CATHAY CONSOLIDATED, INC.

Stock Code：1342

Cathay Consolidated, Inc.

2021 Annual Shareholders' Meeting

Meeting Agenda
(Translation)

May 18,2021

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Time：10:00 AM on May 18 (Tuesday), 2021

Place：NO.15, Gongyuan 2nd Rd., Wuchieh Township, Yi-Lan County 268, Taiwan (R.O.C.) (Shangrila Boutique Hotel)

1、Call Meeting to Order

2、Chairman's Address

Chairman： George T.S. Liu, Chairman of the Board of Directors

3、Report Items

(1) To report the business of 2020

(2) Audit Committee's Review Report

(3) To report 2020 employees' profit sharing bonus and directors' compensation

4、Proposed Resolutions

(1) To accept 2020 Business Report and Financial Statements

(2) 2020 Earnings Distribution Table

(3) Revised the "Regulations Governing Procedure for Board of Directors Meetings ".

5、Motion

6、Meeting Adjourned

Ⅲ、Report Items

1、To report the business of 2020

Description: Please refer to Attachment Ⅰ.

2、Audit Committee’s review report

Description: Please refer to Attachment Ⅱ.

3、To report 2020 employees’ profit sharing bonus and directors’ compensation

Explanatory Notes： Please refer to Attachment Ⅲ.

Ⅳ、Proposed Resolutions

1、To accept 2020 Business Report and Financial Statements (Proposed by the Board of Directors)

Description:

(1) Cathay’ s 2020 Financial Statements has been audited by Ernst & Young CPA firm with unqualified opinion.

(2)2020 Business Report and Financial Statements are attached hereto as Attachments I and Ⅳ.

(3) Cathay’ s 2020 Financial Statements has been audited by Ernst & Young CPA firm with unqualified opinion.

Resolution:

2、The Company's 2020 annual dividend distribution, submitted for discussion. (Proposed by the Board of Directors)

Description:

(1) The net income after tax of the Company in 2020 is NT$196,226,637, the distributable surplus is NT$263,845,858.

(2) We propose cash dividend is per share of NT$2.5. Please refer to Annex Ⅴ for the Company's disposition of net income.

(3) Upon the approval of the annual shareholders meeting for the appropriation of net income, the board of shareholders is hereby requested to authorize the board of directors to determine the schedule of dividend distribution and other relevant matters.

(4) The dividend will be paid in cash with calculation rounded down to the nearest one NTD (any amount below one NTD will be discarded). The remaining fraction will be incorporated into other revenue of the Company.

(5) In the event of any change in the number of outstanding shares resulting from the buyback of the Company’ s common stock, transfer, conversion or cancellation of the treasury shares, the exercise of the employee stock options or the conversion

of convertible bonds, the dividend ratio must be adjusted. It is proposed to fully authorize the board of directors to adjust the dividend ratio and to proceed on the relevant matters.

Resolution:

3、Establish the "Standard of Issue Employee Restricted Stock Awards (RSAs)" (Proposed by the Board of Directors)

Description:

(1) In order attract and retain the professional talents needed by the company, and to improve employees' centripetal force and sense of belonging to the company, and jointly create higher company value and shareholders' equity. In accordance with Article 267, paragraph 8 and paragraph 10 of the "Company Act". and the relevant regulations of"Regulations Governing the Offering and Issuance of Securities by Securities Issuers" issued by the Financial Supervisory Commission, establish the "Standard of Issue Employee Restricted Stock Awards (RSAs)". Please refer to Annex Ⅵ.

(2) Issue period: Company may issue one-time or multiple issues within one year approved by the competent authority. The actual issue date is determined by the chairman of the board authorized by the board of directors.

(3) Qualification requirements for employees:

A. Full-time employees on the RSAs granted date.

B. List of eligible employees and granted amount will be determined based on the years of service, job grades, work performance and contribution, honorable achievements, and other necessary factors. This list will be proposed by the chairman and sent to the Board of Directors for approval. However, for employees who are managerial officers or the board members, the award of such shares is subject to approval from the Compensation Committee.

C. Where an issuer issues employee stock warrants under Article 56-1, paragraph 1, the cumulative number of shares subscribed by a single warrant holder of the employee stock warrants, in combination with the cumulative number of new restricted employee shares obtained by the single warrant holder, may not exceed 0.3 percent of the issuer' s total issued shares. And the above in combination with the cumulative number of shares subscribed by the single warrant holder of employee stock warrants issued by an issuer under Article 56, paragraph 1, may not exceed 1 percent of the issuer' s total issued shares. However, with special approval from the central competent authority of the relevant industry, the total number of employee stock warrants and new restricted employee shares obtained by a single employee may be exempted from the above-mentioned restriction.

(4) Total amounts (shares) of issuance: 7,000,000 shares, with NT$10 per share, total value is NT$70,000,000.

(5) Issuance conditions: According to the implementation rules of each time.

Resolution:

Ⅴ、Motion：

Ⅵ、Meeting Adjourned

Attachment I

Cathay Consolidated, Inc.

2020 Business Report

I. 2020 Business Performance Report

In 2020, the global economy suffered a serious setback due to the impact of COVID-19. However, thanks to the hard work and hard work of all our colleagues, the revenue successfully exceeded the annual business target, and the company's stocks were successfully listed before the end of the year. The operating income for the year 2020 was NT$1,531,351K, an increase of approximately 6.1% compared to NT$1,442,715 K for the year 2019, which was mainly due to the increase in shipments of medical products; after tax Earnings were NT$196,227K, and earnings per share were NT$3.2.Unit: NT$ Thousands

Items	Year 2020	Year 2019	DIF %
Revenue	1,531,351	1,442,715	6.1%
Operating costs	1,140,848	1,084,461	5.2%
Gross Profits	390,503	358,254	9.0%
Gross Profits Rate	26%	25%	2.7%
Operating expenses	140,735	137,640	2.2%
Selling expenses	34,495	41,777	-17.4%
Administrative expenses	75,844	71,631	5.9%
R&D expenses	30,396	24,232	25.4%
Operating Income	249,768	220,614	13.2%
Nonoperating Income and	-1,422	4,607	-130.9%
Income before income tax	248,346	225,221	10.3%
Net income	196,227	180,523	8.7%

1. Revenue rose 6.1%, and costs rose 5.2%. Due to the impact of the COVID-19, the product portfolios were greatly adjusted. Among them, the medical products was NT$597,986 K, a substantial increase of NT$158,763 K compared with year 2019, increased from 30% to 39%.
2. Non-operating income and expenditure decreased slightly NT$6,029K compared with the previous period, mainly due to the rapid appreciation of the currency against the US dollar in June 2020 from 30 to 28, which affected exchange gains and losses. Compared with the company's revenue NT$1,531,351K, the impact was relatively limited.

II. Business Outlook for 2021

At current, our capacity utilization rate is still on peak until the end of April, and the demands for medical and outdoor products are strong and unabated. The company's management team still dare not relax, and actively contact customers to obtain new orders, hoping that Cathay can continue to meet customer requirements with high-quality products. God rewards hard work. For year 2021, we will continue to work hard to enhance the company's competitiveness, so that the company can continue to grow, strive to achieve business goals, and share with all shareholders.

