

WINTEK Corporation Reorganization Plan

**Submitted to the Meeting of Interested
Parties**

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WINTEK Corporation Reorganization Plan is written in both Chinese and English version. This English translation is provided for reference only. In case any discrepancy between the two versions, the Chinese version shall prevail.

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Chapter 1 Introduction

Founded on April 26, 1990, WINTEK CORPORATION ("WINTEK" or "the Company") is engaged in the manufacturing and sales of one glass solution ("OGS") touch panel manufacturer specialized in manufacturing small-to-medium touch panels, Liquid Crystal Displays ("LCDs"), and LCD modules ("LCM"). After winning the iPhone contract from Apple in 2011, revenue had increased significantly. In prediction of the tremendous growth from market demand of touch notebooks, WINTEK had expanded its production plants in Vietnam and Mainland China, bringing the payment of various plant construction and equipment procurement and bank loans to a peak in 2013 and 2014 respectively. However, the actual demand for touch notebooks was lower than expected. This led to the decline in WINTEK's capacity utilization and the increase in the Company's unit production cost. In addition, as the touch technology continued to diversify, and market supply was higher than market demand, price competitions arose. As a result, WINTEK's cash generating capability and financial positions were adversely affected and WINTEK was financially distressed..

The Suzhou Industrial Park Branch of China Construction Bank Corporation ("CCB"), a creditor of UNITED WIN (CHINA) TECHNOLOGY LIMITED ("United Win Suzhou"), refused to extend the mature instalments of United Win Suzhou. As a result, it pressed a loan default charge on United Win Suzhou on October 8, 2014 and requested United Win Suzhou to repay all immature loans immediately. As United Win Suzhou is a wholly owned subsidiary of UNITED WIN (H.K.) TECHNOLOGY LIMITED ("United Win HKG"), which is a wholly-owned subsidiary of WINTEK. When WINTEK is in short of capital for operations and repayment, correspondent banks are entitled to announce the default of WINTEK in accordance with the loan agreement and request to repay all immature loans immediately.

Though receiving orders from bellwethers of the industry, e.g. Microsoft and Xiaomi at the moment, WINTEK estimated that on October 8, 2014 that the accounts receivable in October 2014 was approximately NT\$2.8 billion, while the accounts payable was NT\$24.1 billion, of which NT\$7.3 billion was overdue, and the cash and cash equivalents were far less to cover the payables. The lack of capital for material procurement and financial difficulty may lead to the suspension or shutdown of the business, WINTEK decided to summon the interim board meeting on October 13, 2014 and filed a petition for reorganization and emergency measures to the Taichung District Court of Taiwan ("TDC") according to Paragraphs 1 and 2, the Article 282 of the Company Act, and expected rehabilitation after restructure.

On April 27, 2015, TDC made a ruling to approve the reorganization (Court Case No. (2014) Zheng-Zi [Reorganization] No. 2, Annex 1), with the appointment of three reorganizers, namely Mr. Chien-nan Lin and Mr. Cheng-hsiung Pan, an attorney-at-law and Mr. Yong-jen Tsao, a CPA; and reorganization supervisors, namely Bank of Taiwan, Shu-fen Ho, a CPA and Hui-chun Liu, an attorney-at-law, which took effect on April 28, 2015. Although creditors, namely Dongguan Ming Electronics Co., Ltd. and HannStar Display Corporation filed an appeal and re-appeal later (Case Nos. (2015) Zheng-Kang-Zi [Appeal to Reorganization] No. 1 of the TDC; (2015) Fei-Kang-Zi [Non-Appeal] No. 399 of the Taichung Branch Court, Taiwan High Court; and (2016) Zheng-Kang-Geng-(1)-Zi [Remand of Appeal to Reorganization] No. 1 of the TDC, Annex 1), the Taichung Branch Court, Taiwan High Court, finally denied their appeals in the civil ruling (2016) Fei-Kang-Zi [Non-Appeal] No. 376 of the Taichung Branch Court, Taiwan High Court, on October 5, 2016. The aforesaid ruling, (2014) Zheng-Zi [Reorganization] No. 2., regarding the approval of reorganization, has thus finalized. The related procedures, civil rulings, and verifications of court ruling of related appeals and re-appeals are shown in Annex 1. WINTEK have further

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filed an objection to the statements of reorganization made by some creditors in reorganization to the TDC.

Annex 2 shows the Rulings of Objected Claims (2014) Zheng-Zi [Reorganization] No. 2 made on September 6, 2017 and October 16, 2017 by the TDC under paragraph 2, Article 299 of the Company Act, and received by WINTEK on September 18, 2017 and October 19, 2017 respectively; and the Ruling Correction for (2014) Zheng-Zi [Reorganization] No. 2 made on October 16, 2017 by the TDC and received by WINTEK on October 19, 2017. Annex 3 shows the List of Reorganization Claims produced based on these rulings. WINTEK also established the reorganization plan and convened the second meeting of interested parties to adopt the same.

According to Articles 303 and 305 of the Company Act: “the reorganizers shall draw up a plan of reorganization and submit the same together with reports and statements of business and finance of the company to the meeting of interested parties for examination.”. According to paragraph 2, Article 302 of the Company Act: “In the event that there is no net value of capital of the company, the shareholders group shall not exercise voting right”. “In case the reorganization plan is adopted at the meeting of interested parties, the reorganizers shall apply to the court for a ruling of approval and thereupon execute it, and shall also report such court ruling of approval to the competent authority for its record”. As to this case, once the reorganization plan is adopted by the meeting of interested parties and approved by the court, reorganizers shall implement reorganization accordingly, so as to facilitate the rehabilitation of WINTEK. The Company proposed the reorganization plan in accordance with the Company Act and related laws and regulations, and seek the cooperation and support from all interested parties for the completion of the reorganization plan.

Chapter 2 Background of Reorganization and Current Status

Section 1 Reasons for Reorganization

After its incorporation on April 26, 1990, WINTEK has since been specialized in manufacturing Super Twisted Nematic (STN) LCD, Thin Film Transistors (TFT) LCD, and OGS touch panels. As the mass production of in-cell touch and on-cell touch panels have begun in recent years, and the film type touch panels at a lower cost have been scrambling to the middle-end and low-end OGS markets. The competition of panel market was increasingly keen due to that the market were shared by different types of touch panels, and the policy support for touch panel manufacturers from the Mainland China government, despite the continuous growth of the overall touch panel market. Moreover, in expectation of the significant growth of the touch notebook market, WINTEK had begun to purchase lands, build factories, and increase production equipment beginning from 2009. Capital expenditures increased significantly as WINTEK invested approximately NT\$48.8 billion in leasing lands for factory expansion and purchasing equipment in Vietnam and Mainland China through 2010 to 2011. However, as cash generating capability and normal financial operations were affected by the drastic industrial change, overexpansion, and the lower-than-expected touch notebook penetration, the amount of WINTEK's payables for construction, procurement projects and repayments to bank loans reached peak in 2014, leading to a capital turnover shortage.

In addition, the lending bank of United Win Suzhou refused to extend the repayment term of mature loans and further announced the default of United Win Suzhou's loan. Although receiving orders from bellwethers of the industry, e.g. Microsoft and Xiaomi at the moment, WINTEK laid off employees and suspended production lines at the end of 2014, for the short of capital for material procurement and the huge indebtedness to the vendors. In order to protect the rights and interests of investors and settle the debts, WINTEK filed for reorganization and emergency measures to the TDC on October 13, 2014. On November 14, 2014, the TDC approved the application for emergency measures with the Civil Ruling (2014) Sheng-Zi [Petition] No. 345 (Annex 4). The TDC further approved on December 11, 2014 the application for emergency measures filed by Taiwan Cooperative Bank Co., Ltd. and Bank of Taiwan with the civil rulings (2014) Sheng-Zi [Petition] No. 407 and Sheng-Zi [Petition] No. 414. On February 13, 2015, TDC made another ruling based on the Civil Ruling (2014) Sheng-Zi [Petition] No. 345: "This Court approved an extension of 90 days from February 15, 2015 for the Civil Ruling (2014) Sheng-Zi [Petition] No. 345 on emergency measures made on November 14, 2014." Further on March 12, 2015, the TDC made a new ruling based on the civil rulings (2014) Sheng-Zi [Petition] No. 407 and Sheng-Zi [Petition] No. 414: "This Court approved an extension of 90 days from March 12, 2015 for the Civil Ruling (2014) Sheng-Zi [Petition] No. 414 on emergency measures made on December 11, 2014." With these two new rulings, the emergency measures were extended to May 16, 2015 and June 9, 2015 respectively (Annex 4).

On April 27, 2015, TDC made a ruling to approve the reorganization (Court Case No. (2014) Zheng-Zi [Reorganization] No. 2, Annex 1), with the appointment of three reorganizers, namely Mr. Chien-nan Lin and Mr. Cheng-hsiung Pan, an attorney-at-law and Mr. Yong-jen Tsao, a CPA; and reorganization supervisors, namely Bank of Taiwan, Shu-fen Ho, a CPA and Hui-chun Liu, an attorney-at-law, which took effect on April 28, 2015. The power of directors and the supervisors of WINTEK were suspended and were exercised by the reorganizers and reorganization supervisors. The Civil Ruling (2014) Zheng-Zi [Reorganization] No. 2 made by the TDC also specified that the deadline for the application of registration of claims and shareholders' rights was at 5:00 pm of May 26, 2015; The

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evaluation date of claims and equity was on June 5, 2015; The date for the first meeting of interested parties was on June 25, 2015. On May 28, 2015, WINTEK appointed Yuan-zheng Mei and Shi-hua Guo from KPMG Taiwan as its certifying CPAs to audit and certify financial statements from 2014 to 2017. KPMG Taiwan has already completed the certification, and uploaded to the designated website as announcement. (Annex 5).

According to the Article 302 of the Company Act: “At the meeting of interested parties, the voting right shall be exercised in groups of claimants as provided in Article 298, Paragraph 1, and resolutions shall be adopted by a majority vote of over one-half of the aggregate votes of different groups. In the event that there is no net value of capital of the company, the shareholders group shall not exercise voting right”. WINTEK will propose the reorganization plan during the second meeting of interested parties according to the Article 302 of the Company Act, then the reorganizers will apply with the court for approval according to the Article 305 of the Company Act on behalf of WINTEK. After obtaining the court’s final ruling, reorganizers shall implement reorganization accordingly, so as to facilitate the rehabilitation of WINTEK.

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Section 2 Overview of the Current Status of Business Units

1. WINTEK VIETNAM CO., LTD.

Via subsidiary WINTEK (B.V.I.) CORPORATION (“WINTEK (B.V.I.)”), WINTEK indirectly invested in the subsidiary WINTEK INTERNATIONAL (SAMOA) CORP. (“WINTEK (Samoa)”), which invested in subsidiary WINTEK VIETNAM CO., LTD. (“WINTEK Vietnam”). WINTEK Vietnam is specialized in the back-end LCM assembly of touch and TFT-LCD panels which are divided into three zones: S, Q, and R. Site S is specialized in TFT-LCM assembly. In 2016, WINTEK Vietnam sold the unoccupied land S2B in Site S by auction to the Vietnam Construction and Development Co., Ltd. Zone Q is specialized in touch LCM assembly and the factories have been rented to LY INVESTMENT(HK) LIMITED by auctions. In 2017, WINTEK Vietnam also sold the buildings and the land-use right of Zone R to LENS TECHNOLOGY (VIETNAM) COMPANY LIMITED by auctions, and completed the transfer.

