Stock Code: 2338

Taiwan Mask Corporation

2019 Shareholders' Meeting

Meeting Handbook

Date: 2019/6/11 9:00 AM

Place: No. 1, East Industry Road 2, Science Park, Hsin Chu (Venue: Darwin)

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Taiwan Mask Corporation
Procedures for 2019 Shareholders' Meeting

1. Call the meeting to order

2. Chairman takes chair

3. Chairman remarks

4. Company reports

5. Proposals

6. Discussions

7. Motions

8. Adjournment

Taiwan Mask Corporation
Agenda for 2019 Shareholders' Meeting

1. Date/ Time: 2019/6/11 (Tue) 9:00 AM
2. Place: No. 1, East Industry Road 2, Science Park, Hsin Chu (Venue: Darwin)
3. Attendance: all shareholders and representatives
4. Chairman: K.J. Wu
5. Chairman remarks
6. Company reports:
   (1) 2018 business report
   (2) 2018 auditing reports from auditing committee
   (3) 2018 bonus compensation for employees and directors appropriation report
   (4) Revision of Guidelines for the Adoption of Codes of Ethical Conduct
   (5) Revision of Ethical Corporate Management Best Practice Principles
   (6) Set up Corporate Social Responsibility Best Practice Principles
7. Proposals:
   (1) 2018 business reports and financial reports
   (2) 2018 earnings appropriation proposal
8. Discussions:
   (1) Revision of Article of Incorporation
   (2) Revision of Guidelines for Derivatives Trading
   (3) Revision of Regulations Governing the Acquisitions and Disposals of Assets
   (4) Revision of Regulations Governing Loaning of Funds
   (5) Revision of Regulations Governing Making Endorsements and Guarantees
9. Motions
10. Adjournment

Company Reports

1. 2018 business report. (Board submitted)
   Description:
   (1) President Yarn Chen reports to shareholders.
   (2) Please see appendix 1 for 2018 business report.

2. 2018 auditing reports from auditing committee. (Board submitted)
   Description: Please see appendix 2 for 2018 auditing reports from auditing committee.

3. 2018 bonus compensation for employees and directors appropriation report. (Board submitted)
   Description:
   (1) 2018 bonus compensation for employees and directors were approved by the board meeting held on 2019/3/20, and agreed to pay the bonus in cash.
   (2) The total amount for 2018 bonus compensation for employees is NTD 25,964,995. And the total amount for 2018 bonus compensation for directors is NTD 5,107,944.
   (3) The appropriated amount of 2018 bonus compensation for employees and directors is as the same as the booked amount.

4. Revision of Guidelines for the Adoption of Codes of Ethical Conduct. (Board submitted)
   Description: Revised some articles to strengthen corporate governance. Please see appendix 3 for the revision table.

5. Revision of Ethical Corporate Management Best Practice Principles. (Board submitted)
   Description: Revised some articles to strengthen corporate governance. Please see appendix 4 for the revision table.

6. Establish Corporate Social Responsibility Best Practice Principles. (Board submitted)
   Description: Establish Corporate Social Responsibility Best Practice Principles to implement corporate social responsibility, manage the risks and effect of environment and society, balance social and environmental sustainability. Please see appendix 5 for the articles.

Proposals

Proposal 1: (Board submitted)

Subject: 2018 business reports and financial reports.

Description: 2018 financial reports had been audited by CPA Tina Cheng and CPA Daniel Lee from PriceWaterHouse Accounting firm. The Audit Committee had audited the financial reports and business reports. (Please see appendix 1, 6 and 7.)

Resolution:

Proposal 2: (Board submitted)

Subject: 2018 earnings appropriation proposal.

Description: (1) Earnings appropriation for 2018 is NTD 0.834 per share in cash.

(2) 2018 earnings appropriation proposal had been audited by Audit Committee, and approved by the board meeting. Please see appendix 8.

Resolution:

Discussions

Proposal 1: (Board submitted)

Subject: Revision of Article of Incorporation.

Description: (1) Increased new business items for operation needs.

(2) Please see appendix 9 for the revision table.

Resolution:

Proposal 2: (Board submitted)

Subject: Revision of Guidelines for Derivatives Trading.

Description: (1) In compliance with the new version of "Regulations Governing the Acquisitions and Disposals of Assets for Public Company" and operation needs from TMC.

(2) Please see appendix 10 for the revision table.

Resolution:

Proposal 3: (Board submitted)

Subject: Revision of Regulations Governing the Acquisitions and Disposals of Assets.

Description: (1) In compliance with the new rule of FA-Tzi No. 1070341072 issued by SEC on 2018/11/26 and operation needs from TMC.

(2) Please see appendix 11 for the revision table.

Resolution:

Proposal 4: (Board submitted)

Subject: Revision of Regulations Governing Loaning of Funds.

Description: (1) In compliance with the new rule of Shen-Tzi No. 1080304826 issued by SEC on 2019/3/7 and operation needs from TMC.

(2) Please see appendix 12 for the revision table.

Resolution:

Proposal 5: (Board submitted)

Subject: Revision of Regulations Governing Making Endorsements and Guarantees.

Description: (1) In compliance with the new rule of Shen-Tzi No. 1080304826 issued by SEC on 2019/3/7 and operation needs from TMC.

(2) Please see appendix 13 for the revision table.

Resolution:

Motions

Adjournment

【Appendix 1】

Taiwan Mask Corporation
2018 Business Report

Thanks for all your support to TMC. In the past year, the full loading in 6″ and 8″ FAB was a leading factor of a prosperous semiconductor industry. While in the fourth quarter, the impact of trading war between China and USA affected this industry in a negative way. In this fluctuate period, TMC managed to maintain a high quality technology service to sustain the business engine.

The stand-alone sales revenue for TMC in 2018 is NTD 1.4 billion, compared with last year, it's a 41% huge growth. Net income is NTD 199,203 thousand. TMC worked very hard to increase its utilization rate to make the revenue a big jump. In the other hand, TMC merged Miracle Technology in Oct. 2017, also contribute a lot in non-operating income. The net income is a proud record after a continuous loss since 2015.

TMC tried everything to increase the utilization rate, lower the cost, explore more customer in 2018, every effort makes this proud record. And, with the help from Miracle Technology, TMC received mask orders from IC design houses in China.

In research and development, TMC understood the technology needs in semiconductor industry, developed mask technology service in 90nm. TMC aggressively planed to continue working closely with customers to develop photomask-making technology for deep sub-micro nodes, including optical proximity correction and ArF phase shift photomask. The masks TMC provided had been applied in different areas like IoT, electric cars and LED lighting. These areas need mature technology which is exactly the major service provided by TMC.

Looking forward to the new year, the business plans are:

1. Continue to develop technology under 90nm mask: to meet the requirement from 12″ FAB, TMC will invest in new equipment for new technology.
2. Market development in China and worldwide: semiconductor industry in south-east Asia and China is prosperous, the demand for mask is strong. TMC would develop the market in these areas. Miracle Technology has been in China for a long time and built a fair reputation in semiconductor industry, it can definitely help TMC for the market development.
3. Group synergy: TMC had changed the business strategy since 2017 to have mask as a base, combine with foundry services provided by Miracle Technology and IC design service provided by Weida Hi-Tech (merged in 2017), TMC would like to provide turnkey solutions for our customer.

Wish you good luck and a healthy life
Sincerely yours

Chairman:K.J. Wu President:Yarn Chen Accounting Manager: Marie Wu

【Appendix 2】

Auditing Report from Auditing Committee

The Board of Directors has prepared Taiwan Mask Corporation ("the Company") 2018 Business Report, financial statements, and proposal for earnings apporpriation. The CPA firm of PWC was retained to audit the Company's financial statements and CPA Tina Cheng and CPA Daniel Lee have issued an audit report relating to financial statements. The above Business Report, financial statements, and earnings apporpriation proposals have been examined and determined to be correct and accurate by the Auditing Committee of Taiwan Mak Corporation. According to Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Law, we hereby submit this report.

To Shareholders' meeting held in 2019

Taiwan Mask Corporation

Chairman of Auditing Committee: Wu Yu-Chiun

2019/3/20

【Appendix 3】

Taiwan Mask Corporation
Guidelines for the Adoption of Codes of Ethical Conduct
Revision Table

Revised	Current
Article 1 Purpose of and basis for adoption In recognition of the necessity to assist the company in establishment of codes of ethical conduct, these Guidelines are adopted for the purpose of encouraging directors, supervisors, and managerial officers of the company (including general managers or equivalents, assistant general managers or equivalents, deputy assistant general managers or equivalents, chief financial and chief accounting officers, and other persons authorized to manage affairs and sign documents on behalf of the company) to act in line with ethical standards, and to help interested parties better understand the ethical standards.	Article 1 No interest conflict When one individual's interest is conflict with the company, the transactions between the one individual and the company regarding fund loaning, guarantee material assets trade, sales and procurement…shall be carefully monitored….(Skip)
Article 2 Content of the code Taking its individual circumstances and needs into consideration, the company shall adopt a code of ethical conduct that addresses at least the following eight matters: 1. Prevention of conflicts of interest: Conflicts of interest occur when personal interest intervenes or is likely to intervene in the overall interest of the company, as for example when a director, supervisor, or managerial officer of the company is unable to perform their duties in an objective and efficient manner, or when a person in such a position takes advantage of their position in the company to obtain improper benefits for either themselves or their spouse, parents, children, or relatives within the second degree of kinship. The company shall pay special attention to loans of funds, provisions of guarantees, and major asset transactions or the purchase (or sale) of	Article 2 No fraud or favor to one individual The company shall do the best to avoid fraud or favor to one individual like using company asset to do favor to his/herself; ….(skip)

Revised	Current
goods involving the affiliated enterprise at which a director, supervisor, or managerial officer works. The company shall establish a policy aimed at preventing conflicts of interest, and shall offer appropriate means for directors, supervisors, and managerial officers to voluntarily explain whether there is any potential conflict between them and the company. 2. Minimizing incentives to pursue personal gain: The company shall prevent its directors, supervisors, or managerial officers from engaging in any of the following activities: (1) Seeking an opportunity to pursue personal gain by using company property or information or taking advantage of their positions. (2) Obtaining personal gain by using company property or information or taking advantage of their positions. (3) Competing with the company. When the company has an opportunity for profit, it is the responsibility of the directors, supervisors, and managerial officers to maximize the reasonable and proper benefits that can by obtained by the company. 3. Confidentiality: The directors, supervisors, and managerial officers of the company shall be bound by the obligation to maintain the confidentiality of any information regarding the company itself or its suppliers and customers, except when authorized or required by law to disclose such information. Confidential information includes any undisclosed information that, if exploited by a competitor or disclosed, could result in damage to the company or the suppliers and customers.	
Article 3 Procedures for exemption The code of ethical conduct adopted by the company must require that any exemption for directors, supervisors, or managerial officers from compliance with the code be adopted by a resolution of the	Article 3 confidentiality Directors, supervisors or managers shall keep confidential to the information related the company or customers…(skip)

Revised	Current
board of directors, and that information on the date on which the board of directors adopted the resolution for exemption, objections or reservations of independent directors, and the period of, reasons for, and principles behind the application of the exemption be disclosed without delay on the MOPS, in order that the shareholders may evaluate the appropriateness of the board resolution to forestall any arbitrary or dubious exemption from the code, and to safeguard the interests of the company by ensuring appropriate mechanisms for controlling any circumstance under which such an exemption occurs.	
Article 4 Method of disclosure The company shall disclose the code of ethical conduct it has adopted, and any amendments to it, on its company website, in its annual reports and prospectuses and on the MOPS.	Article 4 Fair trade Directors, supervisors or managers shall treat customers, suppliers, competitors and employees in fair manner. No manipulating, hiding, abusing of information is allowed. (skip)
Article 5 Enforcement The company's code of ethical conduct, and any amendments to it, shall enter into force after it has been adopted by the board of directors, delivered to Auditing Committee, and submitted to a shareholders meeting.	Article 5 Protection and proper usage of assets Directors, supervisors or managers shall protect assets belonged to the company. And proper usage of the assets in business operation shall be assured. (skip)
(Deleted)	Article 6 Following regulations and rules The company shall follow the regulation rules issued by SEC.
(Deleted)	Article 7 Encouragement of reporting of unethical behaviors The company shall promote the concept of ethical behavior. When finding any illegal or unethical behavior, necessary reporting is encouraged. (skip)
(Deleted)	Article 8 Punishment When directors, supervisors or managers are possibly against this ethical rule, necessary punishment shall be conducted. (skip)
(Deleted)	Article 9 Exemption The code of ethical conduct adopted by the company must require that any exemption for directors, supervisors, or managerial officers from compliance with the code be

Revised	Current
	adopted by a resolution of the board of directors. (skip)
(Deleted)	Article 10 Disclosure The company shall disclose the code of ethical conduct it has adopted, and any amendments to it, on its company website, in its annual reports and prospectuses and on the MOPS.
(Deleted)	Article 11 Enforcement The company's code of ethical conduct, and any amendments to it, shall enter into force after it has been adopted by the board of directors.

【Appendix 4】

Taiwan Mask Corporation
Ethical Corporate Management Best Practice Principles
Revision Table

Revised	Current
Article 1 Purpose and Scope These Principles are adopted to assist the company to foster a corporate culture of ethical management and sound development, and offer a reference framework for establishing good commercial practices. The company set up these Principles based on fair, honest, compliance and transparent principles to do business operation. Unethical behaviors shall be avoided when doing business.	Article 1 Purpose and Scope These Principles are adopted to assist the company to foster a corporate culture of ethical management and sound development, and offer a reference framework for establishing good commercial practices. The scope includes the company, subsidiaries and other institutions which its funds are directly or indirectly donated by the company over 50%. (the group and organization)
Article 2 Parties engaged These Principles are regulated for each one member in the company, including the directors, managers, employees and anyone who have controlling power on the company or the group. When members in the company receive benefits in the name of other people, it shall be treated as the benefits received by the member. "Benefits" in these Principles means any valuable things, including money, endowments, commissions, positions, services, preferential treatment or rebates of any type or in any name.	Article 2 Unethical behaviors When engaging in commercial activities, directors, supervisors, managers, employees, and persons having substantial control over such companies ("substantial controllers") shall not directly or indirectly offer, promise to offer, request or accept any improper benefits, nor commit unethical acts including breach of ethics, illegal acts, or breach of fiduciary duty ("unethical conduct") for purposes of acquiring or maintaining benefits. Parties referred to in the preceding paragraph include civil servants, political candidates, political parties or members of political parties, state-run or private-owned businesses or institutions, and their directors, supervisors, managers, employees or substantial controllers or other stakeholders.
Article 3 Unethical behaviors When engaging in commercial activities, directors, supervisors, managers, employees, and persons having substantial control over such companies ("substantial controllers") shall not directly or indirectly offer, promise to offer, request or accept any improper	Article 3 Benefits "Benefits" in these Principles means any valuable things, including money, endowments, commissions, positions, services, preferential treatment or rebates of any type or in any name.

