ended December 31				
		2018		2017		
		AMOUNT	%	AMOUNT	%	
4000	Sales revenue	6(14) and 7	\$ 116,988,422	100	\$ 105,404,563	100
5000	Operating costs	6(4)(17) and 7	(102,756,311)	(88)	(92,029,681)	(87)
5900	Net operating margin		<u>14,232,111</u>	<u>12</u>	<u>13,374,882</u>	<u>13</u>
	Operating expenses	6(17) and 7				
6100	Selling expenses		(4,474,176)	(4)	(4,785,633)	(5)
6200	General and administrative expenses		(445,352)	-	(429,256)	-
6300	Research and development expenses		(2,983,104)	(3)	(2,857,024)	(3)
6450	Expected credit gain		10,637	-	-	-
6000	Total operating expenses		<u>(7,891,995)</u>	<u>(7)</u>	<u>(8,071,913)</u>	<u>(8)</u>
6900	Operating profit		<u>6,340,116</u>	<u>5</u>	<u>5,302,969</u>	<u>5</u>
	Non-operating income and expenses					
7010	Other income	6(15)	401,353	-	150,408	-
7020	Other gains and losses	6(2)(16)	(119,607)	-	16,012	-
7050	Finance costs		(9,029)	-	(735)	-
7070	Share of profit of associates and joint ventures accounted for using equity method, net	6(5)	416,401	1	383,462	-
7000	Total non-operating revenue and expenses		<u>689,118</u>	<u>1</u>	<u>549,147</u>	<u>-</u>
7900	Profit before income tax		<u>7,029,234</u>	<u>6</u>	<u>5,852,116</u>	<u>5</u>
7950	Income tax expense	6(19)	(988,105)	(1)	(914,694)	(1)
8000	Profit for the year from continuing operations		<u>6,041,129</u>	<u>5</u>	<u>4,937,422</u>	<u>4</u>
8200	Profit for the year		<u>\$ 6,041,129</u>	<u>5</u>	<u>\$ 4,937,422</u>	<u>4</u>
	Other comprehensive income					
	Other components of other comprehensive income that will not be reclassified to profit or loss					
8311	Other comprehensive income, before tax, actuarial gains (losses) on defined benefit plans	6(9)	(\$ 21,430)	-	(\$ 37,520)	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(19)	8,461	-	6,378	-
8310	Components of other comprehensive income that will not be reclassified to profit or loss		<u>(12,969)</u>	<u>-</u>	<u>(31,142)</u>	<u>-</u>
	Components of other comprehensive income that will be reclassified to profit or loss					
8361	Other comprehensive income, before tax, exchange differences on translation		(84,151)	-	(191,655)	-
8360	Components of other comprehensive income that will be reclassified to profit or loss		<u>(84,151)</u>	<u>-</u>	<u>(191,655)</u>	<u>-</u>
8300	Other comprehensive loss for the year		<u>(\$ 97,120)</u>	<u>-</u>	<u>(\$ 222,797)</u>	<u>-</u>
8500	Total comprehensive income for the year		<u>\$ 5,944,009</u>	<u>5</u>	<u>\$ 4,714,625</u>	<u>4</u>
	Basic earnings per share	6(20)				
9750	Total basic earnings per share		<u>\$ 7.15</u>		<u>\$ 5.84</u>	
9850	Total diluted earnings per share		<u>\$ 7.08</u>		<u>\$ 5.79</u>	

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

MICRO-STAR INTERNATIONAL CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017
(Expressed in thousands of New Taiwan dollars)

	Notes	Capital surplus				Retained earnings			Financial statements translation differences of foreign operations	Total equity	
		Share capital - common stock	Total capital surplus, additional paid-in capital	Treasury stock transactions	Capital surplus, donated assets received	Employee stock warrants	Legal reserve	Special reserve			Unappropriated retained earnings
<u>2017</u>											
Balance at January 1, 2017		\$ 8,448,562	\$ 1,895,419	\$ 130,592	\$ -	\$ 44,460	\$ 3,395,928	\$ 389,482	\$ 12,816,215	(\$ 230,160)	\$ 26,890,498
Profit for the year		-	-	-	-	-	-	-	4,937,422	-	4,937,422
Other comprehensive loss for the year		-	-	-	-	-	-	-	(31,142)	(191,655)	(222,797)
Total comprehensive income		-	-	-	-	-	-	-	4,906,280	(191,655)	4,714,625
Appropriations of 2016 earnings (Note):	6(13)										
Legal reserve		-	-	-	-	-	488,794	-	(488,794)	-	-
Cash dividends		-	-	-	-	-	-	-	(2,956,997)	-	(2,956,997)
Cash dividends from capital surplus	6(12)	-	(844,856)	-	-	-	-	-	-	-	(844,856)
Balance at December 31, 2017		\$ 8,448,562	\$ 1,050,563	\$ 130,592	\$ -	\$ 44,460	\$ 3,884,722	\$ 389,482	\$ 14,276,704	(\$ 421,815)	\$ 27,803,270
<u>2018</u>											
Balance at January 1, 2018		\$ 8,448,562	\$ 1,050,563	\$ 130,592	\$ -	\$ 44,460	\$ 3,884,722	\$ 389,482	\$ 14,276,704	(\$ 421,815)	\$ 27,803,270
Profit for the year		-	-	-	-	-	-	-	6,041,129	-	6,041,129
Other comprehensive loss for the year		-	-	-	-	-	-	-	(12,969)	(84,151)	(97,120)
Total comprehensive income		-	-	-	-	-	-	-	6,028,160	(84,151)	5,944,009
Appropriations of 2017 earnings (Note) :	6(13)										
Legal reserve		-	-	-	-	-	493,742	-	(493,742)	-	-
Special reserve		-	-	-	-	-	-	32,333	(32,333)	-	-
Cash dividends		-	-	-	-	-	-	-	(3,801,852)	-	(3,801,852)
Due to donated assets received		-	-	-	434	-	-	-	-	-	434
Balance at December 31, 2018		\$ 8,448,562	\$ 1,050,563	\$ 130,592	\$ 434	\$ 44,460	\$ 4,378,464	\$ 421,815	\$ 15,976,937	(\$ 505,966)	\$ 29,945,861

Note: The directors' and supervisors' remuneration were \$40,700 and \$49,500, and employees' bonuses were \$438,000 and \$515,000 in 2016 and 2017, respectively, which had been deducted from net income for the year.

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

MICRO-STAR INTERNATIONAL CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017
(Expressed in thousands of New Taiwan dollars)

	Notes	Years ended December 31	
		2018	2017
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Profit before tax		\$ 7,029,234	\$ 5,852,116
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation	6(6)(17)	74,533	68,702
Amortization	6(17)	23	28
Expected credit gain	6(3)	(10,637)	(21,857)
Net (gains) losses on financial assets and liabilities at fair value through profit or loss		(12,309)	65,788
Interest expense		9,029	735
Interest income	6(15)	(69,958)	(58,650)
Share of profit of associates and joint ventures accounted for using equity method		(416,401)	(383,462)
Gain on disposal of property, plant and equipment	6(16)	(300)	(497)
Loss on disposal of investments	6(16)	-	345
Loss on unrealized foreign currency exchange		28,275	34,708
Changes in operating assets and liabilities			
Changes in operating assets			
Notes receivable, net		(2,356)	8,242
Accounts receivable		831,502	(84,219)
Accounts receivable due from related parties		(416,752)	(721,587)
Other receivables		122,582	75,586
Other receivables - related parties		6,488	100,511
Inventories		(5,750,389)	83,682
Prepayments		30,163	(182,105)
Other current financial assets		(660,101)	(68,835)
Changes in operating liabilities			
Notes payable		200	-
Accounts payable		(1,205,689)	(2,344,565)
Other payables		84,377	(332,346)
Other payables - related parties		265,934	(353,360)
Provisions for liabilities - current		59,857	144,006
Current refund liabilities		6,045	-
Other current liabilities, others		(40,790)	(239,155)
Net defined benefit liability		(6,578)	(6,557)
Cash (outflow) inflow generated from operations		(44,018)	1,637,254
Interest received		(68,609)	69,230
Interest paid		(8,637)	(735)
Income tax paid		(866,252)	(833,909)
Net cash flows (used in) from operating activities		(987,516)	871,840

(Continued)

MICRO-STAR INTERNATIONAL CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017
(Expressed in thousands of New Taiwan dollars)

	Notes	<u>Years ended December 31</u>	
		<u>2018</u>	<u>2017</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Acquisition of property, plant and equipment	6(6)	(\$ 64,263)	(\$ 44,802)
Proceeds from disposal of property, plant and equipment		300	2,317
Increase in refundable deposits		(1,740)	(838)
Proceeds from capital reduction of investments accounted for using equity method	6(5)	613,937	1,072,750
Proceeds from disposal of investments accounted for using equity method		-	149,503
Net cash flows from investing activities		<u>548,234</u>	<u>1,178,930</u>
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Increase in short-term borrowings	6(7)	3,000,000	-
Increase in guarantee deposits received		28,472	46,941
Cash dividends paid	6(13)	(3,801,852)	(2,956,997)
Cash distribution from capital reserve	6(12)	-	(844,856)
Net cash flows used in financing activities		<u>(773,380)</u>	<u>(3,754,912)</u>
Effect of exchange rate		<u>(28,275)</u>	<u>(33,847)</u>
Net decrease in cash and cash equivalents		(1,240,937)	(1,737,989)
Cash and cash equivalents at beginning of year	6(1)	<u>8,220,379</u>	<u>9,958,368</u>
Cash and cash equivalents at end of year	6(1)	<u>\$ 6,979,442</u>	<u>\$ 8,220,379</u>

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

2.

Proposed by the Board

Proposal:

Adoption of the Proposal for Distribution of 2018 Profits

Explanation:

(1) The Board of Directors has adopted a Proposal for Distribution of 2018 Profits in accordance with Article 19 of the Articles of Incorporation. 2018 Earnings Distribution Table as below.

Micro-Star International Co., Ltd.
Earnings Distribution Table of 2018

(Unit: NT \$)

Items	Amount
Beginning retained earnings	9,948,776,669
+(-)2018 Other comprehensive net income (loss)	(12,968,634)
+2018 Net Profit after Tax	6,041,120,053
(-)10% Legal Reserve	(604,112,905)
(-)Special Reserve	(84,151,070)
(-)Cash Dividends to Share Holders (NT\$4.5 per share)	(3,801,852,895)
Unappropriated Retained Earnings	11,486,820,218

Chairman : Hsu, Hsiang

CEO : Chiang, Sheng-Chang

Accounting Officer : Lin, Hui-Chin

Note:

1. The dividend rate changed after this date as the number of shares circulated on the market under the influence of the following factors: buying back of the company shares, transfer or revocation of treasury shares, and offering stock options for employees. Please allow the chairperson to handle the affair.
2. With the approval of the cash dividend by the meeting of shareholders, the Board of Directors will be authorized to determine the base date and distribution date of dividends. Cash dividends will be distributed up to one dollar (rounded down values below NT\$1). The odd amount will be combined to the Company's non-operating income.
3. Profit of 2018 is prioritized for profit distribution this year.

Resolution:

Discussion Items

1. **Proposed by the Board**

Proposal:

To discuss amendment to the “Articles of Incorporation”. Please proceed to discuss.

Explanation:

In accordance with the laws, The Company hereby proposes amendments to the some articles of the Company’s “Articles of Incorporation” . Please refer to page 41-49 (Appendix 2,2-1) for the revision in the Meeting Agenda Handbook.

Resolution:

2. **Proposed by the Board**

Proposal:

To discuss amendment to the “Operational Procedures for Loaning of Company Funds”. Please proceed to discuss.

Explanation:

In order to conform to the needs of commercial practice (or amendments to related commercial laws), the company hereby proposes to amend the “Operational Procedures for Loaning of Company Funds”. Please refer to page 50-57 (Appendix 3,3-1) for details.

Resolution:

3. **Proposed by the Board**

Proposal:

To discuss amendment to the “Operational Procedures for Endorsements and Guarantees”. Please proceed to discuss.

Explanation:

In order to conform to the needs of commercial practice (or amendments to related commercial laws), the company hereby proposes to amend the “Operational Procedures for Endorsements and Guarantees” Please refer to page 58-65 (Appendix 4,4-1) for details.

Resolution:

4. **Proposed by the Board**

Proposal:

To discuss amendment to the “Operational Procedures for Acquisition or Disposal of Assets”. Please proceed to discuss.

Explanation:

In order to conform to the needs of commercial practice (or amendments to related commercial laws), the company hereby proposes to amend the “Operational Procedures for Acquisition or Disposal of Assets”. Please refer to page 66-79 (Appendix 5,5-1) for details.

Resolution:

5.

Proposed by the Board

Proposal:

To approve the Proposal of Cash Distribution from the Capital Surplus.

Explanation:

- (1) In accordance with Article 241 of the Company Act, it is proposed a cash distribution of NT\$422,428,099 from the capital surplus derived from any common stock issued at a premium by the Company. The cash will be distributed to the shareholders whose names and respective shares are in the shareholders' register on the record date for ex-dividend, at a ratio of NT\$0.5 per share.
- (2) Should the cash distribution be adjusted due to the amendment of laws or regulations, a request by competent authorities, or any change of the numbers of outstanding share, subject to the approved distribution, it is proposed the General Shareholders' Meeting to authorize the Board of Directors with full power to adjust the distribution ratio.
- (3) Subject to this cash distribution approved by the General Shareholders' Meeting, it is proposed the General Shareholders' Meeting to authorize the Board of Directors with full power to determine the record date for the cash distribution from capital surplus. Rounded down to full NT dollar and the fractional amounts will be aggregately recognized as the Company's other income.
- (4) Please discuss.

Resolution:

Extempore motions

Appendix

1. Shareholders Meeting Rules of the Company
2. Articles of Incorporation and the Comparison Table for the Amendments to Articles of Incorporation
3. Comparison Table for the Amendments to “Operational Procedures for Loaning of Company Funds”
4. Comparison Table for the Amendments to “Operational Procedures for Endorsements and Guarantees”
5. Comparison Table for the Amendments to “Operational Procedures for Acquisition and Disposal of Assets”
6. Shareholding of Directors

Appendix 1

Shareholders Meeting Rules of Micro-Star International Co., Ltd.

Article 1-

The shareholders meeting rules of the Company is promulgated in accordance with Article 182-1 of the Company Act.

Article 2-

Shareholders attending the Meeting shall submit the attendance card for the purpose of signing in. The number of shares represented by shareholders attending the Meeting shall be calculated in accordance with the attendance cards submitted by the shareholders.

Article 3-

When the Company holds a shareholders meeting, it may opt for the shareholders to exercise voting rights by correspondence or electronic means.

Shareholders exercising voting rights by electronic means shall cast their votes through the Company designated electronic voting platform.

The attendance and voting at the shareholders meeting shall be calculated based on the shares.

Article 4-

The place of the shareholders meeting shall be at the office of the Company or at a location convenient to the shareholders and suitable for convening a shareholders meeting. The time of the meeting may not be earlier than 9 a.m or later than 3 p.m.

Article 5-

When the shareholders meeting was convened by the Board of Directors, the shareholders meeting shall be presided by the Chairman of the Board of Directors. If the Chairman is absent or is unable to exercise the duties for certain reasons, the vice-Chairman shall act on his/her behalf. If the vice-Chairman is absent or is unable to exercise the duties for certain reasons, the Chairman may designate the managing director to act on his/her behalf; if there is no managing director, one of the directors may be designated to act on his/her behalf. Where the Chairman does not designate a proxy, the managing director or directors may elect a person among themselves to act on behalf of the Chairman.