2. Biotechnology

WINTEK started the biotechnology business in early 2012 to develop technologies for cultivating the *antrodia camphorate* with lime trees (the *Tilia*). WINTEK has also established the biotechnology business development department to develop two types of products: *antrodia camphorate*-related products and health supplements and foods.

3. Lighting

With expertise in the back light module (“BLM”) light guide plate, WINTEK has established the “Otalí” trademark for its exclusively designed lighting products. Its 12W bulb, the Blue Diamond, was once popular in the market.

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Section 3 Financial Position

The financial positions of WINTEK from 2015 to 2017 are shown in Table 1 WINTEK Consolidated Revenue and Statements of Comprehensive Income; Table 2 WINTEK Consolidated Statements of Financial Position Over the Years; Table 3 WINTEK Individual Statements of Comprehensive Income during 2015~2017; and Table 4 WINTEK Individual Statements of Financial Position during 2015~2017.

Tables 1-4 shows the financial position of WINTEK between 2015~2017.

Table 1

WINTEK Consolidated Revenue and Statements of Comprehensive Income

(expressed in thousand NT\$)

Item	2015	2016	2017
Sales revenue	289,663	73,459	41,482
Cost of goods Sold	1,350,882	499,174	375,560
Gross profit (loss)	(1,061,219)	(425,715)	(334,078)
Operating expenses	585,890	268,406	340,982
Other operating income and expenses	-	-	-
Profit (Loss) from operations	(1,647,109)	(694,121)	(675,060)
Non-operating income and expenses	(1,222,525)	1,405,329	595,195
Income (Loss) before income tax	(2,869,634)	711,208	(79,865)
Income tax expense	492	26	0
Net Income(Loss)	(2,870,126)	711,182	(79,865)
Other comprehensive income(loss)	203,392	86,948	175,668
Total comprehensive income (loss)	(2,666,734)	798,130	95,803
Net income attributable to owners of the parent	(2,867,377)	711,182	(79,865)
Net income attributable to non-controlling interests	(2,749)	-	0
Total comprehensive income attributable to owners of the parent	(2,663,985)	798,130	95,803
Total comprehensive income attributable to non-controlling interests	(2,749)	-	0
Basic earnings per common share (NT\$)	(1.40)	0.35	(0.04)

Note: Parenthesized figures in the table are negative numbers.

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Table 2

WINTEK Consolidated Statements of Financial Position Over the Years

(expressed in thousand NT\$)

Item	2015	2016	2017
Current assets	6,116,950	9,947,940	8,757,257
Non-current assets	8,553,929	5,379,344	5,008,311
Total assets	14,670,879	15,327,284	13,765,568
Current liabilities	33,598,865	33,457,437	31,799,960
Non-current liabilities	34,622	34,325	34,283
Total liabilities	33,633,487	33,491,762	31,834,243
Common stock	20,477,784	20,477,784	20,477,784
Capital surplus	6,806,380	6,806,380	6,806,380
Accumulated Deficits	(47,093,529)	(46,382,347)	(46,462,212)
Other equities	846,757	933,705	1,109,373
Treasury shares	-	-	-
Total equity attributable to owners of the parent	(18,962,608)	(18,164,478)	(18,068,675)
Total equity	(18,962,608)	(18,164,478)	(18,068,675)
Total liabilities and Stockholders' equity	14,670,879	15,327,284	13,765,568

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Table 3

WINTEK Individual Statements of Comprehensive Income 2015~2017

(expressed in thousand NT\$)

Item	2015 (audited)	2016 (audited)	2017 (audited)
Net sales revenue	279,224	43,155	8,903
Cost of goods Sold	1,244,387	376,871	286,146
Gross profit (loss)	(965,163)	(333,716)	(277,243)
Operating expenses			
Selling and marketing expenses	187,535	10,596	12,419
General and administrative expenses	239,338	167,742	173,095
Research and development expenses	60,909	25,538	20,340
Other operating income and expenses			
Total operating expenses	487,782	203,876	205,854
Profit (Loss) from operations	(1,452,945)	(537,592)	(483,097)
Non-operating income and expenses			
Financial costs	(454,353)	(254,456)	(222,743)
share of loss of subsidiaries	(440,557)	(839,461)	(596,609)
Gains on bad debt recoveries	-	2,459,326	32,350
Other income	225,816	128,448	303,985
Foreign exchange gain(loss)	(681,551)	479,402	1,375,209
Gains on financial assets(liabilities) measured at fair value through profit (loss)	(3,452)	-	-
Gains(Loss) on disposal of property, plant and equipment	-	(60,924)	(204,268)
Other loss	(60,335)	(663,561)	(284,692)
Total non-operating income and expenses	(1,414,432)	1,248,774	403,232
Income (Loss) before income tax	(2,867,377)	711,182	(79,865)
Income tax expense	-		
Net Income(Loss)	(2,867,377)	711,182	(79,865)
Other comprehensive income(loss)	203,392	86,948	175,668
Total comprehensive income (loss)	(2,663,985)	798,130	95,803
Basic earnings per common share (NT\$)	(1.40)	0.35	(0.04)

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Table 4

WINTEK Individual Statements of Financial Position 2015~2017

Assets	(expressed in thousand NT\$)		
	2015.12.31 (audited)	2016.12.31 (audited)	2017.12.31 (audited)
Current Assets			
Cash and cash equivalents	1,795,201	287,881	244,150
Financial assets at fair value through profit or loss-Current	-	-	-
Available-for-sale financial assets - current	356,411	447,409	635,558
Notes and accounts receivable	488,159	5,127	241
Accounts receivable-related	9,381,758	9,208,502	8,250,309
Other accounts receivable-unrelated	11,192	399,306	361,594
Other accounts receivable- related	1,789,356	1,760,467	1, 572,748
Inventories	-	-	-
Other current assets	25,925	28,633	21,749
Other financial assets-Current	2,474,050	5,920,282	744,867
Total current assets	16,322,052	18,057,607	16,831,216
Non-Current Assets			
Financial assets carried at cost -non-current	3,019	3,019	3,019
Investments accounted for using equity method	5,528,281	4,867,978	4, 255,967
Property, plant and equipment	4,513,514	4,134,023	3, 859,574
Other financial assets-non-current	16,522	-	-
Other non-current assets	251,794	263,068	265,368
Total non-current assets	10,313,130	9,268,088	8, 383,928
Total assets	26,635,182	27,325,695	25, 215,144

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Liabilities and Stockholders' Equity	2015.12.31 (audited)	2016.12.31 (audited)	2017.12.31 (audited)
Current Liabilities			
Short-term borrowings	2,684,175	2,643,940	2,468,044
Financial liabilities at fair value through profit or loss-Current	-	-	-
Notes and accounts payable	11,097,371	10,872,701	10,207,204
Accounts payable-related	18,398,170	18,076,006	16,639,522
Other payable-unrelated	3,206,055	3,427,643	3,743,742
Other payable- related	3,021,811	2,975,717	2,777,150
Provisions-Current	-	4,000	-
Current portion of long-term borrowings	3,267,549	3,267,549	3,267,549
Other current liabilities	210,430	331,667	299,167
Total current liabilities	41,885,561	41,599,223	39,402,378
Non-Current Liabilities			
Credit balance at investments accounted for using equity method	3,611,117	3,888,805	3,879,255
Other non-current liabilities	101,112	2,145	2,186
Total non-current liabilities	3,712,229	3,890,950	3,881,441
Total liabilities	45,597,790	45,490,173	43,283,819
Stockholders' equity attributable to parent			
Common stock	20,477,784	20,477,784	20,477,784
Capital surplus	6,806,380	6,806,380	6,806,380
Accumulated deficits	(47,093,529)	(46,382,347)	(46,462,212)
Other stockholders' equity	846,757	933,705	1,109,373
Total stockholders' equity	(18,962,608)	(18,164,478)	(18,068,675)
Total liabilities and stockholders' equity	26,635,182	27,325,695	25,215,144

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Chapter 3 Status of Domestic and Overseas Investments and its Influences on the Reorganization Plan

Section 1 Current Status of WINTEK Taiwan and Potential Influences

Headquartered in No. 10, Jianguo Road, Tanzi District, Taichung City, WINTEK owns 21 subsidiaries with direct or indirect controlling powers. Annex 6 shows the organization structure and shareholding relationship of its subsidiaries. In addition, WINTEK has five plants in Taiwan, including the Youth Plant I, Youth Plant II, Tanzi Plant, Huang Zhong Plant, Zhong Gong Plant, as shown in Table 5.

Table 5

Status of WINTEK Plants

Plant	Major Product	Current Status
Youth Plant I	TFT-LCD panels	Discontinued (production recovery test completed)
Youth Plant II	OGS touch panels	Discontinued
Huang Zhong Plant	OGS touch panels	Discontinued
Zhong Gong Plant	OGS touch panels	Discontinued
Tanzi Plant	Biotech products	Long-term cooperation contracts signed with customers
Tanzi Plant	Lighting	Marketing channels are recovering gradually

Section 2 Current Status of Business Units in Mainland China and Potential Influences

Through oversea subsidiaries and sub-subsidiaries, WINTEK had invested in Mainland China businesses, including DONGGUAN MASSTOP LIQUID CRYSTAL DISPLAY CO., LTD. (“Dongguan Masstop”), United Win Suzhou, and Wintek (China) Technology Ltd. (“Songshan Lake WINTEK”), as shown in Annex 6.

1. Status of United Win Suzhou

On March 19, 2015, the People’s Court of the Suzhou Industrial Park approved the application for bankruptcy and reorganization of United Win Suzhou filed by eight banks led by the Suzhou Industrial Park Branch of CCB to have requested with the Civil Ruling (2015) Yuan-Shang-Po-Zi [Park Business Bankruptcy] No. 00001-1. The court also appointed the Suzhou Branch of Ernst & Young as the administrator of United Win Suzhou in accordance with the Articles 13 and 22 of the Enterprise Bankruptcy Law of the People’s Republic of China (“PRC”) (Annex 7).

2. Status of Dongguan Masstop

On August 13, 2015 the Dongguan City Intermediate People’s Court of Guangdong Province approved the application for bankruptcy and reorganization of Dongguan Masstop filed by the Dongguan Branch Bank of Communications Co., Ltd. with the Ruling (2015) Dong-Zhong-Fa-Min-Er-Po-Zi [Dongguan Intermediate People’s Court Civil Case—Bankruptcy] No. 2-1. The court also appointed Pan-China Certified Public Accountants LLP as the administrator of Dongguan Masstop in accordance with the Articles 13 of the Enterprise Bankruptcy Law of PRC (Annex 8). As Dongguan Masstop and the administrator failed to submit a draft reorganization plan before May 13, 2016, the administrator had applied to the court to terminate the reorganization procedure as a result. On July 4, 2016, the Dongguan City Intermediate People’s Court of Guangdong Province made public entry of the bankruptcy of Dongguan Masstop with the Civil Ruling (2015) Dong-Zhong-Fa-Min-Er-Po-Zi [Dongguan Intermediate People’s Court

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Civil Case—Bankruptcy] No. 2-5 in accordance with paragraph 3, Article 79 of the Enterprise Bankruptcy Law of PRC (Annex 9).