Good Health and Good Luck

George T.S. Liu, Chairman of the Board

Attachment Ⅱ

Audit Committee' s Review Report

The Board of Directors has prepared the Company' s 2020 Business Report, Financial Statements, and proposal for allocation of quarterly earnings The CPA firm of Ernst & Young was retained to audit Cathay' s Financial Statements and has issued an audit report relating to the Financial Statements. The Business Report, Financial Statements, and quarterly earnings allocation proposal have been reviewed and determined to be correct and accurate by the Audit Committee members of Taiwan Semiconductor Manufacturing Company Limited. According to relevant requirements of the Article 14-4 of Securities and Exchange and the Article219 of Company Law, we hereby submit this report.

Cathay Consolidated, Inc.

Chairman of the Audit Committee:

February 23, 2021

Attachment Ⅲ

Employee remuneration and Director remuneration

1. In accordance with Article 21 of the articles of association of the Company, "the Company shall allocate at least 1% for the employees’ remuneration and not more than 5% for the directors’ remuneration in the event of profits in the year".
2. We proposed Employee Remuneration and Director Remuneration Distribution in 2020:

(Unit: NT$)

Items	Amount	As a Percentage of Pretax Net Profit
Employee Bonus	13,424,086	5%
Bonus to Directors	6,712,043	2.5%

3. The remuneration for employees and directors is expected to be paid in cash. 。

Independent Auditors' Report

To Cathay Consolidated, Inc.

Opinion

We have audited the accompanying individual balance sheets of Cathay Consolidated, Inc. (the "Company") as of December 31, 2020 and 2019, and the related individual statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2020 and 2019, and notes to individual financial statements, including the summary of significant accounting policies.

In our opinion, based on our audits, the individual financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2020 and 2019, and their financial performance and cash flows for the years ended December 31, 2020 and 2019, in conformity with the requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards, International Accounting Standards, Interpretations developed by the International Financial Reporting Interpretations Committee or the former Standing Interpretations Committee as endorsed by Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Individual Financial Statements* section of our report. We are independent of the Company in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China (the "Norm"), and we have fulfilled our other ethical responsibilities in accordance with the Norm. 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.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of 2020 individual financial statements. These matters were addressed in the context of our audit of the individual financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Revenue recognition

The Company recognized operating revenue from contracts with customers of NT$1,531,351 thousand in 2020. Operating revenue was mainly generated from sales of functional fabrics and merchandise for medical, life preserving, aviation. It's critical for financial statements audit to justify and analyze the obligation of customers contracts and the timing and completeness of revenue recognition. Therefore, we conducted revenue recognition as a key audit matter.

The audit procedures we performed regarding revenue recognition included but not limited to: understand the transaction process and performed tests of control on effectiveness of control points; inspect the terms of transaction and perform test of details to ensure obligation of customers contract and the appropriate timing and accuracy of revenue recognition; inspect the supporting document of sales transaction for a period before and after the balance sheet date to ensure revenue recognize in proper timing.

We also consider the appropriateness of the revenue disclosure included in note 6 of note to individual financial statements.

Valuation of inventories

The Company mainly dedicated to manufacture and selling of functional fabrics and merchandise of medical, life preserving, aviation. As of December 31, 2020, the inventories amounted to NT$484,212 thousand, representing 25% of total assets, which was significant to individual financial statements. Due to the valuation of allowance for inventory valuation losses involved in the subjective judgement of the management, we listed valuation of inventories as a key audit matter.

The audit procedures we performed regarding valuation of inventories included but not limited to: evaluate and perform tests of control on effectiveness of control points for valuation of inventories; evaluate the appropriateness of the policies of writing-down of slow-moving inventories; test the accuracy of inventories aging and recalculate the losses for slow-moving inventories; perform test of supporting document and recalculate on net realizable value to ensure inventories valuated at lower of cost and net realizable value.

We also consider the appropriateness of the revenue disclosure included in note 5 and 6 of note to individual financial statements.

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

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

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

Those charged with governance, including audit committee or supervisors, are responsible for overseeing the financial reporting process of the Company.

Auditor's Responsibilities for the Audit of the Individual Financial Statements

Our objectives are to obtain reasonable assurance about whether the individual financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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 individual 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 individual 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 internal control of the Company.

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 ability to continue as a going concern of the Company. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the individual financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the individual financial statements, including the accompanying notes, and whether the individual financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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.

Ernst & Young, Taiwan

February 23, 2021

Notice to Readers

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

English Translation of Financial Statements Originally Issued in Chinese

CATHAY CONSOLIDATED, INC.
INDIVIDUAL BALANCE SHEETS
December 31, 2020 and 2019
(Expressed in Thousands of New Taiwan Dollars)

ASSETS	Notes	December 31, 2020 Amount	%	December 31, 2019 Amount	%
Current assets					
Cash and cash equivalents	4 , 6	$447,593	23	$62,269	4
Notes receivables, net	4 、6	3,670	-	13,364	1
Accounts receivables, net	4 , 6	189,957	10	196,682	13
Accounts receivables from related parties	4 , 6 , 7	9,380	-	2,237	-
Other receivables	4	29	-	12,993	1
Inventories, net	4 ,5, 6	484,212	25	471,999	31
Prepayments		32,024	2	25,422	2
Other current assets	6 、8	7,811	-	64,481	4
Total current assets		1,174,676	60	849,447	56
Non current assets					
Property, plant and equipment	4 , 6 , 8	750,592	38	626,955	41
Right-of-use assets	4 、6	30,935	2	27,892	2
Intangible assets		1,093	-	549	-
Deferred tax assets	4 , 5 , 6	11,381	-	6,641	-
Other non-current assets	6	6,585	-	6,689	1
Total non-current assets		800,586	40	668,726	44
TOTAL ASSETS		$1,975,262	100	$1,518,173	100

LIABILITIES AND EQUITY	Notes	December 31, 2020 Amount	%	December 31, 2019 Amount	%
Current liabilities					
Short-term loans	4 , 6	$-	-	$147,486	9
Contract liabilities - current	4 , 6	271	-	2,456	-
Notes payables	4	49,912	3	42,701	3
Accounts payables	4	104,567	5	108,327	7
Accounts payables to related parties	4 、7	1,103	-	-	-
Other payables	4	81,567	4	87,127	6
Other payables to related parties	7	26	-	3	-
Current tax liabilities	4 、6	32,812	2	32,323	2
Provisions - current		2,763	-	2,216	-
Current lease liabilities	4 , 6	12,524	1	13,667	1
Other current liabilities		11,565	-	10,798	1
Total current liabilities		297,110	15	447,104	29
Non-current Liabilities					
Long-term loans	4 , 6	200,131	10	119,669	8
Non - current lease liabilities	4 , 6	19,085	1	15,040	1
Total non-current liabilities		219,216	11	134,709	9
Total liabilities		516,326	26	581,813	38
Equity					
Capital stock					
Common stock	6	678,453	34	594,653	39
Capital surplus	6	417,366	21	19,904	1
Retained earnings	6				
Legal reserve		79,648	4	61,596	4
Unappropriated earnings		283,469	15	260,207	18
Total retained earnings		363,117	19	321,803	22
Total Equity		1,458,936	74	936,360	62
TOTAL LIABILITIES AND EQUITY		$1,975,262	100	$1,518,173	100

The accompanying notes are an integral part of the financial statements.