When the shareholders meeting was convened by other persons who have the convening right, the shareholders meeting shall be presided by the convener.

Article 6 -

The Company may designate attorneys, accountants or relevant personnel engaged to be present in the shareholders meeting. The staffs handling the shareholders meeting shall wear identification cards or arm-band.

Article 7-

The Company shall sound record or video record the whole process of the shareholders

meeting and shall preserve it for at least one year.

Article 8-

Upon the starting time of the meeting, the chairman shall order the meeting to begin. However, where the shareholders present represent half or less than half of the total outstanding shares, the chairman may postpone the meeting for a total of two times. The postponed time may not in total exceed one hour. Where after two postponements, the shareholders present still do not meet the quorum but represent one-third or more of the total outstanding shares, a tentative resolution may be passed in accordance with Paragraph 1, Article 175 of the Company Act. If the shares present represent more than half of the total outstanding shares before the end of the meeting, the chairman may propose the tentative resolution to the shareholders meeting for voting in accordance with Article 174 of the Company Act.

Article 9-

The agenda of the Meeting shall be set by the Board of Directors if the Meeting is convened by the Board of Directors. Unless otherwise resolved at the Meeting, the Meeting shall proceed in accordance with the agenda. The above provision applies mutatis mutandis to cases where the Meeting is convened by any person, other than the Board of Directors, entitled to convene such Meeting. Unless otherwise resolved at the Meeting, the chairman cannot announce adjournment of the Meeting before all the discussion items (including special motions) listed in the agenda are resolved.

The shareholders shall not designate any other person as chairman and continue the Meeting in the same or other place after the Meeting is adjourned. However, in the event that the Chairman adjourns the Meeting in violation of these Rules and Procedures, the shareholders may designate, by a majority of votes represented by shareholders attending the Meeting, one person as chairman to continue the Meeting.

Article 10-

Before a shareholder makes a statement, he/she must complete a statement slip stating the subject of the statement, the shareholder number (or attendance card number) and shareholder name, and the chairman shall determine the order of his/her statement. Where a shareholder present only completed a statement slip but did not make a statement, he/she will be deemed to not have made a statement. Where the statement made is inconsistent with that stated on the statement slip, the statement made will prevail. When a shareholder present makes a statement, the other shareholders may not make a statement and interfere, unless consent is obtained from the chairman and the shareholder making the statement. The chairman shall restrain such interfering shareholder.

Article 11-

For each proposal, a shareholder may not make more than two statements, unless consent is obtained from the chairman. Each statement may not exceed five minutes. The chairman may restrain the shareholder from making the statement if he/she violates the above provisions or has exceeded the scope of the proposal.

Article 12-

Where an institution is delegated to attend the shareholders meeting, it may only appoint one representative to attend. Where the institution appoints two or more representatives to attend the shareholders meeting, only one person may make a statement for each proposal.

Article 13-

After a shareholder makes a statement, the chairman may respond him/herself or designate a relevant person to respond.

Article 14-

Where the chairman believes that the proposal discussed may be resolved, he/she may announce the ending of the discussion and propose that votes be made.

The votes for the proposals shall be calculated by the votes casted on the spot plus the votes casted by electronic voting.

Article 15-

The personnel supervising and calculating the votes for the proposals shall be designated by the chairman, but the supervising personnel shall be a shareholder. The result of the votes shall be announced on the spot and recorded.

Article 16-

During the meeting, the chairman may announce recesses at his/her own discretion.

Article 17-

Unless otherwise specified in the Company Act and the Articles of Incorporation, resolutions at a shareholders meeting shall be adopted by a majority vote of the shareholders present. When making a resolution, if shareholders present have no objections upon the inquiry of the chairman, it will be deemed as adopted and its effect shall be the same as resolution by voting.

Article 18-

When a proposal has an amendment or a replacement, the chairman may combine it with the original proposal and determine the order of resolution. If one of the proposals is resolved, the other proposals will be deemed as rejected and there is no need to make another resolution.

Article 19-

The chairman may instruct the security officer to assist in maintaining the order of the meeting. The security officer shall wear an arm-band with the word "Security" when assisting in the maintenance of the order of the meeting.

Appendix 2

Articles of Incorporation of Micro-Star International Co., Ltd. (the "Company")

Section I - General Provisions

- Article 1 - The Company is incorporated in accordance with Republic of China Company Act, with the name of 微星科技股份有限公司, and the English name of Micro-Star International Co., Ltd.
- Article 2 - The purpose for which the Company is formed shall be as follows:
1. Design of various computer hardware and software and manufacture, sale and purchase of computer products, parts and components;
 2. Manufacture and sale of electronic components and parts;
 3. Import-export trading business in relation of the foregoing businesses;
 4. Agency business for quotation, bid and distribution of related products;
 5. CC01030 Manufacturing business of electric appliances;
 6. CC01060 Manufacturing business of wired communications equipments;
 7. CC01070 Manufacturing business of wireless communications equipments;
 8. CE01030 Manufacturing business of optical devices;
 9. CH01040 Manufacturing business of toys;
 10. F109040 Wholesale business of toys and entertainment products;
 11. F113020 Wholesale business of electric appliances;
 12. F113050 Wholesale business of office machines and equipments;
 13. F113070 Wholesale business of telecommunications equipments and materials;
 14. F209030 Retail business of toys and entertainment products;
 15. F213030 Retail business of office machines and equipments;
 16. F213060 Retail business of telecommunications equipments and materials;
 17. F213010 Retail business of electric appliances;
 18. CC01101 Manufacturing business of regulated RF telecommunications equipments and materials;
 19. F401021 Import business of regulated RF telecommunications equipments and materials;
 20. CF01011 Manufacturing business of medical equipments;
 21. F108031 Wholesale business of medical equipments;
 22. F208031 Retail business of medical equipments;
 23. CE01010 Manufacturing business of general equipments; and
 24. ZZ99999 All other businesses not prohibited or restricted by laws and regulations except businesses requiring special permits.
- Article 3 - The Company may provide guarantees to others in the same industry when necessary for its business, subject to the approvals of the Board of Directors.

Article 4 - The total amount of the investment by the Company is not subject to the limit of forty percent of the Company's issued and outstanding capital stock as provided for in the Republic of China Company Act.

Article 5 - The Company shall have its headquarters office in New Taipei City, Taiwan and may, when necessary, set up branch offices within and outside of the territory of the Republic of China according to the resolution adopted at the meeting of the Board of Directors.

Article 6 - Deleted

Section II - Capital Stock

Article 7 - The total authorized capital stock of the Company shall be in the amount of NT\$15,000,000,000 divided into 1,500,000,000 shares, at a par value of NT\$10 each. Within the capital stock, 80,000,000 shares are reserved for the issuance of employee stock warrants.

The aforementioned capital stock may be issued in installments subject to the resolution of the Board of Directors.

In the event that the Company may purchase their own shares in accordance with laws, the Board of Director is authorized to do so pursuant to laws and regulation.

Article 7-1- The exercise price of employee stock warrants is less than the common stock closing price of issuance date shall be voted in favor by the majority present at a shareholders' meeting at which shareholders of more than two-thirds of the issued and outstanding shares present.

Lower than the actual average price of the shares of treasury stock, the transfer of shares to employees shall be voted in favor by the majority present at a shareholders' meeting at which shareholders of more than two-thirds of the issued and outstanding shares present.

Article 8 - The stock certificates of the Company shall be in registered form and issued after being signed and affixed with the seal specimen by three or more directors of the Company, being assigned serial numbers and being authenticated in accordance with law.

When rights issue, the share certificates of the rights issue may be printed in combination form but shall be held in custody by centralized securities depository institutions. The shares of the rights issue may be made in non-printed form but shall be registered in centralized securities depository institutions.

Article 9 - Registration on shareholders' register for share transfer shall be suspended for sixty days before any ordinary shareholders' meeting, thirty days before any extraordinary shareholders' meeting, and five days before the record date for determination of the shareholders entitled to dividends or any other profits distribution by the Company.

Section III - Shareholders' Meeting

Article 10 - Shareholders' meetings of the Company are of two kinds: ordinary shareholders' meetings and extraordinary shareholders' meetings. Ordinary shareholders' meetings shall be convened at least once a year by the Board of Directors in accordance with law within six months after the close of each fiscal year and notified each shareholder thirty days in advance and publicized forty five days prior to the meetings if any shareholders in bearer form. Extraordinary shareholders' meetings shall be convened whenever necessary and notified each shareholder fifteen days in advance and publicized thirty days prior to the meetings if any shareholders in bearer form.

Article 11 - If a shareholder is unable to attend a shareholders' meeting, he/she may execute and issue a proxy in the form as printed by the Company and specify the scope of the proxy. The use of proxies and calculation of voting rights under agency shall be governed by Company Act and the "Rules of Using Proxies When Attending Shareholders' Meeting of Public-Listed Companies" promulgated by the regulatory authorities.

Article 12 - Shareholders shall be entitled to one vote for each share held by them. Shares held by the Company in accordance with Paragraph 2, Article 179 of Company Act shall not be entitled to voting rights.

Article 13 - Any resolution at a shareholders' meeting shall, unless otherwise provided for in Company Act, be adopted if voted in favor by the majority present at a shareholders' meeting at which shareholders of more than one-half of the issued and outstanding shares present.

Section IV - Directors and Supervisors

Article 14 - The Company shall have seven to eleven directors. The term of the directors and supervisors shall be three years. The directors and supervisors shall be eligible for re-election and shall be elected from persons with legal capacity at a shareholders' meeting.
The board of directors of a company shall have at least three independent directors among the directors elected in accordance with the preceding Paragraph of this Article. The election of directors shall adopt the candidates nomination system. Non-independent directors and independent directors shall be elected together and the elected quota of which shall be calculated

separately. Among the directors elect, candidate to whom the ballots cast represent a prevailing number of votes shall be dependent directors and the rest be independent directors.

The total shareholding of the directors shall be governed by the "Rules Governing the Percentage and Inspection of the Shareholding of Directors and Supervisors of Public-listed Companies."

Enhancing supervision functions and strengthening management mechanisms, the board of directors of the Company may set up Functional committees.

Functional committees shall adopt an organizational charter to be approved by the board of directors, the organizational charter shall contain the number of directors, terms, and authorization of committee.

Article 14-1 - In the event the Company establishes an Audit Committee in accordance with Article 14.4 of the Securities Exchange Act, the date of Audit Committee establishment shall be date of abolition of supervisors. The rules regarding to the supervisors of the Companies Act, the Securities Exchange Act shall apply to the Audit Committee.

The functions and exercise of powers of the Audit Committee shall be governed by "Regulations Governing the Exercise of Powers by the Audit Committee of a Public Company" and relevant government authorities' regulations.

Article 15 - The Board of Directors shall be composed of directors. The Chairman and Vice Chairman shall be elected from among the directors pursuant to Article 208 of Company Act. The Chairman of the Board of Directors shall have the authority to represent the Company externally.

Article 16 - The board meeting shall be called by the Chairman. The Chairman of the Board of Directors shall act as the chairman. In the event that the Chairman of the Board of Directors is at leave or cannot execute his duties for any cause, the attorney-in-fact shall handle pursuant to Article 208 of Company Act. In case of his/her absence of a director, the director may, by issuing a proxy specifying the scope of agency, designate one of the other directors to act for and on his/her behalf. A director may only act for one other director. If the board meeting is conducted through videoconference, the directors shall be deemed attending the board meeting in person is participating the meeting through videoconference.

In calling a meeting of the Board of Directors, a notice setting forth therein the subjects to be discussed at the meeting shall be given to each director no later than 7 days prior to the scheduled meeting date. However, in the case of emergency, the meeting may be convened at any time.

The notice of calling a meeting of the Board of Directors may be effected by means of a written notice, email, or electronic transmission.

Article 16-1 - Any resolution at a Board meeting shall be adopted if voted in favor by the majority present at a Board meeting at which more than half of the Directors are present unless otherwise stipulated in Company Act.

Article 16-2- Deleted.

Article 16-3- The Company may authorize the Board of Directors to have liability insurance for all the directors during their tenure of the Board.

Article 16-4 - The remuneration of directors shall be discussed and decided by the Board of Directors referencing the standard generally adhered by other companies of the same trade.

Section V - Managers

Article 17 -The Company may have one president. The appointment, removal and remuneration of the president shall be conducted in accordance with Article 29 of Company Act.

Section VI - Accounting

Article 18 - The fiscal year of the Company is calendar year. At the end of each fiscal year, the Board of Directors shall prepare (1) report of business operation, (2) financial statements, (3) proposal for appropriation of earnings or covering of loss, etc, and send the same to the ordinary shareholders meeting for their recognition in accordance with relevant laws and regulations.

Article 19 - The Company is in a highly changeable industry. Many high-end lucrative products are in growth. The distribution of dividends shall be made taking into consideration the needs of Company future development and operation, and the interests of shareholders. If the annual results shall have profit, such profits should first pay all taxes and reimburse accumulative loss, then take 10% legal reserve and special reserve according to the Company Act. After previous deductions and reserves, the Company can take 10% to 90% of the distributable earnings plus undistributed retained earnings as bonus. The Board of Directors shall propose profit distribution plan to be approved by the shareholders meeting.

Shareholders' bonus shall be distributed in accordance with the percentage of the shares owned among the total outstanding shares of the Company. Shareholders' bonus will be distributed through the forms of both cash and stock dividends. In such distribution combination, cash dividends shall take no less than 30% of the total distributed bonus.

In the event there are deductions under the account of shareholder's equity which cannot be allocated from after-tax profits of the current fiscal year, whether accumulated from previous year or occurred in the current year, the Company shall allocate sufficient special reserves from the beginning

aggregate balance of undistributed earnings and subtract such shareholder equity deductions before profits distribution.

Article 19-1- The pre-tax income of the current fiscal year shall first offset the accumulated deficits. If the balance is positive, then the Company shall allocate the remuneration to be distributed to employees, directors in accordance with the following ratio.

1. Employee remuneration in the percentage of 6% to 10%. Individuals eligible for employee remuneration include the Company's employees and the employees of the Company's subsidiaries meeting certain requirements. Such requirements are to be set by the Board of Directors.
2. Remuneration to be distributed to directors shall not exceed 1%.

The decision of the percentage of remuneration to be distributed to employees, directors and supervisors set forth in the preceding Paragraph, the forms of distribution (cash or stock dividends) and the amounts and shares thereof shall be made through the special resolutions of the Board of Directors and reported to the shareholder's meeting.

Section VII - Supplementary Provisions

Article 20 - Matters not provided for in these Articles of Incorporation shall be governed by Company Act.

Article 21 - These Articles of Incorporation were entered into on July 23, 1986.

