



MERRY ELECTRONICS CO.,LTD. **2019**
Annual Shareholders' Meeting
Meeting Agenda

(Translation)

Note

This English translation is provided for reference only and might not reflect exactly the meaning and full text of the original language



Meeting Date: June 19, 2019

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I. Meeting Procedure

Merry Electronics Co., Ltd.

Meeting Procedure for the 2019 Annual Shareholders' Meeting

1. Reporting total represented shares
2. Call the Meeting to Order
3. Chairperson Remarks
4. Matters for Report
5. Matters for Approval
6. Matters for Discussion
7. Elections
8. Other Matters
9. Extemporaneous Motions
10. Meeting Adjourned

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II. Meeting Agenda

Merry Electronics Co., Ltd.

Meeting Agenda of the 2018 Annual Shareholders' Meeting

Time : 9:00 a.m., June 19, 2019 (Wednesday)

Venue: : Merry Electronics Co., Ltd.'s headquarters

(No. 22, 23rd Road, Taichung Industrial Park, Nantun Dist.,
Taichung City, Taiwan)

Attendance : All shareholders or their proxy

Chairperson : Lu-Lee Liao, Chairperson of the Board of Directors

1. Chairperson Remarks
2. Matters for Report
 - (1) The Company's 2018 Business Report
 - (2) Supervisor's Review report on 2018 Financial Statements
 - (3) Employees' profit sharing bonus and directors' compensation of 2018
 - (4) The performance assessments and compensation levels of directors, supervisors, and managerial officers
 - (5) The status of execution of the share repurchase by the Company
 - (6) The reason and related matters of the issuance of the domestic 2nd unsecured Convertible Bonds
 - (7) Amendent of the "Corporate Social Responsibility Best Practice Principles"
 - (8) Amendent of the "Ethical Corporate Management Best Practice Principles"
 - (9) Amendent of the "Codes of Ethical Conduct"
3. Matters for Approval
 - (1) The Company's 2018 Business Report and Financial Statements
 - (2) The proposal for distribution of 2018 earnings

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4. Matters for Discussion
 - (1) To revise the Articles of Incorporation
 - (2) To revise the "Operation Procedures for the Acquisition or Disposal of Assets"
 - (3) To revise the "Procedures for Lending Funds to Other Parties"
 - (4) To revise the "Procedures for Endorsements and Guarantees"
 - (5) To revise the "Procedures for Election of Directors"
 - (6) To revise the "Rules of Procedure for Shareholders Meetings"
 - (7) To approve the issuance of new restricted employee shares

5. Elections
Election of the 19th Directors

6. Other Matters
Removal of the non-compete restrictions on the newly directors

7. Extemporaneous motions

8. Meeting adjourned

Matters for Report

1. The Company's 2018 Business Report. Please take note.

(Proposed by the board of directors)

Explanation: For the business report, please refer to Attachment 1. (from page 45 to page 47)

2. Supervisor's Review report on the 2018 Financial Statements. Please take note.

(Proposed by the board of directors)

Explanation: For the supervisors' audit report on the financial statements of 2018, please refer to Attachment 2. (page 48)

3. Employees' profit sharing bonus and directors' compensation of 2018 Please take note.

(Proposed by the board of directors)

Explanation:

(1) According to the Articles of Incorporation, should the Company be profitable, it shall set aside 5% to 10% as employees' profit sharing bonus and not more than 2% as compensation of directors and supervisors of the Company's profit (if any) in the fiscal year.

(2) With respect to 2018 employee's profit sharing bonus and directors'/supervisors' compensation, the board of directors dated 26 February 2019 has resolved that the Company distribute 6% (NT\$162,732,723 in total) as employees' profit sharing bonus and 2% (NT\$54,244,242 in total) as directors'/supervisors' compensation. Both employee's profit sharing bonus and directors'/supervisors' compensations will be paid in cash. The above resolved amounts have no difference from the amounts listed in the estimated recognized costs of 2018.

4. To report the performance assessments and compensation levels of directors, supervisors, and managerial officers. Please take note.

(Proposed by the board of directors)

Explanation:

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- (1) The performance of individual directors and supervisors are appraised according to the Company's "Remuneration Committee Charter" and "Regulations Governing the directors' and superiors' remuneration", and take the result as the calculation basis of directors' and superiors' compensation levels.
 - (2) The performance of individual managerial officers according to the Company's "Operating Procedure of the employee performance appraisal" and take the result as the calculation basis of individual managerial officers' compensation levels.
 - (3) The remuneration committee and Board of Directors have resolved that the reliance and rationality of the individual performance appraisal and compensation levels of directors, superiors, and managerial officers.
5. To report the status of execution of the share repurchase by the Company. Please take note.

(Proposed by the board of directors)

Explanation:

- (1) The company bought back its shares for transferring shares to its employees in accordance with paragraph 1 of Article 28-2 of the Securities and Exchange Act shall be transferred within three years from the date of buyback. The shares not transferred within the said time limit shall be deemed as not issued by the company, and amendment registration shall be processed.
- (2) The status to execute capital reduction and amendment registration is as follows:

Phase	Second
Number of shares bought back	2,269,000 shares of common stock
Shares bought back to employees for the first time	95,000 shares
Shares bought back to	307,000 shares

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employees for the second time	
Number of shares not transferred to employees should execute capital reduction	1,867,000 shares
No. of amendment registration approved by MINISTRY OF ECONOMIC AFFAIRS	No. Economics-Commerce-Authorization-1070 1129790 on October 22, 1966.
Completion date of capital reduction	October 26, 2018.

6. To report the reason and related matters of the issuance of the domestic 2nd unsecured Convertible Bonds. Please take note.

(Proposed by the board of directors)

Explanation: The Company issues domestic 2nd unsecured Convertible Bonds on December 11, 2018 to payback bank loan and reduce the expense of interest, the issuance terms and conditions is as follows,

Series	Domestic 2nd unsecured Convertible Bonds (Bond Code : 24392)
Approved date by the Board of Directors	October 25, 2018
Approved no. by the Competent Authority	26 November 2018 Letter No. Financial-Supervisory-Securities-Corporate- 10703414091; 6 December 2018 Letter No. Securities-Counter-Bond-10700324962
Issuance Date	December 11, 2018
Total Issuance Amount	NT\$3,015,000 thousands
Issuance Period	Three years ; Issuance Date : December 11, 2018

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	Maturity Date : December 11, 2021
Denominations	NT\$100 thousands
Number of Bonds Issued	30,000,000 shares
Issue Price	100.5%
Interest	No interest will be payable on the Bond
Initial Conversion Price	NT\$ 148 per share
Latest Conversion Price	NT\$ 147.7 per share
Conversion Period	From March 12, 2019 to December 11, 2021
Final Redemption	Unless previously redeemed, converted or purchased and cancelled in the circumstances referred to articles 10 and 18 in "Terms and Conditions of the domestic 2nd unsecured convertible bonds" by the holder of the Convertible Bonds (hereinafter referred to as "the creditor"), the Bonds will be redeemed at the Principal amount in cash.

7. To report the amendment of the "Corporate Social Responsibility Best Practice Principles". Please take note.

(Proposed by the board of directors)

Explanation:

- (1) The Principals are amended in consideration of the announcement of amendment of the Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies in accordance with 28 July 2016 Letter No. Taiwan-Stock-Governance-1050014103 of the Taiwan Stock Exchange Corporation.
- (2) Please refer to Attachment 3 (from page 49 to page 53) for the comparison table of amendments.

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8. To report the amendment of the "Ethical Corporate Management Best Practice Principles". Please take note.

(Proposed by the board of directors)

Explanation:

- (3) The Principals are amended in accordance with the Article 14-4 of the Securities and Exchange Act which stipulates that the Company shall establish an audit committee in lieu of supervisors.
- (4) Please refer to Attachment 4 (from page 54 to page 67) for the comparison table of amendments.

9. To report the amendment of the "Codes of Ethical Conduct". Please take note.

(Proposed by the board of directors)

Explanation:

- (1) The Codes are amended in accordance with the Article 14-4 of the Securities and Exchange Act which stipulates that the Company shall establish an audit committee in lieu of supervisors.
- (2) Please refer to Attachment 5 (from page 68 to page 71) for the comparison table of amendments.

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Matters for Approval

1. Proposal : To adopt 2018 Business Report, individual financial statements and consolidated financial statements. Please approve.

(Proposed by the board of directors)

Explanation:

- (1) The Board of Directors has prepared the statements and records of business report, profit distribution table, individual financial statements and consolidated financial statements of 2018, forwarded to the supervisors for review and issue the supervisors' review report for recordation in accordance with the Article 36 of the Securities and Exchange Act and Articles 219 and 230 of the Company Act.
- (2) Please refer to Attachment 1 (from page 45 to page 47) for the aforementioned business report, and please refer to Attachment 6 (from page 72 to page 98) for the individual and consolidated financial statements and records.

Resolution:

2. Proposal : To adopt the proposal for distribution of 2018 earnings. Please approve.

(Proposed by the board of directors)

Explanation:

- (1) Considering the future operation of the Company, for profit distribution of 2018, in addition to the legal reserve provided in accordance with the Articles of Incorporation of the Company, cash dividends NT\$ 1,751,418,578 in total will be distributed to shareholders. Namely, each common shareholder will be entitled to receive a cash dividend of NT\$ 8.6 per share will be distributed. The profit of 2018 profits will be distributed first for the above purpose.
- (2) Please refer to Attachment 7 (page 99) for the profit distribution table of 2018 prepared by the board of directors in accordance with the Articles of Incorporation.
- (3) Cash dividends will be distributed according to the shareholding percentage recorded in the shareholders roster as of the ex-dividend

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date and rounded down to an integer. The sum of the fractional amount will be listed as other income of the Company. It is proposed to authorize the board of directors to determine the ex-dividend date and the related matters at its discretion.

- (4) If the total amount of issued shares changes subsequently due to domestic non-secured convertible bonds of the Company, purchase of treasury shares, issuance of new restricted employee shares or other reasons, which will affect the payout ratio, it is proposed to authorize the board of directors to determine the payout ratio at its discretion after the approval of the shareholders' meeting.

Resolution:

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Matters for Discussion

1. Proposal : To revise the Articles of Incorporation. Please Discuss.

(Proposed by the board of directors)

Explanation:

- (1) The Articles of Incorporation is amended in accordance with the Company Act amended on 1 August 2018 and the Article 14-4 of the Securities and Exchange Act which stipulates that establish an audit committee in lieu of supervisors.
- (2) Please refer the comparison table of amendments to the Articles of Incorporation as follows:

Articles after amendment	Current Articles	Explanation
<p>Article 1: This Company is duly organized under the Company Act, bearing the name of Merry Electronics Co., Ltd. The company's English name is Merry Electronics Co., Ltd.</p>	<p>Article 1: This Company is duly organized as a company <u>limited by shares</u> under the Company Act, bearing the name of Merry Electronics Co., Ltd.</p>	<p>The paragraph 2 of the Article 1 is added for the company to apply for registration of corporate name in a foreign language, According to Article 392-1 of the Company Act stipulates that “A company may apply for registration of corporate name in a foreign language to the competent authority and the authority shall register such foreign name in accordance with the foreign name indicated in the Articles of Incorporation”.</p>
<p>Article 3: In response to its business requirements, the Company may conduct mutual</p>	<p>Article 3: In response to its business requirements, the Company may conduct mutual</p>	<p>The paragraph 2 is added, which is shifted from the original Article 6.</p>

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Articles after amendment	Current Articles	Explanation
<p>guarantee business with affiliates or entities of the same industry.</p> <p><u>The Company shall not be a shareholder of unlimited liability in another company or the partner of a partnership. When the Company becomes a shareholder of limited liability in other companies, the total amount of its investments may exceed forty percent of the amount of paid-up capital of the Company.</u></p>	<p>guarantee business with affiliates or entities of the same industry.</p>	
<p>Article 4: The Headquarter of the Company is located in the Taichung City. If necessary, with the resolution of the Board of Directors, the Company may establish branch offices or representative <u>offices</u> onshore or offshore in accordance with laws.</p>	<p>Article 4: The Headquarter of the Company is located in the Taichung City. If necessary, with the resolution of the board of directors, the Company may establish branch offices or <u>factories</u> onshore or offshore in accordance with laws.</p>	<p>The wording is altered in consideration of the actual operation of the Company.</p>
<p>Article 5: The total amount of capital of the Company</p>	<p>Article 5: The total amount of capital of the Company</p>	<p>1. The paragreph 2 is added for the group to plan the employee</p>

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Articles after amendment	Current Articles	Explanation
<p>is NTD 4,000,000,000, divided into 400,000,000 shares (in which the number of shares for employee stock options is 5,000,000 shares), with a par value of NTD 10 per share, to be issued in installments, and the relevant matters of issuance shall be stipulated by the Board of Directors.</p> <p><u>The treasury shares purchase by the Company in accordance with the Company Act may be transferred to the employees of parents or subsidiaries of the Company who meet certain specific requirements set by the Board of Directors.</u></p> <p><u>The share subscription warrant may be transferred to the employees of parents or subsidiaries of the company who meet certain specific requirements set by the Board of Directors.</u></p>	<p>is NTD 4,000,000,000, divided into 400,000,000 shares (in which the number of shares for employee stock options is 5,000,000 shares), with a par value of NTD 10 per share, to be issued in installments, and the relevant matters of issuance shall be stipulated by the board of directors.</p>	<p>reward system flexible to facilitate retention for professionals, in accordance with paragraph 2 of Article 167-1 of the Company Act stipulates that“<u>The shares bought back by the issuing company under the preceding Paragraph shall be assigned or transferred to its employees within three years. If such shares have not been transferred as required after expiry of the foregoing time limit, such shares shall be deemed as the shares which have never been issued; and under this circumstance, the company shall apply for a necessary alteration registration in respect of such shares accordingly.</u>”, and the object of the transfer of purchased shares is in accordance with the</p>

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Articles after amendment	Current Articles	Explanation
<p><u>The new shares issued by the company may be transferred to the employees of parents or subsidiaries of the company who meet certain specific requirements set by the Board of Directors.</u></p> <p><u>The new restricted employee shares may be transferred to the employees of parents or subsidiaries of the company who meet certain specific requirements set by the Board of Directors.</u></p>		<p>paragraph 4 of the same Article</p> <p>“Qualification requirements of employees, including the employees of parents or subsidiaries of the company meeting certain specific requirements, entitled to receive shares in accordance with the provision of Paragraph Two, may be specified in the Articles of Incorporation.”</p> <p>2. The paragraph 3 is added for the group to plan the employee reward system flexible to facilitate retention for professionals, in accordance with paragraph 1 of Article 167-2 of the Company Act stipulates that“Unless as otherwise provided for in the law or in the Articles of Incorporation, a company may, upon adoption of a</p>

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Articles after amendment	Current Articles	Explanation
		<p>resolution by a majority of the directors present at a meeting of the board of directors attended by two-thirds of more of the total number of directors of the company, enter into a share subscription right agreement with its employees whereby the employees may subscribe, within a specific period of time, a specific number of shares of the company. Upon execution of the said agreement, the company shall issue to each employee a share subscription warrant.”, and the object of the issuance of a share subscription warrant is accordance with the paragraph 3 of the same Article “Qualification requirements of employees, including the employees of parents or</p>

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Articles after amendment	Current Articles	Explanation
		<p>subsidiaries of the company meeting certain specific requirements, entitled to receive share subscription warrant in accordance with the provision of Paragraph One, may be specified in the Articles of Incorporation.”</p> <p>3. The paragraph 4 is added for the group to plan the employee reward system flexible to facilitate retention for professionals, in accordance with paragraph 1 of Article 267 of the Company Act stipulates that“Unless otherwise approved specifically by the central authority in charge of the object enterprise, when a company issues new shares, there shall be ten to fifteen per cent of such new shares reserved for subscription by employees of the</p>

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Articles after amendment	Current Articles	Explanation
		<p>company.”, and the object of the subscription of new shares is in accordance with the paragraph 7 of the same Article</p> <p>“Qualification requirements of employees, including the employees of parent s or subsidiaries of the company meeting certain specific requirements, entitled to receive shares in accordance with the provision of Paragraph One, may be specified in the Articles of Incorporation.”</p> <p>4. The paragraph 5 is added for the group to plan the employee reward system flexible to facilitate retention for professionals, in accordance with paragraph 9 of Article 267 of the Company Act stipulates that “A company issuing restricted stock for</p>

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Articles after amendment	Current Articles	Explanation
		<p>employees shall not apply Paragraphs One to Six of this Article and shall adopt such resolution, at a shareholders' meeting, by a majority of the shareholders present who represent two-thirds or more of the total number of its outstanding shares.”, and the object of issuing restricted stock for employees is in accordance with the paragraph 11 of the same Article “Qualification requirements of employees, including the employees of parents or subsidiaries of the company meeting certain specific requirements, entitled to receive restricted stock for employees in accordance with the provision of Paragraph Nine, may be specified in the Articles of Incorporation.”</p>

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Articles after amendment	Current Articles	Explanation
<p>Article 6: <u>The Company's share services shall be handled in accordance with the “Regulations Governing the Administration of Shareholder Services of Public Companies” and the relevant laws and regulations.</u></p>	<p>Article 6: <u>The Company shall not be a shareholder of unlimited liability in another company or the partner of a partnership. When the Company becomes a shareholder of limited liability in other companies, the total amount of its investments may exceed forty percent of the amount of paid-up capital of the Company.</u></p>	<ol style="list-style-type: none"> 1. The original Article is shifted to paragraph 2 of the Article 3. 2. The Article is added to stipulate the basis of the Company’s share services
<p>Article 7: <u>The registration of share transfer shall not be altered within 60 days prior to the convening date of a regular shareholders' meeting, or within 30 days prior to the convening date of a special shareholders' meeting, or within 5 days prior to the target date fixed by the Company for distribution of dividends, bonus or other benefits.</u> The shares issued by</p>	<p>Article 7: For share transfer, <u>the transferor and transferee shall apply for title transfer with the Company with an application form signed or bearing the seal of the transferor and the transferee; before completing the transfer procedures, the share transfer shall not be set up as a defense against the Company.</u> The shares issued by the Company may be exempted from printing any share certificate,</p>	<ol style="list-style-type: none"> 1. The lockout period of the transfer is stipulated in consideration of the paragraph 3 of Article 165 of the Company Act. 2. The original Article 7 is divided and shifted to paragraph 1 and 2.

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Articles after amendment	Current Articles	Explanation
the Company may be exempted from printing any share certificate, provided that the shares being issued shall be recorded with the centralized securities custody enterprise.	provided that the shares being issued shall be recorded with the centralized securities custody enterprise.	
Article 10: Resolutions at a shareholders' meeting shall, unless otherwise provided for in the Company Act, be adopted by a majority vote of the shares represented by the attending shareholders, who represent more than one-half of the total number of voting shares.	Article 10: Resolutions at a shareholders' meeting shall, unless otherwise provided for in the Company Act, be adopted by a majority vote of the shares represented by the attending shareholders, who represent more than one-half of the total number of voting shares. <u>When it comes to a vote, if the chairperson puts the matter before all shareholders present at the meeting and none voices an objection, the matter is deemed approved, with the same effect with voting by ballot.</u>	Considering the Company has adopted electronic transmission to exercise their voting power in accordance with Article 177-1 of the Company Act, the provisions of the latter paragraph of the original provision is deleted.
CHAPTER IV DIRECTORS	CHAPTER IV DIRECTORS <u>AND</u> <u>SUPERVISORS</u>	The title of the chapter is altered to meet the content of the amended

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Articles after amendment	Current Articles	Explanation
		Articles this time.
<p>Article 12: This Company shall have seven (7) to ten (10) directors, and <u>the Board of Directors is authorized to determine the number of Directors</u>. The term of their office is three (3) years and they are eligible for re-election. The company adopts the candidate's nomination system stipulated by Article 192-1 of the Company Act as election of the directors of the company, and the shareholders shall elect the directors among the nominees listed in the roster for director candidates. The amount of total shares owned by the directors will be handled in accordance with the "Rules and Review Procedures for Director and Supervisor Share Ownership Ratios of Public Companies"</p>	<p>Article 12: This Company shall have seven (7) to ten (10) directors and <u>four (4) supervisors</u>. The term of their office shall be three (3) years and they are eligible for re-election. The company adopts the candidate's nomination system stipulated by Article 192-1 of the Company Act as election of the directors of the company, and the shareholders shall elect the directors among the nominees listed in the roster for director candidates. The amount of total shares owned by the directors <u>and supervisors</u> will be handled in accordance with the "Rules and Review Procedures for Director and Supervisor Share Ownership Ratios of Public Companies" issued by the competent authority.</p> <p>When the number of</p>	<ol style="list-style-type: none"> 1. The paragraph 1 is amended to stipulate the basis of the exact numbers of the directors per session. 2. The paragraph 2 about clauses of supervisors is deleted and the Wording of the Article is altered in accordance with the Article 14-4 of the Securities and Exchange Act which stipulates that the Company shall establish an audit committee in lieu of supervisors.

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Articles after amendment	Current Articles	Explanation
<p>issued by the competent authority. When the numbers of vacancies in the Board of Directors <u>shall be elected in accordance with laws</u>, the Board of Directors shall call a shareholders' meeting to elect succeeding directors to fill the vacancies, and the term shall be limited to fulfilling the remaining term of office of the predecessors. If the term of office of the directors expires and the new election cannot be held in time, their term will be extended until the new directors are elected and have assumed the office.</p>	<p>vacancies in the board of directors <u>reaches one third of the total number of directors or all supervisors are discharged</u>, the board of directors shall call, within <u>60 days</u>, a regular meeting of shareholders to elect succeeding directors <u>or supervisors</u> to fill the vacancies, and the term shall be limited to fulfilling the remaining term of office of the predecessors. If the term of office of the directors <u>and supervisor</u> expires and the new election cannot be held in time, their term will be extended until the new directors <u>and supervisor</u> are elected and have assumed the office.</p>	
<p>Article 13: Amongst the directors of the Company, at least three independent directors shall be elected by the shareholders' meeting from the independent directors' candidates</p>	<p>Amongst the directors of the Company, at least three independent directors shall be elected by the shareholders' meeting from the independent directors' candidates list,</p>	<p>The original paragraph 3 of the Article 12 is shifted to Article 13.</p>

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Articles after amendment	Current Articles	Explanation
<p>list, and the candidate nomination system shall be adopted. The professional qualification, shareholding, restriction on the concurrent posts, the means of nomination and election of independent directors and other matters to be complied with, shall all be in accordance with the relevant rules of the competent authority of securities.</p>	<p>and the candidate nomination system shall be adopted. The professional qualification, shareholding, restriction on the concurrent posts, the means of nomination and election of independent directors and other matters to be complied with, shall all be in accordance with the relevant rules of the competent authority of securities.</p>	
<p><u>Article 14:</u> A Chairperson and a Vice Chairperson shall be elected amongst the directors. The Chairperson represents the Company in external affairs, be the Chairperson of the shareholders' meeting and the board meeting in internal affairs, and executes all the affairs of the Company in accordance with laws, regulations, Articles of Incorporation and the resolutions of shareholders' meeting</p>	<p><u>Article 13:</u> A Chairperson and a Vice Chairperson shall be elected amongst the directors. The Chairperson represents the Company in external affairs, be the Chairperson of the shareholders' meeting and the board meeting in internal affairs, and executes all the affairs of the Company in accordance with laws, regulations, Articles of Incorporation and the resolutions of shareholders' meeting</p>	<p>The original Article 13 is shifted to Article 14.</p>

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Articles after amendment	Current Articles	Explanation
<p>and the Board of Directors. In the event that the Chairperson cannot attend the meetings for any cause, the Vice Chairperson shall act on his/her behalf; and if the Vice Chairperson also cannot attend the meetings, the Chairperson shall designate one of directors to act on his/her behalf, and if there is no such designation, the directors shall elect a chairperson to act on his/her behalf among themselves.</p>	<p>and the board of directors. In the event that the Chairperson cannot attend the meetings for any cause, the Vice Chairperson shall act on his/her behalf; and if the Vice Chairperson also cannot attend the meetings, the Chairperson shall designate one of directors to act on his/her behalf, and if there is no such designation, the directors shall elect a chairperson to act on his/her behalf among themselves.</p>	
<p>Article 15: <u>Directors shall exercise their powers and duties in accordance with the resolutions adopted by the Board of Directors and the shareholders' meeting.</u></p>	<p>Article 14: <u>The board of directors is organized by the directors, and the powers and duties of the board of directors are as follows:</u> <u>A. Drawing up and amending various important by-laws;</u> <u>B. Proposals of amendments to the Articles of Incorporation;</u> <u>C. Determination and</u></p>	<ol style="list-style-type: none"> 1. The original Article 14 is shifted to Article 15. 2. The Article is amended to stipulate the Directors' powers and duties briefly in accordance with paragraph 1 of Article 192-1 of the Company Act "The Board of Directors, in conducting business, shall act in accordance with laws

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Articles after amendment	Current Articles	Explanation
	<u>amendment to the business guideline(s);</u> <u>D. Review of annual budget and final accounts;</u> <u>E. Proposals of earnings distribution or loss make-up;</u> <u>F. Approval of reinvestment, loans to other companies and collateralizing assets;</u> <u>G. Drawing up and approval of real estate acquisition and disposal;</u> <u>H. Determination of important officers;</u> <u>I. If the amount of endorsements and guarantees to affiliates exceeds the total amount enacted by the board of directors, it shall be submitted to the board of directors for approval;</u> <u>J. The establishment, modification, revocation and determination of other essential matters of important organization of the Company;</u> <u>K. Other powers and duties</u>	and ordinances, the Articles of Incorporation, and the resolutions adopted at the meetings of shareholders”.

