

Stock Symbol: 6129



普誠科技股份有限公司
Princeton Technology Corp.

2018 General Shareholders' Meeting Agenda

Date: June 15, 2018

Place: 2F, No.219-2, Section 3, Zhong Xing Road, Xindian Dist., New Taipei City
(Chinatrust Executive House)

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1. MEETING AGENDA

Princeton Technology Corp. 2018 General Shareholders' Meeting

Time: 9:00AM, June 15, 2018

Place: 2F, No.219-2, Section 3, Zhong Xing Road, Xindian Dist., New Taipei City
(Chinatrust Executive House)

1. Meeting called to order
2. Chairman's address
3. Reported items
 - (1) FY2017 business report
 - (2) Audit Committee's review report
 - (3) Remuneration to directors and employees
 - (4) Amendment to Rules and Procedures of Board of Director Meeting
 - (5) Report of endorsement and guarantee
4. Proposed resolutions
 - (1) Submission and acknowledgement the Company's FY2017 financial statements and business report
 - (2) Submission and acknowledgement the Company's FY2017 deficit compensation
5. Special motions
6. Meeting adjourned.

2. REPORTED ITEMS

ITEM 1 (Proposed by the board of directors)

Proposal: FY2017 business report.

Explanation: The 2017 business report is attached hereto as Attachment I.

ITEM 2 (Proposed by the board of directors)

Proposal: Audit Committee's review report.

Explanation: The Audit Committee's review report is attached hereto as Attachment II.

ITEM 3 (Proposed by the board of directors)

Proposal: Remuneration to directors and employees.

Explanation: We propose not to distribute director compensation and employee bonus due to net profit after tax to be compensated the accumulated loss in FY2016. Employees and directors remuneration is no difference from the estimated fee of recognized year.

ITEM 4 (Proposed by the board of directors)

Proposal: Amendment to Rules and Procedures of Board of Director Meeting.

Explanation:

- (1) In accordance with the Regulations Governing Procedure for Board of Directors Meetings of Public Companies, we propose to amend the Rules and Procedures of Board of Director Meeting.
- (2) The amendment to Rules and Procedures of Board of Director Meeting has been approved by the Board of Directors meeting on November 9, 2017.
- (3) Comparison tables for the amendment is attached hereto as Attachment III.

ITEM 5 (Proposed by the board of directors)

Proposal: Report of endorsement and guarantee.

Explanation: The Company provides an endorsement and guarantee to support Princeton Technology(Chengdu) Corp., a 100%-owned subsidiary of the Company, to apply for a short term financing loan of US\$3 million from bank in response to its capital demand.

3. PROPOSED RESOLUTIONS

ITEM 1 (Proposed by the board of directors)

Proposal: Submission and acknowledgement of the Company's FY2017 financial statements and business report.

Explanation:

- (1) The Company's FY2017 consolidated financial statements have been audited by independent auditors and approved by Audit Committee.
- (2) The 2017 Business Report, Independent Auditors' Audit Report, and the above-mentioned Financial Statements are attached hereto as Attachments I and IV.
- (3) Request for acknowledgement of the above-mentioned financial statements and business report.

Resolution:

ITEM 2 (Proposed by the board of directors)

Proposal: Submission and acknowledgement of the Company's FY2017 deficit compensation.

Explanation:

- (1) The net loss after tax for the Company for the year 2017 is NT\$43,333,605 and deficit yet to be compensated at the beginning of the year is NT\$111,396,415. The retained earnings adjustment for the year 2017 - the actuarial profit and loss is NT\$2,491,463 and the Company's deficit yet to be compensated at the end of FY2017 is NT\$152,238,557.
- (2) Due to compensate the accumulated loss of FY2017, the Company proposes not to distribute shareholders' dividend.
- (3) FY2017 deficit compensation statement is attached hereto as Attachment V.
- (4) Request for acknowledgement.

Resolution:

4. SPECIAL MOTIONS

5. MEETING ADJOURNED

To the Shareholders

1. Business Results from Last Year

FY2017 revenue of the Company was NT\$971,446 thousand. After-tax net loss was NT\$43,334 thousand. After-tax earning per share was negative NT\$0.24. Total asset at the end of 2017 was NT\$2,100,219 thousand. Total liability was NT\$169,837 thousand. Debt to equity ratio was 8%. Current ratio was 698%. The Company's financial condition remains solid.

FY2017 consolidated revenue of the Company was NT\$1,109,796 thousand. After-tax net loss was NT\$43,334 thousand. After-tax earning per share was negative NT\$0.24. Total asset on the consolidated basis at the end of 2017 was NT\$2,353,420 thousand. Total liability on the consolidated basis was NT\$423,038 thousand. Debt to equity ratio was 18%. Current ratio was 934%. The Company's consolidated financial condition remains solid.

2. Business Goals for the Current Year

Integrate product development resources, focus on efficient energy product development and product application in the automotive market, and strengthen new market expansion.

3. Strategy for the Future

Looking to the future, PTC will continue to enrich the technical experience of the core business over the years including display driver IC, multimedia audio control IC, DC motor drive ICs, and RF ICs. PTC will continue to cultivate products for the automotive market and continue to improve product competitiveness to provide customers with complete solutions and services.

4. Effects of External Competition, Regulatory Environment and Overall Business Environment

The International Monetary Fund (IMF) predicts that in 2018, based on the ideal environment of high growth and low inflation, the global economy including Europe and Japan will continue to enjoy a simultaneous and steady expansion in the lead of US. It is optimistic that the global economy will continue to be in the rising phase of the cyclical cycle. The IMF estimates that global economic growth rate in 2018 will be raised to 3.9%, which is better than 3.7% in 2017.

In the domestic economy, after experiencing a growth performance that is better than originally expected in 2017, the overall recovery trend should be stable and sustainable in 2018. The Taiwan Economic Research Institute estimates that the economic growth rate in 2018 will be 2.3%. However, the trend of global monetary policy, the impact of international hot money movement, the trend and fluctuation of international financial exchange rates, the economic development of mainland China and the trend of cross-strait relations, and the implementation rate of the government's forward-looking basic construction plan will all affect the follow-up performance of the domestic economy in 2018.

In the business, under the circumstances of intense external environmental competition, PTC will continue to focus on new product market development and new customer expansion and strengthen the cooperation of suppliers in order to effectively enhance the competitiveness of the company.

We appreciate the support and encouragement of the shareholders over the years. Thank you.

Richard Chiang
Chairman

Princeton Technology Corp.
Auditing Committee's Report

2017 General Shareholders' Meeting

We have examined the 2017 financial statements of the Company, including balance sheet, income statement, statement of changes in stockholders' equity, and statement of cash flows prepared by the board of directors and audited and certified by Crowe Horwath(TW) CPAs are fairly and general accepted accounting principals. We hereby prepare this report in accordance with provisions specified in Article 14-4 of Securities and Exchange Act and Article 219 of the Company Act and submit it together with the report of the independent auditors for your review.

Independent Director

Wu Hsueh

Min

Tsai Yi Chen

Ma Yu Feng

February 23, 2018

Princeton Technology Corp.