3. Status of Songshan Lake WINTEK

On August 13, 2015 the Dongguan City Intermediate People's Court of Guangdong Province approved the application for bankruptcy and reorganization of Songshan Lake WINTEK filed by China Development Bank ("CDB") with the Ruling (2015) Dong-Zhong-Fa-Min-Er-Po-Zi [Dongguan Intermediate People's Court Civil Case—Bankruptcy] No. 1-1. The court also appointed Guangdong Chen, Liang & Co., as the administrator of Songshan Lake WINTEK in accordance with Articles 13 of the Enterprise Bankruptcy Law of PRC (Annex 10).

4. Status of the claims between WINTEK and its affiliates and United Win Suzhou, Dongguan Masstop, and Songshan Lake WINTEK.

- (1) While all three invested companies in Mainland China, United Win Suzhou, Dongguan Masstop, and Songshan Lake WINTEK have been adjudged bankruptcy and reorganization by respective jurisdiction courts, WINTEK and its affiliates have declared their rights to United Win Suzhou, Dongguan Masstop, and Songshan Lake WINTEK within the statutory deadline. As the administrator of United Win Suzhou and the meeting of creditors have denied and eliminated the claim of US\$39,758,572.29 declared by United Win HKG, United Win HKG had engaged lawyers to file a lawsuit to confirm the existence of such claim against United Win Suzhou. The court of the Suzhou Industrial Park has ruled in favor of United Win HKG. The first instance of the case was initiated at the Dongguan City Intermediate People's Court on April 14, 2017(Annex 15).
- (2) As the administrator of Dongguan Masstop and the meeting of creditors had denied and eliminated the claim of RMB556,781,022.12 (equivalent to NT\$2,505,514,600 at the exchange rate RMB1 to NT\$4.5) declared by WINTEK and eliminated the claim of RMB417,760,894.6 (equivalent to NT\$1,879,924,026 at the exchange rate RMB1 to NT\$4.5) declared by MASSTOP ASIA PACIFIC LIMITED ("Masstop Asia Pacific HKG"); both WINTEK and Masstop Asia Pacific HKG had engaged lawyers to file a lawsuit to confirm the existence of such claim against Dongguan Masstop(Annex 15).
- (3) As the court had adjudged the bankruptcy and the reorganization of Dongguan Masstop, even though the existence of claims of WINTEK and Masstop Asia Pacific HKG is adjudged by the court in the future, the actual recoverable amount of the claim of WINTEK and Masstop Asia Pacific HKG should be determined based on the results of the repayment of the bankruptcy claim. In addition, as Masstop Asia Pacific HKG and United Win HKG had entered into a syndicated loan agreement amounting US\$200 million with 18 banks led by the Bank of Taiwan, First Commercial Bank, and Mega Bank, and acted as joint lenders with WINTEK as the joint guarantor of Dongguan Masstop on August 25, 2011. As such, if Dongguan Masstop, Songshan Lake WINTEK, and United Win Suzhou, Masstop Asia Pacific HKG and United Win HKG receive the repayment, such amount will be used to settle the joint obligation so as to reduce the joint guarantee liability of WINTEK under the syndicated loan agreement.
- (4) After draw down from the aforementioned syndicated loan agreement, United Win HKG had then wired the funds to Songshan Lake WINTEK and United Win Suzhou and completed external loan registration accordingly. Under the reorganization procedure, United Win Suzhou had denied and eliminated the claims of

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US\$39,758,572.29 declared by United Win HKG and had filed a lawsuit against United Win HKG at the court of the Suzhou Industrial Park to claim for transfer pricing damages amounting to RMB461,063,356.28 (equivalent to NT\$2,074,785,103 at the exchange rate of RMB1 to NT\$4.5). In addition, as specified in the reorganization plan, if United Win HKG win the case and such claim is not adjudged as the interior claim, for the balance of the interior claim, United Win Suzhou will claim to offset the foresaid transfer pricing damages amounting to RMB461,063,356.28 against United Win HKG (Annex 11), even the court of PRC had finally adjudge the existence of United Win HKG's claim against United Win Suzhou. On July 22, 2017, the court of the Suzhou Industrial Park has ruled WINTEK and United Win HKG lost the case, and that both companies should compensate United Win Suzhou a sum totaling RMB418,376,655.04 (equivalent to NT\$1,882,694,947.68 at the exchange rate of RMB1 to NT\$4.5) including the indemnity amounting to RMB388,425,830.94 and accrued interest amounting to RMB29,950,824.10. Disapproving of the court decision of the first instance, both WINTEK and United Win HKG filed an appeal. The second instance of case is currently initiated at the Suzhou City Intermediate People's Court (Annex 15). As United Win HKG is still indebted to the banks under the syndicated loan agreement, it should repay the joint outstanding balance under the syndicated loan agreement, after receiving repayment from United Win Suzhou, United Win HKG will reimburse the joint obligation under the syndicated loan agreement, so as to reduce the joint guarantee of WINTEK thereunder.

Section 3 Current Status of WINTEK Vietnam and Potential Influences

WINTeK Vietnam is specialized in the back-end LCM assembly of touch and TFT-LCD panels which are divided into three zones: S, Q, and R. Site S is specialized in TFT-LCM assembly. In 2016, WINTeK Vietnam sold the unoccupied land S2B in Site S by auction to the Vietnam Construction and Development Co., Ltd. Zone Q is specialized in touch LCM assembly and the factories has been rented to LY INVESTMENT(HK) LIMITED by auctions. In 2017, WINTeK Vietnam also sold the buildings and the land-use right of Zone R to LENS TECHNOLOGY (VIETNAM) COMPANY LIMITED through auctions, and completed the transfer. Annex 12 shows the statements of financial position of WINTeK Vietnam between 2015 and 2017.

WINTeK Vietnam's assets will be the source of repayment, including but not limited to disposal for cash. The proceeds from disposal will be used to reimburse the debts first, the remaining part as well as the distributed reimbursement to WINTeK Vietnam will be the fund for repayment by way of recovering the accounts receivable by WINTeK. In addition, the shareholding in WINTeK (B.V.I.) or WINTeK (Samoa) may be used as the source of repayment, including but not limited to disposal of shares.

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Section 4 Status of Domestic and Overseas Investees

Table 7

Investee	Location	Stake	Current Status
Wintek International Holding (Cayman) Corporation	Cayman Islands	Wholly owned by WINTEK	An overseas holding company of WINTEK TECHNOLOGY (INDIA) PRIVATE LIMITED. Nothing is expected to be recovered.
Wintek Far East (Cayman) Corporation	Cayman Islands	Held by Wintek International Holding (Cayman) Corporation at 82.31% and WINTEK ELECTRO-OPTICS CORPORATION at 17.69%.	An overseas holding company of WINTEK TECHNOLOGY (INDIA) PRIVATE LIMITED. Nothing is expected to be recovered.
WINTEK TECHNOLOGY (INDIA) PRIVATE LIMITED	India	Wholly owned by Wintek Far East (Cayman) Corporation	Owing taxes and fees to the Indian government and making aggressive efforts to settle debts. It is estimated that WINTEK will recover nothing from this investee.
WINTEK ELECTRO-OPTICS CORPORATION	USA	Wholly owned by WINTEK.	In the liquidation process. Nothing is expected to be recovered.
Wintek Central Europe GmbH	Germany	Wholly owned by WINTEK.	Liquidation is completed on December 21, 2016.
WINTEK TECHNOLOGY (CAYMAN) CORPORATION	Cayman Islands	Wholly owned by WINTEK.	The overseas holding company of UNITED WIN TECHNOLOGY (CAYMAN) CORP currently holds a balance of about USD3.71 million and shares valued about NT\$65 million on the book. Both amounts will only be repatriated after liquidation is completed.
UNITED WIN TECHNOLOGY (CAYMAN) CORP.	Cayman Islands	Wholly owned by WINTEK TECHNOLOGY (CAYMAN) CORPORATION	An overseas holding company of United Win HKG and Wintek Technology (H.K.) Limited. The current balance on the book is US\$1.27 million, which will only be repatriated after the liquidation of subsidiaries is completed.
UNITED WIN (H.K.) TECHNOLOGY LIMITED (United Win HKG)	Hong Kong	Wholly owned by UNITED WIN TECHNOLOGY (CAYMAN) CORP.	An overseas holding company of United Win Suzhou. Nothing is expected to be recovered.
UNITED WIN (CHINA) TECHNOLOGY LIMITED (United Win Suzhou)	PRC	-	Pronounced bankrupt and reorganization by the PRC court. As it is no longer under the control of WINTEK, nothing is expected to be recovered.
Wintek Technology (H.K.) Limited	Hong Kong	Wholly owned by UNITED WIN TECHNOLOGY (CAYMAN) CORP.	An overseas holding company of Songshan Lake WINTEK. Nothing is expected to be recovered.

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Investee	Location	Stake	Current Status
Wintek (China) Technology Ltd. (Songshan Lake WINTEK)	PRC	-	Pronounced bankrupt and reorganization by the PRC court. As it is no longer under the control of WINTEK, nothing is expected to be recovered.
MASSTOP LLC	USA	Wholly owned by WINTEK.	An overseas holding company of Masstop Asia Pacific HKG. Nothing is expected to be recovered.
MASSTOP ASIA PACIFIC LIMITED (Masstop Asia Pacific HKG)	Hong Kong	Wholly owned by MASSTOP LLC	An overseas holding company of Dongguan Masstop. Nothing is expected to be recovered.
DONGGUAN MASSTOP LIQUID CRYSTAL DISPLAY CO., LTD (Dongguan Masstop)	PRC	Wholly owned by Masstop Asia Pacific HKG.	Under bankruptcy and reorganization by the PRC court. As it is no longer under the control of WINTEK, nothing is expected to be recovered.
DongGuan Sheng Feng Import and Export Trading Co., Ltd.	PRC	Wholly owned by Dongguan Masstop.	A Dongguan Masstop investee whose liquidation is under progress. WINTEK had lost its control over this investee with no expected recoverable amount.
DongGuan Innolife Electronic Technology Co., Ltd.	PRC	Wholly owned by Dongguan Masstop.	A Dongguan Masstop investee whose liquidation is under progress. WINTEK had lost its control over this investee with no expected recoverable amount.
WINTEK (B.V.I.) CORPORATION (WINTEK (B.V.I.))	British Virgin Islands	Owned by WINTEK at 99.51% and UNITED WIN INVESTMENT CO., LTD at 0.49%.	Please refer to Section 3 of this chapter for details.
WINTEK INTERNATIONAL (SAMOA) CORP. (WINTEK (Samoa))	Samoa	Wholly owned by WINTEK (B.V.I.)	Please refer to Section 3 of this chapter for details.
WINTEK VIETNAM CO., LTD(WINTEK Vietnam)	Vietnam	Wholly owned by WINTEK (Samoa)	Please refer to Section 3 of this chapter for details.
UNITED WIN INVESTMENT CO., LTD	Taiwan	Wholly owned by WINTEK	The settlement will be implemented by means including, but not limited to increase or reduction of capital, share disposal, and liquidation. Currently, the balance of equity on the book is approximately NT\$400 million.
TELESTAR TECHNOLOGY CORPORATION	Taiwan	Wholly owned by WINTEK.	The liquidation procedure was finalized on Jan 24, 2017

The above domestic and overseas invested companies will be settled by means including, but not limited to, asset disposal, capital reduction, liquidation, or share disposal. Any amounts recovered will be included in the funds for repayment (no amount is guaranteed, and the actual amount shall prevail).