English Translation of Financial Statements Originally Issued in Chinese

CATHAY CONSOLIDATED, INC.

INDIVIDUAL STATEMENTS OF COMPREHENSIVE INCOME

For the Years Ended December 31, 2020 and 2019

(Expressed in Thousands of New Taiwan Dollars)

Accounts	Notes	2020 Amount	2020 %	2019 Amount	2019 %
Operating revenues	4,5,6,7	$1,531,351	100	$1,442,715	100
Operating costs	6	(1,140,848)	(75)	(1,084,461)	(75)
Gross profit		390,503	25	358,254	25
Operating expenses					
Selling expenses	6	(33,438)	(2)	(40,517)	(3)
Administrative expenses	6	(75,899)	(5)	(71,617)	(5)
Research and development expenses	6	(30,396)	(2)	(24,232)	(2)
Expected credit loss	6	(1,057)	-	(1,260)	-
Total operating expenses		(140,790)	(9)	(137,626)	(10)
Other income and expenses		55	-	(14)	-
Operating income		249,768	16	220,614	15
Non-operating income and expenses					
Interest income	6	401	-	155	-
Other income	6	21,698	1	18,335	1
Other gains and losses	6	(19,071)	(1)	(7,170)	(1)
Finance Cost	6	(4,450)	-	(6,713)	-
Total non-operating income and expenses		(1,422)	-	4,607	-
Income before income tax		248,346	16	225,221	15
Income tax expense	4,5,6	(52,119)	(3)	(44,698)	(3)
Net income		196,227	13	180,523	12
Other comprehensive income		-	-	-	-
Total comprehensive income		$196,227	13	$180,523	12
Earnings per share (NTD)					
Earnings per share - Basic	6	$3.15		$3.08	
Earnings per share - Diluted	6	$3.14		$3.07	

The accompanying notes are an integral part of the financial statements.

English Translation of Financial Statements Originally Issued in Chinese

CATHAY CONSOLIDATED, INC.

INDIVIDUAL STATEMENTS OF CHANGES IN EQUITY

For the Years Ended December 31, 2020 and 2019

(Expressed in Thousands of New Taiwan Dollars)

Item	Common stock	Capital surplus	Retained earnings: Legal reserve	Retained earnings: Unappropriated earnings	Total equity
Balance as of January 1, 2019	$423,200	$2,420	$45,600	$296,591	$767,811
Effects of retrospective application and restatement	-	-	-	(911)	(911)
Restated balance as of January 1, 2019	423,200	2,420	45,600	295,680	766,900
Appropriation and distribution of 2018 earnings:					
Legal reserve	-	-	15,996	(15,996)	-
Cash dividends	-	-	-	(50,000)	(50,000)
Stock dividends	150,000	-	-	(150,000)	-
Net income for the year ended December 31, 2019	-	-	-	180,523	180,523
Other comprehensive income for the year ended December 31, 2019	-	-	-	-	-
Total comprehensive income	-	-	-	180,523	180,523
Employee compensation	21,453	17,484	-	-	38,937
Balance as of December 31, 2019	594,653	19,904	61,596	260,207	936,360
Appropriation and distribution of 2019 earnings:					
Legal reserve	-	-	18,052	(18,052)	-
Cash dividends	-	-	-	(154,913)	(154,913)
Net income for the year ended December 31, 2020	-	-	-	196,227	196,227
Other comprehensive income for the year ended December 31, 2020	-	-	-	-	-
Total comprehensive income	-	-	-	196,227	196,227
Cash capital increase	83,800	397,462	-	-	481,262
Balance as of December 31, 2020	$678,453	$417,366	$79,648	$283,469	$1,458,936

The accompanying notes are an integral part of the financial statements.

English Translation of Financial Statements Originally Issued in Chinese

CATHAY CONSOLIDATED, INC.
INDIVIDUAL STATEMENTS OF CASH FLOWS
For the Years Ended December 31, 2020 and 2019
(Expressed in Thousands of New Taiwan Dollars)

Item	2020	2019
Cash flows from operating activities		
Income before income tax	$248,346	$225,221
Adjustments to reconcile net income before tax to net cash provided by operating activities:		
Depreciation	75,662	79,360
Amortization	776	833
Expected credit losses	1,057	1,260
Interest expenses	4,450	6,713
Interest income	(401)	(155)
Losses on disposal of property, plant and equipment	8	60
Changes in operating assets and liabilities:		
(Increase) decrease in notes receivables	9,687	(9,623)
(Increase) decrease in accounts receivables	5,675	32,494
(Increase) decrease in accounts receivables from related parties	(7,143)	(1,489)
(Increase) decrease in other receivables	12,964	(12,380)
(Increase) decrease in inventories	(12,213)	48,561
(Increase) decrease in prepayments	(6,762)	(8,853)
(Increase) decrease in other current assets	(1,094)	(161)
(Increase) decrease in other financial assets	57,764	(60,460)
Increase (decrease) in notes payables	7,211	19,318
Increase (decrease) in accounts payables	(3,760)	35,110
Increase (decrease) in accounts payables from related parties	1,103	-
Increase (decrease) in other payables	(5,489)	38,745
Increase (decrease) in other payables from related parties	23	3
Increase (decrease) in provisions	547	779
Increase (decrease) in other current liabilities	(5,471)	4,918
Cash generated from operations	382,940	400,254
Interest received	401	155
Income taxes paid	(56,370)	(41,392)
Net cash provided by operating activities	326,971	359,017
Cash flows from investing activities:		
Acquisition of property, plant and equipment	(183,228)	(170,837)
Proceeds from disposal of property, plant and equipment	-	128
Acquisition of intangible assets	(770)	(260)
Increase in other non-current assets	(286)	(6)
Net cash (used in) investing activities	(184,284)	(170,975)
Cash flows from financing activities:		
Increase in short-term loans	493,174	576,877
Decrease in short-term loans	(640,660)	(635,928)
Proceeds from long-term loans	99,600	114,000
Repayments of long-term loans	(15,085)	(118,121)
Payment for the principal portion of the lease liabilities	(16,991)	(15,753)
Cash dividends paid	(154,913)	(50,000)
Issuance of common stock for cash	481,262	-
Interest paid	(3,750)	(5,825)
Net cash provided by (used in) financing activities	242,637	(134,750)
Net increase (decrease) in cash and cash eqivalents	385,324	53,292
Cash and cash eqivalents at the beginning of the year	62,269	8,977
Cash and cash eqivalents at the end of the year	$447,593	$62,269

The accompanying notes are an integral part of the financial statements.

Attachment V

Cathay Consolidated, Inc.