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Articles after amendment	Current Articles	Explanation
	<u>empowered/required by laws, regulations or the shareholders' meeting.</u>	
<p>Article 16: In calling a meeting of the Board of Directors, a notice setting forth therein the subject(s) to be discussed at the meeting shall be given to each director no later than 7 days prior to the scheduled meeting date. However, in the case of emergency, the meeting may be convened at any time. The notice of convening meetings of the Board of Directors of the Company may be given by the means of written notice, e-mail or fax. Unless otherwise provided for in the Company Act, meetings of the Board of Directors shall be adopted by a majority vote of the directors present at a meeting where a majority of the directors attend. In case a director cannot</p>	<p>Article 15: In calling a meeting of the board of directors, a notice setting forth therein the subject(s) to be discussed at the meeting shall be given to each director <u>and supervisor</u> no later than 7 days prior to the scheduled meeting date. However, in the case of emergency, the meeting may be convened at any time. The notice of convening meetings of the board of directors of the Company may be given by the means of written notice, e-mail or fax. Unless otherwise provided for in the Company Act, meetings of the board of directors shall be adopted by a majority vote of the directors present at a meeting where a majority of the directors attend. In case a director cannot attend the meeting for any cause, a</p>	<ol style="list-style-type: none"> 1. The original Article 15 is shifted to Article 16. 2. The paragraph 1 about clauses of supervisors is deleted and the wording is altered in accordance with the Article 14-4 of the Securities and Exchange Act which stipulates that the Company establish an audit committee in lieu of supervisors. 3. Paragraph 2 of the original Article is divided to paragraph 2 and paragraph 2; Paragraph 3 of the original Article is shifted to paragraph 4.

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Articles after amendment	Current Articles	Explanation
<p>attend the meeting for any cause, a proxy setting forth therein the scope of authority with reference to the subject(s) to be discussed at the meeting may be submitted to delegate the attendance to other directors, provided that one director may accept the delegation of one other director only.</p> <p>The meeting of the Board of Directors may be proceeded by video conference. The directors participating by video conference shall be deemed to have attended the meeting in person.</p>	<p>proxy setting forth therein the scope of authority with reference to the subject(s) to be discussed at the meeting may be submitted to delegate the attendance to other directors, provided that one director may accept the delegation of one other director only.</p> <p>The meeting of the board of directors may be proceeded by video conference. The directors participating by video conference shall be deemed to have attended the meeting in person.</p>	
<p>Article <u>17</u>: <u>The Company establish audit committee, which is composed of all the independent directors in accordance with Article 14-4 of the Securities and Exchange Act.</u> <u>The exercise of power and related matters by</u></p>	<p>Article <u>16</u>: <u>The powers and duties of the supervisors are as follows:</u> <u>A. Investigating the Company’s business condition;</u> <u>B. Investigating the Company’s financial condition;</u> <u>C. Auditing the books and documents of the</u></p>	<ol style="list-style-type: none"> 1. The original paragraph 2 of Article 12 is shifted to Article 17. 2. The supervisor’s powers and duties is changed to audit committee in accordance with the Article 14-4 of the Securities and Exchange Act which

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Articles after amendment	Current Articles	Explanation
<p><u>audit committee and independent directors shall comply with the Company Act, the Securities and Exchange Act, and relevant laws and regulations prescribed by the competent authority.</u></p>	<p><u>Company;</u> <u>D. Attending the meetings of the board of directors to state the opinions and request the board of directors to report, while having no voting right;</u> <u>E. Their powers and duties</u> <u>empowered/required by the Company Act.</u></p>	<p>stipulates that the Company shall establish an audit committee in lieu of supervisors.</p>
<p>Article 18: The directors may receive transportation allowance <u>and related business implementation costs</u>, the amount of which is decided by the resolution at the meetings of the Board of Directors. The Board of Directors is authorized to determine the remuneration of directors based on the level of participation and the value of devotion to the operation of the Company, with reference to the standard of other entities in the same</p>	<p>Article 17: The directors <u>and supervisors</u> may receive transportation allowance, the amount of which is decided by the resolution at the meetings of the board of directors. The board of directors is authorized to determine the remuneration of directors <u>and supervisors</u> based on the level of participation and the value of devotion to the operation of the Company, with reference to the standard of other entities in the same industry. <u>The Company may purchase liability insurance for</u></p>	<ol style="list-style-type: none"> 1. The original Article 17 is shifted and divided to paragraph 1 and paragraph 2 of Article 18. 2. The wording is altered in accordance with the Article 14-4 of the Securities and Exchange Act which stipulates that the company shall establish an audit committee in lieu of supervisors.

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Articles after amendment	Current Articles	Explanation
industry.	<u>the directors and supervisors within the scope of the business he/she conducts during his/her term.</u>	
<p><u>Article 19:</u> <u>The Company may purchase liability insurance for the directors within the scope of the business he/she conducts during his/her term and in addition thereto a report of insurance contents and relative details shall be submitted to the Board of the Directors.</u></p>		<p>1. The latter paragraph of the original Article 17 is shifted to Article 19; The Article is amended to stipulate that the Company may purchase liability insurance and in addition thereto a report of insurance contents and relative details shall be submitted to the Board of the Directors in accordance with the paragraph 2 of 193-1 Article stipulates “A company shall report the insured amount, coverage, premium rate, and other important contents of the directors liability insurance it has obtained or renewed for directors, at the most recent board meeting”.</p>

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Articles after amendment	Current Articles	Explanation
CHAPTER V MANAGER	CHAPTER V MANAGER <u>AND</u> <u>EMPLOYEE</u>	The title of the chapter is altered to meet the content of the amended Articles this time.
<p>Article <u>20</u>: The Company may have managers, and his/her appointment, discharge and remuneration shall be handled in accordance with the Company Act. <u>The managers shall be empowered to manage the operation of the company and to sign relevant business documents for the company, subject to the scope of his/her duties and power, and the relevant authorization measures shall be set by the Board of Directors.</u></p>	<p>Article <u>18</u>: The Company may have managers, and his/her appointment, discharge and remuneration shall be handled in accordance with the Company Act.</p>	<ol style="list-style-type: none"> 1. The original Article 18 is altered to Article 20. 2. The paragraph 2 is added to stipulate managers' duties and power in accordance with the paragraph 2 of Article 31 of the Company Act which stipulates "A managerial personnel shall be empowered to manage the operation of the company and to sign relevant business documents for the company, subject to the scope of his/her duties and power as specified in the Articles of Incorporation or his/her employment contract."
	<p>Article <u>19</u>: <u>The Company may engage advisors and important personnel by the resolution at the meetings of the board of</u></p>	<ol style="list-style-type: none"> 1. The Article 19 is deleted. 2. The appointment or discharge of the managers is resolved by the Board of

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Articles after amendment	Current Articles	Explanation
	<p><u>directors in accordance with Article 15 of the Articles of Incorporation.</u></p>	<p>Directors in accordance with the Article 29 of the Company Act, and the employment or unemployment of the employees who are not managers is resolved by the SOP set by the Board of Directors in accordance with the Article 8 of Regulations Governing Establishment of Internal Control Systems by Public Companies.</p>
	<p><u>Article 20:</u> <u>Other personnel of the Company shall be appointed and discharged by the president and shall be reported to the board of directors.</u></p>	<ol style="list-style-type: none"> 1. The Article 20 is deleted. 2. The appointment or discharge of the managers is resolved by the Board of Directors in accordance with the Article 29 of the Company Act, and the employment or unemployment of the employees who are not managers is resolved by the SOP set by the Board of Directors in

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Articles after amendment	Current Articles	Explanation
		accordance with the Article 8 of Regulations Governing Establishment of Internal Control Systems by Public Companies.
CHAPTER VI ACCOUNTING	CHAPTER VI FINAL ACCOUNTS	The title of the chapter is altered to meet the content of the amended Articles this time.
<p>Article 21: The fiscal year of the Company is annually from 1 January until 31 December. The Company shall act in accordance with Article 228 of the Company Act, upon close of each fiscal year, the following reports and statements by the Board of Directors and the following reports and statements shall be given to the <u>audit committee</u> for auditing no later than 30 days prior to the date of the annual meeting of shareholders, and the <u>audit committee</u> shall submit the report to the</p>	<p>Article 21: The fiscal year of the Company is annually from 1 January until 31 December. The Company shall act in accordance with Article 228 of the Company Act, upon close of each fiscal year, to prepare the following reports and statements by the board of directors and the following reports and statements shall be given to the <u>supervisors</u> for auditing no later than 30 days prior to the date of the annual meeting of shareholders, and the <u>supervisors</u> shall submit the report to the annual meeting of shareholders for</p>	<p>The wording is altered in accordance with the Article 14-4 of the Securities and Exchange Act which stipulates that the Company shall establish an audit committee in lieu of supervisors.</p>

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Articles after amendment	Current Articles	Explanation
<p>annual meeting of shareholders for ratification: A. The business report; B. The financial statements; C. The proposed of the earnings distribution or loss make-up.</p>	<p>ratification: A. The business report; B. The financial statements; C. The proposed of the earnings distribution or loss make-up.</p>	
<p>Article 22: The industrial environment of the Company is apt to change, and the enterprise life cycle stays in a stage of stable growth, and it is necessary to consider the budget for the future capital expenditure and funding requirement, and measure the necessity to cope with funding requirement by earnings, to determine the amount for retaining or distributing the earnings and the distribution amount of shareholder bonus in cash. The net profit after final accounting, except for withholding of income tax in</p>	<p>Article 22: The industrial environment of the Company is apt to change, and the enterprise life cycle stays in a stage of stable growth, and it is necessary to consider the budget for the future capital expenditure and funding requirement, and measure the necessity to cope with funding requirement by earnings, to determine the amount for retaining or distributing the earnings and the distribution amount of shareholder bonus in cash. The net profit after final accounting, except for withholding of income tax in accordance with laws, shall be utilized for</p>	<p>1. The latter paragraph 1 is amended in accordance with the paragraph 4 of Article 240 of the Company Act which stipulates “A public company may explicitly stipulate in the Articles of Incorporation to authorize the distributable dividends and bonuses in whole or in part may be paid in cash after a resolution has been adopted by a majority vote at a meeting of the board of directors attended by two-thirds of the total number of directors; and in addition thereto a report of such distribution shall be</p>

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Articles after amendment	Current Articles	Explanation
<p>accordance with laws, shall be utilized for make-up of the loss of previous years, and secondly setting aside 10% of the remaining earnings as a legal reserve; <u>however, when the legal reserve has reached paid in capital of the Company, it will not be listed.</u> After setting aside or reversing special reserve in accordance with laws when necessary, the balance after adding the undistributed earnings of the previous year will be the accumulated distributable earnings. The Board of Directors shall propose an earning distribution proposal for the shareholders' meeting to resolve the distribution. For the earning distribution proposal proposed by the Board of Directors, the total amount of shareholders' bonus shall be 30% to 80% of</p>	<p>make-up of the loss of previous years, and secondly setting aside 10% of the remaining earnings as a legal reserve. After setting aside or reversing special reserve in accordance with laws when necessary, the balance after adding the undistributed earnings of the previous year will be the accumulated distributable earnings. The board of directors shall propose an earning distribution proposal for the shareholders' meeting to resolve the distribution. For the earning distribution proposal proposed by the board of directors, the total amount of shareholders' bonus shall be 30% to 80% of the accumulated distributable earning, and the cash bonus shall account for 5% or more of the shareholder bonus. <u>To inspire the employees and management team, if</u></p>	<p>submitted to the shareholders' meeting.”</p> <p>2. The wording of paragraph 2 is altered in accordance with the Article 14-4 of the Securities and Exchange Act which stipulates that the Company shall establish an audit committee in lieu of supervisors.</p> <p>3. The paragraph 3 is amended to stipulate that the ratio of directors' compensation shall be resolved by a special resolution adopted by the Board of Directors and in addition thereto a report shall be submitted to the shareholders' meeting.</p> <p>4. The Paragraph 4 is amended in accordance with paragraph 1 of Article 235-1 of the Company Act which stipulates that “A fixed amount or ratio</p>

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Articles after amendment	Current Articles	Explanation
<p>the accumulated distributable earning, and the cash bonus shall account for 5% or more of the shareholder bonus. <u>To authorize the distributable dividends and bonuses in whole or in part may be paid in cash after a resolution has been adopted by a majority vote at a meeting of the Board of Directors attended by two-thirds of the total number of directors; and in addition thereto a report of such distribution shall be submitted to the shareholders' meeting.</u> If the Company makes profits in the said year, it shall set aside: A. 5% to 10% as employees' profit sharing bonus; B. up to 2% as compensation of directors, provided that if the Company has accumulated losses, the amount to make up the accumulated losses shall be reserved in</p>	<p>the Company makes profits in the said year, it shall set aside: A. 5% to 10% as employees' profit sharing bonus; B. up to 2% as compensation of directors <u>and supervisors</u>, provided that if the Company has accumulated losses, the amount to make up the accumulated losses shall be reserved in advance. Where the employees' profit sharing bonus will be distributed in the form of stocks or in cash, it shall be resolved by a resolution adopted by a majority vote at a meeting of board of directors attended by two-thirds or more of the total number of directors; and in addition thereto a report shall be submitted to the shareholders' meeting. The employees' profit sharing bonus <u>distributed by stocks or cash</u> may be made to the employees of subsidiaries meeting certain specific</p>	<p>of profit of the current year distributable as employees' compensation shall be definitely specified in the Articles of Incorporation. However, the company's accumulated losses shall have been covered.”, and the object of the employees' profit sharing bonus is in accordance with the paragraph 5 of the same Article “Qualification requirements of employees, including the employees of parents or subsidiaries of the company meeting certain specific requirements, entitled to receive shares or cash in accordance with the provisions of Paragraphs One to Three, may be specified in the Articles of</p>

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Articles after amendment	Current Articles	Explanation
<p>advance. <u>Decision on the ratio of employees' profit sharing bonus and directors' compensation and which the employees' profit sharing bonus will be distributed in the form of stocks or in cash, shall be resolved by a resolution adopted by a majority vote at a meeting of Board of Directors attended by two-thirds or more of the total number of directors; and in addition thereto a report shall be submitted to the shareholders' meeting. Employees' profit sharing bonus may be distributed to the employees of parents or subsidiaries of the company who meet certain specific requirements set by the Board of Directors.</u></p>	<p>requirements</p>	<p>Incorporation..”</p>
<p>Article 25: These Articles of Incorporation were promulgated on December 13, 1975.</p>	<p>Article 25: These Articles of Incorporation were promulgated on December 13, 1975.</p>	<p>The amendment is to add the amendment date of the Article of Incorporation for the above amended</p>

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Articles after amendment	Current Articles	Explanation
The 1st amendment was made on October 25, 1977.....The 39th amendment was made on June 13, 2018. <u>The 40th amendment was made on June 19, 2019.</u>	The 1st amendment was made on October 25, 1977.....The 39th amendment was made on June 13, 2018.	Articles.

Resolution:

2. To revise the "Operation Procedures for the Acquisition or Disposal of Assets". Please discuss.

(Proposed by the board of directors)

Explanation:

- (1) The Operation Procedures is amended in accordance with the the Financial Supervisory Commission issued the 26 November 2018 Order stipulates “Regulations Governing the Acquisition and Disposal of Assets by Public Companies”.
- (2) Please refer to Attachment 8 (from page 100 to page 163) for comparison table of amendments.

Resolution:

3. To revise the " Procedures for Lending Funds to Other Parties". Please discuss.

(Proposed by the board of directors)

Explanation:

- (1) The Procedures is amended in accordance with the the Financial Supervisory Commission issued the 7 March 2019 Order stipulates “Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies”.
- (2) Please refer to Attachment 9 (from page 164 to page 182) for comparison table of amendments.

Resolution:

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4. To revise the " Procedures for Endorsements and Guarantees ". Please discuss.

(Proposed by the board of directors)

Explanation:

- (3) The Procedures is amended in accordance with the the Financial Supervisory Commission issued the 7 March 2019 Order stipulates “Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies”.
- (4) Please refer to Attachment 10 (from page 183 to page 200) for comparison table of amendments.

Resolution:

5. To revise the "Procedures for Election of Directors". Please discuss.

(Proposed by the board of directors)

Explanation:

- (1) The Procedures (the previous name was "Procedures for Election of Directors and Supervisors" before amendment) is amended in accordance with the the Taiwan Stock Exchange Corporation issued the 12 December 2018 Order No. TWSE 1070024089 stipulates “Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies” and in accordance with the Article 14-4 of the Securities and Exchange Act stipulates that establish an audit committee in lieu of a supervisor.
- (2) Please refer to Attachment 11. (from page 201 to page 220) for comparison table of amendments.

Resolution:

6. To revise the "Rules of Procedure for Shareholders Meetings". Please discuss.

(Proposed by the board of directors)

Explanation:

- (1) The Rules is amended in consideration of the announcement of amendment of “Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies” in accordance with 12 December 2018 Notice No. TWSE 1070024089 of Taiwan Stock Exchange Corporation, and in accordance with the Article 14-4 of the Securities and Exchange Act which stipulates that the Company shall establish an audit committee in lieu of a supervisor.
- (2) Please refer to Attachment 12 (from page 221 to page 268) for

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comparison table of amendments.

Resolution:

7. To approve the issuance of new restricted employee shares. Please discuss.

Explanation:

In order to attract and retain required professionals, encourage employees, and boost employees' coherence, so as to create the interests of the Company and shareholders together, it is proposed to issue new restricted employee shares in accordance with Article 267 of the Company Act and the "Regulations Governing the Offering and Issuance of Securities by Securities Issuers" (hereafter, the "Issuance Regulations"). The related matters of this topic are stated as follows:

A. Total issuance: The total issuance is 1,200,000 shares of new common shares and par value of each share is NT\$10, which constitute the total issued amount of NT\$12,000,000.

B. Conditions of issuance

(A) Issuance price: The shares are issued gratuitously with an issuance price of NT\$0 for each share.

(B) Vesting conditions:

The employees who meet the personal performance, company performance and service conditions prescribed in the "Regulations Governing the Issuance of New Restricted Employee Shares of 2019" without any violation of the said regulations.

(C) Failure in satisfying of vesting condition: The Company may retrieve, without remuneration, all new restricted employee shares distributed to such employees and cancel such.

C. Qualifications and number of shares distribution:

(A) The employees qualified for shares distribution shall be a full-time employees who has been employed on or before the distribution date of the new restricted employee shares.

Qualification requirements of employees' include the employees of parents or subsidiaries of the company meeting certain specific requirements.

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The employees who already holds 10% or more of the outstanding common shares of the Company is not qualified for distribution.

- (B) The employees qualified for share distribution shall be any of the following employees:
 - (a). Key personnel related to future development of the Company.
 - (b). Personnel with performance which is fairly valuable to the Company.
 - (c). New employees who are essential to the Company.
- (C) The actual number of new restricted employee shares distributed to an employee will be subject to the job tenure, level of position, performance, overall contribution, special credit or any other necessary factor for management reference and shall be submitted to the board of directors for approval after being confirmed by the chairperson. However, when distribution is made to a manager, it shall also be subject to a prior consent of remuneration committee.
- (D) The cumulative number of shares which could be subscribed by the employee stock options issued by the Company to any employee in accordance with Paragraph 1, Article 56-1 of the Issuance Regulations, together with the new restricted employee shares obtained by the same employee, shall not exceed 0.3% of the outstanding number of shares. The above amount, plus the cumulative number of shares which could be subscribed by the employee stock options issued by the Company to any employee in accordance with Paragraph 1, Article 56 of the Issuance Regulations, shall not exceed 1% of the outstanding shares. However, with special approval from the central competent authority of the relevant industry, the total number of employee stock options and new restricted employee shares obtained by a single employee may be exempted from the above-mentioned restriction.

D. The necessity of issuing the said new restricted employee shares: The purposes are to attract and retain the required professionals, inspire the employees and enhance internal cohesion, as well as to discover interests for the Company and the shareholders and to ensure that the interests of

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the officials and employees of the Company are connected with interests of the shareholders.

E. Possible costs, the dilution of the Company's earnings per share and other possible impacts on shareholders' equity.

(A) Amount of possible costs: If the Company's average close price for 30 business days before 30 April 2019, NT\$171.92 per share, is used for the calculation, when vesting conditions are all satisfied, the sum of possible costs is estimated to be NT\$206,304(in thousands of dollars), according to the vesting conditions, the cost apportioned each year will be NT\$61,891.2(in thousands of dollars), NT\$61,891.2(in thousands of dollars) and NT\$82,521.6(in thousands of dollars) respectively.

(B) The dilution of the Company's earnings per share and other impacts on the rights and interests of shareholders: If it is calculated based on the number of outstanding shares of 192,143,309, the dilution of the earnings per share each year will be NT\$0.362, NT\$0.362 and NT\$0.483 respectively. The dilution of the Company's earnings per share for subsequent years is considered to be limited and has no material impact on shareholders' equity.

F. Other important agreed matters: The new restricted employee shares issued shall be delivered to a trust for custody before the satisfaction of vesting conditions.

G. The issuance shall be handled by submitting application(s) to the competent authority once or several times within one (1) year after the resolution date of the shareholders' meeting. The shares may be issued at once or in installments, depending on the actual needs of the Company, within one year starting from the date of receipt of the notice of effective registration from the competent authority. The actual date of issuance shall be stipulated by the CEO under authorization by the board of directors.

H. If the terms and conditions set out for the said issuance of new restricted employee shares need to be amended due to the order(s) from the competent authority, the amendment(s) to relevant laws and regulations, or to respond to the financial market status or objective environment, it is proposed to authorize the board of directors to handle at its discretion after the approval of the shareholders' meeting.