- The first amendment was made on June 30, 1989;
- The second amendment was made on March 26, 1990;
- The third amendment was made on June 25, 1991;
- The fourth amendment was made on April 25, 1994;
- The fifth amendment was made on May 30, 1995;
- The sixth amendment was made on June 11, 1996;
- The seventh amendment was made on August 30, 1996;
- The eighth amendment was made on April 19, 1997;
- The ninth amendment was made on February 28, 1998;
- The tenth amendment was made on September 18, 1998;
- The eleventh amendment was made on May 20, 1999;
- The twelfth amendment was made on May 4, 2000;
- The thirteenth amendment was made on May 10, 2001;
- The fourteenth amendment was made on May 10, 2001;
- The fifteenth amendment was made on May 16, 2002;
- The sixteenth amendment was made on May 28, 2003;
- The seventeenth amendment was made on May 28, 2003;
- The eighteenth amendment was made on June 9, 2004;
- The nineteenth amendment was made on June 14, 2005;
- The twentieth amendment was made on June 14, 2006;
- The twenty-first amendment was made on June 13, 2007;
- The twenty-second amendment was made on June 11, 2008;
- The twenty-third amendment was made on June 16, 2009;

The twenty-fourth amendment was made on June 10, 2010;
and The twenty-fifth amendment was made on June 9, 2011.
The twenty-sixth amendment was made on June 17, 2014.
The twenty-seventh amendment was made on June 16, 2016.
The twenty-eighth amendment was made on June 15, 2018

Appendix 2-1

Micro-Star International Co., Ltd.

Comparison chart of the amended Articles of Incorporation

AFTER THE REVISION	BEFORE THE REVISION	Remarks
<p>Article 10 Shareholders' meetings of the Company are two kinds: ordinary shareholders' meetings and extraordinary shareholders' meetings. Ordinary shareholders' meetings shall be convened at least once a year by the Board of Directors in accordance with law within six months after the close of each fiscal year and notified each shareholder thirty days in advance and publicized. Extraordinary shareholders' meetings shall be convened whenever necessary and notified each shareholder fifteen days in advance and publicized.</p>	<p>Article 10 Shareholders' meetings of the Company are two kinds: ordinary shareholders' meetings and extraordinary shareholders' meetings. Ordinary shareholders' meetings shall be convened at least once a year by the Board of Directors in accordance with law within six months after the close of each fiscal year and notified each shareholder thirty days in advance and publicized <u>forty five days prior to the meetings if any shareholders in bearer form</u>. Extraordinary shareholders' meetings shall be convened whenever necessary and notified each shareholder fifteen days in advance and publicized <u>thirty days prior to the meetings if any shareholders in bearer form</u>.</p>	<p>To comply with the amended Regulations.</p>
<p>Article 16 The board meeting <u>unless regulated in the Company Act</u> shall be called by the Chairman. The Chairman of the Board of Directors shall act as the chairman. In the event that the Chairman of the Board of Directors is at leave or cannot execute his duties for any cause, the attorney-in-fact shall handle pursuant to Article 208 of Company Act. In case of his/her absence of a director, the director may, by issuing a proxy specifying the scope of agency, designate one of the other directors to act for and on his/her behalf. A director may only act for one other director. If the board meeting is conducted through videoconference, the directors shall be deemed attending the board meeting in person is participating the meeting through videoconference. In calling a meeting of the Board of Directors, a notice setting forth therein the subjects to be discussed at the meeting shall be given to each director no later than 7 days prior to the scheduled meeting date. However, in the case of emergency, the meeting may be convened at any time. The notice of calling a meeting of the Board of Directors may be effected by means of a written notice, email, or electronic transmission.</p>	<p>Article 16 The board meeting shall be called by the Chairman. The Chairman of the Board of Directors shall act as the chairman. In the event that the Chairman of the Board of Directors is at leave or cannot execute his duties for any cause, the attorney-in-fact shall handle pursuant to Article 208 of Company Act. In case of his/her absence of a director, the director may, by issuing a proxy specifying the scope of agency, designate one of the other directors to act for and on his/her behalf. A director may only act for one other director. If the board meeting is conducted through videoconference, the directors shall be deemed attending the board meeting in person is participating the meeting through videoconference. In calling a meeting of the Board of Directors, a notice setting forth therein the subjects to be discussed at the meeting shall be given to each director no later than 7 days prior to the scheduled meeting date. However, in the case of emergency, the meeting may be convened at any time. The notice of calling a meeting of the Board of Directors may be effected by means of a written notice, email, or electronic transmission.</p>	
<p>Article 19 The Company is in a highly changeable industry. Many high-end lucrative products are in growth. The distribution of dividends shall be made taking into consideration the needs of Company future development and operation, and the interests of shareholders. If the annual results shall have profit, such profits should first pay all taxes and reimburse accumulative loss, then take 10% legal reserve and special reserve according to the Company Act. After previous deductions and reserves, the Company can take 10% to 90% of the distributable earnings plus undistributed retained earnings as bonus. <u>Shareholders' meeting may explicitly stipulate in the Articles of Incorporation to authorize the distributable dividends and bonuses in whole or in part may be paid in cash after a resolution has been adopted by a majority vote at a meeting of the board of directors attended by two-thirds of the total number of directors; and in addition thereto a report of such distribution shall be submitted to the shareholders' meeting, or adopted by a majority of the shareholders present who represent two-thirds or more of the total number of its outstanding shares of the company, have the surplus profit distributable as dividends and bonuses in whole or in part distributed in the form of new shares to be issued by the company for such purpose.</u> Shareholders' bonus shall be distributed in accordance with the</p>	<p>Article 19 The Company is in a highly changeable industry. Many high-end lucrative products are in growth. The distribution of dividends shall be made taking into consideration the needs of Company future development and operation, and the interests of shareholders. If the annual results shall have profit, such profits should first pay all taxes and reimburse accumulative loss, then take 10% legal reserve and special reserve according to the Company Act. After previous deductions and reserves, the Company can take 10% to 90% of the distributable earnings plus undistributed retained earnings as bonus. <u>The Board of Directors shall propose profit distribution plan to be approved by the shareholders meeting.</u> Shareholders' bonus shall be distributed in accordance with the percentage of the shares owned among the total outstanding shares of the Company. Shareholders' bonus will be distributed through the forms of both cash and stock dividends. In such distribution combination, cash dividends shall take no less than 30% of the total distributed bonus. In the event there are deductions under the account of shareholder's equity which cannot be allocated from after-tax profits of the current fiscal year, whether accumulated from previous year or occurred in the current year, the Company shall allocate sufficient special reserves from the beginning aggregate balance of undistributed earnings and subtract such</p>	

<p>percentage of the shares owned among the total outstanding shares of the Company. Shareholders' bonus will be distributed through the forms of both cash and stock dividends. In such distribution combination, cash dividends shall take no less than 30% of the total distributed bonus.</p> <p>In the event there are deductions under the account of shareholder's equity which cannot be allocated from after-tax profits of the current fiscal year, whether accumulated from previous year or occurred in the current year, the Company shall allocate sufficient special reserves from the beginning aggregate balance of undistributed earnings and subtract such shareholder equity deductions before profits distribution.</p>	<p>shareholder equity deductions before profits distribution.</p>	
<p>Article 20 <u>According to provisions of Company Act Article 241 · Shareholders' meeting may explicitly stipulate in the Articles of Incorporation to authorize distribute legal reserve and capital surplus as dividends in whole or in part paid in cash after a resolution has been adopted by a majority vote at a meeting of the board of directors attended by two-thirds of the total number of directors; and in addition thereto a report of such distribution shall be submitted to the shareholders' meeting, or adopted by a majority of the shareholders present who represent two-thirds or more of the total number of its outstanding shares of the company in the form of new shares to be issued by the company for such purpose.</u></p>	<p>Article 20</p>	<p>To comply with the amended Regulations.</p>
<p>Article 21 Matters not provided for in these Articles of Incorporation shall be governed by Company Act.</p>	<p>Article 21</p>	<p>Article number changed</p>
<p>Article 22 These Articles of Incorporation were entered into on July 23, 1986. The first amendment was made on June 30, 1989; The second amendment was made on March 26, 1990; The third amendment was made on June 25, 1991; The fourth amendment was made on April 25, 1994; The fifth amendment was made on May 30, 1995; The sixth amendment was made on June 11, 1996; The seventh amendment was made on August 30, 1996; The eighth amendment was made on April 19, 1997; The ninth amendment was made on February 28, 1998; The tenth amendment was made on September 18, 1998; The eleventh amendment was made on May 20, 1999; The twelfth amendment was made on May 4, 2000; The thirteenth amendment was made on May 10, 2001; The fourteenth amendment was made on May 10, 2001; The fifteenth amendment was made on May 16, 2002; The sixteenth amendment was made on May 28, 2003; The seventeenth amendment was made on May 28, 2003; The eighteenth amendment was made on June 9, 2004; The nineteenth amendment was made on June 14, 2005; The twentieth amendment was made on June 14, 2006; The twenty-first amendment was made on June 13, 2007; The twenty-second amendment was made on June 11, 2008; The twenty-third amendment was made on June 16, 2009; The twenty-fourth amendment was made on June 10, 2010; and The twenty-fifth amendment was made on June 9, 2011. The twenty-sixth amendment was made on June 17, 2014. The twenty-seventh amendment was made on June 16, 2016. The twenty-eighth amendment was made on June 15, 2018. <u>The twenty-ninth amendment was made on June 14, 2019.</u></p>	<p>Article 22 These Articles of Incorporation were entered into on July 23, 1986. The first amendment was made on June 30, 1989; The second amendment was made on March 26, 1990; The third amendment was made on June 25, 1991; The fourth amendment was made on April 25, 1994; The fifth amendment was made on May 30, 1995; The sixth amendment was made on June 11, 1996; The seventh amendment was made on August 30, 1996; The eighth amendment was made on April 19, 1997; The ninth amendment was made on February 28, 1998; The tenth amendment was made on September 18, 1998; The eleventh amendment was made on May 20, 1999; The twelfth amendment was made on May 4, 2000; The thirteenth amendment was made on May 10, 2001; The fourteenth amendment was made on May 10, 2001; The fifteenth amendment was made on May 16, 2002; The sixteenth amendment was made on May 28, 2003; The seventeenth amendment was made on May 28, 2003; The eighteenth amendment was made on June 9, 2004; The nineteenth amendment was made on June 14, 2005; The twentieth amendment was made on June 14, 2006; The twenty-first amendment was made on June 13, 2007; The twenty-second amendment was made on June 11, 2008; The twenty-third amendment was made on June 16, 2009; The twenty-fourth amendment was made on June 10, 2010; and The twenty-fifth amendment was made on June 9, 2011. The twenty-sixth amendment was made on June 17, 2014. The twenty-seventh amendment was made on June 16, 2016. The twenty-eighth amendment was made on June 15, 2018.</p>	<p>To increase the date of the amendment.</p>

Appendix 3

Micro-Star International Co., Ltd. Operational Procedure for Loaning of Company Funds

Article 1

This Procedure is made according to Article 15 of the Company Act, Article 36-1 of the Securities and Exchange Act and “Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies” (hereinafter referred to as the “Governing Regulations”).

Article 2

Except as otherwise specified by other laws and regulations, this Procedure shall govern the Company’s loaning funds to others .

The Governing Regulations shall govern the definitions of terms used in this Procedure.

Article 3

The Company's loaning funds to others shall be operated according to the following procedures:

I. Counterparties can be loaned from the Company.

- (I) Company or firm having business transactions conducted with the Company.
- (II) Subsidiary is 100% directly or indirectly owned by the Company having short-term financing requirement.

II. Evaluation standards for loaning funds to others:

- (I) Before the Company makes loans to others, Finance Department shall investigate and evaluate the Borrower's business, financial condition, solvency and credit, profitability and borrowing purposes and make a written report.
- (II) Evaluation items includes:
 - 1. When funds are loaned to the counterparty having business transactions with the Company, evaluation standards shall be specified for determining whether the amount of a loan is commensurate to the total amount of trading between two companies.
 - 2. When short-term financing is needed, the reasons for and conditions of loans shall be enumerated.

III. Limits on loaning funds to others

- (I) Loaning of funds owing to business dealings:
 - 1. The total amount of loans shall not exceed 20% of this Company's net worth.
 - 2. The amount of the individual loan shall not exceed one of the following:
 - (1) 5% of this Company's net worth.
 - (2) The amount of business dealings between both parties. The amount of business dealings shall be the higher of the purchase amount or sales amount between both parties.
- (II) Loaning of funds owing to short-term financial dealings:
 - 1. The total amount of loans shall not exceed 20% of this Company's net worth.
 - 2. The amount of the individual loan shall not exceed 10% of this Company's net worth.

IV. Duration of loans and calculation of interest.

- (I) The duration of each loan shall not exceed 1 year.
- (II) The interest shall be calculated based on the interest rate of short-term loans

announced by the Bank of Taiwan on Loan Commencement Date. The Lender and the Borrower shall specify the interest rate in a written agreement within the reasonable scope; however, the interest rate shall not be lower than the highest interest rate at which this Company borrows from the financial institutions. The interest shall be paid on monthly basis. Under special circumstances, adjustments may be made upon the resolution of the Board of Directors based on actual conditions.

V. Procedure for handling loaning of funds.

(I) Filing an Application

The Borrower shall provide basic corporate information and financial data, elaborate the loan amount, duration and purpose, and file an application to this Company's Finance Department for handling loaning of funds.

(II) Credit Investigation

1. For the first-time borrowing, the Borrower shall provide basic information and financial data for this Company's Finance Department to proceed Credit Investigation.
2. The Finance Department shall conduct Credit Investigation each year. For a material case, Credit Investigation may be conducted half a year based on actual needs.

(III) Decision

1. After Credit Investigation or Assessment, if the Borrower's credit rating is poor or the purpose of the loan is inappropriate, Finance Department shall formulate specific comments on refusal of loans, submit to the General Manager, and notify the Borrower.
2. After Credit Investigation or Assessment, if the Borrower's credit rating is good or the purpose of the loan is appropriate, Finance Department shall submit the assessment records to the General Manager for review and approval and elaborate the Borrower, Reason of the Borrowing, the Borrowing Amount, the Loan Duration and the Terms of the Loan. When necessary, the Collateral shall be submitted for hierarchical review and approval (Elaborate the reason if the Collateral is not available.) and submitted to the Board of Directors for resolution.
3. After the Decision is made on the borrowing case, Finance Department shall notify the Borrower to handle relevant matters concerning the borrowing.

(IV) Collateral or Guarantees

When this Company handles loaning of funds, the Debtor shall provide the Collateral Note with an equivalent value. When necessary, the Debtor may hypothecate its chattel or pledge its property. Regarding the debt guarantee in the preceding paragraph, if the Debtor provides a guarantor, such as a person or a company with the equivalent financial strength or credit, in replace of the Collateral, the Board of Directors may refer to Report on Credit Investigation from the Finance Department for handling the loaning of funds. If the guarantor is a company, attention must be paid to whether its Articles of Association allows the company to be a guarantor.

VI. Detailed review procedures:

- (I) The necessity and reasonableness of extending loans to others
- (II) Borrower's credit status and risk assessment.
- (III) Impact on the company's business operations, financial condition, and shareholders' equity.
- (IV) Whether collateral must be obtained and appraisal of the value thereof.

VII. Announcement and reporting procedures.

(I) The company shall announce and report the previous month's loan balances of its head office and subsidiaries by the 10th day of each month.

The company whose loans of funds reach one of the following levels shall announce and report such event within two days commencing immediately from the date of occurrence

The aggregate balance of loans to others by the company and its subsidiaries reaches 20 percent or more of the company's net worth as stated in its latest financial statement.

The balance of loans by the company and its subsidiaries to a single enterprise reaches 10 percent or more of the company's net worth as stated in its latest financial statement.

The amount of new loans of funds by the company or its subsidiaries reaches NT\$10 million or more, and reaches 2 percent or more of the company's net worth as stated in its latest financial statement.

(II) The term "announce and report" as used in these Regulations means the process of entering data into the information reporting website designated by the Financial Supervisory Commission (FSC).