Profit Distribution Table

2020

Unit：NTD$

Items	Amount
Beginning Unappropriated retained earnings	87,241,885
Add: Net profit after tax of 2020	196,226,637
Less：10% Legal Surplus Reserve	19,622,664
Distributable net profit	263,845,858
Distributable items:	
Cash dividend (NT$ 2.5 per share)	169,613,408
Unappropriated retained earnings after Distribution	94,232,450

CCI	Standard of Issue Employee Restricted Stock Awards (RSAs)	GN003	Page1
			Total 6

1. Purpose:

In order attract and retain the professional talents needed by the company, and to improve employees' centripetal force and sense of belonging to the company, and jointly create higher company value and shareholders' equity. In accordance with Article 267, paragraph 8 and paragraph 10 of the "Company Act". and the relevant regulations of" Regulations Governing the Offering and Issuance of Securities by Securities Issuers" issued by the Financial Supervisory Commission, establish the "Standard of Issue Employee Restricted Stock Awards (RSAs)"

2. Issue Period:

The company may issue one-time or multiple issues within one year approved by the competent authority. The actual issue date is determined by the chairman of the board authorized by the Board of Directors.

3. Qualification requirements for employees:

3.1. Full-time employees on the RSAs granted date.

3.2. List of eligible employees and granted amount will be determined based on the years of service, job grades, work performance and contribution, honorable achievements, and other necessary factors. This list will be proposed by the chairman and sent to the Board of Directors for approval. However, for employees who are managerial officers or the board members, the award of such shares is subject to approval from the Compensation Committee.

3.3. Where an issuer issues employee stock warrants under Article 56-1, paragraph 1, the cumulative number of shares subscribed by a single warrant holder of the employee stock warrants, in combination with the cumulative number of new restricted employee shares obtained by the single warrant holder, may not exceed 0.3 percent of the issuer' s total issued shares. And the above in combination with the cumulative number of shares subscribed by the single warrant holder of employee stock warrants issued by an issuer under Article 56, paragraph 1, may not exceed 1 percent of the issuer' s total issued shares. However, with special approval from the central competent authority of the relevant industry, the total number of employee stock warrants and new restricted employee shares obtained by a single employee may be exempted from the above-mentioned restriction.

4. Total amounts(shares) of issuance:

   7,000,000 shares, with 10 per share, total value is NT$70,000,000.

5. Conditions:

   5.1. Measures to be taken when employees fail to meet the vesting conditions or in the event of inheritance:

      5.1.1. On the effective date of the company' s voluntary resignation, dismissal or dismissal from the company, retirement, or individual' s self-appointment of the affiliated company, the When employees fail to meet the Employee Performance Criteria at each issuance period, the Company can buy back RSAs of remaining period in accordance with original price from the employees.

      5.1.2. After being allocated new shares that restrict the rights of employees, the company has approved the company to apply for leave without pay (including but not limited to childcare, injury, illness, military service, etc.), the employee shall be deemed to have not fulfilled the established conditions during the period of leave without pay. After resuming the original position, the employee may regain his rights and interests within the range of the number of allotments available in the year in which the original position is restored. However, the actual number of shares that the employee can get in the year when he resumes his original job will be reviewed by the chairman of the company after considering relevant factors to re-assess the proportion and time limit for fulfilling the established conditions.

      5.1.3. When employees fail to meet the Employee Performance Criteria at each issuance period, the Company can buy back RSAs of remaining period in accordance with original price from the employees.

      5.1.4. f required by the company' s operations, if an employee is required to be transferred to the company' s affiliated company upon request and approval by the company, the chairman of the company may refer to 3.2. for the shares that he has not acquired on the effective date of the transfer of the affiliated company. Factors re-assess the proportion and time frame for achieving the established conditions.

5.1.5. If due to job adjustments, such as promotion or transfer to other positions, according to the responsibilities of the new position and future contribution potential (the consideration factors listed in 3.2. of this Code), within the range of the number of unowned shares allocated to the employee, The chairman of the company re-approved the proportion and time limit for fulfilling the established conditions.

5.1.6. The distribution of allotment dividends to employees during the vesting period, and the company agrees to grant them free of charge. It does not differ depending on whether it has reached the established conditions.

5.1.7. Before the vested conditions are fulfilled, the provisions of 6.2. and 6.3. to terminate or cancel the authorization of the company's appointed agent, the company may withdraw all the shares not yet acquired from the employee at the price of each issue.

5.2. In case of physical disability or death due to occupational disasters, or deaths caused by non-occupational disasters (ie general deaths), the new shares that have not yet acquired restricted employee rights shall be handled as follows.

5.2.1. For those who are unable to continue their employment due to physical disability due to occupational disasters, the new shares that have not yet acquired the restricted employee rights shall be deemed to have fulfilled all the acquired conditions from the effective date of the employee's resignation.

5.2.2. For those who have died or died due to occupational disasters, the new shares of restricted employee rights that have not yet been acquired shall be deemed to have fulfilled all the acquired conditions on the day of the employee's death. The heir shall complete the statutory necessary procedures and provide relevant supporting documents to apply for receive its inherited shares or disposition of rights and interests.

5.3. The Company has bought back RSAs and then cancel accordingly.

5.4. Restricted rights before employees meet the vesting conditions:

RSAs under the custody shall not be sold, pledged, transferred, and gave as gifts to others or any other means of disposal.

5.4.1. Voting rights: To be conducted by the Trust in accordance with the relevant laws and regulations.

5.4.2. For the RSAs allocated to employees in accordance with this Standard, before the acquired conditions are fulfilled, except for the original shareholders' new share subscription rights without cash capital increase, other rights are the same as those of the company's issued ordinary shares (including but not Limited to: cash dividends, stock dividends, capital reduction, capital reserve cash (stocks), and any rights and interests allocated due to various legal reasons such as mergers, divisions, and share conversions).

5.4.3. From the date when the company's free allotment ceases to be transferred, the date when the transfer of cash dividends is closed, the date when the transfer of cash capital increase subscriptions ceases to be transferred, the period during which the shareholders' meeting specified in Article 165, Item 3 of the Company Law ceases to transfer, or other legal suspensions that occur based on facts From the transfer period to the base date of the right distribution, employees who meet the acquired conditions during this period will have their acquired shares lifted from the time limit and procedures in accordance with the trust custody contract.

5.4.4. The RSAs shall be directly delivered to the trust for safekeeping immediately after issuance. Before the vested conditions are fulfilled, employees shall not request the trustee to return new shares that restrict the rights of employees for any reason or in any way.

5.5. Other important agreed matters: During the period when the rights of employees are restricted and the new shares are delivered to the trust, the employees shall, in accordance with Article 106 of the Civil Code, agree in writing that the company may be the party, the beneficiary and the employee's agent of the trust contract. The company' s sole agency staff and the stock trust agency and the company carry out (including but not limited to) the negotiation, signing, amendment, extension, cancellation, and termination of the trust contract, and instructions on the delivery, use and disposal of the trust property.

6. Sign and keep confidential:

6.1. After the total number of units to issue new shares, subscription prices, allocation principles, and the list of grantees are determined, the organizer shall notify the employees to sign the "Consent to Restrict Employees' Rights to Receive New Shares", "Competition Prohibition and Confidentiality Consent".

6.2. After the granted employee signed the "Consent to Restrict Employees' Rights to Receive New Shares" and "Competition Prohibition and Confidentiality Consent" in accordance with the notice, they will obtain the RSAs. Those who fail to complete the signing in accordance with the regulations shall be deemed to have waived the RSAs.

6.3. After signing the "Consent to Restrict Employees' Rights to Receive New Shares" and "Competition Prohibition and Confidentiality Consent", employees shall abide by the confidentiality regulations and shall not disclose the relevant content and personal rights of this case to others.