Chapter 4 Status of Involved Lawsuits and Effects on the Reorganization Plan

1. Currently Involved Lawsuits

(1) WINTEK as the plaintiff

1) Lawsuit to confirm the existence of the claim

As the administrator and creditors of Dongguan Masstop have denied and eliminated the claim at RMB556,781,022.12 (equivalent to NT\$2,505,514,600 at the exchange rate RMB1 to NT\$4.5) declared by WINTEK, WINTEK has engaged lawyers to file a lawsuit to confirm the existence of such a claim against Dongguan Masstop. Currently, the first instance of the case is initiated at the Dongguan Intermediate People's Court (Annex 13).

2) Lawsuit to recover accounts receivable

WINTEK has filed a lawsuit to recover receivables amounting to NT\$129,207,146 (exchange rate at US\$1 to NT\$30.3), as shown in Annex 13. Any recovered amount will be used to repay debts, and WINTEK is not guaranteed to recover the aforesaid amount successfully.

3) Others

To ensure all creditors are repaid fairly, the civil ruling on WINTEK's reorganization made by TDC shall be applicable to all WINTEK's creditors around the world. According to the Article 305 of the Company Act, the binding force of WINTEK's reorganization covers both WINTEK and its affiliates. As some creditors of WINTEK have applied for compulsory execution on the receivables of WINTEK's obligors (Annex 18) to intercept WINTEK from recovering its receivables, it will affect the fairness of repayment for all WINTEK creditors. Hence, WINTEK has engaged lawyers to file with the Hangzhou Intermediate People's Court to approve its reorganization ruling (2017)-Zhe-01-Ren-Tai No. 1. The case is currently in trial, as shown in Annex 13.

(2) WINTEK as the defendant

1) Lawsuit to confirm the existence of claims

After TDC ruled WINTEK's objection to the claim in reorganization claimed by the claim reorganizers, the claim reorganizers has made an appeal to the court and applied for the confirmation of WINTEK's claim totaling NT\$38,609,457 in disapproval with the ruling under Paragraph 3, Article 299, of the Company Act, as shown in Annex 14. Please refer to Section 5 Confirmation of Claim for Reorganization in Dispute in Chapter 5 for the principles of disposal.

2) Lawsuit and enforcement against creditor's violation of Articles 294 and 305 of the Company Act

Creditors in Mainland China filed lawsuits, derivative actions, property preservation, garnishment, and compulsory execution against WINTEK, as shown in Annex 18. Please refer to items 15, 18, 19 and 24 of Section 6 in Chapter 5 for the details of claim settlement.

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2. Current lawsuits involved with WINTEK's affiliates are under the jurisdiction of PRC courts

(1) United Win Suzhou Vs. WINTEK and United Win HKG

United Win Suzhou filed a lawsuit against WINTEK and United Win HKG and claimed for the indemnity regarding the transfer pricing damages amounting to RMB461,063,356.28. Although the fairness of transfer prices of transactions between WINTEK and United Win Suzhou as well as overseas affiliates over the years has been confirmed by the CPA with transfer pricing reports as required by laws; and the gross margin of United Win Suzhou has been higher than that of WINTEK over the years, as the Jiangsu Suzhou Industrial Park Local Taxation Bureau denied the transfer pricing reports issued by an international CPA firm and determined that WINTEK had retained profit and paid United Win Suzhou less by RMB388,425,830.94 at its own discretion. The State Taxation Bureau thus requested United Win Suzhou to supplement tax amounting to RMB72,637,525.34. The administrator of United Win Suzhou failed to declare the obligation for the foresaid damages from transfer pricing case during the period for declaring claim reorganization by WINTEK. The foresaid damages are irrelevant to United Win HKG for involved in the transactions between United Win Suzhou and WINTEK. As specified in United Win Suzhou's reorganization plan, one of the objectives in the lawsuit filed by United Win Suzhou against WINTEK and United Win HKG is to offset the obligation and debt between United Win Suzhou and United Win HKG; both WINTEK and United Win HKG have engaged lawyers for the lawsuit. According to the decision for the first instance made by the People's Court of the Suzhou Industrial Park on July 22, 2017, WINTEK shall compensate United Win Suzhou by a total of RMB418,376,655.04 (NT\$1,882,694,947.68 at the exchange rate of RMB1 to NT\$4.5), including RMB388,425,830.94 as transfer price damages and RMB29,950,824.10 as accrued interests, with United Win HKG as the joint guarantor, the litigation cost amounting to RMB2,133,683 are born by WINTEK and United Win HKG. Disapproving of this court decision made by the People's Court of the Suzhou Industrial Park, both WINTEK and United Win HKG have filed an appeal to the Suzhou City Intermediate People's Court, and the second instance of the case is in trial (please refer to Annex 15 for details).

(2) United Win HKG Vs. United Win Suzhou

Both the administrator and the meeting of creditors of United Win Suzhou have denied and eliminated the claims amounting to US\$39,758,572.29 declared by United Win HKG. The decision of the first instance made by the People's Court of the Suzhou Industrial Park on April 14, 2017 confirmed existence of the bankruptcy claim of US\$39,758,572.29 of United Win HKG and denied United Win Suzhou's claim that the bankruptcy claim is an ordinary claim. United Win Suzhou objected to the decision and has filed an appeal to the Suzhou City Intermediate People's Court, and the second instance of the case is in trail (please refer to Annex 15 for details). Masstop Asia Pacific HKG and United Win HKG had entered into a syndicated loan agreement amounting to US\$200 million with 18 banks led by the Bank of Taiwan, First Commercial Bank, and Mega Bank, and acted as joint lenders with WINTEK as the joint guarantor of Dongguan Masstop on August 25, 2011. Any distributed reimbursement from United Win Suzhou will be used to repay the joint claim under the syndicated loan agreement, in order to reduce the joint guarantee of WINTEK thereunder.

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(3) Masstop Asia Pacific HKG Vs. Dongguan Masstop

Both the administrator and the meeting of creditors of Dongguan Masstop have denied and eliminated the claims amounting to RMB417,760,894.6 (NT\$1,879,924,026 at the exchange rate of RMB1 to NT\$4.5) declared by Masstop Asia Pacific HKG. Masstop Asia Pacific HKG has engaged lawyers to file a lawsuit to confirm the existence of such claim. The first instance is initiated at the Dongguan City Intermediate People's Court (please refer to Annex 5 for details). Masstop Asia Pacific HKG and United Win HKG had entered into a syndicated loan agreement amounting US\$200 million with 18 banks led by the Bank of Taiwan, First Commercial Bank, and Mega Bank, and acted as joint lenders with WINTEK as the joint guarantor of Dongguan Masstop on August 25, 2011. Any distributed reimbursement from United Win Suzhou will be used to repay the joint obligation under the syndicated loan agreement, in order to reduce the joint guarantee of WINTEK thereunder.

(4) Excel Electronics Vs. WINTEK (B.V.I.)

To smoothly recover the accounts receivable from Xiaomi Communications Co., Ltd. ("Xiaomi"), a five-party agreement has been signed among WINTEK, Xiaomi, Excel Electronics (Hong Kong) Limited ("Excel Electronics"), WINTEK (B.V.I.) on July 18, 2016 to authorize Excel Electronics to file an arbitration to the China International Economic and Trade Arbitration Commission ("CIETAC") against WINTEK (B.V.I.) for US\$11,264,509 (the claims to Xiaomi has been transferred to WINTEK (B.V.I.) by WINTEK) on May 17, 2017. On April 5, 2017, Excel Electronics filed an arbitration against WINTEK (B.V.I.) to: (1) confirm the return of the amount US\$11,264,509 in dispute to the applicant (WINTEK); (2) request the defendant (WINTEK (B.V.I.)) to shoulder the arbitration fees; and (3) request the defendant to shoulder the legal counsel fees amounting to USD201,094.82 accrued by the applicant (WINTEK) in this case. As counter request, WINTEK (B.V.I.) also filed an arbitration against Excel Electronics to (1) request Excel Electronics to shoulder the legal counsel fee amounting to RMB300,000 and all other expenses, including but not limited to the travel expenses caused by this case; and (2) request Excel Electronics to shoulder the arbitration fees (including but not limited to, the amount covered in this request and the counter request) of the whole case.

On March 7, 2018, CIETAC made a decision for that case in the (2018) CIETAC Decision No. 0253 to deny all claims by Excel Electronics and approve all counter request made by WINTEK (B.V.I.) (please refer to Annex 15 for details). Based on the arbitration decisions and the five-party agreement, the rights of the claims of the amount US\$11,264,509 in dispute were granted to WINTEK (B.V.I.) which will transfer the sum to WINTEK. Based on the five-party agreement, Excel Electronics should return the amount in dispute so retained to WINTEK.

In a letter written to WINTEK on March 16, 2018, Excel Electronics noted that CIETAC did not made any decision for the claims in dispute for CIETAC has no jurisdiction over the claim in dispute, and it would file a case to a court to settle the dispute and rescind the foresaid CIETAC decision. Therefore, whether or not Excel Electronics will agree with WINTEK's reorganization plan is unclear, and Excel Electronics can still claim for the claim allocation right against WINTEK. Should Excel Electronics file lawsuits to rescind the CIETAC decision or for other claims, WINTEK will wait for the outcomes before making further decisions and will proceed in accordance to Section 6, Chapters 5 of this reorganization plan.

Chapter 5 Reorganization of Claims and Repayment Plan and Others

On April 27, 2015, the TDC approved the reorganization of WINTEK with the Civil Ruling (2014) Zheng-Zi [Reorganization] No. 2 (Annex 1). According to the Article 291 of the Company Act, the creditors and shareholders of WINTEK should declare their claims and rights between May 7 and May 26, 2015. According to Paragraph 1, Article 297 of the Company Act: "all creditors in reorganization shall produce documents to sufficiently prove the existence of their rights for declaring their rights to the reorganization supervisor and, if not declared, no repayment shall be made according to the reorganization procedures. Rights of registered shareholders of the company shall be based on records in the shareholders' roster. The provision of the preceding paragraph governing declaration shall apply mutatis mutandis to rights of unregistered shareholders and, if not declared, no such right shall be exercised according to the procedures of reorganization" before May 26, 2015.

According to Paragraph 4, Article 299 of the Company Act: "A right of creditor or a right of shareholder shall be deemed final and shall have the same effect as an irrevocable judgment against the company and all the shareholders and creditors of the company if prior to the end of hearing in court no objection was raised against such right". According to Paragraph 2, Article 299 of the Company Act: "In the event of any objection to the right of a creditor or the right of a shareholder, the court shall render a ruling on such right". In accordance with Paragraph 3, Article 299 of the Company Act: "Any interested person who substantially contests the right of a creditor or the right of a shareholder shall institute an action for determination within twenty days after the service of the ruling referred to in the preceding paragraph, and prove to the ruling court that such action has been instituted. After instituting such action and before a judgment thereto becomes irrevocable, the right concerned shall be exercised according to the contents of, and in the amount allowed by the ruling referred to in the preceding paragraph; however, in receiving the repayment in accordance with the plan of reorganization, the amount received shall be deposited with a court".

After WINTEK made an appeal to part of the claims in reorganization, the TDC made the Ruling of Objection to (2014) Zheng-Zi [Reorganization] No. 2 for the disagreed claims on September 6, 2017 and October 16, 2017 respectively, and WINTEK received the same ruling on September 18, 2017 and October 19, 2017 respectively. Later on October 19, 2017, WINTEK received the amendment to the Ruling of Objection to (2014) Zheng-Zi [Reorganization] No. 2 as shown in Annex 2. WINTEK thus summarized the details of claim as shown in Annex 3 according to the ruling and the amendment. WINTEK also drew up the reorganization plan and held the second meeting of interested parties accordingly.