Revised	Current
benefits, nor commit unethical acts including breach of ethics, illegal acts, or breach of fiduciary duty ("unethical conduct") for purposes of acquiring or maintaining benefits. Parties referred to in the preceding paragraph include civil servants, political candidates, political parties or members of political parties, state-run or private-owned businesses or institutions, and their directors, supervisors, managers, employees or substantial controllers or other stakeholders.	
Article 4 Benefits "Benefits" in these Principles means any valuable things, including money, endowments, commissions, positions, services, preferential treatment or rebates of any type or in any name.	Article 4 Compliance of regulations When implementing these ethical principles, the company shall be in compliance with all regulations issued by the government.
Article 5 Dedicated department The dedicated department for these Principles is auditing department. Auditing department is responsible for the revision, conduct, and explanation and consultation service of these Principles. Filing of reporting content and the monitoring of the conduct are also included. Auditing department shall report to the board meeting periodically.	Article 5 Policy The company shall base on integrity, transparent and responsible principles to set up ethical principles. A well-managed system shall be set up to control the risk and create a substantial operating environment.
Article 6 Prevention programs The company shall in its own ethical management policy clearly and thoroughly prescribe the specific ethical management practices and the programs to forestall unethical conduct ("prevention programs"), including operational procedures, guidelines, and training. When establishing the prevention programs, the company shall comply with relevant laws and regulations of the territory where the company and its business group are operating. In the course of developing the prevention programs, the company is advised to negotiate with staff, labor unions members, important trading counterparties, or other	Article 6 Prevention measures The company set up these ethical principles to clearly define the prevention measures for unethical behaviors, including procedures and guidelines which is in compliance with the regulation issued by the government.

Revised	Current
stakeholders.	
Article 7 Scope of Prevention programs When establishing the prevention programs, the company shall analyze which business activities within its business scope which are possibly at a higher risk of being involved in an unethical conduct, and strengthen the preventive measures. The prevention programs adopted by the company shall at least include preventive measures against the following: 1. Offering and acceptance of bribes. 2. Illegal political donations. 3. Improper charitable donations or sponsorship. 4. Offering or acceptance of unreasonable presents or hospitality, or other improper benefits. 5. Misappropriation of trade secrets and infringement of trademark rights, patent rights, copyrights, and other intellectual property rights. 6. Engaging in unfair competitive practices. 7. Damage directly or indirectly caused to the rights or interests, health, or safety of consumers or other stakeholders in the course of research and development, procurement, manufacture, provision, or sale of products and services.	Article 7 Scope of Prevention programs When establishing the prevention programs, the company shall analyze which business activities within its business scope which are possibly at a higher risk of being involved in an unethical conduct, and strengthen the preventive measures. The prevention programs adopted by the company shall at least include preventive measures against the following: 1. Offering and acceptance of bribes. 2. Illegal political donations. 3. Improper charitable donations or sponsorship. 4. Offering or acceptance of unreasonable presents or hospitality, or other improper benefits.
Article 8 Commitment The company and its respective business group shall clearly specify in its rules and external documents the ethical corporate management policies and the commitment by the board of directors and the management on rigorous and thorough implementation of such policies, and shall carry out the policies in internal management and in commercial activities.	Article 8 Commitment The company and its respective business group shall clearly specify in its rules and external documents the ethical corporate management policies and the commitment by the board of directors and the management on rigorous and thorough implementation of such policies, and shall carry out the policies in internal management and in commercial activities.
Article 9 Ethical business transactions The company shall engage in commercial	Article 9 Ethical business transactions Prior to any commercial transactions, the

Revised	Current
activities in a fair and transparent manner based on the principle of ethical management. Prior to any commercial transactions, the company shall take into consideration the legality of its agents, suppliers, clients, or other trading counterparties and whether any of them are involved in unethical conduct, and shall avoid any dealings with persons so involved. When entering into contracts with its agents, suppliers, clients, or other trading counterparties, the company shall include in such contracts terms requiring compliance with ethical corporate management policy and that in the event the trading counterparties are involved in unethical conduct, the company may at any time terminate or rescind the contracts.	company shall take into consideration the legality of its agents, suppliers, clients, or other trading counterparties and whether any of them are involved in unethical conduct, and shall avoid any dealings with persons so involved.
Article 10 No offering or receiving of any improper benefits When conducting business, the company and its directors, supervisors, managers, employees, and substantial controllers, may not directly or indirectly offer, promise to offer, request, or accept any improper benefits in whatever form to or from clients, agents, contractors, suppliers, public servants, or other stakeholders.	Article 10 No offering or receiving of any improper benefits When conducting business, the company and its directors, supervisors, managers and employees may not directly or indirectly offer, promise to offer, request, or accept any improper benefits in whatever form to or from clients, agents, contractors, suppliers, public servants, or other stakeholders.
Article 11 No illegal political donation When directly or indirectly offering a donation to political parties or organizations or individuals participating in political activities, the company and its directors, supervisors, managers, employees, and substantial controllers, shall comply with the Political Donations Act and its own relevant internal operational procedures, and shall not make such donations in exchange for commercial gains or business advantages.	Article 11 No illegal political donation When directly or indirectly offering a donation to political parties or organizations or individuals participating in political activities, the company and its directors, supervisors, managers and employees shall comply with the Political Donations Act and its own relevant internal operational procedures, and shall not make such donations in exchange for commercial gains or business advantages.
Article 12 No improper donations and sponsorship When making or offering donations and sponsorship, the company and its directors, supervisors, managers, employees , and	Article 12 No improper donations and sponsorship When making or offering donations and sponsorship, the company and its directors, supervisors, managers and employees

Revised	Current
substantial controllers shall comply with relevant laws and regulations and internal operational procedures, and shall not surreptitiously engage in bribery.	shall comply with relevant laws and regulations and internal operational procedures, and shall not surreptitiously engage in bribery.
Article 13 No offer or receiving of improper presents or benefits The companies and its directors, supervisors, managers, employees, and substantial controllers shall not directly or indirectly offer or accept any unreasonable presents, hospitality or other improper benefits to establish business relationship or influence commercial transactions.	Article 13 No offer or receiving of improper presents or benefits The companies and its directors, supervisors, managers and employees shall not directly or indirectly offer or accept any unreasonable presents, hospitality or other improper benefits to establish business relationship or influence commercial transactions.
Article 14 No infringing of intellectual property rights The company and its directors, supervisors, managers, employees, and substantial controllers shall observe applicable laws and regulations, the company's internal operational procedures, and contractual provisions concerning intellectual property, and may not use, disclose, dispose, or damage intellectual property or otherwise infringe intellectual property rights without the prior consent of the intellectual property rights holder.	Article 14 Organization and responsibility The board meeting is responsible to monitor the company from unethical behaviors. Reviews and improvements are required at any time to assure the principles are implemented. Human resources department is responsible to set up the principles and prevention programs. Any violations shall be reported to the board meeting.
Article 15 No unfair competition The company shall engage in business activities in accordance with applicable competition laws and regulations, and may not fix prices, make rigged bids, establish output restrictions or quotas, or share or divide markets by allocating customers, suppliers, territories, or lines of commerce.	Article 15 Compliance when doing business When doing business, the company and its directors, supervisors, managers and employees shall be in compliance with laws and the prevention programs.
Article 16 Protect stakeholders from the damage of the product and service provided by the company In the course of research and development, procurement, manufacture, provision, or sale of products and services, the company and its directors, supervisors, managers, employees, and substantial controllers shall observe applicable laws and regulations and international standards to ensure the	Article 16 Preventing conflicts of interest The company shall adopt policies for preventing conflicts of interest to identify, monitor, and manage risks possibly resulting from unethical conduct, and shall also offer appropriate means for directors, supervisors, managers, and other stakeholders attending or present at board meetings to voluntarily explain whether their interests would potentially conflict

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transparency of information about, and safety of, their products and services. They shall also adopt and publish a policy on the protection of the rights and interests of consumers or other stakeholders, and carry out the policy in their operations, with a view to preventing their products and services from directly or indirectly damaging the rights and interests, health, and safety of consumers or other stakeholders. Where there are sufficient facts to determine that the company's products or services are likely to pose any hazard to the safety and health of consumers or other stakeholders, the company shall, in principle, recall those products or suspend the services immediately.	with those of the company. When a proposal at a given board of directors meeting concerns the personal interest of, or the interest of the juristic person represented by, any of the directors, supervisors, managers, and other stakeholders attending or present at board meetings of the company, the concerned person shall state the important aspects of the relationship of interest at the given board meeting. If his or her participation is likely to prejudice the interest of the company, the concerned person may not participate in discussion of or voting on the proposal and shall excuse him or her from the discussion or the voting, and may not exercise voting rights as proxy for another director. The directors shall practice self-discipline and must not support one another in improper dealings. The company's directors, supervisors, managers, employees, and substantial controllers shall not take advantage of their positions or influence in the companies to obtain improper benefits for themselves, their spouses, parents, children or any other person.
Article 17 Organization and responsibility The directors, supervisors, managers, employees, and substantial controllers of the company shall exercise the due care of good administrators to urge the company to prevent unethical conduct, always review the results of the preventive measures and continually make adjustments so as to ensure thorough implementation of its ethical corporate management policies. To achieve sound ethical corporate management, the company appointed Auditing department that is under the board of directors and responsible for establishing and supervising the implementation of the ethical corporate management policies and prevention programs. The dedicated unit shall be in charge of the following matters, and shall report to the board of directors on	Article 17 Procedures and guidelines The company shall establish operational procedures and guidelines in accordance with Article 6 hereof to guide directors, supervisors, managers, employees, and substantial controllers on how to conduct business. The procedures and guidelines should at least contain the following matters: 1. Standards for determining whether improper benefits have been offered or accepted. 2. Procedures for offering legitimate political donations. 3. Procedures and the standard rates for offering charitable donations or sponsorship. 4. Rules for avoiding work-related conflicts of interests and how they should be

Revised	Current
a regular basis: 1. Assisting in incorporating ethics and moral values into the company's business strategy and adopting appropriate prevention measures against corruption and malfeasance to ensure ethical management in compliance with the requirements of laws and regulations. 2. Adopting programs to prevent unethical conduct and setting out in each program the standard operating procedures and conduct guidelines with respect to the company's operations and business. 3. Planning the internal organization, structure, and allocation of responsibilities and setting up check-and-balance mechanisms for mutual supervision of the business activities within the business scope which are possibly at a higher risk for unethical conduct. 4. Promoting and coordinating awareness and educational activities with respect to ethics policy. 5. Developing a whistle-blowing system and ensuring its operating effectiveness. 6. Assisting the board of directors and management in auditing and assessing whether the prevention measures taken for the purpose of implementing ethical management are effectively operating, and preparing reports on the regular assessment of compliance with ethical management in operating procedures.	reported and handled. 5. Rules for keeping confidential trade secrets and sensitive business information obtained in the ordinary course of business. 6. Regulations and procedures for dealing with suppliers, clients and business transaction counterparties suspected of unethical conduct. 7. Handling procedures for violations of these Principles. 8. Disciplinary measures on offenders.
Article 18 Following the rules when conducting business The company and its directors, supervisors, managers, employees, and substantial controllers shall comply with laws and regulations and the prevention programs when conducting business.	Article 18 Training and appraisal The chairperson, general manager, or senior management of the company shall communicate the importance of corporate ethics to its directors, and employees on a regular basis. The company shall periodically organize training and awareness programs for directors, supervisors, managers, employees, and substantial controllers and invite the companies' commercial transaction counterparties so they understand the

Revised	Current
	companies' resolve to implement ethical corporate management, the related policies, prevention programs and the consequences of committing unethical conduct. The company shall apply the policies of ethical corporate management when creating its employee performance appraisal system and human resource policies to establish a clear and effective reward and discipline system.
Article 19 Preventing conflicts of interest The company shall adopt policies for preventing conflicts of interest to identify, monitor, and manage risks possibly resulting from unethical conduct, and shall also offer appropriate means for directors, supervisors, managers, and other stakeholders attending or present at board meetings to voluntarily explain whether their interests would potentially conflict with those of the company. When a proposal at a given board of directors meeting concerns the personal interest of, or the interest of the juristic person represented by, any of the directors, supervisors, managers, and other stakeholders attending or present at board meetings of the company, the concerned person shall state the important aspects of the relationship of interest at the given board meeting. If his or her participation is likely to prejudice the interest of the company, the concerned person may not participate in discussion of or voting on the proposal and shall excuse him or her from the discussion or the voting, and may not exercise voting rights as proxy for another director. The directors shall practice self-discipline and must not support one another in improper dealings. The company's directors, supervisors, managers, employees, and substantial controllers shall not take advantage of their positions or influence in the companies to obtain improper benefits for themselves, their spouses, parents, children or any other	Article 19 Whistle-blowing system The company shall adopt a concrete whistle-blowing system and scrupulously operate the system. The whistle-blowing system shall be kept in highly confidential manner. When material misconduct or likelihood of material impairment to the company comes to their awareness upon investigation, the related information shall be published on internal website immediately.

Revised	Current
person.	
Article 20 Accounting and internal control system The company shall establish effective accounting systems and internal control systems for business activities possibly at a higher risk of being involved in an unethical conduct, not have under-the-table accounts or keep secret accounts, and conduct reviews regularly so as to ensure that the design and enforcement of the systems are showing results. The Auditing department shall periodically examine the company's compliance with the foregoing systems and prepare audit reports and submit the same to the board of directors. The Auditing department may engage a certified public accountant to carry out the audit, and may engage professionals to assist if necessary.	Article 20 Disclosure The company shall disclose the implementation of the ethical codes on the company’s websites, annual reports.
Article 21 Procedures and guidelines The company shall establish operational procedures and guidelines in accordance with Article 6 hereof to guide directors, supervisors, managers, employees, and substantial controllers on how to conduct business. The procedures and guidelines should at least contain the following matters: 1. Standards for determining whether improper benefits have been offered or accepted. 2. Procedures for offering legitimate political donations. 3. Procedures and the standard rates for offering charitable donations or sponsorship. 4. Rules for avoiding work-related conflicts of interests and how they should be reported and handled. 5. Rules for keeping confidential trade secrets and sensitive business information obtained in the ordinary course of business. 6. Regulations and procedures for dealing with suppliers, clients and business	Article 21 Monitor and revision The company shall at all times monitor the development of relevant local and international regulations concerning ethical corporate management and encourage its directors, supervisors, managers, and employees to make suggestions, based on which the adopted ethical corporate management policies and measures taken will be reviewed and improved with a view to achieving better implementation of ethical management.

Revised	Current
transaction counterparties suspected of unethical conduct. 7. Handling procedures for violations of these Principles. 8. Disciplinary measures on offenders.	
Article 22 Training and appraisal The chairperson, general manager, or senior management of the company shall communicate the importance of corporate ethics to its directors, and employees on a regular basis. The company shall periodically organize training and awareness programs for directors, supervisors, managers, employees, and substantial controllers and invite the companies' commercial transaction counterparties so they understand the companies' resolve to implement ethical corporate management, the related policies, prevention programs and the consequences of committing unethical conduct. The company shall apply the policies of ethical corporate management when creating its employee performance appraisal system and human resource policies to establish a clear and effective reward and discipline system.	Article 22 Enforcement The ethical corporate management best practice principles of the company shall be implemented after the board of directors grants the approval. The same procedure shall be followed when the principles have been amended.
Article 23 Whistle-blowing system The company shall adopt a concrete whistle-blowing system and scrupulously operate the system. The whistle-blowing system shall include at least the following: 1. An independent mailbox or hotline, either internally established and publicly announced or provided by an independent external institution, to allow company insiders and outsiders to submit reports. 2. Dedicated personnel or unit appointed to handle whistle-blowing system. Any tip involving a director or senior manager shall be reported to the independent directors or supervisors. Categories of reported misconduct shall be delineated and standard operating procedures for the investigation of each shall be	Article 23 Supplement These Principles was established on 2015/8/6.

