Stock Code: 2208

CSBC CORPORATION,TAIWAN

Handbook for the 2019 Annual Meeting of Shareholders

MEETING TIME: JUNE 26, 2019

THIS IS A TRANSLATION OF THE HANDBOOK FOR THE 2019 ANNUAL SHAREHOLDERS' MEETING (THE "HANDBOOK") OF CSBC CORPORATION,TAIWAN. (THE "COMPANY"). THIS TRANSLATION IS INTENDED FOR REFERENCE ONLY AND NOTHING ELSE, THE COMPANY HEREBY DISCLAIMS ANY AND ALL LIABILITIES WHATSOEVER FOR THE TRANSLATION. THE CHINESE TEXT OF THE HANDBOOK SHALL GOVERN ANY AND ALL MATTERS RELATED TO THE INTERPRETATION OF THE SUBJECT MATTER STATED HEREIN

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CSBC CORPORATION,TAIWAN
Year 2019
Agenda of Annual Meeting of Shareholders

Time: 10:00 a.m. on Wednesday, June 26,2019

Place: The Auditorium in CSBC,TAIWAN
(No.3,Jhonggang Road,Siaogang District,Kaohsiung,Taiwan,R.O.C)

Call the Meeting to Order.

Chairperson Remarks

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1. Ratification of 2018 business report and financial statements.
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Discussion 1
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2. Amendment to the ”Procedures for Acquisition or Disposal of Assets”.

Elections
Election of 15 directors for 17 th (including 3 independent directors).

Discussion 2
Proposal of Release the Prohibition on Directors from Participation in Competitive Business.

Questions and Motions

Adjournment

Management Presentations

Report No. 1
2018 Annual Business Report
Explanation:
The 2018 Annual Business Report is attached as pp.17~19, Annex 1.

Report No. 2
2018 Annual Final Report of Audit Committee
Explanation:
The 2018 Annual Final Report of Audit Committee is attached as pp.20, Annex 2.

Report No. 3
2018 Annual Remuneration Distribution Report of Employees and Directors
Explanation:
The pre-tax loss of the Company for 2018 is NT$3,338,571,000. As there is no pre-tax profit (the profit before deducting the employee remuneration and directors' remuneration), the employee bonus and directors' remuneration for 2018 will not be distributed in accordance with the provisions of Article 35 of the Articles of Association of the Company.

Report No. 4

Report the accumulated losses of CSBC Corporation, Taiwan reach one-half of paid-in capital.

Explanation:

1.The accumulated losses of the company, as of December 31, 2018 was 4,025,442,805 NT dollars, exceeding 50% of the paid-up capital of 3,729,917,490 NT dollars. A report is to be brought up in the shareholder's meeting according to Article 211 of the Company Act.

2.The company's losses exceeding 50% of the paid-up capital are mainly due to factors such as the global economic growth, lack of obvious improvement in international trade volume, and the decline of international shipping costs. As a result, companies tend to be conservative in placing new ship orders, resulting in low ship prces. The expected loss is recognized.

3.Revelant coping measures:

(1)Operations:

Under the implementation of the 2018 upgrade and transformation program, the goal of decreasing the operating loss of 2018 by half has been achieved (from a loss of 5.8 billion to a loss of 3.1 billion). EP10 program is to be implemented in order to achieve the goal of turning losses into profits by continuously improving efficiency, performance and profitalibilty, and completing major invements and manpower planning.

Annual goal of EP10 upgrade program:

1.Turning losses into profits

■Improve production and administrative effeciency

■Strict adherence to CKP-81

■Empthasize on tapping new resources and limiting expenditures

2.Profits from new businesses

■On-schedule production of offshore steel structure

■Business contract of maritime construction

■Contracting and execution of shipbuiding and repairing business

3.Organizational reengineering

■Completion of project-based investment plans

■Orginizational adjustment and factory planning

■Completion of personnel succession and manpower planning

(2)Finance:

In response to future developments, the company has completed the second phase of capital increment by cash in January 2019 and intends to cover the losses with legal reserve and capital surplus, in order to enrich the working capital and improve financial structure.

Report No. 5

Report the endorsement guarantees overrun situation improved.

Explanation:

The company's endorsement/guarantee quota for Fuhai Company had an outstanding balance of 811 million NT dollars. However, due to recent operating losses, as of September 30, 2018, incidents arose where the ceiling for endorsement/guarantee for a singular enterprise was exceeded. The Board of Directors resolved to revoke the outstanding balance (NT$811 million) of the endorsement/guarantee quota for Fuhai Company on November 9, 2018. As such, the outstanding balance for endorsement/guarantee for others was zeroed; the overrun situation has been improved.

Proposals

Proposed by the Board

1. Proposal:

Ratification of 2018 business report and financial statements

Explanation:

CSBC CORPORATION,TAIWAN's Business Report and Financial Statements have been duly audited by the PRICEWATERHOUSECOOPERS Taiwan(RwC Taiwan) and have been examined by the audit committees.(Please refer to pp. 17-19 Annex 1 and pp.21-32 Annex 3 of the Handbook)

Resolution:

Proposed by the Board

2. Proposal:

To recognize the offset of the accumulated Loss of 2018

Explanation:

1.The initial balance of accumulated deficit of the Company is NT$1,052,113,533, plus other comprehensive income of 2018 NT$103,005,137, minus the net loss of 2018 NT$3,100,212,159, and plus reversal of special reserve NT$23,877,750, the accumulated deficit is NT$4,025,442,805.After offsetting by legal reserve and capital surplus, the balance of accumulated deficit at the end of 2018 is NT$1,032,180,841.

2.Because of the accumulated deficit NT$1,032,180,841, articles of corporation, and company act, It’s proposed not to distribute dividends.

3.Please approve the proposal of 2018 Deficit Compensation, Deficit Compensation Statement refer to page 33 of Annex 4.

Resolution:

Discussion 1

Proposed by the Board

1.Proposal:

Amendment to the Company ARTICLES OF INCORPORATION.

Explanation:

1.According to the official document Jing-Shang-Zi No. 10802400700 made on January 22, 2019 by the Taiwan Stock Exchange via the Minitry of Econimic Affairs, the provisions concerning doubt shall apply according to Article 240 of the Company Act.

2.Please refer to pp.34-35 Annex 5 for the comparison of the amdended articles.

Resolution:

Proposed by the Board

2.Proposal:

Amendment to the ”Procedures for Acquisition or Disposal of Assets”.

Explanation:

1.In accordance with the official document Jin-Guan-Zheng-Fa-Zi No.1070331908 of the Financial Supervisory Committee, made on August 29, 2018, the acquisition or disposal of securities, are exempted from the requirement of opinions expressed by accountants, and revisions are to be made to Point 9 of the company’s guidelines.

2.In accordance with the official document Jin-Guan-Zheng-Fa Zi No. 10703410725, Points 2, 3, 4, 8, 10, 14, 15, 16, 17, and 28 of the company’s revised guidelines are to be revised.

3.The original Clause 7 is repetitive of the revised Clauses 8 and 9, and therefore deleted after revision. The original Clause 8 is amended to act in conjunction with relevant management guidelines of the company, and revised to become Clause 6. Please refer to pp.36-62 Annex 6 for a comparison of the revised provisions.

Resolution:

Elections

Proposed by the Board

Proposal:

Election of 15 directors for 17 th (including 3 independent directors).

Explanation:

1.The term of the directors of the16th board validity period from June 23, 2016 to June 22, 2019.

2.The 20th Board meeting of the 16th Board of Directors approve to elect the 15 directors (including 3 independent directors) of the 17th term of the board of directors, serving a term of three years from June 26, 2019 to June 25, 2021

3.The candidate nomination system is adopted in election of the 17th term of the board of directors. Please refer to pp.63-65 Annex 7 ” The directors nominated candidates list”.

Resolution:

Discussion 2

Proposed by the Board

Proposal:

Proposal of Release the Prohibition on Directors from Participation in Competitive Business.

Explanation:

1.According to Article 209 of the Company Act, 'A director who does anything for himself 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.In order to take full advantage of the expertise and relevant experience of the company's directors and their representatives, it is proposed, according to Article 209 of the Company Act, to lift the ban of the non-compete clause for the company's directors and restrictions which prevents their representatives as natural persons who exercise the authority of the directors from conducting business originally listed under the non-compete clause under the "Article of Incorporation."

3.Without prejudice to the normal business and interests of the company, it is proposed to discuss the lifting of the non-compete clause on the newly elected directors and their representatives in the 2019 regular meeting of shareholders.

4.The list of directors and their representatives who are to be relieved from the non-compete restriction:

Position	Name	Other company positions
Directors	Hwang Chien-Chih	Vice President,Commercial Division of CSC

Resolution:

Questions and Motions

ANNEX

Annex 1

2018 Business Report

Dear Shareholders,

I. Letter to Shareholders

Dear Shareholders,

First of all, I would like to thank you for your continuing support throughout the year. CSBC has responded to the changing business climate by adopting an aggressive stance in strengthening our competitiveness. Total consolidated revenue for 2018 was NT$13,012,326 thousands, a 20.68% decrease compared with NT$16,404,344 thousands in 2017. Net loss decreased to NT$3,100,085 thousands, compared with 2017 net loss of NT$5,883,199 thousands.

The results of our operating performance in 2018 and business plan for 2019 are illustrated as follows:

<u>Operating Performance in 2018</u>

1. Consolidated financial results

Unit: NT$ thousands

	2018	2017	Percent Change（%）
Net sales	13,012,326	16,404,344	-20.68%
Gross profit(loss)	-2,593,864	-5,721,888	54.67%
Operating income(loss)	-3,417,597	-6,228,965	45.13%
Pre-tax income(loss)	-3,338,941	-6,353,042	47.44%
Net income(loss)	-3,100,085	-5,883,199	47.31%

Net sales amounted to NT$13,012,326 thousands and gross loss came in at NT$2,593,864 thousands in 2018. Net loss decreased by more than 47.31% from 2017.

2. The description of Orderbook
   (1) The orderbook of CSBC
   As of the end of December, 2018 we had 18 merchant-ship orders (18 in Kaohsiung) and 23 official-ship orders (5 in Kaohsiung plus 18 in Keelung). The orderbook in Kaohsiung factory is already planned to delivery in September of 2025, and that in the Keelung factory is in October of 2023. And in October of 2018 CSBC signed 60 underwater pin-piles of offshore

wind power.

(2) Ship deliveried

There are 8 vessels in Kaohsiung factory (one semi-submersible vessel and seven 2,800TEU container vessels) and one is in Keelung factory (1,800 TEU container vessel).

3. Research and development status

In 2018, CSBC invested a total of NT$117,000 thousands in R&D for the ship researches as well as the development of new products. Having successfully 17 developed projects in 2018, it goes into application for CSBC. CSBC is committed to investing in long-term growth by delivering continuous innovations.

4. Major investment status

In 2018, CSBC invested a total of NT$40.32 billions in major investments including the replacement of GOC& LLC-6, the enhancement of capacity of the RS31 area of the pier, the construction of 140-meter barge, multi-purpose steel production line.

Business Plan for 2019

According to journal reports, the shipping and shipbuilding market in 2019 will gradually balance between supply and demand, and the data of various indicators are tending to be optimistic and conservative.

The production volume in 2019 is 244,873 CGT, which is about 36.2% higher than in 2018. CSBC will follow the national shipbuilding policy and actively strive for the IDS business and the patrol frigate business; CSBC is expected to undertake the business of offshore wind farm turnkey project and anti-corrosion engineering, in addition to the barge and underwater basic structure business.

In the 2019 Annual Outlook Meeting, CSBC formulates the EP10 plan, and develops the company's nine major foci under the belief "inheriting shipbuilding, guarding the ocean" and principles "turning losses into profits, profiting new businesses, and reengineering". The nine foci are as below：

1. Improve production and administrative efficiency
2. Adher to CKP-81
3. Strengthen to add profit and reducing cost
4. On-time production of offshore structure
5. Contract for offshore engineering business
6. Contract and execution of repaired ship business

7. Complete the project of investment plan
8. The adjustment of organization and plant planning
9. Completion Inheritance and human resource

CSBC continues to upgrade productivity, profit & performance. Therefore, we expect to achieve goals.

Finally, CSBC is moving towards stable operation and taking the three major businesses of merchant ship, military naval ship and offshore wind power, and using relevant measures to promoting operational performance. It is expected to create more core competitiveness and expand overall benefit. Let CSBC be the sustainable enterprise and create maximum value for shareholders.

Sincerely yours,

Chairman
CHENG,WEN-LON

President
TSENG,KUO-CHENG

Annex 2

Audit Committee's Review report

This proposal is the presentation by the Board of Directors of the Company's 2018 Business Report, Financial Statements, and the Deficit Compensation Proposal. Of these items, the Financial Statements have been audited by external auditors of PricewaterhouseCoopers(PwC) Taiwan, and an opinion and report have been issued on the Financial Statements.The aforementioned proposal regarding Business Report, Financial Statements, and the Deficit Compensation Proposal have been reviewed and determined to be correct and accurate by the Audit Committee. Per the regulations in Article 14-4 of Securities and Exchange Act and Article 219 of the Company Act, we hereby submit this report.

To:
2019 General Shareholders' Meeting of CSBC Corporation.

CSBC CORPORATION,TAIWAN

Audit Committee Convenor: LIEU, DER-MING

March 15, 2019

Annex 3

REPORT OF INDEPENDENT ACCOUNTANTS TRANSLATED FROM CHINESE

PWCR18000429

To the Board of Directors and Shareholders of CSBC CORPORATION, TAIWAN

Opinion

We have audited the accompanying consolidated balance sheets of CSBC CORPORATION, TAIWAN and its subsidiaries (the "Group") as at December 31, 2018 and 2017, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2018 and 2017, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory Commission.

Basis for opinion

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

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the 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, we do not provide a separate opinion on these matters.

The most significant key audit matters in our audit of the consolidated financial statements of the current period are as follows:

Accounting estimates and assumptions for total cost of construction contract

<u>Description</u>

Please refer to Note 4(28) for a description of the accounting policy on construction contracts. Please refer to Note 5 for critical accounting estimates and assumptions for total cost of construction contracts.

The Group is engaged in the business of designing and building of various ships and cruisers. Assumptions for estimated construction cost include cost for equipment, material, labor and etc. Data used for assumptions involves subjective judgement and accounting estimates and are highly uncertain. As a result, assumptions used are material to the total construction cost and further affects the calculation of construction profit.

As the data used for assumptions involves subjective judgement and accounting estimates are highly uncertain, this may affect the completeness and relevant assertions. Considering that the estimated total cost of construction contracts is material to the financial statements, therefore, we assessed that these accounting estimates and assumptions as one of the key audit matters for this year.

<u>How our audit addressed the matter</u>

The scope of our audit responded to the risk as follows:

1. Assessing the effectiveness of CSBC Group's internal control regarding the estimation process of total cost of construction contract. This includes:
   (1) Whether the data used by management for estimates and assumptions is complete, relevant and accurate.
   (2) Whether accounting estimates and assumptions have been reviewed and approved by proper management level.
   (3) Whether the segregation of duties is appropriate.
2. Obtaining the Estimate at Completion Reports, selecting sample reports and verifying the accuracy, completeness and relevance of the data that was used for assumptions and estimations. Checking whether the use of estimates and assumptions in the Estimate at Completion Reports are appropriate.
3. Comparing cost at completion for the same or similar ships and then assessing the reasonableness of the Estimate at Completion Report.

Assessment of construction loss

<u>Description</u>

Please refer to Note 4(28) for a description of the accounting policy on construction contracts.

There is a concern regarding the oversupply in the shipbuilding industry worldwide. Customers tend to behave conservatively which causes a decline in ship prices. Thus, there is a high possibility of total construction cost exceeding total construction revenue. In accordance with the Group's accounting policy on construction contracts, when there is a high possibility of total construction cost exceeding total construction revenue, estimated loss shall be recognised immediately.

The aforementioned estimated loss shall include constructions that have not yet been initiated. As the estimated loss is material to the financial statements, therefore, we assessed that the estimated loss as one of the key audit matters for this year.

How our audit addressed the matter

The scope of our audit responded to the risk as follows:

1. Obtaining calculation table of construction in progress – construction income / loss. Checking whether it includes all the construction contracts including those contracts that have not yet been initiated.
2. Testing the accuracy of calculation table by selecting samples and performing the following audit procedures:
   (1) Reviewing construction contracts and checking the contractual price and foreign exchange rates in order to verify the accuracy of calculation.
   (2) Verifying estimated total construction cost to management's calculation in order to check the consistency of estimates and assumptions used.

Other matter – Parent company only financial reports

We have audited and expressed an unqualified opinion on the parent company only financial statements of CSBC CORPORATION TAIWAN, as at and for the years ended December 31, 2018 and 2017.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management of the Company is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory Commission, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor’s responsibilities for the audit of the consolidated financial statements

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

As part of an audit in accordance with ROC GAAS, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

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

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group’s internal control.

3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting

estimates and related disclosures made by management.