Attachment III

Rules and Procedures of Board of Director Meeting Before and After Amendment

Original Clause	Proposed Amendment	Remarks
<p>Article 4: A company shall submit the following items for discussion of the board of directors' meeting:</p> <ol style="list-style-type: none"> 1. Corporate business plan. 2. Annual and semi-annual financial reports. 3. Adoption or amendment of an internal control system pursuant to Article 14-1 of the Securities Exchange Act. <p>.....</p> <p>The independent directors shall be subject to resolutions of the board of directors in relation to Article 14 of the Securities Exchange Act. Independent directors shall be present in person or may be represented by other independent directors. If an independent director has objections or reservations, he or she must specify in the proceedings of the board of directors; if an independent director cannot personally attend the board of directors to express objections or reservations, he shall, unless there is a valid reason, issue a written opinion in advance and specify the details of the board meeting minutes.</p>	<p>Article 4: A company shall submit the following items for discussion of the board of directors' meeting:</p> <ol style="list-style-type: none"> 1. Corporate business plan. 2. Annual and semi-annual financial reports. 3. Adoption or amendment of an internal control system pursuant to Article 14-1 of the Securities Exchange Act. <p>.....</p> <p><u>The company should have at least one independent director personally attending the board meeting. All independent directors should attend the board meeting for the first item that should be mentioned by the board of directors. If independent directors cannot attend in person, they should be represented by other independent directors.</u> If an independent director has objections or reservations, he or she must specify in the proceedings of the board of directors; if an independent director cannot personally attend the board of directors to express objections or reservations, he shall, unless there is a valid reason, issue a written opinion in advance and specify the details of the board meeting minutes.</p>	In accordance with the Regulations Governing Procedure for Board of Directors Meetings of Public Companies
<p>Article 17:</p> <p>These Rules and Procedures of Board of Director Meeting were</p>	<p>Article 17:</p> <p>These Rules and Procedures of Board of Director Meeting were</p>	Add more amendment dates.

drawn up on June 6, 2003 and underwent the first amendment on June 1, 2004; sixth amendment on February 25, 2013.	drawn up on June 6, 2003 and underwent the first amendment on June 1, 2004; sixth amendment on February 25, 2013 and <u>seventh amendment on November 09, 2017</u>	
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Independent Auditors' Report

The Board of Directors and Stockholders
Princeton Technology Corp.

Opinion

We have audited the accompanying consolidated financial statements of Princeton Technology Corp. and subsidiaries (the Company), which comprise the consolidated balance sheets as of December 31, 2017 and 2016, and the related consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for the years ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

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

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2017. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters for the Company's consolidated financial statements for the year ended December 31, 2017 are stated as follows:

Allowance for Inventory Valuation and Obsolescence Losses

The Company's inventories consist of wafers and integrated circuits. Due to the rapid technological changes and volatile market, the estimate of the realizable value of inventories and the identification of slow-moving inventories require significant management judgment. We believe that the allowance for inventory valuation and obsolescence losses is a Key Audit Matter item. Refer to Notes 5&10.

Our Key audit procedures performed in respect of the above included the following:

1. Assessed the adequacy of inventory valuation policy adopted by the management.
2. Obtained the valuation report of inventories prepared by the management ; Selected samples to examine whether inventories are stated at the lower of cost or net realizable value and assessed the reasonableness of the management's assumption.
3. Obtained , tested and inspected the inventory aging report prepared by the management ; Observed physical inventory-taking to evaluate whether the allowance of inventories obsolescence losses was appropriate.

The Impairment Loss of Financial Assets Measured at Cost

According to IAS No39 " Financial Instruments: Recognition and Measurement", the management shall assess at the end of each reporting period whether there is any objective evidence that a financial asset is impaired. The amount of the loss is measured as the difference between the asset's carrying amount

and the present value of estimated future cash flows. Because the calculation for recoverable amount involved several assumptions and estimations, which directly impacts the amount recognized as impairment losses, we believe that the impairment assessment of financial assets measured at cost is a Key Audit Matter item. Refer to Notes 5&11.

Our key audit procedures performed in respect of the above area included the following:

1. Performed walk through test to understand the method of impairment assessment adopted by the management and the design and operating effectiveness of the related internal control.
2. Obtained the valuation form of assets impairment produced by the management.
3. Evaluated if the assumptions and estimations adopted by management to determine estimated future cash flows and discount rate, are appropriated.

Other Matter

As shown in the accompanying consolidated financial statements, the Company had long-term investment in Microlink Communications Inc. accounted for under equity method based on financial statements as of December 31, 2017 and 2016, which were audited by the other auditor. Our audit, insofar as it related to the investment accounted for under the equity method balances both to NT\$0 as of December 31, 2017 and 2016, the related share of the investment loss from the associates and joint ventures both amounted to NT\$0 for the years ended December 31, 2017 and 2016, is based solely on the report of the other independent accountant.

We have also audited the parent company only financial statements of Princeton Technology Corp as of and for the years ended December 31, 2017 and 2016 on which we have issued an unmodified opinion.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the IFRS, IAS, IFRIC, and SIC endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2017 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Crowe Horwath (TW) CPAs

February 23, 2018

Notice to Readers

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

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

English Translation of Consolidated Financial Statements Originally Issued in Chinese

Princeton Technology Corp. and Subsidiaries

Consolidated Balance Sheets

December 31, 2017 and 2016

(Expressed in Thousand New Taiwan Dollars)

Assets					Liabilities and stockholders' equity	December 31, 2017		December 31, 2016						
	December 31, 2017	Amount	%	December 31, 2016		December 31, 2017	Amount	December 31, 2016	Amount					
Current assets														
Cash and cash equivalents (notes4&6)	\$ 753,784	32	\$ 709,073	32	Current liabilities									
Financial assets at fair value through profit or loss, current (notes4&7)	242,285	10	395,303	18	Accounts payable	\$ 84,182	4	\$ 124,673	6					
Available-for-sale financial assets (notes4&8)	15,499	-	11,161	-	Accounts payable-related parties (note26)	643	-	583	-					
Notes receivable, net (notes4&9)	11,679	-	11,026	-	Other payables (notes15)	60,554	3	66,461	3					
Accounts receivable, net (notes4&9)	149,067	7	201,551	9	Current tax liabilities (notes4&24)	-	-	2,826	-					
Other receivables (notes9&26)	5,077	-	24,414	1	Other current liabilities	1,086	-	2,607	-					
Inventories, net (notes4&10)	2,267	-	-	Long-term liabilities - current portion (notes16&27)	14,855	-	-	-	-					
Prepayments	249,537	11	242,111	11	Total current liabilities	161,320	7	197,150	9					
Other financial assets (notes4.6&27)	58,498	3	31,043	1	Non-current liabilities									
Other current assets	19,482	1	19,786	1	Long-term loans payable (notes16&27)	222,825	10	-	-					
Total current assets	1,507,175	64	1,645,468	73	Deferred tax liabilities (notes4&24)	-	-	3,616	-					
Non-current assets														
Financial assets measured at cost (notes4&11)	33,350	1	33,350	1	Net defined benefit liability (notes4&17)	38,874	2	43,109	2					
Investments accounted for under the equity method (notes4.12&26)	91,237	4	86,458	4	Refundable deposits	19	-	21	-					
Property, plant and equipment (notes4.13&27)	695,393	30	472,176	21	Total non-current liabilities	261,718	12	46,746	2					
Deferred tax assets (notes4&24)	7,983	-	-	Total liabilities	423,038	19	243,896	11						
Other noncurrent assets (note14)	18,282	1	20,770	1	Equity attributable to the parent company									
Total non-current assets	846,245	36	612,754	27	Capital (note18)	1,809,437	77	1,809,437	80					
Total assets														
	\$ 2,353,420	100	\$ 2,258,222	100	Additional paid-in capital (note18)									
					Premiums	1,102	-	1,102	-					
					Recognize changes in subsidiaries' ownership	39	-	39	-					
					Share of changes in equities of associates and joint venture	9,960	-	6,613	-					
					Employee stock options	4,592	-	4,592	-					
					Total additional paid-in capital	15,693	-	12,346	-					
					Retained earnings (note18)									
					Legal reserve	306,123	12	306,123	14					
					Accumulated losses	(152,238)	(6)	(111,396)	(5)					
					Total retained earnings	153,885	6	194,727	9					
					Other components of equity (notes4&18)	(48,633)	(2)	(2,184)	-					
					Total equity attributable to the parent	1,930,382	81	2,014,326	89					
					Non-controlling interests (note18)	-	-	-	-					
					Total equity	1,930,382	81	2,014,326	89					
					Total liabilities and equity	\$ 2,353,420	100	\$ 2,258,222	100					

The accompanying notes are integral part of consolidated financial statements.

