

Stock Code : 5434



## 2020 Annual Shareholders' Meeting

### Meeting Handbook

June 22, 2020

# Table of Contents

	<u>Page</u>
<b>A. Meeting Procedure</b> .....	1
<b>B. Meeting Agenda</b> .....	2
1. Report Items .....	3
2. Resolutions .....	5
3. Proposals and Election .....	6
4. Extemporaneous Motions.....	9
<b>C. Attachment</b>	
1. 2019 Business Report.....	10
2. Independent Auditors' Report .....	12
3. Supervisors' Report .....	20
4. 2019 Financial Statements .....	21
5. Earnings Distribution Proposal for the Year 2019 .....	29
6. Comparison Table of Revisions to the Articles of Incorporation.....	30
7. Comparison Table of Revisions to the Rules for Election of Directors and Supervisors .....	35
8. Comparison Table of Revisions to the Procedures for Acquisition or Disposal of Assets .....	37
9. Comparison Table of Revisions to the Explanatory Notes for Acquisition or Disposal of Assets: Derivative Trading .....	39
10. Comparison Table of Revisions to the Procedures for Loan to Others and Endorsements and Guarantees .....	43
11. List of non-competition restrictions on Directors .....	47
<b>D. Appendix</b>	
1. Rules and Procedures of Shareholders' Meeting .....	48
2. Articles of Incorporation .....	50
3. Rules for Election of Directors and Supervisors.....	56
4. Procedures for Acquisition or Disposal of Assets.....	57
5. Explanatory Notes on Acquisition or Disposal of Assets: Derivative Trading .....	69
6. Procedures for Loan to Others and Endorsements and Guarantees.....	72
7. The Impact of the Issuance of Bonus Shares on the Company's Operating Performance, Earnings Per Share and Return on Shareholders' Investment	79
8. Shareholding All of the Company's Directors and Supervisors .....	79

## **A. 2020 Annual Shareholders' Meeting Procedure**

- I、 Call Meeting to Order
- II、 Chairman's Address
- III、 Report Items
- IV、 Resolutions
- V、 Proposals and Election
- VI、 Extemporaneous Motions
- VII、 Meeting Adjourned

## **B. 2020 Annual Shareholders' Meeting Agenda**

Time : 9:00 a.m., Monday, June 22, 2020

Place : 9Floor, No. 489, Sec. 2, Tiding Blvd., Neihu Dist., Taipei City.

I、 Call Meeting to Order

II、 Chairman's Address

III、 Report Items

(1) The 2019 Business Report.

(2) The 2019 Supervisors' Report.

(3) The 2019 Remuneration to Employees, Directors and Supervisors.

(4) The 2019 Earnings Distribution of cash dividends.

IV、 Resolutions

(1) The 2019 Financial Statements.

(2) The 2019 Earnings Distribution.

V、 Proposals and Election

(1) To revise the Company's Articles of Incorporation.

(2) To revise the Company's "Rules for Election of Directors and Supervisors".

(3) To revise the Company's "Procedures for Acquisition or disposal of Assets".

(4) To revise the Company's "Explanatory Notes for Acquisition or Disposal of Assets: Derivative Trading".

(5) To revise the Company's "Procedures for Loan to Others and Endorsement and Guarantees".

(6) To elect the Company's 11th Term of Board of Directors.

(7) To release the non-competition restrictions on newly elected Directors.

VI、 Extemporaneous Motions

VII、 Meeting Adjourned

# 1. Report Items

## I、 The 2019 Business Report.

Explanation:

- (1) The Company's 2019 Business Report is attached hereto as Attachment 1.  
Please refer to page 10.
- (2) For adoption.

## II、 The 2019 Supervisors' Report.

Explanation:

- (1) The Company's 2019 Financial Statements were audited by independent auditors and reviewed by supervisors. The Independent Auditors' Report and Supervisors' Report were attached hereto as Attachment 2 and Attachment 3.  
Please refer to pages 12~20.
- (2) Reading of the audit report.
- (3) For adoption.

## III、 The 2019 Remuneration to Employees, Directors and Supervisors.

Explanation:

- (1) Pursuant to Article 20 of the Company's Articles of Incorporation, the Company shall set aside no less than 4% of its earnings for the period, if any, as employees' profit sharing bonus and not more than 3% of its earnings as remuneration to directors and supervisors. Notwithstanding the forgoing, the Company shall reserve a sufficient amount of earnings to offset its accumulated losses.
- (2) In accordance with the Company's Articles, 4.3% of earnings for the period totaling NT\$93,268,000 has been distributed in cash as profit sharing bonus to employees and 1.1% of earnings totaling NT\$ 23,859,000 in cash distributed as remuneration to directors and supervisors.
- (3) For adoption.

#### IV、 The 2019 Earnings Distribution of cash dividends.

Explanation:

- (1) Pursuant to Article 20 of the Company's Articles of Incorporation, the Board of Directors is authorized to approve the distribution of dividends and bonuses in cash, in whole or in part for submission to the shareholder's meeting for acceptance.
- (2) The Company's proposes to distribute cash dividends in the amount of NT\$ 1,181,047,186 to shareholders (cash dividend at NT\$6.5 per share).
- (3) Cash dividends will be distributed pro rata and rounded down to the nearest NT\$1 with the sum of all fractional dividends less than NT\$1 adjusted in the order of their value from largest to smallest adjusted to match the total value of cash dividends distributed.
- (4) The Chairman has full authorization to adjust the dividend distributed to each share shall there be change in the Company's paid-up capital prior to the ex-dividend date that resulted in change in the total number of outstanding shares.
- (5) The Chairman is authorized to set the ex-dividend date and handle other matters in relation to the proposal for distribution of cash dividends.
- (6) For adoption.

## 2. Resolutions

### I, The 2019 Financial Statements. (Proposed by the Board of Directors)

Explanation:

- (1) The Company's 2019 Financial Statements, including Balance Sheet, Income Statement, Statement of Changes in Shareholders' Equity, and Cash Flow Statement, were audited by independent auditors, Au, Yiu Kwan & Chien, Szu Chuan of KPMG and reviewed by the Company's supervisors. The independent auditors' report is attached as Attachment 3. Please refer to page 20.
- (2) The Company's 2019 Financial Statements are attached hereto as Attachment 4. Please refer to pages 21~28.
- (3) For adoption.

Resolution:

### II, The 2019 Earnings Distribution. (Proposed by the Board of Directors)

Explanation:

- (1) The Board of Directors resolved to adopt the proposal of the Company's 2019 earnings.
- (2) Earnings Distribution Proposal for the Year 2019 is attached hereto as Attachment 5. Please refer to page 29.
- (3) For adoption.

Resolution:

### 3. Proposals and Election

- I、 To revise the Company’s Articles of Incorporation. (Proposed by the Board of Directors)

Explanation:

- (1) To revise the Company’s Articles of Incorporation in line with the Company’s operational requirements and establishment of the Audit Committee in replacement of the job functions performed by supervisors.
- (2) Comparison Table of Revisions to the Company’s Articles of Incorporation is attached hereto as Attachment 6. Please refer to page 30.
- (3) For resolution.

Resolution:

- II、 To revise the Company’s “Rules for Election of Directors and Supervisors”. (Proposed by the Board of Directors)

Explanation:

- (1) To revise the Company’s “Rules for Election of Directors and Supervisors” and rename it the “Rules for Election of Directors” in line with the establishment of the Audit Committee in replacement of the job functions performed by supervisors.
- (2) The Comparison Table for Revisions to the Company’s “Rules for Election of Directors and Supervisors” is attached hereto as Attachment 7. Please refer to page 35.
- (3) For resolution.

Resolution:

- III、 To revise the Company’s “Procedures for Acquisition or disposal of Assets”. (Proposed by the Board of Directors)

Explanation:

- (1) To revise the Company’s “Procedures for Acquisition or disposal of Assets” in line with the establishment of the Audit Committee in replacement of the job functions performed by supervisors.
- (2) Comparison Table of Revision to the Company’s Procedures for Acquisition or disposal of Assets is attached hereto as Attachment 8. Please refer to page 37.
- (3) For resolution.

Resolution:



IV、 To revise the Company’s “Explanatory Notes for Acquisition or Disposal of Assets: Derivative Trading”. (Proposed by the Board of Directors)

Explanation:

- (1) To revise the Company’s “Explanatory Notes for Acquisition or Disposal of Assets: Derivative Trading” in line with the establishment of the Audit Committee in replacement of the job functions performed by supervisors.
- (2) Comparison Table for Revisions to the Company’s Explanatory Notes for Acquisition or Disposal of Assets: Derivative Trading is attached hereto as Attachment 9. Please refer to page 39.
- (3) For resolution.

Resolution:

V、 To revise the Company’s “Procedures for Loan to Others and Endorsement and Guarantees”. (Proposed by the Board of Directors)

Explanation:

- (1) To revise the Company’s “Procedures for Loan to Others and Endorsement and Guarantees” in line with the establishment of the Audit Committee in replacement of the job functions performed by supervisors.
- (2) Comparison Table of Revisions to the Company’s Procedures for Loan to Others and Endorsement and Guarantees is attached hereto as Attachment 10. Please refer to page 43.
- (3) For resolution.

Resolution:

VI、 To elect the Company’s 11th Term of Board of Directors. (Proposed by the Board of Directors)

Explanation:

- (1) Upon expiration of the term of office of the Company’s existing directors and supervisors on June 13, 2020, an election of new directors across the board will be convened in the annual general shareholders’ meeting. An Audit Committee will also be established in replacement of the job functions of supervisors.
- (2) Pursuant to Article 13 of the Company’s Articles of Incorporation, nine directors (including three independent directors) will be elected and the term for which the directors will hold office shall be three years for the period from June 22, 2020 to June 21, 2023.

(3) Nominees for director are as follows:

Position	Name	Education	Experience	Number of shares held
Director	J. W. Kuo	Ph.D., Department of Business Administration, National Taipei University	Chairman, Topco Group Chairman, Topco Scientific Co.,Ltd.	8,133,759
	Jeffery Pan	Master of Business Administration, National Chengchi University	Vice Chairman, Topco Group Chairman, Topco Scientific Co.,Ltd.	1,500,817
	Simon Tseng	Master of Business Administration, National Taipei University	CEO、COO, Topco Scientific Co.,Ltd.	1,029,950
	Charles Lee	Master of Business Administration, China Europe International Business School	CEO、COO, Topco Scientific Co.,Ltd.	1,129,948
	Jia Pin Investment Development Company Limited representative: Robert Lai	Ph.D., Management of Business Administration, National Taipei University Master of Business Administration, Indiana University of Pennsylvania.	Chairman, Topco Scientific Co.,Ltd. Chairman, CSBC Corporation, Taiwan Director General, Small & Medium Enterprise Administration, Ministry of Economic Affairs Deputy Director General, Department of Commerce, Ministry of Economic Affairs	6,179,382
	Peifen Chang	Chungyu Institute	Supervisor, Topco Scientific Co.,Ltd. Taiwan Securities Co., Ltd.	1,198,963
Independent director	Chen, Linsen	Master of Business Administration, National Taipei University	Attorney-in-charge of Linsen Law Firm President of Joint Credit Information Center Chief Secretary, Ministry of Finance	0
	Sun,Pi-Chuan	Ph.D., Department of Business Administration, National Taipei University	Dean, College of Management, Tatung University Professor, Department of Business Management, Tatung University	0
	Cheng, Jen-Wei	Ph.D., National Taiwan University	Professor in National Taiwan University of Science & Technology Secretary-general in Association of Taiwan Electronic Commerce Executive Vice President in Taiwan Tobacco & Liquor Corporation (state-owned) Lecturer/Associate Professor and Chair in Ming Chuan University	0

The qualifications for the above candidates were approved by the board of directors on April 24, 2020.

(4) For re-election.

Resolution:

VII、 To release the non-competition restrictions on newly elected Directors.

(Proposed by the Board of Directors)

Explanation:

- (1) Pursuant to Article 209 of the Company Act, a director who does anything on his/her own account or on behalf of another person that is within the scope of the Company's business, shall explain to the meeting of shareholders the essential contents of such an act and secure its approval.
- (2) To release the non-competition restrictions imposed on directors elected at the Company's 2020 annual shareholders' meeting and their representatives or those that invest or engage in the same business activities as the Company's at the shareholders' meeting for practical business requirements provided that by doing so the Company's benefits would not be impaired in any way.  
List of non-competition restrictions on Directors is attached hereto as Attachment 11. Please refer to page 47.
- (3) For resolution.

Resolution:

#### **4. Extemporary Motions**

#### **5. Meeting Adjourned**

## **C. Attachment**

### **Attachment 1.**

#### **2019 Business Report**

My great gratitude to our shareholders for their unwavering support for the past year. The Company has continued to expand product offerings and market presence, as well as improve the business turnover and performance during the 2019 financial year, thanks to the joint effort of our dedicated management team and employees. The Company reported consolidated revenue in excess of NT\$30 billion, reaching NT\$31.7 billion, representing an increase of 9.84 percent over 2018. The Company's impressive operating results was directly benefited from higher demands for advanced materials of emerging technologies in the semiconductor foundry market, growth in China's market and recognition of revenue upon completion of our construction projects. Consolidated net income after tax totaled NT\$1.717 billion and earnings per share were NT\$9.48. On the corporate governance front, the Company received numerous awards including the Taiwan Corporate Sustainability Award, 2019 Sports Activist Award presented by the Sports Administration of the Ministry of Education, and the 1<sup>st</sup> annual "Public Infrastructure Excellence Award" presented by the Tainan City Government in recognition of the outstanding quality in our construction work.

The Company generated approximately 80 percent of our revenue from the supply of precision materials for semiconductor. The Industrial Economics & Knowledge Center reported that the total production of the Taiwan IC industry for 2019 amounted to NT\$ 2,665.6 billion, an increase of 1.7 percent from the 2018 result. Amongst which the semiconductor foundry sector contributed to NT\$1,312.5 billion of the total annual gross production, representing an increase of 2.1 percent compared to that of 2018. Taiwan's semiconductor industry is relentlessly enhancing the technologies and constantly expanding production capacities, which in turn saw the increasing demand for precision materials such as photoresists required for the emerging processes. Furthermore, China's semiconductor industry continuously scales up with increasing demand for its domestic manufacturing, which makes its IC design industry a benefactor of growth support. To this end, the Company introduced Foundry Services Platform to assist the local IC design houses in sourcing suitable foundry technologies and manufacturing capacities, and accelerating product induction. The trust placed in the Company's business model by the supply chain enables us to deliver sustained growth in revenue.

In addition, the Company was successful in securing environmental engineering service deals including large-scale wastewater treatment and air-conditioning engineering projects, while at the same time launched waste disposal services and sale of chemical products. In an effort to continue improving performance and profitability, we also introduced the Total Quality Management system to improve our processes. On people and living, the Company constantly strives to safeguard the health of consumers through our array of Anyong investee companies that engage in businesses that promote healthy and safe living. Most notable innovative product was the Perch Essence that won the Monde Selection Gold Award. Our strategic cross-industry alliance with the leading convenience store chain 7-ELEVEN facilitates a seamless avenue for us to distribute our frozen produces through the convenience store supply chain.

The outlook for 2020 is challenging due to a downturn in the global economy as result of the adverse impacts of the COVID-19 pandemic on the global supply chain and the uncertainties surrounding the US-China trade war. The semiconductor industry nevertheless expects to benefit from the innovation in the 5G technology, AIoT, big data and Internet of Things and continues steady growth. It is with much anticipation that we may still see remarkably growth in the semiconductor

industry in the second half of 2020 shall the pandemic slow down by the end of the June. The Company's medium to long-term plan will focus on securing product distribution agreements and market expansion. To achieve these goals, the Company is looking to establish dedicated teams to take charge of the evaluation and procurement of critical materials required for the 5G technology, 3D printing and third generation semiconductor; We Company will also be on the lookout for suitable opportunities for strategic alliances to enhance the delivery of the foundry services, and the integration of the semiconductor quartz enterprises; On the global scale, we plan to expand our foreign markets in Singapore and Vietnam and consolidate our warehouse businesses with the objective to strengthen our cost structure. Overall, the Company will continue our deep work on the semiconductor and high-tech materials market to boost our turnover.

For the environmental protection business, the Company now offers the final treatment services of calcium fluoride sludge in addition to our existing waste disposal services. We hope to leverage on the circular economy to stimulate revenue generated from environmental engineering service and progress in the development of smart green pig farms. On people and living, the Company will focus on elevating the production efficiency of "AnYong Biotechnology", enhance the robustness of the products and product distribution of "AnYong Fresh Produce" and promote the tourism opportunities of the "Anyong Lohas" restaurant. We also plan to enhance the management and operation of the Taipei University Sports Stadium and invest in big health businesses.

It has been three decades since the Company came into being. For the sustainable operation and growth of the Company, we will continue our deep work in the high-tech industries, pave our way to gain presence in China and South-East Asian markets, rapidly fulfil the material and service demands of our customers, leverage on the circular economy and develop big health related businesses, enhance talents recruitment and training, maintain our high performances and while at the same exercise corporate governance and fulfil our corporate social responsibilities.

Topco Scientific Co., Ltd.



---

Robert Lai  
Chairman



---

Simon Tseng / Charles Lee  
President



---

Nicole Lee  
Chief Accounting Officer

## Attachment 2.

### Independent Auditors' Report

#### Independent Auditors' Report

To the Board of Directors of Topco Scientific Co., Ltd.:

##### **Opinion**

We have audited the financial statements of Topco Scientific Co., Ltd. ("the Company"), which comprise the balance sheets as of December 31, 2019 and 2018, and the statement of comprehensive income, changes in equity and cash flows for the years ended December 31, 2019 and 2018, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, based on our audits and the reports of other auditors (please refer to Other Matter paragraph), the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2019 and 2018, and its financial performance and its cash flows for the years ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

##### **Basis for Opinion**

We conducted our audit in accordance with the "Regulations Governing Auditing and Certification of Financial Statements by Certified Public Accountants" and the auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Certified Public Accountants Code of Professional Ethics in Republic of China ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. Based on our audits and the reports of other auditors, we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our opinion.

##### **Other Matter**

We did not audit the financial statements for certain investments accounted for using equity method in the financial statements of the Company for 2019 and 2018. The investments accounted for using equity method constituted 10.36% and 10.48% of the total assets as of December 31, 2019 and 2018; and the share of profits of associates and joint ventures accounted for using equity method constituted 17.00% and 16.81% of profits before tax for the years ended December 31, 2019 and 2018, respectively. These financial statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts of subsidiaries and investments accounted for equity method, is based solely on the reports of the other auditors.



## Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

### 1. Recognition of Operating Revenue

Please refer to note 4(p) "Revenue" for accounting policies related to revenue recognition; and note 6(t) "Revenue" for details of revenue.

#### Description of Key Audit Matters:

Due to the wide variety of the Company's products, different transactions were generated according to customers and product portfolio. Identification of revenue recognition has significant influence on the financial statements of the Company. Therefore, revenue recognition is considered as one of the key matters in our audit.

#### How the matter was addressed in our audit:

Our principal audit procedures included: testing related manual and systematic control over sales cycle to assess if the revenue recognition policies of the Company are in accordance with the related standards. In addition, we examined the sales contracts between the Company and its customers to understand their trading modality and conditions, evaluating and comparing if revenue recognition is consistent with the terms of the contracts; conducting testing for details of revenue before and after the balance sheet date and verifying if revenue recognition is in accordance with the contract terms.

### 2. Valuation of inventories

Please refer to note 4(g) "Inventories" for accounting policies related to valuation of inventories; note 5(b) for uncertainty in valuation of inventories; and note 6(f) for related description for valuation of inventories.

#### Description of Key Audit Matters:

Valuation of inventories is measured by cost and net realizable value. The inventories purchased were based on the demand of customer orders, and the Company may be exposed to the risk concerning the carrying amount of inventories which is lower than the realizable value due to market price declined and business cycle of the industry. Therefore, valuation of inventories is considered as one of the key matters in our audit.

#### How the matter was addressed in our audit:

Our principal audit procedures included: evaluating whether the Company's valuation of inventories is conducted in accordance with the Company's accounting policies and related standards; examining the inventory aging reports and analyzing the changes on the aging of inventories in each period, including conducting sampling procedures to examine the accuracy of inventory aging reports and understanding the sales prices adopted by the management and subsequent fluctuation in market price to assess the rationality of net realizable value of inventories.

### 3. Valuation of Accounts Receivable

Please refer to note (4)(f) "Financial instruments" for accounting policies related to valuation of accounts receivable; note 5(a) for uncertainties in valuation of accounts receivable; and note 6(d) "Notes and accounts receivable".

#### Description of Key Audit Matters:

Allowance for accounts receivable is evaluated based on the lifetime expected credit loss of accounts shown in objective evidences. Therefore, valuation of accounts receivable is considered as one of the key matters in our audit.

#### How the matter was addressed in our audit:

Our principal audit procedures included: examining allowance for accounts receivable of the Company to determine whether related accounting policies are applied appropriately, analyzing the allowance for uncollectible accounts receivable based on the accounts receivable aging report, examining the collection record of the past and the subsequent period, economic condition of the industry, concentration of credit risk, and the Company's assessment on the ability of the customers with imperfect credit record to repay in order to evaluate the rationality of the recognition of allowance for uncollectible accounts receivable and amounts recognized.

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

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

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

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

### **Auditors' Responsibilities for the Audit of the Financial Statements**

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

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

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



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

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

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

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

The engagement partners on the audit resulting in this independent auditors' report are Yiu-Kwan Au and Szu-Chuan Chien.

KPMG

Taipei, Taiwan (Republic of China)  
March 27, 2020

## Independent Auditors' Report

To the Board of Directors of Topco Scientific Co., Ltd.:

### Opinion

We have audited the consolidated financial statements of Topco Scientific Co., Ltd. ("the Company") and its subsidiaries ("the Group"), which comprise the consolidated balance sheets as of December 31, 2019 and 2018, and the consolidated statement of comprehensive income, changes in equity and cash flows for the years ended December 31, 2019 and 2018, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, based on our audits and the reports of other auditors (please refer to Other Matter paragraph), the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2019 and 2018, and its consolidated financial performance and its consolidated cash flows for the years ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the International Financial Reporting Standards ("IFRSs"), International Accounting Standards ("IASs"), Interpretations developed by the International Financial Reporting Interpretations Committee ("IFRIC") or the former Standing Interpretations Committee ("SIC") endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

### Basis for Opinion

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

### Other Matter

We did not audit the financial statements for certain investments accounted for using equity method in the consolidated financial statements of the Group for 2019 and 2018. The investments accounted for using equity method constituted 7.79% and 7.54% of the total consolidated assets as of December 31, 2019 and 2018; and the share of profits of associates and joint ventures accounted for using equity method constituted 15.80% and 15.88% of profits before tax for the year ended December 31, 2019 and 2018, respectively. These financial statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts of subsidiaries and investments accounted for equity method, is based solely on the reports of the other auditors.

The Company has prepared its parent-company-only financial statements as of and for the years ended December 31, 2019 and 2018, on which we have issued an unmodified opinion with other matter paragraph.



## **Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

### **1. Recognition of Operating Revenue**

Please refer to note 4(p) "Revenue" for accounting policies related to revenue recognition; note 5(c) for revenue recognition of construction and the percentage of completion method for construction contracts; and note 6(w) "Revenue" for details of revenue.

#### **Description of Key Audit Matters:**

Due to the wide variety of the Group's products, different transactions were generated according to customers and product portfolio. Identification of revenue recognition has significant influence on the consolidated financial statements of the Group. In addition, the budgets for construction contracts highly depend on the management's judgments. The evaluation of above budgets may result in significant changes in income and losses for the reporting period. Therefore, revenue recognition is considered as one of the key matters in our audit.