(III) Accounting Department shall periodically evaluate the loan status, prepare adequate allowance for bad debts, disclose relevant information in the Financial Report appropriately, and provide relevant data for the certified public accountant to perform necessary audit procedures.

VIII. Subsequent Measures for Control and Management of Loans, and Procedure for Handling Delinquent Creditor's Rights.

(I) After the loan is released, monitor the financial status, business status and related credit status of the Borrower and the Guarantor. If the Borrower provides the Collateral, it should monitor the change of the guarantee's valuation. If there is a significant change to the Collateral, the Chairman of the Board shall be notified immediately to make a disposal as appropriate.

(II) When the Borrower repay the loan upon or before expiry of the loan duration, the interest payable shall be calculated first and added to the principal amount. Only when the Borrower repay the principal plus interest, the Collateral Note of the loan can be cancelled and returned to the Borrower or the pledge can be written off.

(III) Upon expiry of the loan duration, the Borrower shall repay the principal plus interest. If the debt cannot be recovered upon duration, Finance Department shall immediately notify Legal Affairs Office to initiate the collection action. When necessary, the Collateral or the Guarantor provided by the Debtor may be subject to mandatory execution for repayment of the debt.

IX. When this Company's manager and relevant personnel in charge deal with Loaning of Funds and relevant matters in material violation of "Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies", they shall be punished according to regulations.

X. Procedure for Controlling Loaning of Funds by Subsidiaries

(I) When this Company's subsidiaries make loans to others, in addition to the "Group Companies Management Regulations" formulated by this Company, subsidiaries shall also formulate the "Operating Procedure for Loaning Funds to Others" according to the "Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies" and make loans to others according to the self-formulated Operating Procedure.

- (II) Subsidiaries shall check if the self-formulated Operating Procedure for Loaning Funds to Others is consistent with the Governing Regulations, and if the process of loaning funds to others is handled according to the self-formulated Handling Procedure.
- (III) The internal auditor of this Company shall periodically review the subsidiaries' self-check reports and other related matters.
- (IV) If this Company's subsidiaries are not domestic publicly-held corporations, and if the subsidiaries shall be subject to Announcement and Declaration Procedures, this Company shall act on behalf of Subsidiary.
- (V) The proportion of funds lent by the aforementioned subsidiaries to the net worth shall be calculated as the proportion of funds lent by the aforementioned subsidiaries to this Company's net worth.

XI. Others

- (I) Before this Company make loans to others, the compliance with the “Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies” and this Procedure shall be carefully reviewed, and the evaluation results from the detailed reviewing process shall be submitted to the Board of Directors for resolution. Not allowed to authorize any others to make decisions on behalf of the Board.

The loans between this Company and subsidiaries or among subsidiaries shall be submitted to the Board of Directors for resolution according to the preceding paragraph, and the Chairman of the Board shall be authorized to give out the loans by instalments to the same Borrower within 1 year and within the certain amount approved by the Board of Directors.

Regarding the certain amount in the preceding paragraph, it shall not exceed 20% of this Company's net worth when this Company make loans to its direct or indirect 100% owned foreign subsidiaries, or among subsidiaries. The individual funds for loaning must not exceed 10% of this Company's net worth. The amount of loans authorized by this Company or its subsidiaries for a single company shall not exceed 10% of that company's (as the loan receiver) net worth according to the most recent financial statements.

- (II) Finance Department shall formulate the “List of Changes to the Amount of Loans for Others” and record the details, such as the Borrower, Amount, Duration, Interest Calculation Method, Collateral, Date of the Resolution by the Board of Directors, Loan Commencement Date and Matters that shall be carefully evaluated in accordance with the provisions of the preceding paragraph, for future reference, and submit it to the General Manager and the Chairman of the Board for review and approval.
- (III) The Company's internal auditor shall audit the procedures for lending of funds to others and the implementation each quarter and prepare written audit report accordingly. If there is any material violation of the operating procedures, the auditors shall promptly notify the Audit Committee of the Company in writing.
- (IV) Where the recipients of the fund lending are not in compliance with the Procedures or the amount of funds lent exceeds the limit as set forth in the Procedures as a result of changes of condition, Shall urge to withdraw the excess amount within a specified period and submit a corrective plan to the Audit Committee of the Company and rectify as scheduled under the corrective plans.
- (V) Upon establishing Audit Committee, the action of loaning fund to others shall consider independent directors' opinion adequately and include independent directors'

opinions of agree or disagree and reasons into meeting minutes.

Article 4

The Loans Operational Procedures will be approved by more than half of all audit committee members and submitted to the Board of Directors.

If approval of more than half of all audit committee members as required is not obtained, the procedures may be implemented if 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.

The terms “all audit committee members” and “all directors” in the preceding paragraph shall be counted as the actual number of persons currently holding those positions.

If the Company is with independent directors designated, the opposition and /or consent and the reason for opposition should be considered comprehensively and should be stated in the meeting minutes for record.

These Rules and all subsequent amendments each shall be implemented after being approved by the Shareholders Meeting.

The first was made on Jun 1, 1996;

The second amendment was made on May 1, 1997;

The third amendment was made on November 1, 1997;

The fourth amendment was made on May 28, 2003;

The fifth amendment was made on June 14, 2006;

The sixth amendment was made on Jun16, 2009;

The seventh amendment was made on Jun 10, 2000;

The eighth amendment was made on Jun 18, 2013;

The ninth amendment was made on June 15, 2018;

The tenth amendment was made on June 14, 2019;

Appendix 3-1

Micro-Star International Co., Ltd. Comparison chart of the amended articles of Operational Procedures for Loaning of Company Funds

AFTER THE REVISION	BEFORE THE REVISION	Remarks
<p>Article 1 This Procedure is made according to Article 15 of the Company Act, Article 36-1 of the Securities and Exchange Act and “Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies” (hereinafter referred to as the “Governing Regulations”).</p>	<p>Article 1 This Procedure is made according to Article 15 of the Company Act, Article 36-1 of the Securities and Exchange Act and “Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies”.</p>	To comply with the amended Regulations and operation requirement.
<p>Article 2 Except as otherwise specified by other laws and regulations, this Procedure shall govern the Company’s loaning funds to others . <u>The Governing Regulations shall govern the definitions of terms used in this Procedure.</u></p>	<p>Article 2 Except as otherwise specified by other laws and regulations, this Procedure shall govern this Company’s loaning funds to others .</p>	
<p>Article 3 The Company's loaning funds to others shall be operated according to the following procedures: I. Counterparties can be loaned from the Company. (I) Company or firm having business transactions conducted with the Company. (II) Subsidiary is 100% directly or indirectly owned by the Company having short-term financing requirement. II. omitted. III. Limits on loaning funds to others (I) Loaning of funds owing to business dealings: 1. The total amount of loans shall not exceed 20% of this Company's net worth. 3. The amount of the individual loan shall not exceed one of the following: (3) 5% of this Company's net worth. (4) The amount of business dealings between both parties. The amount of business dealings shall be the higher of the purchase amount or sales amount between both parties. (II) Loaning of funds owing to short-term financial dealings: 1. The total amount of loans shall not exceed 20% of this Company's net worth. 2. The amount of the individual loan shall not exceed 10% of this Company's net worth. IV~X. omitted XI. Others (I) Before this Company make loans to others, the compliance with the “Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies” and this Procedure shall be carefully reviewed, and the evaluation results from the detailed reviewing process shall be submitted to the Board of Directors for resolution. Not allowed to authorize any others to make decisions on behalf of the Board. The loans between this Company and subsidiaries or among subsidiaries shall be submitted to the Board of Directors for resolution according to the preceding paragraph,</p>	<p>Article 3 I. Entities to which the company may loan funds. (I) Company or firm that business transactions conducted with the Company. <u>(II) Company or firm has the necessity of short term financing.</u> (Paragraphs II are omitted) III. Limits on loaning funds to others (I) Loaning of funds owing to business dealings: 1. The total amount of loans shall not exceed 20% of this Company's net worth. 2. The amount of the individual loan shall not exceed one of the following: (1) 5% of this Company's net worth. (2) The amount of business dealings between both parties. The amount of business dealings shall be the higher of the purchase amount or sales amount between both parties. (II) Loaning of funds owing to short-term financial dealings: 1. The total amount of loans shall not exceed 20% of this Company's net worth. 2. The amount of the individual loan shall not exceed <u>5%</u> of this Company's net worth. (Paragraphs (IV)~ (X) are omitted) XI. Others (I) Before this Company make loans to others, the compliance with the “Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies” and this Procedure shall be carefully reviewed, and the evaluation results from the detailed reviewing process shall be submitted to the Board of Directors for resolution. No other third parties shall be authorized to make decisions on making loans to others. The loans between this Company and subsidiaries or subsidiaries shall be submitted to the Board of Directors for resolution according to the preceding paragraph, and the Chairman of the Board shall be authorized to give out the loans by instalments to the same Borrower within 1 year and within the certain amount approved by the Board of Directors. Regarding the certain amount in the preceding paragraph, it shall not exceed 20% of this Company's net worth when this Company make loans to its foreign subsidiaries over which this Company directly or indirectly control 100% of voting rights. Except for business dealings, the individual funds for loaning must not exceed 10% of this Company's net worth. The amount of loans authorized by this Company or its subsidiaries for a</p>	

<p>and the Chairman of the Board shall be authorized to give out the loans by instalments to the same Borrower within 1 year and within the certain amount approved by the Board of Directors.</p> <p>Regarding the certain amount in the preceding paragraph, it shall not exceed 20% of this Company's net worth when this Company make loans to its direct or indirect 100% owned foreign subsidiaries, or among subsidiaries. The individual funds for loaning must not exceed 10% of this Company's net worth. The amount of loans authorized by this Company or its subsidiaries for a single company shall not exceed 10% of that company's (as the loan receiver) net worth according to the most recent financial statements.</p> <p>(II) Finance Department shall formulate the "List of Changes to the Amount of Loans for Others" and record the details, such as the Borrower, Amount, Duration, Interest Calculation Method, Collateral, Date of the Resolution by the Board of Directors, Loan Commencement Date and Matters that shall be carefully evaluated in accordance with the provisions of the preceding paragraph, for future reference, and submit it to the General Manager and the Chairman of the Board for review and approval.</p> <p>(III)The Company's internal auditor shall audit the procedures for lending of funds to others and the implementation each quarter and prepare written audit report accordingly. If there is any material violation of the operating procedures, the auditors shall promptly notify the Audit Committee of the Company in writing.</p> <p>(IV)Where the recipients of the fund lending are not in compliance with the Procedures or the amount of funds lent exceeds the limit as set forth in the Procedures as a result of changes of condition, Shall urge to withdraw the excess amount within a specified period and submit a corrective plan to the Audit Committee of the Company and rectify as scheduled under the corrective plans.</p> <p>(V) Upon establishing Audit Committee, the action of loaning fund to others shall consider independent directors' opinion adequately and include independent directors' opinions of agree or disagree and reasons into meeting minutes.</p>	<p>single company shall not exceed 10% of that company's (as the loan receiver) net worth according to the most recent financial statements.</p> <p>(Paragraphs XI (II)~ (V) are omitted)</p>	
<p>Article 4</p> <p>The Loans Operational Procedures will be approved by more than half of all audit committee members and submitted to the Board of Directors.</p> <p>If approval of more than half of all audit committee members as required is not obtained, the procedures may be implemented if 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. The terms "all audit committee members" and "all directors" in the preceding paragraph shall be counted as the actual number of persons currently holding those positions.</p> <p>If the Company is with independent directors designated, the opposition and /or consent and the reason for opposition should be considered comprehensively and should be stated in the meeting minutes for record.</p> <p>These Rules and all subsequent amendments each shall be implemented after being approved by the Shareholders</p>	<p>Article 4</p> <p>The Loans Operational Procedures will be approved by more than half of all audit committee members and submitted to the Board of Directors.</p> <p>If approval of more than half of all audit committee members as required is not obtained, the procedures may be implemented if 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.</p> <p>The terms "all audit committee members" and "all directors" in the preceding paragraph shall be counted as the actual number of persons currently holding those positions.</p> <p>If the Company is with independent directors designated, the opposition and /or consent and the reason for opposition should be considered comprehensively and should be stated in the meeting minutes for record.</p> <p>These Rules and all subsequent amendments each shall be implemented after being approved by the Shareholders Meeting.</p>	<p>To increase the date of the amendment.</p>

<p>Meeting. The first was made on Jun 1, 1996; The second amendment was made on May 1, 1997; The third amendment was made on November 1, 1997; The fourth amendment was made on May 28, 2003; The fifth amendment was made on June 14, 2006; The sixth amendment was made on Jun16, 2009; The seventh amendment was made on Jun 10, 2000; The eighth amendment was made on Jun 18, 2013; The ninth amendment was made on June 15, 2018; <u>The tenth amendment was made on June 14, 2019;</u></p>	<p>The first was made on Jun 1, 1996; The second amendment was made on May 1, 1997; The third amendment was made on November 1, 1997; The fourth amendment was made on May 28, 2003; The fifth amendment was made on June 14, 2006; The sixth amendment was made on Jun16, 2009; The seventh amendment was made on Jun 10, 2000; The eighth amendment was made on Jun 18, 2013; The ninth amendment was made on June 15, 2018;</p>	
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Appendix 4

Micro-Star International Co., Ltd.

Operational Procedure for Endorsements and Guarantees

Article 1

This Procedure is made according to Article 16 of the Company Act, Article 36-1 of the Securities and Exchange Act and “Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies” (hereinafter referred to as the “Governing Regulations”).

Article 2

Except as otherwise specified by other laws and regulations, this Procedure shall govern this Company’s Endorsements/Guarantees to others .
The Governing Regulations shall govern the definitions of terms used in this Procedure.

Article 3

This Company's Operating Procedure for Endorsements/Guarantees is as follows:

I . Entities for which the company may make endorsements/guarantees.

(I)Where a public company fulfills its contractual obligations by providing mutual endorsements/guarantees for another company in the same industry or for joint builders for purposes of undertaking a construction project, or where all capital contributing shareholders make endorsements/ guarantees for their jointly invested company in proportion to their shareholding percentages, or where companies in the same industry provide among themselves joint and several security for a performance guarantee of a sales contract for pre-construction homes pursuant to the Consumer Protection Act for each other, such endorsements/guarantees may be made free of the restriction of the preceding two paragraphs.

1.A company with which it does business.

2.A company in which the public company directly and indirectly holds more than 50 percent of the voting shares.

3.A company that directly and indirectly holds more than 50 percent of the voting shares in the public company.

Companies in which the public company holds, directly or indirectly, 90% or more of the voting shares may make endorsements/guarantees for each other, and the amount of endorsements/guarantees may not exceed 10% of the net worth of the public company, provided that this restriction shall not apply to endorsements/guarantees made between companies in which the public company holds, directly or indirectly, 100% of the voting shares.

(II)Capital contribution referred to in the preceding paragraph shall mean capital contribution directly by the public company, or through a company in which the public company holds 100% of the voting shares.