English Translation of Consolidated Financial Statements Originally Issued in Chinese

Princeton Technology Corp. and Subsidiaries
 Consolidated Statements of Comprehensive Income
 For the years ended December 31, 2017 & 2016
 (Expressed in Thousand New Taiwan Dollars, Except for Earnings Per Share Amounts)

	2017		2016	
	Amount	%	Amount	%
Net sales (notes4.19&26)	\$ 1,109,796	100	\$ 1,291,224	100
Cost of goods sold (notes10.17.20&26)	(677,837)	(61)	(800,699)	(62)
Gross profit	431,959	39	490,525	38
Operating expenses (notes17.20&26)				
Marketing	(45,331)	(4)	(44,190)	(3)
General and administrative	(142,138)	(12)	(126,271)	(10)
Research and development	(297,951)	(27)	(358,754)	(28)
Total operating expenses	(485,420)	(43)	(529,215)	(41)
Operating loss	(53,461)	(4)	(38,690)	(3)
Non-operating income and expenses				
Interest income (note21)	4,868	-	9,991	1
Other gain and loss (notes22&26)	4,379	-	36,158	3
Finance costs (note23)	(372)	-	-	-
Share of income of associates and joint ventures (notes4&12)	754	-	1,177	-
Subtotal	9,629	-	47,326	4
(Loss) income from continuing operations before income tax	(43,832)	(4)	8,636	1
Income tax benefit (expense) (notes4&24)	498	-	(6,067)	(1)
Net (loss) income	(43,334)	(4)	2,569	-
Other comprehensive income and loss				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	3,002	-	9,929	1
Income tax expense related to items that will not be reclassified subsequently to profit or loss	(510)	-	(1,688)	-
Subtotal	2,492	-	8,241	1
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of foreign operations	(61,189)	(5)	(15,314)	(1)
Unrealized gain on available-for-sale financial assets	4,338	-	1,098	-
Income tax benefit related to items that may be reclassified subsequently to profit or loss	10,402	1	2,604	-
Subtotal	(46,449)	(4)	(11,612)	(1)
Total other comprehensive income or loss, net of tax	(43,957)	(4)	(3,371)	-
Total comprehensive loss	\$ (87,291)	(8)	\$ (802)	-
Net (loss) income attributable to:				
Stockholders of the parent	\$ (43,334)	(4)	\$ 2,612	-
Non-controlling interests	-	-	(43)	-
	\$ (43,334)	(4)	\$ 2,569	-
Comprehensive loss attributable to:				
Stockholders of the parent	\$ (87,291)	(8)	\$ (759)	-
Non-controlling interests	-	-	(43)	-
	\$ (87,291)	(8)	\$ (802)	-
Earnings per share (notes4&25)				
Earnings per share-basic	\$ (0.24)		\$ 0.01	

The accompanying notes are integral part of consolidated financial statements.

English Translation of Consolidated Financial Statements Originally Issued in Chinese

Princeton Technology Corp. and Subsidiaries

Consolidated Statements of Changes in Equity

For the years ended December 31, 2017 & 2016

(Expressed in Thousand New Taiwan Dollars)

	Equity attributable to the parent												Other components of equity		
	Additional paid-in capital				Retained earnings										
	Common Stock	Premiums	Recognize changes in subsidiaries' ownership	Share of changes in equities of associates and joint venture	Employee stock options	Legal reserve	Special reserve	Unappropriated earnings (Accumulated losses)	Exchange differences on translation of foreign operations	Unrealized gain or loss on available-for-sale financial assets	Total equity attributable to the parent	Non-controlling interests			
Balance as of January 1, 2016	\$ 1,809,437	\$ 1,102	\$ 149	\$ 6,613	\$ 4,592	\$ 306,123	\$ 14,043	\$ (136,292)	\$ 42,469	\$ (33,041)	\$ 2,015,195	(67)	\$ 2,015,128		
Appropriations of 2015 earnings								(14,043)	14,043						
Reversal of special reserve	-	-	-	-	-	-	-	2,612	-	-	2,612	(43)	2,569		
Net income for the year ended December 31, 2016	-	-	-	-	-	-	-	8,241	(12,710)	1,098	(3,371)	-	(3,371)		
Other comprehensive income (loss) for the year ended December 31, 2016	-	-	-	-	-	-	-	10,853	(12,710)	1,098	(759)	(43)	(802)		
Differences between equity purchase price and carrying amount arising from acquisition or disposal of subsidiaries	-	-	(110)	-	-	-	-	-	-	-	(110)	110	-	-	
Balance as of December 31, 2016	1,809,437	1,102	39	6,613	4,592	306,123	-	(111,396)	29,759	\$ (31,943)	2,014,326	-	2,014,326		
Adjustments to share of changes in equities of associates and joint venture	-	-	-	3,347	-	-	-	-	-	-	3,347	-	3,347		
Net loss for the year ended December 31, 2017	-	-	-	-	-	-	-	(43,334)	-	-	(43,334)	-	(43,334)		
Other comprehensive income (loss) for the year ended December 31, 2017	-	-	-	-	-	-	-	2,492	(50,787)	4,338	(43,957)	-	(43,957)		
Total comprehensive (loss) income	-	-	-	-	-	-	-	(40,842)	(50,787)	4,338	(87,291)	-	(87,291)		
Balance as of December 31, 2017	\$ 1,809,437	\$ 1,102	\$ 39	\$ 9,960	\$ 4,592	\$ 306,123	\$ -	\$ (152,238)	\$ (21,028)	\$ (27,605)	\$ 1,930,382	\$ -	\$ 1,930,382		

The accompanying notes are integral part of financial statements.

English Translation of Consolidated Financial Statements Originally Issued in Chinese

Princeton Technology Corp. and Subsidiaries

Consolidated Statements of Cash Flows

For the years ended December 31, 2017 & 2016

(Expressed in Thousand New Taiwan Dollars)

	<u>2017</u>	<u>2016</u>
Cash flows from operating activities:		
Net (loss) income before tax	\$ (43,832)	\$ 8,636
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation	43,550	44,185
Amortization expense	5,840	-
Net income of financial assets at fair value through profit or loss	(122)	(35,712)
Finance costs	372	-
Interest income	(4,868)	(9,991)
Dividend income	(3,337)	(2,932)
Share of gain of associates and joint ventures	(754)	(1,177)
Loss on disposal of property, plant and equipment, net	267	767
Loss on disposal of investments	-	908
Impairment loss on financial assets	-	7,790
Changes in operating assets and liabilities:		
Decrease (increase) in :		
Financial asset held for trading	153,140	91,608
Notes receivable	(653)	(3,283)
Accounts receivable	46,649	(55,533)
Accounts receivable-related parties	-	58
Other receivables	6,278	33,262
Inventories	(7,426)	9,822
Prepayments	(27,455)	(12,997)
Other financial asset	-	6
Other current assets	304	(17,735)
Increase (decrease) in :		
Accounts payable	(40,491)	6,273
Accounts payable-related parties, net	60	199
Other payables	(4,106)	(31,692)
Other current liabilities	(1,521)	212
Net defined benefit liabilities	(1,233)	(1,109)
Cash provided by operations	120,662	31,565
Interest received	17,922	8,930
Interest paid	(1)	-
Income tax paid	(6,308)	(1,168)
Net cash provided by operating activities	<u>132,275</u>	<u>39,327</u>

(Continued)