#### **How the matter was addressed in our audit:**

Our principal audit procedures included: testing related manual and systematic control over sales cycle to assess if the revenue recognition policies of the Group is in accordance with the related standards. In addition, we examined the sales contracts between the Group and its customers to understand their trading modality and conditions, evaluating and comparing if revenue recognition is consistent with the terms of the contracts; acquiring construction contracts that have significant effects on financial results to verify that there is no difference in the percentage of completion calculated by the Group; conducting testing for details of revenue before and after the balance sheet date and verifying if revenue recognition is in accordance with the contract terms.

### **2. Valuation of inventories**

Please refer to note 4(h) "Inventories" for accounting policies related to valuation of inventories; note 5(b) for uncertainty in valuation of inventories; and note 6(f) for related description for valuation of inventories.

#### **Description of Key Audit Matters:**

Valuation of inventories is measured by cost and net realizable value. The inventories purchased were based on the demand of customer orders, and the Group may be exposed to the risk concerning the carrying amount of inventories which is lower than the realizable value due to market price declined and business cycle of the industry. Therefore, valuation of inventories is considered as one of the key matters in our audit.

#### **How the matter was addressed in our audit:**

Our principal audit procedures included: evaluating whether the Group's valuation of inventories is conducted in accordance with the Group's accounting policies and related standards; examining the inventory aging reports and analyzing the changes on the aging of inventories in each period, including conducting sampling procedures to examine the accuracy of inventory aging reports and understanding the sales prices adopted by the management and subsequent fluctuation in market price to assess the rationality of net realizable value of inventories.

### 3. Valuation of Accounts Receivable

Please refer to note 4(g) "Financial instruments" for accounting policies related to valuation of accounts receivable; note 5(a) for uncertainties in valuation of accounts receivable; and note 6(d) "Notes and accounts receivable".

#### Description of Key Audit Matters:

Allowance for accounts receivable is evaluated based on the lifetime expected credit loss of accounts shown in objective evidences. Therefore, valuation of accounts receivable is considered as one of the key matters in our audit.

#### How the matter was addressed in our audit:

Our principal audit procedures included: examining allowance for accounts receivable of the Group to determine whether related accounting policies are applied appropriately, analyzing the allowance for uncollectible accounts receivable based on the accounts receivable aging report, examining the collection record of the past and the subsequent period, economic condition of the industry, concentration of credit risk, and the Group's assessment on the ability of the customers with imperfect credit record to repay in order to evaluate the rationality of the recognition of allowance for uncollectible accounts receivable and amounts recognized.

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

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

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

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

### **Auditors' Responsibilities for the Audit of the Consolidated Financial Statements**

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

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

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



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

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

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

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

The engagement partners on the audit resulting in this independent auditors' report are Yiu-Kwan Au and Szu-Chuan Chien.

KPMG

Taipei, Taiwan (Republic of China)  
March 27, 2020

## Attachment 3.

### Supervisors' Report


#### Supervisor's Review Report

The Board of Directors has prepared the Company's 2019 Business Report, Financial Statements and proposal for Earnings Distribution. Consolidated and parent company only Financial Statements have been audited and certified by Au, Yiu Kwan, CPA, and Chien, Szu Chuan, CPA, of KPMG and audit reports relating to the Financial Statements have been issued. The Business Report, Financial Statements and Earnings Distribution Proposal have been reviewed and determined to be correct and accurate by the supervisors. According to Article 219 of the Company Act, we, as the supervisors of TOPCO SCIENTIFIC CO., LTD, hereby submit this report.

TOPCO SCIENTIFIC CO., LTD

Fu-Hsiung, Wang

Supervisor



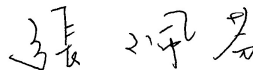
Guang-Jer, Lai

Supervisor



Pei-Fen, Chang

Supervisor



March 27, 2020

# Attachment 4.

## 2019 Financial Statements

(English Translation of Financial Statements and Report Originally Issued in Chinese)  
TOPCO SCIENTIFIC CO., LTD.

### Balance Sheets

December 31, 2019 and 2018

(Expressed in Thousands of New Taiwan Dollars)

Assets		December 31, 2019		December 31, 2018		Liabilities and Equity		December 31, 2019		December 31, 2018	
		Amount	%	Amount	%			Amount	%	Amount	%
<b>Current assets:</b>						<b>Current liabilities:</b>					
1100	Cash and cash equivalents (note 6(a))	\$ 1,089,387	7	645,462	5	2100	Short-term borrowings (note 6(i))	\$ 695,000	5	470,000	4
1110	Current financial assets at fair value through profit or loss (notes 6(b))	8,374	-	8,328	-	2120	Current contract liabilities (note 6(j))	165,023	1	130,069	1
1170	Notes and accounts receivable, net (note 6(d))	2,950,060	20	2,200,957	18	2170	Notes and accounts payable	2,895,291	20	2,107,609	17
1180	Notes and accounts receivable due from related parties, net (notes 6(d) and 7)	89,310	1	81,978	1	2180	Notes and accounts payable to related parties (note 7)	156,414	1	132,191	1
1476	Other current financial assets (notes 6(z) and 7)	24,865	-	32,886	-	2200	Other current financial liabilities	438,781	3	355,562	3
1311	Inventories, net (note 6(f))	1,659,419	11	1,556,299	13	2251	Current provisions (note 6(n))	866	-	1,207	-
1479	Other current assets, others	160,626	1	160,638	1	2280	Current lease liabilities (note 6(m))	33,610	-	-	-
		<u>5,925,384</u>	<u>40</u>	<u>4,684,748</u>	<u>38</u>	2365	Current refund liabilities	57,757	-	21,096	-
						2390	Other current liabilities	172,158	1	138,358	1
								<u>4,604,880</u>	<u>31</u>	<u>3,356,092</u>	<u>27</u>
<b>Non-current assets:</b>						<b>Non-Current liabilities:</b>					
1510	Non-current financial assets at fair value through profit or loss (note 6(b))	64,648	-	53,281	-	2570	Deferred tax liabilities and other non-current liabilities (note 6(q))	359,517	2	277,882	2
1517	Non-current financial assets at fair value through other comprehensive income (note 6(c))	812,805	6	563,812	5	2580	Non-current lease liabilities (note 6(m))	68,714	1	-	-
1550	Investments accounted for using equity method (note 6(g))	5,278,945	36	4,558,094	37	2640	Non-current net defined benefit liability (note 6(p))	204,696	2	198,701	2
1600	Property, plant and equipment (note 6(h))	2,386,776	16	1,644,721	13			<u>632,927</u>	<u>5</u>	<u>476,676</u>	<u>4</u>
1755	Right-of-use assets (note 6(i))	162,054	1	-	-		<b>Total liabilities</b>	<u>5,237,807</u>	<u>36</u>	<u>3,832,768</u>	<u>31</u>
1760	Investment property, net (note 6(j))	-	-	728,382	6	<b>Equity attributable to owners of parent:</b>					
1849	Deferred tax assets (note 6(q))	119,982	1	98,168	1	3100	Ordinary shares (note 6(r))	1,816,596	12	1,816,596	15
1900	Other non-current assets (note 6(k) and 8)	59,627	-	62,531	-	3200	Capital surplus (note 6(r))	2,340,676	16	2,340,679	19
		<u>8,824,637</u>	<u>60</u>	<u>7,798,282</u>	<u>62</u>	3300	Retained earnings (note 6(r))	4,917,348	33	4,164,150	33
						3400	Other equity (note 6(r))	437,194	3	229,144	2
							<b>Total equity</b>	<u>9,512,214</u>	<u>64</u>	<u>8,560,969</u>	<u>69</u>
<b>Total assets</b>		<u>\$ 14,799,021</u>	<u>100</u>	<u>12,793,237</u>	<u>100</u>	<b>Total liabilities and equity</b>		<u>\$ 14,799,021</u>	<u>100</u>	<u>12,793,237</u>	<u>100</u>

## TOPCO SCIENTIFIC CO., LTD.

## Statements of Comprehensive Income

For the years ended December 31, 2019 and 2018

(Expressed in Thousands of New Taiwan Dollars, Except for Earnings Per Common Share which is expressed in New Taiwan Dollars)

	2019		2018		
	Amount	%	Amount	%	
<b>Operating Revenues: (notes 6(t) and 7)</b>					
4110	Net sales revenue	\$ 18,082,967	96	15,196,291	96
4800	Other operating revenue	<u>753,717</u>	<u>4</u>	<u>685,936</u>	<u>4</u>
	<b>Operating revenue, net</b>	<b>18,836,684</b>	<b>100</b>	<b>15,882,227</b>	<b>100</b>
<b>Operating costs: (notes 6(f), 7 and 12)</b>					
5110	Cost of sales	16,207,502	86	13,416,119	84
5800	Other operating costs	<u>150,321</u>	<u>1</u>	<u>144,717</u>	<u>1</u>
		<u>16,357,823</u>	<u>87</u>	<u>13,560,836</u>	<u>85</u>
	<b>Gross profit</b>	<b>2,478,861</b>	<b>13</b>	<b>2,321,391</b>	<b>15</b>
<b>Operating expenses: (notes 7 and 12)</b>					
6100	Selling expenses	542,532	3	465,364	3
6200	Administrative expenses	663,157	3	668,741	4
6300	Research and development expenses	<u>14,671</u>	<u>-</u>	<u>6,102</u>	<u>-</u>
	<b>Total operating expenses</b>	<b>1,220,360</b>	<b>6</b>	<b>1,140,207</b>	<b>7</b>
	<b>Net operating income</b>	<b>1,258,501</b>	<b>7</b>	<b>1,181,184</b>	<b>8</b>
<b>Non-operating income and expenses:</b>					
7101	Other income (notes 6(b), 6(c) and 6(v))	80,902	-	65,509	-
7102	Other gains and losses, net (note 6(w))	(5,999)	-	(22,707)	-
7105	Financial costs	(4,507)	-	(2,199)	-
7060	Share of gain of subsidiaries, associates and joint ventures accounted for using equity method (note 6(g))	<u>722,997</u>	<u>4</u>	<u>474,045</u>	<u>3</u>
		<u>793,393</u>	<u>4</u>	<u>514,648</u>	<u>3</u>
7900	<b>Profit (loss) from continuing operations before tax</b>	<b>2,051,894</b>	<b>11</b>	<b>1,695,832</b>	<b>11</b>
7950	Less: Income tax expenses (note 6(q))	<u>329,586</u>	<u>2</u>	<u>291,157</u>	<u>2</u>
	<b>Profit (loss)</b>	<b>1,722,308</b>	<b>9</b>	<b>1,404,675</b>	<b>9</b>
8300	<b>Other comprehensive income:</b>				
8310	<b>Components of other comprehensive income that will not be reclassified to profit or loss</b>				
8311	Gains (losses) on remeasurements of defined benefit plans	(2,305)	-	(7,913)	-
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	253,409	1	15,256	-
8330	Share of other comprehensive income of subsidiaries, associates and joint ventures accounted for using equity method, components of other comprehensive income that will not be reclassified to profit or loss	(917)	-	2,154	-
8349	Less: Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	<u>(461)</u>	<u>-</u>	<u>(2,882)</u>	<u>-</u>
		<u>250,648</u>	<u>1</u>	<u>12,379</u>	<u>-</u>
8360	<b>Components of other comprehensive income that will be reclassified to profit or loss</b>				
8361	Exchange differences on translation of foreign financial statements	(73,160)	-	(11,315)	-
8380	Share of other comprehensive income of subsidiaries, associates and joint ventures accounted for using equity method, components of other comprehensive income that will be reclassified to profit or loss	(164)	-	94	-
8399	Less: Income tax related to components of other comprehensive income that will be reclassified to profit or loss	<u>(14,632)</u>	<u>-</u>	<u>(3,422)</u>	<u>-</u>
	<b>Components of other comprehensive income that will be reclassified to profit or loss</b>	<b>(58,692)</b>	<b>-</b>	<b>(7,799)</b>	<b>-</b>
8300	<b>Other comprehensive income</b>	<b>191,956</b>	<b>1</b>	<b>4,580</b>	<b>-</b>
	<b>Comprehensive income</b>	<b>\$ 1,914,264</b>	<b>10</b>	<b>1,409,255</b>	<b>9</b>
<b>Earnings per share: (note 6(s))</b>					
9750	Basic earnings per share (NT dollars)	\$	9.48	\$	7.73
9850	Diluted earnings per share (NT dollars)	\$	9.42	\$	7.68



(English Translation of Financial Statements and Report Originally Issued in Chinese)  
TOPCO SCIENTIFIC CO., LTD.

Statements of Changes in Equity

For the years ended December 31, 2019 and 2018

(Expressed in Thousands of New Taiwan Dollars)

	Retained earnings					Exchange differences on translation of foreign financial statements	Other equity		Total equity	
	Ordinary shares	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings		Total retained earnings	Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income		Total other equity
Balance at January 1, 2018	\$ 1,816,996	2,340,746	1,028,069	28,851	2,533,071	3,589,991	(37,245)	210,678	173,433	7,921,166
Profit for the year ended December 31, 2018	-	-	-	-	1,404,675	1,404,675	-	-	-	1,404,675
Other comprehensive income	-	-	-	-	(5,044)	(5,044)	(7,799)	17,423	9,624	4,580
Total comprehensive income	-	-	-	-	1,399,631	1,399,631	(7,799)	17,423	9,624	1,409,335
Appropriation and distribution of retained earnings:										
Legal reserve appropriated	-	-	99,763	-	(99,763)	-	-	-	-	-
Special reserve appropriated	-	-	-	10,299	(10,299)	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(763,138)	(763,138)	-	-	-	(763,138)
Changes in ownership interests in subsidiaries	-	-	-	-	(6,247)	(6,247)	-	-	-	(6,247)
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	(56,087)	(56,087)	-	56,087	56,087	-
Other	-	(67)	-	-	-	-	-	-	-	(67)
Balance at December 31, 2018	1,816,996	2,340,679	1,127,832	39,150	2,997,168	4,164,150	(45,044)	284,188	239,144	8,560,969
Profit for the year ended December 31, 2019	-	-	-	-	1,722,308	1,722,308	-	-	-	1,722,308
Other comprehensive income	-	-	-	-	(1,843)	(1,843)	(58,692)	252,491	193,799	191,956
Total comprehensive income	-	-	-	-	1,720,465	1,720,465	(58,692)	252,491	193,799	1,914,264
Appropriation and distribution of retained earnings:										
Legal reserve appropriated	-	-	140,468	-	(140,468)	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(963,008)	(963,008)	-	-	-	(963,008)
Reversal of special reserve	-	-	-	(39,150)	39,150	-	-	-	-	-
Changes in ownership interests in subsidiaries	-	(3)	-	-	(8)	(8)	-	-	-	(11)
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	(4,251)	(4,251)	-	4,251	4,251	-
Balance at December 31, 2019	\$ 1,816,996	2,340,676	1,268,300	-	3,649,048	4,917,348	(103,736)	540,930	437,194	9,512,214

(English Translation of Financial Statements and Report Originally Issued in Chinese)  
TOPCO SCIENTIFIC CO., LTD.

Statements of Cash Flows  
For the years ended December 31, 2019 and 2018  
(Expressed in Thousands of New Taiwan Dollars)

	2019	2018
Cash flows from (used in) operating activities:		
Profit before tax	\$ 2,051,894	1,695,832
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expense	98,710	53,473
Amortization expense	8,368	3,997
Expected credit loss (gain)	(437)	(7,607)
Net loss on financial assets at fair value through profit or loss	876	3,246
Interest expense	4,507	2,159
Interest income	(5,736)	(4,869)
Dividend income	(30,900)	(23,832)
Share of loss (profit) of subsidiaries, associates and joint ventures accounted for using equity method	(722,997)	(474,045)
Loss from disposal of property, plant and equipment	-	385
Others	787	2,046
Total adjustments to reconcile profit (loss)	(647,822)	(445,097)
Changes in operating assets and liabilities:		
Changes in operating assets:		
Increase in notes and accounts receivable	(757,738)	(122,046)
Increase in inventories	(103,120)	(116,623)
Decrease (increase) in financial assets at fair value through profit or loss	(46)	958
Decrease (increase) in other current assets	54,239	(103,109)
Decrease (increase) in other current financial assets	8,157	(12,106)
Total changes in operating assets	(798,508)	(353,726)
Changes in operating liabilities:		
Increase in notes and accounts payable	801,905	38,645
Increase in contract liabilities	34,954	7,372
Increase in other current financial liabilities	90,134	83,743
Decrease in current provisions	(341)	(318)
Increase (decrease) in current refund liabilities	36,641	(64,982)
Increase (decrease) in other current liabilities	(36,474)	3,029
Increase in net defined benefit liability	3,587	3,416
Total changes in operating liabilities	930,416	70,905
Total changes in operating assets and liabilities	131,908	(281,821)
Total adjustments	(515,914)	(726,828)
Cash inflow generated from operations	1,535,980	969,004
Interest received	6,600	5,017
Interest paid	(4,283)	(2,067)
Dividends received	227,015	167,677
Income taxes paid	(183,432)	(216,731)
Net cash flows from operating activities	1,581,880	922,900
Cash flows from (used in) investing activities:		
Proceeds from disposal of financial assets at fair value through other comprehensive income	4,416	8,843
Proceeds from capital reduction of financial assets at fair value through profit or loss	1,219	1,220
Acquisition of financial assets at fair value through profit or loss	(13,462)	(19,617)
Acquisition of investments accounted for using equity method	(268,221)	(268,000)
Acquisition of property, plant and equipment	(94,915)	(132,918)
Proceeds from disposal of property, plant and equipment	-	90
Decrease in refundable deposits	2,231	101
Acquisition of intangible assets	(1,641)	(12,466)
Increase in restricted assets	(500)	(1,880)
Others	-	(620)
Net cash flows from (used in) investing activities	(370,873)	(425,047)
Cash flows from (used in) financing activities:		
Increase (decrease) in short-term loans	225,000	(120,000)
Cash dividends paid	(963,098)	(763,138)
Increase (decrease) in guarantee deposits	(966)	1,566
Payment of lease liabilities	(27,708)	-
Others	-	(67)
Net cash flows from (used in) financing activities	(766,682)	(881,629)
Net increase (decrease) in cash and cash equivalents	444,325	(383,786)
Cash and cash equivalents at beginning of period	645,462	1,029,248
Cash and cash equivalents at end of period	\$ 1,089,787	645,462

(English Translation of Consolidated Financial Statements and Report Originally Issued in Chinese)  
**TOPCO SCIENTIFIC CO., LTD. AND SUBSIDIARIES**

**Consolidated Balance Sheets**

**December 31, 2019 and 2018**

(Expressed in Thousands of New Taiwan Dollars)

	December 31, 2019		December 31, 2018			December 31, 2019		December 31, 2018			
	Amount	%	Amount	%		Amount	%	Amount	%		
<b>Assets</b>					<b>Liabilities and Equity</b>						
<b>Current assets:</b>					<b>Current liabilities:</b>						
1100	Cash and cash equivalents (note 6(a))	\$ 3,133,630	16	2,480,878	14	2000	Short-term borrowings (note 6(e))	\$ 1,038,339	5	881,068	5
1110	Current financial assets at fair value through profit or loss (note 6(b))	197,109	1	220,207	1	2130	Current contract liabilities (note 6(w))	741,801	4	704,408	4
1140	Current contract assets (note 6(v))	581,421	3	494,353	3	2170	Notes and accounts payable	4,062,497	21	3,528,798	21
1170	Notes and accounts receivable, net (note 6(d))	5,074,125	26	4,851,381	28	2180	Notes and accounts payable to related parties (note 7)	1,655,642	9	1,704,271	10
1180	Notes and accounts receivable due from related parties, net (notes 6(d) and 7)	118,273	1	93,367	1	2200	Other current financial liabilities	607,791	3	517,822	3
1476	Other current financial assets (notes 6(c) and 8)	117,748	-	151,849	1	2250	Current provisions (note 6(i))	194,127	1	138,108	1
1390	Inventories, net (note 6(f))	3,302,721	17	2,657,651	15	2280	Current lease liabilities (note 6(g))	86,252	-	-	-
1479	Other current assets, others	406,622	2	486,369	3	2320	Long-term borrowings, current portion (note 6(o))	62,412	-	48,720	-
		<u>12,931,680</u>	<u>66</u>	<u>11,445,655</u>	<u>66</u>	2365	Current related liabilities	57,337	-	27,367	-
						2399	Other current liabilities	<u>229,566</u>	<u>1</u>	<u>189,683</u>	<u>1</u>
								<u>8,736,164</u>	<u>44</u>	<u>7,740,245</u>	<u>43</u>
<b>Non-current assets:</b>					<b>Non-current liabilities:</b>						
1510	Non-current financial assets at fair value through profit or loss (note 6(b))	111,097	-	99,081	-	2540	Long-term borrowings (note 6(o))	599,382	3	426,944	2
1517	Non-current financial assets at fair value through other comprehensive income (note 6(c))	829,550	4	581,475	3	2580	Non-current lease liabilities (note 6(p))	293,681	2	-	-
1550	Investments accounted for using equity method (note 6(g))	1,529,405	8	1,385,978	8	2670	Deferred tax liabilities and other non-current liabilities (note 6(i))	364,467	2	284,854	2
1600	Property, plant and equipment (note 6(j))	3,521,162	18	3,526,931	21	2640	Non-current net defined benefit liability (note 6(j))	<u>204,636</u>	<u>1</u>	<u>198,794</u>	<u>1</u>
1755	Right-of-use assets (note 6(k))	376,108	2	-	-			<u>1,372,226</u>	<u>8</u>	<u>910,592</u>	<u>5</u>
1760	Investment property, net (note 6(f))	126,075	1	62,369	-			<u>10,108,790</u>	<u>52</u>	<u>8,650,837</u>	<u>50</u>
1840	Deferred tax assets (note 6(i))	113,783	1	108,788	1	<b>Total liabilities</b>					
1900	Other non-current assets (notes 6(m) and 8)	98,684	-	106,228	1	<b>Equity attributable to owners of parent:</b>					
		<u>6,707,861</u>	<u>24</u>	<u>5,791,750</u>	<u>24</u>	3100	Ordinary shares (note 6(u))	1,816,996	9	1,816,996	11
						3200	Capital surplus (note 6(u))	2,340,676	12	2,340,679	14
						3300	Retained earnings (note 6(u))	4,917,348	25	4,164,150	24
						3400	Other equity (note 6(u))	<u>457,194</u>	<u>2</u>	<u>239,144</u>	<u>1</u>
								<u>9,531,214</u>	<u>48</u>	<u>8,560,969</u>	<u>50</u>
						3610	Non-controlling interests	<u>18,900</u>	<u>-</u>	<u>25,599</u>	<u>-</u>
								<u>9,550,114</u>	<u>48</u>	<u>8,586,568</u>	<u>50</u>
<b>Total assets</b>		<u>\$ 19,639,504</u>	<u>100</u>	<u>17,237,405</u>	<u>100</u>	<b>Total liabilities and equity</b>					
								<u>\$ 19,639,504</u>	<u>100</u>	<u>17,237,405</u>	<u>100</u>

(English Translation of Consolidated Financial Statements and Report Originally Issued in Chinese)  
**TOPCO SCIENTIFIC CO., LTD. AND SUBSIDIARIES**  
**Consolidated Statements of Comprehensive Income**  
**For the years ended December 31, 2019 and 2018**  
(Expressed in Thousands of New Taiwan Dollars, Except for Earnings Per Common Share  
which is expressed in New Taiwan Dollars)