According to Paragraph 2, Article 302 of the Company Act: "In the event that there is no net value of capital of the company, the shareholders group shall not exercise voting right". According to the aforementioned audited financial statements of 2015 to 2017, the net worth of WINTEK at the end of 2015, 2016, and 2017 were NT\$-18,962,608 thousand; NT\$-18,164,478 thousand; and NT\$-18,068,675 thousand respectively. Therefore, the shareholders are not entitled to exercise voting rights.

While WINTEK has no preferred creditors in the reorganization, according to the Article 302 of the Company Act, interested parties in the meeting shall be divided into two groups: secured claimants in reorganization and unsecured claimants in reorganization, to vote separately, and resolutions shall be adopted by a majority vote of over one-half of the aggregate votes of different groups.

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When convening the second meeting of interested persons, the reorganization supervisor shall determine the secured claims in reorganization and unsecured claims in reorganization groups and the number of votes of each group based on the unquestionable amount and questionable amount of claims determined for adoption by the court in accordance with Articles 302, 298, and 299 of the Company Act, and such amounts shall be approved by a majority vote of over one-half of the aggregate votes of each groups. Therefore, it is necessary for WINTEK to repay the debts in accordance with the reorganization plan accepted by the meeting of interested persons and reported to the court for approval to safeguard the rights and interests of all interested parties.

While the source of funds of WINTEK's claims reorganization and repayment plan will depend on subsequent disposal of asset, the status of cash flows, and the future operations of WINTEK, this reorganization and repayment plan will only present the principles of allocation of repayment for claims. After the exact amount of individual fund sources is confirmed, the allocation of repayment for claims will be determined by the resolution made by a majority vote of over one-half of the aggregate votes of the reorganizers and reorganization supervisors respectively based on the foresaid principles of allocation.

Section 1 Reorganization of Claims

According to the Article 296 of the Company Act: "All rights of creditors of the company established prior to the ruling for reorganization shall be rights of creditors in reorganization; all rights with preference for repayment according to law shall be 'preferred rights of creditors in reorganization'; all rights secured by mortgages, pledges or rights of retention shall be 'secured rights of creditors in reorganization'; and all rights without such security shall be 'rights of creditors without security'. All such rights of creditors shall not be exercised unless in accordance with reorganization procedures".

According to Paragraphs 2 and 3 of the Article 299 of the Company Act: "In the event of any objection to the right of a creditor or the right of a shareholder, the court shall render a ruling on such right. Any interested person who substantially contests the right of a creditor or the right of a shareholder shall institute an action for determination within twenty days after the service of the ruling referred to in the preceding paragraph, and prove to the ruling court that such action has been instituted. After instituting such action and before a judgment thereto becomes irrevocable, the right concerned shall be exercised according to the contents of, and in the amount allowed by the ruling referred to in the preceding paragraph; however, in receiving the repayment in accordance with the plan of reorganization, the amount received shall be deposited with a court.

Section 2 Contents of Claims Reorganization

Annex 3 shows the details of claims in reorganization in this reorganization plan. Regarding the reorganization plan reported to the court on June 1, 2015 after the review of the reorganization supervisor, WINTEK has made an objection to the part unrecognized by the reorganization supervisor in the preliminary review. The TDC also made a ruling on the disagreed claims (Annex 2) on September 6, 2017 and October 16, 2017 according to the Article 299 of the Company Act. Annex 3 and Table 8 show the amount of claims and the votes of each group.

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Table 8: *Reorganization of Claims*

(Expressed in NT\$)

Group	Amount of Claim (votes)	Maximum Potential Amount of Claim under Ruling or Lawsuit	Remarks
Preferred Claim	0	0	
Secured Claim	8,809,510,785	8,809,510,785	
Unsecured Claim	34,095,270,446	34,133,879,903	Difference in disagreed claim: 38,609,457, pending confirmation by the appeal or lawsuit.
Total	42,904,781,231	42,943,390,688	

WINTEK is the joint guarantor of part of the debts raised by Dongguan Masstop, United Win HKG, and Masstop Asia Pacific HKG. Respective creditors thus declared the claims to WINTEK. If the claim is repaid in part or in whole by obligors, the claim on WINTEK shall be reduced accordingly.

Claims are described by group as follows:

1. Preferred claims in reorganization

Not applicable.

2. Secured claims in reorganization

The total amount of secured claims in reorganization is NT\$8,809,510,785 (by the release date of the reorganization plan, no objection on the claims for reorganization or appeal to the claims in reorganization ruling made by the TDC was made by any creditors of secured claims in reorganization, and this amount is thus confirmed).

3. Unsecured claims in reorganization

The total amount of unsecured claims in reorganization is NT\$34,095,270,446.

This amount includes the claims in reorganization confirmed by WINTEK. In addition, the claims without objection and the amount of claims in reorganization, the amount of claims objected by WINTEK and approved to be added to the amount of claims in reorganization by the TDC in Annex 2. WINTEK will include such unsecured claims in reorganization in voting based on this amount.

In addition, after creditors of unsecured claims declared claims in reorganization, WINTEK already filed an objection to this declaration. According to the ruling of the TDC in Annex 2, the foresaid declared unsecured claims are not included in the claims in reorganization. Disapproving of this ruling, creditors of such unsecured claims filed an appeal and a lawsuit to confirm such claims. The amount of such unsecured claims totals NT\$38,609,457. Prior to the confirmation of the appeal or the lawsuit, such unsecured claims will not be included in the calculation of votes accordingly. The amount of such unsecured claims is NT\$38,609,457 and the amount of confirmed unsecured claims is NT\$34,095,270,446, totaling NT\$34,133,879,903.

When the court recognizes and confirms the reorganization plan and that all creditors after reorganization should be repaid, the amount in dispute will be included in the claims allocated to respective creditors covered in the reorganization. In practice, the repayment amount shall first be retained or deposited until the court decision on the amount in question is made. If the court decided that the claims in organization should be included

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in the repayment and there are other resolutions involved, the amount of such claims shall be included in the calculation of votes. If the court decided that the claims in organization should not be included, the allocated amount shall be repaid to creditors of other unsecured claims in reorganization by proportion.

Section 3 Principles of Asset Disposal

1. General principles of asset disposal

The disposal of all assets of WINTEK, including but not limited to business transfer, auctions, lease, capital increase/reduction, capital solicitation, execution, resolution, and labor pension reconciliation with employees, shall be determined by resolutions made by a majority vote of over one-half of the aggregate votes of the reorganizers and reorganization supervisors respectively. Matters not provided for in the reorganization plan shall also be determined by resolutions made by a majority vote of over one-half of the aggregate votes of the reorganizers and reorganization supervisors respectively.

2. Target of capital increase/reduction

WINTEK intends to repay debts with cash at hand. However, as WINTEK's scope of industry requires a huge amount of capital, it is necessary for WINTEK to solicit new investments through capital increase/reduction to rehabilitate business operations. In consideration of WINTEK's full TFT production lines, including the third-generation panel line in Youth Plant focusing on manufacturing small panels for wearables and custom panels at low volumes for industrial control medical instruments which enable WINTEK to effectively segment itself from manufacturers of large panels, and along with the advantages in TFT-LCM processing and labor costs of WINTEK Vietnam and the Preferential Trade Agreements ("PTAs") with Vietnam government, WINTEK is capable of competing with manufacturers from Mainland China. Although the original reorganization plan intended to keep the TFT-related business and assets as the main sources of business rehabilitation, after taking the opinion of mortgagees at 2017 first seminar of the interested parties held on October 23, 2017, and further consideration, the factory buildings of Tanzi Plant below were selected as the target for capital increase/reduction to solicit new investors by issuing common stocks for cash through auctions. Details of the target asset is as follows:

Target Asset

Factory buildings of Tanzi Plant (Building No. 103, 104, 107, 108, and 544, Gongqu Section, Tanzi District, Taichung City)

Tax credit benefit or including labor pension fund.

3. Auctions and issuance of common stocks for cash

- (1) The target asset specified in item 2 in this chapter will be auctioned after this reorganization plan is recognized and confirmed and the asset release procedures are activated. Mortgagees shall issue the mortgage revocation agreement and related documents. The auction related procedures shall be conducted with the principle of transparency. Whether or not the target asset has been mortgaged, the target asset shall be appraised and a base price shall be set (when the asset is appraised by two or more appraisers, the higher price shall be adopted as the base price) prior to the auction. Regarding the tax credit benefit, the base price shall be determined by resolutions made by a majority vote of over one-half of the aggregate votes of the reorganizers and reorganization supervisors respectively not exceeding 20% of the tax credit benefit. The total base auction price will be the summing up of the base

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price of the foresaid secured assets, unsecured assets, and tax credit benefit. If the first auction is failed, the base price can be reduced for the next round auction until the capital injected, provided that the amount of reduction of mortgaged real property not exceeding 20% of the appraisal price thereof. While in the very next round auction after WINTEK fails to sell the target asset in the former auction and reduces the base price, such auction could be subscribed by any specific buyer who wish to bid the target asset at the price set up in the former auction by contacting WINTEK. If the bid is dealt with through an agent by foresaid route, the commissions for the agent shall not exceed 3% of the auction price. The auction process and appraisal of the target asset shall be determined by resolutions made by a majority vote of over one-half of the aggregate votes of the reorganizers and reorganization supervisors respectively, and be executed along with including but not limited to, leasing of asset or facility. If the target asset is not sold after two rounds of auctions or capital increase is not completed as scheduled, WINTEK may dispose the aforesaid target asset according to the asset disposal methods specified in Sub-item 4, Item 3 of this section.

- (2) If the target asset is auctioned successfully, after deducting the necessary fees for auction (including but not limited to, the auction service fees, agent commissions, legal counsel fees, land administration agent fees, charges and fees, taxes, notarization fees, and operating fees), the proceeds from capital increase/reduction through auctions shall be allotted based on the proportion of the base price of individual target assets to repay each creditors accordingly. That is, if the target is an unsecured asset with tax credit benefit, the fund allotted from this proportion shall be the fund for repaying unsecured claims. If the target is a secured asset, the base price of the target shall be the basis of fund allotment, and the allotted fund shall be repaid to the secured claims of each secured creditors of each collateral. If the allotted fund is insufficient to repay the claimants, the shortage of claims shall be transformed into an unsecured claims in reorganization and repaid according to the repayment plan for unsecured claims. After repayment, the remaining, if any, shall be directly transferred to the source of fund for the repayment of the unsecured claims in reorganization to repay creditors under this reorganization plan. After receiving allotted funds from capital increase/reduction, creditors of secured claims shall issue a mortgage or pledge revocation agreement and complete the registration of revocation of obligation, such as mortgage or pledge.
 - (3) The assets of WINTEK, other than real estate, may be include in the auction for capital increase/reduction to accelerate the reorganization procedures, if such assets are not disposed before the auction for capital increase/reduction.
 - (4) Apart from the foresaid capital increase/reduction plans, other methods for capital increase/reduction or any appropriate plans, including but not limited to business transfer, lease, lease before sale, and sales through direct disposal, shall be determined by resolutions made by a majority vote of over one-half of the aggregate votes of the reorganizers and reorganization supervisors respectively to be in line with the reorganization, and for the best interest of employees of WINTEK, so as to complete the reorganization plan for WINTEK to rehabilitate business operations.
4. Asset disposal not for capital increase/reduction shall be implemented in accordance with Items 8 and 9 of Section 6 of this chapter.