	<u>2017</u>	<u>2016</u>
Cash flows from investing activities:		
Acquisition of investments accounted for under the equity method	(6,000)	(1,500)
Proceeds from disposal of investments accounted for under the equity method	-	18,539
Acquisition of property, plant and equipment	(290,182)	(139,813)
Proceeds from disposal of property, plant and equipment	1,146	119
Decrease in other noncurrent assets	2,488	2,707
Dividend received	<u>3,337</u>	<u>2,932</u>
Net cash used in investing activities	<u>(289,211)</u>	<u>(117,016)</u>
Cash flows from financing activities		
Increase in long-term loans	237,680	-
Increase in guarantee deposits received	-	21
Decrease in guarantee deposits received	(2)	-
Decrease in shareholder accounts	<u>-</u>	<u>(3,000)</u>
Net cash provided by (used in) financing activities	<u>237,678</u>	<u>(2,979)</u>
Effect of exchange rate changes on cash and cash equivalents	<u>(36,031)</u>	<u>(13,464)</u>
Net increase (decrease) in cash and cash equivalents	44,711	(94,132)
Cash and cash equivalents at beginning of period	<u>709,073</u>	<u>803,205</u>
Cash and cash equivalents at end of period	<u>\$ 753,784</u>	<u>\$ 709,073</u>

(Concluded)

The accompanying notes are integral part of consolidated financial statements.

Princeton Technology Corp.

FY2017 Statement of Deficit Compensation

Jan. 1 ~ Dec. 31, 2017

Unit: NT\$

Item	Amount
Deficit yet to be compensated – beginning of year	(111, 396, 415)
The retained earnings adjustment for the year 2017 - the actuarial profit and loss	2, 491, 463
Net loss of 2017	(43, 333, 605)
Deficit yet to be compensated at the end of 2017	(152, 238, 557)

**Articles of Incorporation
Princeton Technology Corp.**

Chapter 1 - General

Article 1: The Company is established in conformity with the Company Act and named Princeton Technology Corporation.

Article 2: The Company engages in the following businesses:

- (1) Manufacture and sale of electronic instruments and parts and components (except for controlled devices, medical instruments, and measuring instruments).
- (2) Design and plan of computer application systems.
- (3) Manufacture and sale of computer, computer peripherals and parts and components.
- (4) Design, manufacture and install of industrial automation systems.
- (5) Design and manufacture of integrated circuits.
- (6) Consult for the latest technologies for the aforementioned businesses.
- (7) Import and export related to the aforementioned businesses.
- (8) Operation and investment of aforementioned businesses.

Article 2-1: Where the Company invests in another company as a shareholder with limited liability, the restriction that such investment may not exceed 40% of paid-in capital shall not apply.

Article 2-2: The Company may make endorsement or issue guarantee for business needs. Related operations shall follow the Company's Procedure for Endorsement and Guarantee Operations.

Article 3: The Company has its principal office in New Taipei City, Taiwan, and if deemed necessary, may set up domestic and foreign branches or offices in accordance with the resolution adopted by the board of directors.

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

Chapter 2 - Shares

Article 5: The authorized capital of the Company shall be NT\$2,500,000,000, divided into 250,000,000 shares with a par value of NT\$10 each. The board of directors is authorized to issue the aforesaid shares in several tranches.

Of the aforesaid capital stock, NT\$345,000,000 is reserved for stock options of employees with the issue of 34,500,000 shares with a par value of NT\$10 each in the form of stock options and issued in several tranches in accordance with the resolution adopted by the board of directors.

In the case of stock buy-back as permitted by law, the board of directors is authorized

to make such decision according to rules and regulations.

Any decision to transfer shares to employees lower the actual average buyback price or issue employee stock options at below-the-market prices shall be approved by shareholders in a shareholders' meeting attended by shareholders holding and representing more than one-half of all issued and outstanding shares and at which meeting more than two thirds of the votes held by shareholders present cast in favor of such decision.

Article 6: The share and bond certificates of the Company shall be issued as registered shares. The share and bond certificates shall be signed or sealed by at least three directors, serially numbered, and duly authenticated by the competent authority or as required by law before issued. Pursuant to the Company Act, when the Company issues new shares or bonds, the total new shares or bonds can be printed on one single certificate or issued in dematerialized form. However the Company shall request the securities central depositary institution for custody or registration of the certificates issued.

Article 7: Transfer of shares shall be suspended within sixty (60) days before any general shareholders' meeting, within thirty (30) days before any special shareholders' meeting, and within five days before the base date on which dividends, bonuses or other interest are scheduled to be paid by the Company.

Chapter 3 - Shareholders' Meeting

Article 8: The shareholders' meetings of the Company shall be classified as either general meetings or special meetings. General meetings shall be called by the board of directors according to law once a year within six months after the end of the fiscal year. Special meetings shall be called as necessary in accordance with the law.

Article 9: In case a shareholder is unable to attend a shareholders' meeting, he/she may appoint someone to attend the meeting on his/her behalf with a written proxy prepared by the Company with his/her signature or seal and stating therein the scope of authorization with reference to the subjects to be discussed at the meeting. The appointment of proxy to attend a shareholders' meeting shall follow the Rules for Attending Shareholders' Meeting of a Public Company by Proxy promulgated by the competent authority except Article 177 of the Company Act.

Article 10: Shareholders of the Company shall be entitled with one vote for each share of capital stock held, except for situations of no voting right set out in the Company Act. With the exceptions to trust enterprises or transfer agents approved by the securities authority, the votes of any shareholder represented by a proxy shall not exceed 3% of the total shares issued and outstanding of the Company; the votes of shares exceeding the aforesaid limit shall not be counted.

Article 11: Except as otherwise provided by Company Act or relevant regulations, no resolution shall be adopted at a shareholders' meeting unless it is attended by shareholders holding and representing over one-half of all issued and outstanding shares and at which meeting over one-half of the votes held by shareholders present cast in favor of such resolution.

Chapter 4 - Directors and Supervisors

Article 12: The Company shall have seven to eleven directors and the actual quota of their seats

of each session elected by the shareholders' meeting was authorized to be decided by the board meeting. The nomination system is selected by the shareholders' meeting on the list of directors' candidates. The term of office of directors shall be three years; re-election shall be permissible.

After the Company's shares are issued to the public, the percentage of shareholdings of all the directors selected shall follow the regulation of the competent authority in charge of securities affairs. When a shareholder elects a director, each share has the same right of election as the number of directors to be elected, and may elect one person or a number of electors, and the more votes of the votes shall be elected

In conformity with Article 183 of Security and Exchange Act, among the previous said directors quota, the independent directors shall not be fewer than three persons in number, one of whom shall be convener, and at least one of whom shall have accounting or financial expertise. The candidates nomination system is adopted and the shareholders shall elect from among the nominees listed in the roster of independent director candidates. Their professional qualifications, restrictions on shareholdings and concurrent positions held, assessment of independence, method of nomination, and other matters for compliance with respect to independent directors shall follow the regulation of the competent authority in charge of securities affairs.

Article 13: According to Article 14-4 of Security and Exchange Act, the Company shall establish a Audit Committee which shall be composed of the entire number of independent directors. It shall not be fewer than three persons in number, one of whom shall be convener, and at least one of whom shall have accounting or financial expertise. The Audit Committee shall in charge of executing the power ruled by Company Act, Security and Exchange Act and other related regulations.

Article 14: The following relationships may not exist among more than half of the Company's directors:

1. a spousal relationship.
2. a familial relationship within the second degree of kinship.

Article 15: The board of directors shall be organized by directors, among them the Chairman of the Board shall be elected by more than half of directors present at a meeting attended by more than two thirds of directors. The Vice Chairman of the Board shall be elected in the same manner by and among the directors. The Chairman of the Board shall internally be the Chairman of the meetings of shareholders and meetings of the board of directors and externally represent the Company. The board of directors' meetings may be held by video conference. Directors who attend meetings by video conference are deemed as attend the meetings in person.