	2019		2018	
	Amount	%	Amount	%
<b>Operating Revenues: (notes 6(w) and 7)</b>				
4110 Net sales revenue	\$ 27,077,760	85	24,329,039	84
4520 Construction revenue	3,665,901	12	3,652,193	13
4800 Other operating revenue	956,855	3	879,967	3
Operating revenue, net	<u>31,700,516</u>	<u>100</u>	<u>28,861,199</u>	<u>100</u>
<b>Operating costs: (notes 6(f), 7 and 12(a))</b>				
5110 Cost of sales	24,304,990	77	21,761,782	75
5500 Construction cost	3,233,788	10	3,433,398	12
5800 Other operating costs	242,025	1	263,049	1
	<u>27,781,703</u>	<u>88</u>	<u>25,458,229</u>	<u>88</u>
5910 Less: Unrealized profit (loss) from sales	(292)	-	(292)	-
Gross profit	<u>3,919,105</u>	<u>12</u>	<u>3,403,262</u>	<u>12</u>
<b>Operating expenses: (notes 6(x), 7 and 12(a))</b>				
6100 Selling expenses	1,111,360	3	981,238	4
6200 Administrative expenses	885,021	3	879,256	3
6300 Research and development expenses	77,361	-	22,353	-
Total operating expenses	<u>2,073,742</u>	<u>6</u>	<u>1,882,847</u>	<u>7</u>
Net operating income	<u>1,845,363</u>	<u>6</u>	<u>1,520,415</u>	<u>5</u>
<b>Non-operating income and expenses:</b>				
7010 Other income (notes 6(b), 6(c) and 6(y))	82,798	-	66,139	-
7020 Other gains and losses, net (notes 6(g) and 6(z))	(27,666)	-	(38,290)	-
7050 Finance costs	(30,669)	-	(24,745)	-
7060 Share of gain of associates and joint ventures accounted for using equity method (note 6(g))	348,306	1	280,953	1
7670 Impairment loss (notes 6(g), 6(h) and 6(j))	(9,933)	-	(9,495)	-
	<u>362,836</u>	<u>1</u>	<u>274,562</u>	<u>1</u>
Profit (loss) from continuing operations before tax	<u>2,208,199</u>	<u>7</u>	<u>1,794,977</u>	<u>6</u>
7950 Less: Income tax expenses (note 6(i))	(491,246)	2	(412,389)	1
Profit (loss)	<u>1,716,953</u>	<u>5</u>	<u>1,381,588</u>	<u>5</u>
<b>Other comprehensive income:</b>				
8310 Components of other comprehensive income that will not be reclassified to profit or loss				
8311 Gains (losses) on remeasurements of defined benefit plans	(2,305)	-	(7,913)	-
8316 Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	252,491	1	17,423	-
8320 Share of other comprehensive income of associates and joint ventures accounted for using equity method, components of other comprehensive income that will not be reclassified to profit or loss	1	-	(13)	-
8349 Less: income tax related to components of other comprehensive income that will not be reclassified to profit or loss	(461)	-	(2,882)	-
	<u>250,648</u>	<u>1</u>	<u>12,379</u>	<u>-</u>
8360 Components of other comprehensive income (loss) that will be reclassified to profit or loss				
8361 Exchange differences on translation of foreign financial statements	(73,179)	-	(11,135)	-
8370 Share of other comprehensive income of associates and joint ventures accounted for using equity method, components of other comprehensive income that will be reclassified to profit or loss	(145)	-	(86)	-
8399 Less: income tax related to components of other comprehensive income that will be reclassified to profit or loss	(14,632)	-	(3,422)	-
	<u>(88,456)</u>	<u>-</u>	<u>(17,799)</u>	<u>-</u>
8300 Other comprehensive income	<u>191,956</u>	<u>1</u>	<u>4,580</u>	<u>-</u>
Comprehensive income	<u>\$ 1,908,909</u>	<u>6</u>	<u>1,386,168</u>	<u>5</u>
Profit, attributable to:				
8610 Profit, attributable to owners of parent	\$ 1,722,308	5	1,404,675	5
8620 Profit, attributable to non-controlling interests	(5,355)	-	(23,087)	-
	<u>\$ 1,716,953</u>	<u>5</u>	<u>1,381,588</u>	<u>5</u>
Comprehensive income attributable to:				
Comprehensive income, attributable to owners of parent	\$ 1,914,264	6	1,409,255	5
Comprehensive income, attributable to non-controlling interests	(5,355)	-	(23,087)	-
	<u>\$ 1,908,909</u>	<u>6</u>	<u>1,386,168</u>	<u>5</u>
<b>Earnings per share: (note 6(v))</b>				
9750 Basic net income per share	\$ 9.48		7.73	
9850 Diluted net income per share	\$ 9.42		7.68	

(English Translation of Consolidated Financial Statements and Report Originally Issued in Chinese)  
**TOPCO SCIENTIFIC CO., LTD. AND SUBSIDIARIES**

**Consolidated Statements of Changes in Equity**  
**For the years ended December 31, 2019 and 2018**  
 (Expressed in Thousands of New Taiwan Dollars)

	Equity attributable to owners of parent											
	Retained earnings					Other equity			Total other equity	Total equity attributable to owners of parent	Non-controlling interests	Total equity
	Ordinary shares	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Total retained earnings	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income				
Balance at January 1, 2018	\$ 1,816,996	2,340,746	1,028,069	28,831	2,533,071	3,389,991	(37,245)	210,678	173,433	7,921,166	8,938	7,930,104
Profit for the year ended December 31, 2018	-	-	-	-	1,404,675	1,404,675	-	-	-	1,404,675	(23,087)	1,381,588
Other comprehensive income	-	-	-	-	(5,044)	(5,044)	(7,799)	17,423	9,624	4,582	-	4,582
Total comprehensive income	-	-	-	-	1,399,631	1,399,631	(7,799)	17,423	9,624	1,409,257	(23,087)	1,386,169
Appropriation and distribution of retained earnings:												
Legal reserve appropriated	-	-	99,763	-	(99,763)	-	-	-	-	-	-	-
Special reserve appropriated	-	-	-	10,299	(10,299)	-	-	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(763,138)	(763,138)	-	-	-	(763,138)	-	(763,138)
Changes in ownership interests in subsidiaries	-	-	-	-	(6,247)	(6,247)	-	-	-	(6,247)	-	(6,247)
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	39,748	39,748
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	(56,087)	(56,087)	-	56,087	56,087	-	-	-
Other	-	(67)	-	-	-	-	-	-	-	(67)	-	(67)
Balance at December 31, 2018	1,816,996	2,340,679	1,127,832	39,130	2,997,168	4,164,150	(45,044)	284,188	239,144	8,569,969	25,399	8,595,368
Profit for the year ended December 31, 2019	-	-	-	-	1,722,308	1,722,308	-	-	-	1,722,308	(5,355)	1,716,953
Other comprehensive income	-	-	-	-	(1,863)	(1,863)	(58,652)	252,491	193,799	191,956	-	191,956
Total comprehensive income	-	-	-	-	1,720,445	1,720,445	(58,652)	252,491	193,799	1,914,264	(5,355)	1,908,909
Appropriation and distribution of retained earnings:												
Legal reserve appropriated	-	-	140,468	-	(140,468)	-	-	-	-	-	-	-
Special reserve appropriated	-	-	-	(39,150)	39,150	-	-	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(963,008)	(963,008)	-	-	-	(963,008)	-	(963,008)
Changes in ownership interests in subsidiaries	-	(3)	-	-	(8)	(8)	-	-	-	(11)	-	(11)
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	(1,344)	(1,344)
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	(4,251)	(4,251)	-	4,251	4,251	-	-	-
Balance at December 31, 2019	\$ 1,816,996	2,340,676	1,268,300	-	3,649,848	4,917,348	(103,736)	540,930	437,194	9,512,214	18,980	9,531,194

(English Translation of Consolidated Financial Statements and Report Originally Issued in Chinese)  
TOPCO SCIENTIFIC CO., LTD. AND SUBSIDIARIES

Consolidated Statements of Cash Flows  
For the years ended December 31, 2019 and 2018  
(Expressed in Thousands of New Taiwan Dollars)

	2019	2018
Cash flows from (used in) operating activities:		
Profit before tax	\$ 2,208,199	1,794,977
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expense	262,945	157,065
Amortization expense	12,904	7,352
Expected credit loss (gain)	1,471	(121)
Net loss (gain) on financial assets at fair value through profit or loss	(1,962)	14,446
Interest expense	30,669	24,745
Interest income	(27,138)	(18,058)
Dividends income	(30,934)	(23,832)
Share of loss (profit) of associates and joint ventures accounted for using equity method	(348,306)	(280,953)
Loss on disposal of property, plant and equipment	6,801	1,165
Loss on disposal of investments accounted for using equity method	2,485	-
Impairment loss	9,933	9,495
Others	1,471	2,323
Total adjustments to reconcile profit (loss)	(79,661)	(106,373)
Changes in operating assets and liabilities:		
Changes in operating assets:		
Increase in notes and accounts receivable	(240,585)	(1,124,539)
Increase in inventories	(645,670)	(165,660)
Decrease (increase) in financial assets at fair value through profit or loss	24,296	109,674
Decrease (increase) in other current assets	84,435	(82,059)
Decrease (increase) in other current financial assets	(881)	61,728
Increase in contract assets	(87,068)	(353,214)
Increase in other operating assets	-	(1,120)
Total changes in operating assets	(865,473)	(1,564,194)
Changes in operating liabilities:		
Increase in notes and accounts payable	485,070	1,220,244
Increase (decrease) in contract liabilities	37,593	(155,536)
Increase in other current financial liabilities	98,800	112,478
Increase in current provisions	56,019	66,367
Decrease in current refund liabilities	30,370	(58,711)
Decrease in other current liabilities	(37,657)	(10,658)
Increase in other operating liabilities	3,592	3,416
Total changes in operating liabilities	673,592	1,177,600
Total changes in operating assets and liabilities	(191,881)	(386,594)
Total adjustments	(271,542)	(492,967)
Cash inflow generated from operations	1,936,657	1,302,010
Interest received	27,204	17,639
Dividends received	149,559	121,424
Interest paid	(32,361)	(25,420)
Income taxes paid	(323,091)	(321,899)
Net cash flows from operating activities	1,757,968	1,093,754
Cash flows from (used in) investing activities:		
Acquisition of financial assets at fair value through other comprehensive income	(13,462)	(36,632)
Proceeds from disposal of financial assets at fair value through other comprehensive income	5,416	10,642
Proceeds from capital reduction of financial assets at fair value through profit or loss	1,219	1,220
Proceeds from disposal of associates accounted for investments accounted for using equity method	1,500	-
Proceeds from disposal of property, plant and equipment	34,567	7,801
Acquisition of property, plant and equipment	(312,462)	(278,019)
Decrease (increase) in refundable deposits	4,431	(2,982)
Acquisition of intangible assets	(3,737)	(13,464)
Net cash inflows (outflows) from acquisition of subsidiaries	-	7,278
Decrease (increase) in restricted assets	34,716	(52,189)
Net cash flows from investing activities	(247,812)	(356,296)
Cash flows from (used in) financing activities:		
Increase in short-term loans	157,271	94,264
Issuance of long-term borrowings	150,420	16,200
Repayments of long-term borrowings	(54,386)	(48,342)
Decrease in guarantee deposits received	(2,612)	(54)
Payment of lease liabilities	(77,706)	-
Cash dividends paid	(963,008)	(763,138)
Change in non-controlling interests	(1,355)	(1,394)
Others	-	(67)
Net cash flows from financing activities	(791,376)	(702,441)
Effect of exchange rate changes on cash and cash equivalents	(66,028)	(9,003)
Net increase in cash and cash equivalents	652,752	26,014
Cash and cash equivalents at beginning of period	2,480,878	2,454,864
Cash and cash equivalents at end of period	\$ 3,133,630	2,480,878

## Attachment 5.

### Topco Scientific Co., Ltd. Earnings Distribution Proposal for the Year 2019

Unit:NT\$	
Item	Amount
Unappropriated retained earnings of previous years	1,932,842,922
Add(Subtract) :	
Disposal of investments in equity instruments measured at fair value through other comprehensive income	(4,251,626)
Remeasurement of defined benefit plans	(1,843,132)
changes in ownership interests in subsidiaries	(7,737)
Adjusted unappropriated retained earnings of previous years	1,926,740,427
Net income of 2019	1,722,308,373
Retained earnings available for distribution as of December 31,2019	3,649,048,800
Subtract : 10% Leagal reserve	(172,230,837)
Distribution item- Dividends to common shares holders (cash dividend at NT\$6.5 per share)	(1,181,047,186)
Unappropriated retained earnings	2,295,770,777

Chairman: Robert Lai    President: Simon Tseng    Chief Accounting Officer: Nicole Lee  
Charles Lee

## Attachment 6.

### Comparison Table of Revisions to the Articles of Incorporation

After the Revision	Before the Revision	Notes
<p>Article 2: The Company engages in the following business activities:</p> <p>(1) CB01010 Machinery and Equipment Manufacturing</p> <p>(2) CB01030 Pollution Controlling Equipment Manufacturing</p> <p>(3) CC01010 Electric Power Supply, Electric Transmission and Power Distribution Machinery</p> <p>(4) CC01080 Electronic Parts and Components Manufacturing</p> <p>(5) CC01090 Batteries Manufacturing</p> <p>(6) E103101 Environmental Protection Construction</p> <p>(7) E599010 Pipe Lines Construction</p> <p>(8) E601010 Electric Appliance Construction</p> <p>(9) E603040 Fire Fighting Equipment Construction</p> <p>(10) E603050 Cybernation Equipment Construction</p> <p>(11) E604010 Machinery Installation Construction</p> <p>(12) <u>E701030 Restrained Telecom Radio Frequency Equipment and Materials Construction</u></p> <p>(13) <u>E701040 Basic Telecommunications Equipment Construction</u></p> <p>(14) F102170 Wholesale of Food and Grocery</p> <p>(15) F106050 Wholesale of Pottery, Porcelain and Glassware</p> <p>(16) F107990 Wholesale of Other Chemical Products</p> <p>(17) F108031 Wholesale of Drugs, Medical Supplies</p> <p>(18) F108040 Wholesale of Cosmetics</p> <p>(19) F113010 Wholesale of Machinery</p> <p>(20) F113020 Wholesale of Household Appliance</p> <p>(21) F113100 Wholesale of Pollution Controlling Equipment</p> <p>(22) F113110 Wholesale of Batteries</p> <p>(23) F117010 Wholesale of Fire Fighting Equipment</p> <p>(24) F119010 Wholesale of Electronic Materials</p> <p>(25) F203010 Retail of Food Products and Groceries</p> <p>(26) F208031 Retail of Medical Equipment</p>	<p>Article 2: The Company engages in the following business activities:</p> <p>(1) CB01010 Machinery and Equipment Manufacturing</p> <p>(2) CB01030 Pollution Controlling Equipment Manufacturing</p> <p>(3) CC01010 Electric Power Supply, Electric Transmission and Power Distribution Machinery</p> <p>(4) CC01080 Electronic Parts and Components Manufacturing</p> <p>(5) CC01090 Batteries Manufacturing</p> <p>(6) E103101 Environmental Protection Construction</p> <p>(7) E599010 Pipe Lines Construction</p> <p>(8) E601010 Electric Appliance Construction</p> <p>(9) E603040 Fire Fighting Equipment Construction</p> <p>(10) E603050 Cybernation Equipment Construction</p> <p>(11) E604010 Machinery Installation Construction</p> <p>(12) F102170 Wholesale of Food and Grocery</p> <p>(13) F106050 Wholesale of Pottery, Porcelain and Glassware</p> <p>(14) F107990 Wholesale of Other Chemical Products</p> <p>(15) F108031 Wholesale of Drugs, Medical Supplies</p> <p>(16) F108040 Wholesale of Cosmetics</p> <p>(17) F113010 Wholesale of Machinery</p> <p>(18) F113020 Wholesale of Household Appliance</p> <p>(19) F113100 Wholesale of Pollution Controlling Equipment</p> <p>(20) F113110 Wholesale of Batteries</p> <p>(21) F117010 Wholesale of Fire Fighting Equipment</p> <p>(22) F119010 Wholesale of Electronic Materials</p> <p>(23) F203010 Retail of Food Products and Groceries</p> <p>(24) F208031 Retail of Medical Equipment</p> <p>(25) F208040 Retail of Cosmetics</p> <p>(26) F213010 Retail of Household Appliances</p> <p>(27) F213080 Retail of Machinery and Equipment</p>	<p>Add three new business activities and update the sequential number.</p>



After the Revision	Before the Revision	Notes
<p>(27) F208040 Retail of Cosmetics  (28) F213010 Retail of Household Appliances  (29) F213080 Retail of Machinery and Equipment  (30) F213100 Retail of Pollution Controlling Equipment  (31) F213110 Retail of Batteries  (32) F217010 Retail of Fire Fighting Equipment  (33) F219010 Retail of Electronic Materials  (34) F401010 International Trade  (35) <u>F401021 Restrained Telecom Radio Frequency Equipment and Materials Construction</u>  (36) IG03010 Energy Technical Services  (37) J101030 Waste Disposal Services  (38) J101040 Waste Treatment Services  (39) J101080 Waste Recycling Services  (40) J802010 Sport Training Business  (41) J803020 Sport and Competition Business  (42) ZZ99999 All other business activities not prohibited or restricted by law.</p>	<p>(28) F213100 Retail of Pollution Controlling Equipment  (29) F213110 Retail of Batteries  (30) F217010 Retail of Fire Fighting Equipment  (31) F219010 Retail of Electronic Materials  (32) F401010 International Trade  (33) IG03010 Energy Technical Services  (34) J101030 Waste Disposal Services  (35) J101040 Waste Treatment Services  (36) J101080 Waste Recycling Services  (37) J802010 Sport Training Business  (38) J803020 Sport and Competition Business  (39) ZZ99999 All other business activities not prohibited or restricted by law.</p>	
<p>Article 5: The total capital stock of the Company shall be in the amount of NT\$2,200,000,000, divided into 220,000,000 common shares with a par value of NT\$10. The Board of Directors may resolve to issue any unissued shares from time to time.  The Company shall reserve NT\$100,000,000 of the capital stock mentioned in the preceding paragraph for issuing 10,000,000 shares employee stock options with a par value of NT\$10. The Board of Directors may resolve to issue the employee stock options in instalments. The Board of Directors is authorized to administer the buy-back of the Company's shares where required by law.</p>	<p>Article 5: The total capital stock of the Company shall be in the amount of NT\$2,000,000,000, divided into 200,000,000 common shares with a par value of NT\$10. The Board of Directors may resolve to issue any unissued shares from time to time.  The Company shall reserve NT\$100,000,000 of the capital stock mentioned in the preceding paragraph for issuing 10,000,000 shares employee stock options with a par value of NT\$10. The Board of Directors may resolve to issue the employee stock options in instalments. The Board of Directors is authorized to administer the buy-back of the Company's shares where required by law.</p>	<p>Increase the total capital stock</p>
<p>Article 9-1  Matters to be resolved at a shareholders' meeting shall be as follows:  1. Adoption of and amendment to these Articles of Incorporation.  2. Election and discharge of directors.  3. Authorize a director who does anything for himself or on behalf of another person that is within the scope of the Company's business.  4. Enter into, amend, or terminate any contract for lease of the Company's business in whole, or for entrusted</p>	<p>Article 9-1  Matters to be resolved at a shareholders' meeting shall be as follows:  1. Adoption of and amendment to these Articles of Incorporation.  2. Election and discharge of directors <del>and supervisors</del>.  3. Authorize a director who does anything for himself or on behalf of another person that is within the scope of the Company's business.  4. Enter into, amend, or terminate any contract for lease of the Company's</p>	<p>Establish the audit committee to replace supervisors in accordance with Enforcement Letter No. Financial-Supervisory-Securities-Corporate-10703452331 issued by the</p>

After the Revision	Before the Revision	Notes
<p>business, or for regular joint operations with others.</p> <p>5. Transfer the whole or any essential part of its business or assets.</p> <p>6. Accept the transfer of another’s whole business or assets, which has great bearing on the business operation of the Company.</p> <p>7. Resolution on any other matters required by law or regulation.</p>	<p>business in whole, or for entrusted business, or for regular joint operations with others.</p> <p>5. Transfer the whole or any essential part of its business or assets.</p> <p>6. Accept the transfer of another’s whole business or assets, which has great bearing on the business operation of the Company.</p> <p>7. Resolution on any other matters required by law or regulation.</p>	<p>Financial Supervisory Commission</p>
<p>Chapter 4 Directors</p>	<p>Chapter 4 Director <del>and Supervisors</del></p>	<p>As above</p>
<p>Article 13: The Company shall have seven to nine Directors, serving a term of office of three (3) years. Directors shall be elected under the candidate nomination system of directors set out in Article 192-1 of the Company Act at the shareholders meetings and are eligible for re-election and re-appointment. The election shall adopt the cumulative voting system. The aforesaid Board of Directors must have at <u>least three (3) Independent Directors</u>. The number of Independent Directors shall constitute at least one-fifth or more of the total number of Directors. Independent Directors shall be elected from the list of Independent Directors’ nominees. The qualification of Independent Directors shall comply with the relevant regulations of the governing authority.</p>	<p>Article 13: The Company shall have seven to nine Directors <del>and three Supervisors</del>, serving a term of office of three (3) years. Directors <del>and supervisors</del> shall be elected under the candidate nomination system of directors <del>and supervisors</del> set out in Article 192-1 of the Company Act at the shareholders meetings and are eligible for re-election and re-appointment. The election shall adopt the cumulative voting system. The aforesaid Board of Directors must have at least two (2) Independent Directors. The number of Independent Directors shall constitute at least one-fifth or more of the total number of Directors. Independent Directors shall be elected from the list of Independent Directors’ nominees. The qualification of Independent Directors shall comply with the relevant regulations of the governing authority.</p>	<p>As above</p>
<p>Article 13-1: The Board of Directors is authorized to determine the remuneration to the Chairman and Directors with industry norm as the benchmark. The Company may purchase indemnity insurance to cover the liabilities of Directors appropriate for exercising their business duties during their office.</p>	<p>Article 13-1: The Board of Directors is authorized to determine the remuneration to the Chairman and Directors <del>and Supervisors</del> with industry norm as the benchmark. The Company may purchase indemnity insurance to cover the liabilities of Directors <del>or Supervisors</del> appropriate for exercising their business duties during their office. <del>The Board of Directors shall resolve to determine the level of the insurance cover.</del></p>	<p>As above</p>
<p>Article 14: Any Director who has transferred more than one half of his or her shares owned at the time of being elected during office shall be subject to ipso facto dismissal. In the case that vacancies on the Board of Directors exceed, for any reason, one third of the total number of the Directors, then the Board of Directors shall convene an extraordinary shareholders’ meeting within sixty (60) days of the</p>	<p>Article 14: Any Director <del>or Supervisor</del> who has transferred more than one half of his or her shares owned at the time of being elected during office shall be subject to ipso facto dismissal. In the case that vacancies on the Board of Directors exceed, for any reason, one third of the total number of the Directors, <del>or where all Supervisors have been dismissed or disqualified</del>, then the Board of Directors</p>	<p>As above</p>