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I. Relevant restrictions and important agreed matters or others for the said issuance of new restricted employee shares shall be handled in accordance with relevant laws and regulations, and the Company's "Regulations Governing the Issuance of New Restricted Employee Shares of 2019" please refer to Attachment 13. (from page 269 to page 274)

Resolution:

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Elections

1. To elect the 19th Directors. Please vote.

(Proposed by the board of directors)

Explanation:

- (1) As the term of the incumbent (the 18th) directors and supervisors of the Company will expire on 28 June 2019, it is proposed nine directors (including three independent directors) of the 19th shall be elected at the 2019 annual shareholders' meeting in accordance with the Article 12 of the Articles of Incorporation of the Company.
- (2) The term of newly directors (including three independent directors) shall be three years from on June 19, 2019 to June 18, 2022, the original directors discharged from the date of the new directors elected.
- (3) The Company will establish an audit committee in lieu of a supervisor in accordance with the Securities and Exchange Act.
- (4) The directors shall be elected by opting candidates' nomination system as specified in Article 192-1 of the Company Act in accordance with the Article 12 of the Articles of Incorporation of the Company. The director shall be elected from the nominated candidates, whose academic and professional background and relevant information please refer to Attachment 14. (from page 275 to page 284)

Voting results:

Other Matters

1. To remove the non-compete restrictions on the newly directors. Please discuss.

(Proposed by the board of directors)

Explanation:

- (1) A director who conducts business within the business scope of the Company for himself or others shall explain to the meeting of shareholders the essential contents of such an act and secure its approval in accordance with Article 209 of the Company Act.
- (2) The term of newly directors (including three independent directors) shall be three years from on June 19, 2019 to June 18, 2022, the original directors discharged from the date of the new directors elected.

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- (3) Description of the newly directors serve important position of other company please refer to Attachment 15. (from page 285 to page 286)

Resolution:

Extemporaneous motions

Meeting adjourned

Attachment 1

Merry Electronics Co., Ltd. 2018 Business Report

I. Operating Strategy

1. The main operating strategy for 2018 is “Organizational optimixation, intelligent innovation, create new achievements”.
2. Leverage partner strengths to "organize optimization" to build a strong operational organization.
3. Front-end professional and back-end manufacturing capabilities with scale advantage: Jointly plan and build the continuous growth scale through the core competencies of our partners in production management. Merry focuses on market, materials and front-end R & D, toward the left end of the smile curve, and back-end manufacturing capabilities complement each other.
4. Intelligent innovation in new business and new market: Using the above R &D and manufacturing scale, combined with external strategy growth and government resources, and precede intelligent innovation, rapid expansion of the scope of operation on the new product line, new services, emerging markets toward toward the left end of the smile curve.

II. General Condition of Implementation

In 2018, the global political and economic situation was unstable, the overall growth was affected. As a result, Taiwan’s economic momentum had also shown a slowdown in growth. In such the environment and MERRY all employees together, overall operating condition again to create success. The market in 2019 will be as challenging as before. MERRY will front the challenges with the operation policy of “Integration of resources 、 Toward Southeast Asia 、 Blue Ocean Shift. and creating a good performance.

MERRY was benefited from demand for consumer electronics products, which kept a good performance in last year. For strengthening the overall competitiveness, we keep ameliorating organization, adjustment of the division of labor mode. In order to provide overall production benefits, we continue to introduce automated production equipment, expand operations, and continue to improve production processes. MERRY has a wealth of experience, and with the cooperation of all departments, 2019 will show the same outstanding results.

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Looking forward the future, the world is still affected by the political and economic on 2019, the outlook is facing headwinds, the overall growth force is slowing down, with the rapid changes in the global industrial section, in order to response flexible to market changes and continue to enhance competitiveness, the company's operating strategy is set as "cross-border integration, southward layout, course blue sea" "MERRY is based on the ELECTRO-ACOUSTIC professional, in addition to having an excellent management team, MERRY also strives to expand cooperation with our partners and develops towards Southeast Asia.

III. Results of Implementation of Business Plan

The consolidated revenue of Company and its subsidiaries is NT\$35,494,808 (in thousands of dollars), which constitutes a NT\$8,815,998 (in thousands of dollars) and 33.04% growth the 2018 revenue, which is NT\$26,678,810 (in thousands of dollars). The total profit before tax is NT\$2,726,249 (in thousands of dollars), which constitutes a NT\$1,531,011 (in thousands of dollars) and 35.96% decrease of the 2017 profit before tax, which is NT\$4,257,260 (in thousands of dollars). The decrease of revenue of revenue and other profits serves as the major factor for the slow down.

IV. Financial Revenue and Expenses and Profitability Analysis

1. Financial Revenue and Expenses

Unit: NT\$ in thousands of dollars

Account	2018	2017
Other incomes	240,595	114,930
Other gains and losses	(32,952)	1,572,461
Financial costs	(48,453)	(26,831)
Gains and losses of affiliates for using equity method and joint ventures accounted	263,926	24,323
Total	423,116	1,684,883

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2. Profitability Analysis

Unit: NT\$ in thousands of dollars

Subject		Consolidated number of 2018	Consolidated number of 2017
Financial structure (%)	Debt to asset ratio	66.77%	48.01%
Solvency (%)	Current ratio	133.77%	142.55%
	Liquidity ratio	114.49%	124.24%
Profitability (%)	Return on assets	9.15%	19.89%
	Return on shareholders' equity	17.44%	35.08%
	Operating income to paid-in capital ratio	136.54%	212.36%
	Earnings per share after tax(NTD)	10.47	18.94

V. Research and Development

1. In 2018, the consolidated number of new products and extended products developed is 110.
2. In 2018, the consolidated number of patents approved is 57 and the consolidated number of patents under review is 79.
3. In 2018, the consolidated expenses for research and development is NT\$1,103,005 (in thousands of dollars), which increases NT\$183,733 (in thousands of dollars) than the 2017 amount, which is NT\$919,272 (in thousands of dollars), and accounts for 3.11% of the consolidated sales revenue.

VI. Execution of the Budget: Not applicable as no financial forecast has been issued.

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Attachment 2

Merry Electronics Co., Ltd. Supervisors' Review Report

The undersigned, being the supervisors of the Company, hereby confirm that the 2018 business report, profit distribution table and individual financial statement and consolidated financial statement, which were audited and issued by certified public accountants Wang, Yu-Juan and Xu, Jian-Ye from PricewaterhouseCoopers Taiwan, are not incorrect and issue a report thereupon in accordance with Article 219 of the Company Act for your review.

To: 2019 Annual Shareholders' Meeting of Merry Electronics Co., Ltd.

Supervisor: Liao, Ben-Lin

Supervisor: Cho, Sheng-Chung

Supervisor: Hung, Yun-Chuan

Supervisor: TONG-CIAN Investment Corporation

Representative: Liao, Keng-Pin

February 27, 2019

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Attachment 3

Comparison of Amendments to the Corporate Social Responsibility Best Practice Principals

Articles after amendment	Current Articles	Explanation
<p>Article 7</p> <p>The directors of our 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.</p> <p>The board of directors of our company shall <u>give full consideration to the interests of stakeholders</u>, including the following matters, in the company's performance of its corporate social responsibility initiatives:</p> <ol style="list-style-type: none"> 1. Identifying the company's corporate social responsibility mission or vision, and declaring its corporate social responsibility policy, systems or relevant management guidelines; 2. Making corporate social responsibility the guiding principle of the company's operations and 	<p>Article 7</p> <p>The directors of our 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.</p> <p>The board of directors of our company shall include the following matters, in the company's performance of its corporate social responsibility initiatives:</p> <ol style="list-style-type: none"> 1. Identifying the company's corporate social responsibility mission or vision, and declaring its corporate social responsibility policy, systems or relevant management guidelines; 2. Making corporate social responsibility the guiding principle of the company's operations and development, and ratifying concrete promotional plans 	<p>Modify the wording by referring the updated Corporate Governance Principals in 2015.</p>

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Articles after amendment	Current Articles	Explanation
<p>development, and ratifying concrete promotional plans for corporate social responsibility initiatives; and</p> <p>3. Enhancing the timeliness and accuracy of the disclosure of corporate social responsibility information.</p> <p>The board of directors shall appoint executive-level positions with responsibility for economic, environmental, and social issues resulting from the business operations of our company, and to report the status of the handling to the board of directors. The handling procedures and the responsible person for each relevant issue shall be concrete and clear.</p>	<p>for corporate social responsibility initiatives; and</p> <p>3. Enhancing the timeliness and accuracy of the disclosure of corporate social responsibility information.</p> <p>The board of directors shall appoint executive-level positions with responsibility for economic, environmental, and social issues resulting from the business operations of our company, and to report the status of the handling to the board of directors. The handling procedures and the responsible person for each relevant issue shall be concrete and clear.</p>	
<p>Article 9</p> <p>For the purpose of managing corporate social responsibility initiatives, our company establishes an exclusively (or concurrently) dedicated unit, administration center, 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.</p>	<p>Article 9</p> <p>For the purpose of managing corporate social responsibility initiatives, our company establishes an exclusively (or concurrently) dedicated unit, public relations dept., 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.</p>	<p>Modify the wording due to the organization modification.</p>

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Articles after amendment	Current Articles	Explanation
<p>Our company adopts reasonable remuneration policies, to ensure that remuneration arrangements support the strategic aims of the organization, and align with the interests of stakeholders.</p> <p>It is advised that the employee performance evaluation system be combined with corporate social responsibility policies, and that a clear and effective incentive and discipline system be established.</p>	<p>Our company adopts reasonable remuneration policies, to ensure that remuneration arrangements support the strategic aims of the organization, and align with the interests of stakeholders.</p> <p>It is advised that the employee performance evaluation system be combined with corporate social responsibility policies, and that a clear and effective incentive and discipline system be established.</p>	
<p>Article 22-1 Our company treats customers or consumers of its products or services in a fair and reasonable manner, including according to the following principles: fairness and good faith in contracting, duty of care and fiduciary duty, truthfulness in advertising and soliciting, fitness of products or services, notification and disclosure, commensuration between compensation and performance, protection of the right to complain, professionalism of salespersons etc. Said company shall also develop the relevant strategies and specific measures for implementation.</p>		<p>1. New clause. 2. Referring to the Principle for Financial Service Industries to Treat Clients Fairly, this is part of the G20 high-level financial consumer protection principles and was approved by the G20 meeting at Paris in 2011.</p>
<p>Article 27 Our company shall evaluate the impact of our business operations on the community,</p>	<p>Article 27 Our company, through commercial activities, specific</p>	<p>1. Modify wording in order to guide the listed company fulfil</p>

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Articles after amendment	Current Articles	Explanation
<p><u>and adequately employ personnel from the location of the business operations, to enhance community acceptance.</u> Our company, through <u>equity investment</u>, commercial activities, <u>endowments, volunteering service or other charitable professional services etc.</u>, dedicates 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.</p>	<p><u>object donation, volunteering service or other free professional services etc.</u>, participate in events held by citizen organizations, charities and local government agencies relating to community development and community education to promote community development.</p>	<p>the resource of corporate social responsibility into continuing resolving social or environmental issues.</p> <p>2. Considering the vague definition of the social enterprise, using the wording “dedicates resources to organizations that commercially resolve social or environmental issues” to keep the flexibility and the actual request.</p> <p>3. The examples for the listed company to dedicate resources to organizations that commercially resolve social or environmental issue:</p> <p>(1) equity investment (2) commercial</p>

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Articles after amendment	Current Articles	Explanation
		activities (3) endowments (4) volunteering service (5) other charitable professional services.

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Attachment 4

Comparison of Amendments to the Ethical Corporate Management Best Practice Principals

Articles after amendment	Current Articles	Explanation
<p>Article 2</p> <p>When engaging in commercial activities, directors, the audit committee, managers, employees, and mandataries of our company or 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.</p> <p>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.</p>	<p>Article 2</p> <p>When engaging in commercial activities, directors, supervisors, managers, employees, and mandataries of our company or 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.</p> <p>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.</p>	<p>Modify the wording due to establish the audit committee to displace the supervisors according to the Securities Exchange Act.</p>
<p>Article 6</p> <p>Our company shall in their own ethical management policy</p>	<p>Article 6</p> <p>Our company shall in their own ethical management policy</p>	<p>Modify the wording by referring to the</p>

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Articles after amendment	Current Articles	Explanation
<p>clearly and thoroughly prescribe the specific ethical management practices and the programs to forestall unethical conduct ("prevention programs"), including operational procedures, guidelines, and training.</p> <p>When establishing the prevention programs, our company shall comply with relevant laws and regulations of the territory where the companies and their business group are operating.</p> <p>In the course of developing the prevention programs, our company shall negotiate with staff, labor unions members, important trading counterparties, or other stakeholders.</p>	<p>clearly and thoroughly prescribe the specific ethical management practices and the programs to forestall unethical conduct ("prevention programs"), including the management manual and Business Behavior and Career Ethical Standard” in order to regulate all employees’ behavior.</p> <p>When establishing the prevention programs, our company shall comply with relevant laws and regulations of the territory where the companies and their business group are operating.</p> <p>In the course of developing the prevention programs, our company shall negotiate with staff, labor unions members, important trading counterparties, or other stakeholders.</p>	<p>Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies.</p>
<p>Article 10</p> <p>When conducting business, our company and our directors, managers, employees, mandataries, 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.</p>	<p>Article 10</p> <p>When conducting business, our company and our directors, supervisors, managers, employees, mandataries, 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.</p>	<p>Modify the wording due to establish the audit committee to displace the supervisors according to the Securities Exchange Act while considering the members of the audit committee are all independent</p>

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Articles after amendment	Current Articles	Explanation
		directors.
<p>Article 11</p> <p>When directly or indirectly offering a donation to political parties or organizations or individuals participating in political activities, our company and our directors, managers, employees, mandataries, and substantial controllers, shall comply with the Political Donations Act and their own relevant internal operational procedures, and shall not make such donations in exchange for commercial gains or business advantages.</p>	<p>Article 11</p> <p>When directly or indirectly offering a donation to political parties or organizations or individuals participating in political activities, our company and our directors, supervisors, managers, employees, mandataries, and substantial controllers, shall comply with the Political Donations Act and their own relevant internal operational procedures, and shall not make such donations in exchange for commercial gains or business advantages.</p>	<p>Modify the wording due to establish the audit committee to displace the supervisors according to the Securities Exchange Act while considering the members of the audit committee are all independent directors.</p>
<p>Article 12</p> <p>When making or offering donations and sponsorship, our company and our directors, managers, employees, mandataries, and substantial controllers shall comply with relevant laws and regulations and internal operational procedures, and shall not surreptitiously engage in bribery.</p>	<p>Article 12</p> <p>When making or offering donations and sponsorship, our company and our directors, supervisors, managers, employees, mandataries, and substantial controllers shall comply with relevant laws and regulations and internal operational procedures, and shall not surreptitiously engage in bribery.</p>	<p>Modify the wording due to establish the audit committee to displace the supervisors according to the Securities Exchange Act while considering the members of the audit committee are all independent directors.</p>
<p>Article 13</p> <p>Our company and our directors, managers, employees, mandataries, and substantial controllers shall not directly or indirectly offer or accept any</p>	<p>Article 13</p> <p>Our company and our directors, supervisors, managers, employees, mandataries, and substantial controllers shall not directly or indirectly offer or</p>	<p>Modify the wording due to establish the audit committee to displace the supervisors</p>

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Articles after amendment	Current Articles	Explanation
<p>unreasonable presents, hospitality or other improper benefits to establish business relationship or influence commercial transactions.</p>	<p>accept any unreasonable presents, hospitality or other improper benefits to establish business relationship or influence commercial transactions.</p>	<p>according to the Securities Exchange Act while considering the members of the audit committee are all independent directors.</p>
<p>Article 14 Our company and our directors, managers, employees, mandataries, 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.</p>	<p>Article 14 Our company and our directors, <u>supervisors</u>, managers, employees, mandataries, 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.</p>	<p>Modify the wording due to establish the audit committee to displace the supervisors according to the Securities Exchange Act while considering the members of the audit committee are all independent directors.</p>
<p>Article 16 In the course of research and development, procurement, manufacture, provision, or sale of products and services, our company and our directors, managers, employees, mandataries, and substantial controllers shall observe applicable laws and regulations and international standards to</p>	<p>Article 16 In the course of research and development, procurement, manufacture, provision, or sale of products and services, our company and our directors, <u>supervisors</u>, managers, employees, mandataries, and substantial controllers shall observe applicable laws and regulations and international</p>	<p>Modify the wording due to establish the audit committee to displace the supervisors according to the Securities Exchange Act while considering the members of the</p>

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Articles after amendment	Current Articles	Explanation
<p>ensure the 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.</p>	<p>standards to ensure the 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.</p>	<p>audit committee are all independent directors.</p>
<p>Article 17 The directors, managers, employees, mandataries, and substantial controllers of our 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</p>	<p>Article 17 The directors, supervisors, managers, employees, mandataries, and substantial controllers of our company shall exercise the due care of good administrators to urge the company to prevent unethical conduct, always review the results of the preventive</p>	<p>1. Modify the wording due to establish the audit committee to displace the supervisors according to the Securities Exchange Act while</p>

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Articles after amendment	Current Articles	Explanation
<p>continually make adjustments so as to ensure thorough implementation of its ethical corporate management policies. To achieve sound ethical corporate management, our company shall establish a dedicated unit, administration center, which is 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 a regular basis:</p> <ol style="list-style-type: none"> 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 	<p>measures and continually make adjustments so as to ensure thorough implementation of its ethical corporate management policies. To achieve sound ethical corporate management, our company shall establish a dedicated unit, the Chairmen Office, which is 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 a regular basis:</p> <ol style="list-style-type: none"> 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 	<p>considering the members of the audit committee are all independent directors.</p> <p>2. Modify the Chairman Office as the Administration center according to the No.017 announcement in MERRY.</p>

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Articles after amendment	Current Articles	Explanation
<p>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.</p> <p>4. Promoting and coordinating awareness and educational activities with respect to ethics policy.</p> <p>5. Developing a whistle-blowing system and ensuring its operating effectiveness.</p> <p>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.</p>	<p>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.</p> <p>4. Promoting and coordinating awareness and educational activities with respect to ethics policy.</p> <p>5. Developing a whistle-blowing system and ensuring its operating effectiveness.</p> <p>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.</p>	
<p>Article 18</p> <p>Our company and our directors, managers, employees, mandataries, and substantial controllers shall comply with laws and regulations and the prevention programs when conducting business.</p>	<p>Article 18</p> <p>Our company and our directors, <u>supervisors</u>, managers, employees, mandataries, and substantial controllers shall comply with laws and regulations and the prevention programs when conducting business.</p>	<p>Modify the wording due to establish the audit committee to displace the supervisors according to the Securities Exchange Act while considering</p>

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Articles after amendment	Current Articles	Explanation
		the members of the audit committee are all independent directors.
<p>Article 19</p> <p>Our 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, managers, and other stakeholders attending or present at board meetings to voluntarily explain whether their interests would potentially conflict with those of the company.</p> <p>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, managers, and other stakeholders attending or present at board meetings of our 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 recuse</p>	<p>Article 19</p> <p>Our 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.</p> <p>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 our 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</p>	<p>Modify the wording due to establish the audit committee to displace the supervisors according to the Securities Exchange Act while considering the members of the audit committee are all independent directors.</p>

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Articles after amendment	Current Articles	Explanation
<p>himself or herself 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.</p> <p>Our company's directors, managers, employees, mandataries, 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.</p>	<p>proposal and shall recuse himself or herself 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.</p> <p>Our company's directors, supervisors, managers, employees, mandataries, 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.</p>	
<p>Article 21</p> <p>Our company shall establish operational procedures and guidelines in accordance with Article 6 hereof to guide directors, managers, employees, and substantial controllers on how to conduct business. The procedures and guidelines should at least contain the following matters:</p> <ol style="list-style-type: none"> 1. Standards for determining whether improper benefits have been offered or accepted. 2. Procedures for offering legitimate political donations. 3. Procedures and the standard 	<p>Article 21</p> <p>Our 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:</p> <ol style="list-style-type: none"> 1. Standards for determining whether improper benefits have been offered or accepted. 2. Procedures for offering legitimate political donations. 	<p>Modify the wording due to establish the audit committee to displace the supervisors according to the Securities Exchange Act while considering the members of the audit committee are all independent directors.</p>

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Articles after amendment	Current Articles	Explanation
<p>rates for offering charitable donations or sponsorship.</p> <p>4. Rules for avoiding work-related conflicts of interests and how they should be reported and handled.</p> <p>5. Rules for keeping confidential trade secrets and sensitive business information obtained in the ordinary course of business.</p> <p>6. Regulations and procedures for dealing with suppliers, clients and business transaction counterparties suspected of unethical conduct.</p> <p>7. Handling procedures for violations of these Principles.</p> <p>8. Disciplinary measures on offenders.</p>	<p>3. Procedures and the standard rates for offering charitable donations or sponsorship.</p> <p>4. Rules for avoiding work-related conflicts of interests and how they should be reported and handled.</p> <p>5. Rules for keeping confidential trade secrets and sensitive business information obtained in the ordinary course of business.</p> <p>6. Regulations and procedures for dealing with suppliers, clients and business transaction counterparties suspected of unethical conduct.</p> <p>7. Handling procedures for violations of these Principles.</p> <p>8. Disciplinary measures on offenders.</p>	
<p>Article 22</p> <p>The chairperson, general manager, or senior management of our company shall communicate the importance of corporate ethics to its directors, employees, and mandataries on a regular basis.</p> <p>Our company shall periodically organize training and awareness programs for directors, managers, employees, mandataries, and substantial controllers and invite the companies' commercial transaction counterparties so</p>	<p>Article 22</p> <p>The chairperson, general manager, or senior management of our company shall communicate the importance of corporate ethics to its directors, employees, and mandataries on a regular basis.</p> <p>Our company shall periodically organize training and awareness programs for directors, <u>supervisors</u>, managers, employees, mandataries, and substantial controllers and invite the companies' commercial transaction</p>	<p>Modify the wording due to establish the audit committee to displace the supervisors according to the Securities Exchange Act while considering the members of the audit committee are all independent directors.</p>

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Articles after amendment	Current Articles	Explanation
<p>they understand the companies' resolve to implement ethical corporate management, the related policies, prevention programs and the consequences of committing unethical conduct.</p> <p>Our 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.</p>	<p>counterparties so they understand the companies' resolve to implement ethical corporate management, the related policies, prevention programs and the consequences of committing unethical conduct.</p> <p>Our 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.</p>	
<p>Article 23</p> <p>Our company shall adopt a concrete whistle-blowing system and scrupulously operate the system. The whistle-blowing system shall include at least the following:</p> <ol style="list-style-type: none"> 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 the audit committee. Categories of 	<p>Article 23</p> <p>Our company shall adopt a concrete whistle-blowing system and scrupulously operate the system. The whistle-blowing system shall include at least the following:</p> <ol style="list-style-type: none"> 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 the supervisors. Categories of 	<p>Modify the wording due to establish the audit committee to displace the supervisors according to the Securities Exchange Act while considering the members of the audit committee are all independent directors.</p>

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Articles after amendment	Current Articles	Explanation
<p>reported misconduct shall be delineated and standard operating procedures for the investigation of each shall be adopted.</p> <p>3. Documentation of case acceptance, investigation processes, investigation results, and relevant documents.</p> <p>4. Confidentiality of the identity of whistle-blowers and the content of reported cases.</p> <p>5. Measures for protecting whistle-blowers from inappropriate disciplinary actions due to their whistle-blowing.</p> <p>6. Whistle-blowing incentive measures.</p> <p>When material misconduct or likelihood of material impairment to our 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 the audit committee in written form.</p>	<p>reported misconduct shall be delineated and standard operating procedures for the investigation of each shall be adopted.</p> <p>3. Documentation of case acceptance, investigation processes, investigation results, and relevant documents.</p> <p>4. Confidentiality of the identity of whistle-blowers and the content of reported cases.</p> <p>5. Measures for protecting whistle-blowers from inappropriate disciplinary actions due to their whistle-blowing.</p> <p>6. Whistle-blowing incentive measures.</p> <p>When material misconduct or likelihood of material impairment to our 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 the supervisors in written form.</p>	
<p>Article 26</p> <p>Our company shall at all times monitor the development of relevant local and international regulations concerning ethical corporate management and</p>	<p>Article 26</p> <p>Our company shall at all times monitor the development of relevant local and international regulations concerning ethical corporate management and</p>	<p>Modify the wording due to establish the audit committee to displace the supervisors</p>