Article 16: Directors should attend the board of directors' meetings in person. In case a director is unable to attend a board of directors' meeting, he/she may submit a written proxy stating the scope of authorization for the proxy to present on his/her behalf.

If the chairman of the board of directors is on leave or unable to perform his/her duties, the vice chairman shall act on his/her behalf. If both the chairman and the vice chairman are on leave or unable to perform their duties, the chairman shall designate a director to act on his/her behalf.

Article 17: Remunerations for directors of the Company shall be authorized for approval of the board of directors and at the normal levels adopted by other firms of the same industry no matter the Company has profit or not.

The Company shall authorize the chairman of the board to buy duty security insurance for all the directors to secure their benefit.

Article 18: The authority and responsibility of the board of directors are as follows:

1. Approval of operational policy and medium- and long-term development plans.
2. Approval and oversight of execution of annual business plans.
3. Approval of annual budget and examination of the final settlement of account.
4. Examination of capital increase/decrease plans.
5. Examination of earnings distribution or deficit makeup plans.
6. Approval of important contracts.
7. Examination of Articles of Incorporation or amendments thereof.
8. Approval of organization bylaws and important business rules and systems.
9. Approval of establishment, reorganization or removal of branch offices.
10. Approval of major capital expenditure plans.
11. Appointment and discharge of president and vice presidents.
12. Execution of resolutions adopted at shareholders' meeting.
13. Approval of items proposed by the president.
14. Approval of calling shareholders' and board of directors' meetings and deciding business report items thereof.
15. Handling of other items in accordance with the law.

Article 19: In calling a meeting of the board of directors, a notice setting forth therein the meeting date, venue, and subject(s) to be discussed at the meeting shall be given to each director and supervisor 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 set forth in the preceding Paragraph may be effected by means of writing, facsimile, electronic transmission.

Article 20: The Company's operating policies and other important matters shall be decided and approved by the board of directors. The board of directors may also set up governance committee, audit committee and other functional committees and approve the authorities and rules of respective committees.

Chapter 5 - Managers

Article 21: The Company shall have one president and several vice presidents. All other matters concerning their appointment, removal and payment shall be handled in accordance with Article 29 of Company Act.

Chapter 6 - Accounting

Article 22: The company's fiscal year is from January 1st to December 31st each year.

At the close of each fiscal year, the board of directors shall prepare the following statements and records and present to the general meeting of shareholders for approval.

1. the business report;
2. the financial statements; and

3. the surplus earning distribution or loss off-setting proposals.

Article 23: The company's annual profit, if any, should be set aside 5% to 20% for employees remunerated by the board resolution to grant stock or cash distribution, which were issued contain subordinate employees meet certain conditions of. The company allocated profit by resolution of the Board to set aside no more than 1.5% for the remuneration of directors. The proposal of employee remuneration and compensation of directors assigned should be reported to the shareholders' meeting. While there are accumulated losses of the company, it should be reserved in advance to make up the amount, then allocated to employee remuneration and compensation of directors according to the proportion of pre-term charges.

Article 24: After the final settlement of account each year, the Company shall allocate its surplus earnings, if any, to pay taxes according to the law. After the make up accumulated losses, the Company should allocate 10% of statutory surplus reserve until the statutory surplus reserve has reached the company paid-in capital. then make provisions set aside by law or rotary special reserve. If there are balances, the board drafted a proposal for distribution of profits with the unallocated surplus accumulated and draw proposal of dividend allocation to the shareholder meeting. The company's dividend policy is in line with the current and future development plans, taking into consideration the investment environment, capital requirements and competition at home and abroad, and taking into account the interests of shareholders. Earnings available for distribution each year set aside not less than 50% of the dividend distribution to shareholders dividend. The allocation of shareholder dividends, to whom cash or in shares, cash dividend will be not less than 50% of the total dividend.

Chapter 7 - Supplemental Provisions

Article 25: The organization bylaws of the Company shall be provided separately.

Article 26: For items not provided in the rules, Articles of Incorporation, the Company Act and other relevant laws and regulations shall govern.

Article 27: These Article of Incorporation were drawn up on April 29, 1986 and underwent the

First amendment on December 22, 1986;
Second amendment on July 24, 1987;
Third amendment on October 6, 1987;
Fourth amendment on December 31, 1987;
Fifth amendment on June 25, 1988;
Sixth amendment on July 16, 1988;
Seventh amendment on May 21, 1990;
Eighth amendment on December 8, 1990;
Ninth amendment on June 10, 1991;
Tenth amendment on September 8, 1998;
Eleventh amendment on June 9, 2000;
Twelfth amendment on June 9, 2000;
Thirteenth amendment on November 3, 2000;
Fourteenth amendment on July 4, 2001;
Fifteenth amendment on May 17, 2002;
Sixteenth amendment on May 17, 2002;
Seventeenth amendment on June 6, 2003;
Eighteenth amendment on June 1, 2004;
Nineteenth amendment on June 1, 2004;

Twentieth amendment on June 12, 2006;
Twenty-first amendment on June 13, 2007;
Twenty-second amendment on June 13, 2008;
Twenty-third amendment on June 17, 2010;
Twenty-fourth amendment on June 10, 2011
Twenty-fifth amendment on June 18, 2012
Twenty-sixth amendment on June 8, 2016.
and
Twenty-seventh amendment on June 14, 2017.

Rules and Procedures of Shareholders Meeting

Princeton Technology Corp.

Article 1: The shareholders' meetings of Princeton Technology Corp. (hereinafter referred to as "the Company") shall be implemented in accordance with the provisions of these Rules, unless otherwise required by law.

Article 2: A shareholder whose holding shares in the Company equivalent to 1% or more of the total shares issued by the Company may present a proposal to the company in writing to be submitted to a regular shareholders' meeting. Any eligible shareholder aforesaid is limited to a maximum of one proposal per shareholders' meeting. In the event that the provisions of Paragraph 4, Article 172-1 of Company Act apply to a proposal presented by a shareholder, the Board of Directors may decide not to table that proposal for the shareholders' meeting.

When a shareholders' meeting is to be held, the Company shall make a public announcement prior to the last day on which transfer of title may be performed, notifying shareholders that proposals may be submitted for tabling and specifying the address to which proposals should be submitted and the deadline for submission. The period for proposal to be submitted shall be not less than 10 days. Shareholders' proposals may not exceed 300 Chinese characters in length; if over, it will not be tabled for discussion at the shareholders' meeting. A shareholder who has submitted a proposal must either attend the shareholders' meeting in person to participate in the discussion of the proposal, or else appoint a proxy to attend on his/her behalf.

The Company shall notify those shareholders who have submitted proposals whether their proposal will be tabled for discussion at the shareholders' meeting or not prior to the date of the convening notice of shareholders' meeting. Those proposals in accordance with the rules aforesaid shall be listed on the shareholders' meeting notice. While a shareholder's proposal is not tabled for discussion, a note should be appended to the Shareholders' meeting Handbook explaining why the proposal was not tabled for discussion.

Article 3: At each shareholders' meeting, a shareholder may use the proxy forms printed and issued by the Company to appoint a proxy to attend the shareholders' meeting on his/her behalf, and to specify the scope within which the proxy is entitled to act for. Each shareholder may submit no more than one proxy form, and may appoint no more than one proxy. In the event that two or more proxy forms are received from the same shareholder, the proxy form that is received first will be accepted (except only that a subsequent proxy form specifies the previous proxy should be cancelled). If, after the Company received a proxy form, the submitting shareholder subsequently would change his/her mind to attend the shareholders' meeting in person, he/she had to notify the Company in writing of his/her desire to have the proxy form cancelled at least two days prior to the date on which the shareholders' meeting is to be held. If the shareholder failed to notify the Company in writing within this deadline, the proxy should be permitted to vote on his/her behalf.