After the Revision	Before the Revision	Notes
<p>occurrence of the event to elect new Directors to fill such vacancies. The number of name-bearing shares of the Company held by the Directors, shall be no less than a specified percentage of the Company’s total number of issued shares. The aforesaid percentage shall be stipulated in accordance with Article 26, paragraph 2 of the “Minimum Percentages of Registered Shares to Be Held by Directors and Supervisors” of the Securities and Exchange Act.</p>	<p>shall convene an extraordinary shareholders’ meeting within sixty (60) days of the occurrence of the event to elect new Directors to fill such vacancies. The number of name-bearing shares of the Company held by the Directors <del>and Supervisors, respectively,</del> shall be no less than a specified percentage of the Company’s total number of issued shares. The aforesaid percentage shall be stipulated in accordance with Article 26, paragraph 2 of the “Minimum Percentages of Registered Shares to Be Held by Directors and Supervisors” of the Securities and Exchange Act.</p>	
<p>Article 16-1: <u>The Audit Committee and its members are responsible for carrying out the duties of supervisors set out in the Company Act, Securities and Exchange Act and other relevant laws and regulations.</u></p>	<p>Article 16-1: <u>Supervisor may exercise supervisory duties independently by law.</u></p>	As above
<p>Article 16-2: <u>deleted.</u></p>	<p>Article 16-2: <del>Duties of Supervisors are as follows:</del>  <del>(1) Supervise the execution of the Company’s business operations. Supervisor may, from time to time, conduct an investigation on the Company’s business and financial status, audit the records and documents and request the Board of Directors or managerial officers to issue a report.</del>  <del>(2) Notify the Board of Directors or Directors to stop their conduct that is in violation of the law, the Company’s Articles of Incorporation or resolutions adopted at the Shareholders’ Meeting.</del>  <del>(3) Be present in person at the meeting of Board of Directors to express his or her opinions but hold no voting rights.</del>  <del>(4) Audit the reports and records prepared by the Board of Directors presented to the Shareholders’ meeting and issue an opinion for presentation at the Shareholders’ Meeting.</del>  <del>(5) Convene the Shareholders’ Meeting where the Board of Directors resolved not to convene or are unable to convene a meeting provided that such meeting is out of necessity and in the interest of the Company.</del></p>	As above
<p>Article 16-3: <u>deleted.</u></p>	<p>Article 16-3: <del>The Company may dismiss any supervisor at the Shareholders’ Meeting in accordance with the provisions of the Company Act where such Supervisor was found to be engaged in either one of the followings:</del></p>	As above

After the Revision	Before the Revision	Notes
	<del>(1) Unlawfully disclose or openly discuss business information gained from being employed in the capacity of the Company's Supervisor;</del> <del>(2) Other act that may impair the reputation of the Company.</del>	
<p>Article 20: The Company shall set aside no less than 4% of its earnings for the period, if any, as employees' profit-sharing bonus and not more than 3% of its earnings as Directors' remuneration. Notwithstanding the forgoing, the Company shall reserve a sufficient amount of earnings to offset its accumulated losses. Where remuneration to employees are distributed by way of shares or cash, employees of affiliated enterprises of the Company may be eligible provided that certain criteria are met that approved by the Board of Directors.</p> <p>The Company's earnings for the current fiscal year shall be distributed in the following order: (1) first to be offset against losses; (2) 10 percent of the remaining earnings, if any, be set aside as legal reserve; (3) allocate or reverse special reserve in accordance with regulations or rules of the governing authority; (4) the sum of any balance remaining and accumulated retained earnings for the current period will be accumulated earnings available for distribution. The aforesaid accumulated earnings may be distributed in the manner set out in the proposal put forward by the Board of Directors and upon adoption at the meeting of shareholders.</p> <p>The Company authorizes the Board of Directors to resolve by a majority vote at a Board of Directors' meeting attended by at least two-thirds of the total number of directors to distribute dividends or bonuses in whole or in part by way of cash or to distribute the legal reserve and capital reserve in whole or in part and report such distributions to the shareholders' meeting.</p>	<p>Article 20: The Company shall set aside no less than 4% of its earnings for the period, if any, as employees' profit-sharing bonus and not more than 3% of its earnings as remuneration to Directors <u>and Supervisors</u>. Notwithstanding the forgoing, the Company shall reserve a sufficient amount of earnings to offset its accumulated losses. Where remuneration to employees are distributed by way of shares or cash, employees of affiliated enterprises of the Company may be eligible provided that certain criteria are met that approved by the Board of Directors.</p> <p>The Company's earnings for the current fiscal year shall be distributed in the following order: (1) first to be offset against losses; (2) 10 percent of the remaining earnings, if any, be set aside as legal reserve; (3) allocate or reverse special reserve in accordance with regulations or rules of the governing authority; (4) the sum of any balance remaining and accumulated retained earnings for the current period will be accumulated earnings available for distribution. The aforesaid accumulated earnings may be distributed in the manner set out in the proposal put forward by the Board of Directors and upon adoption at the meeting of shareholders.</p> <p>The Company authorizes the Board of Directors to resolve by a majority vote at a Board of Directors' meeting attended by at least two-thirds of the total number of directors to distribute dividends or bonuses in whole or in part by way of cash or to distribute the legal reserve and capital reserve in whole or in part and report such distributions to the shareholders' meeting.</p>	As above
<p>Article 22: These Articles of Incorporation were adopted on 6 February, 1990. ... (omitted); the thirty-third amendment was made on 14 June 2017; the thirty-fourth on 10 June, 2019; <u>the thirty-fifth on 22 June, 2020</u></p>	<p>Article 22: These Articles of Incorporation were adopted on 6 February, 1990. ... (omitted); the thirty-third amendment was made on 14 June 2017; the thirty-fourth on 10 June, 2019.</p>	Add the revision dates

## Attachment 7.

### Comparison Table of Revisions to the Rules for Election of Directors and Supervisors

After the Revision	Before the Revision	Notes
Rules for Election of Directors	Rules for Election of Directors and <del>Supervisors</del>	Establish the audit committee to replace supervisors in accordance with Enforcement Letter No. Financial-Supervisory-Securities-Corporate-10703452331 issued by the Financial Supervisory Commission
1. Unless otherwise provided in the Company Act or the Company's Articles of Incorporation, the Directors of the Company shall be elected in accordance with the rules specified herein.	1. Unless otherwise provided in the Company Act or the Company's Articles of Incorporation, the Directors <del>and Supervisors</del> of the Company shall be elected in accordance with the rules specified herein.	As above
2. Election of the Company's Directors shall be held at the shareholders' meeting using the single-name cumulative voting method. The number of votes exercisable in respect of one share shall be the same as the number of candidates to be elected, and the total number of votes per share may be consolidated for election of one candidate or be split for election of two or more candidates. The Company's Directors shall be elected under the candidate nomination system in accordance with Article 192-1 of the Company Act.	2. Election of the Company's Directors <del>and Supervisors</del> shall be held at the shareholders' meeting using the single-name cumulative voting method. The number of votes exercisable in respect of one share shall be the same as the number of candidates to be elected, and the total number of votes per share may be consolidated for election of one candidate or be split for election of two or more candidates. The Company's <del>Independent</del> Directors shall be elected under the candidate nomination system in accordance with Article 192-1 of the Company Act.	As above
3. The voting rights for number of Independent Directors and Non-Independent Directors shall be calculated separately in accordance with the respective number of seats of Directors to be elected set out in the Company's Articles of Incorporation. The candidates who acquire more votes should win the seats. If two or more candidates acquire the same number of votes however the specified seats available are exceeded, the candidates	3. The voting rights for number of Independent Directors and Non-Independent Directors shall be calculated separately in accordance with the respective number of seats of Directors <del>and Supervisors</del> to be elected set out in the Company's Articles of Incorporation. The candidates who acquire more votes should win the seats. If two or more candidates acquire the same number of votes however the specified seats available are exceeded, the	As above

After the Revision	Before the Revision	Notes
acquiring the same votes shall draw lots to decide who should win the seats available, and the Chairman shall draw lots on behalf of the candidate who is not present.	candidates acquiring the same votes shall draw lots to decide who should win the seats available, and the Chairman shall draw lots on behalf of the candidate who is not present.	
9. The ballots should be calculated during the meeting right after the vote casting and the list of elected Directors should be announced by the Chairman at the meeting.	9. The ballots should be calculated during the meeting right after the vote casting and the list of elected Directors <del>and Supervisors</del> should be announced by the Chairman at the meeting.	As above
10. At the conclusion of the shareholders' meeting, the Company shall issue notifications to the respective Directors elected.	10. At the conclusion of the shareholders' meeting, the Company shall issue notifications to the respective Directors <del>and Supervisor</del> elected.	As above
12. The Rules and any amendments hereafter shall come into effect upon adoption at the meeting of shareholders. <u>The Rules were adopted on 23 April, 1999. The first amendment was made on 17 May, 2002; the second on 17 June, 2013; and the third on 22 June 2020.</u>	12. The Rules and any amendments hereafter shall come into effect upon adoption at the meeting of shareholders. <u>The Rules were adopted on 23 April, 1999. The first amendment was made on 17 May, 2002; and the second on 17 June, 2013.</u>	Add revision dates

## Attachment 8.

### Comparison Table of Revisions to the Procedures for Acquisition or Disposal of Assets

After the Revision	Before the Revision	Notes
<p>7. Board of Directors' meeting Record: Where the proposal to acquire or dispose of assets by the Company is required to be submitted to the Board of Directors for approval, <u>more than one half of all audit committee members must consent to the proposal prior to it being submitted the Board of Directors for resolution.</u> <u>If the aforesaid proposal was not consented by at least one half of all the audit committee members, the proposal may be adopted by at least two third of all the Directors with the resolution of the audit committee clearly recorded in the minutes of the Board of Directors' meeting.</u> <u>All members of the audit committee and all directors referred to in the preceding paragraph shall be those that are currently in office.</u></p>	<p>7. Board of Directors' meeting Record: Where the proposal to acquire or dispose of assets by the Company is required to be submitted to the Board of Directors for approval, <u>the Board shall take into full consideration each Director and Independent Director's opinions. Each Director or Independent Director's consent or dissent and the reasons of dissent shall be recorded in the minutes of the Board meeting.</u> <u>Details of reservation expressed by any director shall be submitted to the Supervisors for review.</u></p>	<p>Establish the audit committee to replace supervisors in accordance with Enforcement Letter No. Financial-Supervisory-Securities-Corporate-10703452331 issued by the Financial Supervisory Commission</p>
<p>10.2 When the Company intends to acquire or dispose of real property or right-of-use assets thereof from or to a related party, or when it intends to acquire or dispose of assets other than real property or right-of-use assets thereof from or to a related party and the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the company's total assets, or NT\$300 million or more, except in trading of domestic government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises, the Company may not proceed to enter into a transaction contract or make a payment until the following matters have been approved by the Audit Committee and a resolution at the Board of Directors' meeting: (omitted)</p>	<p>10.2 When the Company intends to acquire or dispose of real property or right-of-use assets thereof from or to a related party, or when it intends to acquire or dispose of assets other than real property or right-of-use assets thereof from or to a related party and the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the company's total assets, or NT\$300 million or more, except in trading of domestic government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises, the Company may not proceed to enter into a transaction contract or make a payment until the following matters have been approved by a resolution at the Board of Directors' meeting and <del>recognized by the Supervisors:</del> (omitted)</p>	<p>As above</p>
<p>10.5.2 <u>Members of the Audit Committee who are Independent Directors shall comply with the provision of Article 218 of the Company Act.</u> 10.5.3 Provision of a special reserve and handling of affairs by <u>Independent Directors</u> pursuant to the preceding</p>	<p>10.5.2 <u>Supervisors</u> shall comply with the provision of the Company Act. 10.5.3 Provision of a special reserve and handling of affairs <del>by Supervisors</del> pursuant to the preceding two subparagraphs shall be reported to a shareholders meeting, and the details of the transaction shall be</p>	<p>As above</p>

After the Revision	Before the Revision	Notes
two subparagraphs shall be reported to a shareholders meeting, and the details of the transaction shall be disclosed in the annual report and any investment prospectus.	disclosed in the annual report and any investment prospectus.	
10.8 The transaction amount referred to in Article 10.2 shall be calculated in accordance with Article 15.2. "Within the preceding year" as therein refers to the year preceding the date of occurrence of the current transaction. Items that have been submitted for approval by the Board of Directors in accordance with these procedures need not be counted toward the transaction amount.	10.8 The transaction amount referred to in Article 10.2 shall be calculated in accordance with Article 15.2. "Within the preceding year" as therein refers to the year preceding the date of occurrence of the current transaction. Items that have been submitted for approval by the Board of Directors <u>and recognition by the Supervisors</u> in accordance with these procedures need not be counted toward the transaction amount.	As above
20 Adoption and amendments The Procedures and any amendments hereafter shall be approved by Audit Committee and Board of Directors for consent at shareholders' meeting. <u>If the aforesaid proposal was not consented by at least one half of all the audit committee members, the proposal may be adopted by at least two third of all the Directors with the resolution of the audit committee clearly recorded in the minutes of the Board of Directors' meeting.</u> <u>All members of the audit committee and all directors referred to in the preceding paragraph shall be those that are currently in office.</u>	20 Adoption and amendments The Procedures and any amendments hereafter shall be submitted to the Company's <del>Supervisors and</del> shareholders' meeting for consent upon adoption by the Board of Directors. <del>The Board shall take into full consideration each Director and Independent Director's opinions. Each Director or Independent Director's consent or dissent and the reasons of dissent shall be recorded in the minutes of the Board meeting. Details of reservation expressed by any director shall be submitted to the Supervisors for review.</del>	As above
21 History: The Procedures were adopted on 10 April, 1998...(omitted) the twelfth on 20 June 2017; the thirteenth on 28 December, 2018; the fourteenth on 8 May, 2019 <u>and the fifteenth on 27 March, 2020.</u>	21 History: The Procedures were adopted on 10 April, 1998...(omitted) the twelfth on 20 June 2017; the thirteenth on 28 December, 2018; and the fourteenth on 8 May, 2019.	Add revision dates



## Attachment 9.

### Comparison Table of Revisions to the Explanatory Notes for Acquisition or Disposal of Assets: Derivative Trading

After the Revision	Before the Revision	Notes
1. The Explanatory Notes were adopted in accordance with the “Regulations Governing the Acquisition and Disposal of Assets by Public Companies” stipulated by the <u>Financial Supervisory Commission (“FSC”)</u> .	1. The Explanatory Notes were adopted in accordance with the “Regulations Governing the Acquisition and Disposal of Assets by Public Companies” stipulated by the <del>Securities and Futures Bureau of the Ministry of Finance.</del>	In line with the renaming of the Financial Supervisory Commission
2. The term “derivatives” used herein refer to <u>forward contracts, options contracts, futures contracts, leverage contracts, or swap contracts, whose value is derived from a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable; or hybrid contracts combining the above contracts; or hybrid contracts or structured products containing embedded derivatives.</u> The term "forward contracts" does not include insurance contracts, performance contracts, after-sales service contracts, long-term leasing contracts, or long-term purchase (sales) contracts.	2. The term “derivatives” used herein refer to <del>forward contracts, options contracts, futures contracts, leverage contracts, swap contracts, or hybrid contracts combining the aforesaid contracts</del> of which the value is derived from a specified asset, <del>interest rate, foreign exchange rate, indexes, or other benefits;</del> The term "forward contracts" does not include insurance contracts, performance contracts, after-sales service contracts, long-term leasing contracts, or long-term purchase (sales) contracts.	Revision in line with the regulations
3. The types of derivative transactions that the Company may engage in are limited to forwards, options and swaps contracts. Where the need arises for the Company to engage in other types of derivative transactions not listed herein, each of type of derivative trading shall be individually submitted to the <u>Audit Committee and the Board of Directors</u> for approval after which the transactions may be undertaken.	3. The types of derivative transactions that the Company may engage in are limited to forwards, options and swaps contracts. Where the need arises for the Company to engage in other types of derivative transactions not listed herein, each type of derivative trading shall be individually submitted to the Board of Directors for approval after which the transactions may be undertaken.	Establish the audit committee to replace supervisors in accordance with Enforcement Letter No. Financial-Supervisory-Securities-Corporate-10703452331 issued by the Financial Supervisory Commission
5. The finance department shall be responsible for collecting the relevant laws and regulations governing derivatives, designing the hedging strategy, and evaluating the market trends and potential risks to make recommendations for the hedging strategy and position/exposure for approval by the responsible manager. The following authorization limits apply to derivative trading:	5. The finance department shall be responsible for collecting the relevant laws and regulations governing derivatives, designing the hedging strategy, and evaluating the market trends and potential risks to make recommendations for the hedging strategy and position/exposure for approval by the responsible manager. The following authorization limits apply to derivative trading:	Revise expression of text

After the Revision			Before the Revision			Notes														
<table border="1"> <thead> <tr> <th>Level</th> <th>Daily Total Exposure</th> <th>Each Cumulative Net Exposure</th> </tr> </thead> <tbody> <tr> <td>Board of Directors</td> <td><u>In excess of US \$ 3 million</u></td> <td><u>In excess of US\$ 10 million</u></td> </tr> <tr> <td>Senior executive authorized by the Board of Directors</td> <td>Under US\$ 3 million</td> <td>Under US\$ 10 million</td> </tr> </tbody> </table> <p>Where the daily transaction amount or each cumulative open position exceeds the authorization limit, the transaction cannot be undertaken without the prior approval of the appropriate authority delegate.</p>	Level	Daily Total Exposure	Each Cumulative Net Exposure	Board of Directors	<u>In excess of US \$ 3 million</u>	<u>In excess of US\$ 10 million</u>	Senior executive authorized by the Board of Directors	Under US\$ 3 million	Under US\$ 10 million	<table border="1"> <thead> <tr> <th>Level</th> <th>Daily Total Exposure</th> <th>Each Cumulative Net Exposure</th> </tr> </thead> <tbody> <tr> <td>Board of Directors</td> <td><u>Over US\$ 3 million</u></td> <td><u>Over US\$ 10 million</u></td> </tr> <tr> <td>Senior executive authorized by the Board of Directors</td> <td>Under US\$ 3 million</td> <td>Under US\$ 10 million</td> </tr> </tbody> </table> <p>Where the daily transaction amount or each cumulative open position exceeds the authorization limit, the transaction cannot be undertaken without the prior approval of the appropriate authority delegate.</p>	Level	Daily Total Exposure	Each Cumulative Net Exposure	Board of Directors	<u>Over US\$ 3 million</u>	<u>Over US\$ 10 million</u>	Senior executive authorized by the Board of Directors	Under US\$ 3 million	Under US\$ 10 million	
Level	Daily Total Exposure	Each Cumulative Net Exposure																		
Board of Directors	<u>In excess of US \$ 3 million</u>	<u>In excess of US\$ 10 million</u>																		
Senior executive authorized by the Board of Directors	Under US\$ 3 million	Under US\$ 10 million																		
Level	Daily Total Exposure	Each Cumulative Net Exposure																		
Board of Directors	<u>Over US\$ 3 million</u>	<u>Over US\$ 10 million</u>																		
Senior executive authorized by the Board of Directors	Under US\$ 3 million	Under US\$ 10 million																		
<p>6.The total amount of hedging contracts outstanding shall be determined on the basis of the total amount of the hedged assets. The total loss of all contracts outstanding shall be limited to US\$ 1 million or the foreign currency equivalent, where the total loss of individual contract shall be limited to US\$ 300,000 or the foreign currency equivalent. Where loss arising from the hedging contracts exceeds the aforementioned limits due to market fluctuations, the finance department shall immediately report such matter to senior management personnel authorized by the Board of Directors to take the necessary actions; the matter shall also be reported to the Board of Directors and publicly announced within two days (including) of the date of occurrence of the event, on the website designated by the <u>Financial Supervisory Commission</u>.</p>	<p>6.The total amount of hedging contracts outstanding shall be determined on the basis of the total amount of the hedged assets. The total loss of all contracts outstanding shall be limited to US\$ 1 million or the foreign currency equivalent, where the total loss of individual contract shall be limited to US\$ 300,000 or the foreign currency equivalent. Where loss arising from the hedging contracts exceeds the aforementioned limits due to market fluctuations, the finance department shall immediately report such matter to senior management personnel authorized by the Board of Directors to take the necessary actions; the matter shall also be reported to the Board of Directors and publicly announced within two days (including) of the date of occurrence of the event, on the website designated by <del>the Bureau</del>.</p>	Revision of the wording																		
<p>8.The finance department shall compile monthly reports on the status of derivatives trading engaged in up to the end of the preceding month by the Company and any subsidiaries and enter the information in the prescribed format into the information reporting website designated by the <u>Financial Supervisory Commission</u> by the 10th day of each month in accordance with the “Regulations Governing the Acquisition and Disposal of Assets by Public Companies”.</p>	<p>8.The finance department shall compile monthly reports on the status of derivatives trading engaged in up to the end of the preceding month by the Company and any subsidiaries and enter the information in the prescribed format into the information reporting website designated by the <del>Bureau</del> by the 10th day of each month in accordance with the “Regulations Governing the Acquisition and Disposal of Assets by Public Companies”.</p>	Revision of the wording																		
<p>9.The personnel of the finance department responsible for confirming the transactions shall verify the accuracy of the</p>	<p>9.The personnel of the finance department responsible for confirming the transactions shall verify the</p>	Revision of the wording																		

After the Revision	Before the Revision	Notes
<p>transactions with the banks engaging in the trading; and shall prepare settlement reports in accordance with the settlement documents issued by the financial institutions. The aforesaid settlement reports shall specify the transaction date, type of derivate transaction, contractual term and amount, the name and amount of assets or liabilities being hedged, cumulative transaction amount and description of the transaction for review by the financial accounting manager and approval by senior management personnel authorized by the Board of Directors. After verifying the transaction details, the person confirming the trade shall forward the settlement documents to the person executing the settlement to proceed with settlement. The settlement personnel shall periodically review the Company’s cash flow status to ensure successful settlement on the agreed date. A copy of the settlement report shall be forwarded to the finance department for record keeping and account posting. The finance department shall also verify whether the total transaction amount is in breach of the transaction limits set out in the <u>explanatory notes</u> herein.</p>	<p>accuracy of the transactions with the banks engaging in the trading; and shall prepare settlement reports in accordance with the settlement documents issued by the financial institutions. The aforesaid settlement reports shall specify the transaction date, type of derivate transaction, contractual term and amount, the name and amount of assets or liabilities being hedged, cumulative transaction amount and description of the transaction for review by the financial accounting manager and approval by senior management personnel authorized by the Board of Directors. After verifying the transaction details, the person confirming the trade shall forward the settlement documents to the person executing the settlement to proceed with settlement. The settlement personnel shall periodically review the Company’s cash flow status to ensure successful settlement on the agreed date. A copy of the settlement report shall be forwarded to the finance department for record keeping and account posting. The finance department shall also verify whether the total transaction amount is in breach of the transaction limits set out in the <u>procedures</u> herein.</p>	
<p>10.The accounting treatment of derivative transactions shall be in accordance with the <u>financial accounting standards</u> and the relevant laws and regulations.</p>	<p>10.The accounting treatment of derivative transactions shall be in accordance with the <u>financial accounting standards including the “Accounting Standard for Foreign Currency Conversion” and “Disclosure of Financial Derivatives” as well as the “Directions on Particulars to be Disclosed in Financial Reports of Public Companies Engaging in Derivative Transactions” stipulated by the Securities and Futures Bureau of the Ministry of Finance</u> and the relevant laws and regulations.</p>	<p>Adoption of the International Financial Reporting Standards</p>
<p>13.The Company's internal audit personnel shall periodically make a determination of the suitability of internal controls on derivatives and conduct a monthly audit of how faithfully derivatives trading by the trading department adheres to the procedures for engaging in derivatives trading, and prepare an audit report. If</p>	<p>13.The Company's internal audit personnel shall periodically make a determination of the suitability of internal controls on derivatives and conduct a monthly audit of how faithfully derivatives trading by the trading department adheres to the procedures for engaging in</p>	<p>Establish the audit committee to replace supervisors in accordance with Enforcement Letter No. Financial-Supervisory-Securities-</p>