Section 4 Sources of Fund for Debt Repayment

While the sources of fund of WINTEK's claims reorganization and repayment plan will depend on subsequent asset disposal, the status of cash flows, and the future actual operations of WINTEK, this reorganization and repayment plan will only present the principles of allocation of repayment for claims. After the exact amount of individual fund sources are confirmed, the allocation of repayment for claims will be determined by the reorganizers and reorganization supervisors respectively based on the principles specified in the reorganization plan.

1. Cash and cash equivalents

Cash and cash equivalents shall be used to repay the unsecured claims except for the retained portion for operational expenses.

2. Allotted repayment for WINTEK Vietnam

Although the request for preferential claim of Taichung Customs, Customs Administration, Ministry of Finance ("TCC") has not been listed in reorganization by the court as shown in Annex 2, if WINTEK needs to dispose bonded goods in the process of reorganization, the tax duties reported to the TCC shall be deemed as debt and expenditures arising from the reorganization procedure, and shall be prior to reorganization claims according to paragraph 2, Article 312 of the Company Act, which is estimated approximately NT\$123 million (the actual amount prevails). The amount of the secured claims in reorganization group is NT\$8,809 million, if the funds from disposing secured assets are insufficient to cover all secured claims, then the short amount shall be transformed to unsecured reorganization claims, estimated at approximately NT\$1,789 million to NT\$4,577 million. This amount should be allotted based on the proportion of unsecured reorganization claims. In consideration of the opinions of mortgagees and further judgment after the 2017 first seminar of interested parties held on October 23, 2017, under this reorganization plan a maximum of NT\$4,577 million will be retained as shown in Annex 21. And NT\$1,733 million is estimated a minimum within the retained fund as shown in Annex 21 to repay creditors of secured reorganization claims (i.e. OBU syndicated loan and loan from the FCB Leasing Co. LTD) at a proportion of 16% of the first cash allotment to the unsecured reorganization claims. The proportion of the first repayment of unsecured reorganization claims is 16% (as it takes time to dispose collaterals and may fail to catch up with the first cash allotment for unsecured reorganization claims, the repayment amount shall thus be retained). In addition, NT\$600 million to NT\$700 million (temporary estimation, the actual amount shall prevail) may be needed to maintain basic operations. The sources of the above retained fund will be the funds allotted to WINTEK Vietnam for repayment and the proceeds from asset disposal (all above amounts are temporary estimated and will be paid to either side as the case may be).

3. Funds from capital increase

WINTeK will retain funds from capital increase to fund sources for repayment as mentioned in the above plans or others. The principles of allotment of funds from capital increase/reduction through auctions are mentioned in Section 3.

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4. Funds from disposing of the assets of WINTEK Vietnam and the shares of WINTEK (B.V.I.) or WINTEK (Samoa).

Assets of WINTEK Vietnam will be the funding source of repayment, by way of including but not limited to disposal. The proceeds from disposal will be used to repay the debts of WINTEK Vietnam first. WINTEK will recover the remaining amount as the fund source for repayment and as working capital by way of recovering receivables. In addition, the shares of WINTEK (B.V.I.) or WINTEK (Samoa) will be the fund source for repayment by way of including but not limited to disposal.

5. Asset disposal

After the court finally approves the reorganization plan, WINTEK will dispose mortgaged land and factories other than the aforesaid target assets for capital increase/reduction. The methods of disposal including but not limited to auction, of which the related procedures shall be conducted in compliance with the principle of transparency and the asset disposal methods stipulated in Item 8, Section 6 in this chapter. After deducting the necessary fees for auction (including but not limited to the auction service fees, agent commissions, legal counsel fees, land administration agent fees, charges and fees, taxes, notarization fee, and operating fees), the proceeds from disposal of assets shall be used to repay mortgagees without delay. If the funds are not sufficient to cover the mortgaged claims, then the uncovered claims will be transformed to unsecured reorganization claims. If the funds exceed mortgaged claims, the exceeding funds will be used to repay unsecured claims according to the allocation method stipulated in Section 5 of Chapter 5. In addition, before the court approves the reorganization plan, the leasing income from mortgaged assets shall be used as working capital or as source of fund to repay unsecured claims. After the court finally approves the reorganization plan, after deducting the necessary fees (including, but not limited to, land value tax, house tax, management fees, electricity bills, commissions, and notarization fees), the leasing income from mortgaged assets shall be the sources of fund for repaying of mortgagees of respective mortgaged assets.

6. Other sources of fund

WINTeK can repay debts with other sources of fund, including but not limited to the proceeds from the disposal of movable properties (mortgagees will be paid from mortgaged movable properties at priority), liquidation of share of domestic and overseas invested companies, receivables, rents, interest, disposal of securities, business transfer (trademark of Otali or Biotechnology and Lighting business), and disposal of un-mortgaged assets (including disposal by domestic and overseas invested companies). Disposal methods will include but not limited to liquidation or disposal of shares (the amount received from disposing the aforesaid assets is not guaranteed, and the exact amount actually received prevails).

Section 5 Repayment Methods for Individual Claims after Reorganization

In addition to cover debts, this repayment plan has been proposed to maintain the required working capital of WINTEK based on the going concern concept. Based on foresaid principles, no interest will be charged after the reorganization is approved by the court.

1. Reorganization of secured claims

- (1) The total amount of secured claims in reorganization is NT\$8,809,510,785 (this declared amount is final and not objectable). Annex 16 shows the list of mortgaged assets of WINTEK and the proposed repayment ratio for disposal thereof. After the court finally approves the reorganization plan, WINTEK shall dispose of mortgaged assets (assets shall be released in advance if under attached) in accordance with the principles of asset disposal in Section 3 of this chapter. After deducting the necessary service fees of auctions (including but not limited to, the auction service fees, agent commissions, legal counsel fees, land administration agent fees, charges and fees, taxes, notarization fees, and operating fees), the proceeds from disposal of assets shall be used to repay mortgagees without delay. If the funds are not sufficient to cover the mortgaged claims, then the uncovered claims will be transformed to unsecured reorganization claims. If the funds exceed mortgaged claims, the exceeding funds will be used to repay unsecured claims according to the allocation method stipulated in Section 5 of Chapter 5.
- (2) In consideration of the opinions of mortgagees and further judgment after the 2017 first seminar of interested parties held on October 23, 2017, the methods for repaying unsecured claims in reorganization transferred from secured claims in reorganization are as follows:
 - 1) Under this reorganization plan a maximum of NT\$4,577 million will be retained as shown in Annex 21. And NT\$1,733 million is estimated a minimum within the retained fund as shown in Annex 21 to repay creditors of secured reorganization claims (i.e. OBU syndicated loan and loan from the FCB Leasing Co. LTD) at a proportion of 16% of the first cash allotment to the unsecured reorganization claims.
 - 2) If the amount of unsecured claims in reorganization transformed from secured claims in reorganization is still uncertain during the second, the third, or the final allotment, the fund for repayment of such unsecured claims shall be retained and allotted in the second, the third, or the final allotment according to the aforesaid principles. The fund shall be allotted according to the unsecured claims in reorganization if the amount of unsecured claims in reorganization transformed from secured claims in reorganization is confirmed.
 - 3) After deducting the necessary service fees of auctions (including but not limited to, the auction service fees, agent commissions, legal counsel fees, land administration agent fees, notarization fees, charges and fees, taxes, and operating fees), the proceeds from disposal of mortgaged assets shall be used to settle the underpaid creditors of secured claims according to Items 1 and 2 to make up the deficiency by paying to either side as the case may be.
 - 4) The unpaid amount of claims after settlement mentioned above will be transformed to unsecured claims in reorganization. The proportion of repayment allotment shall be exactly the same as all other unsecured claims in reorganization.
 - 5) Other assets of WINTEK or the funds of WINTEK Vietnam will be the sources of fund for retain or repayment.

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2. Unsecured claims in reorganization

The amount of unsecured claims in reorganization is NT\$34,095,270,446. This amount includes the amount of declared claims confirmed without objection by WINTEK, and the amount of declared claims in reorganization objected by WINTEK and approved by the TDC with the ruling as shown in Annex 2. This amount will be the basis for the calculation of votes.

In addition, after creditors of unsecured claims declared claims in reorganization, WINTEK already filed an objection to this declaration. According to the ruling of the TDC in Annex 2, the aforesaid declared unsecured claims were not included in the claims in reorganization. Disapproving of this ruling, creditors of such unsecured claims filed an appeal and/or a lawsuit to confirm such claims. The amount of such unsecured claims is NT\$38,609,457 in total. Such unsecured claims will not be included in the calculation of votes accordingly before the finalization of the aforesaid appeal or the lawsuit. The amount of total unsecured claims in reorganization is NT\$34,133,879,903, including NT\$38,609,457 in dispute and NT\$34,095,270,446, which is finalized without objection.

When the court recognizes and confirms this reorganization plan, the amount in dispute will be included in the claims allocated to respective creditors covered in the reorganization as the repayment to the creditors in reorganization. Before the confirmation of the related ruling or declaratory judgment on the amount in dispute is finally made, the repayment amount shall be retained or deposited in the process of allotment. If the court decided that the claims should be included in reorganization, then the amount of such claims shall be repaid according to the reorganization plan and included in the calculation of votes in other resolutions, if any. If the claims in organization are not included in reorganization, then the amount of such claims shall not be repaid and be repaid to creditors of other unsecured claims in reorganization proportionally.

Annex 17 shows the repayment structure of unsecured claims in reorganization. The proposed instruction of allotment is described as follows:

(1) First allotment

NT\$5.55 billion in cash is repaid, with a repayment proportion of 16%. In addition to claims with voting rights, the parameter includes claims without voting rights but in lawsuits of claims confirmation against WINTEK, or claims approved by the court to be included after an appeal but lawsuit launched against WINTEK. All claims in dispute shall be retained, and will be allotted upon the court's decision to include in the claims in reorganization. The retained amount will be reserved for future allotment if not included in the claims in reorganization.

(2) Second allotment

The repayments will be allotted from time to time after the first-time allotment. The sources of fund includes but not limited to the proceeds from the liquidation of share of domestic and overseas invested companies, receivables, rents, interest, disposal of securities, business transfer (trademark of Otali or Biotechnology and Lighting business), and disposal of un-mortgaged assets and other assets (including disposal by domestic and overseas invested companies). The proceeds from asset disposal will be allotted for repayment after deducting the necessary expenses in certain portion.

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(3) Final or the third allotment

The number of allotments shall be increased by the resolutions made by a majority vote of over one-half of the aggregate votes of the reorganizers and reorganization supervisors respectively with regards to the status of asset disposal.

3. Claims in reorganization, whether secured or unsecured, will not be repaid under the reorganization plan until the approval of the second meeting of interested parties is resolved and the recognition and confirmation of the court is made.
4. The claims in reorganization in lawsuits are shown in Annex 14:
 - (1) Under the circumstances that the claims in dispute are not included in the claims in reorganization but initiated in the suit of declaratory by the creditors, WINTEK will determine the classification of interested parties group and the affirmation of number of votes thereof based on the claims in reorganization determined by the court. After the court approves the reorganization plan, WINTEK will retain the amount for repaying the foresaid claims in dispute under the reorganization plan, or deposit the amount accordingly, if necessary. The aforesaid claims in dispute shall be repaid according to the reorganization plan if it has been included in claims in reorganization by the court rules. If the aforesaid claims are excluded from reorganization, no repayment will be made, and the aforesaid retained or deposited amount will be allotted to all creditors in such group according to the reorganization plan.
 - (2) After the claims in dispute are decided not to be included in the claims in reorganization but initiated at an appeal launched by the creditor, if the claims in dispute are not included in the claims in reorganization by such appeal, and the creditors further file a declaratory suit, then the procedure mentioned in Sub-item 1 shall apply; if the claims in dispute are included in the claims in reorganization by such appeal, and WINTEK does not intend to further file a declaratory suit, then such claims in dispute will be included in claims in reorganization. If WINTEK intends to further file a declaratory suit, then the procedure mentioned in Sub-item 1 shall apply.