Article 4: Shareholders and proxies attending the shareholders' meeting must sign in on the guest book in person prepared on the receipt desk, or instead hand in their signing-in cards issued by the Company. The number of votes present at the shareholders' meeting shall be calculated according to the signatures of the guest book and or the signing-in cards.

Article 5: The basis for calculation of attendance and voting at the shareholders' meeting shall be the number of votes present.

Article 6: The location at which the Company's shareholders' meeting is held shall be either the county or city in which the Company's headquarters is located, or another location that is convenient for shareholders to reach and which is suitable for the holding of a shareholders' meeting. The shareholders' meeting may not begin earlier than 9:00 a.m. or later than 3:00 p.m.

Article 7: If a shareholders' meeting is convened by the board of directors, the chairman of the board shall serve as the chair of the shareholders' meeting. In the event that the chairman has taken a leave or is otherwise unable to perform his/her duties, the vice chairman of the board of director will act for him/her as the chair of the shareholders' meeting. If there is no vice chairman elected, or if the vice chairman has taken leave or is otherwise unable to perform his/her duties, the chairman shall appoint one of the standing directors to act for him/her. If there is no standing directors elected, the chairman shall appoint one of the directors to act for him/her. If the chairman fails to appoint someone eligible to act for him/her as the chair of the shareholders' meeting, the standing directors or directors shall be obliged to elect one of their members to act for.

If a shareholders' meeting is convened by anyone other than the board of directors, the convening party shall serve as the chair of the shareholders' meeting.

Article 8: The Company may instruct the Company's attorneys, accountants or other relevant persons to attend a shareholders' meeting. The ushers responsible for arranging and implementing the shareholders' meeting shall wear badges or armbands to identify themselves.

Article 9: The Company shall record the entire course of the shareholders' meeting on audio tapes or video tapes. These records must be preserved for a period of at least one year after the meeting; if there is a lawsuit against the Company in accordance with the provisions of Article 189 of Company Act, the records must be preserved until such time as the legal dispute has been settled.

Article 10: When the shareholders' meeting was scheduled to begin according to the meeting agenda, the chair shall immediately announce that the meeting has begun. If, at this time, shareholders and proxies representing as votes over half of the total shares issued and outstanding by the Company are not yet present at the meeting, the chair may announce a postponement. The commencement of the meeting may be postponed a maximum of twice; each postponement may not exceed one hour. If, following two postponements, the total votes present at the meeting are still less than one-third of the total shares issued by the Company, the chair shall announce that the meeting to be cancelled.

If, following two postponements, the total votes present at the meeting are still less than half, yet over one-third, of the total shares issued by the Company, then provisional resolutions may be made in accordance with Paragraph 1 of Article 175 of Company Act. All shareholders must be notified of these provisional resolutions and a new shareholders' meeting must then be convened within one month. If, while the meeting aforesaid is still in progress, shareholders and proxies representing as votes increase to more than half of the total shares issued by the Company, then the chair may ask the shareholders to vote again on those approved provisional resolutions, in accordance with the Article 174 of Company Act.

Article 11: When the shareholders' meeting is convened by the board of directors, the agenda shall be set by the board. The meeting should proceed according to the agenda; no alterations may be made to the agenda except by a resolution adopted by the

shareholders at the shareholders' meeting.

While the shareholders' meeting is convened by anyone other than the board of directors, the chair is obliged to follow the provisions aforesaid.

The chair may not announce to close the meeting until all items on the agenda (including extraordinary motions) have been completed, unless the shareholders' meeting has made a resolution to this effect. After the meeting ended, the shareholders may not appoint another chair to continue the meeting at the same venue or others. However, if the chair announces the end of the meeting in violation of these Rules for the Conduct of Shareholders' Meetings, a new chair may be appointed by a majority votes present at the meeting, and the meeting may then continue.

Article 12: Before a shareholder (or his/her proxy) may speak at a shareholders' meeting, he/she must fill out a speaking request slip stating a broad outline of what they wish to say, their shareholder number (or attendance badge number) and shareholder name. The chair will decide in which order the shareholder will be allowed to speak.

If a shareholder (or his/her proxy) fills out a speaking request slip but does not actually speak at the meeting, he/she will be deemed not to have spoken. If the content of the shareholder's speech does not conform to those on the speaking request form, the content of the actual address shall be govern. When a shareholder (or his/her proxy) is speaking, other shareholders may not interrupt without the agreement of the chair, otherwise, should be ceased by the chair.

Article 13: No shareholder (or his/her proxy) may speak on the same proposal more than twice without the agreement of the chair. Individual speeches may not exceed five minutes in length. If a shareholder violates this provision, or if the content of the shareholder's speech exceeds the scope of the proposal, the chair may cease his/her speaking.

Article 14: Shareholders that are government agencies or corporate may assign more than one representative to attend a shareholders' meeting. However, while a corporate is authorized to attend the meeting as a proxy, the corporate may assign only one representative to attend the meeting. While a corporate assign more than one representative to attend a shareholders' meeting, only one representative may speak on the same proposal.

Article 15: After a shareholder finish his/her speech, the chair may answer for it in person, or instruct another relevant person to reply to it.

Article 16: If the chair feels that a proposal has reached to a degree of resolution, he/she may announce that the discussion of the proposal has ended and put it to a vote.

Article 17: The persons responsible for supervising and counting the votes shall be appointed by the chair; however, the persons responsible for supervising the voting must be shareholders. The counting of the votes shall be performed in public in the shareholders' meeting venue; the results of the voting must be announced during the meeting and kept as record.

Article 18: The chair may announce a break at suitable points during the shareholders' meeting. In the event of disruption by force majeure, the chair may call a temporary halt to the meeting or announce a time at which the meeting will resume continually depending on the circumstances. The meeting may resume continually at another location according to the resolution adopted by the shareholders' meeting.

In accordance with the Article 182 of Company Act, the shareholders' meeting may pass a resolution to postpone the meeting to another date or to continue the meeting within five days of the original date.

Article 19: A shareholders' meeting's resolution shall be based on the represent vote of the shares.

Shares held by shareholders who do not have voting rights shall not be included when calculating the total number of shares issued and outstanding by the Company. In the event that a shareholder is an interested party with respect to a given proposal, consequently the shareholder's interest may conflict with those of the Company, the shareholder shall be prohibited from voting for himself or being appointed as a proxy to vote for others on that proposal.

The votes of shareholders aforesaid, who are not eligible to vote on a given proposal shall not be included when calculating the number of votes present at the meeting.

With the exception of investment and trust companies, or transfer agents that are registered with the regulatory authorities, while a single individual is appointed as a proxy by two or more shareholders, the total number of votes for which that individual serves as proxy may not exceed 3% of the total shares issued by the Company; any excess votes will not be counted when voting on proposals.

Article 20: Shareholders are obliged to have the right of one vote for each share that they hold when voting on proposals. This provision shall not be applied to those who are restricted or in accordance with Paragraph 3 of Article 157 and Paragraph 2 of Article 179 of Company Act without any voting right.

Article 21: A resolution of a proposal shall be deemed to be passed on condition that over half of the votes present at the shareholders' meeting (whether represented by the shareholders themselves or by proxies) cast in favor, except where Company Act or the Company's Articles of Incorporation contain a provision to the contrary. When taking a vote on a proposal, the proposal is deemed to be passed if none of the attending shareholder expresses dissent upon the inquiry of the chairman. A resolution so adopted has the same validity as a resolution being approved by vote.