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

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

6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

WANG, KUO-HUA WU, CHIEN-CHIH

For and on behalf of PricewaterhouseCoopers, Taiwan
March 15, 2019

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

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

CSBC CORPORATION, TAIWAN AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2018 AND 2017
(Expressed in thousands of New Taiwan dollars)

	Assets	Notes	December 31, 2018	December 31, 2017
	Current assets			
1100	Cash and cash equivalents	6(1)	$ 137,942	$ 281,814
1140	Current contract assets	6(17)(21) and 7	6,654,429	-
1150	Notes receivable, net	6(17)	-	5,790
1170	Accounts receivable, net	6(2)(17) and 12(4)	900,190	1,361,950
1180	Accounts receivable - related parties	6(17) and 7	-	24,976
1190	Receivables from customers on construction contracts	6(17) and 12(5)	-	5,326,519
1200	Other receivables		19,100	114,854
1210	Other receivables - related parties	7	83,760	24,942
1220	Current income tax assets		2,532	-
130X	Inventories, net	6(3)(17)	1,337,814	2,321,061
1410	Prepayments	6(4) and 7	1,278,330	626,292
1479	Other current assets, others		2,069	490
11XX	**Total current assets**		10,416,166	10,088,688
	Non-current assets			
1550	Investments accounted for under equity method	6(5)	10,992	1,645
1600	Property, plant and equipment, net	6(6)	10,581,323	10,563,764
1760	Investment property, net	6(7)	208,162	234,055
1780	Intangible assets, net	6(8)	14,611	23,010
1840	Deferred income tax assets	6(27)	1,564,427	1,351,762
1920	Redundable deposits	7	30,750	20,469
15XX	**Total non-current assets**		12,410,265	12,194,705
1XXX	**Total assets**		$ 22,826,431	$ 22,283,393

(Continued)

CSBC CORPORATION, TAIWAN AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2018 AND 2017
(Expressed in thousands of New Taiwan dollars)

	Liabilities and Equity	Notes	December 31, 2018	December 31, 2017
	Current liabilities			
2100	Short-term borrowings	6(9)	$ 1,290,150	$ 2,287,784
2110	Short-term notes and bills payable	6(10)	-	699,769
2120	Financial liabilities at fair value through profit or loss - current	12(4)	-	280
2130	Contract liabilities - Current	6(17)(21) and 7	2,751,268	-
2150	Notes payable		-	15
2160	Notes payable - related parties	6(17) and 7	428,768	223,073
2170	Accounts payable	6(17) and 7	713,262	1,170,559
2190	Payables to customers on construction contracts	6(17) and 12(5)	-	1,060,906
2195	Payables to customers on construction contracts - related parties	6(17), 7 and 12(5)	-	1,023,847
2200	Other payables	6(11)	1,069,263	1,284,818
2230	Current income tax liabilities		-	222
2250	Provisions for liabilities - current	6(12)(17) and 7	2,527,559	140,219
2310	Unearned receipts		3,344	91,074
21XX	**Total current liabilities**		8,783,614	7,982,566
	Non-current liabilities			
2540	Long-term borrowings	6(13)	5,698,537	5,498,057
2570	Deferred income tax liabilities	6(27)	1,324,697	1,324,910
2610	Long-term notes, accounts and overdue payable	6(14)	670,361	659,156
2630	Long-term deferred revenue	6(14)	71,139	82,344
2640	Net defined benefit liability, non-current	6(15)	94,368	171,702
2645	Guarantee deposits received		184,928	172,614
2670	Other non-current liabilities, others		13,233	12,960
25XX	**Total non-current liabilities**		8,057,263	7,921,743
2XXX	**Total Liabilities**		16,840,877	15,904,309
	Equity attributable to owners of parent			
	Share capital			
3110	Common stock	6(18)	3,729,918	7,435,652
	Capital surplus	6(16)(19)		
3200	Capital surplus		2,005,515	1,965
	Retained earnings	6(20)		
3310	Legal reserve		1,065,297	1,065,297
3320	Special reserve		3,166,471	3,190,349
3350	Accumulated deficit		(4,025,443)	(5,357,848)
31XX	**Total equity attributable to owners of the parent**		5,941,758	6,335,415
36XX	**Non-controlling interest**		43,796	43,669
3XXX	**Total equity**		5,985,554	6,379,084
	Significant contingent liabilities and unrecognized contract commitments	6(29), 7 and 9		
3X2X	**Total liabilities and equity**		$ 22,826,431	$ 22,283,393

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

CSBC CORPORATION, TAIWAN AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2018 AND 2017
(Expressed in thousands of New Taiwan dollars)

	Items	Notes	2018	2017
4000	**Operating revenue**	6(21), 7 and 12(5)	$ 13,012,326	$ 16,404,344
5000	**Operating costs**	6(3)(8)(25)(26) and 7	(15,606,190)	(22,126,232)
5900	**Net operating loss**		(2,593,864)	(5,721,888)
	Operating expenses	6(8)(25)(26)		
6100	Selling expenses		(90,533)	(78,575)
6200	General and administrative expenses		(306,829)	(301,826)
6300	Research and development expenses		(117,013)	(126,676)
6450	Impairment loss (impairment gain and reversal of impairment loss) determined in accordance with IFRS 9		(309,358)	-
6000	**Total operating expenses**		(823,733)	(507,077)
6900	**Operating loss**		(3,417,597)	(6,228,965)
	Non-operating income and expenses			
7010	Other income	6(7)(14)(22)	87,430	45,615
7020	Other gains and losses	6(23)	20,009	(127,543)
7050	Finance costs	6(6)(14)(24)	(26,130)	(21,281)
7060	Share of loss of associates and joint ventures accounted for under equity method	6(5)	(2,653)	(20,868)
7000	**Total non-operating income and expenses**		78,656	(124,077)
7900	**Loss before income tax**		(3,338,941)	(6,353,042)
7950	Income tax benefit	6(27)	238,857	469,843
8200	**Loss for the year**		($ 3,100,084)	($ 5,883,199)
	Other comprehensive income			
	Components of other comprehensive income that will not be reclassified to profit or loss			
8311	Gains on remeasurements of defined benefit plans	6(15)	$ 128,756	$ 39,602
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(27)	(25,752)	(6,732)
8300	**Other comprehensive income**		$ 103,004	$ 32,870
8500	**Total comprehensive loss for the year**		($ 2,997,080)	($ 5,850,329)
	Profit (loss), attributable to:			
8610	Equity holders of the company		($ 3,100,211)	($ 5,880,118)
8620	Non-controlling interest		127	(3,081)
	Total		($ 3,100,084)	($ 5,883,199)
	Comprehensive (loss) income attributable to:			
8710	Equity holders of the company		($ 2,997,207)	($ 5,847,248)
8720	Non-controlling interest		127	(3,081)
	Total		($ 2,997,080)	($ 5,850,329)
	Basic earnings per share	6(28)		
9750	**Total basic earnings per share**		($ 8.87)	($ 18.79)

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

CSBC CORPORATION, TAIWAN AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2018 AND 2017
(Expressed in thousands of New Taiwan dollars)

		Equity attributable to owners of the parent									
			Capital surplus			Retained earnings					
	Notes	Share capital – common stock	Additional paid-in capital	Employee share options	Others	Legal reserve	Special reserve	Accumulated deficit	Total	Non-controlling interest	Total equity
2017											
Balance at January 1, 2017		$ 7,435,652	$ -	$ -	$ 1,965	$ 1,065,297	$ 3,190,349	$ 489,400	$ 12,182,663	$ 46,995	$ 12,229,658
Loss for the year, net of tax		-	-	-	-	-	-	(5,880,118)	(5,880,118)	(3,081)	(5,883,199)
Other comprehensive income		-	-	-	-	-	-	32,870	32,870	-	32,870
Total comprehensive income		-	-	-	-	-	-	(5,847,248)	(5,847,248)	(3,081)	(5,850,329)
Cash dividends distributed to non-controlling interests		-	-	-	-	-	-	-	-	(245)	(245)
Balance at December 31, 2017		$ 7,435,652	$ -	$ -	$ 1,965	$ 1,065,297	$ 3,190,349	($ 5,357,848)	$ 6,335,415	$ 43,669	$ 6,379,084
2018											
Balance at January 1, 2018		$ 7,435,652	$ -	$ -	$ 1,965	$ 1,065,297	$ 3,190,349	($ 5,357,848)	$ 6,335,415	$ 43,669	$ 6,379,084
Profit (loss) for the year, net of tax		-	-	-	-	-	-	(3,100,211)	(3,100,211)	127	(3,100,084)
Other comprehensive income		-	-	-	-	-	-	103,004	103,004	-	103,004
Total comprehensive income		-	-	-	-	-	-	(2,997,207)	(2,997,207)	127	(2,997,080)
Reversal of special reserve	6(20)	-	-	-	-	-	(23,878)	23,878	-	-	-
Capital reduction to offset accumulated deficits	6(18)(20)	(4,305,734)	-	-	-	-	-	4,305,734	-	-	-
Cash capital increase	6(18)	600,000	1,926,000	-	-	-	-	-	2,526,000	-	2,526,000
Share-based payments	6(16)	-	-	77,550	-	-	-	-	77,550	-	77,550
Balance at December 31, 2018		$ 3,729,918	$ 1,926,000	$ 77,550	$ 1,965	$ 1,065,297	$ 3,166,471	($ 4,025,443)	$ 5,941,758	$ 43,796	$ 5,985,554

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

CSBC CORPORATION, TAIWAN AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2018 AND 2017
(Expressed in thousands of New Taiwan dollars)

	Notes	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before tax		($ 3,338,941)	($ 6,353,042)
Adjustments			
Adjustments to reconcile profit (loss)			
Expected credit loss/Provision for bad debt expense	12(2)(4)	309,358	7,353
Depreciation of property, plant and equipment	6(6)(25)	547,334	515,546
Depreciation of investment property	6(7)	401	375
Amortization of intangible and other assets	6(8)(25)	17,396	15,908
Loss on investments accounted for using equity method	6(5)	2,653	20,868
(Loss)profit on valuation of financial assets and liabilities	6(23)	2,838	(11,463)
Government grant income	6(22)	(11,206)	(11,018)
Interest income	6(22)	(7,809)	(2,368)
Share-based payments	6(16)	77,550	-
Interest expense	6(24)	26,130	21,281
Loss on disposal of property, plant and equipment	6(23)	3,742	1,221
Gain on disposal of investment properties	6(23)	(68,570)	-
Impairment loss	6(5)(23)	-	144,103
Changes in operating assets and liabilities			
Changes in operating assets			
Increase in current contract assets		(594,182)	-
Decrease (increase) in notes receivable		5,790	(5,790)
Decrease (increase) in accounts receivable		157,690	(624,030)
Decrease (increase) in accounts receivable - related parties		24,976	(21,212)
Decrease in receivables from customers on construction contracts		-	2,416,985
Decrease in receivables from customers on construction contracts - related parties		-	1,793,119
Decrease (increase) in other receivables		93,795	(48,280)
(Increase) decrease in other receivables - related parties		(58,818)	17,098
Decrease in inventories		1,038,368	1,531,805
(Increase) decrease in prepayments		(652,038)	492,637
(Increase) decrease in other current assets		(1,579)	83
Changes in operating liabilities			
(Decrease) increase in financial liabilities at fair value through profit or loss		(3,118)	11,743
Increase in current contract liabilities		1,873,603	-
(Decrase) increase in notes payable		(15)	15
Increase (decrase) in notes payable - related parties		205,695	(101,384)
(Decrease) increase in accounts payable		(457,297)	90,515
Decrease in payables to customers on construction contracts		-	(1,551,493)
Increase in payables to customers on construction contracts - related parties		-	1,023,847
Decrease in other payables		(201,470)	(5,529)
Increase in provisions for liabilities - current		441,236	532
(Decrease) increased in unearned receipts		(87,730)	80,772
Increase in net defined benefit liability - non-current		51,422	30,790
Cash outflow generated from operations		(602,796)	(519,013)
Interest received		7,774	2,402
Payment of interest		(69,215)	(82,089)
Income tax paid		(533)	(3,455)
Net cash flows used in operating activities		(664,770)	(602,155)

(Continued)

CSBC CORPORATION, TAIWAN AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2018 AND 2017
(Expressed in thousands of New Taiwan dollars)

	Notes	2018	2017
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of investments accounted for using equity method	6(5)	($ 12,000)	$ -
Acquisition of property, plant and equipment	6(30)	(583,550)	(420,965)
Cash payments for acquiring investment properties	6(7)	(940)	-
Proceeds from disposal of investment properties		95,002	-
Acquisition of intangible assets	6(8)	(8,997)	(10,071)
Increase in refundable deposits		(45,711)	(317,125)
Decrease in refundable deposits		35,430	381,788
Net cash flows used in investing activities		(520,766)	(366,373)
CASH FLOWS FROM FINANCING ACTIVITIES			
Decrease in short-term borrowings	6(31)	(997,634)	(4,107,341)
Decrease in short-term notes and bills payable	6(31)	(699,769)	(299,966)
Proceeds from long-term debt	6(31)	700,000	5,498,057
Repayments of long-term debt	6(31)	(499,520)	-
Increase in guarantee deposit received	6(31)	135,006	102,038
Decrease in guarantee deposit received	6(31)	(122,692)	(133,141)
Increase (decrease) in other non-current liabilities	6(31)	273	(193)
Cash dividends paid to non-controlling interests		-	(245)
Cash capital increase	6(18)	2,526,000	-
Net cash flows from financing activities		1,041,664	1,059,209
Net (decrease) increase in cash and cash equivalents		(143,872)	90,681
Cash and cash equivalents at beginning of year	6(1)	281,814	191,133
Cash and cash equivalents at end of year	6(1)	$ 137,942	$ 281,814

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

Annex 4

CSBC Corporation, Taiwan

Deficit Compensation Statement **2018**

Unit : NT$

Items	Dollars	
	Subtotal	Total
Beginning deficit to be compensated		($1,052,113,533)
+: Other comprehensive income of 2018	103,005,137	
-: Net loss of 2018	(3,100,212,159)	
+: Reversal of special reserve	23,877,750	
Deficit to be compensated		(4,025,442,805)
Deficit compensation items		
Legal reserve	1,065,296,864	
Capital surplus-additional paid-in capital-common stock	1,926,000,000	
Capital surplus-other donated assets received	1,965,100	
Accumulated deficit at the end of 2018		($1,032,180,841)

Chairman: CHENG, WEN-LON　　President: TSENG,KUO-CHENG　　Accounting Manager: YANG, CHING-AN

Annex 5

CBSC Corporation, Taiwan
Chart of Amendments to the Articles of Incorporation

Articles	Revised articles	Pre-modified article	Descriptions
Article 35-1	If there is a surplus after the current year's accounts, the Company shall first pay the business income tax according to law and make up for the accumulated loss in the previous years. If there is a balance, the Company shall appropriate 10% of it as the statutory surplus reserve. However, if the statutory surplus reserve has reached the total amount of paid-in capital, then this requirement does not apply. A special surplus reserve shall then be appropriated according to Article 41 of the Securities Exchange Law. If there is still a balance, the board of directors shall draft a distribution proposal for the resolution of the shareholders' meeting and the distribution afterwards. The Board of Directors may distribute all or part of the dividends and bonuses, capital surplus or legal reserve in cash, on condition that more than 2/3 of the Board have attended the	If there is a surplus after the current year's accounts, the Company shall first pay the business income tax according to law and make up for the accumulated loss in the previous years. If there is a balance, the Company shall appropriate 10% of it as the statutory surplus reserve. However, if the statutory surplus reserve has reached the total amount of paid-in capital, then this requirement does not apply. A special surplus reserve shall then be appropriated according to Article 41 of the Securities Exchange Law. If there is still a balance, the board of directors shall draft a distribution proposal for the resolution of the shareholders' meeting and the distribution afterwards.	▓According to the official document Jing-Shang-Zi No. 10802400700 made on January 22, 2019 by the Taiwan Stock Exchange via the Minitry of Econimic Affairs, the provisions concerning doubt shall apply according to Article 240 and Paragraph 2, Article 241 of the Company Act. Number and date of this

Articles	Revised articles	Pre-modified article	Descriptions
	meeting and more than half of the attendees approved, and a report shall be submitted to the shareholder's meeting. Resolution via shareholder's meeting as mentioned in the preceding parapgraph shall not apply. In accordance with the Company's operating environment, growth, future capital needs and long-term financial planning, as well as to meet the shareholders' cash needs, the Company may appropriate more than 10% of the aforesaid distributable earnings as cash and stock dividend. The proportion of cash dividend shall not be less than 10% of the total dividend.	In accordance with the Company's operating environment, growth, future capital needs and long-term financial planning, as well as to meet the shareholders' cash needs, the Company may appropriate more than 10% of the aforesaid distributable earnings as cash and stock dividend. The proportion of cash dividend shall not be less than 10% of the total dividend.	amendment
Article 39	The Articles of Association were established on July 27, 1973. The 49th amendment was passed in the 2019 shareholder's annual general meeting.	The Articles of Association were established on July 27, 1973.	

Annex 6

CSBC Corporation, Taiwan
"Procedures for Acquisition or Disposal of Assets"
:Comparison of Articles Before and After Amendments

No.	Revision	Befor Revision	Explanatory Notes
1	Article 1 These Key Points are established in accordance with the provisions of Article 6-1 of the Regulations Governing the Acquisition and Disposal of Assets by Public Companies (hereinafter referred to as the Regulations) promulgated by the Financial Supervisory Commission ((hereinafter referred to as the FSC).	Article 1 These management Key Points are established in accordance with the provisions of Article 6-1 of the Regulations Governing the Acquisition and Disposal of Assets by Public Companies (hereinafter referred to as the Regulations) promulgated by the Financial Supervisory Commission ((hereinafter referred to as the FSC).	Revision on wording for terms used in these Guidelines to be consistent.
2	Article 2 The scope of Assets provided in these Guidelines shall include : (1) Investment such as stocks, bonds, corporate bonds, bank indentures, fund securities, depository receipts, call (put) warrants, beneficiary securities and asset-back securities, etc. (2) Real estate (including land, buildings and fixtures, real estate of an investment nature) and equipment. (3) Memberships. (4) Patents, copyrights, trademarks, franchise rights and other intangible assets. (5) Right-of-use assets. (6) Derivative products. (7) Assets acquired or disposed of through a merger, division, acquisition or share exchange in	Article 2 The term "assets" referred to in these Key Points includes the following: (1)Investments in stocks, government bonds, corporate bonds, financial bonds, securities representing the interest in funds, depositary receipts, call (put) warrants, beneficial certificates, asset-backed securities and structured products (with guaranteed principals and interests). (2)Real estate (including land, houses and buildings, investment- oriented real estate and land use rights) and equipment. (3)Memberships. (4)Patents, copyrights, trademarks, franchise rights and other intangible assets. (5)Derivative products. (6)Assets acquired or disposed of through a merger, division, acquisition or share exchange in	1. Identical with Article 1 2. Amended based on Article 3 of the Regulations Governing the Acquisition and Disposal of Assets by Public Companies (hereinafter the Regulations). 3. Amended based on Letter No. Jin-Guan-Zheng-Fa-Zi 10703410725 dated 26 November 2018 by the Financial Supervisory Commission.

No.	Revision	Befor Revision	Explanatory Notes
	accordance with law. (8) Other major assets.	accordance with law. (7)Other major assets.	
3	Article 3 The terms used in these Guidelines shall be defined as follows: (1) Derivatives: refer to 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" of which definition does not include insurance contracts, performance contracts, after-sales service contracts, long-term leasing contracts, or long-term purchase (sales) contracts. (2) Assets acquired or disposed through mergers, demergers, acquisitions or share transfers in accordance with law: refer to assets that are acquired or disposed through mergers, demergers, acquisitions or share transfers pursuant to Business Mergers and Acquisitions Act, the Financial Holding Company Act, the Financial Institutions Merger Act or other laws, or acceptance of other companies' shares pursuant to Article 156-3 of the Company Act on issuance of new shares (hereinafter referred to as "share transferee"). (3) Related party or subsidiary: as defined in the Regulations Governing the Preparation of Financial Reports by Securities	Article 3 The terms in these Key Points are defined as follows: (1) Derivative products: forward contracts, options contracts, futures contracts, leverage contracts and swap contracts, and compound contracts combining the products above whose values are derived from assets, interest rates, foreign exchange rates, indices or other interests. The "forward contracts" do not include insurance contracts, performance contracts, after-sales service contracts, long-term leasing contracts or long-term purchase (sales) contracts. (2) Assets acquired or disposed through a merger, division, acquisition or share exchange in accordance with law: assets acquired or disposed through a merger, division or acquisition conducted under the Business Mergers and Acquisitions Act, Financial Holding Company Act, Financial Institution Merger Act or other acts, or through a share transfer from another company in exchange for the issuance of new shares of its own (hereinafter referred to as "share exchange") pursuant o Article 156-8 of the Company Law. (3) Related party or subsidiary: as defined in the Regulations Governing the Preparation of Financial Reports by Securities	Amended based on Letter No. Jin-Guan-Zheng-Fa-Zi 10703410725 dated 26 November 2018 by the Financial Supervisory Commission.

<table>
<tr><th>No.</th><th>Revision</th><th>Befor Revision</th><th>Explanatory Notes</th></tr>
<tr><td></td><td>Issuers.
(4) Professional appraiser: this refers to real estate appraisers or other appraisers who carry out appraisals of real estate or equipment in accordance with law.
<The following is omitted></td><td>Issuers.
(4) Professional appraiser: a real estate appraiser or a practitioner duly authorized by law to engage in the value appraisal of real estate or other fixed assets.