6.4. Any holder of RSAs through this Code shall comply with the relevant provisions of this Code, the "Consent to Restrict Employees' Rights to Receive New Shares", "Competition Prohibition and Confidentiality Consent" and relevant trust regulations, such as Violators shall be deemed to have not met the acquired conditions, and the company may withdraw and cancel the shares that are not yet acquired at each issue price.

7. Taxes:

For the RSAs allocated to employees in accordance with this Code, the relevant taxation shall be handled in accordance with the current tax laws of the Republic of China.

8. Implementation Rules:

The relevant procedures and detailed operation time of the staff list, document sign and other matters of this Standard shall be handled by the staff assigned separately by the company's contractor.

9. Enforcement and amendment:

9.1. This standard is submitted to the shareholders meeting for voting after Board of Directors resolution is passed. It is implemented by the shareholders meeting representing more than two-thirds of the total number of issued shares and more than half of the shareholders who have attended the voting rights, and submitted to the competent authority for approval effective, if amendments are required due to the requirements of the competent authority during the review process, the chairman of the board is authorized to amend these guidelines, and then the issue can only be issued after Board of Directors ratifies it.

9.2. If there are any issues that are not covered by this Standard, it is understood to be handled in accordance with relevant laws and regulations.

Appendix 1

Directors’ Shareholdings & Minimum Shareholdings Required

Follow Securities and Exchange Act Art 26 and 「Rules and Review Procedures for Director and Supervisor Share Ownership Ratios at Public Companies」，：

1. Directors Shareholdings and Legal Minimum Shareholdings is as follows:

Common shares issued 67,845,363 shares

Legal holding of all directors in number of shares 5,427,629 shares

2. As of March 20, 2021, all board members’ shareholdings are as follows:
3.

Position	Name	Shares	
		At the time of appointment	Closing date
Chairman	George Liu	11,752,044	12,151,359
Director	Syu Guang-Huei	0	0
Director	Cyue Cing-Sian	35,714	35,714
Director	Stephen Wendell Howard	0	0
Independent Director	Shih Sin-Chuan	0	0
Independent Director	Pan Sian	0	0
Independent Director	Wu Cun-Yi	0	0
	合計	11,787,758	12,187,073

Appendix 2

Shareholder proposal information

1、According to Article 172-1 of the Company Law, the time for the shareholders' proposal to be accepted at this regular shareholders meeting is from March 12, 2021 to March 22, 2021, and it has been announced in the Market Observation Post System.

2、During that period, no proposals from shareholders holding more than 1% of the total issued shares of the company have been received.

Appendix 3

Cathay Consolidated, Inc.

Articles of Incorporation

Chapter 1: General Principle

Article 1.

In accordance with the Company Law and regulations on company limited by shares, the Company is registered as Cathay Consolidated, Inc.

Article 2.

The business scope of the Company is stated as follow:

C805010 Plastic Sheets, Pipes and Tubes Manufacturing

C805020 Plastic Sheets & Bags Manufacturing

C805060 Plastic Leathers Manufacturing

C805990 Other Plastic Products Manufacturing

CM0101L Luggage and Bag Manufacturing

C305010 Printing, Dyeing, and Finishing Mills

C399990 Other Textile Products Manufacturing

CC01990 Electrical Machinery, Supplies Manufacturing

F401010 International Trading

ZZ99999 All business items that are not prohibited or restricted by law, except those that are subject to special approval

Article 2-1.

The total amount of the re-investment made by the Company may not be restricted by article 13 of the Company Act.

Article 3.

Headquarter of the Company is located at Yilan county, Taiwan. The Company can establish branches at home and abroad legally with the agreement of the board.

Article 4.

The company's announcement method is in accordance with Article 28 of the Company Act.

Chapter 2: Shares

Article 5.

The total capital of the Company is NTD $900 million dollars, which is divided into 90 million shares, that is, NTD $10 dollars per share. The total authorized number of shares are to be issued in installments by the approval of the board.

Within aforementioned capital, NTD $70 million dollar is kept to be issued to employees as share beneficiaries. This totals 7 million shares with the face value of each share being NTD $10 dollars and is to be issued through separate instances after receiving authorization from the board of directors.

Article 5-1.

When transfer to employees below the average price of the actual shares bought back or employee share subscription warrant price lower than the market price (net value per share), there shall be more than half of the total number of issued shares presenting, and at least two-thirds of the voting rights at shareholders meeting agree.

Article 5-2.

The preparation of share issuance shall be conducted according to the Company Act and the matters occurs after the share issuance shall be tackled according to the regulation of Company Act, Regulations Governing the Administration of Shareholder Services of Public Companies, and related laws.

Article 6.

The company may be exempted from printing share certificate for the shares issued, but the share certificate to be issued under the provision of the preceding paragraph shall be placed under the custody of a centralized securities custody enterprise.

Article 7.

The transfer of the share of the company shall be conducted according to the regulation of article 165 of Company Act.

Chapter 3 Shareholder Meetings

Article 8.

Shareholder's meeting is divided into two types: regular and irregular. Regular meetings should be held at least once a year and should be held by the Board of Directors within six months of the end of every fiscal year according to law. Irregular shareholder's meetings are to be held in accordance with law.

Article 8-1.

Shareholders' meeting of the Company can be held by means of visual communication network or other methods promulgated by the central competent authority.

Article 9.

When a shareholder is unable to attend the shareholders meeting for some reason, he shall obtain a proxy statement issued by the company stating the scope of authorization, and in accordance with Article 177 of the Company Law, sign or seal the entrusted agent to attend. The company's shareholders' entrusted attendance measures, in addition to the provisions of the preceding paragraph, are understood to be implemented in accordance with the "Regulations Governing the Use of Proxies for Attendance at Shareholder Meetings of Public Companies" promulgated by the competent authority.

Article 10.

Unless otherwise stipulated by laws and regulations, shareholders of the company have one voting right per share, but those who are restricted or have no voting rights as stipulated in Article 179 of the Company Act.

Article 11.

The resolutions of the shareholders meeting, unless otherwise stipulated by the

Company Act, shall be attended by shareholders representing more than half of the total number of issued shares, and shall be executed with the approval of more than half of the voting rights of the shareholders present.

The company shall list electronic methods as a channel for shareholders to exercise their voting rights. Shareholders who exercise voting rights electronically shall be deemed to be present in person, and related matters shall be handled in accordance with laws and regulations.

The resolutions of the shareholders meeting shall be recorded and handled in accordance with Article 183 of the Company Act.

Article 12.

The shareholders' meeting is called by the board meeting and the chairman shall be the meeting chair. In case the chairman of the board of directors is on leave or absent, the chairman of the board of directors shall designate one of the managing directors, or where there are no managing directors, one of the directors to act on his behalf. In the absence of such a designation, the managing directors or the directors shall elect from among themselves an acting chairman of the board of directors. If the shareholders' meeting is called by the person other than the board meeting, the meeting chair shall be that person. In case that the meeting is called by more than one person, people calling the meeting shall elect from among themselves an acting chairman.

Article 12-1.