"Subsidiary" and "parent company" as referred to in these Regulations shall be as determined under the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

(III)The term "endorsements/guarantees" as used in these Regulations refers to the following:

1. Financing endorsements/guarantees, including:
 - (1) Bill discount financing.
 - (2) Endorsement or guarantee made to meet the financing needs of another company
 - (3) Issuance of a separate negotiable instrument to a non-financial enterprise as security to meet the financing needs of the company itself.
 2. Customs duty endorsement/guarantee, meaning an endorsement or guarantee for the company itself or another company with respect to customs duty matters.
 3. Other endorsements/guarantees, meaning endorsements or guarantees beyond the scope of the above two subparagraphs.
 4. Any creation by a public company of a pledge or mortgage on its chattel or real property as security for the loans of another company shall also comply with these Regulations.
- II. The consistency between the amount of endorsements/guarantees and the amount of business dealings shall be used as the assessment criteria.
- III. The ceilings on the amounts a public company is permitted to make endorsements/guarantees
- (I) The total amount of endorsements/guarantees made by this Company to external parties shall be less than 50% of this Company's net worth. The total amount of endorsements/guarantees made by this Company and its subsidiaries as a whole shall be less than 50% of this Company's net worth.
 - (II) The amount of endorsements/guarantees made by this Company to a single company shall not exceed 20% of this Company's net worth. The amount of endorsements/guarantees made by this Company and its subsidiaries as a whole to a single company shall not exceed 20% of this Company's net worth.
 - (III) Regarding the endorsements/guarantees owing to business dealings, in addition to the above-stated limits, the amount of the individual endorsement/guarantee shall not exceed the amount of business dealings. The amount of business dealings shall be the higher of the purchase amount or sales amount between both parties.
- IV. Procedure for Handling Endorsements/Guarantees
- (I) The company that receive endorsements/guarantees from this Company shall provide the necessary corporate and financial data and file an application to this Company's Finance Department. The Finance Department shall conduct Credit Investigation to assess relevant risks and submit the assessment records specifying the company that receive endorsements/guarantees, the reason and the amount as well as the Collateral as required to the General Manager and the Chairman of the Board for review and approval.
 - (II) The Finance Department shall formulate the "List of Changes to the Amount of Endorsements/Guarantees to External Parties" each quarter, record details, such as the company that receive endorsements/guarantees, the amount, the resolution by the Board of Directors or the date of approval from the Chairman of the Board, the Effective Date of the Endorsements/Guarantees and Matters that shall be carefully evaluated in accordance with the provisions of the preceding paragraph, for future reference, and submit it to the General Manager and the Chairman of the Board for review and approval.
 - (III) the Accounting Department shall evaluate and recognize contingent losses in endorsements/guarantees, disclose information about endorsements/guarantees in the Financial Report as appropriate, and provide relevant data for the certified public accountant to perform necessary audits.

V. Detailed Reviewing Procedures

- (I) Before this Company makes endorsements/guarantees to others, the Finance Department conduct Credit Investigation and Risk Assessment on the company that receive endorsements/guarantees Credit Investigation and make a written record.
- (II) The assessment matters shall include:
 1. The limits to be assessed:
 - (1) The cumulative amount of endorsements/guarantees shall not exceed the limits specified in this Procedure.
 - (2) Regarding endorsements/guarantees owing to business dealings, total amount of endorsements/guarantees shall be assessed to see if it exceeds the amount of business dealings.
 2. Reviewing process:
 - (1)The necessity of and reasonableness of endorsements/guarantees.
 - (2)Credit status and risk assessment of the entity for which the endorsement/guarantee is made.
 - (3)The impact on the company's business operations, financial condition, and shareholders' equity.
 - (4)Whether collateral must be obtained and appraisal of the value thereof.

VI. Procedures for controlling and managing endorsements/guarantees by subsidiaries.

- (I) When this Company's subsidiaries manage to make endorsements/guarantees to others, in addition to the “Group Companies Management Regulations” formulated by this Company, subsidiaries shall also formulate the Operating Procedure for Endorsements/Guarantees according to the “Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies” and make endorsements/guarantees to others according to the self-formulated Operating Procedure.
- (II) Subsidiaries shall check if the self-formulated Operating Procedure for Endorsements/Guarantees is consistent with the Governing Regulations, and if the process of making endorsements/guarantees to others is handled according to the self-formulated Handling Procedure.
- (III) The internal auditor of this Company shall periodically review the subsidiaries' self-check reports and other related matters.
- (IV) If this Company's subsidiaries are not domestic publicly-held corporations, and if the subsidiaries shall be subject to Announcement and Declaration Procedures, this Company shall act on behalf of Subsidiary.
- (V)The proportion of total amount of endorsements/guarantees by the aforementioned subsidiaries to the net worth shall be calculated as the proportion of total amount of endorsements/guarantees by subsidiaries to this Company's net worth.
- (VI) If the company that receives endorsements/guarantees by this Company and its subsidiaries is a subsidiary with a net worth less than half of the paid-in capital, the endorsement/guarantee maker (this Company or one of its subsidiaries) shall re-evaluate the limits on the amount of endorsements/guarantees and the relevant necessity.
- (VII) In the case of a subsidiary with shares having no par value or a par value other than NT\$10, for the paid-in capital in the calculation under subparagraph VI, the sum of the share capital plus paid-in capital in excess of par shall be counted.

VII. Procedure for Use and Custody of the Corporate Chop.

- (I) This Company shall use the Corporate Chop registered at the Ministry of Economic

Affairs as the seal dedicated for making endorsements/guarantees. “Regulations for Administration of the Corporate Chop” and “Regulations for Use of the Negotiable Instruments” and this Operating Procedure shall govern use of the seal for issuance of negotiable instruments. The seal dedicated for making endorsements/guarantees shall be in the custody of a person specified by the Board of Directors. The same shall apply to changes of the custodian of the seal.

(II) When making a guarantee for an overseas company, a public company shall have the Guarantee Agreement signed by a person authorized by the board of directors.

VIII. Hierarchy of Decision-Making Authority and Delegation Thereof.

(I) Before this Company makes endorsements/guarantees, compliance with the “Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies” and this Procedure shall be carefully reviewed, and the evaluation results from the detailed reviewing process shall be submitted to the Board of Directors for resolution. The Board of Directors may authorize the Chairman of the Board to make endorsements/guarantees within the certain amount and later submit it to the most nearby meeting of the Board of Directors for retroactive ratification.

(II) A subsidiary in which the public company holds, directly or indirectly, 90% or more of the voting shares shall submit the proposed endorsement/guarantee to the public company’s board of directors for a resolution, provided that this restriction shall not apply to endorsements/guarantees made between companies in which the public company holds, directly or indirectly, 100% of the voting shares.

(III) If the company has established the position of independent director, when it makes endorsements/guarantees for others, it shall take into full consideration each independent director's opinions; independent directors' opinions specifically expressing assent or dissent and their reasons for dissent shall be included in the minutes of the board of directors' meeting.

(IV) Where the company needs to exceed the limits set out in the Operational Procedures for Endorsements/Guarantees to satisfy its business requirements, and where the conditions set out in the Operational Procedures for Endorsements/Guarantees are complied with, it shall obtain approval from the board of directors and half or more of the directors shall act as joint guarantors for any loss that may be caused to the company by the excess endorsement/guarantee. It shall also amend the Operational Procedures for Endorsements/Guarantees accordingly and submit the same to the shareholders' meeting for ratification after the fact. If the shareholders' meeting does not give consent, the company shall adopt a plan to discharge the amount in excess within a given time limit.

(V) Where the recipients of the fund lending are not in compliance with the Procedures or the amount of funds lent exceeds the limit as set forth in the Procedures as a result of changes of condition, Shall urge to withdraw the excess amount within a specified period and submit a corrective plan to the Audit Committee of the Company and rectify as scheduled under the corrective plans.

IX. Announcing and reporting procedures.

(I) The company shall announce and report the previous month's balance of endorsements/guarantees of itself and its subsidiaries by the 10th day of each month.

The company whose balance of endorsements/guarantees reaches one of the following levels shall announce and report such event within two days commencing immediately from the date of occurrence:

1. The aggregate balance of endorsements/guarantees by the public company and its subsidiaries reaches 50 percent or more of the public company's net worth as stated in its latest financial statement.
 2. The balance of endorsements/guarantees by the public company and its subsidiaries for a single enterprise reaches 20 percent or more of the public company's net worth as stated in its latest financial statement.
 3. The balance of endorsements/guarantees for a single enterprise reaches NT\$10 million or the aggregate amount of all endorsements/guarantees, investments accounted for under equity method, and balance of loans to others, such aggregate amount reaches 30 percent or more of public company's net worth as stated in its latest financial statement.
 4. The amount of new endorsements/guarantees made by the public company or its subsidiaries reaches NT\$30 million or more, and reaches 5 percent or more of the public company's net worth as stated in its latest financial statement.
- (II) The term "announce and report" as used in these Regulations means the process of entering data to the information reporting website designated by the Financial Supervisory Commission (FSC).
- X. When this Company's manager and relevant personnel in charge deal with Endorsements/Guarantees and relevant matters in material violation of "Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies" or this Procedure, they shall be punished according to regulations.
- XI. Others
- (I) Cancellation of the Endorsements/Guarantees
1. If relevant credentials or negotiable instruments concerning endorsements/guarantees need to be cancelled owing to debt settlement, renewal or extension, the company that receive endorsements/guarantees shall prepare an official letter to apply for cancellation of the endorsements/guarantees, specify its personnel to reclaim credentials concerning the original endorsements/guarantees and return them to this Company's Finance Department to be stamped "Cancelled." Upon cancellation, credentials concerning the original endorsements/guarantees shall be returned to the original company that receive endorsements/guarantees. The official letter to apply for cancellation of the endorsements/guarantees shall be retained for future reference.
 2. The Finance Department shall register the cancelled endorsements/guarantees in the "Endorsements/Guarantees Cancellation Registry" at any time available to reduce the cumulative amount of endorsements/guarantees.
 3. When the Collateral Note is extended or exchanged to a new Collateral Note, if the financial institution requests to get the new Collateral Note before returning the old Collateral Note, the Finance Department shall keep relevant records and recover the old Collateral Note as soon as possible.
- (II) The Company's internal auditor shall audit the procedures for Endorsements and Guarantees to others and the implementation thereof no less frequently than each quarter and prepare written audit report accordingly. If there is any material violation of the operating procedures, the auditors shall promptly notify the Audit Committee of the Company in writing.

Article 4

The Endorsements and Guarantee Operational Procedures will be approved by more than half of all audit committee members and submitted to the Board of Directors.

If approval of more than half of all audit committee members as required is not obtained, the procedures may be implemented if 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.

The terms “all audit committee members” and “all directors” in the preceding paragraph shall be counted as the actual number of persons currently holding those positions.

If the Company is with independent directors designated, the opposition and /or consent and the reason for opposition should be considered comprehensively and should be stated in the minutes to meeting for record.

These Rules and all subsequent amendments each shall be implemented after being approved by the Shareholders Meeting.

Subsidiaries who owned over 90% share directly or indirectly by the Company proposed to make Endorsement/Guarantees among subsidiaries, the Company shall modify the Governing Regulations and assign Subsidiaries to formulate or amend the Endorsements/Guarantees operational procedure and report to the Company and Subsidiaries’ Board resolutions and shareholders’ meeting. After receiving the approval, the Company can make Endorsements/Guarantees among Subsidiaries.

The first was made on Jun 1, 1996;

The second amendment was made on May 1, 1997;

The third amendment was made on November 1, 1997;

The fourth amendment was made on May 28, 2003;

The fifth amendment was made on June 14, 2006;

The sixth amendment was made on Jun16, 2009;

The seventh amendment was made on Jun 10, 2000;

The eighth amendment was made on Jun 18, 2013;

The ninth amendment was made on June 15, 2018;

The tenth amendment was made on June 14, 2019;

Appendix 4-1

Micro-Star International Co., Ltd. Comparison chart of the amended articles of Operational Procedures for Endorsements and Guarantees

AFTER THE REVISION	BEFORE THE REVISION	Remarks
<p>Article 1 This Procedure is made according to Article 16 of the Company Act, Article 36-1 of the Securities and Exchange Act and “Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies” (hereinafter referred to as the “Governing Regulations”).</p>	<p>Article 1 This Procedure is made according to Article 16 of the Company Act, Article 36-1 of the Securities and Exchange Act and “Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies”.</p>	To comply with the amended regulations and business operation
<p>Article 2 Except as otherwise specified by other laws and regulations, this Procedure shall govern this Company’s endorsements/guarantees to others . The Governing Regulations shall govern the definitions of terms used in this Procedure.</p>	<p>Article 2 Except as otherwise specified by other laws and regulations, this Procedure shall govern this Company’s loaning funds to others .</p>	
<p>Article 3 (Paragraphs I ~ VIII are omitted) IX. Announcing and reporting procedures. (I) The company shall announce and report the previous month's balance of endorsements/guarantees of itself and its subsidiaries by the 10th day of each month. The company whose balance of endorsements/guarantees reaches one of the following levels shall announce and report such event within two days commencing immediately from the date of occurrence: 1. The aggregate balance of endorsements/guarantees by the public company and its subsidiaries reaches 50 percent or more of the public company's net worth as stated in its latest financial statement. 2. The balance of endorsements/guarantees by the public company and its subsidiaries for a single enterprise reaches 20 percent or more of the public company's net worth as stated in its latest financial statement. 3. The balance of endorsements/guarantees for a single enterprise reaches NT\$10 million or the aggregate amount of all endorsements/guarantees, investments accounted for under equity method, and balance of loans to others, such aggregate amount reaches 30 percent or more of public company's net worth as stated in its latest financial statement. 4. The amount of new endorsements/guarantees made by the public company or its subsidiaries reaches NT\$30 million or more, and reaches 5 percent or more of the public company's net worth as stated in its latest financial statement. (II) The term "announce and report" as used in these Regulations means the process of entering data to the information reporting website designated by the Financial Supervisory Commission (FSC). (Paragraphs X ~ XI are omitted)</p>	<p>Article 3 (Paragraphs I ~ VIII are omitted) IX. Announcing and reporting procedures. (I) The company shall announce and report the previous month's balance of endorsements/guarantees of itself and its subsidiaries by the 10th day of each month. The company whose balance of endorsements/guarantees reaches one of the following levels shall announce and report such event within two days commencing immediately from the date of occurrence: 1. The aggregate balance of endorsements/guarantees by the public company and its subsidiaries reaches 50 percent or more of the public company's net worth as stated in its latest financial statement. 2. The balance of endorsements/guarantees by the public company and its subsidiaries for a single enterprise reaches 20 percent or more of the public company's net worth as stated in its latest financial statement. 3. The balance of endorsements/guarantees for a single enterprise reaches NT\$10 million or the aggregate amount of all endorsements/guarantees, investments accounted for under equity method, and balance of loans to others, such aggregate amount reaches 30 percent or more of public company's net worth as stated in its latest financial statement. 4. The amount of new endorsements/guarantees made by the public company or its subsidiaries reaches NT\$30 million or more, and reaches 5 percent or more of the public company's net worth as stated in its latest financial statement. (II) The term "announce and report" as used in these Regulations means the process of entering data to the information reporting website designated by the Financial Supervisory Commission (FSC). (Paragraphs X ~ XI are omitted)</p>	
<p>Article 4 The Endorsements and Guarantee Operational Procedures will be approved by more than half of all audit committee members and submitted to the Board of Directors.</p>	<p>Article 4 The Endorsements and Guarantee Operational Procedures will be approved by more than half of all audit committee members and submitted to the Board of Directors.</p>	To increase the date of the amendment.