<The following is omitted></td><td></td></tr>
<tr><td>4</td><td>Article 4
Professional appraisers and their officers, certified public accounts, attorneys, and securities underwriters that provide the Company with appraisal reports or opinions, shall meet the following requirements:

(1) May not have previously received a final and unappealable sentence to imprisonment for 1 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, 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 3 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.
(2) May not be a related party or de facto related party of party to the transaction.
(3) If the company is required to obtain appraisal reports from two or more professional appraisers, the different professional appraisers or appraisal officers may not be related parties or de facto</td><td>Article 4
Regarding the appraisal report or the opinion of a CPA, a lawyer or a securities underwriter obtained by the Company, the professional appraiser and its appraisal personnel, the CPA, the lawyer or the securities underwrite shall not be a related party of any party to the transaction.</td><td>Amended based on Letter No. Jin-Guan-Zheng-Fa-Zi 10703410725 dated 26 November 2018 by the Financial Supervisory Commission.</td></tr>
</table>

No.	Revision	Befor Revision	Explanatory Notes
	related parties of each other.		
5	Article 5 Any amendment to these Guidelines or acquisition or disposal of separate assets, which should be approved by the Board of Directors in accordance with these Guidelines or other laws and regulations, any deliberations by the Board of Directors should take into full consideration the views of each Independent Directors. Where an Independent Director raises objection or reserves his or her opinion (including written statement), should be recorded in the meeting minutes of the Board of Directors. The amendment to these Guidelines and transaction involving major assets or derivatives shall require the approval of a simple majority of all members of the Audit Committee, with such decisions submitted to the Board of Directors for its approval. In the event that the proposal as preceding sub-Article , which fails to be adopted by a simple majority of all members of the Audit Committee i, such proposal may be implemented, if approved by two-thirds or more of all Directors, and the resolution of the Audit Committee should be recorded in the meeting minutes of the Board of Directors.	Article 6 If an amendment to the Key Points or the acquisition or disposal procedures of individual assets needs to be approved by the Board of Directors in accordance with the provisions of the Key Points or other laws and regulations, the opinions of the independent directors shall be fully taken into account in the discussion of the board meeting. If there is an objection or reservation (including a written statement) by an independent director or a director, it shall be recorded in the minutes of the board meeting. Transactions of major assets or derivative products shall be approved by more than one-half of all the members of the Audit Committee and proposed to the Board of Directors for resolution.	1. Adjustment on provision number. 2. Identical with Article 1. 3. Amended based on Articles 6 and 8 of the Regulations.
6	Deleted	Article 7 Appraisal procedures: (1) For the acquisition or disposal of securities that are traded on non-centralized markets or at the premises of securities brokers, the securities' net value per share, profitability and future development potential as well as the market interest rate, bond coupon rate, debtor's credit and prevailing transaction price shall be taken into account.	This Article is similar to Articles 10 and 11 of the original provisions, hence deleted.

No.	Revision	Befor Revision	Explanatory Notes
		(2) For the acquisition or disposal of securities that are traded on centralized markets or at the premises of securities brokers, the prices shall be determined according to the prevailing share or bond prices. (3) For the acquisition or disposal of assets other than those in the preceding two paragraphs, the price inquiry method, price comparison method, price negotiation method or open tender method shall be adopted, and the announced present value, appraised present value and actual transaction price of the neighboring real estate shall be referred to. If a professional appraisal report is required for the asset according to the provisions of the relevant laws and regulations and the Key Points, the appraisal report from a professional appraiser shall be referred to.	
7	Article 6 The practice procedures and the department in charge of for the acquisition and disposal of assets : (1) Assets acquired or disposed of through long-term equity investment on other incorporated or newly incorporated company: carried out in compliance with Articles 7 and 9 of these Guidelines and Guidelines for Re-investment of the Company. (2) Investment on stocks, government bonds, corporate bonds, financial bonds, securities representing interest in a fund, depository receipts, call (put) warrants, beneficial interest securities and asset-backed securities, etc.: carried out in compliance with Articles 7 and 9 of these Guidelines and	Article 8 Asset acquisition or disposal procedures: (1) For an acquisition or disposal of assets, for the decision of the unit in charge and the execution of the unit in the second Article of this Article, the organizing unit shall evaluate the reasons for the acquisition or disposal, the subject matter, the counterparty of the transaction, the transfer price, the receipt and payment conditions, and the reference price. (2) For the Company's short and long-term securities and derivative investment, the execution unit is the financial unit. Regarding the execution units of real estate and other fixed assets, please refer to the	1. Adjustment on provision number. 2. The Company established separate regulations for management of long-term equity investment, financial derivatives and fixed-assets, etc., the details are carried out based on Guidelines for Re-investment, Procedures for

No.	Revision	Befor Revision	Explanatory Notes
	Procedures for Financial Product Transactions of the Company. (3) Real estate, equipment or its right-of-use assets: carried out in compliance with Article 8 of these Guidelines and Guidelines for Fixed-Asset Management. (4) Other assets: unless regulated otherwise in the Company Act, Business Mergers and Acquisitions Act, other laws or regulations, the Articles of Association of the Company and Sections 3 and 4 of this Chapter, should be submitted for the approval by General Manager after the evaluation by the planning unit.	Company's Key Points for Fixed Asset Management. For asset other than securities, real estate or other fixed assets, the investment shall be evaluated by the planning unit beforehand. (3) If there are control-procedure related provisions specified in regulations other than the Key Points, such provisions shall be followed: 1.Liquid and non-liquid financial investment: A.Reinvestments for business purposes and their equity disposal shall be approved by the Board of Directors. B.For low-risk investment targets such as government bonds, corporate bonds, financial bonds, domestic and foreign bond funds, domestic and foreign monetary funds, negotiable certificates of deposit, short-term commercial bills and bank acceptance bills which are acquired or disposed of for financial purposes, the department in charge shall be fully authorized to handle such transactions according to the Company's "Financial Product Transaction and Processing Procedures". C.For other financial product investments, if the amount of a single transaction or the cumulative transaction amount within one year amounts to NT$100 million, the transaction shall be approved by the Board of Directors. If the amount is less than NT$100 million, the department in charge shall	Financial Product Transactions and Guidelines for Fixed-Asset Management.

No.	Revision	Befor Revision	Explanatory Notes
		be fully authorized to handle the transaction and report it in the next board meeting afterwards. 2.Real estate and other fixed assets:They shall be handled in accordance with the provisions of Article 10.2 of the Key Points. 3.Other assets: Unless there are provisions available in the Company Law, the Merger and Acquisition Law or other laws, or the Articles of Association of the Company or the provisions of Sections 3 and 4 of this Chapter, such transactions shall be approved by the General Manager.	
8	Article 7 The total amount of investment, limitation on individual items, and total amount of real estate which are not for business use by the Company and its subsidiaries are regulated as follows: (1) The total amount of investment of the Company shall not exceed 40% of the Company's paid-in capital, in which investment in securities that are not long-term re-investments shall not exceed 10% of the Company's paid-in capital. (2) The limitation on individual items concerning long-term re-investment of the Company is shall not exceed 35% of the Company's paid-in capital, investment in securities that are not long-term re-investments of which limitation on individual securities shall not exceed 5% of the Company's paid-in capital. (3) Save for Subsidiary with investment as its primary business, the total amount of	Article 9 The total amount of investment, limitation on individual items, and total amount of real estate which are not for business use by the Company and its subsidiaries are regulated as follows: (1) The total amount of investment of the Company shall not exceed 40% of the Company's paid-in capital, in which investment in securities that are not long-term re-investments shall not exceed 10% of the Company's paid-in capital. (2) The limitation on individual items concerning long-term re-investment of the Company is shall not exceed 35% of the Company's paid-in capital, investment in securities that are not long-term re-investments of which limitation on individual securities shall not exceed 5% of the Company's paid-in capital. (3) Save for Subsidiary with investment as its primary business, the total amount of	1. Adjustment on provision number. 2. The original Item 2, Section 1, Sub-Article 3, Article 8 is deleted, "low-risk investment targets acquired or disposed of for purpose of financial planning" provided in this Sub-Article is in compliance with the Procedures for Financial Product Transactions of the Company.

No.	Revision	Befor Revision	Explanatory Notes
	investment of each Subsidiary shall not hall not exceed 40% of the Subsidiary’s paid-in capital, investment of securities that are not long-term re-investments shall not exceed 10% of the Subsidiary’s paid-in capital. The long-term re-investment of each Subsidiary is bound by limitation of individual item that shall not exceed 35% of the Subsidiary’s paid-in capital, investment in securities that are not long-term re-investments is bound by limitation of individual item that shall not exceed 5% of the Subsidiary’s paid-in capital. (4) The total amount of the acquisition of real estate by the Company and each of its subsidiaries which are not for business use shall not exceed 10% of the paid-in capital of each company. The securities provided in the preceding sub-Article do not include the low-risk investment targets acquired or disposed of for purpose of financial planning in accordance with the Procedures for Financial Product Transactions of the Company.	investment of each Subsidiary shall not hall not exceed 40% of the Subsidiary’s paid-in capital, investment of securities that are not long-term re-investments shall not exceed 10% of the Subsidiary’s paid-in capital. The long-term re-investment of each Subsidiary is bound by limitation of individual item that shall not exceed 35% of the Subsidiary’s paid-in capital, investment in securities that are not long-term re-investments is bound by limitation of individual item that shall not exceed 5% of the Subsidiary’s paid-in capital. (4) The total amount of the acquisition of real estate by the Company and each of its subsidiaries which are not for business use shall not exceed 10% of the paid-in capital of each company. The Securities provided in the preceding sub-Article do not include the low-risk investment targets acquired or disposed of for purpose of financial planning provided in Item 2, Section 1, Sub-Article 3, Article 8.	
9	Article 8 In acquiring or disposing of real estate, equipment, or right-of-use assets thereof where the transaction amount reaches NTD 300 million or	Article 10 Regarding the Company’s acquisition or disposal of property or equipment, except for transactions with government	1. Adjustment on provision number. 2. Amended based on Letter No.

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	more, the company, unless transacting with governmental 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: (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; same procedure applies to any subsequent change to the terms and conditions of the transaction. (2) If the transaction amount exceeds NT$1 billion, two or more professional appraisers shall be hired for the appraisal. (3) If the appraisal result of the professional appraiser has one of the following circumstances, unless the appraisal result of the assets to be acquired is higher than the transaction amount or the appraisal result of the assets to be disposal of is lower than the transaction amount, a CPA shall be contacted for a specific opinion on the difference and the fairness of the transaction price in accordance with the provisions of the Audit Standards Bulletin No. 20 of the Accounting Research and Development Foundation: 1.The difference between the appraisal result and the	entities, commissioned-construction on the Company's own land, commissioned-construction on leased land, or acquisition or disposal of equipment for business use, if the transaction amount reaches NT$300 million, a professional valuer's appraisal report shall be obtained before the date of occurrence of the fact, and the transaction shall meet the following requirements: (1) The transaction shall be approved by the Board of Directors if a limited price, specified price or special price is to be used as the reference price of the transaction for special reasons. This requirement also applies to future changes to the transaction conditions. (2) If the transaction amount exceeds NT$1 billion, two or more professional appraisers shall be hired for the appraisal. (3) If the appraisal result of the professional appraiser has one of the following circumstances, unless the appraisal result of the assets to be acquired is higher than the transaction amount or the appraisal result of the assets to be disposal of is lower than the transaction amount, a CPA shall be contacted for a specific opinion on the difference and the fairness of the transaction price in accordance with the provisions of the Audit Standards Bulletin No. 20 of the Accounting Research and Development Foundation: 1.The difference between the appraisal result and the	Jin-Guan-Zheng-Fa-Zi 10703410725 dated 26 November 2018 by the Financial Supervisory Commission.

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	transaction amount is more than 20% of the transaction amount. 2.The difference between the appraisal results of two or more professional appraisers is more than 10% of the transaction amount. (4) The time lag between the issuing date of the professional appraiser's appraisal report and the contract date shall not be more than three months. However, if the appraisal report applies to the publically announced present value of the same period and is not more than six months, then the Company may request the original professional appraiser to issue an opinion. For acquisition or disposal other than real estate, equipment, or right-of-use assets thereof provided in the preceding sub-Article, the transaction price shall be decided based on the publicly announced value, appraised value, actual closing prices for nearby real estate, etc., or based on the price appraised by two professional appraisers or more.	transaction amount is more than 20% of the transaction amount. 2.The difference between the appraisal results of two or more professional appraisers is more than 10% of the transaction amount. (4) The time lag between the issuing date of the professional appraiser's appraisal report and the contract date shall not be more than three months. However, if the appraisal report applies to the publically announced present value of the same period and is not more than six months, then the Company may request the original professional appraiser to issue an opinion. In the case of acquisition or disposal of real estate or other fixed assets other than those in the preceding Article, the publically announced present value, appraised value and the actual transaction price of the neighboring real estate shall be referred to, or two or more professional appraisers shall be hired for the price appraisal in order to determine the transaction price.	
10	Article 9 When acquiring or disposing of securities, the Company shall, prior to the date of occurrence of the event, obtain financial statements of	Article 11 When acquiring or disposing of securities, the Company shall, prior to the date of occurrence of the event, obtain financial statements of	1. Adjustment on provision number. 2. Amended based on Order No.

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	the underlying company for the most recent period, certified or reviewed by a certified public accountant (CPA) for reference in appraising the transaction price; and if the transaction price reaches NTD 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, the CPA 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 Financial Supervisory Commission (FSC). The exceptions otherwise regulated by the Financial Supervisory Commission in the preceding sub-paragraph refer to the following conditions: (1) Acquiring securities through cash contribution in incorporation by promotion or by public offering in accordance with the law, and epresenting the rights rin the securities acquired is proportional with the contribution. (2) Securities issued at face value by an underlying company carrying out a capital increased by cash in accordance with relevant laws and regulations, with the Company participating in subscription to such securities.	the underlying company for the most recent period, certified or reviewed by a certified public accountant (CPA) for reference in appraising the transaction price; and if the transaction price reaches NTD 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, the CPA 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 Financial Supervisory Commission (FSC). The exceptions provided in the preceding sub-paragraph refer to the following conditions: (1) The exceptions provided in the preceding sub-paragraph refer to the following conditions:Acquiring securities through cash contribution in incorporation by promotion or by public offering in accordance with the Company Act, and the rights shown in the securities acquired is proportional with the contribution. (2) Securities issued at face value by an underlying company carrying out a capital increased by cash in accordance with relevant laws and regulations, with the Company as a sponsor of the issue.	Jin-Guan-Zheng-Fa-Zi 10703319083 dated 29 August 2018 by the Financial Supervisory Commission.

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	(3) Securities issued by an investee company wholly and directly or indirectly invested by the Company that is carrying out a capital increased by cash, with the Company participating in subscription to such securities, or securities issued by the wholly invested subsidiaries sponsoring each other in carrying out cash capital increase. (4) Securities listed and traded on the stock exchange or on the securities Market and emerging stocks. (5) Domestic government bonds, bonds under repurchase and resale agreements. (6) Public offering of funds. (7) Listed securities acquired or disposed of in accordance with the Taiwan Stock Exchange Corporation and the Taipei Exchange Rules governing the purchase of listed securities by reverse auction or rules governing the auction of listed securities. (8) Securities acquired through the Company's sponsorship of a seasoned equity offering by a public company or subscription of domestic corporate bonds (including financial bonds), when the securities acquired are not privately placed. (9) Subscription to fund shares before the establishment of a fund in accordance with Paragraph 1, Article 11 of the Securities Investment Trust and Consulting Act, or subscription or redemption of domestic private placement funds, provided that the trust agreement for the fund specifies an	(3) Securities issued by an investee company wholly invested by the Company that is carrying out a capital increased by cash, with the Company as a sponsor of the issue. (4) Securities listed and traded on the stock exchange or on the securities Market and emerging stocks. (5) Government bonds, bonds under repurchase and resale agreements. (6) Domestic or overseas public offering of funds. (7) Listed securities acquired or disposed of in accordance with the stock exchange or the securities market rules governing the purchase of listed securities by reverse auction or rules governing the auction of listed securities. (8) Securities acquired through the Company's sponsorship of a seasoned equity offering by a public company or subscription of domestic corporate bonds (including financial bonds), when the securities acquired are not privately placed. (9) Subscription to fund shares before the establishment of a fund in accordance with Paragraph 1, Article 11 of the Securities Investment Trust and Consulting Act, or subscription or redemption of domestic private placement funds, provided that the trust agreement for the fund specifies an	

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	investment strategy in which, aside from securities margin transactions and open positions held in securities-related products, the investment scope of the remaining portion is the same as that of a publicly offered fund.	investment strategy in which, aside from securities margin transactions and open positions held in securities-related products, the investment scope of the remaining portion is the same as that of a publicly offered fund.	
11	Article 10 Where the acquisition or disposal of intangible assets or right-to-use assets or membership by the Company amounts to NTD 100 million, save for transactions with domestic governmental agency, the Company shall before the date of occurrence of the event, engage certified public accountant to provide opinion on the reasonableness of the transaction price, and the said certified public accountant shall work in accordance with provisions of Statement of Auditing Standards No. 20 published by the Accounting Research and Development Foundation.	Article 12 Regarding the Company's acquisition or disposal of memberships or intangible assets with a transaction amount of NT$100 million or more, except for transactions with government entities, the accountant shall be consulted before the date of occurrence of the fact for an opinion on the rationality. The accountant shall handle the matter in accordance with the provisions of the Audit Standards Bulletin No. 20 of the Accounting Research and Development Foundation.	1. Adjustment on provision number. 2. Amended based on Letter No. Jin-Guan-Zheng-Fa-Zi 10703410725 dated 26 November 2018 by the Financial Supervisory Commission.
12	Article 11 The calculation of the transaction amounts referred to in the preceding three Articles shall be done in accordance with Sub-Article 2, Article 28, and "within the preceding year" refers to the year preceding the date of occurrence of the current transaction, items for which an appraisal report from a professional appraiser or a certified public accountant's opinion has been obtained need not be counted toward the transaction amount.	Article 12-1 The calculation of the transaction amounts above shall be handled in accordance with the provisions in Articles 28.2 and 28.3.	1. Adjustment on provision number. 2. Calculation of the amount of transaction is regulated in Sub-Article 2 of Article 28. 3. Amended based on Article 12 of the Regulations.
13	Article 12 <Omitted>	Article 5 <Omitted>	Adjustment on provision number
14	Article 13 When the Company engages in any acquisition or disposal of assets from	Article 13 When the Company engages in any acquisition or disposal of assets with	Adjustment as shown in provision.