Revised	Current
adopted. 3. Documentation of case acceptance, investigation processes, investigation results, and relevant documents. 4. Confidentiality of the identity of whistle-blowers and the content of reported cases. 5. Measures for protecting whistle-blowers from inappropriate disciplinary actions due to their whistle-blowing. 6. Whistle-blowing incentive measures. When material misconduct or likelihood of material impairment to the company comes to their awareness upon investigation, the dedicated personnel or unit handling the whistle-blowing system shall immediately prepare a report and notify the independent directors or supervisors in written form.	
Article 24 Disciplinary and appeal system The company shall adopt and publish a well-defined disciplinary and appeal system for handling violations of the ethical corporate management rules, and shall make immediate disclosure on the company's internal website of the title and name of the violator, the date and details of the violation, and the actions taken in response.	(New added)
Article 25 Information disclosure The company shall collect quantitative data about the promotion of ethical management and continuously analyze and assess the effectiveness of the promotion of ethical management policy. The company shall also disclose the measures taken for implementing ethical corporate management, the status of implementation, the foregoing quantitative data, and the effectiveness of promotion on the company’s websites, annual reports, and prospectuses, and shall disclose its ethical corporate management best practice principles on the Market Observation Post System.	(New added)
Article 26 Monitor and revision The company shall at all times monitor the development of relevant local and	(New added)

Revised	Current
international regulations concerning ethical corporate management and encourage its directors, supervisors, managers, and employees to make suggestions, based on which the adopted ethical corporate management policies and measures taken will be reviewed and improved with a view to achieving better implementation of ethical management.	
Article 27 Enforcement The ethical corporate management best practice principles of the company shall be implemented after the board of directors grants the approval. The same procedure shall be followed when the principles have been amended. When the ethical corporate management best practice principles are submitted for discussion by the board of directors pursuant to the preceding paragraph, the board of directors shall take into full consideration each independent director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the board of directors meeting. An independent director that cannot attend the board meeting in person to express objection or reservations shall provide a written opinion before the board meeting, unless there is some legitimate reason to do otherwise, and the opinion shall be specified in the minutes of the board of directors meeting.	(New added)

【Appendix 5】

Taiwan Mask Corporation
Corporate Social Responsibility Best Practice Principles

Section 1 General Principles

Article 1 In order to fulfill the company’s corporate social responsibility initiatives and to promote economic, environmental, and social advancement for purposes of sustainable development, the company then established this Principles.

Article 2 The Principles applies to the company, including the entire operations of TMC and its business group.

The Principles encourages the company to actively fulfill corporate social responsibility in the course of the business operations so as to follow international development trends and to contribute to the economic development of the country, to improve the quality of life of employees, the community and society by acting as responsible corporate citizens, and to enhance competitive edges built on corporate social responsibility.

Article 3 In fulfilling corporate social responsibility initiatives, the company shall, in its corporate management guidelines and business operations, give due consideration to the rights and interests of stakeholders and, while pursuing sustainable operations and profits, also give due consideration to the environment, society and corporate governance.

Article 4 To implement corporate social responsibility initiatives, the company is advised to follow the principles below:

1. Exercise corporate governance.
2. Foster a sustainable environment.
3. Preserve public welfare.
4. Enhance disclosure of corporate social responsibility information.

Article 5 The company shall take into consideration the correlation between the development of domestic and international corporate social responsibility principles and corporate core business operations, and the effect of the operation of the company and of its respective business groups as a whole on stakeholders, in establishing its policies, systems or relevant management guidelines, and concrete promotion plans for corporate social responsibility programs, which shall be approved by the board of directors and then reported to the shareholders meeting.

Section 2 Exercising Corporate Governance

Article 6 The directors of the company shall exercise the due care of good administrators to urge the company to perform its corporate social responsibility initiatives, examine the results of the implementation thereof from time to time and continually make adjustments so as to ensure the thorough implementation of its corporate social responsibility policies.

The board of directors of the company is advised to give full consideration to the interests of stakeholders, including the following matters, in the company's performance of its corporate social responsibility initiatives: Identifying the company's corporate social responsibility mission or vision, and declaring its corporate social responsibility policy, systems or relevant management guidelines;

1. Making corporate social responsibility the guiding principle of the company's operations and development, and ratifying concrete promotional plans for corporate social responsibility initiatives; and
2. Enhancing the timeliness and accuracy of the disclosure of corporate social responsibility information.

Article 7 For the purpose of managing corporate social responsibility initiatives, the company is advised to establish an exclusively (or concurrently) dedicated unit to be in charge of proposing and enforcing the corporate social responsibility policies, systems, or relevant management guidelines, and concrete promotional plans and to report on the same to the board of directors on a periodic basis.

Article 8 The company shall, based on respect for the rights and interests of stakeholders, identify stakeholders of the company, and establish a designated section for stakeholders on the company website; understand the reasonable expectations and demands of stakeholders through proper communication with them, and adequately respond to the important corporate social responsibility issues which they are concerned about.

Article 9 The company is advised to follow the Corporate Governance Best Practice Principles, the Ethical Corporate Management Best Practice Principles, and the Code of Ethical Conduct to establish effective corporate governance frameworks and relevant ethical standards so as to enhance corporate governance.

Article 10 The company shall follow related regulations when doing business, following items shall be also be implemented to create a fair competition environment:

1. Avoid any violation of fair competition.
2. Due taxation obligation.
3. Set up proper management policy against any fraud.
4. Appropriate donation process.

Article 11 The company is advised to, on a regular basis, organize education and training on the implementation of corporate social responsibility initiatives, including promotion of the matters prescribed in the preceding articles.

Section 3 Fostering a Sustainable Environment

Article 12 The company shall follow relevant environmental laws, regulations and international standards to properly protect the environment and shall endeavor to promote a sustainable environment when engaging in business operations and internal management.

Article 13 The company is advised to endeavor to utilize all resources more efficiently and use renewable materials which have a low impact on the environment to improve sustainability of natural resources.

Article 14 The company is advised to establish proper environment management systems based on the characteristics of the industry. Such systems shall include the following tasks:

1. Collecting sufficient and up-to-date information to evaluate the impact of the company's business operations on the natural environment.
2. Establishing measurable goals for environmental sustainability, and examining whether the development of such goals should be maintained and whether it is still relevant on a regular basis.
3. Adopting enforcement measures such as concrete plans or action plans, and examining the results of operation on a regular basis.

Article 15 The company is advised to establish a dedicated unit or assign dedicated personnel for drafting, promoting, and maintaining relevant environment management systems and concrete action plans, and should hold environment education courses for managerial officers and other employees on a periodic basis.

Article 16 The company is advised to take into account the effect of business operations on ecological efficiency, promote and advocate the concept of sustainable consumption, and conduct research and development, procurement, production, operations, and services in accordance with the following principles to reduce the impact on the natural environment and human beings from business operations:

1. Reduce resource and energy consumption of products and services.
2. Reduce emission of pollutants, toxins and waste, and dispose of waste properly.
3. Improve recyclability and reusability of raw materials or products.
4. Maximize the sustainability of renewable resources.
5. Enhance the durability of products.
6. Improve efficiency of products and services.

Article 17 To improve water use efficiency, the company shall properly and sustainably use water resources and establish relevant management measures.

The company shall construct and improve environmental protection treatment facilities to avoid polluting water, air and land, and use the best efforts to reduce adverse impact on human health and the environment by adopting the best practical pollution prevention and control measures.

Article 18 The company is advised to monitor the impact of climate change on operations and should establish company strategies for energy conservation and carbon and greenhouse gas reduction based upon operations and the result of a greenhouse gas inventory. Such strategies should include obtaining carbon credits to promote and minimize the impact of business operations on climate change.

Section 4 Preserving Public Welfare

Article 19 The company shall comply with relevant laws and regulations, and the International Bill of Human Rights, to protect legal rights of labors from violating any regulations.

The human resource policy of the company shall respect basic labor human rights protection rules to set up proper management rules and procedures.

Article 20 The company shall provide information for employees so that the employees have knowledge of the labor laws and the rights they enjoy in the countries where the company has business operations.

Article 21 The company is advised to provide safe and healthful work environments for employees, including necessary health and first-aid facilities and shall endeavor to curb dangers to employees' safety and health and to prevent occupational accidents.

The company is advised to organize training on safety and health for employees on a regular basis.

Article 22 The company is advised to create an environment conducive to the development of employees' careers and establish effective training programs to foster career skills.

Article 23 The company shall establish a platform to facilitate regular two-way communication between the management and the employees for the employees to obtain relevant information on and express their opinions on the company's operations, management and decisions.

Article 24 The company shall take responsibility for products and services, and take marketing ethics seriously. The company further shall establish and disclose policies on consumer rights and interests, and enforce them in the course of business operations.

Article 25 The company shall ensure the quality of products and services by following the laws and regulations of the government and relevant standards of the industry.

The company shall follow relevant laws, regulations and international guidelines when marketing or labeling the products and services and shall not deceive, mislead, commit fraud or engage in any other acts which would betray consumers' trust or damage consumers' rights or interests.

Article 26 The company is advised to provide a clear and effective procedure for accepting consumer complaints to fairly and timely handle consumer complaints, shall comply with laws and regulations related to the Personal Information Protection Act for respecting consumers' rights of privacy and shall protect personal data provided by consumers.

Article 27 The company is advised to assess the impact of procurement has on society as well as the environment of the community that the company is procuring from, and shall cooperate with suppliers to jointly implement the corporate social responsibility initiative.

Article 28 The company shall evaluate the impact of business operations on the community, and adequately employ personnel from the location of the business operations, to enhance community acceptance.

The company is advised to, through equity investment, commercial activities, endowments, volunteering service or other charitable professional services etc., dedicate resources to organizations that commercially resolve social or environmental issues, participate in events held by citizen organizations, charities and local government agencies relating to community development and community education to promote community development.

Section 5 Enhancing Disclosure of Corporate Social Responsibility Information

Article 29 The company shall disclose information according to relevant laws, regulations and the Corporate Governance Best Practice Principles and shall fully disclose relevant and reliable information relating to corporate social responsibility initiatives to improve information transparency.

Relevant information relating to corporate social responsibility which the company shall disclose includes:

1. The policy, systems or relevant management guidelines, and concrete promotion plans for corporate social responsibility initiatives, as resolved by the board of directors.
2. The risks and the impact on the corporate operations and financial condition arising from exercising corporate governance, fostering a sustainable environment and preserving social public welfare.
3. Goals and measures for realizing the corporate social responsibility initiatives established by the companies, and performance in implementation.
4. Disclosure of information on major suppliers' management and performance with respect to major environmental and social issues.
5. Other information relating to corporate social responsibility initiatives.

Article 30 The company shall adopt internationally widely recognized standards or guidelines when producing corporate social responsibility reports, to disclose the status of implementation of the corporate social responsibility policy. It also is advisable to obtain a third-party assurance or verification for reports to enhance the reliability of the information in the reports. The reports are advised to include:

1. The policy, system, or relevant management guidelines and concrete promotion plans for implementing corporate social responsibility initiatives.
2. Major stakeholders and their concerns.
3. Results and a review of the exercising of corporate governance, fostering of a sustainable environment, preservation of public welfare and promotion of economic development.
4. Future improvements and goals.

Section 6 Supplementary Provisions

Article 31 The company shall at all times monitor the development of domestic and foreign corporate social responsibility standards and the change of business environment so as to examine and improve the established corporate social responsibility framework and to obtain better results from the implementation of the corporate social responsibility policy.

Article 32 This Principles shall be approved by board of directors’ meeting. The revision shall go through the same process.

The first version was established on 2019/3/20.

【Appendix 6】

Auditor's Report

(108)Tsai-Shen-Bao No.18003611

To Taiwan Mask Corporation

Opinion

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

In our opinion, based on our audits and the reports of the other independent auditors, as described in the Other matters section of our report, the accompanying consolidated financial statements present fairly, in all material aspects, the consolidated financial position of the Group as of December 31, 2018 and 2017, and its consolidated financial performance and its consolidated cash flows for the years ended December 31, 2018 and 2017 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 Independent 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. Based on our audits and the reports of the other independent auditors, we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of 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.

Key audit matters for the Group’s consolidated financial statements in the current period are stated as follows:

Evaluation of Inventories

Description

Refer to Note 4(13) for the accounting policies on the evaluation of inventories, Note 5(2) for the uncertainty of accounting estimations and assumptions for evaluation of inventories, and Note 6(5) for the detail description of inventory accounts. The inventory amount and allowance for inventory valuation loss as of December 31, 2018 is NT$ 569,547 thousand and NT$ 160,972 thousand respectively.

The Group is primarily engaged in mask and integrated circuit services in semiconductor industry. Due to the rapid technological innovations, short life-cycle and competition within the mask industry, the risk of price fluctuation and inventory obsolete is higher than other industry. Since the inventory amount is material in this Group, the evaluation of inventories has been identified a key audit matter.

How our audit addressed the matter

We have performed primary audit procedures for the above matter as follows:

1. Based on the understanding of the operation and industrial nature of the reticle group, it is reasonable to assess the policies and procedures adopted for the inventory allowance for impairment losses.
2. Evaluate management's inventory assessment report to verify the correctness of inventory age.
3. Verify the amount of the net realizable value of the inventory to confirm the admissibility of the inventory evaluation loss.

Income recognition

Description

For the accounting policy on income recognition, please refer to Note 4 (25) of the financial report; the operating income in 2018 is NT$2,885,982.

The Group mainly produces and sells products such as masks and integrated circuits used in semiconductors. The sales customers are numerous and scattered. The trading conditions vary according to market conditions and customer needs. Considering the sales revenue is the main transaction of the company. The consolidated financial statements have a significant impact. The accountant believes that the recognition of its sales revenue is one of the most important matters for the year.

How our audit addressed the matter

The audit procedures that the accountant has implemented are as follows：

1. Understand the type of major income and assess internal operations, review revenue recognition accounting treatment.
2. Obtain the sales revenue statement, sample the sales transactions and verify the relevant documents to verify the appropriateness of the sales revenue.
3. For the balance of accounts receivable at the end of the period, execute the certificate and balance confirmation test procedures, and perform tests on the adjustment items of the letter of the letter to confirm that the differences have been properly adjusted.
4. Execute the cut-off test for the sales receipts transaction for a certain period of time before and after the closing date, and confirm that the account is correct at the time of entry.

Other matter–Parent company only financial reports

We have audited and expressed an unmodified opinion on the parent company only financial statements of Taiwan Mask Corporation as of and for the years ended December 31, 2018 and 2017.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” and the 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.

Independent 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 judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group’s internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our 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 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.

Form 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 auditor's report because the adverse consequences of doing so would reasonable be expected to outweigh the public interest benefits of such communication.