<p>If approval of more than half of all audit committee members as required is not obtained, the procedures may be implemented if 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. The terms “all audit committee members” and “all directors” in the preceding paragraph shall be counted as the actual number of persons currently holding those positions. If the Company is with independent directors designated, the opposition and /or consent and the reason for opposition should be considered comprehensively and should be stated in the minutes to meeting for record. These Rules and all subsequent amendments each shall be implemented after being approved by the Shareholders Meeting.</p> <p>Subsidiaries who owned over 90% share directly or indirectly by the Company proposed to make Endorsement/Guarantees among subsidiaries, the Company shall modify the Governing Regulations and assign Subsidiaries to formulate or amend the Endorsements/Guarantees operational procedure and report to the Company and Subsidiaries’ Board resolutions and shareholders’ meeting. After receiving the approval, the Company can make Endorsements/Guarantees among Subsidiaries.</p> <p>The first was made on Jun 1, 1996; The second amendment was made on May 1, 1997; The third amendment was made on November 1, 1997; The fourth amendment was made on May 28, 2003; The fifth amendment was made on June 14, 2006; The sixth amendment was made on Jun16, 2009; The seventh amendment was made on Jun 10, 2000; The eighth amendment was made on Jun 18, 2013; The ninth amendment was made on June 15, 2018; The tenth amendment was made on June 14, 2019;</p>	<p>If approval of more than half of all audit committee members as required is not obtained, the procedures may be implemented if 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. The terms “all audit committee members” and “all directors” in the preceding paragraph shall be counted as the actual number of persons currently holding those positions. If the Company is with independent directors designated, the opposition and /or consent and the reason for opposition should be considered comprehensively and should be stated in the minutes to meeting for record. These Rules and all subsequent amendments each shall be implemented after being approved by the Shareholders Meeting.</p> <p>Subsidiaries who owned over 90% share directly or indirectly by the Company proposed to make Endorsement/Guarantees among subsidiaries, the Company shall modify the Governing Regulations and assign Subsidiaries to formulate or amend the Endorsements/Guarantees operational procedure and report to the Company and Subsidiaries’ Board resolutions and shareholders’ meeting. After receiving the approval, the Company can make Endorsements/Guarantees among Subsidiaries.</p> <p>The first was made on Jun 1, 1996; The second amendment was made on May 1, 1997; The third amendment was made on November 1, 1997; The fourth amendment was made on May 28, 2003; The fifth amendment was made on June 14, 2006; The sixth amendment was made on Jun16, 2009; The seventh amendment was made on Jun 10, 2000; The eighth amendment was made on Jun 18, 2013; The ninth amendment was made on June 15, 2018;</p>	
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Appendix 5

Micro-Star International Co., Ltd. Operational Procedure for Acquisition or Disposal of Assets

Article 1

This Procedure is formulated to protect investment, implement information disclosure, and strengthen this company's asset management.

Article 2

This Procedure is made according to Article 36-1 of the Securities and Exchange Act and “Regulations Governing the Acquisition and Disposal of Assets by Public Companies” (hereinafter referred to as the “Governing Regulations”).

Article 3

The Governing Regulations shall govern the definitions of terms used in this Procedure.

Article 4

This Company formulates the Procedure for Handling Acquisition and Disposal of Assets as follows, and the Acquisition and Disposal of Assets shall be handled according to the Handling Procedure:

I. Scope of Assets: The Governing Regulations shall govern the assets specified in this Procedure.

II. Evaluation Procedure:

(I) Regarding this Company's Acquisition and Disposal of Assets, the responsible unit shall submit the reason for acquisition and disposal of assets, the transaction target, the transaction counterparty, the transfer price, collection/payment terms, price reference basis and other matters to the department in charge for feasibility assessment, so that relevant matters can be handled according to the Hierarchy of Decision-Making Authority.

(II) Price Determination Method and Reference Basis

1. Acquisition and disposal of securities that are transacted at centralized trading market or places of business of securities firms shall be conducted at the then market price of the securities.
2. Acquisition and disposal of securities that are not transacted at centralized trading market or places of business of securities firms shall take into account the net worth per share, profitability, future growth potential, market interest rate, nominal interest rate of bond, the debtor's credit, investment risk, recent transaction price or opinions of experts in securities analysis.
3. Acquisition and disposal of real property or the relevant right-of-use assets shall take into account the announced current value, assessed value, actual transaction price of nearby real property, valuation report from the professional valuation agency, etc.
4. Acquisition and disposal of other assets or the relevant right-of-use assets shall be conducted in one of following way as appropriate: price inquiry, price comparison, bargaining or open tendering.

Regarding this Company's acquisition and disposal of securities, intangible assets, membership certificate, real property, equipment, right-of-use assets, etc., if the transaction amount conform to the “Regulations Governing the Acquisition and Disposal of Assets by Public Companies,” the valuation report from the

professional valuation agency or its appraisers and opinions from the accountant, lawyer and/or securities underwriter as specified in the Governing Regulations shall be obtained before the date of actual acquisition and disposal of relevant assets. However, if relevant assets have gone through the court auction procedure or disposed of by the court, the supporting documents issued by the court may be used to replace the valuation report or the accountant's opinions.

III. Operating Procedure:

(I) Authorized Amount and Hierarchy of Decision-Making Authority

1. Acquisition and disposal of long-term equity investment, government bonds, corporate bonds, financial bonds and real property or the relevant right-of-use assets shall be reviewed and approved by the Board of Directors. But if the amount of each single transaction doesn't reach 500 million NTDs, the Board of Directors may authorize the Chairman of the Board or the General Manager to review and approve it before reporting it to the Board of Directors.
2. Acquisition and disposal of short-term equity investment, short-term bond investment, securities for the recognition fund, depositary receipts, call (put) warrants shall be reviewed and approved by the Chairman of the Board or the General Manager. But if the amount of a single transaction reaches 500 million NTDs, it shall be reviewed and approved by the Board of Directors.
3. Regarding this Company's acquisition and disposal of real property or the relevant right-of-use assets from stakeholders, relevant data shall be submitted to the Audit Committee for discussion and the Board of Directors for resolution according to the Governing Regulations. If the Handling Status must be submitted to the Shareholders' Meeting according to the Governing Regulations, it shall be handled in accordance with relevant regulations.
4. Regarding the acquisition and disposal of equipment for business purposes or the relevant right-of-use assets or the acquisition and disposal of the right to use real property for business purposes between this Company and its subsidiaries or subsidiaries over which this Company directly or indirectly control 100% of their issued shares or total capital, if the amount of each single transaction does not reach 500 million NTDs, the Board of Directors may authorize the Chairman of the Board to review and approve it before reporting it to the Board of Directors for retroactive ratification.

(II) Executive Unit:

Regarding this Company's acquisition and disposal of long-term/short-term securities, the Executive Unit shall be the Finance Department. Regarding this Company's acquisition and disposal of real property or the relevant right-of-use assets and other fixed assets, the Executive Unit shall be the user department and relevant authorities. The Executive Unit in charge of Announcement and Declaration of relevant matters shall be the Shareholder Services Department.

(III) Transaction Process:

Acquisition and disposal of relevant assets shall be governed by this Company's internal control system.

IV. Announcement and Declaration Procedures:

- (I) If this Company and its subsidiaries are subject to the Announcement and Declaration Procedures owing to the acquisition and disposal of assets, relevant information shall be submitted through the official website specified by the competent authority within 2 days after the date of actual acquisition and disposal.
- (II) To implement the Announcement and Declaration Procedures, experts shall be

invited to propose opinions and publicize information according to the Governing Regulations. The content of the declaration and other matters needing attention shall be governed by the Governing Regulations.

V. Limits on Investment by this Company and its Subsidiaries:

- (I)Regarding the acquisition of real property not for business purposes and the relevant right-of-use assets by this Company and its subsidiaries, the cumulative amount shall not exceed 100% of shareholders' equity specified in the most recent financial statements.
- (II)The total amount of investment by this Company shall not exceed 100% of shareholders' equity specified in the most recent financial statements. The amount of investment in individual securities shall not exceed 40% of shareholders' equity specified in the most recent financial statements.
- (III)The total amount of investment in securities by subsidiaries established by this Company for investment or holding purposes shall not exceed 200% of shareholders' equity specified in the most recent financial statements. The amount of investment in individual securities shall not exceed 200% of shareholders' equity specified in the most recent financial statements.
- (IV)The total amount of investment in securities by subsidiaries established by this Company not for investment or holding purposes shall not exceed 100% of shareholders' equity specified in the most recent financial statements. The amount of investment in individual securities shall not exceed 40% of shareholders' equity specified in the most recent financial statements.

Article 5

The Procedure for Controlling the Acquisition and Disposal of Assets by this Company's subsidiaries is as follows:

- I. This Company's subsidiaries shall formulate and implement "The Procedure for Handling Acquisition and Disposal of Assets," which shall be passed by the Board of Directors (and the Shareholders' Meeting if they are publicly-held corporations) and then submitted to the Parent Company's Board of Directors for review and approval. The same shall apply to amendment to "The Procedure for Handling Acquisition and Disposal of Assets."
- II. Subsidiaries shall take the initiative to check if the self-formulated Procedure for Handling Acquisition and Disposal of Assets is consistent with the Governing Regulations and if the Acquisition and Disposal of Assets are based on the self-formulated Handling Procedure.
- III. The internal auditor of this Company shall periodically review the subsidiaries' self-check reports and other related matters.
- IV. If this Company's subsidiaries are not domestic publicly-held corporations, and if the subsidiaries shall be subject to Announcement and Declaration Procedures, this Company shall act on their behalf.
- V. In the Governing Regulations and the Announcement and Declaration Procedures applicable to the subsidiaries in the preceding paragraph, this Company's paid-in capital or total assets shall prevail in provisions that specify 20% of the paid-in capital or 10% of the total assets.
- VI. The subsidiaries and the Parent Company referred to in this Procedure shall be determined by the Financial Report Compilation Guidelines for the securities issuing entities.

Article 6

Except as otherwise specified in this Procedure, the “Regulations Governing the Acquisition and Disposal of Assets by Public Companies” shall govern the transactions between this Company and stakeholders.

Article 7

This Company’s “The Procedure for Handling Derivatives Trading” and “Regulations Governing the Acquisition and Disposal of Assets by Public Companies” shall govern this Company’s Derivatives Trading and relevant matters.

Article 8

Relevant laws and regulations and “Regulations Governing the Acquisition and Disposal of Assets by Public Companies” shall govern this Company’s merger, split, acquisition or share transfer.

Article 9

When this Company's manager and relevant personnel in charge deal with the Acquisition and Disposal of Assets and relevant matters in material violation of “Regulations Governing the Acquisition and Disposal of Assets by Public Companies” or this Procedure, they shall be punished according to regulations.

Article 10

The relevant laws and regulations and this Company's rules and regulations shall govern the outstanding matters or questions and doubts concerning this Procedure.

The Operational Procedures for Acquisition or Disposal of Assets will be approved by more than half of all audit committee members and submitted to the Board of Directors. If approval of more than half of all audit committee members as required is not obtained, the procedures may be implemented if 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.

The terms “all audit committee members” and “all directors” in the preceding paragraph shall be counted as the actual number of persons currently holding those positions.

If the Company is with independent directors designated, the opposition and /or consent and the reason for opposition should be considered comprehensively and should be stated in the minutes of meeting for record.

These Rules and all subsequent amendments each shall be implemented after being approved by the Shareholders Meeting.

These Articles of Incorporation were entered into on June 1, 1996.

The second amendment was made on March 5, 1999;

The third amendment was made on October 29, 1999;

The fourth amendment was made on December 20, 1999;

The fifth amendment was made on March 8, 2001;

The sixth amendment was made on May 28, 2003;

The seventh amendment was made on June 13, 2007;

The eighth amendment was made on June 15, 2012;

The ninth amendment was made on June 17, 2014;

The tenth amendment was made on June 15, 2017;

The tenth amendment was made on June 14, 2019;

Appendix 5-1

Micro-Star International Co., Ltd. Comparison chart of the amended articles of Operational Procedures for Acquisition or Disposal of Assets

AFTER THE REVISION	BEFORE THE REVISION	Remarks
<p>Article 2 This Procedure is made according to Article 36-1 of the Securities and Exchange Act and “Regulations Governing the Acquisition and Disposal of Assets by Public Companies” (hereinafter referred to as the Governing Regulations).</p>	<p>Article 2 This Procedure is made according to Article 36-1 of the Securities and Exchange Act and “Regulations Governing the Acquisition and Disposal of Assets by Public Companies” (hereinafter referred to as the Governing Regulations) <u>amended based on the order No.1060001296 issued by the Financial Supervisory Commission on 2017/2/9.</u></p>	In response to revised the relevant.
<p>Article 3 The Governing Regulations shall govern the definitions of terms used in this Procedure.</p>	<p>Article 3 <u>Article 4</u> of the Governing Regulations, <u>as shown in the appendix</u>, shall govern the definitions of terms used in this Procedure.</p>	
<p>Article 4 This Company formulates the Procedure for Handling Acquisition and Disposal of Assets as follows, and the Acquisition and Disposal of Assets shall be handled according to the Handling Procedure: I. Scope of Assets: The Governing Regulations shall govern the assets specified in this Procedure. (Paragraphs II (I)~ (II)2. are omitted) 3.Acquisition and disposal of real property or the relevant right-of-use assets shall take into account the announced current value, assessed value, actual transaction price of nearby real property, valuation report from the professional valuation agency, etc. 4.Acquisition and disposal of other assets or the relevant right-of-use assets shall be conducted in one of following way as appropriate: price inquiry, price comparison, bargaining or open tendering. Regarding this Company’s acquisition and disposal of securities, intangible assets, membership certificate, real property, equipment, right-of-use assets, etc., if the transaction amount conform to the “Regulations Governing the Acquisition and Disposal of Assets by Public Companies,” the valuation report from the professional valuation agency or its appraisers and opinions from the accountant, lawyer and/or securities underwriter as specified in the Governing Regulations shall be obtained before the date of actual acquisition and disposal of relevant assets. However, if relevant assets have gone through the court auction procedure or disposed of by the court, the supporting documents issued by the court may be used to replace the valuation report or the accountant’s opinions. III. Operating Procedure: (I)Authorized Amount and Hierarchy of Decision-Making Authority 1.Acquisition and disposal of long-term equity investment, government bonds, corporate bonds, financial bonds and real property or the relevant right-of-use assets shall be reviewed and approved</p>	<p>Article 4 This Company formulates the Procedure for Handling Acquisition and Disposal of Assets as follows, and the Acquisition and Disposal of Assets shall be handled according to the Handling Procedure: I. Scope of Assets: The Governing Regulations shall govern the assets specified in this Procedure. (Paragraphs II (I)~ (II)2. are omitted) 3.Acquisition and disposal of real property shall take into account the announced current value, assessed value, actual transaction price of nearby real property, valuation report from the professional valuation agency, etc. 4.Acquisition and disposal of other assets shall be conducted in one of following way as appropriate: price inquiry, price comparison, bargaining or open tendering. Regarding this Company’s acquisition and disposal of securities, intangible assets, membership certificate, real property, equipment, right-of-use assets, etc., if the transaction amount conform to the “Regulations Governing the Acquisition and Disposal of Assets by Public Companies,” the valuation report from the professional valuation agency or its appraisers and opinions from the accountant, lawyer and/or securities underwriter as specified in the Governing Regulations shall be obtained before the date of actual acquisition and disposal of relevant assets. However, if relevant assets have gone through the court auction procedure or disposed of by the court, the supporting documents issued by the court may be used to replace the valuation report or the accountant’s opinions. III. Operating Procedure: (I)Authorized Amount and Hierarchy of Decision-Making Authority 1.Acquisition and disposal of long-term equity investment, government bonds, corporate bonds, financial bonds and real property shall be reviewed and approved by the Board of Directors. But if the</p>	