After the Revision	Before the Revision	Notes
any material violation is discovered, the <u>Audit Committee</u> shall be notified in writing.	derivatives trading, and prepare an audit report. If any material violation is discovered, all supervisors shall be notified in writing.	Corporate-10703452331 issued by the Financial Supervisory Commission
14.2.2 When irregular circumstances are found in the course of supervising trading and profit-loss circumstances, appropriate measures shall be adopted and a report immediately made to the Board of Directors; Independent Directors of the Company shall be present at the Board of Directors' meeting and express an opinion.	14.2.2 When irregular circumstances are found in the course of supervising trading and profit-loss circumstances, appropriate measures shall be adopted and a report immediately made to the Board of Directors; where a company has <del>independent directors</del> , an independent director shall be present at the meeting and express an opinion.	As above
14.2.3 The Company shall report to the most recent upcoming meeting of the Board of Directors after it authorizes the relevant personnel to handle derivatives trading in accordance with the <u>explanatory notes</u> herein for engaging in derivatives trading.	14.2.3 The Company shall report to the most recent upcoming meeting of the Board of Directors after it authorizes the relevant personnel to handle derivatives trading in accordance with the <del>procedures</del> herein for engaging in derivatives trading.	Revise wording
16. The Explanatory Notes and any amendments hereafter shall first be approved by the Board of Directors and <u>the Audit Committee</u> and then presented to the shareholders' meeting for consent. <u>If the aforesaid proposal was not consented by at least one half of all the audit committee members, the proposal may be adopted by at least two third of all the Directors with the resolution of the audit committee clearly recorded in the minutes of the Board of Directors' meeting.</u> <u>All members of the audit committee and all directors referred to in the preceding paragraph shall be those that are currently in office.</u>	16. The Explanatory Notes and any amendments hereafter shall first be approved by the Board of Directors <del>and then submitted to the Supervisors</del> and the shareholders' meeting for consent. <del>The Board of Directors shall take into full consideration each Director's opinions. Each Director's consent or objection and the reasons of objection shall be recorded in the minutes of the Board meeting for the reference of Supervisors.</del>	As above
18. <u>The Explanatory Notes were adopted on 18 February, 2003. The first amendment was made on 23 April, 2008; the second on 26 August, 2011; the third on 24 June, 2014 and the fourth on 27 March, 2020.</u>	18. <u>The Explanatory Notes were adopted on 18 February, 2003. The first amendment was made on 23 April, 2008; the second on 26 August, 2011; and the third on 24 June, 2014.</u>	Add revision dates

## Attachment 10.

### Comparison Table of Revisions to the Procedures for Loan to Others and Endorsements and Guarantees

After the Revision	Before the Revision	Notes
<p>1.3.1 In addition to complying with the provisions set out in the preceding two articles, the Company's finance department shall evaluate the borrower's business activities, financial position, repayment capability and credit worthiness, profitability and purpose of the loan to determine the necessity, reasonableness and risks of such loans, and necessity to obtain collateral and appraisal of the value thereof and to stipulate the maximum loan amount, duration of loan and calculation of interest, and assess the impact towards the Company's operating risk, financial position and shareholders' equity to include in a report for implementation upon approval by the <u>Audit Committee</u> and the Board of Directors.</p>	<p>1.3.1 In addition to complying with the provisions set out in the preceding two articles, the Company's finance department shall evaluate the borrower's business activities, financial position, repayment capability and credit worthiness, profitability and purpose of the loan to determine the necessity, reasonableness and risks of such loans, and necessity to obtain collateral and appraisal of the value thereof and to stipulate the maximum loan amount, duration of loan and calculation of interest, and assess the impact towards the Company's operating risk, financial position and shareholders' equity to include in a report for implementation upon adoption at a Board of Directors' meeting.</p>	<p>Establish the audit committee to replace supervisors in accordance with Enforcement Letter No. Financial-Supervisory-Securities-Corporate-10703452331 issued by the Financial Supervisory Commission</p>
<p>1.3.3 A rectification plan shall be formulated to deal with any change in circumstances resulting in the loan amount to be in breach of the limits, for submission to the Audit Committee.</p>	<p>1.3.3 A rectification plan shall be formulated to deal with any change in circumstances resulting in the loan amount to be in breach of the limits, for submission to <del>the Supervisors, Independent Directors</del> and the Audit Committee.</p>	<p>As above</p>
<p>1.8 The Company's internal auditors shall audit the Procedures for Loan to Others and the implementation thereof at least once every quarter, prepare written records accordingly and notify the audit committee in writing of any material violation found.</p>	<p>1.8 The Company's internal auditors shall audit the Procedures for Loan to Others and the implementation thereof at least once every quarter, prepare written records accordingly and notify <del>the Company's supervisors, independent directors</del> and the audit committee in writing of any material violation found.</p>	<p>As above</p>
<p>2.4.1 Endorsements or guarantees provided by the Company shall be approved by the <u>Audit Committee</u> and the Board of Directors. The Board of Directors may authorize the Chairman to consent to any endorsements or guarantees for subsequent submission to and ratification by the next Board of Directors' meeting in accordance with the procedures herein, to the extent that the total amount of endorsements or guarantees is no more than 10 percent of the</p>	<p>2.4.1 Endorsements or guarantees provided by the Company shall be approved by a resolution of the Board of Directors. The Board of Directors may authorize the Chairman to consent to any endorsements or guarantees for subsequent submission to and ratification by the next Board of Directors' meeting in accordance with the procedures herein, to the extent that the total amount of endorsements or guarantees is no more than 10 percent of the</p>	<p>As above</p>

After the Revision	Before the Revision	Notes
<p>Company's net worth as stated in the Company's most recent financial statements.</p> <p>Before making any endorsements/guarantees pursuant to Article 2, paragraph 2, and subparagraph 3, a subsidiary in which the Company holds, directly or indirectly, 90% or more of the voting shares shall submit the proposed endorsements/guarantees to <u>the Audit Committee</u> and the Board of Directors for a resolution, provided that this restriction shall not apply to endorsements/guarantees made between companies in which the Company holds, directly or indirectly, 100% of the voting shares</p>	<p>Company's net worth as stated in the Company's most recent financial statements.</p> <p>Before making any endorsements/guarantees pursuant to Article 2, paragraph 2, and subparagraph 3, a subsidiary in which the Company holds, directly or indirectly, 90% or more of the voting shares shall submit the proposed endorsements/guarantees to the Company's Board of Directors for a resolution, provided that this restriction shall not apply to endorsements/guarantees made between companies in which the Company holds, directly or indirectly, 100% of the voting shares</p>	
<p>2.5.1 The company receiving the guarantee or endorsement shall complete the "Application for Endorsements/guarantees" and submit the application to the finance department of the Company for processing. The original of the application form shall be kept on file. The finance department shall carefully evaluate the risks and make into a record for review and approval by the Chairman and then the approval of <u>the Audit Committee</u> and the Board of Directors.</p>	<p>2.5.1 The company receiving the guarantee or endorsement shall complete the "Application for Endorsements/guarantees" and submit the application to the finance department of the Company for processing. The original of the application form shall be kept on file. The finance department shall carefully evaluate the risks and make into a record for review and approval by the Chairman and then for resolution of the Board of Directors.</p>	As above
<p>2.5.3 Where the entity for which an endorsements/guarantees was made originally met the criteria set out in Paragraph 2 of Article 2 no longer meets the criteria subsequently, or the amount of endorsements/guarantees exceeds the limit due changes in the basis of calculating the limit, the Company shall adopt a rectification plan and submit such plan to the Audit Committee, whilst completing the rectifications according to the timeframe set out in the plan.</p>	<p>2.5.3 Where the entity for which an endorsements/guarantees was made originally met the criteria set out in Paragraph 2 of Article 2 no longer meets the criteria subsequently, or the amount of endorsements/guarantees exceeds the limit due changes in the basis of calculating the limit, the Company shall adopt a rectification plan and submit such plan to <del>all the Supervisors, Independent Directors and</del> the Audit Committee, whilst completing the rectifications according to the timeframe set out in the plan.</p>	As above
<p>2.8.1 Shall be handled in accordance with the "Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies" enforced by the FSC and the Company's procedures for</p>	<p>2.8.1 Shall be handled in accordance with the "Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies" enforced by the FSC, <del>Executive Yuan</del> and the Company's</p>	In line with the renaming of the Financial Supervisory Commission

After the Revision	Before the Revision	Notes
public announcement and declaration of information.	procedures for public announcement and declaration of information.	
4.The Company’s internal auditors shall audit the procedures and the implementation thereof at least once every quarter, prepare written records accordingly and notify the Audit Committee in writing of any material violation found.	4.The Company’s internal auditors shall audit the procedures and the implementation thereof at least once every quarter, prepare written records accordingly and notify <del>the Company’s supervisors, independent directors and</del> the Audit Committee in writing of any material violation found.	Establish the audit committee to replace supervisors in accordance with Enforcement Letter No. Financial-Supervisory-Securities-Corporate-10703452331 issued by the Financial Supervisory Commission
6.The Procedures and any amendments hereafter shall first be approved by <u>the Audit Committee</u> and the Board of Directors. If <u>the aforesaid</u> have not been consented by more than one half of the members of the Audit Committee may be adopted with the consent of at least two third of all the Company’s directors and the resolution of the Audit Committee shall be recorded in the minutes of the Board of Directors’ meeting. The members of the Audit Committee and all Directors referred to herein shall be those that are currently in office.	6.Upon adoption of the procedures by the Board of Directors, the Procedures herein shall be submitted to the <del>supervisors and</del> shareholders’ meeting for consent. <del>Any directors’ dissent noted on record or made in writing shall be submitted to the supervisors to put forward for discussion at the shareholders’ meeting. Where necessary, the Procedures and any amendments hereafter shall be filed with the FSC.</del> <del>Where the Procedures for Loan to Others and Endorsements/Guarantees are submitted to the Board of Directors for approval, the Board shall take into full consideration each Director and Independent Director’s opinions. Each Director or Independent Director’s consent or dissent and the reasons of dissent shall be recorded in the minutes of the Board meeting.</del> <del>Subsequent to the establishment of the Company’s Audit Committee, any amendments to the procedures herein consented by at least one half of the members of the Audit Committee, and adopted upon resolution at the Board of Directors’ meeting shall not be bound by the provisions of the preceding paragraph.</del> Any amendments that have not been consented by more than one half of the members of the Audit Committee may be adopted with the consent of at least two third of all the Company’s directors and the resolution of the Audit Committee shall be recorded in the minutes of the Board of Directors’ meeting. The members of the Audit Committee and all Directors referred to	As above

After the Revision	Before the Revision	Notes
	herein shall be those that are currently in office.	
	<del>8. The procedures herein and any amendments thereafter shall come into effect upon adoption by the Board of Directors.</del>	Merged with Article 6
8. The <u>operating</u> procedures were adopted on 18 February, 2003... (omitted) the ninth on 19 March, 2019 <u>and the tenth on 27 March, 2020.</u>	9. The Procedures were adopted on 18 February, 2003... (omitted) the ninth on 19 March, 2019.	Revise the article number add revision dates



**Attachment 11.**

## List of non-competition restrictions on Directors

Account No.	Name	List of non-competition restrictions on Directors
9	J. W. Kuo	Chairman of Anyong Biotechnology, Inc. Director of Shin-Etsu Handotai Taiwan Co., Ltd.
18	Jeffery Pan	Chairman of Shanghai Chong Yao Trading Co., Ltd.
34	Simon Tseng	Chairman of Kanbo Biomedical Co., Ltd. Director of Anyong Biotechnology, Inc. Director of Topco Quartz products Co., Ltd.
37	Charles Lee	Chairman of Jing Chen Energy Co., Ltd. Chairman of Jing Yang Energy Co., Ltd. Chairman of Jing Yueh Energy Co., Ltd. Chairman of Kuan Yueh Technology Co., Ltd. Director of Jia Yi Energy Co., Ltd. Director of Shin-Etsu Opto Electronic Co., Ltd.
24761	Jia Pin Investment Development Co., Ltd. Representative: Robert Lai	Director of Jia Yi Energy Co., Ltd. Independent Director, PhytoHealth Co.,Ltd. Independent Director of Yi Jinn Industrial Co.,Ltd. Independent Director, LEATEC Fine Ceramics Co.,Ltd. Independent Director, SYSAGE Technology Co., Ltd.
U12010XXXX	Cheng, Jen-Wei	Independent Director of Sunnic Technology & Merchandise Inc.

## D. Appendix

### Appendix 1.

#### Rules and Procedures of Shareholders' Meeting

1. Shareholders' Meeting of the Company (the "Meeting") shall be conducted in accordance with the Rules and Procedures.
2. Shareholders attending the Meeting shall sign in the attendance book or the attendance cards shall be submitted for the purpose of signing in. The number of shares represented by shareholders attending the Meeting shall be calculated in accordance with the attendance book or the attendance cards submitted as well as the proxies submitted in hard copy or electronically.
3. Attendance and voting at the shareholders' meeting shall be calculated in accordance with the number of shares.
4. The Meeting shall be held at the head office of the Company or at any other appropriate place that is convenient for the shareholders to attend. The time to start the Meeting shall not be earlier than 9:00 a.m. or later than 3:00 p.m.
5. The Chairman of the Board of Directors shall be the chairman presiding at the Meeting in the case that the Meeting is convened by the Board of Directors. If, for any reason, the Chairman of the Board of Directors cannot preside at the Meeting, the representative or one of the Directors shall preside at the Meeting. If the Meeting is convened by another person entitled to convene the Meeting, such person shall be the Chairman to preside at the Meeting. Where there are two or more persons having the convening right, the Chairman of the Meeting shall be elected from among themselves.
6. The Company may appoint designated legal counsel, Certified Public Accountant or other related to attend the Meeting. Persons handling affairs of the Meeting shall wear an identification card or badge.
7. The process of the Meeting shall be tape-recorded or videotaped and these tapes shall be kept for at least one year except in the event of a litigation filed by shareholders in accordance with Article 189 of the Company Act, the relevant audio or video recordings shall be kept until the litigation is concluded.
8. The Chairman shall call the Meeting to order if the number of shares represented by the shareholders present at the Meeting has reached the quorum at the time scheduled for the Meeting. Where the quorum has not been reached at the time scheduled for the Meeting, the Chairman may postpone the meeting. The postponements shall be limited to two times at the most and the Meeting shall not be postponed for long than one hour in the aggregate. If after two postponements no quorum can yet be constituted but the shareholders present at the Meeting represent more than one third of the total outstanding shares, tentative resolutions by more than 50 percent of the shareholders present may be made in accordance with Section 1, Article 175 of the Company Act. If during the process of the Meeting the number of outstanding shares represented by the shareholders present at the Meeting becomes sufficient to constitute the quorum, the Chairman may submit the tentative resolutions to the Meeting for approval in accordance with Article 174 of the Company Act.
9. The agenda of the Meeting shall be set by the Board of Directors and the Meeting shall proceed in accordance with the agenda unless otherwise resolved at the Meeting. The Chairman shall refrain anyone from making the speech shall he or she be in violation of the meeting procedures and advise such person to speak during special motion. The aforementioned provision applies *mutatis mutandis* to cases where the Meeting is convened by any person, other than the Board of directors, entitled to convene such Meeting. The shareholders cannot designate any other person as Chairman and continue the Meeting in the same or other place after the Meeting is adjourned.
10. When a shareholder present at the Meeting wishes to speak, a Speech Note shall be filled out with summary of the speech, the shareholders' number (or the number of the Attendance Card)

and the name of the shareholder. The sequence of speeches by shareholders shall be determined by the Chairman. If any shareholder present at the Meeting submits a Speech Note but does not speak, no speech shall be deemed to have been made by such shareholder. In case the contents of the speech of a shareholder are inconsistent with the contents of the Speech Note, the contents of the actual speech shall prevail. Unless otherwise permitted by the Chairman and the shareholder speaking, no shareholder shall interrupt the speeches of the other shareholders, otherwise the Chairman shall stop such interruption.

11. Each shareholder making a speech shall not speak for more than three minutes except where the Chairman permits, the speech may be extended for an additional two minutes. The Chairman may terminate the speech shall the allotted time be exceeded.
12. Unless otherwise permitted by the chairman, each shareholder shall not, for each discussion item, speak more than two times, and each time not exceeding 3 minutes. In case the speech of any shareholder violates the above provision or exceeds the scope of the discussion item, the chairman may stop the speech of such shareholder.
13. Corporate shareholders may only designate one representative to attend the Meeting. If a corporate shareholder designates two or more representatives to attend the Meeting, only one representative can speak for each discussion item.
14. After the speech of a shareholder, the chairman may respond himself/herself or appoint an appropriate person to respond.
15. The Chairman may announce to end the discussion of any resolution and go into voting if the Chairman deems it appropriate.
16. Except otherwise specified in the Company Act or the Company's Articles of Incorporation of, a resolution shall be adopted by a majority of the votes represented by the shareholders present at the Meeting. The resolution shall be deemed adopted and shall have the same effect as if it was voted by casting ballots if no objection is voiced after solicitation by the Chairman.
17. If there is amendment to or substitute for a discussion item, the Chairman shall decide the sequence of voting for such discussion item, the amendment or substitute. If any one of them has been adopted, the others shall be deemed vetoed and no further voting is necessary.
18. The person(s) to check and the person(s) to record the ballots during a vote by casting ballots shall be appointed by the Chairman. The person(s) checking the ballots shall be a shareholder(s). The result of voting shall be announced at the Meeting and placed on record.
19. During the Meeting, the Chairman may, at his discretion, set time for intermission. In case of incident of force majeure, the Chairman may decide to temporarily suspend the Meeting and announce, depending on the situation, when the Meeting will resume. If the Meeting is unable to continue at the same place prior to the discussion items (including special motions) listed in the agenda being resolved, shareholders present at the meeting may resolve to find another alternative location to continue the meeting. Shareholders present at the Meeting may resolve either to postpone or resume the Meeting within five days in accordance with Article 182 of the Company Act.
20. The Chairman may conduct the disciplinary officers or (security guards) to assist in keeping order of the Meeting place. Such disciplinary officers (or security guards) shall wear badges for identification purpose.
21. Attendees of the Meeting shall obey the instructions given by the Chairman or the disciplinary officers or (security guards) who are authorized to remove anyone who violates the rules and orders from the premise. Anyone who is ordered to leave the premise shall do so immediately.
22. Any matters not covered herein shall be governed by the Company Act and the Company's Articles of Incorporation.
23. The Rules and Procedures and any amendments hereafter shall be effective from the date approved by the shareholders' meeting.

Adopted on April 23, 1999.

First revision on May 17, 2002.

Second revision on June 6, 2012.

## Appendix 2.

### Articles of Incorporation

#### Chapter 1 General Provision

- Article 1           The Company is incorporated under the Company Act and its name is Topco Scientific Co., Ltd.
- Article 2           The Company engages in the following business activities:
- (1) CB01010 Machinery and Equipment Manufacturing
  - (2) CB01030 Pollution Controlling Equipment Manufacturing
  - (3) CC01010 Electric Power Supply, Electric Transmission and Power Distribution Machinery
  - (4) CC01080 Electronic Parts and Components Manufacturing
  - (5) CC01090 Batteries Manufacturing
  - (6) E103101 Environmental Protection Construction
  - (7) E599010 Pipelines Construction
  - (8) E601010 Electric Appliance Construction
  - (9) E603040 Fire Fighting Equipment Construction
  - (10) E603050 Cybernation Equipment Construction
  - (11) E604010 Machinery Installation Construction
  - (12) F102170 Wholesale of Food and Grocery
  - (13) F106050 Wholesale of Pottery, Porcelain and Glassware
  - (14) F107990 Wholesale of Other Chemical Products
  - (15) F108031 Wholesale of Drugs, Medical Supplies
  - (16) F108040 Wholesale of Cosmetics
  - (17) F113010 Wholesale of Machinery
  - (18) F113020 Wholesale of Household Appliance
  - (19) F113100 Wholesale of Pollution Controlling Equipment
  - (20) F113110 Wholesale of Batteries
  - (21) F117010 Wholesale of Fire Fighting Equipment
  - (22) F119010 Wholesale of Electronic Materials
  - (23) F203010 Retail of Food Products and Groceries
  - (24) F208031 Retail of Medical Equipment
  - (25) F208040 Retail of Cosmetics
  - (26) F213010 Retail of Household Appliances
  - (27) F213080 Retail of Machinery and Equipment
  - (28) F213100 Retail of Pollution Controlling Equipment
  - (29) F213110 Retail of Batteries
  - (30) F217010 Retail of Fire Fighting Equipment
  - (31) F219010 Retail of Electronic Materials
  - (32) F401010 International Trade
  - (33) IG03010 Energy Technical Services
  - (34) J101030 Waste Disposal Services
  - (35) J101040 Waste Treatment Services
  - (36) J101080 Waste Recycling Services
  - (37) J802010 Sport Training Business
  - (38) J803020 Sport and Competition Business
  - (39) Z99999 All other business activities not prohibited or restricted by law.

- Article 2-1 The Company may provide guarantees to external parties and in return charge the company receiving the guarantee a guarantee fee where appropriate.
- Article 2-2 The Company may, for business requirements, re-invest in other business enterprises and shall not be bound by Article 13 of the Company Act which stipulates that the total value of investments in such other business enterprises shall not exceed 40% of the Company's paid-up capital.
- Article 3 The registered office of the Company is located in Taipei City and whenever the Company deems necessary the Board of Directors may resolve to set up representative and branch offices at various locations within and outside the territory of the Republic of China.
- Article 4 Public announcements of the Company shall be made in accordance with Article 28 of the Company Act.

## **Chapter 2 Capital Stock**

- Article 5 The total capital stock of the Company shall be in the amount of NT\$2,000,000,000, divided into 200,000,000 common shares with a par value of NT\$10. The Board of Directors may resolve to issue any unissued shares from time to time.
- The Company shall reserve NT\$100,000,000 of the capital stock mentioned in the preceding paragraph for issuing 10,000,000 shares employee stock options with a par value of NT\$10. The Board of Directors may resolve to issue the employee stock options in instalments. The Board of Directors is authorized to administer the buy-back of the Company's shares where required by law.
- Article 6 Deleted.
- Article 7 The Company may issue shares without physical printed certificates provided that it arranges for book-entry registration with a central securities depository.
- Article 8 Registration for transfer of shares shall be suspended sixty (60) days immediately before the date of general meeting of shareholders, and thirty (30) days immediately before the date of any special meeting of shareholders, or within five (5) days before the day on which dividend, bonus, or any other benefit is scheduled to be paid by the Company.

## **Chapter 3 Meeting of Shareholders**

- Article 9 Shareholders' meetings of the Company are of two types, namely: (1) general meetings and (2) special meetings. General meetings shall be convened, by the Board of Directors, within six (6) months after the close of each fiscal year. Special meetings shall be convened in accordance with the relevant laws, rules and regulations of the Republic of China.
- Article 9-1 Matters to be resolved at a shareholders' meeting shall be as follows:
1. Adoption of and amendment to these Articles of Incorporation.
  2. Election and discharge of directors and supervisors.
  3. Authorize a director who does anything for himself or on behalf of another

person that is within the scope of the Company's business.

4. Enter into, amend, or terminate any contract for lease of the Company's business in whole, or for entrusted business, or for regular joint operations with others.
5. Transfer the whole or any essential part of its business or assets.
6. Accept the transfer of another's whole business or assets, which has great bearing on the business operation of the Company.
7. Resolution on any other matters required by law or regulation.

- Article 10 A shareholder appointing a person as proxy to attend a shareholders' meeting in the place of the shareholder shall sign or affix his/her seal thereon a proxy form printed and issued by the Company. A shareholder may issue only one proxy form and appoint only one proxy for a meeting. Shareholders appointing a person as proxy to attend a shareholders' meeting shall be handled in accordance with the relevant provision of the Company Act and the "Regulations Governing the Use of Proxies for Attendance at Shareholder Meetings of Public Companies".
- Article 11 Each shareholder of the Company is entitled to one vote for each share held, except those with no voting rights stipulated in Articles 179 and 197-1 of the Company Act.
- Article 12 Unless otherwise provided by the Company Act or other applicable laws or regulations, a resolution of a shareholders' meeting shall be made with the approval of a majority of the voting rights of the shareholders present at a meeting at which shareholders representing a majority of the total issued shares are present.
- Article 12-1 Meetings of shareholders shall be handled in accordance with the Company Act and the Articles of Incorporation as well as the Company's "Rules and Procedures of Shareholders' Meetings". All resolutions adopted at a shareholders' meeting shall be recorded in the meeting minutes and handled in accordance with Article 183 of the Company Act.