For and on behalf of PricewaterhouseCoopers, Taiwan

Tina Cheng

Certified Public Accountants

Daniel Lee

March 20,2019

Taiwan Mask Corporation and Subsidiaries
Consolidated Balance Sheets
DECEMBER 31, 2018 AND 2017

in thousand NTD

	Assets	Notes	DECEMBER 31, 2018 AMOUNT	%	DECEMBER 31, 2017 AMOUNT	%
	Current Assets					
1100	Cash and Cash Equivalents	6(1)	$ 563,408	15	$ 636,955	20
1110	Financial Asset at Fair Value Through Profit or Loss-Cur.	12(4)	-	-	22,891	1
1136	Financial Assets at Amortized Cost- Cur.	6(3)	54,335	1	-	-
1147	Debt Investments in No Active Market-Cur.	12(4)	-	-	21,699	1
1150	Notes Receivables(Net)	6(4)	1,277	-	2,633	-
1170	Accounts Receivables(Net)	6(4)	597,152	16	469,460	15
1180	Accounts Receivables－Related Parties(Net)	6(4) and7	4,178	-	1,089	-
1200	Other Receivables		13,607	-	17,356	1
1210	Other Receivables－Related Parties	7	4,636	-	7,590	-
1220	Tax Assets		710	-	8,254	-
130X	Inventories	6(5)	408,575	11	343,997	11
1410	Prepayments		77,026	2	88,103	3
1470	Other Current Assets		9,479	-	3,215	-
11XX	**Total Current Assets**		1,734,383	45	1,623,242	52
	Non-Current Assets					
1510	Financial Asset at Fair Value Through Profit or Loss-Non Cur.	6(2)	731,826	19	-	-
1523	Available-for-Sale Financial Assets - Non Current	12(4)	-	-	230,986	8
1535	Financial Assets at Amortized Cost-Non Cur.	6(3) and8	29,727	1	-	-
1550	Investment under Equity Method	6(6)	126,760	3	96,197	3
1600	Properties, Plants and Equipment	6(7)and8	966,563	25	989,220	32
1780	Intangible Assets		112,544	3	38,291	1
1840	Deferred Income Tax Assets	6(22)	5,238	-	27,017	1
1900	Other Non-Current Assets	6(11)and8	157,277	4	105,196	3
15XX	**Total Non-Current Assets**		2,129,935	55	1,486,907	48
1XXX	**Total Assets**		$ 3,864,318	100	$ 3,110,149	100

(Continued)

Taiwan Mask Corporation and Subsidiaries
Consolidated Balance Sheets
DECEMBER 31, 2018 AND 2017

in thousand NTD

	Liabilities and Equities	Notes	DECEMBER 31, 2018 AMOUNT	%	DECEMBER 31, 2017 AMOUNT	%
	Current Liabilities					
2100	Short Term Loans	6(8)	$ 591,000	15	$ 81,253	3
2130	Contract Liabilities- Current	6(16)	58,701	2	-	-
2150	Notes Payables		54	-	234	-
2170	Accounts Payables		236,387	6	157,789	5
2200	Other Payables		287,675	7	173,071	5
2220	Other Payables－Related Parties	7	1,003	-	-	-
2230	Current Income Tax Liabilities		17,744	1	19,223	1
2300	Other Current Liabilities		45,733	1	124,513	4
21XX	**Total Current Liabilities**		1,238,297	32	556,083	18
	Non-Current Liabilities					
2540	Long-term Loans	6(9)	-	-	24,627	1
2570	Deferred Income Tax	6(22)	17,189	-	15,609	-
2640	Defined Benefit Liabilities- Non Current	6(11)	21,917	1	28,914	1
2645	Guarantee deposits received		3,223	-	94	-
2670	Other Non-Current Liabilities	6(10)	9,881	-	5,682	-
25XX	**Total Non-Current Liabilities**		52,210	1	74,926	2
2XXX	**Total Liabilities**		1,290,507	33	631,009	20
	Equities Attributable to Parent Company					
	Stock	6(12)				
3110	Common Stock		2,527,136	65	2,527,136	81
	Additional Paid-in Capital	6(13)				
3200	Additional Paid-in Capital		169,431	5	212,948	7
	Retained Earnings	6(14)				
3310	Legal Reserve		524,792	14	599,009	19
3320	Special Reserve		14,287	-	14,287	-
3350	Uncompensated Deficit		199,736	5	(74,216)	(2)
	Other Equities	6(15)				
3400	Other Equities		7,853	-	11,207	-
3500	**Treasury Stock**	6(12)	(884,741)	(23)	(884,741)	(28)
31XX	**Total Equities Attributable to Parent Company**		2,558,494	66	2,405,630	77
36XX	**Non-Controlling Interests**		15,317	1	73,510	3
3XXX	**Total Equities**		2,573,811	67	2,479,140	80
	Major Commitments and Contingencies	9				
	Major Events after Financial Statement Date	11				
3X2X	**Total Liabilities and Equities**		$ 3,864,318	100	$ 3,110,149	100

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

Taiwan Mask Corporation and Subsidiaries
Consolidated Comprehensive Income Statements
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

in thousand NTD
(Except gain (loss) per share is in NTD)

	Items	Notes	2018 AMOUNT	2018 %	2017 AMOUNT	2017 %
4000	**Operating Incomes**	6(16)and14	$ 2,885,982	100	$ 1,427,073	100
5000	**Operating Costs**	6(5)	(2,256,974)	(78)	(1,183,400)	(83)
5900	**Gross Income from Operations**		629,008	22	243,673	17
	Operating Expenses					
6100	Selling Expenses		(114,735)	(4)	(118,108)	(8)
6200	Administrative Expenses		(143,525)	(5)	(74,276)	(5)
6300	R & D Expenses		(113,965)	(4)	(59,193)	(4)
6450	Expected Credit Impairment Benefit		2,753	-	-	-
6000	**Total Operating Expenses**		(369,472)	(13)	(251,577)	(17)
6900	**Operating Gain & Loss**		259,536	9	(7,904)	-
	Non-Operating Incomes and Losses					
7010	Other Incomes	6(17)	30,044	1	6,449	-
7020	Other Gains and Losses	6(18)	(36,415)	(1)	(3,093)	-
7050	Financial Costs	6(19)	(5,573)	-	(3,646)	-
7060	The share of affiliates and joint venture profits and losses recognized by the equity method		(43,946)	(2)	(57,075)	(4)
7000	**Total Non-Operating Incomes and Losses**		(55,890)	(2)	(57,365)	(4)
7900	**Earnings (Loss)Before Tax**		203,646	7	(65,269)	(4)
7950	Income Tax Expense (Benefit)	6(22)	(57,826)	(2)	(23,284)	(2)
8200	**Net Income (Loss)**		$ 145,820	5	($ 88,553)	(6)

(Continued)

Taiwan Mask Corporation and Subsidiaries
Consolidated Comprehensive Income Statements
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

in thousand NTD
(Except gain (loss) per share is in NTD)

	Items	Notes	2018 AMOUNT	2018 %	2017 AMOUNT	2017 %
	Other Comprehensive Incomes (Net)					
	Components of other comprehensive income that will not be reclassified to profit or loss					
8311	Re-measurements of defined benefit plan		$ 650	-	($ 38)	-
	Components of other comprehensive income that will be reclassified to profit or loss					
8361	Financial statement translation differences of foreign operations		649	-	2,462	-
8362	Unrealized Evaluation Profit and Loss of Available-for-Sales Financial Assets		-	-	291,380	20
8360	**Total Components of other comprehensive income that will be reclassified to profit or loss**		649	-	293,842	20
8500	**Total Comprehensive Incomes**		$ 147,119	5	$ 205,251	14
	Net Incomes (Losses) Attributable to：					
8610	Parent Company		$ 199,203	7	($ 74,177)	(5)
8620	Non-Controlling Interest		(53,383)	(2)	(14,376)	(1)

(Continued)

Taiwan Mask Corporation and Subsidiaries
Consolidated Comprehensive Income Statements
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

in thousand NTD
(Except gain (loss) per share is in NTD)

	Items	Notes	2018 AMOUNT	2018 %	2017 AMOUNT	2017 %
	Total		$ 145,820	5	($ 88,553)	(6)
	Total Comprehensive Incomes (Losses) Attributable to：					
8710	Parent Company		$ 200,011	7	($ 27,427)	(2)
8720	Non-Controlling Interest		(52,892)	(2)	232,678	16
	Total		$ 147,119	5	$ 205,251	14
	Basic Gain (Loss) per Share	6(23)				
9750	**Net Gain (Loss)**		$ 1.02		($ 0.33)	
	Diluted Gain or Loss per Share	6(23)				
9850	**Net Gain (Loss)**		$ 1.01		($ 0.33)	

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

Taiwan Mask Corporation and Subsidiaries

SEPARATE STATEMENTS OF CHANGES IN EQUITY

FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

in thousand NTD

		Equities Attributable to Parent Company										
				Retained Earnings			Other Equities					
	Notes	Common Stock	Additional Paid-in Capital	Legal Reserves	Special Reserves	Uncompensated Deficit	Conversion balance of financial statement translation of foreign operating agencies	Unrealized Evaluation Profit and Loss of Available-for-Sales Financial Assets	Treasury Stock	Total	Non-Controlling Interest	Total Equities
For the year ended December 31, 2017												
Balance at January 1, 2017		$ 2,527,136	$ 180,286	$ 761,097	$ 14,287	($ 162,088)	$ 5,719	($ 41,301)	($ 290,994)	$ 2,994,142	$ 223,359	$ 3,217,501
Net Loss		-	-	-	-	(74,177)	-	-	-	(74,177)	(14,376)	(88,553)
Other Comprehensive Profit or Loss	6(15)	-	-	-	-	(39)	1,732	45,057	-	46,750	247,054	293,804
Total Comprehensive Profit or Loss		-	-	-	-	(74,216)	1,732	45,057	-	(27,427)	232,678	205,251
Year 2016 Deficit Compensated with Legal Reserves	6(14)	-	-	(162,088)	-	162,088	-	-	-	-	-	-
APIC-Dividend Paid by Parent Company and received by Subsidiaries	6(13)	-	5,628	-	-	-	-	-	-	5,628	-	5,628
Changes of the Shares Invested in Subsidiaries	6(13)	-	27,034	-	-	-	-	-	-	27,034	(43,987)	(16,953)
Buy-Back Treasury Stock		-	-	-	-	-	-	-	(667,963)	(667,963)	-	(667,963)
Decrease of Non-Controlling Interest		-	-	-	-	-	-	-	-	-	(338,540)	(338,540)
Subsidiaries Sold Out the Shares of Parent Company—Treasury Stock Transaction		-	-	-	-	-	-	-	74,216	74,216	-	74,216
Ending Balance as of 2017/12/31		$ 2,527,136	$ 212,948	$ 599,009	$ 14,287	($ 74,216)	$ 7,451	$ 3,756	($ 884,741)	$ 2,405,630	$ 73,510	$ 2,479,140
For the year ended December 31, 2018												
Beginning Balance as of 2018/1/1		$ 2,527,136	$ 212,948	$ 599,009	$ 14,287	($ 74,216)	$ 7,451	$ 3,756	($ 884,741)	$ 2,405,630	$ 73,510	$ 2,479,140
Impact of Retroactive Applications	6(15)	-	-	-	-	3,756	-	(3,756)	-	-	-	-
Adjusted Balance as of January 1, 2018		2,527,136	212,948	599,009	14,287	(70,460)	7,451	-	(884,741)	2,405,630	73,510	2,479,140
Net Income		-	-	-	-	199,203	-	-	-	199,203	(53,383)	145,820
Other Comprehensive Profit or Loss	6(15)	-	-	-	-	406	402	-	-	808	491	1,299
Total Comprehensive Profit or Loss		-	-	-	-	199,609	402	-	-	200,011	(52,892)	147,119
Year 2017 Deficit Compensated with Legal Reserves	6(14)	-	-	(74,217)	-	74,217	-	-	-	-	-	-
Changes of the Shares Invested in Subsidiaries	6(13)	-	(4,946)	-	-	(3,630)	-	-	-	(8,576)	-	(8,576)
Difference between consideration and carrying amount of subsidiaries acquired or disposed	6(13)	-	(38,571)	-	-	-	-	-	-	(38,571)	-	(38,571)
Decrease of Non-Controlling Interest		-	-	-	-	-	-	-	-	-	(5,301)	(5,301)
Balance at December 31, 2018		$ 2,527,136	$ 169,431	$ 524,792	$ 14,287	$ 199,736	$ 7,853	$ -	($ 884,741)	$ 2,558,494	$ 15,317	$ 2,573,811

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

Taiwan Mask Corporation and Subsidiaries
Consolidated Statements of Cash Flow
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

in thousand NTD

	Notes	FOR THE YEARS ENDED DECEMBER 31,2018	FOR THE YEARS ENDED DECEMBER 31,2017
Cash Flow from Operating Activities			
Net Income(Loss) Before Tax		$ 203,646	($ 65,269)
Adjustments to Reconcile Net Income to Net Cash Flow from Operating Activities			
Revenues and Expenses			
Depreciation	6(20)	146,423	160,373
Amortization	6(20)	3,131	2,187
Expected Credit Impairment Benefit / Bad Debt Expenses		(2,753)	18,167
Interest Incomes	6(17)	(3,158)	(2,963)
Interest Expenses	6(19)	5,573	3,647
Allowances for Sales Return and Discounts		-	183
Net Profit of Financial Asset at Fair Value Through Profit or Loss	6(18)	12,430	(1,348)
Dividend income	6(17)	(16,264)	(2,128)
The Share of Affiliates Profits and Losses Recognized by the Equity Method		43,946	57,075
Gains (loss) on Disposal of Property, Plants and Equipment	6(18)	33,489	(1,748)
Gain (loss) on disposal of investments	6(18)	649	(61,585)
Impairment Loss of Financial Assets	6(18)	(3,735)	23,970
The Changes of Assets/ Liabilities related to Operating Activities			
The Changes of Assets related to Operating Activities			
Force of Financial Asset at Fair Value Through Profit or Loss		(529,269)	524,578
Notes Receivable		1,356	7,322
Accounts Receivable		(94,491)	9,635
Accounts Receivable-related Parties		(935)	7,068
Other Receivables		4,022	(18,799)
Other Receivables-related Parties		4,251	(1,506)
Inventories		(12,744)	(17,261)
Prepayments		3,775	2,297
Other Current Assets		6,908	(38)
The Changes of Liabilities related to Operating Activities			
Contract Liabilities		(24,888)	-
Notes Payable		(181)	156
Accounts Payable		43,488	(15,414)
Other Payables		39,102	36,388
Other Payables- related Parties		1,003	-
Other Current Liabilities		(3,615)	(48,881)
Accrued Pension Liability		(7,102)	(13,351)
Other Non-Current Liabilities		-	(220)
Net Cash In-Flow (Out-Flow) from Operating Activities		(145,943)	602,535
Interest Received		3,112	3,093
Dividends Received		16,264	2,128
Interest Paid		(4,469)	(3,647)
Income Tax Paid		(28,403)	(5,744)
Net Cash In-Flow(Out-Flow) from Operating Activities		(159,439)	598,365

(Continued)

Taiwan Mask Corporation and Subsidiaries
Consolidated Statements of Cash Flow
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

in thousand NTD

	Notes	FOR THE YEARS ENDED DECEMBER 31,2018	FOR THE YEARS ENDED DECEMBER 31,2017
Cash Flow from Investment Activities			
Acquisition of Amortized Cost Financial Assets		($ 32,635)	$ -
Disposal of Amortized Cost Financial Assets		15,995	-
Disposal of Debt Investment in No Active Market		-	434,376
Acquisition of Available-for-sales Financial Assets		-	(67,254)
Disposal of Available-for-sales Financial Assets		-	14,008
Acquisition of investment property by the Equity Method		(66,991)	(49,864)
Cash Out-Flow from Merge		(149,693)	(37,797)
Acquisition of Property, Plants and Equipment	6(27)	(205,618)	(129,816)
Disposal of Property, Plants and Equipment		29,453	-
Acquisition of Intangible Assets		(2,163)	(977)
Disposal of Intangible Assets		-	4,437
Increase of Other Financial Assets		-	(3)
Increase of Refundable Deposits		(1,105)	(2,131)
Net Cash In-Flow(Out-Flow) from Investment Activities		(412,757)	164,979
Cash Flow from Funding Activities			
Increase of Short Term Loan		916,000	25,092
Redemption of Short Term Loan		(406,253)	-
Redemption of Long Term Loan		(26,303)	(415)
Buy Back Treasury Stock		-	(357,063)
Treasury Stock Transactions		-	239,893
Lease account payable		11,525	-
Increase of Guarantee Deposits		3,029	6
The Changes of Non-Controlling Interests		-	(319,502)
Net Cash In-Flow (Out-Flow) from Funding Activities		497,998	(411,989)
Adjustments of Exchange Rate		651	5,229
Increase (Decrease) of Cash and Cash Equivalents		(73,547)	356,584
Beginning Balance of Cash and Cash Equivalents		636,955	280,371
Ending Balance of Cash and Cash Equivalents		$ 563,408	$ 636,955

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

【Appendix 7】

Independent Auditors' Report

To the Board of Directors and Shareholders of

TAIWAN MASK CORPORATION

Opinion

We have audited the accompanying separate balance sheets of TAIWAN MASK CORPORATION as of December 31, 2018 and 2017, and the related statements of comprehensive income, of changes in equity and of cash flows for the years ended December 31, 2018 and 2017, and notes to the separate financial statements, including a summary of significant accounting policies.