<p>by the Board of Directors. But if the amount of each single transaction doesn't reach 500 million NTDs, the Board of Directors may authorize the Chairman of the Board or the General Manager to review and approve it before reporting it to the Board of Directors.</p> <p>2.Acquisition and disposal of short-term equity investment, short-term bond investment, securities for the recognition fund, depository receipts, call (put) warrants shall be reviewed and approved by the Chairman of the Board or the General Manager. But if the amount of a single transaction reaches 500 million NTDs, it shall be reviewed and approved by the Board of Directors.</p> <p>3.Regarding this Company's acquisition and disposal of real property or the relevant right-of-use assets from stakeholders, relevant data shall be submitted to the Audit Committee for discussion and the Board of Directors for resolution according to the Governing Regulations. If the Handling Status must be submitted to the Shareholders' Meeting according to the Governing Regulations, it shall be handled in accordance with relevant regulations.</p> <p>4.Regarding the acquisition and disposal of equipment for business purposes or the relevant right-of-use assets or the acquisition and disposal of the right to use real property for business purposes between this Company and its subsidiaries or subsidiaries over which this Company directly or indirectly control 100% of their issued shares or total capital, if the amount of each single transaction does not reach 500 million NTDs, the Board of Directors may authorize the Chairman of the Board to review and approve it before reporting it to the Board of Directors for retroactive ratification.</p> <p>(II)Executive Unit: Regarding this Company's acquisition and disposal of long-term/short-term securities, the Executive Unit shall be the Finance Department. Regarding this Company's acquisition and disposal of real property or the relevant right-of-use assets and other fixed assets, the Executive Unit shall be the user department and relevant authorities. The Executive Unit in charge of Announcement and Declaration of relevant matters shall be the Shareholder Services Department.</p> <p>(Paragraphs III(III)~ IV. are omitted)</p> <p>V.Limits on Investment by this Company and its Subsidiaries: (I)Regarding the acquisition of real property not for business purposes and the relevant right-of-use assets by this Company and its subsidiaries, the cumulative amount shall not exceed 100% of shareholders' equity specified in the most recent financial statements.</p> <p>(Paragraphs (II)~(IV). are omitted)</p>	<p>amount of each single transaction doesn't reach 500 million NTDs, the Board of Directors may authorize the Chairman of the Board or the General Manager to review and approve it before reporting it to the Board of Directors.</p> <p>2.Acquisition and disposal of short-term equity investment, short-term bond investment, securities for the recognition fund, depository receipts, call (put) warrants shall be reviewed and approved by the Chairman of the Board or the General Manager. But if the amount of a single transaction reaches 500 million NTDs, it shall be reviewed and approved by the Board of Directors.</p> <p>3.Regarding this Company's acquisition and disposal of real property from stakeholders, relevant data shall be submitted to the Audit Committee for discussion and the Board of Directors for resolution according to the Governing Regulations. If the Handling Status must be submitted to the Shareholders' Meeting according to the Governing Regulations, it shall be handled in accordance with relevant regulations.</p> <p>4.Regarding the acquisition and disposal of equipment for business purposes or the relevant right-of-use assets or the acquisition and disposal of the right to use real property for business purposes between this Company and its subsidiaries or subsidiaries over which this Company directly or indirectly control 100% of their issued shares or total capital, if the amount of each single transaction does not reach 500 million NTDs, the Board of Directors may authorize the Chairman of the Board to review and approve it before reporting it to the Board of Directors for retroactive ratification.</p> <p>(II)Executive Unit: Regarding this Company's acquisition and disposal of long-term/short-term securities, the Executive Unit shall be the Finance Department. Regarding this Company's acquisition and disposal of real property and other fixed assets, the Executive Unit shall be the user department and relevant authorities. The Executive Unit in charge of Announcement and Declaration of relevant matters shall be the Shareholder Services Department.</p> <p>(Paragraphs III(III)~ IV. are omitted)</p> <p>V.Limits on Investment by this Company and its Subsidiaries: (I)Regarding the acquisition of real property not for business purposes by this Company and its subsidiaries, the cumulative amount shall not exceed 100% of shareholders' equity specified in the most recent financial statements.</p> <p>(Paragraphs (II)~(IV). are omitted)</p>	
<p>Article 6 Except as otherwise specified in this Procedure, the "Regulations Governing the Acquisition and Disposal of Assets by Public Companies" shall govern the transactions between this Company and stakeholders.</p>	<p>Article 6 Transactions between the Company and related parties shall follow the procedures set forth below: I.When the Company engages in any acquisition or disposal of assets from or to a related party, in addition to ensuring that the necessary resolutions are adopted pursuant to the Regulations (Regulations Governing the Acquisition and Disposal of Assets by Public Companies) and the reasonableness of the</p>	<p>The original clause is removed.</p>

transaction terms is appraised, if the transaction amount reaches 10 percent or more of the company's total assets, the company shall also obtain an appraisal report from a professional appraiser or a CPA's opinion in compliance with the provisions of the preceding Section and this Section.

The calculation of the transaction amount referred to in the preceding paragraph shall be made in accordance with Article 11-1 herein.

II. When judging whether a trading counterparty is a related party, in addition to legal formalities, the substance of the relationship shall also be considered.

III. When the Company intends to acquire or dispose of real property from or to a related party, or when it intends to acquire or dispose of assets other than real property from or to a related party and the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the company's total assets, or NT\$300 million or more, except in trading of government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment and trust agencies, 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 of directors and recognized by the supervisors:

1. The purpose, necessity and anticipated benefit of the acquisition or disposal of assets.
2. The reason for choosing the related party as a trading counterparty.
3. With respect to the acquisition of real property from a related party, information regarding appraisal of the reasonableness of the preliminary transaction terms in accordance with Article 15 and Article 16.
4. The date and price at which the related party originally acquired the real property, 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.
6. An appraisal report from a professional appraiser or a CPA's opinion obtained in compliance with the preceding article.
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 Article 31, paragraph 2 of the Regulations, 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 of directors and recognized by the supervisors need not be counted toward the transaction amount.

With respect to the acquisition or disposal of business-use equipment between a public company and its parent or subsidiaries, the company's board of directors may pursuant to Article 4, paragraph 1, subparagraph 4 delegate the board chairman to decide such matters when the transaction is within a certain amount and have the decisions subsequently submitted to and ratified by the next board of directors meeting.

IV. Where land and structures thereupon are combined as a single property purchased or leased in one transaction, the transaction costs for the land and the structures may be separately appraised in accordance with either of the means listed in the preceding paragraph.

	<p>A public company that acquires real property or right-of-use assets thereof from a related party and appraises the cost of the real property or right-of-use assets thereof in accordance with the preceding two paragraphs shall also engage a CPA to check the appraisal and render a specific opinion.</p> <p>Where a public company acquires real property or right-of-use assets thereof from a related party and one of the following circumstances exists, the acquisition shall be conducted in accordance with the preceding article, and the preceding three paragraphs do not apply:</p> <ol style="list-style-type: none"> 1. The related party acquired the real property or right-of-use assets thereof through inheritance or as a gift. 2. More than 5 years will have elapsed from the time the related party signed the contract to obtain the real property or right-of-use assets thereof to the signing date for the current transaction. 3. The real property is acquired through signing of a joint development contract with the related party, or through engaging a related party to build real property, either on the company's own land or on rented land. <p>V. Where a public company acquires real property or right-of-use assets thereof from a related party and the results of appraisals conducted in accordance with the preceding two articles are uniformly lower than the transaction price, the following steps shall be taken:</p> <ol style="list-style-type: none"> 1. A special reserve shall be set aside in accordance with Article 41, paragraph 1 of the Act against the difference between the real property 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 another company, then the special reserve called for under Article 41, paragraph of the Act shall be set aside pro rata in a proportion consistent with the share of public company's equity stake in the other company. 2. Supervisors shall comply with Article 218 of the Company Act. Where an audit committee has been established in accordance with the provisions of the Act, the preceding part of this subparagraph shall apply mutatis mutandis to the independent director members of the audit committee. 3. Actions taken pursuant to the preceding two subparagraphs shall be reported to a shareholders meeting, and the details of the transaction shall be disclosed in the annual report and any investment prospectus. <p>VI. A public 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 or leased at a premium, or they have been disposed of, or the leasing contract has been terminated, 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 the FSC has given its consent.</p> <p>VII. When a public company obtains real property or right-of-use assets thereof from a related party, it shall also comply with the preceding two paragraphs if there is other evidence indicating that the acquisition was not an arms length transaction. (Paragraphs IV-VII are omitted)</p>	
<p>Article 7 This Company's "The Procedure for Handling Derivatives"</p>	<p>Article 7 This Company's "the Governing Regulations" and "The</p>	

<p>Trading” and “Regulations Governing the Acquisition and Disposal of Assets by Public Companies” shall govern this Company’s Derivatives Trading and relevant matters.</p>	<p>Procedure for Handling Derivatives Trading”shall govern this Company’s Derivatives Trading and relevant matters.</p>	
<p>Article 8 Relevant laws and regulations and “Regulations Governing the Acquisition and Disposal of Assets by Public Companies” shall govern this Company’s merger, split, acquisition or share transfer.</p>	<p>Article8</p>	<p>The original clause is removed.</p>
	<p>Where the shareholders meeting of any one of the companies participating in a merger, demerger, or acquisition fails to convene or pass a resolution due to lack of a quorum, insufficient votes, or other legal restriction, or the proposal is rejected by the shareholders meeting, the companies participating in the merger, demerger or acquisition shall immediately publicly explain the reason, the follow-up measures, and the preliminary date of the next shareholders meeting.</p> <p>III. The company participating in a merger, demerger, or acquisition shall convene a board of directors meeting and shareholders meeting on the day of the transaction to resolve matters relevant to the merger, demerger, or acquisition, unless another act provides otherwise or the FSC is notified in advance of extraordinary circumstances and grants consent.</p> <p>The company participating in a transfer of shares shall call a board of directors meeting on the day of the transaction, unless another act provides otherwise or the FSC is notified in advance of extraordinary circumstances and grants consent.</p> <p>When participating in a merger, demerger, acquisition, or transfer of another company's shares, a company that is listed on an exchange or has its shares traded on an OTC market shall prepare a full written record of the following information and retain it for 5 years for reference:</p> <p>Basic identification data for personnel: Including the occupational titles, names, and national ID numbers (or passport numbers in the case of foreign nationals) of all persons involved in the planning or implementation of any merger, demerger, acquisition, or transfer of another company's shares prior to disclosure of the information.</p> <p>Dates of material events: Including the signing of any letter of intent or memorandum of understanding, the hiring of a financial or legal advisor, the execution of a contract, and the convening of a board of directors meeting.</p> <p>Important documents and minutes: Including merger, demerger, acquisition, and share transfer plans, any letter of intent or memorandum of understanding, material contracts, and minutes of board of directors meetings.</p> <p>When participating in a merger, demerger, acquisition, or transfer of another company's shares, a company that is listed on an exchange or has its shares traded on an OTC market shall, within 2 days counting inclusively from the date of passage of a resolution by the board of directors, report (in the prescribed format and via the Internet-based information system) the information set out in subparagraphs 1 and 2 of the preceding paragraph to the FSC for recordation.</p> <p>Where any of the companies participating in a merger, demerger, acquisition, or transfer of another company's shares is neither listed on an exchange nor has its shares traded on an OTC market, the company(s) so listed or traded shall sign an agreement with such company whereby the latter is required to abide by the provisions of the preceding two paragraphs.</p> <p>IV. Every person participating in or privy to the plan for merger, demerger, acquisition, or transfer of shares shall issue a written undertaking of confidentiality and may not disclose the content of the plan prior to public disclosure of the information and may not trade, in their own name or under the name of another person, in any stock or other equity security of</p>	

	<p>any company related to the plan for merger, demerger, acquisition, or transfer of shares.</p> <p>V. The Company participating in a merger, demerger, acquisition, or transfer of shares may not arbitrarily alter the share exchange ratio or acquisition price unless under the below-listed circumstances, and shall stipulate the circumstances permitting alteration in the contract for the merger, demerger, acquisition, or transfer of shares:</p> <ol style="list-style-type: none"> 1. Cash capital increase, issuance of convertible corporate bonds, or the issuance of bonus shares, issuance of corporate bonds with warrants, preferred shares with warrants, stock warrants, or other equity based securities. 2. An action, such as a disposal of major assets, that affects the company's financial operations. 3. An event, such as a major disaster or major change in technology, that affects shareholder equity or share price. 4. An adjustment where any of the companies participating in the merger, demerger, acquisition, or transfer of shares from another company, buys back treasury stock. 5. An increase or decrease in the number of entities or companies participating in the merger, demerger, acquisition, or transfer of shares. <p>VI. The contract for participation by a public company in a merger, demerger, acquisition, or of shares shall record the rights and obligations of the companies participating in the merger, demerger, acquisition, or transfer of shares, and shall also record the following:</p> <ol style="list-style-type: none"> 1. Handling of breach of contract. 2. Principles for the handling of equity-type securities previously issued or treasury stock previously bought back by any company that is extinguished in a merger or that is demerged. 3. The amount of treasury stock participating companies are permitted under law to buy back after the record date of calculation of the share exchange ratio, and the principles for handling thereof. 4. The manner of handling changes in the number of participating entities or companies. 5. Preliminary progress schedule for plan execution, and anticipated completion date. 6. Scheduled date for convening the legally mandated shareholders meeting if the plan exceeds the deadline without completion, and relevant procedures. <p>VII. After public disclosure of the information, if any company participating in the merger, demerger, acquisition, or share transfer intends further to carry out a merger, demerger, acquisition, or share transfer with another company, all of the participating companies shall carry out anew the procedures or legal actions that had originally been completed toward the merger, demerger, acquisition, or share transfer; except that where the number of participating companies is decreased and a participating company's shareholders meeting has adopted a resolution authorizing the board of directors to alter the limits of authority, such participating company may be exempted from calling another shareholders meeting to resolve on the matter anew.</p> <p>VIII. Where any of the companies participating in a merger, demerger, acquisition, or transfer of shares is not a public company, the public company(s) shall sign an agreement with the non-public company whereby the latter is required to abide by the provisions of Article 25, Article 26, and the preceding article.</p>	
Article 10	Article 10	To increase