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Section 6 Principles of Repayment and Others

1. Interests, default penalties, and any fees arising from or in connection with the lawsuits or pay orders filed by creditors will not be included in the claims in reorganization from the date of approval for reorganization (i.e. April 27, 2015) by the court.
2. The creditors may request for repayment according to this reorganization plan after the reorganization plan is adopted at the second meeting of interested parties and the court ruling of approval becomes final.
3. WINTEK agrees to issue the letter of content regarding bond recovery, while creditors shall drop (withdraw) the provisional attachments or compulsory execution and rulings filed to the court correspondently.
4. The creditors shall drop (withdraw) provisional attachments or compulsory execution to release assets of WINTEK.
5. The creditors holding notes of WINTEK (including notes issued, endorsed, or guaranteed by WINTEK) before the ruling made by the court shall exercise their rights by reorganization procedures and shall not present such notes for payment, exercise such rights, or transfer, to a third party within the progress of reorganization. The transfer of claims in reorganization is not subject to aforesaid restriction. In addition, the creditors holding notes endorsed by WINTEK shall not exercise their rights or transfer such notes to a third party within the process of reorganization. After receiving repayment according to the repayment plan under the reorganization plan, the creditors shall return such notes to WINTEK or shall not exercise any rights over such notes.
6. From the date the reorganization approved by the court, no lending institutions shall retain, offset, block, or impose restrictions of any kind on the sum of deposit in accounts WINTEK and shall allow WINTEK to withdraw the sum at any time.
7. Where the capital, movables, real estate, and other properties of WINTEK are subject to restriction caused by provisional attachment, provisional disposition, or other compulsory execution procedures, such restricted assets shall be handed over to the reorganizers for disposal after the court approves the reorganization plan.
8. Mortgaged land and factories of WINTEK will be auctioned after the court finally approves the reorganization plan. The related procedures of auction shall be in accordance of principle of transparency. The target asset shall be appraised and a base price shall be set, which shall be reduced after each pass. When the target assets are auctioned, mortgagees shall issue the mortgage revocation agreement and related documents. After deducting the necessary auction expenses, including but not limited to, the auction service fees, agent commissions, legal counsel fees, land administration agent fees, notarization fees, charges and fees, operating fees and taxes, the proceeds from disposal of assets shall be used to repay mortgagees. If the funds are not sufficient to cover the mortgaged claims, then the uncovered claims will be transformed to unsecured reorganization claims. If the funds exceed mortgaged claims, the exceeding funds will be used to repay unsecured claims according to the allocation method stipulated in Section 5 of Chapter 5.
9. Other assets of WINTEK could be disposed, the proceeds from disposal of assets shall be used to repay the creditors of unsecured claims in reorganization according to Section 5 of Chapter 5 after the reorganization plan approved by the court or adopted by a majority vote of over one-half of the aggregate votes of reorganizers and reorganization supervisors respectively.
10. WINTEK may authorize professional organizations to dispose of related assets, either partially or fully, with the approval of a majority vote of over one-half of the aggregate votes of the reorganizers and reorganization supervisors respectively.

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11. Being solicited by the Company through capital increase/reduction according to the reorganization plan, bidders or new investors shall issue a letter of undertaking for not to file any criminal or civil suits or claim for damages to the related parties of WINTEK, including creditors, reorganizers, reorganization supervisors and the employees of the aforementioned parties, for any matters, including but are not limited to, proceeds from disposal of asset, disclosure or provision of related documents (such as financial reports, contracts, etc.), repayment, taxes, lawsuits, and decisions related to the reorganization process after commencement. In avoidance of subsequent disputes, investors who fail to issue a letter of undertaking will be disqualified from putting tender, so as to ensure the completion of reorganization. The content of the letter of undertaking shall be determined by resolutions made by a majority vote of over one-half of the aggregate votes of reorganizers and reorganization supervisors respectively.
12. The funds of the allotment of the reorganization plan shall be used to repay the principal of claims at priority, provided that banks may decide the priority of repayment based on their internal rules. The right of the creditors towards WINTEK, including claims for underpaid principal, expenses, and interests will be extinguished after the completion of reorganization.
13. Claims denominated in foreign currency shall be converted to New Taiwan Dollar ("TWD") based on the average spot buying/selling exchange rate of the Bank of Taiwan at closing as of the date of approval of reorganization (April 27, 2015). The exchange rates are: USD/TWD:30.695, JPY/TWD:0.2567, EUR/TWD:33.22, RMB/TWD:4.923, and HKD/TWD:3.947. Either the voting right and allotted repayment amount shall be denominated in TWD. As to the actual repayment, domestic creditors (i.e. legal entities incorporated under the law of the Republic of China and individuals with residence in the Republic of China) will be repaid in TWD; offshore creditors shall be repaid by the registered currency of the claim, i.e. the amount of repayment will be converted from TWD to the target currency based on the selling exchange rate of the remitting bank. The Company assumes no responsibility of the risk of exchange loss. The service charges by the remitting bank will be deducted from the repayment amount. Claims under this reorganization plan shall be repaid in installment.
14. From the date of reorganization approved by the court, no lending institutions shall retain, offset, block, or impose restrictions of any kind on the newly deposit of in accounts of WINTEK and shall allow WINTEK to withdraw the sum at any time.
15. From the date of reorganization approved by the court, if the creditors are indebted to WINTEK, WINTEK may offset such debts by the allocated amount (not amount of the claim) under the reorganization plan. The amount of debts so offset is deemed being repaid under the reorganization plan.
16. After reorganization plan finally approved by the court, securities of WINTEK under possession or occupancy of secured creditors shall be returned to WINTEK to facilitate the reorganization plan.
17. After reorganization plan finally approved by the court, creditors shall drop or withdraw all known, combined, or potential disciplinary actions and revoke registration, such as provisional disposition, provisional attachment, compulsory execution, or restriction from registration (the file number of all known cases shown in Annex 22). In addition, WINTEK and its creditors may retrieve the bond deposited for the preservation procedure at the court under mutual agreement.
18. Creditors filed lawsuits, derivative actions, garnishment, property preservation, and compulsory execution against WINTEK in Mainland China so as in violation of related reorganization procedures specified in Articles 294 and 296 of the Company Act as shown in Annex 18. Based on the principle of fairness of repayment of claims and

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related laws and regulations, the legal counsel fees, court costs, notarization fees, and other fees for the aforesaid cases that should be borne by creditors, and being deducted from the repayment allotted to respective creditors of each case. If such creditors or other creditors obtain repayment from the above lawsuits, derivative actions, and compulsory execution, such amount will be deducted from the repayment allotted to respective creditors. Therefore, repayment allotted to such creditors under the reorganization plan will be retained, and will be allotted only after the settlement of aforesaid deduction related matters, more details are listed below:

- (1) United Win Suzhou detained accounts receivables of WINTEK in Mainland China (including the receivable from Dongguan Ming Electronics Co., Ltd. amounting to US\$11,817,132.6 and the receivable from Dongguan Jin Zhuo Communication Technology Co., Ltd. amounting to US\$7,328,671.38, totaling US\$19,145,803.98) by filing against WINTEK a lawsuit to claim for the damages of transfer pricing, a third-party derivative suit, and property preservation. WINTEK will retain the allotted amount for United Win Suzhou after accounting to offset the amount totaling US\$19,145,803.98 for the third-party derivative suit and the interest incurred from the debt determined by the court, plus the legal counsel fees, court costs (including related court charges and fees), notarization fees, and all related expenses arising from or in connection with the aforesaid cases and lawsuits in progress paid by WINTEK.

The legal counsel fees, court costs, notarization fees, and all related expenses caused by WINTEK shall be borne by United Win Suzhou. WINTEK will directly deduct the same from the repayment allotted to United Win Suzhou. In addition, as to the amount allotted from WINTEK's assets by the lawsuit of damages for transfer pricing or the third-party derivative suit claimed by United Win Suzhou, WINTEK will also directly deducted the same from the repayment allotted to United Win Suzhou. The scope of the aforesaid offset amounts will be the repayment allotted to United Win Suzhou under the reorganization plan.

- (2) King Display Technology of Shenzhen City ("K&D") detained account receivables of WINTEK in Mainland China (including the receivable from Dongguan Ming Electronics Co., Ltd. amounting to US\$37,518 and the receivable from Dongguan Jin Zhuo Communication Technology Co., Ltd. amounting to US\$5,546,020, totaling US\$5,583,538) by filing against WINTEK a third-party derivative suit and property preservation. WINTEK will retain the allotted amount for K&D after accounting to offset the amount totaling US\$5,583,538 for the third-party derivative suit and the interest incurred from the debt determined by the court, plus the legal counsel fees, court costs (including related court charges and fees), notarization fees, and all related expenses arising from or in connection with the aforesaid cases and lawsuits in progress paid by WINTEK.

The legal counsel fees, court costs, notarization fees, and all related expenses caused by WINTEK shall be borne by K&D. WINTEK will directly deduct the same from the repayment allotted to K&D. In addition, as to the amount allotted from WINTEK's assets by the third-party derivative suit claimed by K&D, WINTEK will also directly deducted the same from the repayment allotted to K&D. The scope of the aforesaid offset amounts will be the repayment allotted to K&D under the reorganization plan. Additional garnishments or claims shall be settled according to this section, if any.

- (3) Hangzhou Amphenol Phoenix Telecom Parts Co., Ltd. ("Amphenol Phoenix") filed a lawsuit against WINTEK to claim for the unpaid purchase and compulsory enforcement. WINTEK will retain the allotted amount for Amphenol Phoenix after accounting to offset the amount totaling US\$6,567,845 for claim and the interest

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incurred from the debt determined by the court, plus the legal counsel fees, court costs (including related court charges and fees), notarization fees, and all related expenses arising from or in connection with the aforesaid cases and lawsuits in progress paid by WINTEK.

The legal counsel fees, court costs, notarization fees, and all related expenses caused by WINTEK shall be borne by Amphenol Phoenix. WINTEK will directly deduct the same amount from the repayment allotted to Amphenol Phoenix. In addition, as to the amount allotted from WINTEK's assets by compulsory enforcement claimed by Amphenol Phoenix, WINTEK will also directly deducted the same from the repayment allotted to Amphenol Phoenix. The scope of the aforesaid offset amounts will be the repayment allotted to Amphenol Phoenix under the reorganization plan. Additional garnishments or claims shall be settled according to this section, if any.