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Articles after amendment	Current Articles	Explanation
<p>encourage their directors, 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.</p>	<p>encourage their 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.</p>	<p>according to the Securities Exchange Act while considering the members of the audit committee are all independent directors.</p>
<p>Article 27 The ethical corporate management best practice principles of our company shall be implemented after the board of directors grants the approval and reported at a shareholders' meeting. The same procedure shall be followed when the principles have been amended. For our company that has appointed any independent director, 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</p>	<p>Article 27 The ethical corporate management best practice principles of our company shall be implemented after the board of directors grants the approval, and shall be sent to the independent directors and reported at a shareholders' meeting. The same procedure shall be followed when the principles have been amended. For our company that has appointed any independent director, 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</p>	<p>Modify the wording due to establish the audit committee to displace the supervisors according to the Securities Exchange Act while considering the members of the audit committee are all independent directors.</p>

(Note This English translation is provided for reference only and might not reflect exactly the meaning and full text of the original language)

Articles after amendment	Current Articles	Explanation
<p>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.</p>	<p>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.</p>	

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Attachment 5

Comparison of Amendments to the Codes of Ethical Conduct

Articles after amendment	Current Articles	Explanation
<p>Article 2</p> <p>Content of the code:</p> <p>1. Prevention of conflicts of interest:</p> <p>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 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 goods involving the affiliated enterprise at which a director or managerial officer works. The</p>	<p>Article 2</p> <p>Content of the code:</p> <p>2. Prevention of conflicts of interest:</p> <p>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, <u>supervisor</u>, 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 goods involving the affiliated enterprise at which a director, supervisor, or managerial</p>	<p>Modify the wording due to establish the audit committee to displace the supervisors according to the Securities Exchange Act while considering the members of the audit committee are all independent directors.</p>

(Note This English translation is provided for reference only and might not reflect exactly the meaning and full text of the original language)

Articles after amendment	Current Articles	Explanation
<p>company shall establish a policy aimed at preventing conflicts of interest, and shall offer appropriate means for directors and managerial officers to voluntarily explain whether there is any potential conflict between them and the company.</p>	<p>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.</p>	
<p>Article 2 6. Legal compliance: The company shall strengthen its compliance with the Securities and Exchange Act and other applicable laws, regulations, and bylaws.</p>	<p>Article 2 6. Legal compliance: The company shall strengthen its compliance with the Securities and Exchange Act and other applicable laws, regulations, and bylaws. Our company set up “MERRY’s Business Behavior and Career Ethical Standard” in order to regulate all employees’ behavior.</p>	<p>Modify the wording by referring to the Guidelines for the Adoption of Codes of Ethical Conduct for TWSE/TPEX Listed Companies.</p>
<p>Article 2 7. Encouraging reporting on illegal or unethical activities: The company shall raise awareness of ethics internally and encourage employees to report to the audit committee, independent director, managerial officer, chief internal auditor, administration center,</p>	<p>Article 2 8. Encouraging reporting on illegal or unethical activities: The company shall raise awareness of ethics internally and encourage employees to report to the board of directors, independent director, managerial officer, the Chairman Office, Human resources department & Occupational Safety and Health</p>	<p>1. Modify the wording due to establish the audit committee to displace the supervisors according to the Securities Exchange Act. 2. Modify the Chairman Office as the Administration</p>

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Articles after amendment	Current Articles	Explanation
<p>Human resources department & Occupational Safety and Health Administration, or other appropriate individual upon suspicion or discovery of any activity in violation of a law or regulation or the code of ethical conduct. To encourage employees to report illegal conduct, the company shall establish a concrete whistle-blowing system and make employees aware that the company will use its best efforts to ensure the safety of informants and protect them from reprisals.</p>	<p>Administration, or other appropriate individual upon suspicion or discovery of any activity in violation of a law or regulation or the code of ethical conduct. To encourage employees to report illegal conduct, the company shall establish a concrete whistle-blowing system and make employees aware that the company will use its best efforts to ensure the safety of informants and protect them from reprisals.</p>	<p>center according to the No.017 announcement in MERRY.</p>
<p>Article 3 Procedures for exemption The code of ethical conduct adopted by a company must require that any exemption for directors or managerial officers from compliance with the code be adopted by a resolution of the 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</p>	<p>Article 3 Procedures for exemption The code of ethical conduct adopted by a company must require that any exemption for directors, supervisors or managerial officers from compliance with the code be adopted by a resolution of the 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</p>	<p>Modify the wording due to establish the audit committee to displace the supervisors according to the Securities Exchange Act while considering the members of the audit committee are all independent directors.</p>

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Articles after amendment	Current Articles	Explanation
<p>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.</p>	<p>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.</p>	
<p>Article 5 Enforcement Our 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 and submitted to a shareholders meeting.</p>	<p>Article 5 Enforcement Our 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 each supervisor, and submitted to a shareholders meeting.</p>	<p>Modify the wording due to establish the audit committee to displace the supervisors according to the Securities Exchange Act while considering the members of the audit committee are all independent directors.</p>

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Attachment 6

CPA's Audit Report, Individual Financial Statements and Consolidated Financial Statements

REPORT OF INDEPENDENT ACCOUNTANTS TRANSLATED FROM CHINESE
To the Board of Directors and Shareholders of Merry Electronics Co., Ltd.

Opinion

We have audited the accompanying parent company only balance sheets of Merry Electronics Co., Ltd. (the “Company”) as at December 31, 2018 and 2017, and the related parent company only statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the parent company only financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying parent company only financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2018 and 2017, and its financial performance and its cash flows for the years then ended 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 Accountant’s Responsibilities for the Audit of Parent Company Only Financial Statements section of our report. We are independent of the Company in accordance with the Code of Professional Ethics for Certified Public Accountants in the Republic of China (the “Code”), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the parent company only financial statements of the current period. These matters were addressed in the context of our audit of the parent company

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only financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

The key audit matters in relation to the parent company only financial statements for the year ended December 31, 2018 are outlined as follows:

Cut-off on sales revenue from distribution warehouse

Description

Refer to Note 4(27) for accounting policy on revenue recognition.

The Company recognizes revenue upon delivery of goods or pick-up of goods (the transfer of control of ownership) by customers at warehouse. Warehouse sales revenue constitutes 28% of total operating revenue for the year ended December 31, 2018. The Company's revenue recognition is based on inventory movement records of warehouse based on the reports provided by warehouse custodians or bill of lading reports recorded on network platform. As the hubs are located in various locations and there are numerous custodians, the frequency and contents of statements provided by custodians vary, and customers are from different places, the process of revenue recognition contains numerous manual procedures, which would potentially result in inaccurate timing of revenue recognition and the discrepancy between physical inventory quantities in the hubs and quantities per accounting records. Thus, we consider the cut-off on sales revenue from distribution warehouse a key audit matter.

How our audit addressed the matter

We performed the following audit procedures in relation to the above key audit matter:

- A. Understood, evaluated and verified the Company's procedure for warehouse sales revenue and internal control, including:
 - (a) Interviewing the staff from different departments of the sales revenue process from distribution warehouse, and confirming the consistency by comparing interview results with the process of warehouse sales revenue recognition obtained.
 - (b) Verifying the internal control of warehouse distribution (checked the terms of transaction / timing of ownership transfer and dates of supporting documents and verifying transactions recognised in the appropriate period by reconciling the quantities of supporting documents with invoices) to confirm the accuracy

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of the timing of revenue recognition..

- B. Performed cutoff procedures on sales revenue from distribution warehouse recognised during a specific period before and after the period-end, including verifying delivery schedule of distribution warehouse and ensuring the movements of inventories contained in the statements and cost of goods sold had been recognized in the appropriate period; and
- C. Performed physical inventory count observation or confirmed the inventory quantities with hub custodian and agreed the results to accounting records.

Investments accounted for using equity method - valuation of inventories

Description

The Company receives orders from customers and the subsidiaries are tasked to manufacture the products. The subsidiaries (shown as investments accounted for using equity method) have a high risk of incurring inventory valuation loss and obsolescence due to fluctuations in market demand and rapidly evolving technology. Further, the measurement of net realizable value of inventories involves subjective judgement resulting in a high degree of estimation uncertainty. Thus, we consider the allowance for inventory valuation loss of the subsidiaries (shown as investments accounted for using equity method) a key audit matter.

How our audit addressed the matter

We performed the following audit procedures in relation to the above key audit matter:

- A. Understood and assessed the reasonableness of the subsequent inventory valuation and the provision for loss on obsolete and slow-moving inventory.
- B. Inspected the annual plan of the physical inventory count and observed the inventory count;

evaluated the effectiveness of the procedures used to identify and control obsolete inventories.
- C. Obtained inventory aging report and verified dates of movements with supporting documents, and ensured the accuracy of inventory aging classification and its consistency with the policies.
- D. Obtained the net realizable value of each kind of inventory and checked whether the applied calculation logic was in agreement with all inventory, tested the

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supporting documents related to the estimation basis for net realizable value of inventories including verifying the supporting documents of sales and purchase prices, as well as recalculating and assessing the reasonableness of allowance for inventory valuation losses.

Investments accounted for using equity method - acquisition of Indigo Enterprises Inc. and Suzhou Meisheng Electronics Co., Ltd.

Description

In July 2018, the Company acquired 70% of ordinary shares of Indigo Enterprises Inc. and Suzhou Meisheng Electronics Co., Ltd. with cash amounting to NT\$945,560 thousand and obtained control of these companies. The Company used the acquisition method as accounting treatment for the business combination; refer to Note 4(28) for the details. The purchase price allocation report prepared by the external appraiser appointed by management was used to measure and allocate the purchase price to identifiable assets and assumed liabilities which arose from the combination (refer to Note 6(28) in the consolidated financial statements for details).

As the purchase price allocation involved management's estimation and the business combination was significant to the financial statements, we consider the business combination a key audit matter.

How our audit addressed the matter

We performed the following audit procedures in relation to the above key audit matter:

- A. An Inquired with management the details of the business combination, including acquisition motive, purchase price and valuation basis for fair values of assets acquired and liabilities assumed, accounting policies applied and the related internal control process, and reviewed the minutes of Board of Directors' meeting and related contracts.
- B. Reviewed the assessment on the reasonableness of price provided by the independent expert and the agreements of share transfer, and checked the voucher for payment consideration to verify the purchase price.
- C. Obtained an understanding of the basis and procedure of purchase price allocation which was estimated by management. We commissioned our internal appraiser to review the original data and the reasonableness of major assumptions (including discount rate and gross margin) and fair value as indicated in the purchase price

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allocation reports prepared by the appraisers appointed by the Company.

- D. Obtained accounting entries (shown as ‘Investments accounted for using equity method’) of the price allocation result based on the price allocation report and ensured accuracy of recorded amount.

Responsibilities of management and those charged with governance for the parent company only financial statements

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

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

Those charged with governance, including independent directors and supervisors, are responsible for overseeing the Company’s financial reporting process.

Independent accountant’s responsibilities for the audit of the parent company only financial statements

Our objectives are to obtain reasonable assurance about whether the parent company only 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 parent company only financial statements.

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

- A. Identify and assess the risks of material misstatement of the parent company only

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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.

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

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

Wang, Yu-Juan

Xu, Jian-Ye

For and on behalf of PricewaterhouseCoopers, Taiwan

February 27, 2019

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

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

MERRY ELECTRONICS CO., LTD.
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2018 AND 2017

(Expressed in thousands of New Taiwan dollars)

Assets	Notes	December 31, 2018		December 31, 2017		
		AMOUNT	%	AMOUNT	%	
Current assets						
1100	Cash and cash equivalents	6(1)	\$ 6,610,358	26	\$ 5,268,817	22
1110	Financial assets at fair value through profit or loss - current	6(2) and 12(4)	166,048	1	425,534	2
1120	Financial assets at fair value through other comprehensive income - current	6(3)	228,413	1	-	-
1125	Available-for-sale financial assets - current	12(4)	-	-	155,254	1
1170	Accounts receivable, net	6(4)	7,168,341	28	5,934,566	25
1180	Accounts receivable - related parties	7	10,595	-	13,518	-
1200	Other receivables		32,386	-	145,010	1
1210	Other receivables - related parties	7	33,326	-	300,312	1
130X	Inventories, net	6(5)	625,058	2	830,972	3
1410	Prepayments		8,890	-	16,438	-
1476	Other current financial assets		-	-	100,000	-
1479	Other current assets		25,474	-	20,882	-
11XX	Total current assets		<u>14,908,889</u>	<u>58</u>	<u>13,211,303</u>	<u>55</u>
Non-current assets						
1510	Financial assets at fair value through profit or loss - non-current	6(2) and 12(4)	18,174	-	-	-
1517	Financial assets at fair value through other comprehensive income - non-current	6(3)	1,381,450	6	-	-
1523	Available-for-sale financial assets - non-current	12(4)	-	-	4,261,751	18
1550	Investments accounted for under equity method	6(6)	8,300,401	32	5,832,596	24
1600	Property, plant and equipment, net	6(7)	761,523	3	448,242	2
1780	Intangible assets	6(8)	277,570	1	315,860	1
1840	Deferred income tax assets	6(24)	40,785	-	50,712	-
1990	Other non-current assets		39,924	-	7,662	-
15XX	Total non-current assets		<u>10,819,827</u>	<u>42</u>	<u>10,916,823</u>	<u>45</u>
1XXX	Total assets		<u>\$ 25,728,716</u>	<u>100</u>	<u>\$ 24,128,126</u>	<u>100</u>

(Continued)

MERRY ELECTRONICS CO., LTD.
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2018 AND 2017

(Expressed in thousands of New Taiwan dollars)

Liabilities and Equity	Notes	December 31, 2018		December 31, 2017		
		AMOUNT	%	AMOUNT	%	
Current liabilities						
2100	Short-term borrowings	6(10)	\$ 4,399,144	17	\$ 1,349,520	6
2120	Financial liabilities at fair value	6(2)				
	through profit or loss - current		6,976	-	8,337	-
2170	Accounts payable		4,420	-	486	-
2180	Accounts payable - related parties	7	6,642,168	26	7,236,535	30
2200	Other payables	6(11)	423,685	2	580,503	2
2220	Other payables - related parties	7	40,296	-	71,273	-
2230	Current income tax liabilities		119,172	-	390,648	2
2300	Other current liabilities		187,325	1	194,677	1
21XX	Total current liabilities		<u>11,823,186</u>	<u>46</u>	<u>9,831,979</u>	<u>41</u>
Non-current liabilities						
2530	Corporate bonds payable	6(12)	2,882,721	11	-	-
2570	Deferred income tax liabilities	6(24)	604,859	2	478,846	2
2640	Accrued pension liabilities	6(13)	84,044	-	112,132	-
2645	Guarantee deposits received		1,018	-	1,017	-
2670	Other non-current liabilities	6(6)	402,072	2	-	-
25XX	Total non-current liabilities		<u>3,974,714</u>	<u>15</u>	<u>591,995</u>	<u>2</u>
2XXX	Total liabilities		<u>15,797,900</u>	<u>61</u>	<u>10,423,974</u>	<u>43</u>
Equity						
Share capital						
3110	Share capital - common stock	6(15)	1,996,625	8	2,004,721	8
Capital surplus						
3200	Capital surplus	6(16)	2,789,111	11	2,985,304	12
Retained earnings						
3310	Legal reserve	6(17)	1,539,341	6	1,177,121	5
3320	Special reserve		269,144	1	269,144	1
3350	Unappropriated retained earnings		3,189,563	12	4,292,018	18
Other equity interest						
3400	Other equity interest	6(18)	147,032	1	3,074,587	13
3500	Treasury stocks	6(15)	-	-	(98,743)	-
3XXX	Total equity		<u>9,930,816</u>	<u>39</u>	<u>13,704,152</u>	<u>57</u>
Significant contingent liabilities and unrecognised contract commitments						
Significant events after the balance sheet date						
3X2X	Total liabilities and equity		<u>\$ 25,728,716</u>	<u>100</u>	<u>\$ 24,128,126</u>	<u>100</u>

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

MERRY ELECTRONICS CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

(Expressed in thousands of New Taiwan dollars, except earnings per share)

Items	Notes	2018		2017	
		AMOUNT	%	AMOUNT	%
4000 Sales revenue	6(19), 7 and 12(5)	\$ 30,438,179	100	\$ 24,316,279	100
5000 Operating costs	6(5)(22)(23) and 7	(27,825,720)	(92)	(21,046,422)	(86)
5900 Net operating margin		2,612,459	8	3,269,857	14
Operating expenses	6(22)(23)				
6100 Selling expenses		(210,681)	-	(214,360)	(1)
6200 General and administrative expenses		(553,006)	(2)	(577,230)	(3)
6300 Research and development expenses		(569,581)	(2)	(572,251)	(2)
6000 Total operating expenses		(1,333,268)	(4)	(1,363,841)	(6)
6900 Operating profit		1,279,191	4	1,906,016	8
Non-operating income and expenses					
7010 Other income	6(20)	131,041	-	66,957	-
7020 Other gains and losses	6(2)(3)(21)	52,726	-	1,629,889	7
7050 Finance costs		(31,217)	-	(14,882)	-
7070 Share of profit of associates and joint ventures accounted for using equity method	6(6)	1,063,494	4	586,535	2
7000 Total non-operating income and expenses		1,216,044	4	2,268,499	9
7900 Profit before income tax		2,495,235	8	4,174,515	17
7950 Income tax expense	6(24)	(430,970)	(1)	(552,310)	(2)
8200 Profit for the year		\$ 2,064,265	7	\$ 3,622,205	15
Other comprehensive income					
Components of other comprehensive income that will not be reclassified to profit or loss					
8311 Actuarial losses on defined benefit plans	6(13)	(\$ 7,051)	-	(\$ 6,919)	-
8316 Unrealised losses from investments in equity instruments measured at fair value through other comprehensive income		(2,530,480)	(9)	-	-
8330 Share of other comprehensive loss of associates and joint ventures accounted for using equity method		(5,513)	-	(36)	-
8349 Income tax related to components of other comprehensive income that will not be reclassified to profit or loss		1,410	-	886	-
8310 Other comprehensive loss that will not be reclassified to profit or loss		(2,541,634)	(9)	(6,069)	-
Components of other comprehensive income that will be reclassified to profit or loss					
8361 Exchange differences on translation	6(18)	19,095	-	(157,729)	-
8362 Available-for-sale financial assets	6(3)	-	-	3,388,831	14
8367 Unrealised gains from investments in debt instruments measured at fair value through other comprehensive income		18,639	-	-	-
8380 Share of other comprehensive (loss) income of associates and joint ventures accounted for using equity method		(87,285)	-	72,658	-
8399 Income tax relating to the components of other comprehensive income		12,720	-	9,401	-
8360 Other comprehensive (loss) income that will be reclassified to profit or loss		(36,831)	-	3,313,161	14
8300 Other comprehensive (loss) income for the year		(\$ 2,578,465)	(9)	\$ 3,307,092	14
8500 Total comprehensive (loss) income for the year		(\$ 514,200)	(2)	\$ 6,929,297	29
Earnings per share	6(25)				
9750 Basic earnings per share		\$ 10.47		\$ 18.94	
9850 Diluted earnings per share		\$ 10.35		\$ 18.30	

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

MERRY ELECTRONICS CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017
(Expressed in thousands of New Taiwan dollars)

	Notes	Capital			Retained Earnings			Financial statements translation differences of foreign operations	Treasury stocks	Total equity
		Share capital - common stock	Advance receipts for share capital	Total capital surplus, additional paid-in capital	Legal reserve	Special reserve	Unappropriated retained earnings			
2017										
Balance at January 1, 2017		\$ 1,850,625	\$ 15,420	\$ 1,523,507	\$ 976,007	\$ 269,144	\$ 2,613,534	(\$ 199,999)	(\$ 103,058)	\$ 6,945,180
Profit for the year		-	-	-	-	-	3,622,205	-	-	3,622,205
Other comprehensive income for the year	6(18)	-	-	-	-	-	(6,069)	3,313,161	-	3,307,092
Total comprehensive income		-	-	-	-	-	3,616,136	3,313,161	-	6,929,297
Appropriations and distribution of 2016 earnings (Note 1):	6(17)	-	-	-	-	-	-	-	-	-
Legal reserve		-	-	-	201,114	-	(201,114)	-	-	-
Cash dividends		-	-	-	-	-	(1,736,538)	-	-	(1,736,538)
Convertible bonds converted to equity shares	6(12)	134,873	-	1,335,337	-	-	-	-	-	1,470,210
Share-based payment	6(14)	19,223	(15,420)	126,460	-	-	-	(38,575)	4,315	96,003
Balance at December 31, 2017		\$ 2,004,721	\$ -	\$ 2,985,304	\$ 1,177,121	\$ 269,144	\$ 4,292,018	\$ 3,074,587	(\$ 98,743)	\$ 13,704,152
2018										
Balance at January 1, 2018		\$ 2,004,721	\$ -	\$ 2,985,304	\$ 1,177,121	\$ 269,144	\$ 4,292,018	\$ 3,074,587	(\$ 98,743)	\$ 13,704,152
Effects of modified retrospective restatement		-	-	-	-	-	3,766	(3,766)	-	-
Balance at January 1, 2018 after adjustments		2,004,721	-	2,985,304	1,177,121	269,144	4,295,784	3,070,821	(98,743)	13,704,152
Profit for the year		-	-	-	-	-	2,064,265	-	-	2,064,265
Other comprehensive loss for the year	6(18)	-	-	-	-	-	(11,154)	(2,567,311)	-	(2,578,465)
Total comprehensive income		-	-	-	-	-	2,053,111	(2,567,311)	-	(514,200)
Appropriations and distribution of 2017 earnings (Note 2):		-	-	-	-	-	-	-	-	-
Legal reserve		-	-	-	362,220	-	(362,220)	-	-	-
Cash dividends		-	-	-	-	-	(3,143,838)	-	-	(3,143,838)
Issuance of convertible bonds	6(12)	-	-	133,326	-	-	-	-	-	133,326
Convertible bonds converted to equity shares	6(12)	1,409	-	13,565	-	-	-	-	-	14,974
Share-based payment	6(14)	9,165	-	120,515	-	-	-	(9,752)	13,944	133,872
Retirement of treasury shares	6(15)	(18,670)	-	(66,129)	-	-	-	-	84,799	-
Disposal of investments in equity instruments at fair value through other comprehensive income	6(3)	-	-	-	-	-	346,726	(346,726)	-	-
Acquisition agreement of additional equity in subsidiaries		-	-	(402,072)	-	-	-	-	-	(402,072)
Recognition of change in equity of associates in proportion to the Group's ownership		-	-	4,602	-	-	-	-	-	4,602
Balance at December 31, 2018		\$ 1,996,625	\$ -	\$ 2,789,111	\$ 1,539,341	\$ 269,144	\$ 3,189,563	\$ 147,032	\$ -	\$ 9,930,816

Note 1: Directors' and supervisors' remuneration amounting to \$43,733 thousand and employees' compensation amounting to \$128,626 thousand were recognised as expenses in the statement of comprehensive income for the year ended December 31, 2016.
Note 2: Directors' and supervisors' remuneration amounting to \$90,750 thousand and employees' compensation amounting to \$272,251 thousand were recognised as expenses in the statement of comprehensive income for the year ended December 31, 2017.