#### **Chapter 4 Directors and Supervisors**

- Article 13 The Company shall have seven to nine Directors and three Supervisors, serving a term of office of three (3) years. Directors and supervisors shall be elected under the candidate nomination system of directors and supervisors set out in Article 192-1 of the Company Act at the shareholders meetings and are eligible for re-election and re-appointment. The election shall adopt the cumulative voting system. The aforesaid Board of Directors must have at least two (2) Independent Directors. The number of Independent Directors shall constitute at least one-fifth or more of the total number of Directors. Independent Directors shall be elected from the list of Independent Directors' nominees. The qualification of Independent Directors shall comply with the relevant regulations of the governing authority.
- Article 13-1 The Board of Directors is authorized to determine the remuneration to the Chairman, Directors and Supervisors with industry norm as the benchmark. The Company may purchase indemnity insurance to cover the liabilities of Directors or Supervisors appropriate for exercising their business duties during their office. The Board of Directors shall resolve to determine the level of the insurance cover.
- Article 14 Any Director or Supervisor who has transferred more than one half of his or her shares owned at the time of being elected during office shall be subject to ipso facto dismissal. In the case that vacancies on the Board of Directors exceed, for any reason,

one third of the total number of the Directors, or when all Supervisors have been dismissed or disqualified, then the Board of Directors shall convene an extraordinary shareholders' meeting within sixty (60) days of the occurrence of the event to elect new Directors to fill such vacancies.

The number of name-bearing shares of the Company held by the Directors and Supervisors, respectively, shall be no less than a specified percentage of the Company's total number of issued shares. The aforesaid percentage shall be stipulated in accordance with Article 26, paragraph 2 of the "Minimum Percentages of Registered Shares to Be Held by Directors and Supervisors" of the Securities and Exchange Act.

- Article 14-1 Duties of the Board of Directors: The duties of the Board of Directors are to conduct the Company's business activities. The Board of Directors is authorised to resolve any matters other than those that require the resolution at the Shareholders' Meeting in accordance with the Company Act or the Company's Articles of Incorporation. The Company's Board of Directors may resolve to establish a Remuneration Committee or other functional committees to meet business and operational requirements.
- Article 14-2 Meeting of the Board of Directors: Except otherwise provided by the Company Act, the Chairman shall convene at least one meeting of the Board of Directors each quarter and may host special meetings where required. The aforementioned meetings shall be convened in accordance with the provisions of Articles 203 and 204 of the Company Act and the Company's "Rules and Procedures for Meetings of Board of Director".
- Article 15 Where the Chairman is on leave or is unable to be present at the meeting to exercise his or her duties, he or she can appoint a representative in accordance with Article 208 of the Company Act.
- Article 15-1 Unless otherwise provided by the Company Act or the Company's Articles of Incorporation, a resolution of the Board of Directors shall be made with the approval of a majority of the Directors present at a meeting at which a majority of the Directors is present. Directors shall be present in person at meetings of the Board of Directors. A Director unable to be present at a meeting may appoint another Director to act at the meeting on behalf of such absent Director, but shall in each instance issue a proxy form specifying the scope of authorization with respect to the reasons of the meeting limited to one proxy per attending Director.
- Article 16 (deleted)
- Article 16-1 Supervisor may exercise supervisory duties independently by law.
- Article 16-2 Duties of Supervisors are as follows:  
(1) Supervise the execution of the Company's business operations. Supervisor may, from time to time, conduct an investigation on the Company's business and financial status, audit the records and documents and request the Board of Directors or managerial officers to issue a report.  
(2) Notify the Board of Directors or Directors to stop their conduct that is in violation of the law, the Company's Articles of Incorporation or resolutions adopted at the Shareholders' Meeting.  
(3) Be present in person at the meeting of Board of Directors to express his or her

opinions but hold no voting rights.

- (4) Audit the reports and records prepared by the Board of Directors presented to the Shareholders' meeting and issue an opinion for presentation at the Shareholders' Meeting.
- (5) Convene the Shareholders' Meeting where the Board of Directors resolved not to convene or are unable to convene a meeting provided that such meeting is out of necessity and in the interest of the Company.

Article 16-3 The Company may dismiss any Supervisors at the Shareholders' Meeting in accordance with the provisions of the Company Act where such Supervisor was found to be engaged in either one of the followings:

- (1) Unlawfully disclose or openly discuss business information gained from being employed in the capacity of the Company's Supervisor;
- (2) Other act that may impair the reputation of the Company.

### **Chapter 5 Managerial Officers**

Article 17 The Company may appoint one or more President(s). The appointment or dismissal of the Company's President(s) shall be approved at a meeting of Board of Directors by a majority of the Directors present at the meeting attended by a majority of the Directors. The President is authorized for the appointment or dismissal of other managerial officers. The Company's managerial officers are authorized to sign on behalf of the Company in accordance with the Company's relevant rules and within the authorization limit granted.

### **Chapter 6 Accounting**

Article 18 After the close of each fiscal year, the Board of Directors shall prepare and submit the following reports to the ordinary shareholders' meeting for acceptance: (1) Business Report; (2) Financial Statements; (3) Proposal for Distribution of Earnings or Covering of Losses.

Article 19 (deleted)

Article 20 The Company shall set aside no less than 4% of its earnings for the period, if any, as employees' profit-sharing bonus and not more than 3% of its earnings as remuneration to Directors and Supervisors. Notwithstanding the forgoing, the Company shall reserve a sufficient amount of earnings to offset its accumulated losses. Where remuneration to employees are distributed by way of shares or cash, employees of affiliated enterprises of the Company may be eligible provided that certain criteria are met that approved by the Board of Directors.

The Company's earnings for the current fiscal year shall be distributed in the following order: (1) first to be offset against losses; (2) 10 percent of the remaining earnings, if any, be set aside as legal reserve; (3) allocate or reverse special reserve in accordance with regulations or rules of the governing authority; (4) the sum of any balance remaining and accumulated retained earnings for the current period will be accumulated earnings available for distribution. The aforesaid accumulated earnings may be distributed in the manner set out in the proposal put forward by the Board of Directors and upon adoption at the meeting of shareholders.

The Company authorizes the Board of Directors to resolve by a majority vote at a



Board of Directors' meeting attended by at least two-thirds of the total number of directors to distribute dividends or bonuses in whole or in part by way of cash or to distribute the legal reserve and capital reserve in whole or in part and report such distributions to the shareholders' meeting.

Article 20-1 The Company may distribute dividends by way of cash or issuance of new shares, taking into account earnings for the current fiscal year and the overall industry environment, provided that the total value of cash dividends distributed shall be at least 10 percent of the total value of dividends distributed and any shortfall may be supplemented by the issuance of new shares upon resolution at a shareholders' meeting pursuant to the Company Act.

Article 21 Any matters not covered herein shall be governed by the Company Act.

Article 22 These Articles of Incorporation were adopted on 6 February, 1990. The first amendment was made on 29 September, 1992; the second on 15 April, 1993; the third on 10 May, 1993... (omitted); the twenty-seventh on 19 June 2009; the twenty-eighth on 15 June, 2010; the twenty-ninth on 15 June, 2011; the thirtieth on 6 June, 2012; the thirty-first on 17 June, 2013; the thirty-second on 15 June, 2016; the thirty-third on 14 June 2017; the thirty-fourth on 10 June, 2019.

Topco Scientific Co., Ltd.

Chairman: Robert Lai

## Appendix 3.

### Rules for Election of Directors and Supervisors

1. Unless otherwise provided in the Company Act or the Company's Articles of Incorporation, the Directors and Supervisors of the Company shall be elected in accordance with the rules specified herein.
2. Election of the Company's Directors and Supervisors shall be held at the shareholders' meeting using the single-name cumulative voting method. The number of votes exercisable in respect of one share shall be the same as the number of candidates to be elected, and the total number of votes per share may be consolidated for election of one candidate or be split for election of two or more candidates. The Company's Independent Directors shall be elected under the candidate nomination system in accordance with Article 192-1 of the Company Act.
3. The voting rights for number of Independent Directors and Non-Independent Directors shall be calculated separately in accordance with the respective number of seats of Directors and Supervisors to be elected set out in the Company's Articles of Incorporation. The candidates who acquire more votes should win the seats. If two or more candidates acquire the same number of votes however the specified seats available are exceeded, the candidates acquiring the same votes shall draw lots to decide who should win the seats available, and the Chairman shall draw lots on behalf of the candidate who is not present.
4. The Company shall prepare the ballots with a note for the number of exercisable voting rights in accordance with the shareholders' number or attendance ID.
5. At the commencement of the election, the Chairman shall appoint from amongst the shareholders present several people to carry out the respective duties including checking and recording the ballots.
6. The ballot box used for voting shall be prepared by the Company and checked in public by the person checking the ballots prior to commencement of voting.
7. If the candidate is a shareholder of this Company, voters shall fill in the "candidate" column the candidate's name and shareholder's number.
8. Ballots shall be deemed void under the following circumstances:
  - 8.1 Ballots used are not in accordance with those stipulated in the rules herein.
  - 8.2 Ballots not placed in the ballot box;
  - 8.3 Blank ballots not completed by the voter;
  - 8.4 Illegible writing;
  - 8.5 Any of the candidate's name, shareholder's number (ID number) or the number of votes cast for such candidate being altered;
  - 8.6 The name of the candidate filled out in the ballot is illegible or does not match with the record in the shareholders' registry;
  - 8.7 Ballots with other written characters or symbols in addition to candidate's name or the shareholder's number (ID number);
  - 8.8 Unable to identify the candidate in the absence of a clearly marked note in the ballot where two or more candidates share the same name;
  - 8.9 The number of candidates filled in the ballot exceeding the number of the seats to be elected.
9. The ballots should be calculated during the meeting right after the vote casting and the list of elected Directors and Supervisors should be announced by the Chairman at the meeting.
10. At the conclusion of the shareholders' meeting, the Company shall issue notifications to the respective Directors and Supervisor elected.
11. Any matters not covered herein shall be governed by the Company Act and the Company's Articles of Incorporation.
12. The Rules and any amendments hereafter shall come into effect upon adoption at the meeting of shareholders.

The Rules were adopted on 23 April, 1999. The first amendment was made on 17 May, 2002; and the second on 17 June, 2013.

## Appendix 4.

### Procedures for Acquisition or Disposal of Assets

- 1 Law Source:  
The Procedures are stipulated in accordance with the Regulations Governing the Acquisition and Disposal of Assets by Public Companies and other relevant laws and regulations prescribed by the Financial Supervisory Commission (“FSC”).
- 2 The term “Assets” used herein includes the followings:
  - 2.1 Securities: including equity stocks, bonds, corporate bonds, bank debentures, securities representing interest in funds, depository receipts, call (put) warrants, beneficiary securities and asset-based securities.
  - 2.2 Real property: including land, houses and buildings, investment property, and construction enterprise inventory) and equipment.
  - 2.3 Memberships.
  - 2.4 Intangible assets: including patents, copyrights, trademarks, franchise rights, and other intangible assets.
  - 2.5 Right-of-use assets.
  - 2.6 Claims of financial institutions (including receivables, bills purchased and discounted, loans, and overdue receivables).
  - 2.7 Derivatives.
  - 2.8 Assets acquired or disposed of in connection with mergers, demergers, acquisitions, or transfer of shares in accordance with law.
  - 2.9 Other major assets.
- 3 Terms used in the Procedures are defined as follows:
  - 3.1 Derivatives:  
Forward contracts, options contracts, futures contracts, leverage contracts, or swap contracts, whose value is derived from a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable; or hybrid contracts combining the above contracts; or hybrid contracts or structured products containing embedded derivatives. The term "forward contracts" does not include insurance contracts, performance contracts, after-sales service contracts, long-term leasing contracts, or long-term purchase (sales) contracts.
  - 3.2 Assets acquired or disposed through mergers, demergers, acquisitions, or transfer of shares in accordance with law:  
Refers to assets acquired or disposed through mergers, demergers, or acquisitions conducted under the “Business Mergers and Acquisitions Act, Financial Holding Company Act, Financial Institution Merger Act or other laws and regulations acts, or to transfer of shares from another company through issuance of new shares of its own as the consideration therefor (hereinafter "transfer of shares") under the Company Act.
  - 3.3 Related party or subsidiary:  
As defined in the Regulations Governing the Preparation of Financial Reports by Securities Issuers
  - 3.4 Professional appraiser:  
Refers to a real property appraiser or other person duly authorized by law to engage in the value appraisal of real property or equipment.
  - 3.5 Date of occurrence:  
Refers to the date of contract signing, date of payment, date of consignment trade, date of transfer, dates of Board of Directors resolutions, or other date that can confirm the counterpart and monetary amount of the transaction, whichever date is earlier; provided, for investment for which approval of the competent authority is required, the earlier of the above date or the date of receipt of approval by the competent authority shall apply.

- 3.6 Mainland China area investment:  
Refers to investments in Mainland China approved by the Ministry of Economic Affairs Investment Commission or conducted in accordance with the provisions of the Regulations Governing Permission for Investment or Technical Cooperation in the Mainland Area.
- 4 Professional appraisers and their officers, certified public accounts (CPA), attorneys, and securities underwriters that provide the Company with appraisal reports, certified public accountant's opinions, attorney's opinions, or underwriter's opinions shall meet the following requirements:
- 4.1 Shall not have previously received a final and unappealable sentence to imprisonment for one year or longer for a violation of the Securities and Exchange Act, the Company Act, the Banking Act, the Insurance Act, the Financial Holding Company Act, or the Business Entity Accounting Act, or for fraud, breach of trust, embezzlement, forgery of documents, or occupational crime. However, this provision does not apply if three years have already passed since completion of service of the sentence, since expiration of the period of a suspended sentence, or since a pardon was received.
- 4.2 Shall not be a related party or de facto related party of any party to the transaction.
- 4.3 If the Company is required to obtain appraisal reports from two or more professional appraisers, the different professional appraisers or appraisal officers shall not be related parties or de facto related parties of each other.
- 5 For acquisition or disposal of assets through court auction procedures, the appraisal report or CPA's opinion can be replaced by documents issued by the courts.
- 6 The following limits apply on investments made by the Company or subsidiaries in real property and right-of-use assets thereof not for business use or marketable securities:
- 6.1 The total value of investment in real property and right-of-use assets thereof not for business use shall not exceed the Company's net worth reported in the most recent audited financial statements.
- 6.2 The total value of investment in marketable securities shall not exceed the Company's net worth reported in the most recent audited financial statements.
- 6.3 The total value of investment in individual marketable securities shall not exceed 50 percent of the Company's net worth reported in the most recent audited financial statements.
- 7 Board of Directors' meeting Record:  
Where the proposal to acquire or dispose of assets by the Company is required to be submitted to the Board of Directors for approval, the Board shall take into full consideration each Director and Independent Director's opinions. Each Director or Independent Director's consent or dissent and the reasons of dissent shall be recorded in the minutes of the Board meeting. Details of reservation expressed by any director shall be submitted to the Supervisors for review.
- 8 Procedures for acquisition or disposal of marketable securities
- 8.1 Appraisal procedures:
- 8.1.1 When acquiring or disposing of securities, the Company shall, prior to the date of occurrence of the event, obtain financial statements of the issuing company for the most recent period, certified or reviewed by a CPA, for reference in appraising the transaction price, and if the dollar amount of the transaction is 20 percent of the Company's paid-in capital or NT\$300 million or more, the Company shall additionally engage a CPA prior to the date of occurrence of the event to provide an opinion regarding the reasonableness of the transaction price. If the CPA needs to use the report of an expert as evidence, he or she shall do so in accordance with the provisions of Statement of Auditing Standards No. 20 published by the Accounting Research and Development Foundation (ARDF). This requirement does not apply, however, to publicly quoted prices of securities that have an active market, or where otherwise provided by regulations of the FSC.
- 8.1.2 When acquiring or disposing of securities traded on a stock exchange or an OTC market,

the transaction price shall be negotiated and agreed upon according to the market prices at the time of disposal or acquisition.

8.1.3 When acquiring or disposal of securities not traded on a stock exchange or an OTC market, the transaction price shall be negotiated and agreed with reference to the future prospect and prevailing values at the time of disposal or acquisition.

8.2 Operating procedures:

8.2.1 Authorization limit

(1) Short-term investment- currency-based investment (bond, fund, convertible bond, commercial paper, bankers' acceptance, bank term deposit and callable bond)

Level	Authorization Limit
Chairman	In excess of NT\$ 100 million
Chief Executive Officer	Less than NT\$100 million

(2) Long-term and short-term investment- equity investment

Level	Authorization Limit
Board of Directors resolution	In excess of NT\$ 100 million
Chairman	Less than NT\$100 million

8.3 Expert opinion:

When acquiring or disposing of securities, the Company shall engage a CPA prior to the date of occurrence of the event to provide an opinion regarding the reasonableness of the transaction price if any of the followings applies and that the dollar amount of the transaction is 20 percent of the Company's paid-in capital or NT\$300 million or more:

8.3.1 Acquiring or disposal of securities not traded on a stock exchange or an OTC market.

8.3.2 Acquiring or disposal of securities through private placement.

9 Procedures for acquisition or disposal of real property, plant or right-of-use assets thereof

9.1 Appraisal procedures:

9.1.1 When acquiring or disposing of real property or right-of-use assets thereof, the Company shall refer to the publicly announced current value, appraised value and settlement prices of neighboring properties to negotiate and agree on the terms and price of the transaction.

9.1.2 When acquiring or disposal of equipment or right-of-use assets thereof, the Company shall negotiate and agree on the price through making price inquiry, price comparison or tender.

9.2 Operating procedures:

9.2.1 Authorization limit

1.Acquiring or disposing of real property or equipment

Level	Authorization Limit
Board of Directors resolution	In excess of NT\$ 50 million
Chairman	Less than NT\$ 50 million

2.Acquiring or disposing of right-of-use assets of real property or equipment

Level	Authorization Limit
Board of Directors resolution	In excess of NT\$ 200 million
Chairman	In excess of NT\$ 50 million but under NT\$200 million
Chief Executive Officer	Under NT\$50 million

9.2.2 Implementation and transaction process

Implementation and the transaction process shall be handled in accordance with the Company's "Real Property, Plant Equipment Workflow" and "Investment Workflow".

9.3 When acquiring or disposing of real property, equipment, or right-of-use assets thereof, where

the transaction amount reaches 20 percent of the Company's paid-in capital or NT\$300 million or more, the Company, unless transacting with a domestic government agency, engaging others to build on its own land, engaging others to build on rented land, or acquiring or disposing of equipment or right-of-use assets thereof held for business use, shall obtain an appraisal report prior to the date of occurrence of the event from a professional appraiser and shall further comply with the following provisions:

- 9.3.1 Where due to special circumstances it is necessary to give a limited price, specified price, or special price as a reference basis for the transaction price, the transaction shall be submitted for approval in advance by the Board of Directors; the same procedure shall also be followed whenever there is any subsequent change to the terms and conditions of the transaction.
- 9.3.2 Where the transaction amount is NT\$1 billion or more, appraisals from two or more professional appraisers shall be obtained.
- 9.3.3 Where any one of the following circumstances applies with respect to the professional appraiser's appraisal results, unless all the appraisal results for the assets to be acquired are higher than the transaction amount, or all the appraisal results for the assets to be disposed of are lower than the transaction amount, a CPA shall be engaged to perform the appraisal in accordance with the provisions of Statement of Auditing Standards No. 20 published by the ARDF and render a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price:
  - (1) The discrepancy between the appraisal result and the transaction amount is 20 percent or more of the transaction amount.
  - (2) The discrepancy between the appraisal results of two or more professional appraisers is 10 percent or more of the transaction amount.
- 9.3.4 No more than 3 months may elapse between the date of the appraisal report issued by a professional appraiser and the contract execution date; provided, where the publicly announced current value for the same period is used and not more than 6 months have elapsed, an opinion may still be issued by the original professional appraiser.

## 10 Related-party transactions

- 10.1 When the Company engages in any acquisition or disposal of assets from or to a related party, the provisions set out in this Article should be complied with in addition to complying with the provisions of Articles 5, 8, 9 or 11 of the Procedures herein. Where the transaction amount reaches 10 percent or more of the Company's total assets, the Company shall also obtain an appraisal report from a professional appraiser or a CPA's opinion in accordance with the provisions of the aforesaid Articles. When judging whether a transaction counterparty is a related party, in addition to legal formalities, the substance of the relationship shall also be considered.
- 10.2 When the Company intends to acquire or dispose of real property or right-of-use assets thereof from or to a related party, or when it intends to acquire or dispose of assets other than real property or right-of-use assets thereof from or to a related party and the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the company's total assets, or NT\$300 million or more, except in trading of domestic government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises, the Company may not proceed to enter into a transaction contract or make a payment until the following matters have been approved by a resolution at the Board of Directors' meeting and recognized by the Supervisors:
  - 10.2.1 The purpose, necessity and anticipated benefit of the acquisition or disposal of assets.
  - 10.2.2 The reason for choosing the related party as a transaction counterparty.
  - 10.2.3 With respect to the acquisition of real property or right-of-use assets thereof from a related party, information regarding appraisal of the reasonableness of the preliminary transaction terms in accordance with Articles 10.3 and 10.4.
  - 10.2.4 The date and price at which the related party originally acquired the real property, the

- original transaction counterparty, and that transaction counterparty's relationship to the Company and the related party.
- 10.2.5 Monthly cash flow forecasts for the year commencing from the anticipated month of signing of the contract, and evaluation of the necessity of the transaction, and reasonableness of fund utilization.
- 10.2.6 An appraisal report from a professional appraiser or a CPA's opinion obtained in accordance with Article 10.1.
- 10.2.7 Restrictive covenants and other important stipulations associated with the transaction.
- 10.3 Evaluate the reasonableness of the transaction costs:
- 10.3.1 The Company shall evaluate the reasonableness of the transaction costs by the following means when acquiring real property or right-of-use assets thereof from a related party:
- (1) Based upon the related party's transaction price plus necessary interest on funding and the costs to be duly borne by the buyer. "Necessary interest on funding" is imputed as the weighted average interest rate on borrowing in the year the Company purchases the property; provided, it may not be higher than the maximum non-financial industry lending rate announced by the Ministry of Finance.
  - (2) Total loan value appraisal from a financial institution where the related party has previously created a mortgage on the property as security for a loan; provided, the actual cumulative amount loaned by the financial institution shall have been 70 percent or more of the financial institution's appraised loan value of the property and the period of the loan shall have been one year or more. However, this shall not apply where the financial institution is a related party of one of the transaction counterparties.
- 10.3.2 Where land and structures thereupon are combined as a single property purchased or leased in one transaction, the transaction costs for the land and the structures may be separately appraised in accordance with either of the means listed in the preceding paragraph.
- 10.3.3 When acquiring real property or right-of-use assets thereof from a related party and appraises the cost of the real property or right-of-use assets thereof in accordance with the preceding two paragraphs, the Company shall also engage a CPA to check the appraisal and render a specific opinion.
- 10.3.4 Where the Company acquires real property or right-of-use assets thereof from a related party and one of the following circumstances exists, the preceding three paragraphs do not apply:
- (1) The related party acquired the real property or right-of-use assets thereof through inheritance or as a gift.
  - (2) More than five years will have elapsed from the time the related party signed the contract to obtain the real property or right-of-use assets thereof to the signing date for the current transaction.
  - (3) The real property is acquired through signing of a joint development contract with the related party, or through engaging a related party to build real property, either on the Company's own land or on rented land.
  - (4) The real property and the right-of-use assets thereof for business use are acquired by the Company with its subsidiaries, or by its subsidiaries in which the Company directly or indirectly holds 100 percent of the issued shares or authorized capital.
- 10.4 When the results of the Company's appraisal conducted in accordance with paragraph 1 and paragraph 2 of the preceding Article are uniformly lower than the transaction price, the matter shall be handled in accordance with the following Article. However, where the following circumstances exist, objective evidence has been submitted and specific opinions on reasonableness have been obtained from a professional real property appraiser and a CPA have been obtained, this restriction shall not apply:
- 10.4.1 Where the related party acquired undeveloped land or leased land for development, it

may submit proof of compliance with one of the following conditions:

- (1) Where undeveloped land is appraised in accordance with the means in the preceding Article, and structures according to the related party's construction cost plus reasonable construction profit are valued in excess of the actual transaction price. The "Reasonable construction profit" shall be deemed the average gross operating profit margin of the related party's construction division over the most recent three years or the gross profit margin for the construction industry for the most recent period as announced by the Ministry of Finance, whichever is lower.
- (2) Completed transactions by unrelated parties within the preceding year involving other floors of the same property or neighboring or closely valued parcels of land, where the land area and transaction terms are similar after calculation of reasonable price discrepancies in floor or area land prices in accordance with standard property market sale or leasing practices.