<p>The Operational Procedures for Acquisition or Disposal of Assets will be approved by more than half of all audit committee members and submitted to the Board of Directors. If approval of more than half of all audit committee members as required is not obtained, the procedures may be implemented if 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. The terms “all audit committee members” and “all directors” in the preceding paragraph shall be counted as the actual number of persons currently holding those positions. If the Company is with independent directors designated, the opposition and /or consent and the reason for opposition should be considered comprehensively and should be stated in the minutes of meeting for record. These Rules and all subsequent amendments each shall be implemented after being approved by the Shareholders Meeting. These Articles of Incorporation were entered into on June 1, 1996. The second amendment was made on March 5, 1999; The third amendment was made on October 29, 1999; The fourth amendment was made on December 20, 1999; The fifth amendment was made on March 8, 2001; The sixth amendment was made on May 28, 2003; The seventh amendment was made on June 13, 2007; The eighth amendment was made on June 15, 2012; The ninth amendment was made on June 17, 2014; The tenth amendment was made on June 15, 2017; <u>The tenth amendment was made on June 14, 2019;</u></p>	<p><u>As part of this Procedure needs to be conducted according to the Governing Regulations, the Governing Regulations are listed in the appendix of this Procedure as an integral part of this Procedure.</u></p> <p>The Operational Procedures for Acquisition or Disposal of Assets will be approved by more than half of all audit committee members and submitted to the Board of Directors. If approval of more than half of all audit committee members as required is not obtained, the procedures may be implemented if 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. The terms “all audit committee members” and “all directors” in the preceding paragraph shall be counted as the actual number of persons currently holding those positions. If the Company is with independent directors designated, the opposition and /or consent and the reason for opposition should be considered comprehensively and should be stated in the minutes of meeting for record. These Rules and all subsequent amendments each shall be implemented after being approved by the Shareholders Meeting. These Articles of Incorporation were entered into on June 1, 1996. The second amendment was made on March 5, 1999; The third amendment was made on October 29, 1999; The fourth amendment was made on December 20, 1999; The fifth amendment was made on March 8, 2001; The sixth amendment was made on May 28, 2003; The seventh amendment was made on June 13, 2007; The eighth amendment was made on June 15, 2012; The ninth amendment was made on June 17, 2014; The tenth amendment was made on June 15, 2017;</p>	<p>the date of the amendment.</p>
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Exhibit:

Regulations Governing the Acquisition and Disposal of Assets by Public Companies

AFTER THE REVISION	BEFORE THE REVISION	Remarks
<p>Article 9 In acquiring or disposing of real property or equipment where the transaction amount reaches 20 percent of the company's paid-in capital or NT\$300 million or more, the company, unless transacting with a government agency, engaging others to build on its own land, engaging others to build on rented land, or acquiring or disposing of equipment for business use, shall obtain an appraisal report prior to the date of occurrence of the event from a professional appraiser and shall further comply with the following provisions:</p> <ol style="list-style-type: none"> 1. Where due to special circumstances it is necessary to give a limited price, specified price, or special price as a reference basis for the transaction price, the transaction shall be submitted for approval in advance by the board of directors, and the same procedure shall be followed for any future changes to the terms and conditions of the transaction. 2. Where the transaction amount is NT\$1 billion or more, appraisals from two or more professional appraisers shall be obtained. 3. Where any one of the following circumstances applies with respect to the professional appraiser's appraisal results, unless all the appraisal results for the assets to be acquired are higher than the transaction amount, or all the appraisal results for the assets to be disposed of are lower than the transaction amount, a certified public accountant shall be engaged to perform the appraisal in accordance with the provisions of Statement of Auditing Standards No. 20 published by the ROC Accounting Research and Development Foundation (ARDF) and render a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price: <ol style="list-style-type: none"> A. The discrepancy between the appraisal result and the transaction amount is 20 percent or more of the transaction amount. B. The discrepancy between the appraisal results of two or more professional appraisers is 10 percent or more of the transaction amount. 4. No more than 3 months may elapse between the date of the appraisal report issued by a professional appraiser and the contract execution date; provided, where the publicly announced current value for the same period is used and not more than 6 months have elapsed, an opinion may still be issued by the original professional appraiser. <p>Except where a limited price, specified price, or special price is employed by a construction enterprise as the reference basis for the transaction price, if an appraisal report cannot be obtained in time and there is a legitimate reason for the delay, the report, and the certified public accountant's opinion under subparagraph 3 of the preceding paragraph, shall be obtained within 2 weeks counting inclusively from the date of occurrence.</p>	<p>Article 9 In acquiring or disposing of real property or equipment where the transaction amount reaches 20 percent of the company's paid-in capital or NT\$300 million or more, the company, unless transacting with a government agency, engaging others to build on its own land, engaging others to build on rented land, or acquiring or disposing of equipment for business use, shall obtain an appraisal report prior to the date of occurrence of the event from a professional appraiser and shall further comply with the following provisions:</p> <ol style="list-style-type: none"> 1. Where due to special circumstances it is necessary to give a limited price, specified price, or special price as a reference basis for the transaction price, the transaction shall be submitted for approval in advance by the board of directors, and the same procedure shall be followed for any future changes to the terms and conditions of the transaction. 2. Where the transaction amount is NT\$1 billion or more, appraisals from two or more professional appraisers shall be obtained. 3. Where any one of the following circumstances applies with respect to the professional appraiser's appraisal results, unless all the appraisal results for the assets to be acquired are higher than the transaction amount, or all the appraisal results for the assets to be disposed of are lower than the transaction amount, a certified public accountant shall be engaged to perform the appraisal in accordance with the provisions of Statement of Auditing Standards No. 20 published by the ROC Accounting Research and Development Foundation (ARDF) and render a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price: <ol style="list-style-type: none"> A. The discrepancy between the appraisal result and the transaction amount is 20 percent or more of the transaction amount. B. The discrepancy between the appraisal results of two or more professional appraisers is 10 percent or more of the transaction amount. 4. No more than 3 months may elapse between the date of the appraisal report issued by a professional appraiser and the contract execution date; provided, where the publicly announced current value for the same period is used and not more than 6 months have elapsed, an opinion may still be issued by the original professional appraiser. <p>Except where a limited price, specified price, or special price is employed by a construction enterprise as the reference basis for the transaction price, if an appraisal report cannot be obtained in time and there is a legitimate reason for the delay, the report, and the certified public accountant's opinion under subparagraph 3 of the preceding paragraph, shall be obtained within 2 weeks counting inclusively from the date of occurrence.</p>	<p>In response to revised the relevant.</p>
<p>Article 11 Where a public company acquires or disposes of memberships or intangible assets and the transaction amount reaches 20 percent or more of paid-in capital or NT\$300 million or more, except in transactions with a government agency, the company shall engage a certified public accountant prior to the date of occurrence of the event to render an opinion on the reasonableness of the transaction price; the CPA shall comply with the provisions of Statement of Auditing Standards No. 20 published by the ARDF.</p>	<p>Article 11 Where a public company acquires or disposes of memberships or intangible assets and the transaction amount reaches 20 percent or more of paid-in capital or NT\$300 million or more, except in transactions with a government agency, the company shall engage a certified public accountant prior to the date of occurrence of the event to render an opinion on the reasonableness of the transaction price; the CPA shall comply with the provisions of Statement of Auditing Standards No. 20 published by the ARDF.</p>	<p>In response to revised the relevant.</p>

Article 30

Under any of the following circumstances, a public company acquiring or disposing of assets shall publicly announce and report the relevant information on the FSC's designated website in the appropriate format as prescribed by regulations within 2 days commencing immediately from the date of occurrence of the event:

1. Acquisition or disposal of real property from or to a related party, or acquisition or disposal of assets other than real property from or to a related party where the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the company's total assets, or NT\$300 million or more; provided, this shall not apply to trading of government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment and trust enterprise.
2. Merger, division, acquisition, or transfer of shares.
3. Losses from derivatives trading reaching the limits on aggregate losses or losses on individual contracts set out in the procedures adopted by the company.
4. Assets acquired or disposed of are equipment for operation usage, and the trading counterparty is not a related party, with the transaction amount reaching one of the following:
 - A. For a public company with paid-up capital less than NT\$10 billion, transaction amount reaches NT\$500 million.
 - B. For a public company with paid-up capital more than NT\$10 billion, transaction amount reaches NT\$ 1 billion.
5. Acquisition or disposal by a public company in the construction business of real property for construction use, where the trading counterparty is not a related party, and the transaction amount reaches NT\$500 million..
6. Where land is acquired under an arrangement on engaging others to build on the company's own land, engaging others to build on rented land, joint construction and allocation of housing units, joint construction and allocation of ownership percentages, or joint construction and separate sale, and the amount the company expects to invest in the transaction reaches NT\$500 million..
7. Where an asset transaction other than any of those referred to in the preceding six subparagraphs, a disposal of receivables by a financial institution, or an investment in the mainland China area reaches 20 percent or more of paid-in capital or NT\$300 million; provided, this shall not apply to the following circumstances:
 - A. Trading of government bonds.
 - B. (i) Securities trading by investment professionals on foreign or domestic securities exchanges or over-the-counter markets, (ii) subscription of raised and issued corporate bonds or regular financial bonds not involving shares in the domestic primary market, or (iii) securities firm acting as a recommending firm for emerging stock companies, subscribing to securities within its course of underwriting business, pursuant to relevant regulations of Taipei Exchange.

Article 30

Under any of the following circumstances, a public company acquiring or disposing of assets shall publicly announce and report the relevant information on the FSC's designated website in the appropriate format as prescribed by regulations within 2 days commencing immediately from the date of occurrence of the event:

1. Acquisition or disposal of real property from or to a related party, or acquisition or disposal of assets other than real property from or to a related party where the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the company's total assets, or NT\$300 million or more; provided, this shall not apply to trading of government bonds or bonds under repurchase and resale agreements, or subscription or redemption of domestic money market funds.
2. Merger, division, acquisition, or transfer of shares.
3. Losses from derivatives trading reaching the limits on aggregate losses or losses on individual contracts set out in the procedures adopted by the company.
4. Where an asset transaction other than any of those referred to in the preceding three subparagraphs, a disposal of receivables by a financial institution, or an investment in the mainland China area reaches 20 percent or more of paid-in capital or NT\$300 million; provided, this shall not apply to the following circumstances:
 - A. Trading of government bonds.
 - B. Securities trading by investment professionals on foreign or domestic securities exchanges or over-the-counter markets, or subscription of securities by a securities firm, either in the primary market or in accordance with relevant regulations.
 - C. Trading of bonds under repurchase/resale agreements, or subscription or redemption of domestic money market funds.
 - D. Where the type of asset acquired or disposed is equipment/machinery for business use, the trading counterparty is not a related party, and the transaction amount is less than NT\$500 million.
 - E. Acquisition or disposal by a public company in the construction business of real property for construction use, where the trading counterparty is not a related party, and the transaction amount is less than NT\$500 million.
 - F. Where land is acquired under an arrangement on engaging others to build on the company's own land, engaging others to build on rented land, joint construction and allocation of housing units, joint construction and allocation of ownership percentages, or joint construction and separate sale, and the amount the company expects to invest in the transaction is less than NT\$500 million.

The amount of transactions above shall be calculated as follows:

1. The amount of any individual transaction.
2. The cumulative transaction amount of acquisitions and disposals of the same type of underlying asset

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<p>C. Trading of bonds under repurchase/resale agreements, or subscription or redemption of money market funds issued by domestic securities investment and trust enterprise.</p> <p>The amount of transactions above shall be calculated as follows:</p> <ol style="list-style-type: none"> 1. The amount of any individual transaction. 2. The cumulative transaction amount of acquisitions and disposals of the same type of underlying asset with the same trading counterparty within the preceding year. 3. The cumulative transaction amount of real property acquisitions and disposals (cumulative acquisitions and disposals, respectively) within the same development project within the preceding year. 4. The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of the same security within the preceding year. <p>"Within the preceding year" as used in the preceding paragraph refers to the year preceding the date of occurrence of the current transaction. Items duly announced in accordance with these Regulations need not be counted toward the transaction amount.</p> <p>A public company shall compile monthly reports on the status of derivatives trading engaged in up to the end of the preceding month by itself and any subsidiaries that are not domestic public companies and enter the information in the prescribed format into the information reporting website designated by the FSC by the 10th day of each month.</p> <p>When a public company at the time of public announcement makes an error or omission in an item required by regulations to be publicly announced and so is required to correct it, all the items shall be again publicly announced and reported in their entirety within two days upon being aware of the error or omission.</p> <p>A public company acquiring or disposing of assets shall keep all relevant contracts, meeting minutes, log books, appraisal reports and CPA, attorney, and securities underwriter opinions at the company headquarters, where they shall be retained for 5 years except where another act provides otherwise.</p>	<p>with the same trading counterparty within the preceding year.</p> <ol style="list-style-type: none"> 3. The cumulative transaction amount of real property acquisitions and disposals (cumulative acquisitions and disposals, respectively) within the same development project within the preceding year. 4. The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of the same security within the preceding year. <p>"Within the preceding year" as used in the preceding paragraph refers to the year preceding the date of occurrence of the current transaction. Items duly announced in accordance with these Regulations need not be counted toward the transaction amount.</p> <p>A public company shall compile monthly reports on the status of derivatives trading engaged in up to the end of the preceding month by itself and any subsidiaries that are not domestic public companies and enter the information in the prescribed format into the information reporting website designated by the FSC by the 10th day of each month.</p> <p>When a public company at the time of public announcement makes an error or omission in an item required by regulations to be publicly announced and so is required to correct it, all the items shall be again publicly announced and reported in their entirety.</p> <p>A public company acquiring or disposing of assets shall keep all relevant contracts, meeting minutes, log books, appraisal reports and CPA, attorney, and securities underwriter opinions at the company headquarters, where they shall be retained for 5 years except where another act provides otherwise.</p>	
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Appendix 6

Micro-Star International Co., Ltd.

Shareholding of Directors

1. The Company's total paid-up capital is NT\$8,448,561,990 with issued outstanding shares 844,856,199.
2. According to Article 26 of Securities and Exchange Act and Rules and Review Procedures for Director and Supervisor Share Ownership Ratios at Public Companies, directors shall all together own at least 27,035,398 shares. Up to the book closure date of this shareholders meeting, per shareholder's register each and all directors own the number of shares as set forth in the following table:

Book closure date: April 16,2019

Position	Name	Date elected	Shareholding while elected			Current shareholding			Remarks
			Type	Shares	Shareholding ratio (%)	Type	Shares	Shareholding ratio (%)	
Chairman of the Board of Directors	Hsu,Hsiang	2018.6.15	Common stock	51,983,151	6.15%	Common stock	51,983,151	6.15%	
Vice-Chairman of the Board of Directors	Huang,Chin-Ching	2018.6.15	Common stock	20,937,377	2.48%	Common stock	20,937,377	2.48%	
Director of Board	Lin,Wen-Tung	2018.6.15	Common stock	25,672,499	3.04%	Common stock	25,672,499	3.04%	
Director of Board	Yu, Hsien-Neng	2018.6.15	Common stock	17,892,824	2.12%	Common stock	17,892,824	2.12%	
Director of Board	Chiang,Sheng-Chang	2018.6.15	Common stock	1,117,074	0.13%	Common stock	1,117,074	0.13%	
Director of Board	Kuo,Hsu-Kuang	2018.6.15	Common stock	0	0.00%	Common stock	50,000	0.01%	
Director of Board	Liao,Chun-Keng	2018.6.15	Common stock	35,000	0.00%	Common stock	35,000	0.00%	
Director of Board	Hung,Yu-Sheng	2018.6.15	Common stock	306,660	0.04%	Common stock	306,660	0.04%	
Independent Director of Board	Wang,Sung-Chou	2018.6.15	Common stock	0	0.00%	Common stock	0	0.00%	Note 4
Independent Director of Board	Liu ,Cheng-Yi	2018.6.15	Common stock	0	0.00%	Common stock	0	0.00%	Note 4
Independent Director of Board	Hsu,Kao-Shan	2018.6.15	Common stock	418,686	0.05%	Common stock	418,686	0.05%	Note 4

Note 1:Total issued shares:844,856,199 shares on June 15,2018. (date elected).

Note 2:Total Issued shares: 844,856,199 shares on April 16,2019. (book closure date).

Note 3:The minimum required combined shareholding of all directors by law:27,035,398 shares

The combined shareholding of all directors on the book closure date:118,413,271 shares

Note 4: The shares held by independent directors shall not be counted in the calculation of directors shareholdings.