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

MERRY ELECTRONICS CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017
(Expressed in thousands of New Taiwan dollars)

	Notes	2018	2017
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Profit before tax		\$ 2,495,235	\$ 4,174,515
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation	6(7)	18,288	14,614
Amortization	6(8)	56,241	47,922
Provision for bad debts expense	6(4)	-	935
Expected credit loss		1,024	-
Finance costs		31,217	14,882
Net loss on financial assets or liabilities at fair value through profit or loss		16,904	7,617
Share of profit of associates and joint ventures accounted for using equity method	6(6)	(1,063,494)	(586,535)
Dividend income	6(20)	(60,437)	(28,950)
Interest income	6(20)	(40,417)	(25,998)
(Gain) loss on disposal of property, plant and equipment	6(21)	(97)	576
Gain on disposal of investments	6(21)	-	(1,200,621)
Share-based payments	6(14)	90,298	70,872
Treasury share-based payments	6(14)	26,734	17,013
Compensation cost of cash capital increase reserved for employee preemption	6(14)	3,993	-
Effect of exchange rate changes		(58,875)	106,065
Changes in operating assets and liabilities			
Changes in operating assets			
Financial assets at fair value through profit or loss	6(2)	231,061	12,117
Notes receivable, net		-	2
Accounts receivable		(1,234,799)	(2,734,105)
Accounts receivable - related parties		2,923	(7,719)
Other receivables		152,625	(8,027)
Other receivables - related parties		495	-
Inventories		205,914	(664,020)
Prepayments		7,548	(7,796)
Other current assets		(7,398)	(8,409)
Acquisition of financial assets at fair value through profit or loss - non-current		(18,174)	-
Changes in operating liabilities			
Notes payable		-	73
Accounts payable		3,934	(10,237)
Accounts payable - related parties		(594,367)	3,188,965
Other payables		(162,479)	229,488
Other payables - related parties		(30,977)	37,679
Other current liabilities		7,622	(41,644)
Other non-current liabilities		(22,325)	673
Cash inflow generated from operations		58,217	2,599,947
Interest paid		(30,050)	(4,785)
Income taxes paid		(552,376)	(267,491)
Interest received		43,223	26,295
Dividend income		60,437	28,950
Recognition of dividends received from investments accounted for using equity method	6(26)	574,124	-
Net cash flows from operating activities		<u>153,575</u>	<u>2,382,916</u>

(Continued)

MERRY ELECTRONICS CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017
(Expressed in thousands of New Taiwan dollars)

	Notes	2018	2017
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Increase in other receivables due from related parties	7	\$ -	(\$ 25,713)
Acquisition of financial assets at fair value through other comprehensive income		(324,392)	-
Proceeds from disposal of financial assets at fair value through other comprehensive income	6(3)(26)	603,040	-
Proceeds from disposal of available-for-sale financial assets-current	12(4)	-	432
Acquisition of available-for-sale financial assets-non-current	12(4)	-	(729,408)
Proceeds from disposal of available-for-sale financial assets-non-current	6(3) and 12(4)	-	1,323,828
Acquisition of investments accounted for using equity method	6(6)	(1,807,223)	-
Acquisition of property, plant and equipment	6(7)(26)	(335,241)	(388,858)
Proceeds from disposal of property, plant and equipment		3,185	1,321
Acquisition of intangible assets	6(8)(26)	(44,197)	(59,161)
Decrease (increase) in other financial assets		100,000	(100,000)
Decrease in guarantee deposits		284	269
Net cash flows (used in) from investing activities		(1,804,544)	22,710
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Increase in short-term borrowings		3,049,624	1,188,270
Proceeds from issuance of bonds	6(12)	3,015,000	-
Cash dividends paid	6(17)	(3,143,838)	(1,736,538)
Employee purchase of treasury shares		13,944	4,315
Issuance of restricted employee shares		-	4,580
Cancellation of restricted employee shares		(1,095)	(777)
Net cash flows from (used in) financing activities		2,933,635	(540,150)
Effect of exchange rate changes		58,875	(106,065)
Net increase in cash and cash equivalents		1,341,541	1,759,411
Cash and cash equivalents at beginning of year		5,268,817	3,509,406
Cash and cash equivalents at end of year		\$ 6,610,358	\$ 5,268,817

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

(Note This English translation is provided for reference only and might not reflect exactly the meaning and full text of the original language)

REPORT OF INDEPENDENT ACCOUNTANTS TRANSLATED FROM CHINESE

To the Board of Directors and Shareholders of Merry Electronics Co., Ltd.

Opinion

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

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

Basis for opinion

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

Key audit matters

Key audit matters are those matters that, in our professional 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.

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The key audit matters in relation to the consolidated financial statements for the year ended December 31, 2018, are outlined as follows:

Cut-off on sales revenue from distribution warehouse

Description

Refer to Note 4(28) for accounting policy on revenue recognition. The Group recognises revenue upon delivery of goods or pick-up of goods (the transfer of control of ownership) by customers at warehouse. Warehouse sales revenue constitutes 23% of total operating revenue for the year ended December 31, 2018. The Group's revenue recognition is based on inventory movement records of warehouse based on the reports provided by warehouse custodians or bill of lading reports recorded on network platform. As the hubs are located in various locations and there are numerous custodians, the frequency and contents of statements provided by custodians vary, and customers are from different places, the process of revenue recognition contains numerous manual procedures, which would potentially result in inaccurate timing of revenue recognition and the discrepancy between physical inventory quantities in the hubs and quantities per accounting records.

Thus, we consider the cut-off on sales revenue from distribution warehouse a key audit matter.

How our audit addressed the matter

We performed the following audit procedures in relation to the above key audit matter:

A. Understood, evaluated and verified the Group's procedure for warehouse sales revenue and internal control, including:

(a) Interviewing the staff from different departments of the sales revenue process from distribution warehouse, and confirming the consistency by comparing interview results with the process of warehouse sales revenue recognition obtained.

(b) Verifying the internal control of warehouse distribution (checked the terms of transaction / timing of ownership transfer and dates of supporting documents and verifying transactions recognised in the appropriate period by reconciling the quantities of supporting documents with invoices) to confirm the accuracy of the timing of revenue recognition.

B. Performed cutoff procedures on sales revenue from distribution warehouse recognised during a specific period before and after the period-end, including verifying delivery schedule of distribution warehouse and ensuring the movements of inventories contained

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in the statements and cost of goods sold had been recognized in the appropriate period; and

C. Performed physical inventory count observation or confirmed the inventory quantities with hub custodian and agreed the results to accounting records.

Valuation of inventories

Description

Refer to Note 4(12) for accounting policies on inventory valuation, Note 5(2) for significant accounting estimates and assumptions related to inventory valuation, and Note 6(5) for details of allowance for inventory valuation losses. As of December 31, 2018, the balances of inventories and allowance for inventory valuation losses were NT\$3,205,602 thousand and NT\$130,930 thousand, respectively. The Group has a high risk of incurring inventory valuation loss or obsolescence due to fluctuations in market demand and rapidly evolving technology. Further, the measurement of net realisable value of inventories involves subjective judgement resulting in a high degree of estimation uncertainty. Thus, we consider the allowance for inventory valuation loss a key audit matter.

How our audit addressed the matter

We performed the following audit procedures in relation to the above key audit matter:

- A. Understood and assessed the reasonableness of the subsequent inventory valuation and the provision for loss on obsolete and slow-moving inventory.
- B. Inspected the annual plan of the physical inventory count and observed the inventory count; evaluated the effectiveness of the procedures used to identify and control obsolete inventories.
- C. Obtained inventory aging report and verified dates of movements with supporting documents, and ensured the accuracy of inventory aging classification and its consistency with the policies.
- D. Obtained the net realisable value of each kind of inventory and checked whether the applied calculation logic was in agreement with all inventory, tested the supporting documents related to the estimation basis for net realisable value of inventories including verifying the supporting documents of sales and purchase prices, as well as recalculating and assessing the reasonableness of allowance for inventory valuation losses.

Business combination - acquisition of Indigo Enterprises Inc. and Suzhou Meisheng Electronics Co., Ltd.

Description

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In July 2018, the Company acquired 70% of ordinary shares of Indigo Enterprise Inc. and Suzhou Meisheng Electronics Co., Ltd. with cash amounting to NT\$945,560 thousand and obtained control of these companies. Merry Electronics Co., Ltd. used the acquisition method as accounting treatment for the business combination; refer to Note 4(30) for the details. The purchase price allocation report prepared by the external appraiser appointed by management was used to measure and allocate the purchase price to identifiable assets and assumed liabilities which arose from the combination (refer to Note 6(28) in the consolidated financial statements for details).

As the purchase price allocation involved management's estimation and the business combination was significant to the financial statements, we consider the business combination a key audit matter.

How our audit addressed the matter

We performed the following audit procedures in relation to the above key audit matter:

- A. Inquired with management the details of the business combination, including acquisition motive, purchase price and valuation basis for fair values of assets acquired and liabilities assumed, accounting policies applied and the related internal control process, and reviewed the minutes of Board of Directors' meeting and related contracts.
- B. Reviewed the assessment on the reasonableness of price provided by the independent expert and the agreements of share transfer, and checked voucher for payment consideration to verify the purchase price.
- C. Obtained an understanding of the basis and procedure of purchase price allocation which was estimated by management. We commissioned our internal appraiser to review the original data and the reasonableness of major assumptions (including discount rate and gross margin) and fair value as indicated in the purchase price allocation reports prepared by the appraisers appointed by Merry Electronics Co., Ltd.
- D. Obtained accounting entries of the combination to ensure acquired assets and assumed liabilities from the combination were recognised in line with the abovementioned price allocation result and the relevant events were disclosed in the notes section of financial statements.

Other matter - parent company only financial reports

We have audited and expressed an unqualified opinion on the parent company only financial statements of Merry Electronics Co., Ltd. as at and for the years ended

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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 independent directors and supervisors, are responsible for overseeing the Group’s financial reporting process.

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

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

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

A. 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

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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.

B. 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.

C. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

D. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern.

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

E. 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.

F. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements.

We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those

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

Wang, Yu-Juan

Xu, Jian-Ye

For and on behalf of PricewaterhouseCoopers, Taiwan

February 27, 2019

The accompanying consolidated financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying consolidated financial statements and report of independent accountants are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice. As the financial statements are the responsibility of the management, PricewaterhouseCoopers cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

MERRY ELECTRONICS CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2018 AND 2017

(Expressed in thousands of New Taiwan dollars)

Assets	Notes	December 31, 2018		December 31, 2017		
		AMOUNT	%	AMOUNT	%	
Current assets						
1100	Cash and cash equivalents	6(1)	\$ 8,512,129	28	\$ 6,486,139	25
1110	Financial assets at fair value through profit or loss - current	6(2)	166,048	1	471,184	2
1120	Financial assets at fair value through other comprehensive income - current	6(3)	259,226	1	-	-
1125	Available-for-sale financial assets - current		-	-	185,272	1
1150	Notes receivable, net		895	-	-	-
1170	Accounts receivable, net	6(4)	8,574,012	28	6,456,482	24
1180	Accounts receivable due from related parties, net		23,083	-	30,060	-
1200	Other receivables		75,386	-	165,115	1
1210	Other receivables - related parties		729,785	2	274,237	1
130X	Inventories, net	6(5)	3,074,672	10	2,203,391	8
1470	Other current assets	6(6)	225,634	1	884,336	3
11XX	Total current assets		<u>21,640,870</u>	<u>71</u>	<u>17,156,216</u>	<u>65</u>
Non-current assets						
1510	Financial assets at fair value through profit or loss - non-current	6(2)	18,174	-	-	-
1517	Financial assets at fair value through other comprehensive income - non-current	6(3)	1,482,779	5	-	-
1523	Available-for-sale financial assets - non-current		-	-	4,337,228	17
1550	Investments accounted for under equity method	6(7)	3,426,878	11	2,783,096	11
1600	Property, plant and equipment, net	6(8)	1,988,191	7	1,593,478	6
1780	Intangible assets		1,552,242	5	328,534	1
1840	Deferred income tax assets		82,335	-	59,642	-
1900	Other non-current assets		140,107	1	100,543	-
15XX	Total non-current assets		<u>8,690,706</u>	<u>29</u>	<u>9,202,521</u>	<u>35</u>
1XXX	Total assets		<u>\$ 30,331,576</u>	<u>100</u>	<u>\$ 26,358,737</u>	<u>100</u>

(Continued)

MERRY ELECTRONICS CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2018 AND 2017

(Expressed in thousands of New Taiwan dollars)

Liabilities and Equity	Notes	December 31, 2018		December 31, 2017	
		AMOUNT	%	AMOUNT	%
Current liabilities					
2100	Short-term borrowings	\$ 4,753,434	16	\$ 2,172,618	8
2110	Short-term notes and bills payable	-	-	-	-
2120	Financial liabilities at fair value through profit or loss - current	6,976	-	8,337	-
2150	Notes payable	74	-	1,382	-
2170	Accounts payable	5,330,461	18	4,234,884	16
2180	Accounts payable - related parties	4,412,969	14	3,898,785	15
2200	Other payables	1,171,824	4	1,038,572	4
2220	Other payables - related parties	37,410	-	13,925	-
2230	Current income tax liabilities	293,442	1	433,359	2
2300	Other current liabilities	170,952	-	233,191	1
21XX	Total current liabilities	<u>16,177,542</u>	<u>53</u>	<u>12,035,053</u>	<u>46</u>
Non-current liabilities					
2530	Corporate bonds payable	2,882,721	10	-	-
2570	Deferred income tax liabilities	702,341	2	492,887	2
2640	Accrued pension liabilities	85,930	-	113,157	-
2670	Other non-current liabilities	403,615	2	13,406	-
25XX	Total non-current liabilities	<u>4,074,607</u>	<u>14</u>	<u>619,450</u>	<u>2</u>
2XXX	Total liabilities	<u>20,252,149</u>	<u>67</u>	<u>12,654,503</u>	<u>48</u>
Equity attributable to owners of parent					
Share capital					
3110	Share capital - common stock	1,996,625	7	2,004,721	8
Capital surplus					
3200	Capital surplus	2,789,111	9	2,985,304	11
Retained earnings					
3310	Legal reserve	1,539,341	5	1,177,121	5
3320	Special reserve	269,144	1	269,144	1
3350	Unappropriated retained earnings	3,189,563	11	4,292,018	16
Other equity interest					
3400	Other equity interest	147,032	-	3,074,587	11
3500	Treasury stocks	-	-	(98,743)	-
31XX	Equity attributable to owners of the parent	<u>9,930,816</u>	<u>33</u>	<u>13,704,152</u>	<u>52</u>
36XX	Non-controlling interest	<u>148,611</u>	<u>-</u>	<u>82</u>	<u>-</u>
3XXX	Total equity	<u>10,079,427</u>	<u>33</u>	<u>13,704,234</u>	<u>52</u>
Significant contingent liabilities and unrecognised contract commitments					
Significant events after the balance sheet date					
3X2X	Total liabilities and equity	<u>\$ 30,331,576</u>	<u>100</u>	<u>\$ 26,358,737</u>	<u>100</u>

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

MERRY ELECTRONICS CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017
(Expressed in thousands of New Taiwan dollars, except earnings per share)

Items	Notes	2018		2017	
		AMOUNT	%	AMOUNT	%
4000		\$ 35,494,808	100	\$ 26,678,810	100
5000	6(5)	(30,769,740)	(86)	(22,017,976)	(82)
5900		<u>4,725,068</u>	<u>14</u>	<u>4,660,834</u>	<u>18</u>
Operating expenses					
6100		(350,439)	(1)	(323,523)	(1)
6200		(968,491)	(3)	(845,662)	(3)
6300		(1,103,005)	(3)	(919,272)	(4)
6000		<u>(2,421,935)</u>	<u>(7)</u>	<u>(2,088,457)</u>	<u>(8)</u>
6900		<u>2,303,133</u>	<u>7</u>	<u>2,572,377</u>	<u>10</u>
Non-operating income and expenses					
7010		240,595	-	114,930	-
7020	6(2)(3)	(32,952)	-	1,572,461	6
7050		(48,453)	-	(26,831)	-
7060	6(7)				
	and joint ventures accounted for				
	under equity methods	<u>263,926</u>	<u>1</u>	<u>24,323</u>	<u>-</u>
7000		<u>423,116</u>	<u>1</u>	<u>1,684,883</u>	<u>6</u>
7900		2,726,249	8	4,257,260	16
7950		(665,400)	(2)	(635,051)	(2)
8200		<u>\$ 2,060,849</u>	<u>6</u>	<u>\$ 3,622,209</u>	<u>14</u>

(Continued)

MERRY ELECTRONICS CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017
(Expressed in thousands of New Taiwan dollars, except earnings per share)

Items	Notes	2018		2017	
		AMOUNT	%	AMOUNT	%
Other comprehensive income					
Components of other comprehensive income that will not be reclassified to profit or loss					
8311					
8316	6(3)	(\$ 7,051)	-	(\$ 6,919)	-
8320		(2,530,480)	(7)	-	-
8349		(5,513)	-	(36)	-
8310		<u>1,410</u>	-	<u>886</u>	-
		<u>(2,541,634)</u>	<u>(7)</u>	<u>(6,069)</u>	-
Components of other comprehensive income that will be reclassified to profit or loss					
8361					
8362		14,447	-	(157,732)	(1)
8367	6(3)	-	-	3,382,897	13
8370		18,639	-	-	-
8399		(87,285)	-	77,377	-
8360		<u>12,720</u>	-	<u>10,616</u>	-
		<u>(41,479)</u>	-	<u>3,313,158</u>	<u>12</u>
8300		<u>(\$ 2,583,113)</u>	<u>(7)</u>	<u>\$ 3,307,089</u>	<u>12</u>
8500		<u>(\$ 522,264)</u>	<u>(1)</u>	<u>\$ 6,929,298</u>	<u>26</u>
Profit (loss) attributable to:					
8610		\$ 2,064,265	6	\$ 3,622,205	14
8620		(3,416)	-	4	-
		<u>\$ 2,060,849</u>	<u>6</u>	<u>\$ 3,622,209</u>	<u>14</u>
Comprehensive income (loss) attributable to:					
8710		(\$ 514,200)	(1)	\$ 6,929,297	26
8720		(8,064)	-	1	-
		<u>(\$ 522,264)</u>	<u>(1)</u>	<u>\$ 6,929,298</u>	<u>26</u>
Earnings per share					
9750					
		<u>\$</u>	<u>10.47</u>	<u>\$</u>	<u>18.94</u>
9850					
		<u>\$</u>	<u>10.35</u>	<u>\$</u>	<u>18.30</u>

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

MERRY ELECTRONICS CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Notes	Equity attributable to owners of the parent										
	Capital			Retained Earnings			Financial statements translation differences of foreign operations	Treasury stocks	Total	Non- controlling interest	Total equity
	Share capital - common stock	Advance receipts for share capital	Total capital surplus, additional paid-in capital	Legal reserve	Special reserve	Unappropriated retained earnings					
2017											
Balance at January 1, 2017	\$ 1,850,625	\$ 15,420	\$ 1,523,507	\$ 976,007	\$ 269,144	\$ 2,613,534	(\$ 199,999)	(\$ 103,058)	\$ 6,945,180	\$ 81	\$ 6,945,261
Profit for the year	-	-	-	-	-	3,622,205	-	-	3,622,205	4	3,622,209
Other comprehensive income for the year	-	-	-	-	-	(6,069)	3,313,161	-	3,307,092	(3)	3,307,089
Total comprehensive income	-	-	-	-	-	3,616,136	3,313,161	-	6,929,297	1	6,929,298
Appropriations and distribution of 2016 earnings:											
Legal reserve	-	-	-	201,114	-	(201,114)	-	-	-	-	-
Cash dividends	-	-	-	-	-	(1,736,538)	-	-	(1,736,538)	-	(1,736,538)
Convertible bonds converted to equity shares	134,873	-	1,335,337	-	-	-	-	-	1,470,210	-	1,470,210
Share-based payment	19,223	(15,420)	126,460	-	-	-	(38,575)	4,315	96,003	-	96,003
Balance at December 31, 2017	\$ 2,004,721	\$ -	\$ 2,985,304	\$ 1,177,121	\$ 269,144	\$ 4,292,018	\$ 3,074,587	(\$ 98,743)	\$ 13,704,152	\$ 82	\$ 13,704,234
2018											
Balance at January 1, 2018	\$ 2,004,721	\$ -	\$ 2,985,304	\$ 1,177,121	\$ 269,144	\$ 4,292,018	\$ 3,074,587	(\$ 98,743)	\$ 13,704,152	\$ 82	\$ 13,704,234
Effects of modified retrospective restatement	-	-	-	-	-	3,766	(3,766)	-	-	-	-
Balance at January 1, 2018 after adjustments	2,004,721	-	2,985,304	1,177,121	269,144	4,295,784	3,070,821	(98,743)	13,704,152	82	13,704,234
Profit for the year	-	-	-	-	-	2,064,265	-	-	2,064,265	(3,416)	2,060,849
Other comprehensive loss for the year	-	-	-	-	-	(11,154)	(2,567,311)	-	(2,578,465)	(4,648)	(2,583,113)
Total comprehensive loss	-	-	-	-	-	2,053,111	(2,567,311)	-	(514,200)	(8,064)	(522,264)
Appropriations and distribution of 2017 earnings:											
Legal reserve	-	-	-	362,220	-	(362,220)	-	-	-	-	-
Cash dividends	-	-	-	-	-	(3,143,838)	-	-	(3,143,838)	-	(3,143,838)
Issuance of convertible bonds	-	-	133,326	-	-	-	-	-	133,326	-	133,326
Convertible bonds converted to equity shares	1,409	-	13,565	-	-	-	-	-	14,974	-	14,974
Share-based payment	9,165	-	120,515	-	-	-	(9,752)	13,944	133,872	-	133,872
Retirement of treasury shares	(18,670)	-	(66,129)	-	-	-	-	84,799	-	-	-
Disposal of investments in equity instruments at fair value through other comprehensive income	-	-	-	-	-	346,726	(346,726)	-	-	-	-
Acquisition of additional equity in subsidiaries	-	-	(402,072)	-	-	-	-	-	(402,072)	-	(402,072)
Recognition of change in equity of associates in proportion to the Group's ownership	-	-	4,602	-	-	-	-	-	4,602	-	4,602
Acquisition of non-controlling interests in subsidiaries	-	-	-	-	-	-	-	-	-	156,593	156,593
Balance at December 31, 2018	\$ 1,996,625	\$ -	\$ 2,789,111	\$ 1,539,341	\$ 269,144	\$ 3,189,563	\$ 147,032	\$ -	\$ 9,930,816	\$ 148,611	\$ 10,079,427

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

MERRY ELECTRONICS CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017
(Expressed in thousands of New Taiwan dollars)