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	or to a related party, in addition to ensuring that the necessary resolutions are adopted and the reasonableness of the transaction terms is appraised in accordance with the preceding Section and this Section, if the transaction amount reaches 10% or more of the Company's total assets, the Company shall also obtain an appraisal report from a professional appraiser or a certified public accountant's opinion in compliance with the provisions of the preceding Section. The calculation of the transaction amount referred to in the preceding sub-Article shall be made in accordance with Article 11. When judging whether a trading counterparty is a related party, in addition to legal formalities, the substance of the relationship shall be considered.	a related party, in addition to ensuring that the necessary resolutions are adopted in accordance with the provisions of the preceding Section and this Section and the reasonableness of the transaction terms is appraised, if the transaction amount reaches 10 percent or more of the Company's total assets, the Company shall also obtain an appraisal report from a professional appraiser or a CPA's opinion in accordance with the provisions of the preceding Section. The calculation of the transaction amount referred to in the preceding paragraph shall be made in accordance with the provisions of Articles 28.2 and 28.3. When judging whether a trading counterparty is a related party, in addition to legal formalities, the substance of the relationship shall be considered.	
15	Article 14 When acquiring or disposing of real estate or right-of-use assets thereof from or to a related party, or when acquiring or disposing of assets	Article 14 When acquiring or disposing of real estate thereof from or to a related party, or when acquiring or disposing of assets other than real	Amended based on Letter No. Jin-Guan-Zheng-Fa-Zi 10703410725 dated

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	other than real estate or right-of-use assets thereof from or to a related party and the transaction amount reaches NTD 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 documents have been approved by the Audit Committee and the Board of Directors: (1) The purpose, necessity and anticipated benefit of the acquisition or disposal of assets. (2) The reason for choosing the related party as the transaction counterparty. (3) With respect to the acquisition of real estate 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 15 and 16. (4) The date and price of the related party's original acquisition of the real estate, the original transaction counterparty, and the transaction counterparty's relationship with the Company and the related party. (5) The monthly cash flow forecasts for the year commencing from the anticipated month of contract signing, the evaluation of the necessity of the transaction, and the reasonableness of the funds utilization. (6) An appraisal report from a professional appraiser or a CPA's opinion obtained in accordance with the preceding Article.	estate thereof from or to a related party and the transaction price reaches NTD 300 million or more, except in trading of government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises, the Company may not proceed to enter into a transaction contract or make a payment until the following documents have been approved by Audit Committee and the Board of Directors: (1) The purpose, necessity and anticipated benefit of the acquisition or disposal of assets. (2) The reason for choosing the related party as the transaction counterparty. (3) With respect to the acquisition of real estate from a related party, the information regarding the evaluation of the reasonableness of the preliminary transaction terms in accordance with Article 15 and Article 16. (4) The date and price of the related party's original acquisition of the real estate, the original transaction counterparty, and the transaction counterparty's relationship with the Company and the related party. (5) The monthly cash flow forecasts for the year commencing from the anticipated month of contract signing, the evaluation of the necessity of the transaction, and the reasonableness of the funds utilization. (6) An appraisal report from a professional appraiser or a CPA's opinion obtained in accordance with the preceding Article.	26 November 2018 by the Financial Supervisory Commission.

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	(7) Restrictive conditions and other important agreements associated with the transaction. The calculation of the transaction amounts referred to in the preceding paragraph shall be made in accordance with the provisions of Article 28.2, and "within one year" used herein refers to the year preceding the date of occurrence of the current transaction. Items that have been approved by the Board of Directors and recognized by the Supervisors need not be counted toward the transaction amount. With respect to the following types of transactions, when the transactions are to be conducted between the Company and its parent or subsidiaries, or between its subsidiaries in which it directly or indirectly holds 100% of the issued shares or authorized capital, the Board of Directors may refer to Article 6 and delegate the Chairman to decide such matters and have the decisions subsequently submitted to and ratified in the next Board of Directors meeting: (1) Acquisition or disposal of equipment or right-of-use assets thereof held for business use. (2) Acquisition or disposal of real estate right-of-use assets held for business use. When such matter is submitted for deliberation by the Board of Directors pursuant to Sub-Article 1, the Board of Directors shall take into full consideration each independent director's opinions. If an independent director objects to or expresses reservations, it shall be recorded in the meeting minutes of the Board of Directors. The matters for which Sub-Article 1 requires approval by simple majority of all members of the Audit	(7) Restrictive conditions and other important agreements associated with the transaction. The calculation of the transaction amounts referred to in the preceding paragraph shall be made in accordance with the provisions of Article 28.2, and "within one year" used herein refers to the year preceding the date of occurrence of the current transaction. Items that have been approved by the Board of Directors and recognized by the Supervisors need not be counted toward the transaction amount. For the acquisition or disposal of business-purpose equipment between the Company and its parent company or subsidiaries, the Company's Board of Directors may, pursuant to the provisions of Article 10, delegate the Chairman to make a decision, and have the decision submitted in the next board meeting for recognition afterwards. When a matter is submitted for discussion in the board meeting pursuant to the provisions of the	

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	Committee, to which Sub-Article 2 of Article 36 shall be applied *mutatis mutandis*.	preceding paragraph, each independent director's opinions shall be fully taken into consideration. If there is any objection or reservation from the independent directors, it shall be recorded in the minutes of the board meeting.	
16	Article 15 When acquiring real estate or right-of-use assets thereof from a related party, the Company shall evaluate the reasonableness of the transaction costs by the following means: (1) Based on the related party's transaction price plus necessary interest on funding and the costs to be duly borne by the buyer. The "necessary interest on funding" is calculated as the weighted average interest rate of borrowing in the year the Company purchases the real estate, provided that it may not be higher than the maximum borrowing rate for non-financial industries as announced by the Ministry of Finance. (2) The total appraised loan value by a financial institution where the related party has previously pledged the asset for a for a loan from the financial institution, provided that the actual cumulative loan amount extended by the financial institution shall have reached 70 percent or more of the financial institution's appraised loan value, and the period of the loan shall have been 1 year or more. However, this shall not apply where the financial institution is a related party of one of the transaction counterparties. Where land and structures thereupon are combined as a single property purchased or leased in one	Article 15 For an acquisition of real estate from a related party, the Company shall evaluate the reasonableness of the transaction costs by the following means: (1) Based on the related party's transaction price plus necessary interest on funding and the costs to be duly borne by the buyer. The "necessary interest on funding" is calculated as the weighted average interest rate of borrowing in the year the Company purchases the real estate, provided that it may not be higher than the maximum borrowing rate for non-financial industries as announced by the Ministry of Finance. (2) The total appraised loan value by a financial institution where the related party has previously pledged the asset for a for a loan from the financial institution, provided that the actual cumulative loan amount extended by the financial institution shall have reached 70 percent or more of the financial institution's appraised loan value, and the period of the loan shall have been 1 year or more. However, this shall not apply where the financial institution is a related party of one of the transaction counterparties. Where the land and the building of the same object matter are purchased together, the transaction	Amended based on Letter No. Jin-Guan-Zheng-Fa-Zi 10703410725 dated 26 November 2018 by the Financial Supervisory Commission.

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	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 sub-Article. When acquiring real estate or right-of-use assets thereof from a related party, aside from appraising the cost of the real estate or right-of-use assets thereof in accordance with the preceding two sub-Articles, the Company shall also engage a certified public accountant to check the appraisal and render a specific opinion. Where any one of the following circumstances exists, the provisions in the preceding three paragraphs shall not apply: (1) The related party acquired the real estate or right-of-use assets thereof through inheritance or as a gift. (2) More than 5 years have elapsed from the time the related party signed the contract to obtain the real estate or right-of-use assets thereof to the signing date for the current transaction. (3) The real estate is acquired through a joint development contract with the related party, or construction on the Company's own land or construction on leased land with the construction work commissioned to the related party. (4) The real estate right-of-use assets for business use are acquired by the Company with its parent or subsidiaries, or by its subsidiaries in which it directly or indirectly holds 100% of the issued shares or authorized capital	costs for the land and the building may be respectively appraised in accordance with either of the means in the preceding paragraph. For the Company's acquisition of real estate from a related party, in addition to appraising the costs of the real estate in accordance with the provisions in paragraphs 1 and 2 above, the Company shall engage a CPA to check the appraisal results and render a specific opinion. Where any one of the following circumstances exists, the provisions in the preceding three paragraphs shall not apply: (1) The related party acquired the real estate through inheritance or as a gift. (2) More than 5 years will have elapsed from the time the related party signed the contract to obtain the real estate to the signing date for the current transaction. (3) The real estate is acquired through a joint development contract with the related party, or construction on the Company's own land or construction on leased land with the construction work commissioned to the related party.	
17	Article 16 When the results of the Company's appraisal conducted in accordance	Article 16 When the results of the Company's appraisal conducted in accordance	Amended based on Letter No.

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	with paragraph 1 and paragraph 2 of the preceding Article are both lower than the transaction price, the matter shall be handled in compliance with Article 17. However, If any of the following circumstances exist, and the objective evidence has been submitted and the specific opinions on reasonableness have been obtained from a professional real estate appraiser and a CPA, this restriction shall not apply: (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.The undeveloped land is appraised in accordance with the means in the preceding Article, and the buildings according to the related party's construction cost plus reasonable construction profit, and the valued exceeds 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 past 3 years or the gross profit margin of the construction industry in the latest 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 target 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 paragraph 1 and paragraph 2 of the preceding Article are both lower than the transaction price, the matter shall be handled in compliance with Article 17. However, If any of the following circumstances exist, and the objective evidence has been submitted and the specific opinions on reasonableness have been obtained from a professional real estate appraiser and a CPA, this restriction shall not apply: (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.The undeveloped land is appraised in accordance with the means in the preceding Article, and the buildings according to the related party's construction cost plus reasonable construction profit, and the valued exceeds 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 past 3 years or the gross profit margin of the construction industry in the latest period as announced by the Ministry of Finance, whichever is lower. 2.The transactions of other floors of the same subject building, or the transactions of non-related parties in the neighboring area within the past year, with similar floor areas, have similar transaction terms based on the evaluation of the reasonable price differences of such floors or areas in accordance with the property trading practice.	Jin-Guan-Zheng-Fa-Zi 10703410725 dated 26 November 2018 by the Financial Supervisory Commission.

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	with standard property market sale practices. (2) Where acquiring real estate, or obtaining real estate 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 Transactions involving neighboring or closely valued parcels of land in the preceding sub-Article 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% of the target property in the planned transaction; within the preceding year refers to the year preceding the date of occurrence of the acquisition of the real estate or the right-of-use assets thereof.	3.Where the other floors of the same subject building leased by non-related parties within the past year have similar transaction terms, based on the evaluation of the reasonable price differences of such floors in accordance with the property rental practice. (2) The Company can provide evidence that the real estate acquired from a related party has terms similar to those of transactions completed in the neighboring area by unrelated parties within the past year, and the area size is similar. The aforesaid transactions in the neighboring area refers to transactions on the same or an adjacent street and within an area of less than 500 meters from the subject matter of the transaction, or transactions with similar announced present values. The aforesaid similar area size means that the area of the transaction of a non-related party is not less than 50% of the area of the subject matter of the transaction. The aforesaid one year refers to the year before the date on which the real estate transaction occurs.	
18	Article 17 Where acquiring real estate or right-of-use assets thereof from a related party and the results of appraisals conducted in accordance	Article 17 Regarding the Company's acquisition of real estate from a related party, if the results of the appraisals in accordance with the	Amended based on Letter No. Jin-Guan-Zheng-Fa-Zi

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	with Articles 15 and 16 are uniformly lower than the transaction price, the Company shall take the following steps: (1) A special reserve shall be set aside in accordance with Article 1, Article 41 of the Securities and Exchange Act against the margin between the transaction price of the real estate or right-of-use assets thereof and the appraised cost, and may not be distributed or used for capital increase or issuance of bonus shares. (2) The Audit Committee shall handle the above in accordance with the provisions of Article 208 of the Company Law. (3) Actions taken pursuant to the preceding two sections shall be reported to the shareholders meeting, and the details of the transaction shall be disclosed in the annual report and prospectus. After setting aside a special reserve under the preceding sub-Article, the Company may not utilize the special reserve until it has recognized a loss on decline in market value of the assets it purchased or leased at a premium, or they have been disposed of, or the leasing contract has been terminated, or adequate compensation has been made, or the *status quo ante* has been restored, or there is other evidence confirming that there was nothing unreasonable about the transaction, and the Financial Supervisory Commission has approved. When the Company acquires real estate or right-of-use assets thereof from a related party, if there is other evidence indicating that the acquisition was not an arm’s length	provisions of Articles 15 and 16 are lower than the transaction price, then the following matters shall be handled. (1) The Company shall make a provision of a special surplus reserve in accordance with the provisions of Paragraph 1 of Article 41 of the Securities Exchange Act on the difference between the transaction price of the real estate and the appraised cost, and shall not distribute the surplus or convert it into capital increase. (2) The Audit Committee shall handle the above in accordance with the provisions of Article 208 of the Company Law. (3) The handling of the matters in Paragraphs 1 and 2 above shall be reported in the shareholders' meeting, and the details of the transaction shall be disclosed in the annual report and the prospectus. If the Company has set aside a special surplus reserve in accordance with the provisions of the preceding paragraph, it may not utilize the special surplus reserve until it has recognized a loss when there is a decline in the market value of the assets it purchased at a premium, or the assets have been disposed of, or an 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 Financial Supervisory Commission has given its approval. If the Company obtains real estate from a related party, it shall also comply with the provisions in the preceding two paragraphs if there is other evidence indicating that the	10703410725 dated 26 November 2018 by the Financial Supervisory Commission.

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	transaction, the Company shall comply with the provisions of the preceding two sub-Articles.	transaction does not conform to the regular business mode.	
19	Article 18 <Section 1, Sub-Article 1 omitted> <Items 1 to 4, Section 2, Sub-Article 2 omitted > (5) Periodic evaluation and exception handling: 1.Financial Department shall evaluate the derivative position at least once a week, and at least twice a month for hedge transactions due to business needs. The evaluation report shall be give to the senior executives authorized by the Board of Directors. <The followings are omitted>	Article 18 <Section 1, Sub-Article 1 omitted> <Items 1 to 4, Section 2, Sub-Article 2 omitted > (5) Periodic evaluation and exception handling: 1.Financial Department shall evaluate the derivative position at least once a week, and at least twice a month for hedge transactions due to business needs. The evaluation report shall be presented to the senior executives authorized by the Board of Directors. <The followings are omitted>	Revision on wording.
20	Article 23 In the Company's participation in a merger, division or acquisition, unless the law provides otherwise or the FSC is notified in advance due to extraordinary circumstances and has granted its consent, the Company shall convene a board meeting and a shareholders' meeting on the same day for a resolution on the merger, division or acquisition related matters. The companies participating in a share exchange shall, unless the law provides otherwise or the FSC is notified in advance due to extraordinary circumstances and has granted its consent, convene a board meeting on the same day. When participating in a merger, division, acquisition or share exchange, the Company shall prepare a full written record of the following information and retain it for 5 years for reference: (1) Basic personnel data: including the job titles, names and ID numbers (or passport numbers in the case of foreign nationals) of	Article 23 In the Company's participation in a merger, division or acquisition, unless the law provides otherwise or the FSC is notified in advance due to extraordinary circumstances and has granted its consent, the Company shall convene a board meeting and a shareholders' meeting on the same day for a resolution on the merger, division or acquisition related matters. The companies participating in a share exchange shall, unless the law provides otherwise or the FSC is notified in advance due to extraordinary circumstances and has granted its consent, convene a board meeting on the same day. When participating in a merger, division, acquisition or share exchange, the Company shall prepare a full written record of the following information and retain it for 5 years for reference: (1) Basic personnel data: including the job titles, names and ID numbers (or passport numbers in the case of foreign nationals) of	

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	all persons involved in the planning or implementation of a merger, division, acquisition or share exchange prior to the disclosure of the transaction information. (2) Dates of material events: including the dates of signing any letter of intent or memorandum of understanding, hiring a financial or legal advisor, executing a contract and convening a board meeting. (3) Important documents and minutes: including the merger, division, acquisition or share exchange plan, the letter of intent or memorandum of understanding, material contracts and minutes of board meetings. The Company shall, within 2 days from the date a resolution is passed in the board meeting, report the information set out in subparagraphs 1 and 2 of the preceding paragraph to the FSC for recordation in the prescribed format and via the Internet-based information system. 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 and carried out in accordance with the provisions of the preceding two sub-Articles.	all persons involved in the planning or implementation of a merger, division, acquisition or share exchange prior to the disclosure of the transaction information. (2) Dates of material events: including the dates of signing any letter of intent or memorandum of understanding, hiring a financial or legal advisor, executing a contract and convening a board meeting. (3) Important documents and minutes: including the merger, division, acquisition or share exchange plan, the letter of intent or memorandum of understanding, material contracts and minutes of board meetings. The Company shall, within 2 days from the date a resolution is passed in the board meeting, report the information set out in subparagraphs 1 and 2 of the preceding paragraph to the FSC for recordation in the prescribed format and via the Internet-based information system.	
21	Article 27 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 and carries out in accordance with the provisions of Articles 22, 23 and 26.	Article 27 In the Company’s participation in a merger, division, acquisition or share exchange, if any of the participating companies is not a public company, the public company(s) shall sign an agreement with the non-public company whereby the latter is	Adjustment on wording.

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		required to abide by the provisions of Articles 22, 23 and 26.	
22	Article 28 If any of the following circumstances occurs in the Company's acquisition or disposal of assets, the relevant information shall be declared on the FSC's designated website based on its nature within two days from the date of occurrence of the fact: (1) Acquisition or disposal of real estate or right-of-use assets thereof from or to a related party, or acquisition or disposal of assets other than real estate or right-of-use assets thereof from or to a related party where the transaction amount reaches NTD 300 million or more; provided that 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. (2) The Company's merger, division, acquisition or share exchange (3) The loss of derivative transactions reaches the total or individual contract loss limit specified in Article 18.1(5)(B). (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 reaches NTD 500 million or more. And if the Company has its paid-in capital reaches NTD 10 billion or more, the transaction amount reaches NTD 1 billion or more (5) Where land is acquired under an	Article 28 If any of the following circumstances occurs in the Company's acquisition or disposal of assets, the relevant information shall be declared on the FSC's designated website based on its nature within two days from the date of occurrence of the fact: (1) The Company's acquisition or disposal of property with related parties, or acquisition or disposal of non-property assets with related parties and the transaction amount reaches NT$300 million, with the exception of the purchase and sale of government bonds, bonds with re-purchase or re-sale agreements and subscription or repurchase of money market funds issue by domestic securities investment trust enterprises, (2) The Company's merger, division, acquisition or share exchange (3) The loss of derivative transactions reaches the total or individual contract loss limit specified in Article 18.1(5)(B). (4) The type of assets acquired or disposed of is equipment for business use, the transaction counterparty is an unrelated party, and the amount of the transaction is NT$500 million or more. If the amount of the Company's paid-in capital is more than NT$10 billion, the amount of the transaction is NT$1 billion or more. (5) The property is acquired through	Amended based on Letter No. Jin-Guan-Zheng-Fa-Zi 10703410725 dated 26 November 2018 by the Financial Supervisory Commission.

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	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 NTD 500 million or more. (6) Transactions of assets other than those in the five items above, or investment in mainland China, and the transaction amount reaches NT$300 million, with the exception of the following: 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. The amount of transactions stipulated in the preceding sub-Article shall be calculated as follows, provided that excluding the part which has been regulated and announced in these Guidelines: (1) The amount of each transaction. (2) The total amount of all transactions with the same counterparty in one year for assets of the same nature. (3) The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of real estate or right-of-use assets thereof within the same development project within the preceding	commissioned- construction on the Company’s own land, commissioned- construction on leased land, joint construction with building allotment or joint construction with respective sale of the building, with the expected amount of the Company’s investment in the transaction more than NT$500 million (6) Transactions of assets other than those in the five items above, or investment in mainland China, and the transaction amount reaches NT$300 million, with the exception of the following: 1.Trading of government bonds. 2.Trading of bonds with repurchase or resale agreements or the purchase or repurchase of money market funds issue by domestic securities investment trust enterprises, The amounts of the aforesaid transactions are calculated as follows, but the amounts already announced according to the requirements shall not be included. (1) The amount of each transaction. (2) The total amount of all transactions with the same counterparty in one year for assets of the same nature. (3) The total amount of transactions of property in the same development plan (with acquisition and disposal accrued separately) in one year.	