- 10.4.2 When acquiring real property, or obtaining real property right-of-use assets through leasing, from a related party, the Company provides evidence that the terms of the transaction are similar to the terms of completed transactions involving neighboring or closely valued parcels of land of a similar size by unrelated parties within the preceding year. Completed transactions involving neighboring or closely valued parcels of land in the preceding paragraph in principle refers to parcels on the same or an adjacent block and within a distance of no more than 500 meters or parcels close in publicly announced current value; transactions involving similarly sized parcels in principle refers to transactions completed by unrelated parties for parcels with a land area of no less than 50 percent of the property in the planned transaction; within the preceding year refers to the year preceding the date of occurrence of the acquisition of the real property or obtainment of the right-of-use assets thereof.
- 10.5 When the Company acquires real property or right-of-use assets thereof from a related party and the results of appraisals conducted in accordance with the preceding two articles are uniformly lower than the transaction price, the following steps shall be taken:
- 10.5.1 A special reserve shall be set aside in accordance with of the Securities and Exchange Act against the difference between the real property transaction price and the appraised cost and shall not be distributed or used for capital increase or issuance of bonus shares. Where a public company uses the equity method to account for its investment in the Company, then the special reserve shall be set aside pro rata in a proportion consistent with the share of public company's equity stake in the Company.
- 10.5.2 Supervisors shall comply with the provision of the Company Act.
- 10.5.3 Provision of a special reserve and handling of affairs by Supervisors pursuant to the preceding two subparagraphs shall be reported to a shareholders meeting, and the details of the transaction shall be disclosed in the annual report and any investment prospectus.
- 10.6 The Company may not utilize the special reserve set aside under the preceding paragraph until it has recognized a loss on decline in market value of the assets it purchased or leased at a premium, or they have been disposed of, or the leasing contract has been terminated, or adequate compensation has been made, or the status quo ante has been restored, or there is other evidence confirming that there was nothing unreasonable about the transaction, and the FSC has given its consent.
- 10.7 When the Company obtains real property or right-of-use assets thereof from a related party, it shall also comply with the preceding two paragraphs if there is other evidence indicating that the acquisition was not an arms-length transaction.
- 10.8 The transaction amount referred to in Article 10.2 shall be calculated in accordance with Article 15.2. "Within the preceding year" as therein refers to the year preceding the date of occurrence of the current transaction. Items that have been submitted for approval by the Board of Directors and recognition by the Supervisors in accordance with these procedures



need not be counted toward the transaction amount.

10.9 With respect to the types of transactions listed below, when to be conducted between the Company and its subsidiaries, or between its subsidiaries in which the Company directly or indirectly holds 100 percent of the issued shares or authorized capital, the Company's Board of Directors may delegate the Chairman to decide such matters when the transaction amount is within NT\$200 million and have the decisions subsequently submitted to and ratified by the next Board of Directors' meeting:

10.9.1 Acquisition or disposal of equipment or right-of-use assets thereof held for business use.

10.9.2 Acquisition or disposal of real property or right-of-use assets thereof held for business use.

11 Acquisition or disposal of intangible assets or right-of-use assets thereof

11.1 Appraisal procedures:

11.1.1 When acquiring or disposing of memberships, the Company shall refer to the fair market value to negotiate and agree on the transaction price and prepare the analysis in a report for submission to the Chairman.

11.1.2 When acquiring or disposing of intangible assets or right-of-use assets thereof, the Company shall consider the formation costs of the intangible asset, the subsequent benefits derived from its use and its fair market value to negotiate and agree on the transaction terms and price and prepare the analysis in a report for submission to the Chairman.

11.2 Operating procedures:

11.2.1 Authorization limit

Level	Authorization Limit
Board of Directors resolution	In excess of NT\$ 20 million
Chairman	Less than NT\$ 20 million

11.2.2 Implementation and transaction process

Implementation and the transaction process shall be handled in accordance with the Company's "Investment Workflow".

11.3 Expert opinion on intangible assets or right-of-use assets thereof or memberships  
When acquiring or disposing of intangible assets or right-of-use assets thereof or memberships, the Company shall engage a CPA prior to the date of occurrence of the event to provide an opinion regarding the reasonableness of the transaction price if the dollar amount of the transaction is 20 percent of the Company's paid-in capital or NT\$300 million or more. The aforesaid certificate public accountant shall do so in accordance with the provisions of Statement of Auditing Standards published by the ARDF.

12 Acquisition or disposal of claims of financial institutions

The Company does not currently engage in the acquisition or disposal of claims of financial institutions. Notwithstanding the forgoing, the Company shall seek the approval of the Board of Directors shall such need arises subsequently and upon approval by the Board of Directors, the Company shall stipulate the relevant appraisal and operating procedures.

13 Acquisition or disposal of derivatives

Derivative trading shall be handled in accordance with the Company's "Procedures for Acquisition or Disposal of Assets: Derivative Trading".

14 Procedures for conducting merger, demerger, acquisition or transfer of shares

14.1 Appraisal and operating procedures:

14.1.1 When conducting a merger, demerger, acquisition, or transfer of shares, the Company shall engage a CPA, attorney, or securities underwriter to engage in a joint discussion of a preliminary schedule of the legal procedures and summon a special taskforce to

execute the schedule in accordance with the legal procedures; and prior to convening the Board of Directors' meeting to resolve on the matter, engage the aforesaid experts to give an opinion on the reasonableness of the share exchange ratio, acquisition price, or distribution of cash or other property to shareholders for submission to the Board of Directors for deliberation and resolution. However, the requirement of obtaining an aforesaid opinion on reasonableness issued by an expert may be exempt in the case of a merger between the Company and its subsidiary in which it directly or indirectly holds 100 percent of the issued shares or authorized capital, and in the case of a merger between subsidiaries in which the public company directly or indirectly holds 100 percent of the respective subsidiaries' issued shares or authorized capital.

14.1.2 The Company shall, when participating in a merger, demerger, acquisition, or transfer of shares, prepare a public report to shareholders detailing important contractual content and matters relevant to the merger, demerger, or acquisition prior to the shareholders meeting and include it along with the expert opinion referred to in the preceding Article when sending shareholders notification of the shareholders meeting for reference in deciding whether to approve the merger, demerger, or acquisition. Provided, where a provision of another act exempts a company from convening a shareholders meeting to approve the merger, demerger, or acquisition, this restriction shall not apply. Where the shareholders meeting of any one of the companies participating in a merger, demerger, or acquisition fails to convene or pass a resolution due to lack of a quorum, insufficient votes, or other legal restriction, or the proposal is rejected by the shareholders meeting, the companies participating in the merger, demerger or acquisition shall immediately publicly explain the reason, the follow-up measures, and the preliminary date of the next shareholders meeting.

14.2 Other matters:

14.2.1 Date of Board of Directors' meeting and shareholders' meeting:

The Company shall, when participating in a merger, demerger, or acquisition convene a Board of Directors' meeting and shareholders' meeting with other participating companies on the day of the transaction to resolve matters relevant to the merger, demerger, or acquisition, unless otherwise provided by other laws and regulations or the FSC is notified in advance of extraordinary circumstances and grants consent. The Company shall, when participating in a transfer of shares, convene a Board of Directors' meeting with other participating companies on the day of the transaction unless otherwise provided by other laws and regulations or the FSC is notified in advance of extraordinary circumstances and grants consent.

14.2.2 When participating in a merger, demerger, acquisition, or transfer of another company's shares, the Company shall prepare a full written record of the following information and retain it for 5 years for reference and inspection:

- (1) Basic identification data for personnel: Including the position titles, names, and national ID numbers (or passport numbers in the case of foreign nationals) of all persons involved in the planning or implementation of any merger, demerger, acquisition, or transfer of another company's shares prior to disclosure of the information.
- (2) Dates of material events: Including the signing of any letter of intent or memorandum of understanding, the hiring of a financial or legal advisor, the execution of a contract, and the convening of a Board of Directors' meeting.
- (3) Important documents and minutes: Including merger, demerger, acquisition, and share transfer plans, any letter of intent or memorandum of understanding, material contracts, and minutes of Board of Directors' meetings.

14.2.3 When participating in a merger, demerger, acquisition, or transfer of another company's shares, the Company shall, within two days (including) from the date of the Board of Directors resolution, report (in the prescribed format and via the Internet-based information system) the information set out in subparagraphs 1 and 2 of the preceding paragraph to the FSC for recordation.

- 14.2.4 Where any of the companies participating in a merger, demerger, acquisition, or transfer of another company's shares is neither listed on an exchange nor has its shares traded on an OTC market, the Company shall sign an agreement with such company whereby the latter is required to abide by the provisions of the preceding two paragraphs.
- 14.2.5 Confidentiality agreement:  
Every person participating in or privy to the plan for merger, demerger, acquisition, or transfer of shares shall issue a written undertaking of confidentiality and shall not disclose the content of the plan prior to public disclosure of the information and may not trade, in his or her own name or under the name of another person, in any stock or other equity security of any company related to the plan for merger, demerger, acquisition, or transfer of shares.
- 14.2.6 Principles governing the alteration of the share exchange ratio or acquisition price:  
The Company shall not, when participating in a merger, demerger, acquisition, or transfer of shares, arbitrarily alter the share exchange ratio or acquisition price unless under the circumstances listed below, and shall stipulate the circumstances permitting alteration in the contract for the merger, demerger, acquisition, or transfer of shares:
- (1) Capital increase by cash, issuance of convertible corporate bonds, or the issuance of bonus shares, issuance of corporate bonds with warrants, preferred shares with warrants, stock warrants, or other equity-based securities.
  - (2) An action, such as a disposal of major assets, that affects the Company's financial operations.
  - (3) An event, such as a major disaster or major change in technology, that affects shareholder equity or share price.
  - (4) An adjustment where any of the companies participating in the merger, demerger, acquisition, or transfer of shares from another company, buys back treasury stock.
  - (5) An increase or decrease in the number of entities or companies participating in the merger, demerger, acquisition, or transfer of shares.
  - (6) Other terms/conditions that the contract stipulates may be altered and that have been publicly disclosed
- 14.2.7 Contents of the contract:  
The contract for participation by the Company in a merger, demerger, acquisition, or of shares shall record the rights and obligations of the companies participating in the merger, demerger, acquisition, or transfer of shares, and shall also record the followings:
- (1) Handling of breach of contract.
  - (2) Principles for the handling of equity-type securities previously issued or treasury stock previously bought back by any company that is extinguished in a merger or that is demerged.
  - (3) The amount of treasury stock participating companies are permitted under law to buy back after the record date of calculation of the share exchange ratio, and the principles for handling thereof.
  - (4) The manner of handling changes in participating entities or the number of entities participating.
  - (5) Preliminary progress schedule for plan execution, and anticipated completion date.
  - (6) Scheduled date for convening the legally mandated shareholders meeting if the plan exceeds the deadline without completion, and relevant handling procedures.
- 14.2.8 Change in the number of participating companies:  
After public disclosure of the information, if any company participating in the merger, demerger, acquisition, or share transfer intends further to carry out a merger, demerger, acquisition, or share transfer with another company, all of the participating

companies shall carry out anew the procedures or legal actions that had originally been completed toward the merger, demerger, acquisition, or share transfer; except where the number of participating companies is decreased and a participating company's shareholders meeting has adopted a resolution authorizing its board of directors to alter the limits of authority, such participating company may be exempted from calling another shareholders meeting to resolve on the matter anew.

14.2.9 Where any of the companies participating in a merger, demerger, acquisition, or transfer of shares is not a public company, the Company shall sign an agreement with the non-public company whereby the latter is required to abide by the provisions of Article 14.2.1 to Article 14.2.5 (inclusive) and Article 14.2.8 of the procedures herein.

## 15 Public Disclosure of Information:

15.1 Under any of the following circumstances, the Company shall publicly announce the disclosure items and disclosure criteria within two days (including) from the date of occurrence of the event:

15.1.1 Acquisition or disposal of real property or right-of-use assets thereof from or to a related party, or acquisition or disposal of assets other than real property or right-of-use assets thereof from or to a related party where the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the Company's total assets, or NT\$300 million or more; provided, this shall not apply to trading of domestic government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises.

15.1.2 Merger, demerger, acquisition, or transfer of shares.

15.1.3 Losses from derivatives trading reaching the limits on aggregate losses or losses on individual contracts set out in the procedures adopted by the Company.

15.1.4 Where equipment or right-of-use assets thereof for business use are acquired or disposed of, and furthermore the transaction counterparty is not a related party, and the transaction amount meets any of the following criteria:

- (1) Where the Company's paid-in capital is less than NT\$10 billion, the transaction amount reaches NT\$500 million or more.
- (2) Where the Company's paid-in capital is more than NT\$10 billion, the transaction amount reaches NT\$1 billion or more.

15.1.5 Acquisition or disposal by the Company in the construction business of real property or right-of-use assets thereof for construction use, and furthermore the transaction counterparty is not a related party, and the transaction amount reaches NT\$500 million; among such cases, if the Company has paid-in capital of NT\$10 billion or more, and it is disposing of real property from a completed construction project that it constructed itself, and furthermore the transaction counterparty is not a related party, then the threshold shall be a transaction amount reaching NT\$1 billion or more.

15.1.6 Where land is acquired under an arrangement on engaging others to build on the Company's own land, engaging others to build on rented land, joint construction and allocation of housing units, joint construction and allocation of ownership percentages, or joint construction and separate sale, and furthermore the transaction counterparty is not a related party, and the amount the company expects to invest in the transaction reaches NT\$500 million.

15.1.7 Where an asset transaction other than any of those referred to in the preceding six subparagraphs, or an investment in the Mainland China reaches 20 percent or more of the Company's paid-in capital or NT\$300 million except for the followings:

- (1) Trading of domestic government bonds.
- (2) Trading of bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises.

- 15.2 "Within the preceding year" as used in the preceding paragraph refers to the year preceding the date of occurrence of the current transaction. Items duly announced in accordance with the procedures herein need not be counted toward the transaction amount.
- 15.2.1 The amount of any individual transaction.
- 15.2.2 The cumulative transaction amount of acquisitions and disposals of the same type of underlying asset with the same transaction counterparty within the preceding year.
- 15.2.3 The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of real property or right-of-use assets thereof within the same development project within the preceding year.
- 15.2.4 The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of the same security within the preceding year.
- 15.3 Deadline for public announcement and declaration of information:  
The Company shall, within two days (including) from the date of occurrence of the event, publicly announce the information on assets acquired or disposed of by the Company in the format prescribed by the FSC on the information reporting website designated by the FSC.
- 15.4 When the Company at the time of public announcement makes an error or omission in an item required by regulations to be publicly announced and so is required to correct it, all the items shall be again publicly announced and reported in their entirety within two days (including) from the date of knowing of such error or omission.
- 15.5 The Company acquiring or disposing of assets shall keep all relevant contracts, meeting minutes, log books, appraisal reports and CPA, attorney, and securities underwriter opinions at the Company's premise, where they shall be retained for 5 years except otherwise provided by other laws and regulations.
- 15.6 Where any of the following circumstances occurs with respect to a transaction that the Company has already publicly announced and reported in accordance with this Article, a public report of relevant information shall be made on the information reporting website designated by the FSC within two days (including) from the date of occurrence of the event:
- 15.6.1 Change, termination, or rescission of a contract signed in regard to the original transaction.
- 15.6.2 The merger, demerger, acquisition, or transfer of shares is not completed by the scheduled date set forth in the contract.
- 15.6.3 Change to the originally publicly announced and reported information.

## 16 Subsidiary companies

- 16.1 The Company shall ensure that its subsidiary companies stipulate and implement the "Procedures for Acquisition or Disposal of Assets" in accordance with the "Regulations Governing the Acquisition and Disposal of Assets" and the aforesaid procedures and any amendments hereafter shall be adopted by the subsidiary's Board of Directors.
- 16.2 Information required to be publicly announced and reported in accordance with the provisions of Article 15 on acquisitions and disposals of assets by the Company's subsidiary that is not itself a public company in Taiwan shall be reported by the Company.
- 16.3 The paid-in capital or total assets of the Company shall be the standard applicable to a subsidiary referred to in the preceding paragraph in determining whether, relative to paid-in capital or total assets, it reaches a threshold requiring public announcement and regulatory filing under Article 16, paragraph 2.

- 17 For the calculation of 10 percent of total assets under the procedures herein, the total assets stated in the Company's most recent financial report or individual financial reports prepared under the Regulations Governing the Preparation of Financial Reports by Securities Issuers shall be used. In the case of a subsidiary company of which shares has no par value or has a par value other than NT\$10—for the calculation of transaction amounts of 20 percent of paid-in capital under these procedures, 10 percent of equity attributable to owners of the parent company shall be substituted; for calculations under the provisions of these procedures regarding transaction amounts relative to

paid-in capital of NT\$10 billion, NT\$20 billion of equity attributable to equity owners of the parent company shall be substituted.

18 Disciplinary Measures

Any employee of the Company in violation of the provisions of the procedures herein shall be subject to the Company's "Employee Award and Discipline Policy".

19 Any matters not covered herein shall be handled in accordance with the relevant laws and regulations.

20 Adoption and amendments

The Procedures and any amendments hereafter shall be submitted to the Company's Supervisors and shareholders' meeting for consent upon adoption by the Board of Directors. The Board shall take into full consideration each Director and Independent Director's opinions. Each Director or Independent Director's consent or dissent and the reasons of dissent shall be recorded in the minutes of the Board meeting. Details of reservation expressed by any director shall be submitted to the Supervisors for review.

21 History:

The Procedures were adopted on 10 April, 1998. The first amendment was made on 8 December, 1998; the second on 23 November, 1999; the third on 21 December, 1999; the fourth on 17 May, 2002; the fifth on 18 February 2003; the sixth on 15 June, 2004; the seventh on 23 April, 2007; the eighth on 30 December, 2011; the ninth on 19 March, 2012; the tenth on 24 June, 2014; the eleventh on 9 June, 2015; the twelfth on 14 June 2017; the thirteenth on 28 December, 2018; and the fourteenth on 8 May, 2019.

## Appendix 5.

### Explanatory Notes on Acquisition or Disposal of Assets: Derivative Trading

1. The Explanatory Notes were adopted in accordance with the “Regulations Governing the Acquisition and Disposal of Assets by Public Companies” stipulated by the Securities and Futures Bureau (the “Bureau”) of the Ministry of Finance.
2. The term “derivatives” used herein refer to forward contracts, options contracts, futures contracts, leverage contracts, swap contracts, or hybrid contracts combining the aforesaid contracts of which the value is derived from a specified asset, interest rate, foreign exchange rate, indexes, or other benefits; The term "forward contracts" does not include insurance contracts, performance contracts, after-sales service contracts, long-term leasing contracts, or long-term purchase (sales) contracts.
3. The types of derivative transactions that the Company may engage in are limited to forwards, options and swaps contracts. Where the need arises for the Company to engage in other types of derivative transactions not listed herein, each type of derivative trading shall be individually submitted to the Board of Directors for approval after which the transactions may be undertaken.
4. The trading of the derivatives mentioned in the preceding paragraph shall be only for the purpose of hedging against the exchange rate risks arising from business operations and to manage the Company’s funding costs. The Company shall not engage in any derivative trading that is of speculative nature and that the currency traded shall be limited to the need for foreign currency and funds arising from the Company’s business operations.
5. The finance department shall be responsible for collecting the relevant laws and regulations governing derivatives, designing the hedging strategy, and evaluating the market trends and potential risks to make recommendations for the hedging strategy and position/exposure for approval by the responsible manager.

The following authorization limits apply to derivative trading:

Level	Daily Total Exposure	Each Cumulative Net Exposure
Board of Directors	Over US\$ 3 million	Over US\$ 10 million
Senior executive authorized by the Board of Directors	Under US\$ 3 million	Under US\$ 10 million

Where the daily transaction amount or each cumulative open position exceeds the authorization limit, the transaction cannot be undertaken without the prior approval of the appropriate authority delegate.

6. The total amount of hedging contracts outstanding shall be determined on the basis of the total amount of the hedged assets. The total loss of all contracts outstanding shall be limited to US\$ 1 million or the foreign currency equivalent, where the total loss of individual contract shall be limited to US\$ 300,000 or the foreign currency equivalent. Where loss arising from the hedging contracts exceeds the aforementioned limits due to market fluctuations, the finance department shall immediately report such matter to senior management personnel authorized by the Board of Directors to take the necessary actions; the matter shall also be reported to the Board of Directors and publicly announced within two days (including) of the date of occurrence of the event, on the website designated by the Bureau.
7. The finance department shall evaluate and select more superior financial institutions for approval

by senior management personnel authorized by the Board of Directors prior to signing the contract with the aforesaid financial institutions.

8. The finance department shall compile monthly reports on the status of derivatives trading engaged in up to the end of the preceding month by the Company and any subsidiaries and enter the information in the prescribed format into the information reporting website designated by the Bureau by the 10th day of each month in accordance with the “Regulations Governing the Acquisition and Disposal of Assets by Public Companies”.
9. The personnel of the finance department responsible for confirming the transactions shall verify the accuracy of the transactions with the banks engaging in the trading; and shall prepare settlement reports in accordance with the settlement documents issued by the financial institutions. The aforesaid settlement reports shall specify the transaction date, type of derivative transaction, contractual term and amount, the name and amount of assets or liabilities being hedged, cumulative transaction amount and description of the transaction for review by the financial accounting manager and approval by senior management personnel authorized by the Board of Directors.

After verifying the transaction details, the person confirming the trade shall forward the settlement documents to the person executing the settlement to proceed with settlement. The settlement personnel shall periodically review the Company’s cash flow status to ensure successful settlement on the agreed date. A copy of the settlement report shall be forwarded to the finance department for record keeping and account posting. The finance department shall also verify whether the total transaction amount is in breach of the transaction limits set out in the procedures herein.

10. The accounting treatment of derivative transactions shall be in accordance with the financial accounting standards including the “Accounting Standard for Foreign Currency Conversion” and “Disclosure of Financial Derivatives” as well as the “Directions on Particulars to be Disclosed in Financial Reports of Public Companies Engaging in Derivative Transactions” stipulated by the Securities and Futures Bureau of the Ministry of Finance and the relevant laws and regulations.
11. The accounting treatment for Company’s derivative transactions shall be handled in accordance with the relevant accounting policies in addition to the provisions of the procedures set out herein.

## 12. Internal control and risk management

### 12.1 The scope of risk management:

#### 12.1.1 Credit risk:

Credit risk is controlled by restricting the counterparties that the company deals with to those who either have banking relationship with the company or are credit worthy, prominent in company size and can provide sufficient expert information.