In our opinion, based on our audits and the reports of the other independent auditors, as described in the Other matters section of our report, the separate financial statements present fairly, in all material respects, the separate financial position of TAIWAN MASK CORPORATION as of December 31, 2018 and 2017, and its financial performance and its cash flows for the years ended December 31, 2018 and 2017, in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers".

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 Independent Auditor's Responsibilities for the Audit of the Separate Financial Statements section of our report. We are independent of TAIWAN MASK CORPORATION 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. Based on our audits and the report of the other independent auditors, we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

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

Key audit matters for the separate financial statements in the current period are stated as follows:

Evaluation of inventories

Description

Refer to Note 4(12) for the accounting policies on the evaluation of inventories, Note 5(2) for the uncertainty of accounting estimations and assumptions for evaluation of inventories, inventory accounts description please refer to Note 6(5), and Note 6(6) for the details of allowance for inventory valuation. The inventory amount and allowance for inventory valuation loss as of December 31, 2018 is NT$ 133,290 thousand and NT$ 4,966 thousand respectively.

TAIWAN MASK CORPORATION is primarily engaged in mask and integrated circuit services in semiconductor industry. Due to the rapid technological innovations, short life-cycle and competition within the mask industry, the risk of price fluctuation and inventory obsolete is higher than other industry. Since the inventory amount is material in this Company, the evaluation of inventories has been identified a key audit matter.

How our audit addressed the matter

We have performed primary audit procedures for the above matter as follows:

1. Based on the understanding of the operation and industrial nature of the reticle group, it is reasonable to assess the policies and procedures adopted for the inventory allowance for impairment losses.
2. Evaluate management's inventory assessment report to verify the correctness of inventory age.
3. Verify the amount of the net realizable value of the inventory to confirm the admissibility of the inventory evaluation loss.

Income recognition

Description

For the accounting policy on income recognition, please refer to Note 4 (24) of the financial report; the operating income for the year ended December 31, 2018 is NT$1,448,393.

TAIWAN MASK CORPORATION mainly produces and sells products such as masks and integrated circuits used in semiconductors. The sales customers are numerous and scattered. The trading conditions vary according to market conditions and customer needs. Considering the sales revenue is the main transaction of the company. The consolidated financial statements have a significant impact. The accountant believes that the recognition of its sales revenue is one of the most important matters for the year.

How our audit addressed the matter

The audit procedures that the accountant has implemented are as follows:

1. Understand the type of major income and assess internal operations, review revenue recognition accounting treatment.
2. Obtain the sales revenue statement, sample the sales transactions and verify the relevant documents to verify the appropriateness of the sales revenue.
3. For the balance of accounts receivable at the end of the period, execute the certificate and balance confirmation test procedures, and perform tests on the adjustment items of the letter of the letter to confirm that the differences have been properly adjusted.
4. Execute the cut-off test for the sales receipts transaction for a certain period of time before and after the closing date, and confirm that the account is correct at the time of entry.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" and the 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 TAIWAN MASK CORPORATION'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 t TAIWAN MASK CORPORATION 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 financial reporting process of TAIWAN MASK CORPORATION.

Independent auditor's responsibilities for the audit of the separate financial statements

Our objectives are to obtain reasonable assurance about whether the separate 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 separate financial statements.

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

1. Identify and assess the risks of material misstatement of the separate 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 internal control of TAIWAN MASK CORPORATION.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management._
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of TAIWAN MASK CORPORATION 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 separate 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 TAIWAN MASK CORPORATION to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the separate financial statements, including the disclosures, and whether the separate 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 TAIWAN MASK CORPORATION to express an opinion on the separate financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the separate 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 auditor's report because the adverse consequences of doing so would reasonable be expected to outweigh the public interest benefits of such communication.

For and on behalf of PricewaterhouseCoopers, Taiwan

Tina Cheng

Certified Public Accountants

Daniel Lee

March 20,2019

TAIWAN MASK CORPORATION
SEPARATE BALANCE SHEETS
DECEMBER 31, 2018 AND 2017
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	ASSETS	Notes	DECEMBER 31, 2018 AMOUNT	%	DECEMBER 31, 2017 AMOUNT	%
	Current assets					
1100	Cash and Cash Equivalents	6(1)	$ 204,750	6	$ 173,577	7
1136	Financial Assets at Amortized Cost- Cur.	6(3)	25,000	1	-	-
1150	Notes Receivables(Net)	6(4)	1,151	-	1,751	-
1170	Accounts Receivables(Net)	6(4)	337,293	9	241,574	9
1180	Accounts Receivables－Related Parties(Net)	6(4)and7	6,762	-	15,496	1
1200	Other Receivables		7,716	-	9,142	-
1210	Other Receivables－Related Parties	7	386,726	11	116,389	4
1220	Tax Assets		-	-	7,548	-
130X	Inventories	6(5)	128,324	4	113,280	4
1410	Prepayments		63,233	2	75,907	3
1470	Other Current Assets		1,570	-	38	-
11XX	**Total Current Assets**		1,162,525	33	754,702	28
	Non-Current Assets					
1510	Financial Asset at Fair Value Through Profit or Loss-Non Cur.	6(2)	194,099	5	-	-
1523	Available-for-Sale Financial Assets - Non Current	12(4)	-	-	83,331	3
1535	Financial Assets at Amortized Cost-Non Cur.	6(3)and8	29,413	1	-	-
1550	Investment under Equity Method	6(6)	1,157,098	33	914,479	34
1600	Properties, Plants and Equipment	6(7)	855,134	24	840,707	31
1780	Intangible Assets		939	-	1,255	-
1840	Deferred Income Tax Assets	6(21)	6	-	9,534	-
1900	Other Non-Current Assets	8	134,219	4	93,935	4
15XX	**Total Non-Current Assets**		2,370,908	67	1,943,241	72
1XXX	**Total Assets**		$ 3,533,433	100	$ 2,697,943	100

(Continued)

TAIWAN MASK CORPORATION
SEPARATE BALANCE SHEETS
DECEMBER 31, 2018 AND 2017
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

			DECEMBER 31, 2018		DECEMBER 31, 2017	
	LIABILITIES AND EQUITY	Notes	AMOUNT	%	AMOUNT	%
	Current Liabilities					
2100	Short Term Loans	6(8)	$ 591,000	17	$ -	-
2130	Contract Liabilities- Current	6(15)	21,857	1	-	-
2170	Accounts Payables		66,879	2	49,550	2
2200	Other Payables		231,520	7	136,175	5
2230	Current Income Tax Liabilities		9,939	-	13,184	-
2310	Advance Receipts		-	-	20,296	1
2399	Other Current Liabilities-Other	6(9)	14,220	-	2,956	-
21XX	**Total Current Liabilities**		935,415	27	222,161	8
	Non-Current Liabilities					
2570	Deferred Income Tax	6(21)	899	-	145	-
2640	Defined Benefit Liabilities- Non Current	6(10)	19,568	1	26,412	1
2670	Other Non-Current Liabilities	6(9)	19,057	-	43,595	2
25XX	**Total Non-Current Liabilities**		39,524	1	70,152	3
2XXX	**Total Liabilities**		974,939	28	292,313	11
	Equity					
	Stock	6(11)				
3110	Common Stock		2,527,136	72	2,527,136	94
	Additional Paid-in Capital	6(12)				
3200	Additional Paid-in Capital		169,431	4	212,948	8
	Retained Earnings	6(13)				
3310	Legal Reserve		524,792	15	599,009	22
3320	Special Reserve		14,287	-	14,287	1
3350	Uncompensated Deficit		199,736	6	(74,216)	(3)
	Other Equities	6(14)				
3400	Other Equities		7,853	-	11,207	-
3500	**Treasury Stock**	6(11)	(884,741)	(25)	(884,741)	(33)
3XXX	**Total Equities**		2,558,494	72	2,405,630	89
	Major Commitments and Contingencies	9				
	Major Events after Financial Statement Date	11				
3X2X	**Total Liabilities and Equities**		$ 3,533,433	100	$ 2,697,943	100

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

TAIWAN MASK CORPORATION
SEPARATE STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

(Except gain (loss) per share is in NTD)

	Items	Notes	2018 AMOUNT	2018 %	2017 AMOUNT	2017 %
4000	**Operating Incomes**	6(15)	$ 1,448,393	100	$ 1,024,976	100
5000	**Operating Costs**	6(5)	(977,165)	(67)	(808,326)	(79)
5900	**Gross Income from Operations**		471,228	33	216,650	21
5950	**Realized Gross profit**		471,228	33	216,650	21
	Operating Expenses					
6100	Selling Expenses		(42,237)	(3)	(52,813)	(5)
6200	Administrative Expenses		(64,815)	(5)	(44,977)	(4)
6300	R & D Expenses		(76,974)	(5)	(45,299)	(5)
6450	Expected Credit Impairment Benefit		361	-	-	-
6000	**Total Operating Expenses**		(183,665)	(13)	(143,089)	(14)
6900	**Operating Gain & Loss**		287,563	20	73,561	7
	Non-Operating Incomes and Losses					
7010	Other Incomes	6(16)	30,098	2	20,636	2
7020	Other Gains and Losses	6(17)	(19,708)	(1)	(25,305)	(2)
7050	Financial Costs	6(18)	(3,540)	-	(25)	-
7070	Share of profit of subsidiaries, associates and joint ventures accounted for under equity method		(68,805)	(5)	(126,259)	(12)
7000	**Total Non-Operating Incomes and Losses**		(61,955)	(4)	(130,953)	(12)
7900	**Earnings (Loss)Before Tax**		225,608	16	(57,392)	(5)
7950	Income Tax Expense (Benefit)	6(21)	(26,405)	(2)	(16,785)	(2)
8000	**Profit from continuing operations for the year**		199,203	14	(74,177)	(7)
8200	**Net Income (Loss)**		$ 199,203	14	($ 74,177)	(7)
	Other comprehensive income					
	Components of other comprehensive income that will not be reclassified to profit or loss					
8311	Re-measurements of defined benefit plan		$ 406	-	($ 39)	-
	Components of other comprehensive income that will be reclassified to profit or loss					
8361	Financial statement translation differences of foreign operations		402	-	1,732	-
8362	Unrealized loss on valuation of available-for-sale financial assets	12(4)	-	-	45,057	4
8360	**Total Components of other comprehensive income that will be reclassified to profit or los**		808	-	46,750	4
8500	**Total Comprehensive Incomes (Losses)**		$ 200,011	14	($ 27,427)	(3)
	Basic Gain (Loss) per Share	6(22)				
9750	**Net Gain (Loss)**		$ 1.02		($ 0.33)	
	Diluted Gain or Loss per Share	6(22)				
9850	**Net Gain (Loss)**		$ 1.01		($ 0.33)	

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

TAIWAN MASK CORPORATION
SEPARATE STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

				Retained Earnings			Other Equity Interest			
	Notes	Common shares	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Financial statements translation differences of foreign operations	Unrealized gain on valuation of available-for-sale financial assets	Treasury Stock	Total Equities
For the year ended December 31, 2017										
Balance at January 1, 2017		$ 2,527,136	$ 180,286	$ 761,097	$ 14,287	($ 162,088)	$ 5,719	($ 41,301)	($ 290,994)	$ 2,994,142
Net Loss		-	-	-	-	(74,177)	-	-	-	(74,177)
Other Comprehensive Profit or Loss	6(14)	-	-	-	-	(39)	1,732	45,057	-	46,750
Total Comprehensive Profit or Loss		-	-	-	-	(74,216)	1,732	45,057	-	(27,427)
Year 2016 Deficit Compensated with Legal Reserves	6(13)	-	-	(162,088)	-	162,088	-	-	-	-
APIC-Dividend Paid by Parent Company and received by Subsidiaries	6(12)	-	5,628	-	-	-	-	-	-	5,628
Changes of the Shares Invested in Subsidiaries	6(12)	-	27,034	-	-	-	-	-	-	27,034
Buy-Back Treasury Stock		-	-	-	-	-	-	-	(667,963)	(667,963)
Subsidiaries Sold Out the Shares of Parent Company—Treasury Stock Transaction		-	-	-	-	-	-	-	74,216	74,216
Balance at December 31, 2017		$ 2,527,136	$ 212,948	$ 599,009	$ 14,287	($ 74,216)	$ 7,451	$ 3,756	($ 884,741)	$ 2,405,630
For the year ended December 31, 2018										
Balance at January 1, 2018		$ 2,527,136	$ 212,948	$ 599,009	$ 14,287	($ 74,216)	$ 7,451	$ 3,756	($ 884,741)	$ 2,405,630
Impact of Retroactive Applications	6(14)	-	-	-	-	3,756	-	(3,756)	-	-
Adjusted Balance as of January 1, 2018		2,527,136	212,948	599,009	14,287	(70,460)	7,451	-	(884,741)	2,405,630
Net Income		-	-	-	-	199,203	-	-	-	199,203
Other Comprehensive Profit or Loss	6(14)	-	-	-	-	406	402	-	-	808
Total Comprehensive Profit or Loss		-	-	-	-	199,609	402	-	-	200,011
Year 2017 Deficit Compensated with Legal Reserves	6(13)	-	-	(74,217)	-	74,217	-	-	-	-
Changes of the Shares Invested in Subsidiaries	6(12)	-	(4,946)	-	-	(3,630)	-	-	-	(8,576)
Difference between consideration and carrying amount of subsidiaries acquired or disposed	6(12)	-	(38,571)	-	-	-	-	-	-	(38,571)
Balance at December 31, 2018		$ 2,527,136	$ 169,431	$ 524,792	$ 14,287	$ 199,736	$ 7,853	$ -	($ 884,741)	$ 2,558,494