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	year. (4) The total amount of transactions of the same securities (with acquisition and disposal accrued separately) in one year. The Company shall enter into the FSC's designated website by the 10th of each month the information about the derivative transactions of the Company and its non-public domestic subsidiaries as of the end of the previous month in accordance with the FSC's prescribed format. If there is any error or omission in the Company's announcement in accordance with the regulations, then it shall make another announcement of all such information again within two days from the day of awareness of the fact. The Company shall obtain and keep at its premises the relevant contracts, the meeting minutes, the reference books, the appraisal reports, and the opinions of the accountant, the lawyer and the securities underwriter. Unless otherwise required by law, such documents shall be retained for at least five years.	(4) The total amount of transactions of the same securities (with acquisition and disposal accrued separately) in one year. The Company shall enter into the FSC's designated website by the 10th of each month the information about the derivative transactions of the Company and its non-public domestic subsidiaries as of the end of the previous month in accordance with the FSC's prescribed format. If there is any error or omission in the Company's announcement in accordance with the regulations, then it shall make another announcement of all such information again within two days from the day of awareness of the fact. The Company shall obtain and keep at its premises the relevant contracts, the meeting minutes, the reference books, the appraisal reports, and the opinions of the accountant, the lawyer and the securities underwriter. Unless otherwise required by law, such documents shall be retained for at least five years.	
23	Article 30 Subsidiaries that are domestic public companies shall establish their own Guidelines for Handling the Acquisition and Disposal of Assets based on the Regulations; subsidiaries that are not public companies in the Republic of China, shall established their own Guidelines for Handling the Acquisition and Disposal of Assets based on these Guidelines.	Article 30 Subsidiaries that are domestic public companies shall establish their own Guidelines for Handling the Acquisition and Disposal of Assets based on the Regulations; subsidiaries that are not public companies in the Republic of China, shall established their own Guidelines for Handling the Acquisition and Disposal of Assets based on these Guidelines.	Identical with para. 1.
24	Article 34 Matters not provided in these Guidelines shall be governed by the relevant laws and regulations.	Article 34 Matters not provided in these Guidelines shall be governed by the relevant laws and regulations.	Identical with para. 1.

No.	Revision	Befor Revision	Explanatory Notes
25	Article 35 Of all guidelines of the Company, in the event of any discrepancy of provisions concerning acquisition and disposal of assets with these Guidelines, these Guidelines shall prevail.	Article 35 Of all guidelines of the Company, in the event of any discrepancy of provisions concerning acquisition and disposal of assets with these Guidelines, these Guidelines shall prevail.	Identical with para. 1.
26	Article 36 These Guidelines and any amendments hereto shall come into force after that approval by the audit committee, submission to the board of directors for a resolution and approval by the shareholders meeting	Article 36 These Guidelines and any amendments hereto shall come into force after that approval by the audit committee, submission to the board of directors for a resolution and approval by the shareholders meeting	Identical with para. 1.

Annex 7

Candidates for Directors(independent directors) of the 17th term of the Board of Directors.

Category	Name	Share Held	Education and Experience
Director	Ministry of Economic Affairs Representative: CHENG, WEN-LON	105,070,366	.Ph.D. of Civil Engineering University of Washington, USA .Chairman of CSBC, Taiwan .Deputy Director, Public Construction Committee, Executive Yuan .Deputy Mayor, Kaohsiung City Government
Director	Ministry of Economic Affairs Representative: TSENG, KUO-CHENG	105,070,366	.Master of Naval Architect Engineering, National Taiwan University .President of CSBC, Taiwan .Vice President of CSBC, Taiwan
Director	Ministry of Economic Affairs Representative: HUANG, JIH-CHIN	105,070,366	.Graduated from Sheet Metal Department, National Tainan Industrial High School .Chairman of Employees' Welfare Committee, CSBC .Chairman of Labor Union, CSBC .Technician of QA Department, CSBC
Director	Ministry of Economic Affairs Representative: LAN, SYU-CING	105,070,366	.Graduated from Department of Navigation, National Keelung Maritime Vocational High School .Chairman, Keelung Yard Labor Union, CSBC .Technician of Keelung Yard, CSBC
Director	Ministry of National Development Fund, Executive Yuan: WU, WEN-KUEI	36,032,305	.Master, Department of Earth Science, NCKU .Counselor Adjunct Director of Office the Zhongxing New Village Revitalization Project .Deputy Director and Director of Central Region Branch, National Property Administration Director, Ministry of Finance
Director	Ministry of Yao-Hwa Co., Ltd Management	36,032,305	.Master, Institute of Chemical Engineering, National Central

	Commission: CHEN, YUNG-TSUNG		University .Director of section Department 4, State-owned Enterprise Commission,Ministry of Economic Affairs
Director	Ministry of National Defense Industrial Developmengt Fundation: LIU, CHIH-PIN	25,000,000	.Graduated from National Defense University .Deputy Chief of Staff Eecutive Officer .Deputy Commander of Naval Command .Commander, Command of Naval Fleet
Director	CPC (Corporation, Taiwan Representative)	23,777,487	-
Director	China Steel Representative: HWANG, CHIEN-CHIH	7,751,346	.Bachelor of Economics, Tunghai University .Vice President of China Steel Corporation .Assistant Vice President of China Steel Corporation
Director	Kaohsiung City Representative of Industrial Labor Union of CSBC: HOU, DE-LONG	20,688,200	.Graduated from Department of Marine Engine Department of Electric Engineering, Kaohsiung Municipal Kaohsiung Industrial High School .Director, 16^{th} Board of Directors, CSBC .Chairman, Labor Union, CSBC. .Chairman, Employees' Welfare Committee, CSBC. .Chairman, Kaohsiung City Confederation of Trade Unions
Director	Kaohsiung City Representative of Industrial Labor Union of CSBC: HSIEH, KUO-JUNG	20,688,200	.Graduated from Department of Marine Engineering, Kaohsiung Institute of Marine Technology. .Director, 16^{th} Board of Directors, CSBC .Chairman, Employees' Welfare Committee, CSBC. .Standing Supervisor of Labor Union, CSBC

Director	Yue-Li Investment Corporation	20,688,200	-
Independent Director	LIEU, DER-MING	0	.Ph.D. Institute of Economics, Ohio State University, USA .Professor of Financial Management Department, National Sun Yat-sen University .Consultant of Securities and Futures Management Committee Ministry of Finance
Independent Director	LIN, HUI-JENG	0	.Ph.D. of Naval Architect Engineering, National Taiwan University .Chairman of Chun Yu Works & Co., Ltd. .Professor, National Taiwan University .President, National Penghu University of Science and Technology
Independent Director	CHEN, CHIH-YANG	0	.Master of Law, National Chung Hsing University .Director of the Chen Chih Yang Law Firm

Appendix

Appendix 1

Rules of Procedure for Shareholders' Meeting CSBC Corporation, Taiwan

Passed in the 1st extraordinary shareholders' meeting of 2002 on December 9, 2002
Passed in the 1st extraordinary shareholders' meeting of 2008 on March 24, 2008
Passed in the general shareholders' meeting of 2008 on June 20, 2008
Passed in the general shareholders' meeting of 2012 on June 13, 2012
Passed in the general shareholders' meeting of 2014 on June 26, 2014
Passed in the general shareholders' meeting of 2015 on June 29, 2015

1. Except as otherwise provided in the laws and regulations, the procedure of the shareholders' meetings of CSBC Corporation, Taiwan (hereinafter referred to as the Company) shall be handled in accordance with these Rules.

2. The shareholder referred to in these Rules means the shareholder him/herself or the representative appointed by the shareholder or the shareholder's proxy for attending the meeting.

3. Except as otherwise provided in the laws and regulations, the shareholders' meeting of the Company shall be convened by the board of directors.

   The Company shall, 30 days before a general shareholders' meeting or 15 days before an extraordinary shareholders' meeting, produce the shareholders' meeting notice, the power of attorney form, and the information about items for recognition and discussion and election or dismissal of directors into an electronic file for upload on the MOPS. In addition, the Company shall, 21 days before a general shareholders' meeting or 15 days before an extraordinary shareholders' meeting, produce the rules of procedures for the shareholders' meeting and supplementary materials into an electronic file for upload on the MOPS. The Company shall, 15 days before a shareholders' meeting, prepare the shareholders' meeting agenda handbook and supplementary materials and make them available for the shareholders to obtain and review at any time. In addition, the handbook shall be displayed at the Company and its stock registrar and transfer agent, and distributed on-site at the meeting.

The meeting notice and announcement shall contain the reasons for convening the meeting. The notice delivery may be done electronically with the consent of the counterparty.

The election or dismissal of directors, or amendments to the Articles of Association, or dissolution, merger, or division of the Company, or matters in the provisions of Article 185 of the Company Law, Articles 26.1 or 43.6 of the Securities Exchange Act, or Articles 56.1 or 60.2 of the Regulations Governing the Offering and Issuance of Securities by Securities Issuers shall be listed in the reasons for convening the meeting and shall not be brought up as extraordinary motions.

Shareholders who hold more than one percent of the total number of issued shares may submit in writing to the Company a motion proposal for the general shareholders’ meeting, but the number of proposals is limited to one. Proposals more than one shall not be included as motions. If the motion proposed by a shareholder falls into one of the circumstances of the Paragraph 4 of Article 172 of the Company Law, the board of directors shall not include it as a motion.

The Company shall, before the book-close date of the general shareholders’ meeting, notify the shareholders of the acceptance of proposals from the shareholders, the place for submitting such proposals and the period for acceptance of proposals. The acceptance period shall not be less than 10 days.

The shareholder’s proposal shall be no more than 300 words. Proposals more than 300 words will not be included as motions. The shareholder making the motion proposal shall be present at or appoint a proxy to attend the shareholders' meeting and participate in the discussion of the motion.

The Company shall notify the shareholder making the motion proposal of the results of the processing before the notice of convening the shareholders' meeting, and include in the meeting notice the motions meeting the criteria of the Article. For a shareholder’s proposal not included in the motions, the board of directors shall state the reasons in the shareholders' meeting.

4. The shareholders shall, at each shareholder's meeting, issue a power of attorney in the form printed by the Company, specify the scope of authorization, and appoint a proxy to attend the shareholders' meeting.

   Each shareholder is limited to issuing one power of attorney and appointing one proxy only. The power of attorney shall be delivered to the Company 5 days before the shareholders’ meeting. If the power of attorney is duplicated, the first one that is delivered shall prevail. This requirement does not apply to a statement revoking the former power of attorney.

   Upon the delivery of the power of attorney to the Company, the shareholder who wishes to attend the shareholders' meeting in person or wishes to exercise the voting right in writing or electronically shall notify the Company in writing to the cancel the proxy appointment 2 days before the shareholders' meeting, otherwise the voting right exercised by the appointed proxy who attends the meeting shall prevail.

5. The time and place of the shareholders' meeting shall be determined by the board of directors, and the meeting shall be held at the place where the head office of the Company is located or a place convenient for the shareholders' attendance and suitable for holding the shareholders' meeting. The meeting start time shall not be earlier than 9:00 am or later than 3:00 pm.

6. The Company shall prepare a rules-of-procedure handbook for the shareholders' meeting and announce the rules-of-procedure handbook and other relevant information before the shareholders' meeting.

   The measures concerning the time, manner and main matters in the rules of procedure handbook in the aforesaid announcement and other matters to be followed shall be determined by the securities regulatory authority.

   The attendance at the shareholders' meeting shall be determined by the submission of the attendance card to the Company by either the shareholder or the proxy appointed by the shareholder.

The Company shall deliver the rules-of-procedure handbook, annual report, attendance certificate, speech slip, vote and other meeting information to the shareholders present at the shareholders' meeting. If there is an election of directors, the election ballot shall also be delivered

The shareholder shall attend the shareholders' meeting by attendance certificate, attendance card or other attendance documents. The Company shall not arbitrarily add any other supporting documents to prove the identity of the shareholders. The solicitor for the power of attorney shall carry identity documents for verification.

If the government or a legal person is a shareholder, the representative for the shareholders' meeting is not limited to one person only. If a legal person is appointed to attend the shareholders' meeting, only one representative shall be sent.

7. If a shareholders meeting is convened by the board of directors, the meeting shall be chaired by the chairperson of the board. If the chairperson of the board is on leave or for any reason and unable to exercise the powers of a chairperson, the chairperson shall appoint one of the directors to act as the chairperson for the meeting. If the chairperson does not make such an appointment, then the chairperson for the meeting shall be elected among the directors.

   If the shareholders' meeting is convened by a party other than the board of directors, the chairperson of the meeting shall be the convening party. If there are two or more convening parties, one of them shall be elected as the chairperson.

   For a shareholders' meeting convened by the board of directors, the chairperson shall personally presided over the meeting, and shall have more than half of the directors of the board and at least one member from each functional committee attend the meeting. The attendance shall be recorded in the meeting minutes.

   The Company may appoint its lawyer, accountant or related persons to attend the shareholders' meeting in a non-voting capacity.

8. The Company shall audio-record or video-record the whole process of the shareholders' meeting, and shall retain the recording together with the attending shareholders' sign-in register and the powers of attorney for at least one year. For any lawsuit filed by a shareholder in accordance with Article 189 of the Company Law, such documents shall be kept until the end of the proceedings.

9. The attendance of the shareholders' meeting shall be on a share basis. The number of shares represented by the attending shareholders shall be based on the sign-in register or the attendance cards submitted, plus the number of shares with the voting rights exercised in writing or electronically.

   The chairperson shall call the meeting to order at the scheduled meeting start time. If the attending shareholders do not represent a majority of the total number of shares issued, the chairperson may announce a postponement, provided that no more than two such postponements for a combined total length of no more than 1 hour may be made. If after two postponements the attending shareholders still represent less than one third of the total number of issued shares, the chairperson shall announced the meeting aborted.

   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, then pursuant to Paragraph 1 of Article 175 of the Company Law, a tentative resolution may be adopted with the consent of the attending shareholders with the majority voting rights. The shareholders shall be informed of the tentative resolution, and another shareholders’ meeting shall be convened within a month.

   For the shareholders' meeting reconvened, shareholders representing one third or more of the total number of issued shares still have to attend, and the consent of the attending shareholders with the majority voting rights shall be obtained. A formal resolution shall be made.

10. 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 as set in 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 chairperson 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.

After the meeting is adjourned, the shareholders shall not elect another chairperson to continue the meeting at the original site or another place. However, if the chairperson declares the meeting adjourned in violation of the rules of procedure, with the consent of the attending shareholders with the majority voting rights, a new chairperson may be elected to continue the meeting.

The Chairman shall allow the opportunity for a full explanation and discussion of the amendments or extraordinary motions proposed by the shareholders. If a motion has been duly discussed and the chairperson thinks that the point of voting has been reached, the chairperson may announce a stop to the discussion. If necessary, the chairperson may suspend the discussion. The chairperson shall start the voting session for the motion with its discussion terminated or suspended.

11. Before speaking, an attending shareholder must write down on a speaker's slip the subject of the speech, his/her shareholder account number (or attendance certificate number), and account name. The order in which the shareholders speak shall be set by the chairperson.

An attending shareholder who has submitted a speaker's slip but does not actually speak shall be deemed to have not spoken. When the content of the speech does not correspond to the subject given on the speaker's slip, the spoken content shall prevail.

Except with the consent of the chairperson, a shareholder may not speak for more than twice on the same motion, and a single speech may not exceed 5 minutes. If a shareholder's speech violates the rules or exceeds the scope of the agenda item, the chairperson may terminate the speech.

At the time a shareholder is speaking, the other shareholders shall not speak and interfere except with the consent of the chairperson and the speaking shareholder, otherwise the chairperson shall stop this interfering behavior.

Where a legal-person shareholder appoints two or more representatives to attend a shareholders' meeting, only one of the representatives may speak on the same motion.

After an attending shareholder has spoken, the chairperson may respond in person or appoint a relevant person to respond.

12. The vote calculation of the shareholders' meeting shall be on a share basis. If the government or a legal person is a shareholder, its representative shall exercise the voting rights on behalf of the shareholder.

For the resolution of the shareholders' meeting, the shareholdings of shareholders with no voting rights shall not be included in the total number of shares issued.

Shareholders are not allowed to participate in the voting on matters with their own interests involved in that are potentially harmful to the interests of the Company, and shall not act on behalf of other shareholders to exercise their voting rights.

The number of shares with no voting rights in the preceding paragraph shall not be included in the number of voting rights of the shareholders who have attended the meeting.

A shareholder may entrust a proxy to attend the shareholders' meeting. Except trust businesses or stock agents approved by the competent authority, if a proxy is entrusted by two or more shareholders, the voting rights of the proxy shall not exceed 3% of the total number of voting rights of the issued shares, otherwise the voting rights exceeding the percentage shall not be counted.

13. Shareholders have one voting right for each share, except restricted shares or shares with no voting rights as listed in Item 2 of Paragraph 179 of the Company Law.

In the Company’s shareholders' meeting, an electronic method shall be adopted for the exercise of voting rights, which may also be exercised in writing. The notice of the shareholders' meeting shall stipulate whether the voting rights are exercised in writing or electronically. Shareholders who exercise their voting rights either in writing or electronically are deemed to be present at the shareholders' meeting in person. However, they shall be deemed to abstain from extraordinary motions and amendments to the original motions of the shareholders' meeting.

For a shareholder who exercises the voting rights in writing or electronically in the preceding paragraph, the shareholder’s decision shall be delivered to the Company 2 days before the date of the shareholders' meeting. If the decision is duplicated, the first one that is delivered shall prevail. This requirement does not apply to a statement revoking the former decision.

After a shareholder exercises the voting rights in writing or electronically, if the shareholder wishes to attend the meeting in person, he/she shall, in the same way as the exercise of the voting rights, cancel the decision on the exercise of the voting rights in the preceding paragraph 2 days before the date of the shareholders' meeting. If the cancellation is not made before the deadline, the voting rights exercised in writing or electronically shall prevail. If a shareholder exercises the voting rights in writing or electronically and entrusts a proxy by a power of attorney to attend the shareholders' meeting, the voting rights exercised by the entrusted proxy shall prevail.

Unless otherwise provided in the Company Law and the Articles of Association of the Company, a motion is subject to the consent of the majority of the shareholders' voting rights. When voting, the shareholders shall vote on a case-by-case basis after the chairperson or his/her designated person announces the total number of voting rights of the attending shareholders case-by-case basis, and the results of the shareholders' consent, objection and abstention shall be entered into the MOPS on the day after the shareholders' meeting.

At the time of the vote, if there is no objection after the chairperson's inquiry, the motion shall be regarded as passed, and it shall bear the same effectiveness as that of voting. If there is any objection, the voting method shall be adopted in accordance with the provisions of the preceding paragraph.

In the case of an amendment or an alternative to the same motion, the chairperson shall combine it with the original motion and determine the order of voting. If one of the motions is passed, the other motion shall be deemed to be vetoed and no further voting shall be required.

The scrutineer of the motion and vote counting personnel shall be designated by the chairperson, but the scrutineer shall be a shareholder.

The results of the vote shall be announced on the spot and recorded accordingly.

14. If there is an election of directors in the shareholders' meeting, the election shall be handled in accordance with the election related regulations of the Company, and the results shall be announced on the spot.

The electoral votes for the preceding election shall be sealed and signed by the scrutineer and kept for at least one year. For any lawsuit filed by a shareholder in accordance with Article 189 of the Company Law, such documents shall be kept until the end of the proceedings.

15. The resolutions of a shareholders' meeting shall be recorded in the shareholders' meeting minutes to be signed or sealed by the chairperson, and be distributed to the shareholders within 20 days after the meeting. The preparation and distribution of the meeting minutes may be carried out electronically.