Article 22: If a revised or alternative proposal is put forward for a given proposal, the chair shall combine them as a serial and decide the order on which the revised or alternative proposal and the original proposal shall be voted. When one of the serial proposals is passed, the other(s) shall be deemed to be rejected and they need not to put to a vote.

Article 23: The election of directors and/or supervisors by the shareholders' meeting shall be handled in accordance with the Company's Rules for Election of Directors and Supervisors. The election results must be announced after the election at the shareholders' meeting.

After the election of directors and/or supervisors has been performed, the person responsible for supervising the voting shall seal up the voting slips, affix their signatures, and place the voting slips in safekeeping. The voting slips must be preserved for a period of at least one year after the meeting; if there is a lawsuit against the Company in accordance with the provisions of Article 189 of Company Act, the voting slips must be preserved until such time as the legal dispute has been settled.

Article 24: Minutes shall be recorded of the resolutions discussed at the shareholders' meeting and conducted in accordance with Company Act.

The minutes of the shareholders' meeting must contain the vote cast method and the its results faithfully and accurately. The minutes must be preserved on a permanent basis.

Article 25: The chair of the shareholders' meeting may instruct pickets and/or security personnel to maintain order during the meeting. When assisting in the maintenance of order during the shareholders' meeting, the pickets and/or security personnel must wear the badges written as PICKET.

Article 26: These Rules shall come into effect after being approved by the board of directors and by the shareholders' meeting, as shall any revisions hereto.

Article 27: These rules were drawn up on June 24, 1989 and underwent the

First amendment on July 4, 2001.

Second amendment on May 17, 2002

Third amendment on June 12, 2006 and

Fourth amendment on June 18, 2012

Rules for the Conduct of Board of Directors' Meeting (Before Amendment)
Princeton Technology Corp.

Article 1 These Rules are set forth in accordance with the eighth paragraph, Article 26-3 of the Securities Exchange Act.

Article 2: The regular board of directors' meeting shall be held at least once every quarter. In calling a regular board of directors' meeting, a notice setting forth therein the time, place and purpose of the meeting shall be given to each director and attendee no later than 7 days prior to the scheduled meeting date. However, in the case of emergency, a special board of directors' meeting may be convened at any time and notified by phone, fax or e-mail in lieu of written notice.

The notice set forth in the preceding paragraph may be effected by means of electronic or fax transmission, after obtaining prior consent from the recipients thereof.

All matters set out in the subparagraphs of Article 4, paragraph 1, shall be specified in the notice of the reasons for calling a board of directors meeting; none of them may be raised by an extraordinary motion except in the case of an emergency or legitimate reason.

Article 3: The Chairman's Office shall handle the affairs of the board of directors' meeting, in charge of preparing the agenda items and providing sufficient agenda information for the attendee's reference.

If a director reckons that the agenda information is inadequate, he/she may ask the in-charge unit to provide more information to which the in-charge unit may not refuse. If a director holds that the agenda information is still inadequate, he/she may request a postponement of the meeting subject to the consent of the board of directors.

Article 3-1: Agenda items for regular board of directors meetings shall include at least the following:

1. Status Reports:

- (1) Minutes of the last meeting and actions arising.
- (2) Report on important financial and business items.
- (3) Report on internal audit activities.
- (4) Other important items to be reported.

2. Items of Discussions:

- (1) Items discussed and continued from the last meeting.
- (2) Items for discussion at this meeting.

3. Extraordinary motions.

Article 4: A company shall submit the following items for discussion of the board of directors' meeting:

1. Corporate business plan.

2. Annual and semi-annual financial reports, with the exception of semi-annual financial reports which, under relevant laws and regulations, need not be audited and attested by a certified public accountant (CPA).

3. Adoption or amendment of an internal control system pursuant to Article 14-1 of the Securities Exchange Act.
4. Adoption or amendment, pursuant to Article 36-1 of the Securities Exchange Act, of handling procedures for financial or operational actions of material significance, such as acquisition or disposal of assets, derivatives trading, extension of monetary loans to others, and endorsements or guarantees for others.
5. The offering, issuance, or private placement of any equity-type securities.
6. The appointment or discharge of a financial, accounting, or internal audit officer.
7. A donation to a related party or a major donation to a non-related party, provided that a public-interest donation of disaster relief for a major natural disaster may be submitted to the following board of directors meeting for retroactive recognition.
8. Any matter required by Article 14-3 of the Securities Exchange Act or any other law, regulation, or bylaw to be approved by resolution at a shareholders' meeting or to be submitted to a meeting of the board of directors, or any such significant matter as may be prescribed by the competent authority.

The term "related party" in subparagraph 7 of the preceding paragraph means a related party as defined in the Regulations Governing the Preparation of Financial Reports by Securities Issuers. The term "major donation to a non-related party" means any individual donation, or cumulative donations within a 1-year period to a single recipient, at an amount of NTD100 million or more, or at an amount equal to or greater than 1 percent of net operating revenue or 5 percent of paid-in capital as stated in the CPA-attested financial report for the most recent year.

The term "within a 1-year period" in the preceding paragraph means a period of 1 year calculated retroactively from the date on which the current board of directors meeting is convened. Amounts already submitted to and passed by a resolution of the board are exempted from inclusion in the calculation.

For foreign companies whose stock has no par value or a par value other than NTD10, the "5 percent of paid-in capital" in paragraph 2 above shall be calculated instead as 2.5 percent of shareholder equity.

If a company has an independent director or directors, each independent director shall attend in person any meeting concerning a matter that requires a resolution by the board of directors under Article 14-3 of the Act, or shall appoint another independent director to attend as his or her proxy. If an independent director objects to or expresses reservations about the matter, it shall be recorded in the board meeting minutes; an independent director intending to express objection or reservations but unable to attend the meeting in person shall, unless there is some legitimate reason to do otherwise, issue a written opinion in advance, which shall be recorded in the meeting minutes

Article 4-1: The remuneration committee shall review the remuneration of directors, supervisors, and managerial officers and submit its recommendations for deliberation by the board of directors.

If the board of directors will decline to adopt, or will modify, a recommendation of the remuneration committee, it shall require the consent of a majority of the directors in attendance at a meeting attended by two-thirds or more of the entire board, which in its resolution shall give the comprehensive consideration under the preceding

paragraph and shall specifically explain whether the remuneration passed by it exceeds in any way the recommendation of the remuneration committee.

If the remuneration passed by the board of directors exceeds the recommendation of the remuneration committee, the circumstances and cause for the difference shall be specified in the board meeting minutes, and shall be publicly announced and reported on the information reporting website designated by the competent authority within 2 days counting from the date of passage by the board of directors.

Article 5: The board of directors' meeting shall be called and presided over by the chairman, except for the first meeting of each term of the board of directors which shall be convened by the director who received a ballot representing the largest number of votes at the election of directors.

When the chairman is on leave or unable to exercise his/her duty, he/she may appoint a director to act on his/her behalf; if the chairman fails to make such an appointment, the directors will elect among themselves a deputy to chair the meeting.

With respect to the delegation by the board of directors in accordance with laws and regulations or the Company's articles of incorporation, of the board exercisable power during periods when it is not in session, the levels of such delegation and the contents and matters covered shall be specific; general authorization is not permitted and the status of execution shall be reported to the board of directors.

For a company that established an Audit Committee shall be subject to the consents of one-half or more of all audit committee members and be submitted to the board of directors for a resolution:

1. Adoption or amendment of an internal control system.
2. Assessment of the effectiveness of the internal control system.
3. Adoption or amendment of handling procedures for financial or operational actions of material significance, such as acquisition or disposal of assets, derivatives trading, extension of monetary loans to others, or endorsements or guarantees for others.
4. A matter bearing on the personal interest of a director.
5. A material asset or derivatives transaction.
6. A material monetary loan, endorsement, or provision of guarantee.
7. The offering, issuance, or private placement of any equity-type securities.
8. The hiring or dismissal of an attesting CPA, or the compensation given thereto.
9. The appointment or discharge of a financial, accounting, or internal auditing officer.
10. Annual and semi-annual financial reports.
11. Any other material matter so required by the company or the Competent Authority.