#### 12.1.2 Market price risk:

In light of the potential losses that may arise from fluctuation in market prices, all positions shall be undertaken for hedging purposes.

#### 12.1.3 Liquidity risk:

There are two types of liquidity risk namely product and cash liquidity. Product liquidity refers to whether the products are common and popularly traded in the market; cash liquidity refers to the monitoring of the Company’s cash flow positions to ensure that settlement can take place upon maturity.

#### 12.1.4 Operational risk:

The authorization limits must be adhered to and the trading procedures and the filing of transaction records must be controlled.

#### 12.1.5 Legal risk:

The legal department or legal counsel should be consulted for any material contract related to trading to prevent any legal risks arising as a result.

- 12.2 Personnel engaged in derivatives trading may not serve concurrently in other operations such as confirmation and settlement.



- 12.3 The finance department shall evaluate positions for hedge trades at least twice per month. Evaluation reports including details of the transactions, summary of the positions, profit-loss evaluation of such positions and review of the performance shall be submitted to senior management personnel authorized by the Board of Directors for the purpose of reviewing and improve the Company's hedging strategies.
13. The Company's internal audit personnel shall periodically make a determination of the suitability of internal controls on derivatives and conduct a monthly audit of how faithfully derivatives trading by the trading department adheres to the procedures for engaging in derivatives trading, and prepare an audit report. If any material violation is discovered, all supervisors shall be notified in writing.
14. The Company's Board of Directors shall faithfully supervise and manage derivative trading in accordance with the following principles:
  - 14.1 Supervision and management
    - 14.1.1 Designate senior management personnel to pay continuous attention to monitoring and controlling derivatives trading risk.
    - 14.1.2 Periodically evaluate whether derivatives trading performance is consistent with established operational strategy and whether the risk undertaken is within the Company's permitted scope of tolerance.
  - 14.2 Senior management personnel authorized by the Board of Directors shall manage derivatives trading in accordance with the following principles:
    - 14.2.1 Periodically evaluate the risk management measures currently employed are appropriate and are faithfully conducted in accordance with the Explanatory Notes herein for engaging in derivatives trading formulated by the Company.
    - 14.2.2 When irregular circumstances are found in the course of supervising trading and profit-loss circumstances, appropriate measures shall be adopted and a report immediately made to the Board of Directors; where a company has independent directors, an independent director shall be present at the meeting and express an opinion.
    - 14.2.3 The Company shall report to the most recent upcoming meeting of the Board of Directors after it authorizes the relevant personnel to handle derivatives trading in accordance with the procedures herein for engaging in derivatives trading.
15. The finance department shall establish a log book in which details of the types and amounts of derivatives trading engaged in, dates of Board of Directors' approval, and the matters required to be carefully evaluated under paragraph 3 of Article 12, subparagraph 2, paragraph 1 of preceding Article, and subparagraph 1, paragraph 2 of the preceding Article shall be recorded in detail in the log book.
16. The Explanatory Notes and any amendments hereafter shall first be approved by the Board of Directors and then submitted to the Supervisors and the shareholders' meeting for consent. The Board of Directors shall take into full consideration each Director's opinions. Each Director's consent or objection and the reasons of objection shall be recorded in the minutes of the Board meeting for the reference of Supervisors.
17. Any matters not covered herein shall be handled in accordance with the "Regulations Governing the Acquisition and Disposal of Assets by Public Companies".
18. The Explanatory Notes were adopted on 18 February, 2003. The first amendment was made on 23 April, 2008; the second on 26 August, 2011; and the third on 24 June, 2014.

## Appendix 6.

### Procedures for Loan to Others and Endorsements and Guarantees

1. Loan to others:
  - 1.1 The Company may provide loan to parties that satisfy one of the following criteria:
    - 1.1.1 A company or firm that engages in a business transaction with the Company and the business transaction necessitates a loan. The amount of loan provided to the aforementioned company or firm by the Company shall be governed by the provisions set out in Article 1.2 and considerations shall be given to the value of the business transaction between the Company and such company or firm.
    - 1.1.2 A company or firm that requires short-term financing refers to (1) Any subsidiary whose voting shares are 50 percent or more owned directly or indirectly by the Company; or (2) A company that the Board of Directors approved on a case-by-case basis.
    - 1.1.3 The term “short term” referred to in the preceding paragraph means one year or one operating cycle (whichever is the longer).
  - 1.2 Loan to Others and limit:
    - 1.2.1 The Company may provide loan to others to the total amount that does not exceed 40 percent of the Company’s net worth;
    - 1.2.2 Limit on loans to individual parties and the evaluation criteria are as follows:
      - (1) The total amount of loan provided to any company or firm with a business relationship with the Company’s shall not exceed the total value of business transactions (the value of business transactions refers to the higher of purchases or sales made between the two parties) during the twelve (12) months immediately preceding the date of the loan and not exceeding 20 percent of the Company’s net worth.
      - (2) The total amount of short-term financing provided by the Company to any company or firm shall not exceed 20 percent of the Company’s net worth.
    - 1.2.3 Inter-company loans between overseas companies in which the Company holds, directly or indirectly, 100% of the voting shares, nor loans to the Company by any overseas company in which the Company holds, directly or indirectly, 100% of the voting shares shall be bound by the provisions of paragraph 1.2.1 capping the total value of loan at 40% of the Company’s net worth. However, the Company shall still prescribe limits on the aggregate amount of such loans and on the amount of such loans permitted to a single borrower, and shall specify limits on the durations of such loans in accordance with the "Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies” stipulated by the authority governing securities.
  - 1.3 Loan to Others and procedures:
    - 1.3.1 In addition to complying with the provisions set out in the preceding two articles, the Company’s finance department shall evaluate the borrower’s business activities, financial position, repayment capability and credit worthiness, profitability and purpose of the loan to determine the necessity, reasonableness and risks of such loans, and necessity to obtain collateral and appraisal of the value thereof and to stipulate the maximum loan amount, duration of loan and calculation of interest, and assess the impact towards the Company's operating risk, financial position and shareholders' equity to include in a report for implementation upon adoption at a Board of Directors’ meeting.
    - 1.3.2 The borrower shall provide a collateral commensurate to the value of credit provided as a guarantee for the loan except where prior consent was obtained from the Board

- of Directors.
- 1.3.3 A rectification plan shall be formulated to deal with any change in circumstances resulting in the loan amount to be in breach of the limits, for submission to the Supervisors, Independent Directors and the Audit Committee.
  - 1.3.4 Shall take into full consideration each Independent Director's opinions. Independent Director's objection or reservation shall be recorded in the minutes of the Board meeting.
  - 1.3.5 Loans of funds between the Company and its subsidiaries, or between its subsidiaries, shall be submitted for a resolution by the Board of Directors, and the Chairman may be authorized, for a specific borrowing counterparty, within a certain monetary limit resolved by the Board of Directors, and within a period not to exceed one year, to give loans in installments or to make a revolving credit line available for the counterparty to draw down.
  - 1.3.6 The "certain monetary limit" mentioned in the preceding paragraph on authorization for loans extended by the Company or any of its subsidiaries to any single entity shall not exceed 10% of the net worth reported in the most recent financial statements of the lending company, except in cases of companies in compliance with Article 1, paragraph 2 and subparagraph 3.
- 1.4 The Company shall use the corporate chop and the chop of the responsible person registered with the governing authority as the dedicated chop for the signing of the financing contract. A designated finance personnel shall be responsible handling the verification the borrower's chop and signing of the contract.
  - 1.5 Subsequent control measures and procedures for handling overdue loans:
    - 1.5.1 After a loan is extended, the Company shall periodically evaluate the financial, business and credit status of the borrower and guarantor. Where a collateral was provided, the Company shall also monitor the change in value of the collateral, if any. Any material changes shall be reported to the President with appropriate actions taken according to the instructions given by the President. Where there is evidence indicating the deterioration of the borrower's credit rating, or whether there is significant uncertainty with respect the borrower's ability to make repayments, the Board of directors shall be notified in the first instance for actions.
    - 1.5.2 Where the borrower is unable to perform the contractual terms, the Company may dispose of the collateral provided and make claims on the remaining debt where appropriate.
  - 1.6 The borrower shall, upon maturity of the loan or when making early repayment, calculate the total interest payable on the loan. The Company may only cancel and return the collateral to the borrower or cancel the mortgage upon receiving the full repayment of the principal amount owing and interest.

Interest on loans to others shall not be lower than interest rate on bank term deposits with a one-year maturity. If the borrower is found to be in the situation described in the preceding paragraph, the Company's may dispose of the borrower's collateral, make claims on the remaining debt and charge the borrower an additional 10% of default interest.
  - 1.7 Logbook:

The Company shall prepare a logbook for its fund-lending activities and truthfully record the following information: borrower, amount, date of approval by the Board of Directors and the lending/borrowing date. The evaluation report prepared in accordance with Article 1, paragraph 3 and subparagraph 1 shall be attached hereto.
  - 1.8 The Company's internal auditors shall audit the Procedures for Loan to Others and the implementation thereof at least once every quarter, prepare written records accordingly and notify the Company's supervisors, independent directors and the audit committee in writing of any material violation found.
  - 1.9 Public announcement and declaration:

- 1.9.1 Shall be handled in accordance with the “Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies” enforced by the FSC.
- 1.9.2 The Company shall publicly announce and report the balance of loans to others for the preceding month of itself and its subsidiaries by the 10th day of each month.
- 1.9.3 The Company shall publicly announce and report any of the following event within two (including) days from the occurrence of the event:
  - (1) The aggregate balance of loans to others by the Company and its subsidiaries reaches 20 percent or more of the Company's net worth as stated in its latest financial statements.
  - (2) The balance of loans by the Company and its subsidiaries to a single enterprise reaches 10 percent or more of the Company's net worth as stated in its latest financial statements.
  - (3) The amount of new loans of funds by the Company or its subsidiaries reaches NT\$10 million or more and reaches 2 percent or more of the Company's net worth as stated in its latest financial statements.
  - (4) “Date of occurrence” used herein means the date of contract signing, date of payment, date of Board of Directors resolution, or other date that can confirm the counterparty and monetary amount of the loan of funds or endorsement/ guarantee, whichever date is earlier

The Company shall announce and report on behalf of any subsidiary thereof that is not a public company in Taiwan any matters that such subsidiary is required to announce and report pursuant to first three items of subparagraph 3 of the preceding paragraph.

- 1.10 The finance department shall evaluate the status of the Company’s loans to others and provide sufficient allowance for bad debts and shall adequately disclose relevant information in its financial reports and provide certified public accountants with the relevant information for conducting the required audit procedures.

## 2. Procedures for endorsements and guarantees:

- 2.1 The term “endorsements and guarantees” used herein refer to the followings:
  - 2.1.1 Financing endorsements/guarantees, including:
    - (1) Bill discount financing.
    - (2) Endorsement or guarantee made to meet the financing needs of another company.
    - (3) Issuance of a separate negotiable instrument to a non-financial enterprise as security to meet the financing needs of the Company itself.
  - 2.1.2 Customs duty endorsements/guarantees, meaning an endorsement or guarantee for the company itself or another company with respect to customs duty matters.
  - 2.1.3 Other endorsements/guarantees, meaning endorsements or guarantees beyond the scope of the above two subparagraphs.
  - 2.1.4 Any creation by the Company of a pledge or mortgage on its chattel or real property as security for the loans of another company.
- 2.2 The Company may provide endorsements /guarantees for the following companies:
  - 2.2.1 A company with which it does business.
  - 2.2.2 A company in which the Company directly and indirectly holds more than 50 percent of the voting shares.
  - 2.2.3 A company that directly and indirectly holds more than 50 percent of the voting shares in the Company.

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

- companies in which the Company holds, directly or indirectly, 100% of the voting shares.
- 2.2.4 Where the Company is required to fulfill its contractual obligations by providing mutual endorsements/guarantees for another company in the same industry or where all capital contributing shareholders provide endorsements/ guarantees for their jointly invested company in proportion to their shareholding percentages, such endorsements/guarantees may be made free of the restrictions set out in the preceding paragraph.
- 2.3 Limit on endorsements/guarantees:
- 2.3.1 The aggregate balance of endorsements or guarantees provided by the Company shall be no more than 20 percent or more of the Company's net worth as stated in its latest financial statements. The balance of endorsements or guarantees provided to a single enterprise shall be no more than 100 percent of the Company's net worth as stated in its latest financial statements.
- 2.3.2 The aggregate balance of endorsements or guarantees provided by the Company and its subsidiaries shall be no more than 170 percentage of the Company's net worth as stated in its latest financial statements. The balance of endorsements or guarantees provided to a single enterprise shall be no more than 100 percent of the Company's net worth as stated in its latest financial statements.
- 2.4 Approval and authority delegates:
- 2.4.1 Endorsements or guarantees provided by the Company shall be approved by a resolution of the Board of Directors. The Board of Directors may authorize the Chairman to consent to any endorsements or guarantees for subsequent submission to and ratification by the next Board of Directors' meeting in accordance with the procedures herein, to the extent that the total amount of endorsements or guarantees is no more than 10 percent of the Company's net worth as stated in the Company's most recent financial statements.
- Before making any endorsements/guarantees pursuant to Article 2, paragraph 2, and subparagraph 3, a subsidiary in which the Company holds, directly or indirectly, 90% or more of the voting shares shall submit the proposed endorsements/guarantees to the Company's Board of Directors for a resolution, provided that this restriction shall not apply to endorsements/guarantees made between companies in which the Company holds, directly or indirectly, 100% of the voting shares.
- 2.4.2 Where the Company needs to provide endorsements or guarantees in excess of the limit set out in the procedures herein out of business necessity, and where the conditions set out in procedures herein are complied with, the Company shall obtain approval from the Board of Directors and half or more of the Directors shall act as joint guarantors for any loss that may arise due to exceeding the limit. It shall also amend the procedures accordingly and submit the same to the shareholders' meeting for ratification after the fact. If the shareholders' meeting does not give consent, the Company shall adopt a plan to discharge the amount of endorsements or guarantees in excess of the limit within a given timeframe.
- 2.4.3 Where the Company has appointed independent directors, when providing endorsements/guarantees for others, it shall take into full consideration the opinions of each independent director; independent directors' opinions specifically expressing assent or dissent and the reasons for dissent shall be included in the minutes of the board of directors' meeting.
- 2.5 Procedures for endorsements/guarantees:
- 2.5.1 The company receiving the guarantee or endorsement shall complete the "Application for Endorsements/guarantees" and submit the application to the finance department of the Company for processing. The original of the application form shall be kept on file. The finance department shall carefully evaluate the risks and make into a record for

- review and approval by the Chairman and then for resolution of the Board of Directors.
- 2.5.2 The Finance Department shall prepare a logbook to record the following information: endorsements/guarantees provided, name of the company receiving the guarantee and endorsement, results of risk evaluation, amount of endorsements/guarantees, date of approval by the Board of Directors and the evaluation report prepared in accordance with the preceding paragraph shall be attached hereto.
- 2.5.3 Where the entity for which an endorsements/guarantees was made originally met the criteria set out in Paragraph 2 of Article 2 no longer meets the criteria subsequently, or the amount of endorsements/guarantees exceeds the limit due changes in the basis of calculating the limit, the Company shall adopt a rectification plan and submit such plan to all the Supervisors, Independent Directors and the Audit Committee, whilst completing the rectifications according to the timeframe set out in the plan.
- 2.5.4 The Company may, according the endorsements/guarantees provided, charge the guaranteed/endorsed entity a guarantee/endorsement fee.
- 2.6 The finance department shall evaluate the value of endorsements and guarantees provided by the Company to others and provide sufficient allowance for bad debts and shall adequately disclose relevant information in its financial reports and provide certified public accountants with the relevant information for conducting the required audit procedures.
- 2.7 Safekeeping of the corporate chop and procedures:
- 2.7.1 The Company shall use the corporate chop registered with the Ministry of Economic Affairs as the dedicated chop for the provision of endorsements or guarantees. The Company shall ensure the safekeeping of the corporate chop and negotiable instruments by separate designated personnel. The corporate chop should be used, and the negotiable instruments shall be issued in accordance with the procedures. Any change in the custodian shall be consented by the Chairman.
- 2.7.2 Where the endorsement or guarantee provided by Company is for a foreign company, the guarantee letter issued by the Company shall be signed by the signatory authorized by the Board of Directors.
- 2.8 Public announcement and declaration:
- 2.8.1 Shall be handled in accordance with the “Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies” enforced by the FSC, Executive Yuan and the Company’s procedures for public announcement and declaration of information.
- 2.8.2 The Company shall publicly announce and report the balance of endorsements and guarantees provided to others for the preceding month of itself and its subsidiaries by the 10th day of each month.
- 2.8.3 The Company shall publicly announce and report any of the following events within two (including) days from the occurrence of the event:
- (1) The aggregate balance of endorsements or guarantees provided by the Company and its subsidiaries reaches 50 percent or more of the Company's net worth as stated in its latest financial statements.
  - (2) The balance of endorsements or guarantees provided the Company and its subsidiaries to a single enterprise reaches 20 percent or more of the Company's net worth as stated in its latest financial statements.
  - (3) The balance of endorsements or guarantees provided by the Company and its subsidiaries to a single enterprise reaches NT\$10 million or more and that the aggregate amount of all endorsements or guarantees for, carrying value of equity method investment in, and the balance of loans to such enterprise reaches 30 percent or more of Company's net worth as stated in its latest financial statement.
  - (4) The amount of new endorsements or guarantees provided by the Company or its subsidiaries reaches NT\$30 million or more and reaches 5 percent or more of the

Company's net worth as stated in its latest financial statement.

- (5) The term "Date of occurrence" used herein means the date of contract signing, date of payment, date of Board of Directors' resolution, or other date that can confirm the counterparty and monetary amount of the transaction, whichever date is earlier.

The Company shall announce and report on behalf of any subsidiary thereof that is not a public company in Taiwan any matters that such subsidiary is required to announce and report pursuant to subparagraph 4 of the preceding paragraph.

- 2.9 Any subsidiary of the Company intending to provide endorsements/guarantees to others shall do so in accordance with the procedures herein. Where such subsidiary was established and located offshore, the corporate chop registered with the Ministry of Economic Affairs as the dedicated chop for endorsements/guarantees described in paragraph 8 of Article 2 shall be replaced by the corporate chop locally registered for execution of endorsements/guarantees.
- 2.10 Where an entity for which the company makes any endorsements/guarantees is a subsidiary whose net worth is lower than half of its paid-in capital:
- 2.10.1 The subsidiary company shall provide monthly management reports to the finance department of the parent company on a periodic basis. The finance department of the parent company shall continue to review the necessity, reasonableness and risks of the endorsements/guarantees. The finance department may propose to the managerial staff to shorten the duration of the endorsements/guarantees or the endorsed amount on the basis of the evaluation results in order to manage potential risks arising from the endorsements/guarantees.
- 2.10.2 The finance department of the parent company should be notified in the first instance where the net worth of the subsidiary to which the endorsements/guarantees was made drops below one half of its paid-in capital, in order for the finance department of the parent company to record the event in the logbook for follow-up review and risk evaluation.
- 2.10.3 In the case of a subsidiary with shares having no par value or a par value other than NT\$10, the paid-in capital shall be calculated as the sum of the share capital plus paid-in capital in excess of the par value.
3. Where a subsidiary of the Company intends to make endorsements/guarantees for others, the Company shall instruct it to formulate its own procedures for endorsements/guarantees in compliance with the regulations herein and comply with such procedures accordingly when making endorsements/guarantees. The Company shall manage loans to others and endorsements/guarantees provided by the Company's subsidiary companies in accordance with the "Rules Governing Governance of Subsidiary Companies".  
The term "Subsidiary" and "parent company" used herein shall be as determined under the Regulations Governing the Preparation of Financial Reports by Securities Issuers.  
Where financial reports are prepared in accordance with the International Financial Reporting Standards, the term "net worth" used herein refers the equity in the balance sheet attributable to the owners of the parent company under the Regulations Governing the Preparation of Financial Reports by Securities Issuers.
4. The Company's internal auditors shall audit the procedures and the implementation thereof at least once every quarter, prepare written records accordingly and notify the Company's supervisors, independent directors and the Audit Committee in writing of any material violation found.
5. Any managerial officer and the person in charge found to be in violation of the provisions of the procedures herein shall be subject to disciplinary actions in accordance with the Company's

“Employee Award and Discipline Policy” and any incident of serious breach should be subject to disciplinary actions by a resolution of the Board of Directors.

6. Upon adoption of the procedures by the Board of Directors, the Procedures herein shall be submitted to the supervisors and shareholders’ meeting for consent. Any directors’ dissent noted on record or made in writing shall be submitted to the supervisors to put forward for discussion at the shareholders’ meeting. Where necessary, the Procedures and any amendments hereafter shall be filed with the FSC.

Where the Procedures for Loan to Others and Endorsements/Guarantees are submitted to the Board of Directors for approval, the Board shall take into full consideration each Director and Independent Director’s opinions. Each Director or Independent Director’s consent or dissent and the reasons of dissent shall be recorded in the minutes of the Board meeting.

Subsequent to the establishment of the Company’s Audit Committee, any amendments to the procedures herein consented by at least one half of the members of the Audit Committee, and adopted upon resolution at the Board of Directors’ meeting shall not be bound by the provisions of the preceding paragraph. Any amendments that have not been consented by more than one half of the members of the Audit Committee may be adopted with the consent of at least two third of all the Company’s directors and the resolution of the Audit Committee shall be recorded in the minutes of the Board of Directors’ meeting. The members of the Audit Committee and all Directors referred to herein shall be those that are currently in office.

7. Any matters not covered herein shall be handled in accordance the “Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies”.
8. The procedures herein and any amendments hereafter shall come into effect upon adoption by the Board of Directors.
9. The Procedures were adopted on 18 February, 2003. The first amendment was made on 17 February, 2006; the second on 27 February, 2009; the third on 23 April, 2010; the fourth on 15 June, 2011; the fifth on 26 August, 2011; the sixth on August 17, 2012; the seventh on 24 June, 2014; the eighth on 9 June 2015 and the nineth on 19 March, 2019.



## Appendix 7.

The Impact of the Issuance of Bonus Shares on the Company's Operating Performance, Earnings Per Share and Return on Shareholders' Investment : none.

## Appendix 8.

### Shareholding All of the Company's Directors and Supervisors

1. Pursuant to Article 26 of the Securities and Exchange Act and the "Rules and Review Procedures for Director and Supervisor Share Ownership Ratios at Public Companies", the minimum number of shares and percentage of shares held by the all of the Company's Directors and Supervisors are as follows:

The Company's issued ordinary shares	181,699,567 shares
Percentage of shares held by All Directors required by law	6%
Number of shares held by All Directors required by law	10,901,974 shares
Percentage of shares held by All Supervisors required by law	0.6%
Number of shares held by All Supervisors required by law	1,090,197 shares

2. The numbers of shares held by the directors and supervisors individually and by the entire bodies thereof respectively as recorded in the shareholders' register as of the book closure date (24 April, 2020) for that shareholders' meeting.

Position	Name	No. of Shares	Shareholding %
Director	J. W. Kuo	8,133,759	4.48%
Director	Jeffery Pan	1,500,817	0.82%
Director	Simon Tseng	1,029,950	0.57%
Director	Charles Lee	1,129,948	0.62%
Director	Jia Pin Investment Development Co., Ltd. Representative: Robert Lai	6,179,382 0	3.40% 0%
Independent Director	Chen, Linsen	0	0%
Independent Director	Sun, Pi-Chuan	0	0%
No. of shares and shareholding % of All Directors		17,973,856	9.89%
Supervisor	Fu-Hsiung, Wang	0	0%
Supervisor	Pei-fen, Chang	1,198,963	0.66%
Supervisor	Guang-Jer, Lai	40,867	0.02%
No of shares and shareholding % of All Supervisors		1,239,830	0.68%