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

TAIWAN MASK CORPORATION
SEPARATE STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	Notes	2018	2017
Cash Flow from Operating Activities			
Net Income(Loss) Before Tax		$ 225,608	($ 57,392)
Adjustments to Reconcile Net Income to Net Cash Flow from Operating Activities			
Revenues and Expenses			
Depreciation	6(19)	117,535	122,381
Amortization	6(19)	897	1,197
Expected Credit Impairment Benefit / Bad Debt Expenses		(361)	5,430
Interest Incomes	6(16)	(7,486)	(5,629)
Interest Expenses	6(18)	3,540	25
Net Profit of Financial Asset at Fair Value Through Profit or Loss	6(17)	29,253	(1,139)
Dividend income	6(16)	(4,170)	-
The Share of Affiliates Profits and Losses Recognized by the Equity Method		68,805	126,259
Gain (loss) on disposal of investments	6(17)	(47)	(2,445)
Impairment Loss of Financial Assets	6(17)	(3,735)	18,415
The Changes of Assets/ Liabilities related to Operating Activities			
The Changes of Assets related to Operating Activities			
Force of Financial Asset at Fair Value Through Profit or Loss		(145,729)	-
Financial assets at fair value through profit or loss		-	518,867
Notes Receivable		600	1,465
Accounts Receivable		(95,358)	11,413
Accounts Receivable-related Parties		8,734	(15,496)
Other Receivables		1,471	(7,057)
Other Receivables-related Parties		(3,375)	(64,713)
Inventories		(15,044)	(40,541)
Prepayments		12,674	(1,117)
Other Current Assets		(1,532)	1,213
Other Financial Assets		-	(4)
The Changes of Liabilities related to Operating Activities			
Contract Liabilities		1,561	-
Notes Payable		17,329	(34)
Other payables		24,161	23,633
Advance Receipts		-	1,807
Other Current Liabilities		9,018	148
Accrued Pension Liability		(6,869)	(13,423)
Other Non-Current Liabilities		-	(220)
Net Cash In-Flow from Operating Activities		237,480	623,043
Interest Received		4,259	5,758
Dividends Received		4,170	-
Interest Paid		(3,147)	(25)
Income Tax Paid		(11,821)	(127)
Net Cash In-Flow from Operating Activities		230,941	628,649

(Continued)

TAIWAN MASK CORPORATION
SEPARATE STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	Notes	2018	2017
Cash Flow from Investment Activities			
Acquisition of Amortized Cost Financial Assets		($ 25,000)	$ -
Disposal of Amortized Cost Financial Assets		15,995	-
Disposal of Debt Investment in No Active Market		-	433,500
Acquisition of Available-for-sales Financial Assets		-	(46,944)
Acquisition of investment property by the Equity Method		(372,205)	(592,652)
The capital returned by the invested company		-	14,080
Other Receivables- Increase of related Parties		(263,780)	-
Acquisition of Property, Plants and Equipment	6(24)	(146,191)	(123,315)
Acquisition of Intangible Assets		(581)	(753)
Increase of Refundable Deposits		(472)	(1,829)
Net Out-Flow from Investment Activities		(792,234)	(317,913)
Cash Flow from Funding Activities			
Increase of Short Term Loan		916,000	-
Redemption of Short Term Loan		(325,000)	-
Buy Back Treasury Stock		-	(357,063)
Lease account payable		1,457	-
Increase of Guarantee Deposits		9	6
Net Cash In-Flow (Out-Flow) from Funding Activities		592,466	(357,057)
Increase (Decrease) of Cash and Cash Equivalents		31,173	(46,321)
Beginning Balance of Cash and Cash Equivalents		173,577	219,898
Ending Balance of Cash and Cash Equivalents		$ 204,750	$ 173,577

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

【Appendix 8】

Taiwan Mask Corporation

2018 Earnings Appropriation

in NTD

Beginning Balance	**0**
Add: Net income	199,202,719
Add: IFRS adjustments	3,755,788
Add: Remeasurement of pension fund	406,972
Deduct: Adjustment for investment change of shares holding	(3,629,077)
Sub-Total	**199,736,402**
Deduct: Legal reserves	(19,920,272)
Add: Reverse of special reserves	14,287,295
Earnings could be appropriated	**194,103,425**
Appropriation	
Cash dividend【NTD 0.834 per share】	194,083,152
Ending Balance	**20,273**

Chairman:K.J. Wu　　President:Yarn Chen　　Accounting Manager: Marie Wu

【Appendix 9】

Taiwan Mask Corporation
Article of Incorporation
Revision Table

Revised	Current
Article 2 The business scope is as follow: CC01080 manufacturing of electronic parts F401010 international trading a. research, development, manufacture and sale of Mask. b. technology assistant, consultant, verification, maintenance and repairmen of Mask.	Article 2 The business scope is as follow: a. research, development, manufacture and sale of Mask. b. technology assistant, consultant, verification, maintenance and repairmen of Mask.
Article 26 This Article of Incorporation was set up on 1988/10/7, the first amendment was on 1990/5/29, the second amendment was on 1991/4/2, the third amendment was on 1992/5/4, the fourth amendment was on 1994/4/26, the fifth amendment was on 1994/5/28, the sixth amendment was on 1995/6/6, the seventh amendment was on 1996/6/1, the eighth amendment was on 1997/5/27, the ninth amendment was on 1998/5/21, the tenth amendment was on 1999/5/5, the eleventh amendment was on 2000/6/12, the twelfth amendment was on 2001/4/24, the thirteenth amendment was on 2002/5/28, the fourteenth amendment was on 2003/6/3, the fifteenth amendment was on 2004/6/24, the sixteenth amendment was on 2006/6/12, the seventeenth amendment was on 2010/6/18, the eighteenth amendment was on 2011/6/22, the nineteenth amendment was on 2016/6/23, the twentieth amendment was on 2017/6/23, the twenty-first amendment was on 2019/6/11.	Article 26 This Article of Incorporation was set up on 1988/10/7, the first amendment was on 1990/5/29, the second amendment was on 1991/4/2, the third amendment was on 1992/5/4, the fourth amendment was on 1994/4/26, the fifth amendment was on 1994/5/28, the sixth amendment was on 1995/6/6, the seventh amendment was on 1996/6/1, the eighth amendment was on 1997/5/27, the ninth amendment was on 1998/5/21, the tenth amendment was on 1999/5/5, the eleventh amendment was on 2000/6/12, the twelfth amendment was on 2001/4/24, the thirteenth amendment was on 2002/5/28, the fourteenth amendment was on 2003/6/3, the fifteenth amendment was on 2004/6/24, the sixteenth amendment was on 2006/6/12, the seventeenth amendment was on 2010/6/18, the eighteenth amendment was on 2011/6/22, the nineteenth amendment was on 2016/6/23, the twentieth amendment was on 2017/6/23.

【Appendix 10】

Taiwan Mask Corporation

Guidelines for Derivatives Trading

Revision Table

Revised	Current
Section 2 Article 1 The purpose of trading derivatives is to manage the risks derive from foreign exchange rate fluctuation due to accounts receivables/ payables, assets and liabilities.	Section 2 Article 1 The purpose of trading derivatives is to manage the risks derive from purchasing equipment and material.
Section 3 Article 1 The company shall make announcements for the contents of derivatives trading (both hedge and trading) in previous month along with operating announcements before every 10^{th} days in each month based on "Regulations Governing the Aquistions and Disposals of Assets".	Section 3 Article 1 The company shall make announcements for the contents of derivatives trading (both hedge and trading) in previous month along with operating announcements before every 10^{th} days in each month based on "Regulations Governing the Aquistions and Disposals of Assets" issued by Securities and Futures Bureau. The announcement shall be sent to Securities and Futures Bureau combined with the announcement published on newspaper.
Section 3 Article 3 The company shall report the auditing of derivatives trading along with internal audit annual auditing plan to the government by the end of Feb. in each year.	Section 3 Article 3 The company shall report the auditing of derivatives trading along with internal audit annual auditing plan to the government by the end of Feb. in each year to Securities and Futures Bureau.
Section 3 Article 4 The company shall report to the government the extraordinariness of the procedures of derivatives trading by the end of May in each year.	Section 3 Article 4 The company shall report to Securities and Futures Bureau the extraordinariness of the procedures of derivatives trading by the end of May in each year.
Section 3 Article 5 When a subsidiary not publicly listed is trading derivatives, the company shall follow the guidelines in Section 3 to make announcements and reports on behalf of the subsidiary.	(New added)
Section 4 Article 6 When preparing quarterly financial statements (including annual, semi-annual, quarter and consolidated financial statements), No. 34 and 36 of the Finance	Section 4 Article 6 When preparing quarterly financial statements (including annual, semi-annual, quarter and consolidated financial statements), "Disclosures for derivatives

Revised	Current
Accounting standards shall be applied and disclose the derivatives related information in the footnotes of that financial statements.	trading in public company" shall be applied and disclose the derivatives related information in the footnotes of that financial statements.
Section 7 Article 1 The revision of this guideline shall be approved by the auditing committee and then approved by the board of directors' meeting, and submit it into the shareholders' meeting for resolution. If a dissent is raised by a director with a written record or an announcement, the dissent shall be then sent to the auditing committee and the shareholders' meeting for discussion. Where the company has established the position of independent director, when this procedure is discussed in the board of directors' meeting, it shall take into full consideration each independent director's opinions; independent directors' opinions specifically expressing assent or dissent and their reasons for dissent shall be included in the minutes of the board of directors' meeting.	Section 7 Article 1 The guideline shall be approved by board of directors' meeting, submitted to Securities Committee, then report it to the shareholders' meeting. When revise it, the same procedures shall be adopted.

【Appendix 11】

Taiwan Mask Corporation
Regulations Governing the Acquisitions and Disposals of Assets
Revision Table

Revised	Current
Article 2 Scope The term "assets" as used in these Regulations includes the following: 1. Investments in stocks, government bonds, corporate bonds, financial bonds, securities representing interest in a fund, depositary receipts, call (put) warrants, beneficial interest securities, and asset-backed securities. 2. Real property (including land, houses and buildings, investment property, rights to use land, and construction enterprise inventory) and equipment. 3. Memberships. 4. Patents, copyrights, trademarks, franchise rights, and other intangible assets. 5. Right-of-use assets. 6. Claims of financial institutions (including receivables, bills purchased and discounted, loans, and overdue receivables). 7. Derivatives. 8. Assets acquired or disposed of in connection with mergers, demergers, acquisitions, or transfer of shares in accordance with law. 9. Other major assets.	Article 2 Scope The term "assets" as used in these Regulations includes the following: 1. Long term and short term investment including investments in stocks, government bonds, corporate bonds, financial bonds, securities representing interest in a fund, depositary receipts, call (put) warrants, beneficial interest securities, and asset-backed securities. 2. Real property. 3. Equipment. 4. Memberships. 5. Patents, copyrights, trademarks, franchise rights, and other intangible assets. 6. Claims of financial institutions (including receivables, bills purchased and discounted, loans, and overdue receivables). 7. Derivatives. 8. Assets acquired or disposed of in connection with mergers, demergers, acquisitions, or transfer of shares in accordance with law. 9. Other major assets.
Article 3 Terms used in these Regulations are defined as follows: “Date of occurrence”, “Assets acquired or disposed through mergers, demergers, acquisitions, or transfer of shares in accordance with law”, “Related party”, “Subsidiaries”, “Professional appraiser”, “Mainland China area investment”, “Derivatives”, all the definitions of terms listed above are the same with “Regulations Governing the Acquisitions and Disposals of Assets by Public Companies” issued by government authorities.	Article 3 Terms used in these Regulations are defined as follows: “Date of occurrence”, “Assets acquired or disposed through mergers, demergers, acquisitions, or transfer of shares in accordance with law”, “Related party”, “Subsidiaries”, “Professional appraiser”, “Mainland China area investment”, “Derivatives”, all the definitions of terms listed above are the same with “Regulations Governing the Acquisitions and Disposals of Assets by Public Companies” issued by Securities and Futures Bureau.

Revised	Current
Article 5 Procedures for Acquisitions and Disposals of Assets 1. Securities: A. Procedures: Finance Department shall set up transaction conditions based on market situation and internal forecast. Evaluate and appraise the case as long-term or short-term investment. Conducting the acquisitions and disposals in accordance with "The authorization matrix of procedures for acquisitions and disposals of assets". B. Appraisal: The company acquiring or disposing of securities shall, prior to the date of occurrence of the event, obtain financial statements of the issuing company for the most recent period, certified or reviewed by a certified public accountant, for reference in appraising the transaction price. If the dollar amount of the transaction is 20 percent of the company's paid-in capital or NT$300 million or more, the company shall additionally engage a certified public accountant prior to the date of occurrence of the event to provide an opinion regarding the reasonableness of the transaction price. 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 government authorities. (Skip) 2. Real Property, other Fixed Assets and right-of-use assets (including land, houses and buildings, investment property, rights to use land, and construction enterprise inventory): A. Procedures: (Skip) B. Appraisal: The department acquiring or disposing of real property and	Article 5 Procedures for Acquisitions and Disposals of Assets 1. Securities: A. Procedures: Finance Department shall set up transaction conditions based on market situation and internal forecast. Evaluate and appraise the case as long-term or short-term investment. Conducting the acquisitions and disposals in accordance with "The authorization matrix of procedures for acquisitions and disposals of assets". B. Appraisal: The company acquiring or disposing of securities shall, prior to the date of occurrence of the event, obtain financial statements of the issuing company for the most recent period, certified or reviewed by a certified public accountant, for reference in appraising the transaction price. If the dollar amount of the transaction is 20 percent of the company's paid-in capital or NT$300 million or more and the dollar amount of the transaction is 20 percent of the company's paid-in capital or NT$300 million or more, the company shall additionally engage a certified public accountant prior to the date of occurrence of the event to provide an opinion regarding the reasonableness of the transaction price. 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 government authorities. (Skip) 2. Real Property: A. Procedures: (Skip) B. Appraisal: The department acquiring or disposing of real property and

Revised	Current
other fixed assets shall file his request to Procurement Department to get quotations, biddings, and negotiations on the price, for reference in appraising the transaction price. In acquiring or disposing of real property or equipment where the transaction amount reaches 20 percent of the company's paid-in capital or NT$300 million or more, the company, unless transacting with a government agency, engaging others to build on its own land, engaging others to build on rented land, or acquiring or disposing of equipment for business use, shall obtain an appraisal report (there must not be related between the appraiser and both transaction parties) prior to the date of occurrence of the event from a professional appraiser and shall further comply with the following provisions: (Skip) C. Execution Department: Finance department and Procurement department shall base on "The authorization matrix of procedures for acquisitions and disposals of assets" to get proper approval before the acquisitions or disposals of these real property , other fixed assets and right-of-use assets (including land, houses and buildings, investment property, rights to use land, and construction enterprise inventory).	other fixed assets shall file his request to Procurement Department to get quotations, biddings, and negotiations on the price, for reference in appraising the transaction price. In acquiring or disposing of real property or equipment where the transaction amount reaches 20 percent of the company's paid-in capital or NT$300 million or more, the company, unless transacting with a government agency, engaging others to build on its own land, engaging others to build on rented land, or acquiring or disposing of equipment for business use, shall obtain an appraisal report (report format and necessary information are listed in attachment 1, and there must not be related between the appraiser and both transaction parties) prior to the date of occurrence of the event from a professional appraiser and shall further comply with the following provisions: (Skip) C. Execution Department: Finance department and Resource Planning department shall base on "The authorization matrix of procedures for acquisitions and disposals of assets" to get proper approval before the acquisitions or disposals of these real property or other fixed assets.
Article 5 Procedures for Acquisitions and Disposals of Assets 3. Intangible assets like memberships, patents, copy rights, trade marks, franchises: (Skip) C. Execution Department: Finance department and Procurement	Article 5 Procedures for Acquisitions and Disposals of Assets 3. Intangible assets like memberships, patents, copy rights, trade marks, franchises: (Skip) C. Execution Department: Finance department and Resource Planning