	Notes	2018	2017
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Profit before tax		\$ 2,726,249	\$ 4,257,260
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation	6(8)	197,670	143,772
Amortisation	6(9)	94,691	49,435
Provision for bad debts expense	6(4)	-	3,334
Expected credit loss	6(4)	6,045	-
Amortisation on long-term rent prepaid		3,180	3,933
Share-based payments	6(16)	90,298	70,872
Treasury share-based payments	6(16)	26,734	17,013
Compensation cost of cash capital increase reserved for employee preemption	6(16)	3,993	-
Loss on financial assets or liabilities at fair value through profit or loss	6(2)	16,904	9,232
Share of profit of associates and joint ventures accounted for using equity method	6(7)	(263,926)	(24,323)
Interest income	6(22)	(58,430)	(37,149)
Dividend income	6(22)	(72,379)	(32,930)
Deferred income of government's compensation		(586)	(5,427)
Loss on disposal of property, plant and equipment	6(23)	798	3,306
Loss on disposal of intangible assets	6(23)	-	2,160
Gain on disposal of investments		-	(1,200,621)
Gain on disposal of subsidiary	6(29)	-	(18,223)
Finance costs		48,453	26,831
Changes in operating assets and liabilities			
Changes in operating assets			
Financial assets at fair value through profit or loss	6(2)	-	10,503
Financial assets mandatorily measured at fair value through profit or loss	6(2)	276,558	-
Notes receivable, net		(910)	-
Accounts receivable		(1,809,613)	(3,196,515)
Other receivables		(22,457)	(13,023)
Other receivables - related parties		(455,747)	(273,875)
Inventories		(572,527)	(1,061,803)
Prepayments		16,904	-
Other current assets		649,227	(543,816)
Acquisition of financial assets at fair value through profit or loss - non-current		(18,174)	-
Changes in operating liabilities			
Notes payable		(1,304)	1,363
Accounts payable		878,273	1,518,970
Accounts payable - related parties		500,112	2,228,255
Other payables		(41,476)	424,974
Other payables - related parties		23,672	(16,210)
Other current liabilities		(56,974)	(5,283)
Decrease (increase) in net defined benefit		(32,921)	4,896
Cash inflow generated from operations		2,152,337	2,346,911
Interest received		61,714	36,994
Dividend income		72,379	32,930
Interest paid		(45,686)	(26,320)
Income taxes paid		(618,556)	(349,201)
Net cash flows from operating activities		<u>1,622,188</u>	<u>2,041,314</u>

(Continued)

MERRY ELECTRONICS CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017
(Expressed in thousands of New Taiwan dollars)

	Notes	2018	2017
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Acquisition of financial assets at fair value through other comprehensive income	6(3)	(\$ 332,429)	\$ -
Proceeds from disposal of financial assets at fair value through other comprehensive income	6(3)	603,040	-
Decrease in financial assets at fair value through profit or loss	6(2)	-	520
Proceeds from disposal of available-for-sale financial assets-current		-	432
Acquisition of available-for-sale financial assets-non-current		-	(729,408)
Proceeds from disposal of available-for-sale financial assets-non-current	12(4)	-	1,323,828
Acquisition of investments accounted for using equity method	6(7)	(452,564)	-
Acquisition of property, plant and equipment	6(8)(29)	(624,079)	(688,885)
Proceeds from disposal of property, plant and equipment		5,289	12,505
Acquisition of intangible assets	6(9)(29)	(57,336)	(67,556)
Proceeds from disposal of intangible assets		1,154	(132)
Decrease in other receivables due from related parties		-	64,557
Decrease (increase) in other financial assets		4,186	(15,302)
Decrease in guarantee deposits		(4,876)	(5,613)
Proceeds from disposal of subsidiary	6(29)	-	187,155
Effects of cash changes in consolidated entities	6(28)	(1,106,733)	-
Net cash flows (used in) from investing activities		(1,964,348)	82,101
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Increase in short-term borrowings		2,582,573	1,784,967
Decrease in other non-current liabilities		(60,208)	(316)
Proceeds from issuance of bonds		3,015,000	-
Cash dividends paid		(3,143,838)	(1,736,538)
Employee purchase of treasury shares		13,944	4,315
Cancellation of restricted employee shares		(1,095)	(777)
Issuance of restricted employee shares		-	4,580
Net cash flows from financing activities		2,406,376	56,231
Effect of exchange rate changes		(38,226)	(170,694)
Net increase in cash and cash equivalents		2,025,990	2,008,952
Cash and cash equivalents at beginning of year		6,486,139	4,477,187
Cash and cash equivalents at end of year		\$ 8,512,129	\$ 6,486,139

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

(Note This English translation is provided for reference only and might not reflect exactly the meaning and full text of the original language)

Attachment 7

Merry Electronics Co., Ltd. 2018 Profit Distribution Table

Subject	Amount (NTD)
Beginning retained earnings	785,959,464
Adjusted beginning retained earnings	785,959,464
add:IFRS9 initial adjustmen (recognized as retained earnings from the disposable)	3,766,017
less: 2018 retained earnings for adjustment (pension actuarial fees)	(11,153,256)
add: 2018 retained earnings for adjustment-dispose through other comprehensive income	346,725,861
Adjusted and unappropriated retained earnings	1,125,298,086
add: 2018 net profit after tax (1)	2,064,265,198
less: 10% legal reserve (1)*10%	(206,426,520)
add/less: set aside or reversed special reserve	0
Distributable net profit	2,983,136,764
Subject for distribution (2)	
less: cash bonus for shareholders (2018 retained earnings)	(1,751,418,578)
Unappropriated retained earnings	1,231,718,186

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Attachment 8

Comparison of Amendments to the Operation Procedures for the Acquisition or Disposal of Assets

Articles after amendment	Current Articles	Explanation
<p>1. Purpose</p> <p><u>The Procedures are created according to the Article 6 of the Regulations Governing the Acquisition and Disposal of Assets by Public Companies(hereinafter referred to as these Regulations)</u></p>	<p>1. Purpose</p> <p><u>The Company hereby adopted this procedure in order to protect assets and carry out the information disclosure.</u></p>	<p>To make a textual amendment for clarifying the sources of law.</p>
<p>2. Scope</p> <p>2.1. <u>The Company shall handle the acquisition or disposal of assets in compliance with these Regulations; provided, where financial laws or regulations provide otherwise, such provisions shall govern.</u></p>	<p>2. Scope</p> <p>2.1. <u>Legal basis</u></p> <p><u>This procedure is adopted and handled in accordance with relevant provisions of Article 36-1 of the Securities Exchange Act and the "Regulations Governing the Acquisition and Disposal of Assets by Public Companies" enacted and announced by the Financial Supervisory Commission of the Executive Yuan ("FSC"), provided that, where other laws or regulations provide otherwise, such provisions shall govern.</u></p>	<p>To make a textual amendment.</p>
	<p><u>5.14. Supplementary</u></p> <p><u>5.14.1. Where any matter is not stipulated in this procedure, it shall be handled in accordance with relevant laws and regulations.</u></p>	<p>1. To delete this article.</p> <p>2. The related rules has been set at 【2.1.】 .</p>
<p>3. Responsibilities & Authority</p> <p><u>3.1. Financial Division: The organizer for the formulation, modification and abolition of these Procedures.</u></p> <p><u>3.2. Other units: Coordination department for these Procedures.</u></p>	<p>3. Responsibilities & Authority</p> <p><u>Finance Department.</u></p>	<p>1. To make a textual amendment.</p> <p>2. To add the Responsibilities &</p>

(Note This English translation is provided for reference only and might not reflect exactly the meaning and full text of the original language)

Articles after amendment	Current Articles	Explanation
<p>4. Terms and Definitions</p> <p>4.1. Derivatives : Forward contracts, options contracts, futures contracts, leverage contracts, or swap contracts, whose value is derived from a specified interest rate, <u>financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable</u>; or hybrid contracts combining the above contracts; <u>or hybrid contracts or structured products containing embedded derivatives.</u> The term "forward contracts" does not include insurance contracts, performance contracts, after-sales service contracts, long-term leasing contracts, or long-term purchase (sales) contracts.</p>	<p>4. Terms and Definitions</p> <p>4.1. Derivatives</p> <p>It refers to forward contracts, options contracts, futures contracts, leverage contracts, and swap contracts, and compound contracts combining the above products, whose value is derived from assets, interest rates, foreign exchange rates, indexes or other interests. The term "forward contracts" does not include insurance contracts, performance contracts, after-sales service contracts, long-term leasing contracts, or long-term purchase (sales) agreements.</p>	<p>Authorities.</p> <p>To revise the scope of derivative with the definition of IFRS 9 financial instruments.</p>
<p>4.2. Assets acquired or disposed through mergers, demergers, acquisitions, or transfer of shares in accordance with law :</p> <p>Refers to assets acquired or disposed through mergers, demergers, or acquisitions conducted under the Business Mergers and Acquisitions Act, Financial Holding Company Act, Financial Institution Merger Act and other acts, or to transfer of shares from another company through issuance of new shares of its own as the consideration therefor (hereinafter "transfer of shares") under <u>Article 156-3 of the Company Act.</u></p>	<p>4.2. Assets acquired or disposed as a result of mergers, demergers, acquisitions, or transfer of shares in accordance with laws</p> <p>It refers to assets acquired or disposed of as a result of mergers, demergers, or acquisitions conducted under the Business Mergers and Acquisitions Act, Financial Holding Company Act, Financial Institution Merger Act and other laws, or issuance of new shares as a consideration of assuming the shares of another company (hereinafter "transfer of shares") under <u>Paragraph 8, Article 156 of the Company Act.</u></p>	<p>Article modification.</p>
<p>4.3. Related party : As defined in the</p>	<p>4.3. Related party <u>or subsidiary</u></p>	<p>To make a</p>

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Articles after amendment	Current Articles	Explanation
Regulations Governing the Preparation of Financial Reports by Securities Issuers.	As defined in the Regulations Governing the Preparation of Financial Reports by Securities Issuers.	textual amendment.
<u>4.4.Subsidiary</u> : As defined in the Regulations Governing the Preparation of Financial Reports by Securities Issuers.		To add this article for the definition of subsidiary.
4.5. Professional appraiser : Refers to a real property appraiser or other person duly authorized by law to engage in the value appraisal of real property or equipment.	4.4. Professional appraiser It refers to a real property appraiser or other persons duly authorized by laws to engage in the value appraisal of real property, <u>factory</u> or equipment	Article modification, the original 【4.4.】 move to 【4.5.】 .
4.6. Date of occurrence : Refers to the date of contract signing, date of payment, date of consignment trade, date of transfer, dates of boards of directors resolutions, or other date that can confirm the counterpart and monetary amount of the transaction, whichever date is earlier; provided, for investment for which approval of the competent authority is required, the earlier of the above date or the date of receipt of approval by the competent authority shall apply.	4.5. Date of occurrence It refers to the date of contract signing, date of payment, date of consignment trade, date of transfer, dates of boards resolutions, or other dates that can confirm the counterpart and transaction amount, whichever is earlier, provided that, for investment subject to the approval of the competent authority, the earlier of the above dates or the date of receipt of approval by the competent authority.	Article modification, the original 【4.5.】 move to 【4.6.】 .
4.7. Mainland China area investment: Refers to investments in the mainland China area approved by the Ministry of Economic Affairs Investment Commission or conducted in accordance with the provisions of the Regulations Governing Permission for Investment or Technical Cooperation in the Mainland Area.	4.6. Mainland China area investment It refers to investments in the mainland China area in accordance with the provisions of the Regulations Governing Permission for Investment or Technical Cooperation in the Mainland Area enacted by the "Investment Commission, the Ministry of Economic Affairs".	1. Article modification, the original 【4.6.】 move to 【4.7.】 . 2. To make a textual amendment.

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Articles after amendment	Current Articles	Explanation
<p><u>4.8. Investment professional: Refers to financial holding companies, banks, insurance companies, bill finance companies, trust enterprises, securities firms operating proprietary trading or underwriting business, futures commission merchants operating proprietary trading business, securities investment trust enterprises, securities investment consulting enterprises, and fund management companies, that are lawfully incorporated and are regulated by the competent financial authorities of the jurisdiction where they are located.</u></p>		<p>1. To add this article. 2. To specify the scope of the investment as a professional.</p>
<p><u>4.9. Securities exchange: "Domestic securities exchange" refers to the Taiwan Stock Exchange Corporation; "foreign securities exchange" refers to any organized securities exchange market that is regulated by the competent securities authorities of the jurisdiction where it is located.</u></p>		<p>1. To add this article. 2. To specify the scope of stock exchanges at local and abroad.</p>
<p><u>4.10. Over-the-counter venue ("OTC venue", "OTC"): "Domestic OTC venue" refers to a venue for OTC trading provided by a securities firm in accordance with the Regulations Governing Securities Trading on the Taipei Exchange; "foreign OTC venue" refers to a venue at a financial institution that is regulated by the foreign competent authority and that is permitted to conduct securities business.</u></p>		<p>1. To add this article. 2. To specify the scope of the business premises of securities merchants at local and abroad.</p>
<p><u>5.1. The term "assets" includes the following:</u></p>	<p><u>2.2. Scope of the assets</u> <u>2.2.1. Investments in stocks,</u></p>	<p>1. Article modification,</p>

(Note This English translation is provided for reference only and might not reflect exactly the meaning and full text of the original language)

Articles after amendment	Current Articles	Explanation
<p><u>5.1.1.</u> 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.</p> <p><u>5.1.2.</u> Real property (including land, <u>houses and buildings, investment property,</u> and construction enterprise inventory) and equipment.</p> <p><u>5.1.3.</u> Memberships.</p> <p><u>5.1.4.</u> Patents, copyrights, trademarks, franchise rights, and other intangible assets.</p> <p><u>5.1.5.</u> <u>Right-of-use assets.</u></p> <p><u>5.1.6.</u> Claims of financial institutions (including receivables, bills purchased and discounted, loans, and overdue receivables).</p> <p><u>5.1.7.</u> Derivatives.</p> <p><u>5.1.8.</u> Assets acquired or disposed of in connection with mergers, demergers, acquisitions, or transfer of shares in accordance with law.</p> <p><u>5.1.9.</u> Other major assets.</p>	<p>government bonds, corporate bonds, financial bonds, securities representing interest in a fund, depositary receipts, call (put) warrants, beneficial interest securities, and asset-backed securities.</p> <p><u>2.2.2.</u> Real property (including <u>investment property, rights to use</u> land, and construction enterprise inventory), <u>factory</u> and equipment.</p> <p><u>2.2.3.</u> Memberships.</p> <p><u>2.2.4.</u> <u>Intangible assets: Including</u> patents, copyrights, trademarks, franchise rights, and other intangible assets.</p> <p><u>2.2.5.</u> Claims of financial institutions (including receivables, bills purchased and discounted, loans, and overdue receivables).</p> <p><u>2.2.6.</u> Derivatives.</p> <p><u>2.2.7.</u> Assets acquired or disposed of as a result of mergers, demergers, acquisitions, or transfer of shares in accordance with laws.</p> <p><u>2.2.8.</u> Other major assets.</p>	<p>the original 【2.2.】 move to 【5.1.】 .</p> <p>2. To add the term "assets" in order to comply with the Right-of-use assets in IFRS 16.</p>
<p><u>5.2.</u> <u>Evaluation procedures:</u></p> <p><u>5.2.1.</u> In acquiring or disposing of real property, equipment, <u>or right-of-use assets thereof</u> where the transaction amount reaches 20 percent of the company's paid-in capital or NT\$300 million or more, the company,</p>	<p><u>5.3.4.</u> <u>Appraiser reports of real property or other fixed assets</u></p> <p>In acquisition or disposal of real property, factory or equipment where the transaction amount reaches 20% of the Company's paid-in capital or NT\$300 million or more, the Company,</p>	<p>1. Article modification, the original 【5.3.4.】 move to 【5.2.1.】 .</p> <p>2. To make a textual</p>

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Articles after amendment	Current Articles	Explanation
<p>unless transacting with a domestic government agency, engaging others to build on its own land, engaging others to build on rented land, or acquiring or disposing of equipment or <u>right-of-use assets thereof</u> held for business use, shall obtain an appraisal report prior to the date of occurrence of the event from a professional appraiser and shall further comply with the following provisions :</p> <p>(1). Where due to special circumstances it is necessary to give a limited price, specified price, or special price as a reference basis for the transaction price, the transaction shall be submitted for approval in advance by the board of directors; the same procedure shall also be followed whenever there is any subsequent change to the terms and conditions of the transaction.</p> <p>(2).Where the transaction amount is NT\$1 billion or more, appraisals from two or more professional appraisers shall be obtained.</p> <p>(3).Where any one of the following circumstances applies with respect to the</p>	<p>unless transacting with a government agency, engaging others to build on its own land, engaging others to build on rented land, or acquiring or disposal of equipment for business use, shall obtain an appraisal report prior to the date of occurrence of the event from a professional appraiser and shall further comply with the following provisions:</p> <p>(1).Where due to special circumstances it is necessary to give a limited price, specified price, or special price as a reference basis for the transaction price, the transaction shall be submitted for approval in advance by the board of directors, and the same procedure shall be followed for any future changes to the terms and conditions of the transaction.</p> <p>(2).Where the transaction amount reaches NT\$1 billion or more, appraisals from two or more professional appraisers shall be obtained.</p> <p>(3).Where any one of the following circumstances applies with respect to the professional appraiser's appraisal results, unless all</p>	<p>amendment.</p>

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Articles after amendment	Current Articles	Explanation
<p>professional appraiser's appraisal results, unless all the appraisal results for the assets to be acquired are higher than the transaction amount, or all the appraisal results for the assets to be disposed of are lower than the transaction amount, a certified public accountant shall be engaged to perform the appraisal in accordance with the provisions of Statement of Auditing Standards No. 20 published by the ROC Accounting Research and Development Foundation (ARDF) and render a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price :</p> <p>(a). The discrepancy between the appraisal result and the transaction amount is 20 percent or more of the transaction amount.</p> <p>(b). The discrepancy between the appraisal results of two or more professional appraisers is 10 percent or more of the transaction amount.</p> <p>(4). No more than 3 months may elapse between the date of</p>	<p>the appraisal results for the assets to be acquired are higher than the transaction amount, or all the appraisal results for the assets to be disposed of are lower than the transaction amount, a CPA shall be engaged to perform the appraisal in accordance with the provisions of Statement of Auditing Standards No. 20 published by the ROC Accounting Research and Development Foundation (hereinafter "ARDF") and render a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price :</p> <p>(a).The discrepancy between the appraisal results of two or more professional appraisers is 10 % or more of the transaction amount.</p> <p>(b). The discrepancy between the appraisal result and the transaction amount is 20 % or more of the transaction amount.</p> <p>(4).No more than 3 months may elapse between the date of the appraisal report issued by a professional appraiser</p>	

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Articles after amendment	Current Articles	Explanation
<p>the appraisal report issued by a professional appraiser and the contract execution date; provided, where the publicly announced current value for the same period is used and not more than 6 months have elapsed, an opinion may still be issued by the original professional appraiser.</p>	<p>and the contract execution date; provided, where the publicly announced current value for the same period is used and no more than 6 months have elapsed, an opinion may still be issued by the original professional appraiser.</p> <p>(5). <u>Where the Company acquires or disposes of assets through court auction procedures, the evidentiary documentation issued by the court may be substituted for the appraisal report or CPA opinion.</u></p>	
	<p><u>5.3.1.The appraisal and operational procedures</u> <u>The Company shall follow the Company's cycle procedures for fixed assets under the internal control system to handle the acquisition or disposal of the real property and other fixed assets.</u></p>	<p>1. To delete this article. 2. The related rules has been set at【5.2.1.】.</p>
	<p><u>5.3.3.Execution unit</u> <u>The acquisition or disposal of real property or other fixed assets shall be submitted for approval in accordance with the approval authorization provided in the preceding paragraph and executed by relevant departments.</u></p>	<p>1. To delete this article. 2. The related rules has been set at【5.2.1.】.</p>
<p><u>5.2.2.</u> The Company acquiring or</p>	<p><u>5.4.4.</u>Obtaining professional's</p>	<p>Article</p>

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Articles after amendment	Current Articles	Explanation
<p>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, and if the dollar amount of the transaction is 20 percent of the company's paid-in capital or NT\$300 million or more, the company shall additionally engage a certified public accountant prior to the date of occurrence of the event to provide an opinion regarding the reasonableness of the transaction price. If the CPA needs to use the report of an expert as evidence, the CPA shall do so in accordance with the provisions of Statement of Auditing Standards No. 20 published by the ARDF. This requirement does not apply, however, to publicly quoted prices of securities that have an active market, or where otherwise provided by regulations of the Financial Supervisory Commission (FSC).</p>	<p>opinion (1). The Company acquiring or disposing of securities shall, prior to the date of occurrence of the event, obtain financial statements of the issuing company certified or reviewed by a CPA for the most recent period for reference in appraising the transaction price, and if the amount of the transaction is 20% of the Company's paid-in capital or NT\$300 million or more, the Company shall additionally engage a CPA prior to the date of occurrence of the event to provide an opinion regarding the reasonableness of the transaction price. If the CPA needs to use the report of an expert, the CPA shall do so in accordance with the provisions of Statement of Auditing Standards No. 20 published by the ARDF. This requirement does not apply, however, to securities with public quotation of an active market, or where otherwise provided by regulations of the FSC.</p>	<p>modification, the original 【5.4.4.(1)】 move to 【5.2.2.】 .</p>
	<p><u>4.8. The "latest financial statements" refers to the financial statements audited or reviewed by a CPA and has</u></p>	<p>1. To delete this article. 2. The related</p>

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Articles after amendment	Current Articles	Explanation
	<p><u>been announced prior to the Company's acquisition or disposal of assets.</u></p>	<p>rules has been set at【5.2.2.】.</p>
	<p><u>5.4.Investment procedures governing the acquisition and disposal of securities</u></p> <p><u>5.4.1.The appraisal and operational procedures</u></p> <p><u>The Company shall follow the Company's investment cycle procedures under the internal control system for purchase and sale of securities.</u></p> <p><u>5.4.2.The procedure to determine the transaction terms and authorized quota</u></p> <p><u>(1).Transactions of securities traded on the centralized securities exchange market or over the counter shall be determined by the responsible units according to the market quotation and approved in accordance with the relevant authorization requirement of the Company.</u></p> <p><u>(2). For transactions of the securities not traded on the centralized securities exchange market or over the counter, it is required to obtain financial statements of the issuing company certified or reviewed by a CPA for the most recent period for reference in appraising the transaction</u></p>	<p>1. To delete this article.</p> <p>2. The related rules has been set at【5.2.2.】.</p>

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Articles after amendment	Current Articles	Explanation
	<p><u>price, consider the net value per share, profitability and the growing potential in the future and be approved in accordance with the relevant authorization requirement of the Company.</u></p> <p><u>(3). With respect to the Company's acquisition or disposal of assets which is subject to the approval of the board of directors under the procedure or other laws or regulations, if any director expresses dissent and it is recorded or contained in a written statement, the Company shall submit the director's dissenting opinion to each supervisor. Where the position of independent director has been created or an audit committee has been established, the resolution procedures shall be handled in accordance with Article [5.14.2].</u></p> <p><u>5.4.3. Execution unit: The Company's investment in securities shall be submitted for approval in accordance with the approval authorization provided in the proceed paragraph and executed by the finance and accounting departments.</u></p>	
	<p><u>5.7.Procedures governing the</u></p>	<p>1. To delete this</p>

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Articles after amendment	Current Articles	Explanation
	<p><u>acquisition and disposal of claims of financial institutions</u></p> <p><u>The Company will not engage in the acquisition and disposal of claims of financial institutions in principle. If the Company would like to engage in transaction of the acquisition and disposal of claims of financial institutions in the future, the Company will submit to the board of directors for approval and then establish the assessment and operational procedures.</u></p>	<p>article.</p> <p>2. The Company will not engage in the acquisition and disposal of claims of financial institutions in principle.</p>
<p>5.2.3. Where the Company acquires or disposes of intangible assets or <u>right-of-use assets thereof or memberships</u> and the transaction amount reaches 20 percent or more of paid-in capital or NT\$300 million or more, except in transactions with a <u>domestic government agency</u>, the Company shall engage a certified public accountant prior to the date of occurrence of the event to render an opinion on the reasonableness of the transaction price; the CPA shall comply with the provisions of Statement of Auditing Standards No. 20 published by the ARDF.</p>	<p>5.6. <u>Operational Procedures for the acquisition and disposal of memberships or intangible assets</u></p> <p>Where the Company acquires or disposes of memberships or intangible assets and the transaction amount reaches 20 percent or more of the paid-in capital or NT\$300 million or more, except for transactions with a government agency, the Company shall engage a certified public accountant prior to the date of occurrence of the event to render an opinion on the reasonableness of the transaction price; the certified public accountant shall comply with the provisions of Statement of Auditing Standards No. 20 published by the ARDF.</p>	<p>1. Article modification, the original 【5.6.】 move to 【5.2.3.】 .</p> <p>2. To add the term "assets" in order to comply with the Right-of-use assets in IFRS 16.</p> <p>3. To specify the exemption reasonable opinion from the domestic government agencies only.</p>
<p>5.2.4. <u>The calculation of the transaction amounts referred to in the Article【5.2.1.】to【5.2.3.】 shall be done in accordance with</u></p>		<p>1. To add this article.</p> <p>2. To specify how the</p>