If the company has a proposal to cancel the public offering in the future, it should be referred to as a resolution of the shareholders meeting, and this provision shall not be changed during the period of stock market development and the period of listing or listing.

Chapter 4 Director and Supervisor

Article 13.

The Board of Directors of our company has 7 directors, the selection of directors adopts a candidate nomination system, and the shareholders' meeting selects them from the list of director candidates for a term of three years, and they may be re-elected. The election of directors of the company adopts the registered and cumulative election method. The total number of registered stocks held by all directors shall be handled in accordance with the regulations of the "Rules and Review Procedures for Director and Supervisor Share Ownership Ratios at Public Companies" issued by the competent authority. Among the above-mentioned number of directors, the number of independent directors set up by the company shall not be less than two, and shall not be less than one-fifth of the number of directors. Regarding independent directors' professional qualifications, shareholding, restrictions on part-time jobs, methods of nomination and selection, and other matters to be followed, follow the relevant regulations of the securities authority.

Article 13-1.

(Deleted)

Article 13-2.

The company establishes an audit committee in accordance with Article 14-4 of the Securities and Exchange Act. The audit committee shall be composed of all independent directors. The number of the audit committee shall not be less than three. One of them shall be the convener, and at least one shall have accounting or financial expertise. The Audit Committee is responsible for implementing the supervisory powers stipulated by relevant laws and regulations.

Article 13-3.

The company may set up functional committees under the board of directors. The establishment and powers of relevant committees shall be handled in accordance with the regulations set by the competent authority and company regulations.

Article 13-4.

The company shall purchase liability insurance and legal liability for compensation for the scope of its business execution during his term of office for directors.

Article 14.

The board is organized by the directors. The board of directors shall elect a chairman of the board directors from among the directors by a majority vote at a meeting attended by over two-thirds of the directors. The chairman shall externally represent the Company.

Article 15.

If the chairman cannot performance his/her duty due to certain reason or on leave, the assignment of his/her deputy shall be conducted in accordance with the regulations of Company Act, Art. 208.

Article 16.

Unless the Company Act regulates otherwise; the resolution of a board meeting shall be be adopted by a majority vote of the directors at a meeting of the board of directors attended by at least a majority of the entire directors of the company. A shareholder may appoint a proxy to attend a shareholders' meeting in his/her/its behalf by executing a power of attorney stating therein the scope of power authorized to the proxy. A shareholder may only execute one power of attorney and appoint one proxy only. In calling a meeting of the board of directors, a notice shall set forth therein the subject(s) to be discussed at the meeting and a notice shall be issued no later than 7 days prior to the scheduled meeting date. In case of emergency, the meeting shall be called anytime. The abovementioned meeting can be called via writing, fax, or email.

Article 17.

The company may compensate the director depending on the contribution to company by bonus or salary. The compensation shall be determined by the contribution they made, value, the profit of the company, and the amount paid by the peer company. In the case that a director is also an officer of the Company, the director shall be compensating according to article 21 of the document and is entitled to the compensation based on industry's standard for the position.

Chapter 5 Manager

Article 18.

The company may set up the position of Manager. The appointment and the relieve shall comply with the regulation of article 29 of the Company Act.

Chapter 6 Accounting

Article 19.

The fiscal year refers to the duration from Jan 1 to Dec 31 of a year. The annual account shall be conducted by the end of the year.

Article 20.

At the end of every fiscal year, the board shall submit the papers and lists as below 30 days before the start of shareholder's meeting to the shareholder's meeting for approval.

(1). Business Report (2). Balance Sheet

(3). Proposal on distribution of surplus and recovery of losses

Article 21.

For the distribution of annual profit, at least 1% shall be reserved for the employee bonus and up to 5% for the director bonus. However, the profit shall be reserved to cover the previous loss first. The bonus shall be issued by shares or in cash as the director

bonus shall be paid in cash. The aforementioned distribution shall be made upon a resolution at a meeting of the board of directors by a majority vote at the meeting of board of directors attended by directors representing two-thirds of the directors; the resolution shall be reported to the shareholders' meeting.

Article 21-1.

For the distribution of annual profit, the company shall withhold the tax and cover the loss first, then provide 10% for profit reserve until the amount is equal to the paid-in capital of the Company. The rest, plus the undistributed profit of the previous term, shall be distributed according to the resolution made by the board and approved by the shareholders' meeting.

Article 21-2.

The company's dividend policy requires consideration of the environment and, in response to future funding needs and long-term financial planning, an annual allocation of no less than 10% of the distributable surplus shall be allocated to shareholders' dividends, but the cumulative distributable surplus is lower than the actual income. When the share capital is 10%, it may not be distributed; shareholder dividends can be distributed in cash or stocks, and the proportion of cash dividends shall not be less than 10% of the total dividends.

Chapter 7 By-laws

Article 22.

Matters not listed in this article of incorporation is to be processed according to the Company Act and other relevant regulations.

Article 23.

The article was established on May 29, 1982.

1st amendment was made on Sep. 20, 1983.

2nd amendment was made on Apr. 22, 1985.

3rd amendment was made on Jul. 30, 1986.

4th amendment was made on Dec. 2, 1987.

5th amendment was made on Mar. 23, 1998.

6th amendment was made on Jun. 10, 2002.

7th amendment was made on Nov. 25, 2002.

8th amendment was made on Dec. 26, 2007.

9th amendment was made on Jan. 14, 2008.

10th amendment was made on Jun. 3, 2008.

11th amendment was made on Sep. 1, 2008.

12th amendment was made on Apr. 10, 2009.

13th amendment was made on May 5, 2010.

14th amendment was made on Jun. 27, 2016.

15th amendment was made on May 25, 2017.

16th amendment was made on Apr. 11, 2019.

17th amendment was made on Sep. 11, 2019.

Cathay Consolidated, Inc.

Chairman: LIU, TSONG-XI

Appendix 4

CATHAY CONSOLIDATED INC.
Rules of Procedure for Shareholders Meetings

Article 1	To establish a strong governance system and sound supervisory capabilities for this Corporation's shareholders meetings, and to strengthen management capabilities, these Rules are adopted pursuant to Article 5 of the Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies.
Article 2	The rules of procedures for this Corporation's shareholders meetings, except as otherwise provided by law, regulation, or the articles of incorporation, shall be as provided in these Rules.
Article 3	(Convening shareholders meetings and shareholders meeting notices) Unless otherwise provided by law or regulation, this Corporation's shareholders meetings shall be convened by the board of directors. This Corporation shall prepare electronic versions of the shareholders meeting notice and proxy forms, and the origins of and explanatory materials relating to all proposals, including proposals for ratification, matters for deliberation, or the election or dismissal of directors or supervisors, and upload them to the Market Observation Post System (MOPS) before 30 days before the date of a regular shareholders meeting or before 15 days before the date of a special shareholders meeting. This Corporation shall prepare electronic versions of the shareholders meeting agenda and supplemental meeting materials and upload them to the MOPS before 21 days before the date of the regular shareholders meeting or before 15 days before the date of the special shareholders meeting. In addition, before 15 days before the date of the shareholders meeting, this Corporation shall also have prepared the shareholders meeting agenda and supplemental meeting materials and made them available for review by shareholders at any time. The meeting agenda and supplemental materials shall also be displayed at this Corporation and the professional shareholder services agent designated thereby as well as being distributed on-site at the meeting place. The reasons for convening a shareholders meeting shall be specified in the meeting notice and public announcement. With the consent of the addressee, the meeting notice may be given in electronic form. Election or dismissal of directors or supervisors, amendments to the articles of incorporation, Capital reduction, stop public offering, directors' competition permission, surplus capital increase, capital reserve conversion capital the dissolution, merger, or demerger of the corporation, or any matter under of the Regulations Governing the Offering and Issuance of Securities by Securities Issuers shall be set out in the notice of the reasons for convening the shareholders meeting. None of the above matters may be raised by an extraordinary motion. Its main content may be placed on the website designated by the securities authority or company, and its website address shall be stated in the notice.