Revised	Current
department shall base on "The authorization matrix of procedures for acquisitions and disposals of assets" to get proper approval before the acquisitions or disposals of these intangible assets.	department shall base on "The authorization matrix of procedures for acquisitions and disposals of assets" to get proper approval before the acquisitions or disposals of these intangible assets.
Article 5 Procedures for Acquisitions and Disposals of Assets 5. Derivatives: (Skip) G. Risk Management: (Skip) (10) Evaluation reports of positions for hedge trades required by business shall be evaluated at once a week. Evaluation reports shall be submitted to senior management personnel authorized by the board of directors.	Article 5 Procedures for Acquisitions and Disposals of Assets 5. Derivatives: (Skip) G. Risk Management: (Skip) (10) Evaluation reports of positions for hedge trades required by business shall be evaluated at least twice per month. Evaluation reports shall be submitted to senior management personnel authorized by the board of directors.
Article 5 Procedures for Acquisitions and Disposals of Assets 7. The acquisitions and disposals of other major assets: The responsible department shall do the transaction in accordance with the Article of Incorporation and authorization matrix of the company.	Article 5 Procedures for Acquisitions and Disposals of Assets 7. The acquisitions and disposals of other major assets: The responsible department (Resource Planning department) shall do the transaction in accordance with the Article of Incorporation and authorization matrix of the company.
Article 6 The process of acquisition or disposal of real properties from or to a related party: (Skip) 3. The reasonableness of the transaction costs: (Skip) D. When the results of the company's appraisal conducted in accordance with Article 6-3-A. and B.…(Skip) (1) Where the related party acquired undeveloped land…(Skip) b. Completed transactions by unrelated parties within the preceding year involving other floors of the same property or neighboring or closely valued parcels of land, where the land area	Article 6 The process of acquisition or disposal of real properties from or to a related party: (Skip) 3. The reasonableness of the transaction costs: (Skip) D. When the results of the company's appraisal conducted in accordance with Article 6-3-A. and B.…(Skip) (1) Where the related party acquired undeveloped land…(Skip) b. Completed transactions by unrelated parties within the preceding year involving other floors of the same property or neighboring or closely valued parcels of land, where the land area

Revised	Current
and transaction terms are similar after calculation of reasonable price discrepancies in floor or area land prices in accordance with standard property market transactions practices.	and transaction terms are similar after calculation of reasonable price discrepancies in floor or area land prices in accordance with standard property market practices.
Article 8 Procedures of public disclosure of information: 1. Disclosure items and standards: (Skip) E. Except for above mentioned 4 conditions, all assets transactions and credit right transactions in financial institutions, where the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the company's total assets, or NT$300 million or more; provided, following conditions are not limited: (Skip)	Article 8 Procedures of public disclosure of information: 1. Disclosure items and standards: (Skip) E. Except for above mentioned 4 conditions, all assets transactions and credit right transactions in financial institutions, where the transaction amount reaches 20 percent or more of paid-in capital, or NT$300 million or more; provided, following conditions are not limited: (Skip)
Article 8 Procedures of public disclosure of information: 3. Procedures of announcement reporting: (Skip) E. 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 counting inclusively from the date of occurrence of the event: (1) Change, termination, or rescission of a contract signed in regard to the original transaction. (2) The merger, demerger, acquisition, or transfer of shares is not completed by the scheduled date set forth in the contract. (3) Change to the originally publicly announced and reported information.	Article 8 Procedures of public disclosure of information: 3. Procedures of announcement reporting: (Skip) E. 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 counting inclusively from the date of occurrence of the event: (1) Change, termination, or rescission of a contract signed in regard to the original transaction. (2) The merger, demerger, acquisition, or transfer of shares is not completed by the scheduled date set forth in the contract.
Article 8 Procedures of public disclosure of information: 4. (Deleted)	Article 8 Procedures of public disclosure of information: 5. Content and format of announcement: A. When acquiring or disposing of

Revised	Current
	securities, see attachment 2. B. When acquiring or disposing of real properties, see attachment 3. C. When acquiring or disposing of real properties or other fixed assets, see attachment 4. D. When acquiring or disposing of securities not traded in public market or intangible assets, see attachment 5. E. When investing in Main China, see attachment 6. F. When acquiring or disposing of derivatives which shall be disclosed in 2 days, see attachment 7-1. G. When acquiring or disposing of derivatives which shall be disclosed in 10 days, see attachment 7-2. H. When the company that conducts a merger, demerger, acquisition, or transfer of shares, see attachment 8.
Article 9 Public announcement and reporting items for subsidiaries: 2. The paid-in capital or total assets of the public company shall be the standard for determining whether or not a subsidiary referred to in the preceding paragraph requiring a public announcement and regulatory filing in the event the type of transaction specified therein reaches 20 percent of paid-in capital or 10 percent of the total assets.	Article 9 Public announcement and reporting items for subsidiaries: 2. The paid-in capital or total assets of the public company shall be the standard for determining whether or not a subsidiary referred to in the preceding paragraph requiring a public announcement and regulatory filing in the event the type of transaction specified therein reaches 20 percent of paid-in capital.
Article 10 Controlling procedures for subsidiaries: When a subsidiary acquiring or disposing major equipments investments (over NT$ 10 million), securities and derivatives (over NT$ 10 million) shall follow the authorization matrix of that subsidiary and get proper approval.	Article 10 Controlling procedures for subsidiaries: When a subsidiary acquiring or disposing major equipments investments (over NT$ 10 million), securities and derivatives (over NT$ 10 million) shall follow the authorization matrix and get proper approval.

【Appendix 12】

Taiwan Mask Corporation
Regulations Governing Loaning of Funds
Revision Table

Revised	Current
Article 4-3 Loans between foreign companies in which the company directly and indirectly holds more than 100 percent of the voting shares shall not be limited by above regulations. Or, foreign companies in which the company directly and indirectly holds more than 100 percent of the voting shares loans to the company shall not be limited by above regulations. But the total loan amount and the loan to one specific company shall not exceed 50% of the company's net worth.	Article 4-3 Loans between foreign companies in which the company directly and indirectly holds more than 100 percent of the voting shares shall not be limited by above regulations. But the total loan amount and the loan to one specific company shall not exceed 50% of the company's net worth.
Article 5-3 When the amount of loan is set, the borrower shall file an application form for the lending of the loan. And the company may request a same amount note or other collateral as the guarantee.	Article 5-3 When the amount of loan is set, the borrower shall file an application form for the lending of the loan. And the company should request a same amount note or other collateral as the guarantee.
Article 7-1 The interest rate shall be using the rate published by Taiwan Bank on January 1st, every year. When there is a need to modify the rate, finance department shall submit the request to board of directors' meeting for resolution.	Article 7-1 The interest rate shall be using the floating rate. When there is a need to modify the rate, finance department shall submit the request to board of directors' meeting for resolution.
Article 8-3 When the loan is due, the loan and the interest shall be paid at that time. When a loan is derivative from an inter-company or inter-firm business transaction to be prolong after due day, the request shall be made in advance and submitted to the board of directors' meeting for resolution. The prolong period shall not exceed 6 months and can only be prolong for once, any violation of the regulation the company shall sell out the collateral or file law suit against the borrower.	Article 8-3 When the loan is due, the loan and the interest shall be paid at that time. A prolong request shall be made in advance and submitted to the board of directors' meeting for resolution. The prolong period shall not exceed 6 months and can only be prolong for once, any violation of the regulation the company shall sell out the collateral or file law suit against the borrower.
Article 9-1 Finance department shall follow Article 21	Article 9-1 Finance department shall follow Article 21

Revised	Current
and 22 of regulations governing loaning of funds and making of endorsements/guarantees by public companies to make announcements and reports for the loan status.	and 22 of regulations governing loaning of funds and making of endorsements/guarantees by public companies issued by Finance Supervisor Committee to make announcements and reports for the loan status.
Article 9-2 Subsidiaries of the company shall report the loan amount, counter party and loan period to the company by the 5th day of each month. When Article 9 is met, an immediately notice shall be made to the company to do announcements and reports.	(New Added)
Article 10 The revision of this regulation shall be approved by 1/2 members of the auditing committee and then approved by the board of directors' meeting, and submit it into the shareholders' meeting for resolution. If the revision is not approved by 1/2 members of the auditing committee, then 2/3 of directors' approval in the board meeting is also acceptable. When this is the case, the resolution of the auditing committee shall be recorded in the meeting minutes of board meeting. The members in auditing committee and the directors in board meeting are counted as the one is officially on his/her duty.	Article 10 The revision of this regulation shall be approved by the auditing committee and then approved by the board of directors' meeting, and submit it into the shareholders' meeting for resolution. If a dissent is raised by a director with a written record or an announcement, the dissent shall be then sent to the auditing committee and the shareholders' meeting for discussion. Where the company has established the position of independent director, when this procedure is discussed in the board of directors' meeting, it shall take into full consideration each independent director's opinions; independent directors' opinions specifically expressing assent or dissent and their reasons for dissent shall be included in the minutes of the board of directors' meeting.
Article 11 Subsidiaries of the company shall follow the procedures stated above to make loans to others, and also follow the authorization matrix of that subsidiary.	Article 11 Subsidiaries of the company shall follow the procedures stated above to make loans to others, and also submit it to the company for approval.
Article 13 As mentioned above in Article 8-6, when there is a need to notify independent directors, it shall be in written format. When situation changed, the original borrowing party can no longer meet the requirement stated in this regulation or exceed the amount limit, the borrowing	(New added)

Revised	Current
party shall prepare an improvement plan and submit it to independent directors. The borrowing party shall also make improvements according to the improvement plan.	

【Appendix 13】

Taiwan Mask Corporation

Regulations Governing Making Endorsements and Guarantees

Revision Table

Revised	Current
Article 1 Purpose To manage financial operations and lower down management risks, the company set up this regulation based on "Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies" issued by government authorities. When doing all operations related to endorsements and guarantees shall follow this regulation.	Article 1 Purpose To manage financial operations and lower down management risks, the company set up this regulation based on "Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies" issued by Financial Supervisory Committee. When doing all operations related to endorsements and guarantees shall follow this regulation.
Article 5 Authorization When making endorsements and guarantees, the company shall follow this regulation Article 6-1. In some special circumstances, the board of directors meeting shall authorize the chairman to execute the process in the limit of NT$ 50 million of total amount and NT$ 10 million of one single company, then report to a soonest board of directors meeting afterwards. Companies in which the company holds, directly or indirectly, 90% or more of the voting shares may make endorsements/guarantees for each other upon the authorization matrix of that subsidiary in accordance with Article 3-2. Companies in which the company holds, directly or indirectly, 100% of the voting shares may make endorsements/guarantees for each other, shall not apply to the restrictions stated above.	Article 5 Authorization When making endorsements and guarantees, the company shall follow this regulation Article 6-1. In some special circumstances, the board of directors meeting shall authorize the chairman to execute the process in the limit of NT$ 50 million of total amount and NT$ 10 million of one single company, then report to a soonest board of directors meeting afterwards. Companies in which the company holds, directly or indirectly, 90% or more of the voting shares may make endorsements/guarantees for each other upon the approval of board of directors' meeting in accordance with Article 3-2. Companies in which the company holds, directly or indirectly, 100% of the voting shares may make endorsements/guarantees for each other, shall not apply to the restrictions stated above.
Article 7 Procedures of the use and keep of the company chop 1. The company shall use the corporate chop registered with the Ministry of Economic Affairs as the dedicated chop for endorsements/guarantees. The chop shall be kept in the custody of a	Article 7 Procedures of the use and keep of the company chop 1. The company shall use the corporate chop registered with the Ministry of Economic Affairs as the dedicated chop for endorsements/guarantees. The chop shall be kept in the custody of chairman

Revised	Current
designated person approved by the board of directors, and shall be transferred when job rotate.	and his secretary, and shall be transferred when job rotate.
Article 8 Procedures for announcements Finance department shall making announcements in accordance with Articl 24 and 25 of "Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies" issued by government authorities.	Article 8 Procedures for announcements Finance department shall making announcements in accordance with Articl 24 and 25 of "Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies" issued by Financial Supervisory Committee.
Article 9 Others 1. The "Regulations governing making endorsements and guarantees" of subsidiaries shall be defined according to the one of the company. When a subsidiary making endorsement/ guarantee, the subsidiary shall follow the rule of "Authorization Matrix" of its own to approve it. The subsidiary shall report the amount, counter party, period of the endorsement/ guarantee to the company by the fifth day of each month. When the subsidiary meets the requirement of Article 8 shall notify the company immediately to make announcements	Article 9 Others 1. The "Regulations governing making endorsements and guarantees" of subsidiaries shall be defined according to the one of the company. When a subsidiary making endorsement/ guarantee, the subsidiary shall follow the resolution made by board of directors' meeting. The subsidiary shall report the amount, counter party, period of the endorsement/ guarantee to the company by the fifth day of each month. When the subsidiary meets the requirement of Article 8 shall notify the company immediately to make announcements.
Article 9 Others 3. The revision of this regulation shall be approved by 1/2 of members of Auditing Committee, then submitted to the board of directors meeting for approval, and then submitted to shareholders' meeting for approval. If different opinions are raised by directors, the opinions shall be recorded in written format and submitted in Auditing Committee and shareholders' meeting for discussion. If this revision is not approved by 1/2 of members of Auditing Committee, 2/3 of the directors in board meeting approval is also acceptable. When this is the case, then the resolution of the Auditing Committee shall be recorded in the meeting minutes of board meeting. The members in	Article 9 Others 3. The revision of this regulation shall be approved by Auditing Committee, then submitted to the board of directors meeting for approval, and then submitted to shareholders' meeting for approval. If different opinions are raised by directors, the opinions shall be recorded in written format and submitted in Auditing Committee and shareholders' meeting for discussion. When discussing this regulation in the board of directors meeting, opinions from independent directors shall be considered and recorded in the meeting minutes.

Revised	Current
Auditing Committee and directors in board meeting shall be counted when officially on his/her duty.	
Article 9 Others 6. As mentioned above, when there is a need to notify independent directors, it shall be in written format. When situation changed, the original endorsed party can no longer meet the requirement stated in this regulation or exceed the amount limit, the endorsed party shall prepare an improvement plan and submit it to independent directors. The endorsed party shall also make improvements according to the improvement plan.	Article 9 Others (New added)

【Appendix 1】

Taiwan Mask Corporation
Rules and Procedures for Shareholders' Meeting

Revised and approved by shareholders' meeting on 2002/5/28

Article 1 The rules of procedures for the company's shareholders' meetings, except as otherwise provided by law, regulation, or the articles of incorporation, shall be as provided in these Rules.

Article 2 The company shall furnish the attending shareholders with an attendance book to sign, or attending shareholders may hand in a sign-in card in lieu of signing in. The shares of attendance shall be calculated based on the attendance book or the sign-in card.