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Articles after amendment	Current Articles	Explanation
<p><u>Article 31, paragraph 2 herein, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items for which an appraisal report from a professional appraiser or a CPA's opinion has been obtained need not be counted toward the transaction amount.</u></p>		<p>amount is calculated.</p>
<p>5.2.5. Professional appraisers and their officers, certified public accounts, attorneys, and securities underwriters that provide the Company with appraisal reports, certified public accountant's opinions, attorney's opinions, or underwriter's opinions <u>shall meet the following requirements:</u></p> <p>(1). <u>May not have previously received a final and unappealable sentence to imprisonment for 1 year or longer for a violation of Securities and Exchange Act, the Company Act, the Banking Act of The Republic of China, the Insurance Act, the Financial Holding Company Act, or the Business Entity Accounting Act, or for fraud, breach of trust, embezzlement, forgery of documents, or occupational</u></p>	<p>5.2. For the appraisal reports, CPA's, attorney's or underwriter's opinions the Company obtained, such professional appraisers and their officers, CPAs, attorneys, and securities underwriters <u>shall not be a related party of any party to the transaction.</u></p>	<p>1. Article modification, the original 【5.2.】 move to 【5.2.5.】 .</p> <p>2. To define the qualifications of relevant experts.</p>

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Articles after amendment	Current Articles	Explanation
<p><u>crime. However, this provision does not apply if 3 years have already passed since completion of service of the sentence, since expiration of the period of a suspended sentence, or since a pardon was received.</u></p> <p><u>(2). May not be a related party or de facto related party of any party to the transaction.</u></p> <p><u>(3). If the company is required to obtain appraisal reports from two or more professional appraisers, the different professional appraisers or appraisal officers may not be related parties or de facto related parties of each other.</u></p>		
<p><u>5.2.6. When issuing an appraisal report or opinion, the personnel referred to in the provision of 【5.2.5.】 shall comply with the following:</u></p> <p><u>(1). Prior to accepting a case, they shall prudently assess their own professional capabilities, practical experience, and independence.</u></p> <p><u>(2). When examining a case, they shall appropriately plan and execute adequate working procedures, in order to produce a conclusion and use the</u></p>		<p>1. To add this article.</p> <p>2. To the specify responsibility of external experts.</p>

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Articles after amendment	Current Articles	Explanation
<p><u>conclusion as the basis for issuing the report or opinion. The related working procedures, data collected, and conclusion shall be fully and accurately specified in the case working papers.</u></p> <p><u>(3). They shall undertake an item-by-item evaluation of the comprehensiveness, accuracy, and reasonableness of the sources of data used, the parameters, and the information, as the basis for issuance of the appraisal report or the opinion.</u></p> <p><u>(4). They shall issue a statement attesting to the professional competence and independence of the personnel who prepared the report or opinion, and that they have evaluated and found that the information used is reasonable and accurate, and that they have complied with applicable laws and regulations.</u></p>		
<p>5.2.7. Where the Company acquires or disposes of assets through court auction procedures, the evidentiary documentation issued by the court may be substituted for the appraisal report or CPA opinion.</p>	<p>5.4.4.Obtaining professional's <u>opinion</u></p> <p><u>(2).</u> Where the Company acquires or disposes of assets through court auction procedures, the evidentiary documentation issued by the court may be substituted for</p>	<p>1. Article modification, the original 【5.4.4.(2)】 move to 【5.2.7.】 .</p> <p>2. To make a textual</p>

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Articles after amendment	Current Articles	Explanation
	the appraisal report or CPA opinion.	amendment.
<p><u>5.3. Operating procedures:</u></p> <p>5.3.1. For the acquisition or disposal of real property, it is required to consider the publicly announced current value, appraised value and the actual transaction price of the neighboring real property to determine the transaction terms and price and then prepare an analysis report and submit to the chairperson. If the amount does not exceed NT\$ 50 million, such transaction shall be submitted to the chairperson for approval and reported in the latest following board meeting. If the amount exceeds NT\$ 50 million, such transaction shall not be commenced until it is approved by the board of directors.</p> <p>5.3.2. For the acquisition or disposal of other fixed assets, it shall be done by one of the following: price inquiry, price survey, price negotiation or bidding. If the amount does not exceed NT\$ 50 million (inclusive), such transaction shall be properly approved in accordance with the authorization rules. If the amount exceeds NT\$ 50 million, such transaction shall be submitted to the board of directors for approval.</p>	<p>5.3.2. <u>The procedure to determine the transaction terms and authorized quota</u></p> <p>(1). For the acquisition or disposal of real property, it is required to consider the publicly announced current value, appraised value and the actual transaction price of the neighboring real property to determine the transaction terms and price and then prepare an analysis report and submit to the chairperson. If the amount does not exceed NT\$ 50 million, such transaction shall be submitted to the chairperson <u>for approval and reported</u> in the latest following board meeting. If the amount exceeds NT\$ 50 million, such transaction shall not be commenced until it is approved by the board of directors.</p> <p>(2). For the acquisition or disposal of other fixed assets, it shall be done by one of the following: price inquiry, price survey, price negotiation or bidding. If the amount does not exceed NT\$ 50 million (inclusive), such transaction shall be</p>	<p>1. Article modification, the original 【5.3.2.】 move to 【5.3.】 .</p> <p>2. To make a textual amendment for the Company establish the Auditor Committee.</p>

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Articles after amendment	Current Articles	Explanation
<p><u>5.3.3.</u> With respect to the Company's acquisition or disposal of assets that is subject to the approval of the board of directors under the procedures or other laws or regulations, if a director expresses dissent and it is contained in the minutes or a written statement, the company shall submit the director's dissenting opinion to <u>audit committee.</u></p> <p><u>5.3.4.</u> Where the Audit Committee has been established in accordance with the provisions of the Securities and Exchange Act, any transaction involving major assets or derivatives shall be approved by more than half of all audit committee members and submitted to the board of directors for a resolution, and shall be subject to mutatis mutandis application of Article 【5.11.5.】 and 【5.11.6.】.</p>	<p>properly approved in accordance with the authorization rules. If the amount exceeds NT\$ 50 million, such transaction <u>shall be submitted to the general manager for approval and</u> shall not be commenced until it is approved by the board of directors.</p> <p>(3) For the Company's acquisition or disposal of assets which is subject to the approval of the board of directors under the procedure or other laws or regulations, if any director expresses dissent and it is recorded or contained in a written statement, the Company shall submit <u>the director's dissenting opinion to each supervisor.</u> Where the Company has <u>independent director(s) or audit committee,</u> the <u>resolution procedures shall be handled in accordance with Article [5.14.2].</u></p>	
<p><u>5.4.</u> Procedure for <u>public announcement</u></p> <p><u>5.4.1.</u> Under any of the following circumstances, the Company acquiring or disposing of assets shall publicly announce and report the relevant information on the FSC's designated website</p>	<p><u>5.10.</u> Procedure for <u>Public Disclosure of Information</u></p> <p><u>5.10.1</u> Under any of the following circumstances, the Company acquiring or disposing of assets shall publicly announce and report the relevant information</p>	<p>1. Article modification, the original 【5.10.1.】 move to 【5.4.1】 .and 【5.4.3.】 .</p>

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Articles after amendment	Current Articles	Explanation
<p>in the appropriate format as prescribed by regulations within 2 days counting inclusively from the date of occurrence of the event:</p> <p>(1). Acquisition or disposal of real property or <u>right-of-use assets</u> thereof from or to a related party, or acquisition or disposal of assets other than real property or <u>right-of-use assets</u> thereof from or to a related party where the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the company's total assets, or NT\$300 million or more; provided, this shall not apply to trading of <u>domestic government bonds</u> or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises.</p> <p>(2). Merger, demerger, acquisition, or transfer of shares.</p> <p>(3). Losses from derivatives trading reaching the limits on aggregate losses or losses on individual contracts set out in the procedures adopted by the company.</p>	<p>on the FSC's designated website in the prescribed format within two days from the date of occurrence of the event (inclusive):</p> <p>(1). Acquisition or disposal of real property from or to a related party, or acquisition or disposal of assets other than real property from or to a related party where the transaction amount reaches twenty percent or more of paid-in capital, ten percent or more of the company's total assets, or NT\$300 million or more; provided that, this shall not apply to trading of government bonds or bonds under repurchase and resale agreements, or subscription or repurchase of domestic money market funds issued by domestic securities investment trust enterprises.</p> <p>(2). Merger, demerger, acquisition, or shares assumption.</p> <p>(3). Losses from derivatives trading reaching the limits on aggregate losses or losses on individual contracts set out in the procedures adopted by the Company.</p> <p>(4). Where the type of asset acquired or disposed is</p>	<p>2. To add the term "assets" in order to comply with the Right-of-use assets in IFRS 16.</p> <p>3. To specify the exemption from announcement only for buying the domestic treasury bond.</p>

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Articles after amendment	Current Articles	Explanation
<p>(4). Where equipment or <u>right-of-use assets</u> thereof for business use are acquired or disposed of, and furthermore the transaction counterparty is not a related party, and the transaction amount meets any of the following criteria:</p> <p>(a). <u>For a public company whose paid-in capital is less than NT\$10 billion, the transaction amount reaches NT\$500 million or more.</u></p> <p>(b). <u>For a public company whose paid-in capital is NT\$10 billion or more, the transaction amount reaches NT\$1 billion or more.</u></p> <p>(5). Acquisition or disposal by a public company in the construction business of real property or <u>right-of-use assets</u> thereof for construction use, and furthermore the transaction counterparty is not a related party, and the transaction amount reaches NT\$500 million; <u>among such cases, if the public company has paid-in capital of NT\$10 billion or more, and it is disposing of real property from a completed</u></p>	<p>equipment for business use, the trading counterparty is not a related party, and the transaction amount reaches NT\$500 million or more.</p> <p>(5). Acquisition or disposal by the Company in the construction business of real property for construction use, where the trading counterparty is not related party, and the transaction amount reaches NT\$500 million or more.</p> <p>(6). Where land is acquired under an arrangement on engaging others to build on the company's own land, engaging others to build on rented land, joint construction and allocation of housing units, joint construction and allocation of ownership percentages, or joint construction and separate sale, and the amount the Company expects to invest in the transaction reaches NT\$500 million or more.</p> <p>(7).Where an asset transaction other than any of those referred to in the <u>preceding six subparagraphs</u>, a disposal of receivables by a financial institution, or an investment in the mainland</p>	

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Articles after amendment	Current Articles	Explanation
<p><u>construction project that it constructed itself, and furthermore the transaction counterparty is not a related party, then the threshold shall be a transaction amount reaching NT\$1 billion or more.</u></p> <p>(6). Where land is acquired under an arrangement on engaging others to build on the company's own land, engaging others to build on rented land, joint construction and allocation of housing units, joint construction and allocation of ownership percentages, or joint construction and separate sale, and furthermore the transaction counterparty is not a related party, and the amount the company expects to invest in the transaction reaches NT\$500 million.</p> <p>(7). Where an asset transaction other than any of those referred to <u>in the Article 【 5.4.1.(1). 】 to Article 【5.4.1.(6).】</u>, a disposal of receivables by a financial institution, or an investment in the mainland China area reaches 20 percent or more of paid-in capital or NT\$300 million; provided, this shall</p>	<p>China area reaches twenty percent or more of paid-in capital or NT\$300 million; provided that, this shall not apply to the following circumstances:</p> <p>(a). Trading of government bonds.</p> <p>(b). Securities trading by investment professionals on foreign or domestic securities exchanges or over-the-counter markets, or subscription by investment professionals of ordinary corporate bonds or general bank debentures without equity characteristics offered and issued in the domestic primary market, or subscription by a securities firm of securities as necessitated by its undertaking business or as an advisory recommending securities firm for an emerging stock company, in accordance with the rules of the Taipei Exchange.</p> <p>(c). Trading of bonds under repurchase/resale agreements, or repurchase of money</p>	

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Articles after amendment	Current Articles	Explanation
<p>redemption of money market funds issued by domestic securities investment trust enterprises.</p> <p><u>5.4.2.</u> The amount of transactions as the provisions of 【5.4.1.】 shall be calculated as follows:</p> <p><u>(1).</u> The amount of any individual transaction.</p> <p><u>(2).</u> The cumulative transaction amount of acquisitions and disposals of the same type of underlying asset with the same transaction counterparty within the preceding year.</p> <p><u>(3).</u> The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of real property or <u>right-of-use assets thereof</u> within the same development project within the preceding year.</p> <p><u>(4).</u> The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of the same security within the preceding year.</p> <p><u>5.4.3.</u> "Within the preceding year" as used in the Article 【5.4.2.】 refers to the year preceding the date of occurrence of the current</p>	<p>preceding year.</p> <p><u>(c).</u> The cumulative transaction amount of real property acquisitions and disposals (for acquisitions and disposals, calculated respectively) within the same development project within the preceding year.</p> <p><u>(d).</u> The cumulative transaction amount of acquisitions and disposals (for acquisitions and disposals, calculated respectively) of the same security within the preceding year.</p> <p>"Within the preceding year" as used <u>in the preceding paragraph</u> refers to the year preceding the date of occurrence of the current transaction. Items duly announced in accordance with these Regulations need not be counted toward the transaction amount.</p>	

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Articles after amendment	Current Articles	Explanation
<p>transaction. Items duly announced in accordance with these Regulations need not be counted toward the transaction amount.</p>		
	<p><u>4.7. "Within the preceding year" as used herein refers to the year preceding the date of the acquisition and disposal of assets (excluding the public announcement period).</u></p>	<p>1. To delete this article. 2. The relevant rules has been set at【5.4.3.】.</p>
<p><u>5.4.4.</u> The Company shall compile monthly reports on the status of derivatives trading engaged in up to the end of the preceding month by the company and any subsidiaries that are not domestic public companies and enter the information in the prescribed format into the information reporting website designated by the FSC by the 10th day of each month.</p>	<p><u>5.10.2.</u> The Company shall compile monthly reports on the status of derivatives trading engaged in up to the end of the preceding month by itself and any subsidiaries that are not domestic public companies and enter the information in the prescribed format into the information reporting website designated by the FSC by the 10th day of each month.</p>	<p>1. Article modification, the original 【5.10.2.】 move to 【5.4.4.】 . 2. To make a textual amendment.</p>
<p><u>5.4.5.</u> When the Company at the time of public announcement makes an error or omission in an item required by regulations to be publicly announced and so is required to correct it, all the items shall be again publicly announced and reported in their entirety within two days counting inclusively from the date of knowing of such error or omission</p>	<p><u>5.10.3.</u> When the Company at the time of public announcement makes an error or omission in an item required by regulations to be publicly announced and so is required to correct it, all the items shall be again publicly announced and reported in their entirety within two days counting inclusively from the date of knowing of such error or omission.</p>	<p>1. Article modification, the original 【5.10.3.】 move to 【5.4.5.】 . 2. To make a textual amendment.</p>
<p><u>5.4.6.</u> A public company acquiring or disposing of assets shall keep all relevant contracts, meeting</p>	<p><u>5.10.4.</u> The Company acquiring or disposing of assets shall keep all relevant contracts, meeting</p>	<p>1. Article modification, the original</p>

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Articles after amendment	Current Articles	Explanation
<p>minutes, log books, appraisal reports and CPA, attorney, and securities underwriter opinions at the company, where they shall be retained for 5 years except where another act provides otherwise.</p>	<p>minutes, record books, appraisal reports and certified public accountant, lawyer, and securities underwriter opinions at the company headquarters, where they shall be retained for five years except where another act provides otherwise.</p>	<p>【5.10.4.】 move to 【5.4.6.】 . 2. To make a textual amendment.</p>
<p><u>5.4.7.</u> 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 <u>Article 【5.4.1.】</u> to <u>【5.4.6.】</u>, a public report of relevant information shall be made on the information reporting website designated by <u>the FSC</u> within 2 days counting inclusively from the date of occurrence of the event:</p> <p>(1). Change, termination, or rescission of a contract signed in regard to the original transaction.</p> <p>(2). The merger, demerger, acquisition, or transfer of shares is not completed by the scheduled date set forth in the contract.</p> <p>(3). Change to the originally publicly announced and reported information.</p>	<p><u>5.10.5.</u> Where any of the following circumstances occurs with respect to a transaction that the Company has already publicly announced and reported in accordance with <u>the preceding article</u>, a public report of relevant information shall be made on the website designated within two days immediately from the date of occurrence of the event:</p> <p>(1).Change, termination, or rescission of a contract signed in regard to the original transaction.</p> <p>(2). The merger, demerger, acquisition, or shares assumption is not completed by the scheduled date set forth in the contract.</p> <p>(3). Amendment to the originally publicly announced and reported information.</p>	<p>1. Article modification, the original 【5.10.5.】 move to 【5.4.7.】 . 2. To make a textual amendment.</p>
<p><u>5.4.8.</u> Information required to be</p>	<p><u>5.11.3.</u>Where the subsidiary of the</p>	<p>1. Article</p>

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Articles after amendment	Current Articles	Explanation
<p>publicly announced and reported in accordance with the provisions of 【5.4.1.】to【5.4.7.】 on acquisitions and disposals of assets by the Company's subsidiary that is not itself a public company in Taiwan shall be reported by the Company.</p> <p><u>5.4.9.</u> The paid-in capital or total assets of the Company shall be the standard applicable to a subsidiary referred to in the Article 【5.4.8.】 in determining whether, relative to paid-in capital or total assets, it reaches a threshold requiring public announcement and regulatory filing under Article 【5.4.1.】.</p>	<p>Company is not a public company and its acquisition or disposal of assets meets the standards under the "<u>Regulations Governing the Acquisition and Disposal of Assets by Public Companies</u>" to be publicly announced and reported, the public announcement and report shall be made by the Company.</p> <p>The standards for public announcement and report under [5.10.1.] shall apply to subsidiaries mentioned above.</p>	<p>modification, the original 【5.11.3.】 move to 【5.4.8.】 and 【5.4.9.】 .</p> <p>2. To specify the standards of subsidiaries shall make the announcement.</p>
<p><u>5.5. Total amounts of real property and right-of-use assets thereof or securities acquired by the company and each subsidiary for business use, and limits on individual securities:</u></p> <p><u>5.5.1.</u>For investment in real property and right-of-use assets thereof not for business use, the total investment amount shall not exceed 50 percent of the assets.</p> <p><u>5.5.2.</u> For the investment in securities, the total investment amount shall not exceed 70 percent of the assets.</p> <p><u>5.5.3.</u> For the investment in individual security, the investment amount shall not exceed 50 percent of the assets.</p>	<p><u>5.1.</u>The quota for investment in real property not for business use and securities:</p> <p><u>The respective quota for acquisition of the above-mentioned assets by the Company and each of the subsidiaries is as follow:</u></p> <p><u>5.1.1.</u> For investment in real property not for business use, the total investment amount shall not exceed 50% of the assets.</p> <p><u>5.1.2.</u> For the investment in securities, the total investment amount shall not exceed 70% of the assets.</p> <p><u>5.1.3.</u> For the investment in individual security, the investment amount shall not exceed 50% of the assets.</p>	<p>1. Article modification, the original 【5.1.】 move to 【5.5.】 .</p> <p>2. To add the term "assets" in order to comply with the Right-of-use assets in IFRS 16.</p>

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Articles after amendment	Current Articles	Explanation
<p><u>5.6.</u> Relative Party Transactions;</p> <p><u>5.6.1.</u> When the Company engages in any acquisition or disposal of assets from or to a related party, in addition to ensuring that the necessary resolutions are adopted and the reasonableness of the transaction terms is appraised, if the transaction amount reaches 10 percent or more of the Company 's total assets, the company shall also obtain an appraisal report from a professional appraiser or a CPA's opinion in compliance with the provisions of the Article 【5.2.】</p> <p><u>5.6.2.</u> The calculation of the transaction amount referred to in the Article 【5.6.1.】 shall be made in accordance with Article 【5.2.4.】 .</p> <p><u>5.6.3.</u> When judging whether a transaction counterparty is a related party, in addition to legal formalities, the substance of the relationship shall also be considered.</p>	<p>5.5.Related party transactions</p> <p>5.5.1. When the Company acquires or disposes of assets from or to a related party, in addition to ensuring that relevant resolutions are adopted and the reasonableness of the transaction terms is appraised in accordance with this Article, if the transaction amount reaches 10% or more of the Company's total assets, the Company shall also obtain an appraisal report from a professional appraiser or a certified public accountant's opinion in compliance with the provisions of the preceding section.</p> <p>The calculation of the transaction amount referred to in the preceding paragraph shall be made in accordance with Article [5.6.] herein.</p> <p>When judging whether a trading counterparty is a related party, in addition to its legal formalities, the substance of the relationship shall also be considered.</p>	<p>1. Article modification, the original 【5.5.1.】 move to 【5.6.1.】 and 【5.6.3.】 .</p> <p>2. To add the term "assets" in order to comply with the Right-of-use assets in IFRS 16.</p>
<p><u>5.6.4.</u> When the Company intends to acquire or dispose of real property <u>or right-of-use assets thereof</u> from or to a related party, or when it intends to acquire or dispose of assets other than real property <u>or</u></p>	<p><u>5.5.2. Assessment of Operating Procedures</u></p> <p>When the Company intends to acquire or dispose of real property from or to a related party, or when it intends to acquire or dispose of assets</p>	<p>1. Article modification, the original 【5.5.2.】 move to 【5.6.4.】 and 【5.6.7.】 .</p>

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Articles after amendment	Current Articles	Explanation
<p><u>right-of-use assets thereof</u> from or to a related party and the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the company's total assets, or NT\$300 million or more, except in trading of <u>domestic</u> government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises, the company may not proceed to enter into a transaction contract or make a payment until the following matters have been approved by <u>more than half of all audit committee members</u> and the board of directors:</p> <p>(1). The purpose, necessity and anticipated benefit of the acquisition or disposal of assets.</p> <p>(2). The reason for choosing the related party as a transaction counterparty.</p> <p>(3).With respect to the acquisition of real property or <u>right-of-use assets thereof</u> from a related party, information regarding appraisal of the reasonableness of the preliminary transaction</p>	<p>other than real property from or to a related party and the transaction amount reaches 20% or more of the paid-in capital, 10% or more of the Company's total assets, or NT\$300 million or more, except in trading of government bonds or bonds under repurchase and resale agreements, or subscription or repurchase money market funds issued by domestic securities investment trust enterprises, the Company may not proceed to enter into a transaction contract or make a payment until the following information has been submitted and approved by the board of directors and <u>recognized by the supervisors:</u></p> <p>(1). The purpose, necessity and anticipated benefit of the acquisition or disposal of assets.</p> <p>(2). The reason for choosing the related party as a trading counterparty.</p> <p>(3). With respect to acquisition of real property from a related party, relevant information regarding appraisal of the reasonableness of the preliminary transaction terms in accordance with <u>Article [5.5.3.(1).] and Article [5.5.3.(4).].</u></p>	<p>2. To add the term "assets" in order to comply with the Right-of-use assets in IFRS 16.</p> <p>3. In comply with the provisions of the Act, the Chairman shall be authorized to process the assets acquired or disposed of by such companies for the use of business, the assets for which they are used or right-of-use assets right-of-use assets for the operation of business.</p> <p>4. To make a textual amendment for the Company</p>