The distribution of the aforesaid meeting minutes may be carried out by way of a public announcement.

The meeting minutes shall record in detail the year, month, day and venue of the meeting, the name of the chairperson, the method of resolution, the summary of the proceedings and the results. The minutes shall be kept permanently during the existence of the Company.

The resolution of the preceding paragraph is based on the chairperson’s inquiry with the shareholders. If the shareholders have no objection to the motion, it shall be recorded that "the motion is passed with no objection after the chairperson’s inquiry with all the attending shareholders". However, if the shareholders object to the motion, it shall be recorded that the voting method was adopted as well as the number of voting rights for the motion and the ratio of such voting rights.

16. The number of shares solicited by the solicitors and the number of shares represented by the proxies shall be clearly disclosed in the prescribed statistical form and posted in the venue of the shareholders' meeting on the day of the shareholders' meeting.

    In case a resolution of the shareholders' meeting belongs to major information specified in the decree and by the competent authority, the Company shall transmit the contents to the MOPS within the prescribed time.

17. The chairperson may direct the proctors (or security personnel) to help maintain the order at the meeting. When the proctors (or security personnel) help maintain the order at the meeting, they shall wear an identification card.

    For shareholders who violate the rules of procedure, do not follow the chairperson's correction and disturb the conduct of the meeting, the chairperson may direct the proctors or security personnel to ask them to leave the venue.

18. During the course of a meeting, the chairperson may announce a break based on time considerations. In case of a force majeure event, the chairperson may rule the meeting temporarily suspended, and announce a meeting resumption time depending on the situation.

If the meeting venue can no longer be used before the end of the meeting agenda (including extraordinary motions), the shareholders may find another venue to continue the meeting.

A meeting resolution may be made to postpone or continue the shareholders’ meeting within 5 days in accordance with the provisions of Article 182 of the Company Law.

19. Matters not stipulated in these Rules shall be handled in accordance with the pro-visions of the Company Law, the Articles of Association of the Company and relevant laws and regulations.

20. The Rules are implemented after the adoption of the resolution in the shareholders’ meeting, and the same procedure applies to the amendments.

Appendix 2

CSBC Corporation, Taiwan
Articles of Incorporation

Chapter I General Provisions

Article 1 The Company is organized in accordance with the provisions of the Company Law of the Republic of China, and is known as ”CSBC Corporation, Taiwan”.

Article 2 The businesses of the Company are as follows:

(1) CA01030 Steel casting business
(2) CA02010 Metal structure and construction component manufacturing business
(3) CB01010 Machinery and equipment manufacturing business
(4) CB01030 Pollution control equipment manufacturing business
(5) CD01010 Ship and parts manufacturing business
(6) CD01030 Automobile and parts manufacturing business
(7) E599010 Piping engineering business
(8) E601010 Electrical equipment business
(9) E603120 Sandblasting engineering business
(10) E604010 Mechanical installation business
(11) E901010 Painting business
(12) EZ15010 Insulation installation works
(13) EZ99990 Other engineering business
(14) F401021 Telecommunications-control RF equipment import business
(15) I599990 Other design business
(16) J101040 Waste disposal business
(17) CD01070 Business port ship repair business
(18) G301011 Shipping business
(19) G302010 Boat operation business
(20) G402011 Sea shipping contracting business
(21) G403010 Ship rental industry

(22) G406040 Business port ship barging business
(23) G406051 Business port cargo tally business
(24) G406061 Business port cargo ship loading and unloading contracting business
(25) G407010 Salvage business
(26) G408010 Maritime rescue business
(27) ZZ99999 Businesses not prohibited or restricted by law, in addition to the permitted businesses.

Article 3 The office of the Company is located in the Kaohsiung City. If necessary, branch offices of the Company may be established with the approval of the board of directors.

Article 4 The Company may undertake external guarantees due to business needs, and the operations shall be handled pursuant to the endorsement and guarantee related measures of the Company.

Article 5 The announcement method of the Company shall be in compliance with the provisions of Article 28 of the Company Law.

Chapter II Shares

Article 6 The total capital of the Company is set at NT$11,138,997,170 which is divided into 1,113,899,717 shares at NT$10 per share which are issued in different batches.

Article 7 The shares of the Company shall be numbered and signed or stamped by more than three directors of the Company. The shares shall stipulate the matters prescribed in Article 162 of the Company Law and be issued after the certification of the competent authority or its authorized certification agent.
If the shares issued by the Company are not in printed form, the central depository shall be contacted for registration.

Article 8 The Company's shares are all in registered form, unless the Company issues scriptless shares. The share shall bear the real name of the shareholder. If the shareholder is the government or a legal person, the address and the real name of the shareholder or its representative shall be recorded in detail in the Company’s shareholders’ register. If the legal person is owned by two or more persons, one of them shall be appointed as the representative.

Article 9 For title transfer of shares, lost shares or destroyed shares, the matter shall be handled in accordance with the Company Law and the “Criteria Governing Handling of Stock Affairs by Public Companies” promulgated by the competent authority.

Article 10 When a new share is applied for due to share division, defacement or misappropriation, the Company may charge a processing fee.

Article 11 Shareholders shall submit the specimens of their signatures or seals to the Company for registration for the purpose of collecting dividends or exercising their rights.

Article 12 Where a shareholder’s seal registered with the Company is lost, damaged or replaced, the matter as well as any other matters relating to the stock affairs of the Company shall be handled in accordance with the “Criteria Governing Handling of Stock Affairs by Public Companies” promulgated by the competent authority.

Article 13 Share title transfer shall be suspended 60 days before the date of the general shareholders’ meeting, or 30 days before the extraordinary shareholders’ meeting, or 5 days before the date on which the Company decides to distribute dividends, bonuses or other interests.

Chapter III Shareholders’ Meeting

Article 14 The shareholders' meeting includes the general shareholders' meeting and the extraordinary shareholders’ meeting:

(1) The general shareholders' meeting is convened at least once a year and is held within 6 months after the end of each fiscal year.

(2) The extraordinary shareholders' meeting is convened in accordance with the law when necessary.

Article 15 The convening procedures of the shareholders' meeting shall be handled in accordance with the provisions of the Company Law, the Securities Exchange Law and the relevant laws and regulations.

Article 16 Unless otherwise provided in the Company Law, the chairman of the board shall be the chairman of the shareholders' meeting. If the chairman of the board is on leave or for any reason unable to exercise his or her duties, the chairman of the board shall appoint a director as the agent. If the chairman of the board does not make an appointment, the directors shall elect one of them to be the agent.

Article 17 For the passing of a resolution in a shareholders' meeting, unless otherwise provided in the Company Law, the shareholders' meeting shall be attended by more than half of the shareholders, and the resolution shall be approved by more than half of the attending shareholders before its implementation.

Article 18 Each share of the shareholder has one voting right, but the shareholder with any of the circumstances in Paragraph 2 of Article 179 of the Company Law shall have no voting rights.

Article 19 When a shareholder is unable to attend the shareholders' meeting for any reason, he/she shall handle the matter in accordance with the provisions of the Rules Governing the Use of Proxies for Attendance at Shareholder Meetings promulgated by the competent authority.

Article 20 The shareholders' meeting shall be handled in accordance with the rules of procedure of the shareholders' meeting of the Company.

The resolutions of the shareholders' meeting shall be recorded in the meeting minutes which shall be signed or sealed by the chairman and distributed to the shareholders within 20 days after the meeting. The meeting minutes together with the shareholders' sign-in register and the power of attorneys shall be kept at the Company.

The aforesaid meeting minutes may be produced electronically.

The aforesaid meeting minutes may be distributed by way of a public announcement.

Chapter IV Directors and Audit Committee

Article 21 The Company has 10 to 15 seats of directors, and the candidates shall be nominated by the shareholders from the list of candidates. The term of directors shall not exceed three years, but directors may be re-elected.

According to the provisions of Article 14.2 of the Securities Exchange Law, at least three among the aforesaid directors of the Company shall be independent directors. The professional qualifications, shareholdings, part-time job restrictions, determination of independence and method of nomination of the independent directors and other matters to be followed shall be handled in accordance with the relevant securities management laws and regulations.

Independent directors and non-independent directors shall be nominated separately. The election shall be held jointly, but the seats shall be calculated separately.

The minimum shareholding ratio of all the directors of the Company shall be in compliance with the relevant securities management laws and regulations.

In order to diversify the risk of directors' liabilities, the Company shall, within their term of office, purchase liability insurance for them in respect of their business scopes for the liabilities they shall bear in accordance with the law.

Article 22 The remuneration of the directors of the Company is entrusted to the board of directors to determine, with the consideration of the value of their participation in the Company's operation, their contribution and the remuneration of the directors of peer companies.

Other benefits may be granted to the chairman of the board in accordance with the relevant provisions concerning the remuneration of practitioners in the business.

Article 23 For a shortfall of one-third of the directors' seats, an extraordinary shareholders' meeting shall be held in accordance with the provisions of the Company Law for an election of the directors.

In the event of a vacancy of a director from the government or a legal person, the government or the legal person shall appoint another representative to make up the original term.

Article 24 The authority of the board of directors is as follows:

1. Approving the Company's business plan.
2. Approving the Company's financial statements.
3. Establishing or amending the internal control system in accordance with the provisions of Article 14.1 of the Securities Exchange Law.
4. Establishing or amending the procedures for major financial activities such as the acquisition or disposal of assets, engagement in derivative transactions, loans to others and endorsements or guarantees according to the provisions of Article 36.1 of the Securities Exchange Law.
5. Fund raising, issuing or private fund raising of securities with the nature of equity.
6. Hiring and dismissal of financial, accounting or internal audit managers.
7. Donations to related parties or significant donations to non-related parties. Public welfare donations due to major natural disasters may be recognized in the next board meeting.
8. Issues which shall be decided in the shareholders' meeting or proposed in the board meeting, or major issues

specified by the competent authority as stipulated in Article 14.3 of the Securities Exchange Law and other laws or regulations.

Article 25 The Company has set up the Audit Committee in accordance with the provisions of Article 14.4 of the Securities Exchange Law. The Audit Committee’s responsibilities, organization rules and other matters to be followed shall be handled in accordance with the provisions of the Company Law, the Securities Exchange Law, other relevant laws and regulations and the rules and regulations of the Company.

Article 26 For the setup of the board of directors, more than two-thirds of the directors shall be present at the meeting and the consent of the majority of the attending directors shall be obtained. A chairman shall be elected among the directors to perform all the affairs of the Company in accordance with the decrees, articles of association, and the resolutions of the shareholders' meeting and the board meeting. The chairman of the board internally is the chairman of the shareholders' meeting and the board meeting, and externally represents the Company.

If the board meeting is conducted via video, the directors shall be deemed to be present in person via video.

Article 27 Except that the first board meeting of each term of directors shall be convened by the director with votes representing the most voting rights or in accordance with the provisions of the Company Law, the other board meetings shall be convened by the chairman of the board. The notice of the board meeting shall state the date, venue and cause of the meeting, and the directors and supervisors shall be notified in writing or electronically 7 days ago. In case of an emergency, a board meeting may be convened at any time. If the meeting notice is to be sent by electronic means, it is subject to the consent of the counterparties.

Article 28 The chairman is also the chairman of the board. If the chairman of the board can not perform his/her duty for any reason, he/she shall appoint one of the directors to act as the agent. If the chairman does not make the appointment, then the directors shall elect one of them to be the agent.

Article 29 For the passing of a resolution in a board meeting, except as otherwise provided in the Company Law, the board meeting shall be attended by more than half of the directors, and the resolution shall be approved by more than half of the attending directors before its implementation.

Article 30 The director may, pursuant to Article 205 of the Company Law, issue a power of attorney and list the scope of authorization to appoint another director to attend the board meeting. The appointed director may exercise the voting rights within the scope of authorization, but each director may accept the authorization of one person only. A director living abroad may appoint another director in writing to attend the board meeting on a regular basis.

Chapter V Human Resources

Article 31 The Company has one general manager and several managers. The appointment, dismissal and remuneration of the managers shall be handled in accordance with the provisions of Article 29 of the Company Law.

Article 32 The general manager shall handle the affairs of the Company under the supervision of the board of directors. The managers shall assist the general manager in the duties of the general manager, and shall have the right to sign on behalf of the Company within the scope of the approved regulations or written authorization of the general manager.

Article 33 The general manager may hire other employees required by the Company within the number of employees approved by the board of directors.

Chapter VI Financial Statements

Article 34 At the end of each accounting year of the Company, the following documents shall be prepared by the board of directors for delivery to the audit committee 30 days before the general shareholders’ meeting for review and then submission to the shareholders' meeting for recognition:

1. The business report
2. The financial statements
3. The motion concerning earnings distribution or loss make-up

Article 35 If the Company has a profit for the year, it shall distribute an employee bonus of not less than 1 percent and not more than 5 percent of the profit, and the payment may be made in share or in cash. The directors' remuneration shall not be more than 1 percent of the profit. However, if the Company still has an accumulated loss, it shall make up for the loss first.

The profit for the current year in the first paragraph refers to the pre-tax profit for the current year before the deduction of the employee bonus and the directors’ remuneration.

For the distribution of the employee bonus and the directors’ remuneration, the board meeting shall be attended by more than two-thirds of the directors, and the resolution shall be approved by more than half of the attending directors. The payment shall be made in one go.

Article 35.1 If there is a surplus after the current year's accounts, the Company shall first pay the business income tax according to law and make up for the accumulated loss in the previous years. If there is a balance, the Company shall appropriate 10% of it as the statutory surplus reserve. However, if the statutory surplus reserve has reached the total amount of paid-in capital, then this requirement does not apply. A special surplus reserve shall then be appropriated according to Article 41 of the Securities Exchange Law. If there is still a balance, the board of directors shall draft a distribution proposal for the resolution of the shareholders' meeting and the distribution afterwards.

In accordance with the Company's operating environment, growth, future capital needs and long-term financial planning, as well as to meet the shareholders' cash needs, the Company may appropriate more than 10% of the aforesaid distributable earnings as cash and stock dividend. The proportion of cash dividend shall not be less than 10% of the total dividend.

Chapter VII Supplementary Provisions

Article 36 The Company's organization rules and important rules of business dealing, and the division of responsibilities among the board of directors, the chairman of the board and the general manager shall be approved by the board of directors. The details of the duties of the management department shall be approved by the general manager.

Article 37 If the Company revokes its public offering in future, it shall propose the resolution to the shareholders' meeting and shall not change the provisions during the listing period.

Article 38 Matters not stipulated in the Articles of Association shall be handled in accordance with the provisions of the Company Law and other relevant laws and regulations.

Article 39 The Articles of Association were established on July 27, 1973.

No.	Amendment date	Remarks
1	February 16, 1974	Passed in the 1974 extraordinary shareholders' meeting.
2	November 18, 1975	Passed in the 1975 extraordinary shareholders' meeting.
3	July 16, 1976	Passed in the 1976 general shareholders' meeting.
4	January 27, 1977	Passed in the 1977 general shareholders' meeting.
5	December 20, 1977	Passed in the 1977 extraordinary shareholders' meeting.
6	December 14, 1978	Passed in the 1978 general shareholders' meeting.

7	December 20, 1979	Passed in the 1979 general shareholders' meeting.
8	December 19, 1980	Passed in the 1980 general shareholders' meeting.
9	April 9, 1982	Passed in the 1982 general shareholders' meeting.
10	March 8, 1983	Passed in the 1983 general shareholders' meeting.
11	December 20, 1983	Passed in the 1983 general shareholders' meeting.
12	December 18, 1984	Passed in the 1984 general shareholders' meeting.
13	December 17, 1985	Passed in the 1985 general shareholders' meeting.
14	December 30, 1986	Passed in the 1986 general shareholders' meeting.
15	October 27, 1987	Passed in the 1987 general shareholders' meeting.
16	September 13, 1988	Passed in the 1988 general shareholders' meeting.
17	September 29, 1989	Passed in the 1989 general shareholders' meeting.
18	May 29, 1990	Passed in the first 1990 extraordinary shareholders' meeting.
19	December 10, 1990	Passed in the 1990 general shareholders' meeting.
20	April 24, 1992	Passed in the 1991 general shareholders' meeting.
21	November 5, 1992	Passed in the 1992 general shareholders' meeting.
22	February 11, 1993	Passed in the 1992 extraordinary shareholders' meeting.
23	October 27, 1995	Passed in the 1995 general shareholders' meeting.
24	December 27, 1995	Passed in the second 1995 extraordinary shareholders' meeting.
25	September 20, 1996	Passed in the 1996 general shareholders' meeting.
26	September 30, 1997	Passed in the 1997 general shareholders' meeting.
27	March 25, 1998	Passed in the first 1998 extraordinary shareholders' meeting.
28	June 15, 2000	Passed in the first 2000 extraordinary shareholders' meeting.
29	June 8, 2001	Passed in the 2001 general shareholders' meeting.
30	June 14, 2002	Passed in the 2002 general shareholders' meeting.

31	December 9, 2002	Passed in the first 2002 extraordinary shareholders' meeting.
32	December 9, 2002	Passed in the first 2002 extraordinary shareholders' meeting.
33	June 23, 2003	Passed in the 2003 general shareholders' meeting.
34	June 23, 2003	Passed in the 2003 general shareholders' meeting.
35	September 5, 2003	Passed in the first 2003 extraordinary shareholders' meeting.
36	September 5, 2003	Passed in the first 2003 extraordinary shareholders' meeting.
37	November 28, 2003	Passed in the second 2003 extraordinary shareholders' meeting.
38	November 28, 2003	Passed in the second 2003 extraordinary shareholders' meeting.
39	June 16, 2006	Passed in the 2006 general shareholders' meeting.
40	March 1, 2007	Passed in the first 2007 extraordinary shareholders' meeting.
41	December 14, 2007	Passed in the second 2007 extraordinary shareholders' meeting.
42	March 24, 2008	Passed in the first 2008 extraordinary shareholders' meeting.
43	February 13, 2009	Passed in the first 2009 extraordinary shareholders' meeting.
44	June 23, 2009	Passed in the 2009 general shareholders' meeting.
45	June 13, 2012	Passed in the 2012 general shareholders' meeting.
46	June 26, 2013	Passed in the 2013 general shareholders' meeting.
47	June 26, 2014	Passed in the 2014 general shareholders' meeting.
48	June 23, 2016	Passed in the 2016 general shareholders' meeting.

Appendix 3

CSBC Corporation, Taiwan
Rules for Election of Directors

Approved by the 1st interim shareholders meeting in 2008, 24 March 2008.
Approved by the general shareholders meeting in 2014, 26 June 2014.
Approved by the general shareholders meeting in 2015, 29 June 2015.

Article 1 Unless otherwise provided in laws and regulations or the Articles of Association of the Company, the Directors of this Company shall be elected in accordance with the Rules.

Article 2 The election of the Directors of the Company shall be conducted in accordance with the candidate nomination system set out in Article 192-1 of the Company Act.

In the election of Directors of the Company, the number of votes exercisable in respect of one share shall be the same as the number of Directors to be elected, and the total number of votes can be cast for a single candidate or may be split among multiple candidates.

Article 3 The qualifications for the Independent Directors shall comply with Articles 2, 3 and 4 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies.

The election of the Independent Directors shall be govered by Articles 5, 6, 7, 8 and 9 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Comapanies, and shall be carried out based on Article 24 of the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies.

Article 4 The Board of Directors shall prepare the ballots for the election ("ballots") in number equal to the number of the Directors to be elected and note the number of votes, the ballots shall be distributed to the shareholders attending the shareholders meeting.