With the exception of subparagraph 10, any matter under a subparagraph of the preceding paragraph that has not been approved with the consent of one-half or more of all audit committee members may be undertaken upon the consent of two-thirds or more of all directors, without regard to the restrictions of the preceding paragraph, and the resolution of the audit committee shall be recorded in the minutes of the directors meeting.

"All audit committee members" and "all directors" as used in previous paragraph

shall mean the actual number of persons currently holding those positions.

Article 6: When a meeting of the board of directors is held, an attendance book shall be made ready for signature by directors attending the meeting.

All board directors shall attend board meetings in person; if attendance in person is not possible, they may, in a manner compliant with the company's articles of incorporation, appoint another director to attend in their place.

A director appointing another director to attend a board meeting in his or her place shall in each case give to that director a written proxy stating the scope of authorization with respect to the reasons for meeting.

A proxy under the preceding two paragraphs may accept a proxy from one person only.

Article 7: In case a meeting of the board of directors proceeds via video conference, directors taking part in such a video conferencing shall be deemed to have attended the meeting in person. The audio or video tape recorded the contents of the meeting shall be a part of the meeting minutes and preserved on a permanent basis.

Article 8: When holding a meeting of the board of directors, a company may, as necessary for the agenda items of the meeting, notify personnel of relevant departments or subsidiaries to attend the meeting as nonvoting participants.

When necessary, the company may also invite certificated public accounts, attorneys, or other professionals to attend as nonvoting participants and to make explanatory statements, provided that they shall leave the meeting when deliberation or voting takes place.

Article 9: When the time of a meeting has arrived and one-half all board directors are not present, the meeting chair may announce postponement of the meeting time, provided that only two postponements.

The proceedings of a board of directors meeting shall be conducted in a predetermined order of agenda items as stated in the meeting notice. However, the order may be changed with the approval of a majority of directors present at the meeting.

When there's any different opinion occurs, the chair should allow it to be discussed sufficiently among directors, then the chair may announce the discussion closed and bring the matter to vote.

When a matter comes to a vote, if upon inquiry by the chair no director from all presenting directors voices an objection, the matter is deemed approved, as if it has been approved by vote.

Article 10: The chairman will assign certain person to count the votes cast by the directors on a resolution, and all directors present in the meeting should act as the vote supervisors.

Article 11: One seat of director is obliged to represents one vote. Unless it is otherwise provided in Company Act, Securities Exchange Act or the Company's Articles of Incorporation, all the resolutions shall be adopted at a board of directors' meeting only when it is attended by a majority of directors and at which meeting a majority of the directors present vote in favor of such resolution.

Article 12: Directors should observe high level of self-discipline. If any director or a juristic person represented by a director is an interested party with respect to any agenda item, the director shall state the important aspects of the interested party relationship at the respective meeting. When the relationship is likely to prejudice the interests of the company, the director may not participate in discussion or voting on that agenda item, and further, shall enter recusal during discussion and voting on that item and may not

act as another director's proxy to exercise voting rights on that matter.

The provisions of Article 180, paragraph 2 of the Company Act, as applied mutatis mutandis under Article 206, paragraph 3 of that Act, apply to resolutions of board of directors meetings when a board director is prohibited by the preceding paragraph from exercising voting rights.

Article 13: A company shall record on audio or video tape the entire proceedings of a board of directors meeting, and preserve the recordings for at least five years, in electronic form or otherwise.

The meeting minutes shall truthfully record the attendance of directors at the meeting, proposals and summary of the comments, the name of any director that is an interested party as referred to in paragraph 1 of the preceding article, an explanation of the important aspects of the relationship of interest, the reasons why the director was required or not required to enter recusal, and the status of their recusal; opinions expressing objections or reservations at the meeting that were included in records or stated in writing; and any opinion issued in writing by an independent director, any objections or reservations, any opinion issued in writing by an independent director, the resolution method and result, provisional motions' resolution method and result.

A copy of the minutes shall be distributed to each director, supervisor and related attendance within 20 days after the meeting and well preserved as important company records during the existence of the company.

Any of the following matters in relation to a resolution passed at a meeting of the board of directors shall be stated in the meeting minutes and within two days of the meeting be published on an information reporting website designated by the competent authority:

1. Any matter about which an independent director expresses an objection or reservation that has been included in records or stated in writing.
2. If the company has an audit committee, any matter that has not been passed by the audit committee, but has been adopted with the approval of two-thirds or more of all board directors without having been passed by the audit committee.

The production and distribution of the meeting minutes may be done in electronic form.

Article 14: These Rules shall apply mutatis mutandis to rules for the conduct of managing directors' meeting.

Article 15: For items not provided in the Rules, the Company Act, Securities Exchange Act, the Company's Articles of Incorporation, and other relevant laws and regulations shall govern.

Article 16: These Rules shall come into effect after being approved by the board of directors' meeting, as shall any revisions hereto.

Article 17: The Rules were drawn up on June 6, 2003 in compliance with the ordinance promulgated by the Securities and Futures Commission on December 10, 2002 and underwent the

First amended on June 1, 2004,

Second amended on April 27, 2006,

Third amended on March 22, 2007,

Forth amended on February 25, 2008,

Fifth amended on February 24, 2012, and

Sixth amendment on February 25, 2013

**Shareholdings of All Directors
Princeton Technology Corp.**

Title	Name	Shares held when elected		Shares held currently	
		No. of shares	Percentage	No. of shares	Percentage
Chairman	Richard Chiang	11,557,256	6.39%	11,557,256	6.39%
Director	Hsin Hsin Co., Ltd. Representative: R. H. Tang	6,895,197	3.81%	6,895,197	3.81%
Director	Hsin Hsin Co., Ltd. Representative: S. J. Chen				
Director	National Chiao Tung University Representative: W. K. Chen	1,225	0.00%	1,225	0.00%
Independent Director	Y. F. Ma	0	0.00%	0	0.00%
Independent Director	H. M. Wu	0	0.00%	0	0.00%
Independent Director	Y. C. Tsai	0	0.00%	0	0.00%
Total shares and percentage held by all directors				18,453,678	10.20%

Explanation:

1. The cutoff day for calculating the shareholding of directors is April 17, 2018, the record date for suspension of title transfer registration for the purpose of 2018 general shareholders' meeting.
2. The Company's paid-in capital is NT\$1,809,436,750 with 180,943,675 issued and outstanding.
3. Pursuant to Article 26 of the Securities Exchange Act and relevant regulations, the collective minimum number of shares required of directors is 10,856,620 shares.
4. The shares held by individual and all directors of the Company as of the record date for suspension of title transfer registration for the purpose of 2018 general shareholders' meeting are presented in the table above and have met the requirements set forth in Article 26 of the Securities Exchange Act.
5. The shares held by independent directors are excluded from the count of shares held by all directors.
6. There is no supervisors' share record available because of the Auditing Committee .set on June 13, 2008.

Actions Taken in Response to Proposals Made by Shareholders

Explanation:

1. Pursuant to Article 172-1 of the Company Act, shareholder(s) holding one percent (1%) or more of the total number of outstanding shares of a company may propose to the company one single proposal for discussion at a general shareholders' meeting, provided that only one item shall be allowed in each proposal, and the number of words of a proposal shall be limited to not more than three hundred (300) words.
2. The Company accepted proposals from shareholders for this year's general shareholders' meeting between April 9 and April 18, 2018, and has posted this information on Market Post Observation System as required by law.

The Company so far has not received any proposal from any shareholder.