19. Any existing or potential legal action, including but not limited to litigation, arbitration, provisional attachment, provisional execution, occurring in the past, present or future, between WINTEK and others (either creditors or debtors, including Amphenol Phoenix, United Win Suzhou, K&D, and Excel Electronics) could be settled through settlement, withdrawn, or revoked through negotiation based on the resolutions made by a majority vote of over one-half of the aggregate of reorganizers and reorganization supervisors respectively so as to facilitate the completion of reorganization. The terms for settlement shall be determined by the resolutions made by a majority vote of over one-half of the aggregate votes of reorganizers and reorganization supervisors respectively.
20. After reorganization being finally approved by the court, respective mortgagees and pledgees shall issue the letter of consent on revocation of mortgage or pledge and complete the registration of mortgage or revocation of pledge for the mortgaged assets disposed by WINTEK in the reorganization plan. If the new capital is introduced by capital increase/reduction through auctions according to the reorganization plan by WINTEK, creditors of secured claims shall immediately issue a letter of consent on revocation of mortgage or pledge and complete the registration of mortgage or revocation of pledge while receiving the fund allotted from capital increase/reduction.
21. If interested parties, such as WINTEK and other creditors have substantial disputes over unsecured claims under the reorganization plan partly approved by the court ruling, then may choose to file an appeal to object such ruling or launch a declaratory lawsuit within 20 days after receiving the ruling. WINTEK shall set aside the amount of repayment under the reorganization plan for the creditors of claims in dispute according to Paragraph 3, Article 299 of the Company Act. The appropriated funds will be subject to the final decision of the court.
22. The independent loan mortgagees are shown in Annex 19 including Mega Bank, First Commercial Bank, Bank of Taiwan, and Bank of Taiwan (DBU syndicated loan). Mega Bank is a lending bank of the syndicated loan as shown in Annex 20 though the independent loan from Mega Bank has been cleared. The balance of loan of First Commercial Bank is NT\$672,894,666, and First Commercial Bank is also a lending bank of the syndicated loan as shown in Annex 20. Annex 19 shows the claims and lines of credit mortgage held by Bank of Taiwan, and Bank of Taiwan is also a lending bank of the syndicated loan as shown in Annex 20. The disputes on whether the guarantee of the lines of credit mortgage of the independent loans of Mega Bank, First Commercial Bank, and Bank of Taiwan as shown in Annex 19 are covered by the syndicated loan of US\$200 million as shown in Annex 20? Whether the guarantee of the lines of credit mortgage cover all related claims of the syndicated loan or only limited to the extent of each bank in the syndicated loan? In addition, whether the collaterals for the DBU syndicated loan managed by Bank of Taiwan as shown in Annex 20 also guarantee the

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OBUSyndicated loan of US\$200 million? As positions on aforesaid disputes are diversified, and the amount involved is huge, WINTEK has thus filed a lawsuit with the Supreme Court to seek a final judgment as a legal base according to the resolution of a majority vote of over one-half of the aggregate votes of reorganizers and reorganization supervisors respectively.

For the sake of cost constraint, the collaterals (WINTEK Headquarters in Tanzi: Building Nos. 103, 104, 107, 108, and 544, Gongqu Section, Tanzi District, Taichung City; Land Location: National Property in Taichung Export Processing Zone, EPZA, MOEA) held by Mega Bank will be the principal claim of the initiated action. To reach the amount of the appeal to the third instance, the Company attempts to confirm whether the scope of guarantee of the independent loan as shown in Annex 19 covers the claims of the syndicated loan of US\$200 million as shown in Annex 20, and whether the scope of guarantee covers all claims of the syndicated loan or only the claims in the syndicated loan held by Mega Bank by court decision. Then, based on the court decision upon determining a win or loss over the action in whole or in part, claims are allotted as follows. The collaterals held by Mega Bank not listed as the principal claim, the part of First Commercial Bank, Bank of Taiwan, and Bank of Taiwan (DBU syndicated loan) will be dealt with subject to the court decision of the cases between WINTEK and Mega Bank. Claims will be allotted subject to the court decision as follows:

- (1) If the final court rules that the guarantee does not cover the syndicated loan of US\$200 million, the balance of the proceeds from disposal of collateral will be repaid to all unsecured creditors proportionally after reimbursing the mortgaged independent loans.
 - (2) If the final court rules that the guarantee covers the syndicated loan of US\$200 million, based on the court decision upon determining a win or loss over the action in whole or in part, WINTEK will directly repay the registered mortgagees of the amount of mortgage by the proceeds from disposal of collateral. That is, WINTEK will directly repay the registered mortgagees, e.g. Mega Bank, First Commercial Bank, Bank of Taiwan, and Bank of Taiwan (DBU syndicated loan) and allocated by the joint lending banks at discretion.
23. WINTEK may mandate third parties to deal with the disposal of assets or capital increase/reduction under the reorganization plan subject to the resolutions made by a majority vote of over one-half of the aggregate votes of all reorganizers and reorganization supervisors respectively. Due to matters not stipulated in the reorganization plan, or the change in the macro economical and legal environments, the adjustment considered necessary shall be made subject to the resolutions made by a majority vote of over one-half of the aggregate votes of reorganizers and reorganization supervisors respectively at their sole discretion. The creditors shall cooperate with the affairs relating to the reorganization plan.
 24. According to Paragraph 2, Article 305 of the Company Act: "The company reorganization plan finally approved by the court shall bind on the company and the interested parties, and if the obligation to perform as specified in such plan can be set up as the object of compulsory execution, the reorganization plan may be subject to compulsory execution accordingly". Provided that the creditors listed in Annex 18 under the situations specified in item 15 and 18 of this section shall acted according thereto, and shall not file for compulsory execution under the reorganization plan.
 25. Matters not provided in the reorganization plan shall be dealt in accordance with related laws and regulations of the Republic of China.
 26. WINTEK is liable to execute the repayment plan under the reorganization plan. WINTEK shall be liable under the Company Act for fail to fulfill its repayment claims

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according to the repayment plan and other claims specified in this reorganization plan. Neither reorganizers or reorganization supervisors are exempted from such failure.

27. Any part or content of this reorganization plan shall not be construed as the assessments, predictions, or opinions of legal, commerce, technics, operation, finance, and tax and any business results made by reorganizations and reorganization supervisors for involving in the special arrangements, agreements, or other documents; or be construed as a commitment or guarantee for related facts or arrangements made by reorganizations and reorganization supervisors. The creditors shall consult with professional advisors over the interests and judgement relating to this reorganization plan, and the legal, tax, finance, commerce and other matters involved.
28. Explicit errors, such as typographies, incorrect calculations, or similar errors, in the reorganization plan and annexes thereof may be corrected and disclosed at any time. The main text of the reorganization plan shall prevail if the inconsistency with the annexes thereof are found, without acceptance of the meeting of the interested parties.
29. The contents regarding mortgages, pledges, and secured personal property specified in the reorganization and the annexes thereof shall be subject to the registration of competent authorities or the information contained in the transcripts of lands or buildings.

Chapter 6 Solicitation of Strategic Investors for Organizational Rehabilitation

Section 1 Need for Capital Reduction

To retain assets for organizational operations, new investments are needed for debt repayment to complete organizational rehabilitation. Given that the cumulative deficit and shareholder's equity in 2015 were NT\$47,093,529 thousand and NT\$-18,962,608 thousand respectively as shown in the audited 2015 financial statements; the cumulative deficit and shareholder's equity in 2016 were NT\$46,382,347 thousand and NT\$-18,164,478 thousand respectively as shown in the audited 2016 financial statements; the cumulative deficit and shareholder's equity in 2017 were NT\$46,462,212 thousand and NT\$-18,068,675 thousand respectively as shown in the audited 2017 financial statements; and the total paid-in capital was NT\$20,477,784 thousand divided into 2,047,778 thousand shares. For the Company to solicit new investors successfully and to raise the investment intention of investors, it is necessary to reduce share capital to NT\$1,000,000 by means of capital reduction.

Section 2 Procedures for Capital Reduction and Capital Increase and Effects on Shareholders' Rights

The current paid-in capital of WINTEK is NT\$20,477,784 thousand. Based on the audited financial statements from 2015 to 2017, the net worth of shareholder's equity was NT\$-18,962,608 thousand as at December 31, 2015; NT\$-18,164,478 thousand as at December 31, 2016.; NT\$-18,068,675 thousand as at December 31, 2017. As the net worth over such a period was negative, the shareholder group has no voting right in this reorganization plan.

1. Methods and procedures of capital reduction

Based on the need to reduce capital as mentioned above, the original total registered capital will be reduced to NT\$1,000,000 divided into 100,000 shares at NT\$10 per share after capital reduction. However, the actual capital after capital reduction is subject to approval of the competent authorities. After capital reduction, the new share certificates will be reissued accordingly. For shareholding less than one share after reduction, reorganizers will assume such odd lots in cash at the conversion rate of face value after capital reduction. The aforesaid capital reduction procedures shall be implemented according to related laws and regulations.

2. Methods and procedures of capital increase

After the court approves the reorganization plan, WINTEK will seek new investors through auctions. and new investors will acquire WINTEK's shares and related assets through capital increase. Auction procedures (including but not limited to the procedures for tender invitation, tender submission, and tender award, and base price setting up) shall be determined by the resolution made by a majority vote of over one-half of the aggregate votes of reorganizers and reorganization supervisors respectively. The auction procedures shall not be implemented until the court approves the reorganization plan. An auction can be extended or a second auction can be held subject to the resolution made by a majority vote of over one-half of the aggregate votes of reorganizers and reorganization supervisors respectively, if necessary.

The number of new shares shall be capped at the authorized shares minus outstanding shares of the Company. Funds from the subscription of the new shares will be needed for repaying claims in reorganization. And according to Paragraph 7, Article 267 of the

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Company Act, the preemptive rights of employees and original shareholders are not applicable to the present case of capital increase of WINTEK according to Paragraphs 1 and 3, Article 267 of the Company Act. Therefore, such common stocks will be subscribed by the auction bid winners to proceed capital increase. However, the actual amount of capital increase shall be subject to the resolution made by a majority vote of over one-half of the aggregate votes of all reorganizers and reorganization supervisors respectively. The aforesaid capital increase shall be implemented according to related laws and regulations.

3. Others

Capital increase and reduction shall be subject to the resolution of a majority vote of over one-half of the aggregate votes of reorganizers and reorganization supervisors respectively and approved by the court. The implementation of the procedures shall be according to the Article 36 of the Securities and Exchange Act and the Articles 268 and 309 of the Company Act.

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Chapter 7 Implementation and Deadline of Reorganization Plan

According to Paragraph 2, Article 304 of the Company Act: The deadline date for discharge of all liabilities otherwise fixed, the duration for execution of the company reorganization plan shall not exceed one year as calculated from the date on which the court ruling of approval of the reorganization plan becomes final. In case the reorganization plan cannot be completed as scheduled with good cause shown, an application for extension may be filed, with prior consent of the reorganization supervisors, with the court for a court ruling of extension provided

After the reorganization process is completed according to this reorganization plan, according to the Article 310 of the Company Act: Reorganizers shall apply to the court for a court ruling of recognition of the completion of the reorganization, and shall, after such court ruling became final, convene a meeting of shareholders for election of directors and supervisors, after the new directors and supervisors take up office, the duty of reorganizers and reorganization supervisors will be relieved.

With reference to the Article 311 of the Company Act: Upon completion, the reorganization of a company shall have the following effects:

1. The rights of claims on the unpaid parts of obligatory rights already declared shall expire except such parts as assigned to and assumed by the company after reorganization according to the plan of reorganization; the same shall apply to obligatory rights not declared;
2. The changed, decreased or cancelled part of the rights of shareholders in consequence of the reorganization shall expire; the same shall apply to the rights of bearer share certificates not declared; and
3. Procedure of bankruptcy, composition, compulsory execution and other litigations involving property of the company prior to the ruling for reorganizers shall be ineffective. The rights of creditors of a company against securities and other common debtors of the obligations of the company shall not be affected by the reorganization of the company.