The name of voters can be replaced with the attendance card number printed on the ballot.

Article 5 The election of the Independent Directors and Non-independent Directors shall be held together, provided that the numbers of the elected Independent and Non-independent Directors are calculated separately.

The votes for the Independent and Non-independent Directors are to be calculated separately, pursuant to the seats provided in the Articles of Association of the Company, candidates who acquire more votes shown by the ballots should win the seats of Directors in order, if two or more persons acquire the same number of votes and the number of persons exceeds the seats available, the persons acquiring the same number of votes shall draw lots to decide, the Chair shall draw lots on behalf of the candidate who is not present.

Article 6 Before the election starts, the Chair shall appoint several persons from among the shareholders to act as ballot examiners and ballot counters and to perform duty of each.

Article 7 The ballot box used for the election of Directors shall be prepared by the Board of Directors and checked in public by the ballot examiners before voting.

Article 8 If the candidate is the shareholder of the Company, voters shall fill-in the 'Candidate' column with the candidate's account name and shareholder number or ID number; if the candidate is not the shareholder of the Company, voters shall fill-in the column with the candidate's name and ID number. If the candidate is a governmental agency or legal entity, the name of the governmental agency or legal entity, or the name of the governmental agency or legal entity with its representative's name should be filled-in the column; if the representatives are more than one person, the name of each representative shall be filled-in.

Article 9 Ballots shall be deemed invalid under the following conditions:

(1) Form of Ballots is not in compliance with the Rules;

(2) Blank ballots cast into the ballot box;

(3) Illegible writing or writing which is altered;

(4) If the candidate is the shareholder of the Company, the account name or shareholder number of the candidate filled-in the ballot is inconsistent with the register of shareholders; if the candidate is not the shareholder of the Company, his or her name or ID number filled-in the ballot is found incorrect after verification;

(5) Ballots inserted with other written characters in addition to candidate's account name (name) or shareholder number (ID number) and the number of votes for the candidate;

(6) The candidate’s account name (name) or shareholder’s number (ID number) are not filled-in;

(7) Two or more candidates are written on a single ballot;

(8) Candidate’s name filled-in the ballot being the same as another candidate’s name and the respective shareholder number (ID number) is not indicated to distinguish them.

Article 10 The ballots should be calculated in the meeting immediately after the voting ended, and the result of the election should be announced by the Chair on site.

Article 11 The Board of Directors of the Company shall issue notifications to the persons elected as Directors.

Article 12 The Rules and any amendments hereto shall become effective after approval by the shareholders meeting.

Appendix 4

CSBC Corporation, Taiwan

"Procedures for Acquisition or Disposal of Assets"

Established on July 24, 2008, reference Chuan-Tsai No. 0970003187
Amended on June 7, 2010, letter reference Chuan-Tsai No. 099000128
Amended on June 15, 2012, letter reference Chuan-Tsai No. 1010000964
Amended on June 28, 2013, letter reference Chuan-Tsai No. 1020001052
Amended on July 1, 2014, letter reference Chuan-Tsai No. 1030001079
Amended on June 28, 2017, letter reference Chuan-Tsai No. 1067150089
Amended on January 9, 2018, letter reference Chuan-Tsai No. 1067150169

Chapter I General Provisions

Article 1 These Key Points are established in accordance with the provisions of Article 6-1 of the Regulations Governing the Acquisition and Disposal of Assets by Public Companies (hereinafter referred to as the Regulations) promulgated by the Financial Supervisory Commission ((hereinafter referred to as the FSC).

Article 2 The term "assets" referred to in these Key Points includes the following:

1. Investments in stocks, government bonds, corporate bonds, financial bonds, securities representing the interest in funds, depositary receipts, call (put) warrants, beneficial certificates, asset-backed securities and structured products (with guaranteed principals and interests).
2. Real estate (including land, houses and buildings, investment-oriented real estate and land use rights) and equipment.
3. Memberships.
4. Patents, copyrights, trademarks, franchise rights and other intangible assets.
5. Derivative products.
6. Assets acquired or disposed of through a merger, division, acquisition or share exchange in accordance with law.
7. Other major assets.

Article 3 The terms in these Key Points are defined as follows:

1. Derivative products: forward contracts, options contracts, futures contracts, leverage contracts and swap contracts, and compound contracts combining the products above whose values are derived from assets, interest rates, foreign exchange rates, indices or other interests. The "forward contracts" do not include insurance contracts, performance contracts, after-sales

service contracts, long-term leasing contracts or long-term purchase (sales) contracts.

2. Assets acquired or disposed through a merger, division, acquisition or share exchange in accordance with law: assets acquired or disposed through a merger, division or acquisition conducted under the Business Mergers and Acquisitions Act, Financial Holding Company Act, Financial Institution Merger Act or other acts, or through a share transfer from another company in exchange for the issuance of new shares of its own (hereinafter referred to as "share exchange") pursuant o Article 156-8 of the Company Law.
3. Related party or subsidiary: as defined in the Regulations Governing the Preparation of Financial Reports by Securities Issuers.
4. Professional appraiser: a real estate appraiser or a practitioner duly authorized by law to engage in the value appraisal of real estate or other fixed assets.
5. Date of occurrence of the fact: the date of contract signing, the date of payment, the date of consignment trade, the date of title transfer, the date of the boards of directors' resolution, or another date on which the counterparty and monetary amount of the transaction can be confirmed, whichever date is earlier. For an investment for which an approval of the competent authority is required, the earlier of the dates above or the date of receipt of approval of the competent authority shall prevail.
6. Investment in mainland China: an investment in mainland China approved by the Investment Commission of the Ministry of Economic Affairs in accordance with the provisions of the Regulations Governing Permission for Investment or Technical Cooperation in the Mainland Area.
7. Within one year: one year retrospectively from the date of acquisition, disposal or occurrence of the transaction of assets.
8. The term "recent financial statements" means the publicly announced financial statements of the Company that have been audited or certified by a CPA before the acquisition or disposal of assets.
9. The provisions concerning ten percent of the total assets in the Key Points are calculated on the basis of the total amount of

assets in the latest individual or respective financial statements as provided in the guidelines for the securities issuer’s preparation of financial statements.

Article 4 Regarding the appraisal report or the opinion of a CPA, a lawyer or a securities underwriter obtained by the Company, the professional appraiser and its appraisal personnel, the CPA, the lawyer or the securities underwrite shall not be a related party of any party to the transaction.

Article 5 Where the Company acquires or disposes of assets through court auction procedures, the evidentiary documentation issued by the court may substitute the appraisal report or CPA opinion.

Article 6 If an amendment to the Key Points or the acquisition or disposal procedures of individual assets needs to be approved by the Board of Directors in accordance with the provisions of the Key Points or other laws and regulations, the opinions of the independent directors shall be fully taken into account in the discussion of the board meeting. If there is an objection or reservation (including a written statement) by an independent director or a director, it shall be recorded in the minutes of the board meeting.

Transactions of major assets or derivative products shall be approved by more than one-half of all the members of the Audit Committee and proposed to the Board of Directors for resolution.

Chapter II Disposal Procedures

Section 1 Asset Acquisition or Disposal

Article 7 Appraisal procedures:

1. For the acquisition or disposal of securities that are traded on non-centralized markets or at the premises of securities brokers, the securities’ net value per share, profitability and future development potential as well as the market interest rate, bond coupon rate, debtor's credit and prevailing transaction price shall be taken into account.
2. For the acquisition or disposal of securities that are traded on centralized markets or at the premises of securities brokers, the prices shall be determined according to the prevailing share or bond prices.
3. For the acquisition or disposal of assets other than those in the preceding two paragraphs, the price inquiry method, price comparison method, price negotiation method or open tender

method shall be adopted, and the announced present value, appraised present value and actual transaction price of the neighboring real estate shall be referred to. If a professional appraisal report is required for the asset according to the provisions of the relevant laws and regulations and the Key Points, the appraisal report from a professional appraiser shall be referred to.

Article 8 Asset acquisition or disposal procedures:

1. For an acquisition or disposal of assets, for the decision of the unit in charge and the execution of the unit in the second paragraph of this Article, the organizing unit shall evaluate the reasons for the acquisition or disposal, the subject matter, the counterparty of the transaction, the transfer price, the receipt and payment conditions, and the reference price.
2. For the Company's short and long-term securities and derivative investment, the execution unit is the financial unit. Regarding the execution units of real estate and other fixed assets, please refer to the Company's Key Points for Fixed Asset Management. For asset other than securities, real estate or other fixed assets, the investment shall be evaluated by the planning unit beforehand.
3. If there are control-procedure related provisions specified in regulations other than the Key Points, such provisions shall be followed:
   (1) Liquid and non-liquid financial investment:
      A. Reinvestments for business purposes and their equity disposal shall be approved by the Board of Directors.
      B. For low-risk investment targets such as government bonds, corporate bonds, financial bonds, domestic and foreign bond funds, domestic and foreign monetary funds, negotiable certificates of deposit, short-term commercial bills and bank acceptance bills which are acquired or disposed of for financial purposes, the department in charge shall be fully authorized to handle such transactions according to the Company's "Financial Product Transaction and Processing Procedures".
      C. For other financial product investments, if the amount of a single transaction or the cumulative transaction amount within one year amounts to NT$100 million, the

transaction shall be approved by the Board of Directors. If the amount is less than NT$100 million, the department in charge shall be fully authorized to handle the transaction and report it in the next board meeting afterwards.

(2) Real estate and other fixed assets:

They shall be handled in accordance with the provisions of Article 10.2 of the Key Points.

(3) Other assets: Unless there are provisions available in the Company Law, the Merger and Acquisition Law or other laws, or the Articles of Association of the Company or the provisions of Sections 3 and 4 of this Chapter, such transactions shall be approved by the General Manager.

Article 9 The total amount of investment, limitation on individual items, and total amount of real estate which are not for business use by the Company and its subsidiaries are regulated as follows:

1. The total amount of investment of the Company shall not exceed 40% of the Company's paid-in capital, in which investment in securities that are not long-term re-investments shall not exceed 10% of the Company's paid-in capital.

2. The limitation on individual items concerning long-term re-investment of the Company is shall not exceed 35% of the Company's paid-in capital, investment in securities that are not long-term re-investments of which limitation on individual securities shall not exceed 5% of the Company's paid-in capital.

3. Save for Subsidiary with investment as its primary business, the total amount of investment of each Subsidiary shall not hall not exceed 40% of the Subsidiary's paid-in capital, investment of securities that are not long-term re-investments shall not exceed 10% of the Subsidiary's paid-in capital. The long-term re-investment of each Subsidiary is bound by limitation of individual item that shall not exceed 35% of the Subsidiary's paid-in capital, investment in securities that are not long-term re-investments is bound by limitation of individual item that shall not exceed 5% of the Subsidiary's paid-in capital.

4. The total amount of the acquisition of real estate by the Company and each of its subsidiaries which are not for business use shall not exceed 10% of the paid-in capital of each company.

The Securities provided in the preceding sub-paragraph do not include the low-risk investment targets acquired or disposed of for purpose of financial planning provided in Item 2, Section 1, Sub-paragraph 3, Paragraph 8.

Article 10 Regarding the Company's acquisition or disposal of property or equipment, except for transactions with government entities, commissioned-construction on the Company's own land, commissioned-construction on leased land, or acquisition or disposal of equipment for business use, if the transaction amount reaches NT$300 million, a professional valuer's appraisal report shall be obtained before the date of occurrence of the fact, and the transaction shall meet the following requirements:

1. The transaction shall be approved by the Board of Directors if a limited price, specified price or special price is to be used as the reference price of the transaction for special reasons. This requirement also applies to future changes to the transaction conditions.
2. If the transaction amount exceeds NT$1 billion, two or more professional appraisers shall be hired for the appraisal.
3. If the appraisal result of the professional appraiser has one of the following circumstances, unless the appraisal result of the assets to be acquired is higher than the transaction amount or the appraisal result of the assets to be disposal of is lower than the transaction amount, a CPA shall be contacted for a specific opinion on the difference and the fairness of the transaction price in accordance with the provisions of the Audit Standards Bulletin No. 20 of the Accounting Research and Development Foundation:
   (1) The difference between the appraisal result and the transaction amount is more than 20% of the transaction amount.
   (2) The difference between the appraisal results of two or more professional appraisers is more than 10% of the transaction amount.
4. The time lag between the issuing date of the professional appraiser's appraisal report and the contract date shall not be more than three months. However, if the appraisal report applies to the publically announced present value of the same period and is not more than six months, then the Company may request the

original professional appraiser to issue an opinion.

In the case of acquisition or disposal of real estate or other fixed assets other than those in the preceding paragraph, the publically announced present value, appraised value and the actual transaction price of the neighboring real estate shall be referred to, or two or more professional appraisers shall be hired for the price appraisal in order to determine the transaction price.

Article 11 When acquiring or disposing of securities, the Company shall, prior to the date of occurrence of the event, obtain financial statements of the underlying company for the most recent period, certified or reviewed by a certified public accountant (CPA) for reference in appraising the transaction price; and if the transaction price reaches NTD 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, the CPA 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 Financial Supervisory Commission (FSC).

The exceptions provided in the preceding sub-paragraph refer to the following conditions:

1. Acquiring securities through cash contribution in incorporation by promotion or by public offering in accordance with the Company Act, and the rights shown in the securities acquired is proportional with the contribution.
2. Securities issued at face value by an underlying company carrying out a capital increased by cash in accordance with relevant laws and regulations, with the Company as a sponsor of the issue.
3. Securities issued by an investee company wholly invested by the Company that is carrying out a capital increased by cash, with the Company as a sponsor of the issue.
4. Securities listed and traded on the stock exchange or on the securities Market and emerging stocks.
5. Government bonds, bonds under repurchase and resale

agreements.

6. Domestic or overseas public offering of funds.

7. Listed securities acquired or disposed of in accordance with the stock exchange or the securities market rules governing the purchase of listed securities by reverse auction or rules governing the auction of listed securities.

8. Securities acquired through the Company's sponsorship of a seasoned equity offering by a public company or subscription of domestic corporate bonds (including financial bonds), when the securities acquired are not privately placed.

9. Subscription to fund shares before the establishment of a fund in accordance with Paragraph 1, Article 11 of the Securities Investment Trust and Consulting Act, or subscription or redemption of domestic private placement funds, provided that the trust agreement for the fund specifies an investment strategy in which, aside from securities margin transactions and open positions held in securities-related products, the investment scope of the remaining portion is the same as that of a publicly offered fund.

Article 12 Regarding the Company's acquisition or disposal of memberships or intangible assets with a transaction amount of NT$100 million or more, except for transactions with government entities, the accountant shall be consulted before the date of occurrence of the fact for an opinion on the rationality. The accountant shall handle the matter in accordance with the provisions of the Audit Standards Bulletin No. 20 of the Accounting Research and Development Foundation.

Article 12-1 The calculation of the transaction amounts above shall be handled in accordance with the provisions in Articles 28.2 and 28.3.

Section II Transactions with Related Parties

Article 13 When the Company engages in any acquisition or disposal of assets with a related party, in addition to ensuring that the necessary resolutions are adopted in accordance with the provisions of the preceding Section and this Section and the reasonableness of the transaction terms is appraised, if the transaction amount reaches 10 percent or more of the Company's total assets, the Company shall also obtain an appraisal report from a professional appraiser or a CPA's opinion in accordance with the provisions of the preceding

Section.

The calculation of the transaction amount referred to in the preceding paragraph shall be made in accordance with the provisions of Articles 28.2 and 28.3.

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

Article 14 When acquiring or disposing of real estate thereof from or to a related party, or when acquiring or disposing of assets other than real estate thereof from or to a related party and the transaction price reaches NTD 300 million or more, except in trading of government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises, the Company may not proceed to enter into a transaction contract or make a payment until the following documents have been approved by Audit Committee and the Board of Directors:

1. The purpose, necessity and anticipated benefit of the acquisition or disposal of assets.

2. The reason for choosing the related party as the transaction counterparty.

3. With respect to the acquisition of real estate from a related party, the information regarding the evaluation of the reasonableness of the preliminary transaction terms in accordance with Article 15 and Article 16.

4. The date and price of the related party’s original acquisition of the real estate, the original transaction counterparty, and the transaction counterparty's relationship with the Company and the related party.

5. The monthly cash flow forecasts for the year commencing from the anticipated month of contract signing, the evaluation of the necessity of the transaction, and the reasonableness of the funds utilization.

6. An appraisal report from a professional appraiser or a CPA's opinion obtained in accordance with the preceding Article.

7. Restrictive conditions and other important agreements associated with the transaction.

The calculation of the transaction amounts referred to in the preceding paragraph shall be made in accordance with the provisions of Article 28.2, and "within one year" used herein refers to the year preceding the date of occurrence of the current transaction. Items that have been approved by the Board of Directors and recognized by the Supervisors need not be counted toward the transaction amount.

For the acquisition or disposal of business-purpose equipment between the Company and its parent company or subsidiaries, the Company's Board of Directors may, pursuant to the provisions of Article 10, delegate the Chairman to make a decision, and have the decision submitted in the next board meeting for recognition afterwards.

When a matter is submitted for discussion in the board meeting pursuant to the provisions of the preceding paragraph, each independent director's opinions shall be fully taken into consideration. If there is any objection or reservation from the independent directors, it shall be recorded in the minutes of the board meeting.

Article 15 For an acquisition of real estate from a related party, the Company shall evaluate the reasonableness of the transaction costs by the following means:

1. Based on the related party's transaction price plus necessary interest on funding and the costs to be duly borne by the buyer. The "necessary interest on funding" is calculated as the weighted average interest rate of borrowing in the year the Company purchases the real estate, provided that it may not be higher than the maximum borrowing rate for non-financial industries as announced by the Ministry of Finance.
2. The total appraised loan value by a financial institution where the related party has previously pledged the asset for a for a loan from the financial institution, provided that the actual cumulative loan amount extended by the financial institution shall have reached 70 percent or more of the financial institution's appraised loan value, and the period of the loan shall have been 1 year or more. However, this shall not apply where the financial institution is a related party of one of the transaction counterparties.

Where the land and the building of the same object matter are purchased together, the transaction costs for the land and the building may be respectively appraised in accordance with either of the means in the preceding paragraph.

For the Company’s acquisition of real estate from a related party, in addition to appraising the costs of the real estate in accordance with the provisions in paragraphs 1 and 2 above, the Company shall engage a CPA to check the appraisal results and render a specific opinion.

Where any one of the following circumstances exists, the provisions in the preceding three paragraphs shall not apply:

1. The related party acquired the real estate through inheritance or as a gift.
2. More than 5 years will have elapsed from the time the related party signed the contract to obtain the real estate to the signing date for the current transaction.
3. The real estate is acquired through a joint development contract with the related party, or construction on the Company’s own land or construction on leased land with the construction work commissioned to the related party.

Article 16 When the results of the Company's appraisal conducted in accordance with paragraph 1 and paragraph 2 of the preceding Article are both lower than the transaction price, the matter shall be handled in compliance with Article 17. However, If any of the following circumstances exist, and the objective evidence has been submitted and the specific opinions on reasonableness have been obtained from a professional real estate appraiser and a CPA, this restriction shall not apply:

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) The undeveloped land is appraised in accordance with the means in the preceding Article, and the buildings according to the related party's construction cost plus reasonable construction profit, and the valued exceeds 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 past 3 years or the gross profit margin of the construction industry in the latest period as announced by the Ministry of Finance,

whichever is lower.