	The convening of the shareholders 'meeting has stated the full re-election of directors and the date of appointment. After the re-election of the shareholders' meeting is completed, the same meeting may not change its appointment date by temporary motion or other means. A shareholder holding 1 percent or more of the total number of issued shares may submit to this Corporation a written proposal for discussion at a regular shareholders meeting. Such proposals, however, are limited to one item only, and no proposal containing more than one item will be included in the meeting agenda. However, the shareholders' proposal is a proposal to urge the company to promote the public interest or fulfill its social responsibility, and the board of directors still has to include it in the proposal. In addition, when the circumstances of any subparagraph of Article 172-1, paragraph 4 of the Company Act apply to a proposal put forward by a shareholder, the board of directors may exclude it from the agenda. Prior to the book closure date before a regular shareholders meeting is held, this Corporation shall publicly announce that it will receive shareholder proposals, written or electronic, and the location and time period for their submission; the period for submission of shareholder proposals may not be less than 10 days. Shareholder-submitted proposals are limited to 300 words, and no proposal containing more than 300 words will be included in the meeting agenda. The shareholder making the proposal shall be present in person or by proxy at the regular shareholders meeting and take part in discussion of the proposal. Prior to the date for issuance of notice of a shareholders meeting, this Corporation shall inform the shareholders who submitted proposals of the proposal screening results, and shall list in the meeting notice the proposals that conform to the provisions of this article. At the shareholders meeting the board of directors shall explain the reasons for exclusion of any shareholder proposals not included in the agenda.
Article 4	For each shareholders meeting, a shareholder may appoint a proxy to attend the meeting by providing the proxy form issued by this Corporation and stating the scope of the proxy's authorization. A shareholder may issue only one proxy form and appoint only one proxy for any given shareholders meeting, and shall deliver the proxy form to this Corporation before 5 days before the date of the shareholders meeting. When duplicate proxy forms are delivered, the one received earliest shall prevail unless a declaration is made to cancel the previous proxy appointment. After a proxy form has been delivered to this Corporation, if the shareholder intends to attend the meeting in person or to exercise voting rights by correspondence or electronically, a written notice of proxy cancellation shall be submitted to this Corporation before 2 business days before the meeting date. If

	the cancellation notice is submitted after that time, votes cast at the meeting by the proxy shall prevail.
Article 5	(Principles determining the time and place of a shareholders meeting) The venue for a shareholders meeting shall be the premises of this Corporation, or a place easily accessible to shareholders and suitable for a shareholders meeting. The meeting may begin no earlier than 9 a.m. and no later than 3 p.m. Full consideration shall be given to the opinions of the independent directors with respect to the place and time of the meeting.
Article 6	(Preparation of documents such as the attendance book) This Corporation shall specify in its shareholders meeting notices the time during which shareholder attendance registrations will be accepted, the place to register for attendance, and other matters for attention. The time during which shareholder attendance registrations will be accepted, as stated in the preceding paragraph, shall be at least 30 minutes prior to the time the meeting commences. The place at which attendance registrations are accepted shall be clearly marked and a sufficient number of suitable personnel assigned to handle the registrations. Shareholders and their proxies (collectively, "shareholders") shall attend shareholders meetings based on attendance cards, sign-in cards, or other certificates of attendance. This Corporation may not arbitrarily add requirements for other documents beyond those showing eligibility to attend presented by shareholders. Solicitors soliciting proxy forms shall also bring identification documents for verification. This Corporation shall furnish the attending shareholders with an attendance book to sign, or attending shareholders may hand in a sign-in card in lieu of signing in. This Corporation shall furnish attending shareholders with the meeting agenda book, annual report, attendance card, speaker's slips, voting slips, and other meeting materials. Where there is an election of directors or supervisors, pre-printed ballots shall also be furnished. When the government or a juristic person is a shareholder, it may be represented by more than one representative at a shareholders meeting. When a juristic person is appointed to attend as proxy, it may designate only one person to represent it in the meeting.
Article 7	(The chair and non-voting participants of a shareholders meeting) If a shareholders meeting is convened by the board of directors, the meeting shall be chaired by the chairperson of the board. When the chairperson of the board is on leave or for any reason unable to exercise the powers of the chairperson, the vice chairperson shall act in place of the chairperson; if there is no vice chairperson or the vice chairperson also is on leave or for any reason

	unable to exercise the powers of the vice chairperson, the chairperson shall appoint one of the managing directors to act as chair, or, if there are no managing directors, one of the directors shall be appointed to act as chair. Where the chairperson does not make such a designation, the managing directors or the directors shall select from among themselves one person to serve as chair. When a managing director or a director serves as chair, as referred to in the preceding paragraph, the managing director or director shall be one who has held that position for six months or more and who understands the financial and business conditions of the company. The same shall be true for a representative of a juristic person director that serves as chair. It is advisable that shareholders meetings convened by the board of directors be chaired by the chairperson of the board in person and attended by a majority of the directors, at least one supervisor in person, and at least one member of each functional committee on behalf of the committee. The attendance shall be recorded in the meeting minutess. If a shareholders meeting is convened by a party with power to convene but other than the board of directors, the convening party shall chair the meeting. When there are two or more such convening parties, they shall mutually select a chair from among themselves. This Corporation may appoint its attorneys, certified public accountants, or related persons retained by it to attend a shareholders meeting in a non-voting capacity.
Article 8	(Documentation of a shareholders meeting by audio or video) This Corporation, beginning from the time it accepts shareholder attendance registrations, shall make an uninterrupted audio and video recording of the registration procedure, the proceedings of the shareholders meeting, and the voting and vote counting procedures. The recorded materials of the preceding paragraph shall be retained for at least 1 year. If, however, a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the recording shall be retained until the conclusion of the litigation.
Article 9	Attendance at shareholders meetings shall be calculated based on numbers of shares. The number of shares in attendance shall be calculated according to the shares indicated by the attendance book and sign-in cards handed in plus the number of shares whose voting rights are exercised by correspondence or electronically. The chair shall call the meeting to order at the appointed meeting time. However, when the attending shareholders do not represent a majority of the total number of issued shares, the chair may announce a postponement, provided that no more than two such postponements, for a combined total of no