Article 3 Attendance at shareholders' meetings shall be calculated based on numbers of shares.

Article 4 The venue for a shareholders' meeting shall be the premises of the company, or a place easily accessible to shareholders and suitable for a shareholders' meeting. The meeting may begin no earlier than 9 a.m. and no later than 3 p.m.

Article 5 If a shareholders' meeting is convened by the board of directors, the meeting shall be chaired by the chairperson of the board. When the chairperson of the board is on leave or for any reason unable to exercise the powers of the chairperson, the vice chairperson shall act in place of the chairperson; if there is no vice chairperson or the vice chairperson also is on leave or for any reason unable to exercise the powers of the vice chairperson, the chairperson shall appoint one of the managing directors to act as chair, or, if there are no managing directors, one of the directors shall be appointed to act as chair. Where the chairperson does not make such a designation, the managing directors or the directors shall select from among themselves one person to serve as chair.

If a shareholders' meeting is convened by a party with power to convene but other than the board of directors, the convening party shall chair the meeting. When there are two or more such convening parties, they shall mutually select a chair from among themselves.

Article 6 The company may appoint its attorneys, certified public accountants, or related persons retained by it to attend a shareholders' meeting in a non-voting capacity.

The staffs who help in the meeting shall wear a badge or identification.

Article 7 The company, beginning from the time it accepts shareholder attendance registrations, shall make an uninterrupted audio and video recording of the registration procedure, the proceedings of the shareholders meeting, and the voting and vote counting procedures.

The recorded materials of the preceding paragraph shall be retained for at least 1 year.

Article 8 The chair shall call the meeting to order at the appointed meeting time. However, when the attending shareholders do not represent a majority of the total number of issued shares, the chair may announce a postponement, provided that no more than two such postponements, for a combined total of no more than 1 hour, may be made. If the quorum is not met after two postponements and the attending shareholders still represent less than one third of the total number of issued shares, the chair shall declare the meeting adjourned.

If the quorum is not met after two postponements as referred to in the preceding paragraph, but the attending shareholders represent one third or more of the total number of issued shares, a tentative resolution may be adopted pursuant to Article 175, paragraph 1 of the Company Act; all shareholders shall be notified of the tentative resolution and another shareholders meeting shall be convened within 1 month.

When, prior to conclusion of the meeting, the attending shareholders represent a majority of the total number of issued shares, the chair may resubmit the tentative resolution for a vote by the shareholders meeting pursuant to Article 174 of the Company Act.

Article 9 If a shareholders’ meeting is convened by the board of directors, the meeting agenda shall be set by the board of directors. The meeting shall proceed in the order set by the agenda, which may not be changed without a resolution of the shareholders’ meeting.

The provisions of the preceding paragraph apply mutatis mutandis to a shareholders meeting convened by a party with the power to convene that is not the board of directors.

The chair may not declare the meeting adjourned prior to completion of deliberation on the meeting agenda of the preceding two paragraphs (including extraordinary motions), except by a resolution of the shareholders meeting.

Article 10 During the meeting, the discussions shall follow the order of the agenda; the chair shall stop any violations. When one shareholder raises a motion, revision or alternative outside the agenda, the shareholder shall get a seconded proposal before the discussion. The shares of the shareholder and the seconded shareholder shall be added together and over 10% of the outstanding shares then the motion can be discussed.

Article 11 Before speaking, an attending shareholder must specify on a speaker's slip the subject of the speech, his/her shareholder account number (or attendance card number), and account name. The order in which shareholders speak will be set by the chair.

A shareholder in attendance 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. When an attending shareholder is speaking, other shareholders may not speak or interrupt unless they have sought and obtained the consent of the chair and the shareholder that has the floor; the chair shall stop any violation.

Article 12 Except with the consent of the chair, a shareholder may not speak more than twice on the same proposal, and a single speech may not exceed 5 minutes. If the shareholder's speech violates the rules or exceeds the scope of the agenda item, the chair may terminate the speech.

Article 13 When a juristic person is appointed to attend a shareholders' meeting, the juristic person shall only assign one representative. When a juristic person shareholder appoints two or more representatives to attend a shareholders' meeting, only one of the representatives so appointed may speak on the same proposal.

Article 14 After an attending shareholder has spoken, the chair may respond in person or direct relevant personnel to respond.

Article 15 When the chair is of the opinion that a proposal has been discussed sufficiently to put it to a vote, the chair may announce the discussion closed and call for a vote.

Article 16 Vote monitoring and counting personnel for the voting on a proposal shall be appointed by the chair, provided that all monitoring personnel shall be shareholders of the company.

Vote counting for shareholders meeting proposals or elections shall be conducted in public at the place of the shareholders meeting. Immediately after vote counting has been completed, the results of the voting, including the statistical tallies of the numbers of votes, shall be announced on-site at the meeting, and a record made of the vote.

Article 17 When a meeting is in progress, the chair may announce a break based on time considerations.

Article 18 Except as otherwise provided in the Company Act and in the company's articles of incorporation, the passage of a proposal shall require an affirmative vote of a majority of the voting rights represented by the attending shareholders.

If the chair asks for different opinion on a proposal but gets no response, the proposal then is deemed as passed just like an affirmative vote.

Article 19 When there is an amendment or an alternative to a proposal, the chair shall present the amended or alternative proposal together with the original proposal and decide the order in which they will be put to a vote. When any one among them is passed, the other proposals will then be deemed as rejected, and no further voting shall be required.

Article 20 The chair may direct the proctors or security personnel to help maintain order at the meeting place. When proctors or security personnel help maintain order at the meeting place, they shall wear an identification card or armband bearing the word "Proctor."

Article 21 These rules, and any amendments hereto, shall be implemented after adoption by shareholders meetings.

【Appendix 2】

Article of Incorporation
Of
Taiwan Mask Corporation

(Before Revision)

Latest revised: resolution upon 2019 shareholders' meeting on 2017/6/23

Section I – General Provisions

Article 1 The company is incorporated under Company Act and its name is 台灣光罩股份有限公司 in Chinese, TAIWAN MASK CORPORATION in English.

Article 2 The business scope is as follow:
a. research, development, manufacture and sale of Mask.
b. technology assistant, consultant, verification, maintenance and repairmen of Mask.

Article 2-2 The total amount of investment of the company shall not be subject to Company Act 13 of the restriction of not exceeding 40% of common stock issued when the company acts as limited liability shareholder of other company.

Article 3 The headquarters of the company is located in Hsin-Chu Science Park in Taiwan. The company may have its branch office when getting resolution upon Board meeting and the approval of government authorities.

Article 4 The company may act as a guarantor of other company.

Article 5 Deleted

Section II - Shares

Article 6 The total amount of capital of the company is five billion New Taiwan Dollars (NTD $ 5,000,000,000) and shall be issued in five hundred million (500,000,000) shares. The shares are all in common stock and shall be issued in ten New Taiwan Dollars (NTD $ 10) as par value per share. The issuing timing of the shares shall be authorized to Board meeting resolution and the capital shall be paid-in installments.

Article 6-1 Deleted

Article 7 Deleted

Article 8 The share certificate of the company issued shall all be name-bearing and shall be affixed with the seals or signatures of at least three (3) directors of the company, and shall be duly authenticated pursuant to the law. Printing hard-copy share certificates is not always necessary, but all shares issued should be registered in Taiwan Depository & Clearing Corporation.

Article 9 The shareholder list of the company shall be freeze unchanged at following circumstances: a. sixty (60) days earlier before annual shareholders' meeting is to be held; b. thirty (30) days earlier before provisional shareholders' meeting is to be held; c. five (5) days earlier before the basic date of the company paying dividends, bonus or other benefits.

Article 10 Deleted

Section III – Shareholders' Meeting

Article 11 There are two different types of shareholders' meeting, one is annual shareholders' meeting, and the other one is provisional shareholders' meeting.

a. Annual shareholders' meeting shall be held at least once a year, and shall be held by Board meeting in accordance with the law in six (6) months after the end of a fiscal year.
b. Provisional shareholders' meeting shall be held in accordance with the law when necessary.

Article 12 The company can issue a power-of-attorney with limited authorization to a shareholder when he/ she finds himself/ herself of not being able to present in the shareholders' meeting. Then an assignee shall be assigned in accordance with the law to present in the shareholders' meeting on behalf of that shareholder.

Article 13 Unless otherwise provided in the laws, a shareholder of the company shall only have one vote for one share held by him/ her.

Article 14 Unless otherwise provided in the Company Act, a resolution of shareholders' meeting shall be made by over 50% of the votes in favor of the resolution. And the votes shall be represented by over 50% of the shares of outstanding shares attended in the meeting.

Section IV – Directors and Supervisors

Article 15 There shall be five (5) to seven (7) directors (including at least three (3) independent directors and not less than one fifth (1/5) of the total number of the directors) in board meeting. The service timeline of a director is three (3) years. A director shall be nominated as a candidate first and then to be elected as a director in shareholders' meeting. The company shall provide liability insurance for every director and supervisor under the resolution of board meeting.

Article 15-1 The company shall organize all independent directors (at least three (3) directors) into an auditing committee. One of the independent director shall be the chairman, and at least one of the independent director shall be in accounting or finance background. The compensation or reward paid to supervisors in accordance to the Article of Incorporation of the company in the year when organizing an auditing committee to substitute supervisors shall be in per rata to the service timeline of the supervisors.

Article 16 The number of shares owned by all directors shall at least fulfill the minimum numbers stated both in Section 2, Article 26 of Securities Exchange Act and Rules and Review Procedures for Director and Supervisor Share Ownership Ratios at Public Companies.

Article 17 Board meeting shall be organized by directors. A director shall attend the board meeting by himself/ herself. When presence in the meeting is not possible, a director shall assign one director as assignee to be present in the board meeting. When chairman election is held, there shall be over two thirds (2/3) of directors in presence, and over half of the directors in presence vote for the chairman elected. The chairman is the representative of the Company. Board meeting shall be held at least once a quarter with a notification seven (7) days before the meeting is held. When there is emergent event, a board meeting can then be held at any time. The notification can be in written documents, email or fax format.

Article 18 When making resolutions over major events, there shall be over two thirds (2/3) of directors in presence, and over half of the directors in presence vote for the proposal to be resolved. Major events are listed as below:

a. Change of the Article of Incorporation.
b. Budget approval and financial reports approval.
c. The proposal of company dissolution, segmentation, or merge with other company.
d. The proposal of earnings appropriation or deficit compensation.
e. The approval of endorsement, acceptance, guarantee, or commitment in the name of the Company.
f. The approval of the loan, acceptance, guarantee form banks and loan from other companies.
g. The approval of investment to other companies.

The resolutions above made by board meeting shall be resolved by shareholders' meeting if necessary.

Article 19 When the chairman is absent or temporarily off duty, the deputy of chairman shall be conducted in accordance with Article 208 of Company Act.

Article 20 The compensation to directors is authorized to board meeting to decide based on the involvement and contribution to the operation and benchmarks in the industries as a reference.

Section V Managers

Article 21 The Company shall assign one (1) president and several vice presidents and mangers. The assignment, dismissal and compensation shall be in accordance with Article 29 of the Company Act.

Section VI Accounting

Article 22 Board meeting is responsible for the preparation of annual financial reports:

a. operation report
b. financial reports
c. earnings appropriation or deficit compensation

Reports listed above shall be submitted to shareholders' meeting for acknowledgement.

Article 23 Not less than 10% of the profits shall be shared to employees, and not over

2% of the profits to be shared to directors. But deficit shall be compensated in the first priority.

Profits shared to employees shall be in cash or stock format. The employees in subsidiaries meet certain conditions shall be included in the name list of profit sharing.

The profit mentioned above shall be calculated as the net income before income tax and profit sharing to employees and directors.

When doing profits sharing, there shall be over two thirds (2/3) of directors in presence, and over half of the directors in presence vote for the proposal of profit sharing. The resolution then shall be reported in the shareholders' meeting.

Article 23-1 If there are earnings in annual closing, historical deficit shall be compensated first, then pay the tax, and then a 10% of earnings shall be reserved as legal reserves, special reserves shall then be reserved or reversed. After all the appropriations mentioned above have been done, remaining earnings shall all or in partial to be paid as dividends.

Article 23-2 A residual earnings dividend policy is set up based on the macro environment situation and industrial development road map, and also consider the long term financial planning of operation. The theme of this policy is to evaluate the operation cash position based on future capital expenditures and to fund it with retained earnings. The residual earnings shall then to be paid as dividends. The earnings shall be appropriated in following orders:

a. Capital expenditures planning

b. Define the fund size of the capital budget.

c. Define the portion to be paid by retained earnings (when the earnings are not enough to pay the capital expenditures, the cash may come from a fund raising or a loan from bank)

d. A certain percentage of the remaining part of earnings shall be reserved to help operation, then the residual earnings shall be paid to shareholders as dividends. When paying dividends, at least 20% of the dividends shall be paid in cash.

Section VII Supplementary

Article 24 Directors, managers and employees of the Company shall not leak confidential materials which obtained when conducting operations to others outside the Company. There shall be over two thirds (2/3) of shareholders in presence, and over half of the shareholders in presence vote for the proposal of reporting confidential materials in shareholders' meeting, otherwise, no confidential materials shall be disclosed to the shareholders' meeting.

Article 25 In regard to all matters not provided for in this Article of Incorporation, the Company Act and related laws and regulations shall govern.

Article 26 This Article of Incorporation was set up on 1988/10/7, the first amendment was on 1990/5/29, the second amendment was on 1991/4/2, the third amendment was on 1992/5/4, the fourth amendment was on 1994/4/26, the fifth amendment was on 1994/5/28, the sixth amendment was on 1995/6/6, the seventh amendment was on 1996/6/1, the eighth amendment was on 1997/5/27, the ninth amendment was on 1998/5/21, the tenth amendment was on 1999/5/5, the eleventh amendment was on 2000/6/12, the twelfth amendment was on 2001/4/24, the thirteenth amendment was on 2002/5/28, the fourteenth amendment was on 2003/6/3, the fifteenth amendment was on 2004/6/24, the sixteenth amendment was on 2006/6/12, the seventeenth amendment was on 2010/6/18, the eighteenth amendment was on 2011/6/22, the nineteenth amendment was on 2016/6/23, the twentieth amendment was on 2017/6/23.

Taiwan Mask Corporation

Chairman: K.J. Wu

【Appendix 3】

Taiwan Mask Corporation
Shares held by directors

1. Shares held by directors:
   (1) TMC paid-in capital is NTD2,527,136,110, with total outstanding shares of 252,713,611 shares.
   (2) According to Article 26 of Securities and Exchange Act, total shares held by all directors shall be over 12,000,000 shares.
   (3) TMC directors held shares meet the requirement mentioned above.
   (4) TMC set up Auditing Committee and no shares held by supervisors are required.
2. Up to the date of 2019/4/13, the date of stop trading, the shares held by all directors are:

As of 2019/4/13

Position	Name	Shares held	Holding %
Chairman	K.J. Wu	3,282,000	1.30
Directors	Parkson Chen	3,185,127	1.26
Directors	Full-Shua investment Rep: Tsai Guo-Chi	6,364,000	2.52
Directors	Tsai Yu-Sian	5,850	0
Independent Directors	Chi Yun	0	0
Independent Directors	Wu Yu-Chiun	0	0
Independent Directors	Hsieh Tai-Ning	0	0
Total shares held by directors		12,836,977	5.08