(2) The transactions of other floors of the same subject building, or the transactions of non-related parties in the neighboring area within the past year, with similar floor areas, have similar transaction terms based on the evaluation of the reasonable price differences of such floors or areas in accordance with the property trading practice.

(3) Where the other floors of the same subject building leased by non-related parties within the past year have similar transaction terms, based on the evaluation of the reasonable price differences of such floors in accordance with the property rental practice.

2. The Company can provide evidence that the real estate acquired from a related party has terms similar to those of transactions completed in the neighboring area by unrelated parties within the past year, and the area size is similar.

The aforesaid transactions in the neighboring area refers to transactions on the same or an adjacent street and within an area of less than 500 meters from the subject matter of the transaction, or transactions with similar announced present values. The aforesaid similar area size means that the area of the transaction of a non-related party is not less than 50% of the area of the subject matter of the transaction. The aforesaid one year refers to the year before the date on which the real estate transaction occurs.

Article 17 Regarding the Company’s acquisition of real estate from a related party, if the results of the appraisals in accordance with the provisions of Articles 15 and 16 are lower than the transaction price, then the following matters shall be handled.

1. The Company shall make a provision of a special surplus reserve in accordance with the provisions of Paragraph 1 of Article 41 of the Securities Exchange Act on the difference between the transaction price of the real estate and the appraised cost, and shall not distribute the surplus or convert it into capital increase.
2. The Audit Committee shall handle the above in accordance with the provisions of Article 208 of the Company Law.
3. The handling of the matters in Paragraphs 1 and 2 above shall be reported in the shareholders' meeting, and the details of the transaction shall be disclosed in the annual report and the

prospectus.

If the Company has set aside a special surplus reserve in accordance with the provisions of the preceding paragraph, it may not utilize the special surplus reserve until it has recognized a loss when there is a decline in the market value of the assets it purchased at a premium, or the assets have been disposed of, or an 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 Financial Supervisory Commission has given its approval.

If the Company obtains real estate from a related party, it shall also comply with the provisions in the preceding two paragraphs if there is other evidence indicating that the transaction does not conform to the regular business mode.

Section III Engagement in Derivative Transactions

Article 18 The trading principle and direction, risk management measures to be adopted and auditing matters for the Company’s derivative transactions are as follows:

1. Trading principle and policy:

(1) Business and risk-hedging strategy: The Company’s derivative transactions shall be for non-trading purposes only, and shall be for risk hedging in principle. The relevant units shall strictly adhere to the principle and policy, pay attention to risk management and provide periodic reports.

(2) Transaction types: Currently the Company’s derivative transactions are limited to foreign exchange forwards, exchange rate options, currency swaps and interest rate swaps which are for risk hedging purposes based on business needs.

(3) Division of responsibility:

A. Finance Department: Finance Department is the unit executing derivative trading. It shall at all times grasp the Company's overall position and domestic and international financial situations, engage in transactions below the authorized limit in an appropriate time, and monitor the cash flow of the existing positions to reduce the settlement risk in the future. Finance Department shall send the vouchers and related information of the transactions engaged in to Accounting Department.

B. Accounting Department: Accounting Department shall make accounting entries based on the vouchers sent from Financial Department and follow the generally accepted accounting principles.

(4) Performance evaluation: After the end of each month, Accounting Department shall, according to the current profits and losses arising from the actual settlement of the derivative trading contracts in the month, prepare a statistical report to the Finance Department for its further report to the Deputy General Manager in charge to serve as a reference for performance evaluation.

(5) Total amount of contracts and maximum amount of loss:

A. The total amount of derivative contracts of foreign exchange forward, exchange rate option and currency swap shall be limited to 50% of the Company’s estimated total net exposure of foreign exchange receipts and payments in the coming year. The total amount of interest rate swap contracts shall be limited to the Company's total long-term liabilities.

B. For derivative transactions, the maximum loss of all or individual contract shall not exceed 20% of the total or individual contractual amount.

2. Risk management measures:

(1) The following risks shall be considered in the scope of risk management and avoided in advance:

A. Credit risk: the risk of loss due to the counterparty's non-performance of the terms of the contract.

B. Market risk: the risk of loss due to the fluctuation of the derivative’s market price in the future.

C. Liquidity risk: the risk of loss due to the depth of the market and of settlement at a reasonable market price, and the risk of insufficient funding for settlement in the future.

D. Cash flow risk: In order to ensure the stability of the working capital turnover of the Company, for the funding of derivative transactions the Company shall take into account its cash flow and the estimated future cash receipts and payments.

E. Operational risk: the risk of loss due to human negligence, poor supervision, fraud and improper control management.

F. Legal risk: the risk of loss due to a lack of details in the contract, false authorization and difference in the interpretation of the provisions of laws and regulations.

(2) The trader and the confirmation and settlement personnel roles shall be taken by Finance Department, and these roles can not be undertaken concurrently. The trader shall forward the transaction certificate or contract (transaction slip) to the confirmation personnel for reconciliation with the bank. The confirmation personnel shall then notify the settlement personnel, and send the transaction details to Accounting Department for accounting entry. Accounting Department shall be irregularly reconcile with the bank or confirm via letter.

(3) The risk measurement, supervision and control personnel shall be assigned to different departments from those in the preceding paragraph, and shall report to the Board of Directors or to the senior executives who are not responsible for the transactions or the decision-making on positions.

(4) Authorization limits and levels:

A. According to the Company's business and risk position, the authorization limits are as follows:

Level of authority	Transaction limit	Total daily limit
General Manager	US$ equivalent of NT$10 million	US$ equivalent of NT$30 million
Deputy General Manager or Assistant Deputy General Manager	US$ equivalent of NT$5 ~ 10 million (exclusive)	US$ equivalent of NT$10 million (exclusive)
Finance Manager	US$ equivalent of NT$0 ~ 5 million (exclusive)	US$ equivalent of NT$5 million (exclusive)

B. If the personnel are authorized in accordance with the provisions, the authorization shall be reported in the next board meeting afterwards.

(5) Periodic evaluation and exception handling:

A. Financial Department shall evaluate the derivative position at least once a week, and at least twice a month for hedge transactions due to business needs. The evaluation report shall be presented to the senior executives authorized by the Board of Directors.

B. The senior executives authorized by the Board of Directors shall regularly evaluate the performance of derivative transactions on a quarterly basis in accordance with the established business strategies, and check whether the risks assumed are within acceptable limits. The results of the quarterly performance evaluation shall be recorded in the Finance Department's business report for the board meeting.

C. The senior executives authorized by the Board of Directors shall regularly evaluate the adequacy of the risk management procedures currently in use, and check whether they are adhered to.

D. The senior executives authorized by the Board of Directors shall supervise derivative transactions and the profit and loss situation. If they discover in the market price evaluation report that the loss has exceeded the upper limit, they shall take necessary measures and immediately report to the Board of Directors. The board meeting shall be attended by independent directors to express their opinions.

3. Internal audit:

Internal auditors shall regularly check the appropriateness of the internal control system, check the transaction department’s compliance with derivative trading regulations, and make an audit report accordingly. If major violations are discovered, they shall notify the Audit Committee in writing.

Article 19 For the Company’s derivative transactions, a log book shall be established in which the types and amounts of derivative transactions engaged in, the approval dates and the matters to be evaluated as specified in Articles 18.2(5)A and 18.2(5)B shall be recorded in detail.

Section IV Merger, Division, Acquisition and Share Exchange

Article 20 When conducting merger, demerger, acquisition, or transfer of shares, the Company shall, prior to convening the Board of Directors to resolve on the matter, engage a CPA, attorney, or securities underwriter to give an opinion on the reasonableness of the share exchange ratio, acquisition price, or distribution of cash or other property to shareholders, and submit it to the Board of Directors for deliberation and approval. However, the requirement of obtaining an aforesaid opinion on reasonableness issued by an expert may be exempted in the case of a merger by the Company of its subsidiary in which it directly or indirectly holds 100 percent of the issued shares or authorized capital, or in the case of a merger between its subsidiaries in which the Company directly or indirectly holds 100 percent of the respective subsidiaries' issued shares or authorized capital.

Article 21 The Company shall prepare a public report to shareholders detailing important contractual content and matters related to a merger, division or acquisition prior to the shareholders meeting, and attach to it the expert opinion referred to in the preceding Article and the shareholders' meeting notice for the shareholders' reference and decision regarding whether to approve the merger, division or acquisition. This requirement shall not apply if the provisions of the law exempt the Company from convening a shareholders meeting to approve the merger, division or acquisition.

Where the shareholders meeting fails to be convened or a resolution fails to be passed due to lack of a quorum, insufficient votes or other legal restrictions, or the proposal is rejected in the shareholders meeting, the Company shall immediately explain to the public the reason, the follow-up measures and the preliminary date of the next shareholders meeting.

Article 22 Every person participating in or privy to the plan for merger, division, acquisition, or transfer of shares shall issue a written undertaking of confidentiality, may not disclose the content of the plan prior to public disclosure of the information, and may not trade, in his/her own name or another person's name, in any stock or other equity-related securities of any company related to the merger, division, acquisition, or share exchange plan.

Article 23 In the Company's participation in a merger, division or acquisition, unless the law provides otherwise or the FSC is notified in advance due to extraordinary circumstances and has granted its consent, the Company shall convene a board meeting and a shareholders' meeting on the same day for a resolution on the merger, division or acquisition related matters.

The companies participating in a share exchange shall, unless the law provides otherwise or the FSC is notified in advance due to extraordinary circumstances and has granted its consent, convene a board meeting on the same day.

When participating in a merger, division, acquisition or share exchange, the Company shall prepare a full written record of the following information and retain it for 5 years for reference:

1. Basic personnel data: including the job titles, names and ID numbers (or passport numbers in the case of foreign nationals) of all persons involved in the planning or implementation of a merger, division, acquisition or share exchange prior to the disclosure of the transaction information.
2. Dates of material events: including the dates of signing any letter of intent or memorandum of understanding, hiring a financial or legal advisor, executing a contract and convening a board meeting.
3. Important documents and minutes: including the merger, division, acquisition or share exchange plan, the letter of intent or memorandum of understanding, material contracts and minutes of board meetings.

The Company shall, within 2 days from the date a resolution is passed in the board meeting, report the information set out in subparagraphs 1 and 2 of the preceding paragraph to the FSC for recordation in the prescribed format and via the Internet-based information system.

Article 24 In the Company’s participation in a merger, division, acquisition or share exchange, the share exchange ratio or acquisition price may not be arbitrarily altered unless in any of the circumstances below, and if any alteration is made, the circumstances where the alteration is permitted shall be stipulated in the contract for the merger, division, acquisition, or share exchange:

1. The handling of cash capital increase and the issuance of convertible corporate bonds, bonus shares, corporate bonds with stock options, preferred shares with stock options, beneficiary certificates of stock options or other equity-based securities.
2. An act such as a disposal of major assets which may affect the

Company's financial operations.
3. An event such as a major disaster or a major change in technology which may affect the shareholders’ interests or share price.
4. Any of the companies participating in the merger, division, acquisition, or share exchange buys back treasury stock.
5. An increase or decrease in the number of entities or companies participating in the merger, division, acquisition or share exchange.
6. Other terms/conditions that the contract stipulates may be altered and that have been publicly disclosed.

Article 25 In the Company’s participation in a merger, division, acquisition or share exchange, the contract shall record the rights and obligations of the participating companies as well as the following:
1. Handling of breach of contract.
2. Principles for the handling of equity-based securities previously issued or treasury stock previously bought back by any company that is extinguished in a merger or is divided.
3. The quantity of treasury stock the participating companies are permitted by law to buy back after the record date of calculation of the share exchange ratio, and the principles for handling thereof.
4. The method for handling changes in the number of participating entities or companies.
5. The preliminary timetable for plan execution and the expected completion date.
6. If the plan can not be completed as scheduled, the expected date for convening the legally mandated shareholders meeting and relevant procedures.

Article 26 After public disclosure of the information, if any company participating in the merger, division, acquisition or share exchange intends to carry out another merger, division, acquisition or share exchange with another company, unless the number of participating companies is decreased and the companies’ shareholders’ meetings have passed resolutions to authorize the board of directors to alter the limits of authority so that the participating companies may be exempted from convening another shareholders meeting to resolve on the matter anew, all of the participating companies shall carry out anew the procedures or legal actions that have originally been completed for the merger, division, acquisition or share exchange.

Article 27 In the Company's participation in a merger, division, acquisition or share exchange, if any of the participating companies is not a public company, the public company(s) shall sign an agreement with the non-public company whereby the latter is required to abide by the provisions of Articles 22, 23 and 26.

Chapter III Information Disclosure

Article 28 If any of the following circumstances occurs in the Company's acquisition or disposal of assets, the relevant information shall be declared on the FSC's designated website based on its nature within two days from the date of occurrence of the fact:

1. The Company's acquisition or disposal of property with related parties, or acquisition or disposal of non-property assets with related parties and the transaction amount reaches NT$300 million, with the exception of the purchase and sale of government bonds, bonds with re-purchase or re-sale agreements and subscription or repurchase of money market funds issue by domestic securities investment trust enterprises,

2. The Company's merger, division, acquisition or share exchange

3. The loss of derivative transactions reaches the total or individual contract loss limit specified in Article 18.1(5)(B).

4. The type of assets acquired or disposed of is equipment for business use, the transaction counterparty is an unrelated party, and the amount of the transaction is NT$500 million or more. If the amount of the Company's paid-in capital is more than NT$10 billion, the amount of the transaction is NT$1 billion or more.

5. The property is acquired through commissioned- construction on the Company's own land, commissioned- construction on leased land, joint construction with building allotment or joint construction with respective sale of the building, with the expected amount of the Company's investment in the transaction more than NT$500 million

6. Transactions of assets other than those in the five items above, or investment in mainland China, and the transaction amount reaches NT$300 million, with the exception of the following:

(1) Trading of government bonds.

(2) Trading of bonds with repurchase or resale agreements or the purchase or repurchase of money market funds issue by domestic securities investment trust enterprises,

The amounts of the aforesaid transactions are calculated as follows, but the amounts already announced according to the requirements shall not be included.

1. The amount of each transaction.
2. The total amount of all transactions with the same counterparty in one year for assets of the same nature.
3. The total amount of transactions of property in the same development plan (with acquisition and disposal accrued separately) in one year.
4. The total amount of transactions of the same securities (with acquisition and disposal accrued separately) in one year.

The Company shall enter into the FSC's designated website by the 10th of each month the information about the derivative transactions of the Company and its non-public domestic subsidiaries as of the end of the previous month in accordance with the FSC's prescribed format.

If there is any error or omission in the Company's announcement in accordance with the regulations, then it shall make another announcement of all such information again within two days from the day of awareness of the fact.

The Company shall obtain and keep at its premises the relevant contracts, the meeting minutes, the reference books, the appraisal reports, and the opinions of the accountant, the lawyer and the securities underwriter. Unless otherwise required by law, such documents shall be retained for at least five years.

Article 29 Where any of the following circumstances occurs with respect to a transaction that the Company has already publicly announced and reported in accordance with the preceding article, a public report of relevant information shall be made on the information reporting website designated by the FSC within 2 days from the date of occurrence of the event:

1. The contract originally signed for the transaction is changed, terminated or rescinded.
2. The merger, division, acquisition, or share exchange is not completed on the scheduled completion date set forth in the contract.
3. There is a change to the contents of the public announcement already made.

Chapter IV Supplementary Provisions

Article 30 Subsidiaries which are domestic public companies shall, in accordance with the Key Points, set up their own points for asset acquisition or disposal. Subsidiaries which are not domestic public companies shall, follow the format of the Key Points, set up their own points for asset acquisition or disposal.

Article 31 For an asset acquisition or disposal by a subsidiary which is not a domestic public company, if a public announcement and reporting need to be made in accordance with the provisions of Chapter III for the asset acquisition or disposal, the matters shall be handled by the Company on behalf of the subsidiary.

Article 32 The directors and supervisors dispatched by the Company to its subsidiaries shall supervise the execution of asset acquisition or disposal according to the Key Points.

Regarding the adequacy of a subsidiary's asset acquisition or disposal, in the case the subsidiary is a domestic public company, the audit report of the subsidiary's internal auditors shall be sent to the Company for review. If the subsidiary is not a domestic public company, the Company may appoint its own internal auditor or instructs the subsidiary to appoint an external auditor to conduct an ad hoc audit.

Article 33 The managers and other employees of the Company who violate the provisions of the Key Points, depending on the circumstances, shall be subject to disciplinary action according to the provisions of the Company's personnel management system.

Article 34 Matters not covered in the Key Points shall be handled in accordance with the relevant laws and regulations.

Article 35 If any of the provisions of the Company's management measures on acquisition or disposal of assets is inconsistent with those of the Key Points, the Key Points shall prevail.

Article 36 The Key Points are subject to the consent of the Audit Committee, and shall be implemented after the resolutions are passed in the board meeting and the shareholders' meeting.

Appendix 5

The Impact of Stock Dividend Issuance on Business Performance, EPS, and Shareholder Return Rate

The Company has no right of distribution and does not apply.

Appendix 6

Shareholding of Directors

(Shareholding number of all directors, date as of April 28 2019)

Title	Name or Legal person name	Shareholder no. or Identification number	Number of shares held	Shareholding ratio
Chairman	Ministry of Economic Affairs Representative: CHENG, WEN-LON	1	105,070,366	22.21%
Director	Ministry of Economic Affairs Representative: TSENG,KUO-CHENG	1	105,070,366	22.21%
Director	Ministry of Economic Affairs Representative: Huang,Ying-Fang	1	105,070,366	22.21%
Director	Ministry of Economic Affairs Representative: Wu,Wen-Kuei	1	105,070,366	22.21%
Director	Ministry of Economic Affairs Representative: Lu,Wen-Tsan	1	105,070,366	22.21%
Director	Ministry of Economic Affairs Representative: HUANG, JIH-CHIN	1	105,070,366	22.21%
Director	Ministry of Economic Affairs Representative: LAN, SYU-CING	1	105,070,366	22.21%
Director	CPC (Corporation, Taiwan Representative): Yin Ling- Ying	2	23,777,487	5.03%
Director	China Steel Representative: Hwang Chien-Chih	47200	7,751,346	1.64%
Director	Yue-Li Investment Corporation	47215	2,652,411	0.56%
Director	Kaohsiung City Representative of Industrial Labor Union of CSBC: HOU, DE-LONG	47213	428,000	0.09%
Director	Kaohsiung City Representative of Industrial Labor Union of CSBC: HSIEH, KUO-JUNG	47213	428,000	0.09%
Independent Director	LIN, HUI-JENG	X100******	0	0.00%
Independent Director	LIEU, DER-MING	R102******	0	0.00%

Total number of shares held	139,679,610	29.53%

Note:1.The Company's paid-up capital of NT $4,729,917,490 and issued shares of 472,991,749.

2.In accordance with the provisions of Article 26 of the Securities Exchange Act, all directors of the Company shall have a minimum of 16,000,000 shares

Appendix 7

Other explanations:

The shareholders meeting, shareholder proposal processing instructions:

1. According to Article 172 of the Company Law,Shareholders who hold more than one percent of the total number of issued shares will be able to submit to the Company in writing or electric, and must subject to a limited number of 300 words.
2. The Company shareholders' meeting will accept the application for shareholders, the period is 2019/4/19 to 2019/4/29, and has been published in accordance with the law at the Public information observatory
3. No shareholder's proposal was received before the proposal deadline