	more than 1 hour, may be made. If the quorum is not met after two postponements and the attending shareholders still represent less than one third of the total number of issued shares, the chair shall declare the meeting adjourned. If the quorum is not met after two postponements as referred to in the preceding paragraph, but the attending shareholders represent one third or more of the total number of issued shares, a tentative resolution may be adopted pursuant to Article 175, paragraph 1 of the Company Act; all shareholders shall be notified of the tentative resolution and another shareholders meeting shall be convened within 1 month. When, prior to conclusion of the meeting, the attending shareholders represent a majority of the total number of issued shares, the chair may resubmit the tentative resolution for a vote by the shareholders meeting pursuant to Article 174 of the Company Act.
Article 10	(Discussion of proposals) If a shareholders meeting is convened by the board of directors, the meeting agenda shall be set by the board of directors. The meeting shall proceed in the order set by the agenda, which may not be changed without a resolution of the shareholders meeting. The provisions of the preceding paragraph apply mutatis mutandis to a shareholders meeting convened by a party with the power to convene that is not the board of directors. The chair may not declare the meeting adjourned prior to completion of deliberation on the meeting agenda of the preceding two paragraphs (including extraordinary motions), except by a resolution of the shareholders meeting. If the chair declares the meeting adjourned in violation of the rules of procedure, the other members of the board of directors shall promptly assist the attending shareholders in electing a new chair in accordance with statutory procedures, by agreement of a majority of the votes represented by the attending shareholders, and then continue the meeting. The chair shall allow ample opportunity during the meeting for explanation and discussion of proposals and of amendments or extraordinary motions put forward by the shareholders; when the chair is of the opinion that a proposal has been discussed sufficiently to put it to a vote, the chair may announce the discussion closed and call for a vote.
Article 11	If a shareholders meeting is convened by the board of directors, the meeting agenda shall be set by the board of directors. The meeting shall proceed in the order set by the agenda, relevant motions (including temporary motions and amendments to the original motions) shall be decided on a case-by-case basis which may not be changed without a resolution of the shareholders meeting.

	The provisions of the preceding paragraph apply mutatis mutandis to a shareholders meeting convened by a party with the power to convene that is not the board of directors. The chair may not declare the meeting adjourned prior to completion of deliberation on the meeting agenda of the preceding two paragraphs (including extraordinary motions), except by a resolution of the shareholders meeting. If the chair declares the meeting adjourned in violation of the rules of procedure, the other members of the board of directors shall promptly assist the attending shareholders in electing a new chair in accordance with statutory procedures, by agreement of a majority of the votes represented by the attending shareholders, and then continue the meeting. The chair shall allow ample opportunity during the meeting for explanation and discussion of proposals and of amendments or extraordinary motions put forward by the shareholders; when the chair is of the opinion that a proposal has been discussed sufficiently to put it to a vote, the chair may announce the discussion closed and call for a vote, and arrange adequate voting time.
Article 12	(Calculation of voting shares and recusal system) Voting at a shareholders meeting shall be calculated based the number of shares. With respect to resolutions of shareholders meetings, the number of shares held by a shareholder with no voting rights shall not be calculated as part of the total number of issued shares. When a shareholder is an interested party in relation to an agenda item, and there is the likelihood that such a relationship would prejudice the interests of this Corporation, that shareholder may not vote on that item, and may not exercise voting rights as proxy for any other shareholder. The number of shares for which voting rights may not be exercised under the preceding paragraph shall not be calculated as part of the voting rights represented by attending shareholders. With the exception of a trust enterprise or a shareholder services agent approved by the competent securities authority, when one person is concurrently appointed as proxy by two or more shareholders, the voting rights represented by that proxy may not exceed 3 percent of the voting rights represented by the total number of issued shares. If that percentage is exceeded, the voting rights in excess of that percentage shall not be included in the calculation.
Article 13	A shareholder shall be entitled to one vote for each share held, except when the shares are restricted shares or are deemed non-voting shares under Article 179, paragraph 2 of the Company Act. When the Company convenes a shareholders 'meeting, it may exercise its voting rights in writing or electronically; when it exercises its voting rights in writing or

	Vote monitoring and counting personnel for the voting on a proposal shall be appointed by the chair, provided that all monitoring personnel shall be shareholders of this Corporation. Vote counting for shareholders meeting proposals or elections shall be conducted in public at the place of the shareholders meeting. Immediately after vote counting has been completed, the results of the voting, including the statistical tallies of the numbers of votes, shall be announced on-site at the meeting, and a record made of the vote.
Article 14	(Election of directors and supervisors) The election of directors or supervisors at a shareholders meeting shall be held in accordance with the applicable election and appointment rules adopted by this Corporation, and the voting results shall be announced on-site immediately, including the names of those elected as directors and supervisors and the numbers of votes with which they were elected. The ballots for the election referred to in the preceding paragraph shall be sealed with the signatures of the monitoring personnel and kept in proper custody for at least 1 year. If, however, a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the ballots shall be retained until the conclusion of the litigation.
Article 15	Matters relating to the resolutions of a shareholders meeting shall be recorded in the meeting minutes. The meeting minutes shall be signed or sealed by the chair of the meeting and a copy distributed to each shareholder within 20 days after the conclusion of the meeting. The meeting minutes may be produced and distributed in electronic form. This Corporation may distribute the meeting minutes of the preceding paragraph by means of a public announcement made through the MOPS. The meeting minutes shall accurately record the year, month, day, and place of the meeting, the chair's full name, the methods by which resolutions were adopted, and a summary of the deliberations and their results (including statistical weights) record that when there are directors and supervisors, the number of votes for each candidate should be disclosed. During the company's existence, it should be kept permanently.
Article 16	(Public disclosure) On the day of a shareholders meeting, this Corporation shall compile in the prescribed format a statistical statement of the number of shares obtained by solicitors through solicitation and the number of shares represented by proxies, and shall make an express disclosure of the same at the place of the shareholders meeting. If matters put to a resolution at a shareholders meeting constitute material information under applicable laws or regulations or under Taiwan Stock Exchange

	Corporation (or GreTai Securities Market) regulations, this Corporation shall upload the content of such resolution to the MOPS within the prescribed time period.
Article 17	(Maintaining order at the meeting place) Staff handling administrative affairs of a shareholders meeting shall wear identification cards or arm bands. The chair may direct the proctors or security personnel to help maintain order at the meeting place. When proctors or security personnel help maintain order at the meeting place, they shall wear an identification card or armband bearing the word "Proctor." At the place of a shareholders meeting, if a shareholder attempts to speak through any device other than the public address equipment set up by this Corporation, the chair may prevent the shareholder from so doing. When a shareholder violates the rules of procedure and defies the chair's correction, obstructing the proceedings and refusing to heed calls to stop, the chair may direct the proctors or security personnel to escort the shareholder from the meeting.
Article 18	(Recess and resumption of a shareholders meeting) When a meeting is in progress, the chair may announce a break based on time considerations. If a force majeure event occurs, the chair may rule the meeting temporarily suspended and announce a time when, in view of the circumstances, the meeting will be resumed. If the meeting venue is no longer available for continued use and not all of the items (including extraordinary motions) on the meeting agenda have been addressed, the shareholders meeting may adopt a resolution to resume the meeting at another venue.
Article 19	A resolution may be adopted at a shareholders meeting to defer or resume the meeting within 5 days in accordance with Article 182 of the Company Act.
Article 20	These Rules, and any amendments hereto, shall be implemented after adoption by shareholders meetings.