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Articles after amendment	Current Articles	Explanation
<p>terms in accordance with Article 【5.6.3.】and【5.6.4.】.</p> <p>(4). The date and price at which the related party originally acquired the real property, the original transaction counterparty, and that transaction counterparty's relationship to the company and the related party.</p> <p>(5). Monthly cash flow forecasts for the year commencing from the anticipated month of signing of the contract, and evaluation of the necessity of the transaction, and reasonableness of the funds utilization.</p> <p>(6). An appraisal report from a professional appraiser or a CPA's opinion obtained in compliance with Article 【5.6.3.】.</p> <p>(7). Restrictive covenants and other important stipulations associated with the transaction.</p> <p><u>5.6.5.</u> The calculation of the transaction amounts referred to in Article【5.6.4.】 shall be made in accordance with Article 【5.4.2.】herein, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items that have been approved by <u>more than</u></p>	<p>(4). The date and price at which the related party originally acquired the real property, the original transaction counterparty, and that transaction counterparty's relationship with the Company and the related party.</p> <p>(5). Monthly cash flow forecasts for the year commencing from the anticipated month of signing of the contract, and evaluation of the necessity of the transaction, and reasonableness of the funds utilization.</p> <p>(6). An appraisal report from a professional appraiser or a certified public accountant's opinion obtained in compliance with the preceding paragraph.</p> <p>(7). Restrictive covenants and other important stipulations associated with the transaction.</p> <p>The calculation of the transaction amounts referred to in the preceding paragraph shall be made in accordance with Article <u>[5.10.1.(7).]</u> herein, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items that have been approved by the</p>	<p>establish the Auditor Committee.</p>

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Articles after amendment	Current Articles	Explanation
<p><u>half of all audit committee members</u> and the board of directors need not be counted toward the transaction amount.</p> <p>5.6.6. With respect to the types of transactions listed below, when to be conducted between a public company and its parent or subsidiaries, <u>or between its subsidiaries in which it directly or indirectly holds 100 percent of the issued shares or authorized capital</u>, the company's board of directors may delegate the board chairman to decide such matters when the transaction is within NT\$50 million and have the decisions subsequently submitted to and ratified by the next board of directors meeting:</p> <p>(1).<u>Acquisition or disposal of equipment or right-of-use assets thereof held for business use.</u></p> <p>(2).<u>Acquisition or disposal of real property right-of-use assets held for business use.</u></p> <p>5.6.7. Where an audit committee has been established in accordance with <u>the provisions of the Securities and Exchange Act</u> shall be subject to mutatis mutandis application of Article <u>【5.11.5.】</u> and <u>【5.11.6.】</u></p>	<p>board of directors and <u>recognized by the supervisors</u> in accordance with this procedure need not be counted toward the transaction amount.</p> <p>With respect to the acquisition or disposal of business-use equipment between the Company and its parent or subsidiaries, the Company's board of directors may delegate the chairperson to decide such matters when the transaction amount is within NT\$ 50 million and have the decisions subsequently submitted to and ratified by the next board meeting.</p> <p><u>Where the position of independent director has been created, when a matter is submitted for discussion by the board of directors pursuant to Article [5.14.2.], the board of directors shall take into full consideration each independent director's opinions. If an independent director objects to or expresses reservations, it shall be recorded in the minutes of the board of directors meeting.</u></p> <p>Where an audit committee has been established, the matters for</p>	

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Articles after amendment	Current Articles	Explanation
	<p>which <u>Article [5.14.2.] requires recognition by the supervisors shall first be approved by the majority of all audit committee members and then submitted to the board of directors for a resolution, and Article [5.14.2.] shall apply mutatis mutandis.</u></p>	
<p><u>5.6.8.</u> The Company that acquires real property <u>or right-of-use assets thereof</u> from a related party shall evaluate the reasonableness of the transaction costs by the following means:</p> <p>(1). Based upon the related party's transaction price plus necessary interest on funding and the costs to be duly borne by the buyer. "Necessary interest on funding" is imputed as the weighted average interest rate on borrowing in the year the company purchases the property; provided, it may not be higher than the maximum non-financial industry lending rate announced by the Ministry of Finance.</p> <p>(2). Total loan value appraisal from a financial institution where the related party has previously created a mortgage on the property as</p>	<p><u>5.5.3.Evaluation of the reasonableness of the transaction costs</u></p> <p>(1). For the Company to acquire real property from a related party, it shall evaluate the reasonableness of the transaction costs by the following means:</p> <p>(a). Based upon the related party's transaction price plus necessary interest on funding and the costs to be duly borne by the buyer. "Necessary interest on funding" is calculated by the weighted average interest rate for borrowing in the year the Company purchases the property; provided that it may not be higher than the maximum non-financial industry borrowing rate announced by the Ministry of Finance.</p> <p>(b). The total loan value</p>	<p>1. Article modification, the original 【5.5.3.(1)】 move to 【5.6.8.】 .</p> <p>2. To add the term "assets" in order to comply with the Right-of-use assets in IFRS 16.</p>

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Articles after amendment	Current Articles	Explanation
<p>security for a loan; provided, the actual cumulative amount loaned by the financial institution shall have been 70 percent or more of the financial institution's appraised loan value of the property and the period of the loan shall have been 1 year or more. However, this shall not apply where the financial institution is a related party of one of the transaction counterparties.</p>	<p>appraisal from a financial institution where the related party has previously created a mortgage on the property as security for a loan; provided that the actual cumulative amount lend by the financial institution shall be 70% or more of the financial institution's appraised loan value of the property and the period of the loan shall be 1 year or more. However, this shall not apply where the financial institution is a related party of one of the transaction counterparties.</p>	
<p><u>5.6.9.</u> Where land and structures thereupon are combined as a single property purchased <u>or leased</u> in one transaction, the transaction costs for the land and the structures may be separately appraised in accordance with either of the means listed in the <u>Article 【5.6.8.】</u>.</p>	<p><u>(2).</u> Where land and the building thereupon are consolidated as a single property to be purchased in one transaction, the transaction costs for the land and the building may be separately appraised in accordance with either of the means listed in the preceding paragraph.</p>	<p>1. Article modification, the original 【5.5.3.(2)】 move to 【5.6.9.】 . 2. To make a textual amendment.</p>
<p><u>5.6.10.</u> The Company that acquires real property <u>or right-of-use assets thereof</u> from a related party and appraises the cost of</p>	<p><u>(3).</u> The Company acquiring real property from a related party and appraises the cost of the real property in</p>	<p>1. Article modification, the original 【5.5.3.(3)】</p>

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Articles after amendment	Current Articles	Explanation
<p>the real property <u>or right-of-use assets thereof</u> in accordance with <u>Article 【5.6.8.】</u> and <u>【5.6.9.】</u> shall also engage a CPA to check the appraisal and render a specific opinion.</p>	<p>accordance with <u>Article [5.5.3.(1)]</u> and <u>Article [5.5.3.(2)]</u> shall engage a CPA to review the appraisal and render a concrete opinion.</p>	<p>move to 【5.6.10.】 . 2. To make a textual amendment.</p>
<p>5.6.11. Where the Company acquires real property <u>or right-of-use assets thereof</u> from a related party and one of the following circumstances exists, the acquisition shall be conducted in accordance with <u>Article 【5.6.4.】</u> to <u>Article【5.6.7.】</u>, and <u>Article 【5.6.8.】</u> to <u>Article 【5.6.10.】</u> do not apply:</p> <p>(1). The related party acquired the real property <u>or right-of-use assets thereof</u> through inheritance or as a gift.</p> <p>(2). More than 5 years will have elapsed from the time the related party signed the contract to obtain the real property <u>or right-of-use assets thereof</u> to the signing date for the current transaction.</p> <p>(3). The real property is acquired through signing of a joint development contract with the related party, or through engaging a related party to build real property, either on the company's own</p>	<p>(6). Where the Company acquires real property from a related party and one of the following circumstances exists, the acquisition shall be conducted in accordance with the appraisal and operational procedures provided in <u>Article [5.5.1]</u> and <u>Article [5.5.2]</u> and the evaluation of the reasonableness of the transaction costs provided in <u>Articles [5.5.3.(1), 5.5.3.(2), 5.5.3.(3)]</u> shall not apply:</p> <p>(a). The related party acquired the real property through inheritance or as a gift.</p> <p>(b). More than 5 years will have elapsed from the time the related party signed the contract to obtain the real property to the signing date for the current transaction.</p> <p>(c). The real property is acquired through signing of a joint development contract with the related</p>	<p>1. Article modification, the original 【5.5.3.(6).】 move to 【5.6.11.】 . 2. The define the acquiring real property for business for such inter-companies, shall not apply the provisions of 【5.6.8.】 to 【5.6.10.】 .</p>

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Articles after amendment	Current Articles	Explanation
<p>land or on rented land. <u>(4). The real property right-of-use assets for business use are acquired by the Company with its parent or subsidiaries, or by its subsidiaries in which it directly or indirectly holds 100 percent of the issued shares or authorized capital.</u></p>	<p>party, or through engaging a related party to build real property, either on the Company's own land or on rented land.</p>	
<p><u>5.6.12.</u> When the results of the Company's appraisal conducted in accordance with <u>Article 【5.6.8.】 and 【5.6.9.】</u> are uniformly lower than the transaction price, the matter shall be handled in compliance with <u>Article 【 5.6.14. 】</u>. However, where the following circumstances exist, objective evidence has been submitted and specific opinions on reasonableness have been obtained from a professional real property appraiser and a CPA have been obtained, this restriction shall not apply:</p> <p>(1). Where the related party acquired undeveloped land or leased land for development, it may submit proof of compliance with one of the following conditions:</p> <p>(a). Where undeveloped land is appraised in accordance with the</p>	<p><u>(4).</u> When the results of the Company's appraisal conducted in accordance with <u>Article [5.5.3.(1)] and Article [5.5.3.(2)]</u> are both lower than the transaction price, the matter shall be handled in accordance with Article [5.5.3.(5)]. However, where the following circumstances exist, objective evidence has been provided and specific opinions on reasonableness have been obtained from a professional real property appraiser and a CPA, this restriction shall not apply:</p> <p>(a). Where the related party acquired undeveloped land or leased land for development, it may provide proof of satisfying one of the following conditions:</p> <p>(i). Where undeveloped land</p>	<p>1. Article modification, the original 【5.5.3.(4).】 move to 【5.6.12.】and 【5.6.13.】 .</p> <p>2. To make a textual amendment.</p>

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Articles after amendment	Current Articles	Explanation
<p>means in the preceding Article, and structures according to the related party's construction cost plus reasonable construction profit are valued in excess of the actual transaction price. The "Reasonable construction profit" shall be deemed the average gross operating profit margin of the related party's construction division over the most recent 3 years or the gross profit margin for the construction industry for the most recent period as announced by the Ministry of Finance, whichever is lower.</p> <p>(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 and transaction terms are similar after calculation of reasonable price discrepancies in floor</p>	<p>is appraised in accordance with the means in the preceding Article, and buildings are valued according to the related party's construction cost plus reasonable construction profit, the aggregate amount is in excess of the actual transaction price. The "reasonable construction profit" shall be determined according to the average gross operating profit margin of the related party's construction division over the most recent 3 years or the gross profit margin for the construction industry for the most recent period as announced by the Ministry of Finance, whichever is lower.</p> <p>(ii). Completed transactions by unrelated parties within the preceding year involving other floors of the same property or neighboring area, where the land area and transaction terms are similar after calculation of reasonable price discrepancies in floor or</p>	

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Articles after amendment	Current Articles	Explanation
<p>or area land prices in accordance with standard property market sale or leasing practices.</p> <p>(2). Where the Company acquiring real property, or obtaining real property right-of-use assets through leasing, from a related party provides evidence that the terms of the transaction are similar to the terms of completed transactions involving neighboring or closely valued parcels of land of a similar size by unrelated parties within the preceding year.</p> <p><u>5.6.13.</u> Completed transactions involving neighboring or closely valued parcels of land in <u>the Article 【 5.6.12. 】</u> in principle refers to parcels on the same or an adjacent block</p>	<p>area land prices in accordance with standard property market practices.</p> <p><u>(iii).</u> Completed leasing transactions by unrelated parties for other floors of the same property within the preceding year, where the transaction terms are similar after calculation of reasonable price discrepancies among floors in accordance with standard property leasing market practices.</p> <p><u>(b).</u> Where the Company acquiring real property from a related party provides evidence that the terms of the transaction are similar to the terms of transactions completed for the acquisition of neighboring land of a similar size by unrelated parties within the preceding year. Completed transactions for neighboring land in the preceding paragraph in principle refers to parcels on the same or an adjacent block and within a distance of no</p>	

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Articles after amendment	Current Articles	Explanation
<p>and within a distance of no more than 500 meters or parcels close in publicly announced current value; transactions involving similarly sized parcels in principle refers to transactions completed by unrelated parties for parcels with a land area of no less than 50 percent of the property in the planned transaction; within the preceding year refers to the year preceding the date of occurrence of the acquisition of the real property or obtainment of the <u>right-of-use assets thereof</u>.</p>	<p>more than 500 meters or parcels close in publicly announced current value; transaction for similarly sized parcels in principle refers to transactions completed by unrelated parties for parcels with a land area of no less than 50% of the property in the planned transaction; within the preceding year refers to the year preceding the date of occurrence of the acquisition of the real property.</p>	
<p><u>5.6.14.</u> Where the Company acquires real property <u>or right-of-use assets thereof</u> from a related party and the results of appraisals conducted in accordance with <u>Article 【 5.6.8. 】</u> to <u>【 5.6.13. 】</u> are uniformly lower than the transaction price, the following steps shall be taken:</p> <p>(1). A special reserve shall be set aside in accordance with Article 41, paragraph 1 of the Act against the difference between the real property transaction price and the appraised cost, and may not be distributed or</p>	<p><u>(5).</u> Where the Company acquires real property from a related party and the results of appraisals conducted in accordance with <u>Article [5.5.3.(1)]</u> and <u>Article [5.5.3.(2)]</u> are both lower than the transaction price, the following steps shall be taken.</p> <p><u>In addition, if the Company and a public company using the equity method to account for its investment in the Company have set aside a special reserve under Article [5.5.3.(5).(a)], they may not</u></p>	<p>1. Article modification, the original 【 5.5.3.(5) 】 move to 【 5.6.14. 】and 【 5.6.15. 】 .</p> <p>2. To make a textual amendment.</p>

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Articles after amendment	Current Articles	Explanation
<p>used for capital increase or issuance of bonus shares. Where the Company uses the equity method to account for its investment in another company, then the special reserve called for under Article 41, paragraph of the Securities Exchange Act shall be set aside pro rata in a proportion consistent with the share of the Company's equity stake in the other company.</p> <p>(2). The independent director members of the audit committee shall comply with Article 218 of the Company Act.</p> <p>(3). Actions taken pursuant to <u>Article 【 5.6.14.(1). 】 and 【 5.6.14.(2). 】</u> shall be reported to a shareholders meeting, and the details of the transaction shall be disclosed in the annual report and any investment prospectus.</p> <p><u>5.6.15. The Company that has set aside a special reserve under the preceding paragraph may not utilize the special reserve until it has recognized a loss on decline in market value of the assets it purchased or leased at a premium, or they</u></p>	<p><u>utilize the special reserve until it has recognized a loss on decline in market value of the assets it purchased at a premium, or they have been disposed of, or adequate compensation has been made, or the status quo ante has been restored, or there is other evidence confirming that there was nothing unreasonable about the transaction, and the FSC has given its consent.</u></p> <p>(a). A special reserve shall be set aside by the Company in accordance with Paragraph 1, Article 41 of the Securities Exchange Act for the difference between the real property transaction price and the appraised cost, and may not be distributed or used for capital increase or issuance of bonus shares. Where a public company uses the equity method to account for its investment in the Company, then the special reserve called for under Paragraph 1, Article 41 of the Securities Exchange Act shall be set aside pro rata</p>	

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Articles after amendment	Current Articles	Explanation
<p><u>have been disposed of, or the leasing contract has been terminated, or adequate compensation has been made, or the status quo ante has been restored, or there is other evidence confirming that there was nothing unreasonable about the transaction, and the FSC has given its consent.</u></p>	<p>in accordance with its shareholding in the Company.</p> <p>(b). <u>Supervisors shall handle in accordance with Article 218 of the Company Act. Where an audit committee has been established, such requirement shall apply to the independent directors of the audit committee.</u></p> <p>(c). Actions taken pursuant to <u>Article [5.5.3.5.(a)] and Article [5.5.3.5.(b)]</u> shall be reported to the shareholders meeting, and the details of the transaction shall be disclosed in the annual report and any prospectus.</p>	
<p><u>5.6.16.</u> When the Company obtains real property <u>or right-of-use assets thereof</u> from a related party, it shall also comply with <u>Article 【5.6.14.】 and 【5.6.15.】</u> if there is other evidence indicating that the acquisition was not an arm's length transaction.</p>	<p><u>(7).</u> When the Company obtains real property from a related party, it shall also comply with <u>Article [5.5.3.(5)]</u> if there is other evidence indicating that the acquisition was not an arms of length transaction.</p>	<p>1. Article modification, the original 【5.5.3.(7)】 move to 【5.6.16.】 .</p> <p>2. To make a textual amendment.</p>
<p><u>5.7.</u> Operation Procedures of engaging in Derivatives Trading:</p> <p><u>5.7.1.</u> The Company <u>engaging in derivatives trading shall pay strict attention to control of the</u></p>	<p><u>5.8.</u> Operation Procedures of engaging in Derivatives Trading.</p> <p><u>5.8.1.</u> Trading Principles and guidelines</p> <p>(1). Types</p> <p>(a). <u>Derivatives, the Company</u></p>	<p>1. Article modification, the original 【5.8.1.】 move to</p>

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Articles after amendment	Current Articles	Explanation				
<p><u>following important risk management and auditing matters, and incorporate them into their Procedures:</u></p> <p>(1). Trading principles and strategies:</p> <p>(a).Trading types; <u>Derivatives, the Company shall engage in , as the provisions of 【4.1.】 .</u></p> <p>(b).Operating or hedging strategies:The Company shall engage in derivatives transaction for the purpose of hedging and shall choose the transaction products to hedge the risks generate from the operation of the Company's business. The currencies held by the Company shall meet the demand of the Company for foreign currencies in import and export transactions. Transaction for other specific purpose shall be carefully assessed and shall not commence until it has been submitted to the board of directors for approval.</p> <p>(c).Segregation of duties:</p> <table border="1" data-bbox="87 1865 563 2004"> <thead> <tr> <th data-bbox="87 1865 300 1915"><u>personnel</u></th> <th data-bbox="300 1865 563 1915"><u>Content</u></th> </tr> </thead> <tbody> <tr> <td data-bbox="87 1915 300 2004">Trading personnel</td> <td data-bbox="300 1915 563 2004">Responsible to propose the</td> </tr> </tbody> </table>	<u>personnel</u>	<u>Content</u>	Trading personnel	Responsible to propose the	<p><u>engaging in , refers to forward contracts, options contracts, futures contracts, leverage contracts, and swap contracts, and compound contracts combining the above products, whose value is derived from assets, interest rates, foreign exchange rates, indexes or other interests.</u></p> <p>(b). <u>Matters relating to bond margin trading shall be handled in the relevant provisions of this procedure. The provisions of this procedure shall not apply to the trading of bonds with buy back conditions.</u></p> <p>(2). Operational hedge Principles. The Company shall engage in derivatives transaction for the purpose of hedging and shall choose the transaction products to hedge the risks generate from the operation of the Company's business. The currencies held by the Company shall meet the demand of the Company for foreign currencies in import and export transactions. Such positions shall be covered by the total internal positions held by the Company (foreign currency assets, foreign currency income and expenses) in principle so as to reduce the total foreign exchange risks the Company assumed and also save the costs to operate foreign exchange. Transaction for other specific purpose shall be carefully assessed and shall not commence until it has been submitted to the board of directors for approval.</p>	<p>【5.7.1.(1)】 .</p> <p>2. To define identify the General Manager of the Company.</p> <p>3. To modify the Unit of responsible performance evaluation to the substantive operation.</p>
<u>personnel</u>	<u>Content</u>					
Trading personnel	Responsible to propose the					

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Articles after amendment		Current Articles	Explanation
	strategy and execute transaction on financial products	<p>(3).Delegation of authority and duty</p> <p>(a).Finance department</p> <p>(i).Trading personnel</p> <ul style="list-style-type: none"> . Responsible to propose the strategy on financial products . <u>Trading personnel shall calculate the positions on a regular basis collect market information and conduct the trends judging and risk assessment to plan the operational strategy. Once such strategy is approved by the authority, it will serve as the basis for the Company to conduct transaction.</u> . <u>To execute transactions based on the authorization and the existing strategy.</u> . <u>To propose assessment reports and replace the strategy from time to time when there is a material change to the financial market and the trading personnel determined that the existing strategy shall not apply anymore. Once such strategy is approved by the general manager, it will serve as the basis for the Company to conduct transaction.</u> <p>(ii). Accounting personnel</p> <ul style="list-style-type: none"> . <u>To confirm the transaction executed.</u> . <u>To review and check whether the transaction is</u> 	
Accountant	Responsible to handle accounting and books and to conduct report and announcement according to the requirements of the FSC.		
Settlement personnel	To execute settlements.		
<u>Internal Auditor</u>	<u>Responsible to evaluate the suitability of the internal control system in connection with financial derivative transactions, to conduct auditing on how well the related departments follow the Procedures, and to produce report with trading cycle analysis. Should there be any violation found, a written report is needed to notify</u>		

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Articles after amendment		Current Articles	Explanation																															
<p>the board of directors.</p> <p>The authorization to approve transaction:</p> <table border="1"> <thead> <tr> <th>Total amount of the contract</th> <th>Hedging transaction</th> <th>Non-hedging transaction</th> </tr> </thead> <tbody> <tr> <td>Chief Financial Officer</td> <td>US\$2MM and above</td> <td>-</td> </tr> <tr> <td><u>Managerial personnel in accordance with the article</u></td> <td>US\$10 MM and above</td> <td>US\$1MM and above</td> </tr> <tr> <td>Board of directors</td> <td>US\$10 MM and above</td> <td>US\$1MM and above</td> </tr> </tbody> </table> <p><u>Note: The above mentioned amount shall not include the purchase and sale of the contracts with the same tenor and same amount on the same day.</u></p> <p>(d).Essentials of performance evaluation:</p> <table border="1"> <thead> <tr> <th>Hedging transaction</th> <th>Take the profits and losses generated between the cost of foreign exchange rate from the Company's books and the transaction of derivatives as the basis for performance assessment. In order to fully</th> </tr> </thead> <tbody> <tr> <td></td> <td></td> </tr> </tbody> </table>		Total amount of the contract	Hedging transaction	Non-hedging transaction	Chief Financial Officer	US\$2MM and above	-	<u>Managerial personnel in accordance with the article</u>	US\$10 MM and above	US\$1MM and above	Board of directors	US\$10 MM and above	US\$1MM and above	Hedging transaction	Take the profits and losses generated between the cost of foreign exchange rate from the Company's books and the transaction of derivatives as the basis for performance assessment. In order to fully			<p>conducted in accordance with the authorization and existing strategy.</p> <p>. To conduct evaluations on a monthly basis and submit the evaluation reports to the general manager.</p> <p>. To handle accounting and books.</p> <p>. To conduct report and announcement according to the requirements of the FSC.</p> <p>(iii). Settlement personnel: Responsible to execute settlements.</p> <p>(iv).Authorization to approve the derivatives</p> <p><u>(I) The authorization to approve transaction</u></p> <p><u>Unit: US\$10 thousand</u></p> <table border="1"> <thead> <tr> <th>Total amount of the contract</th> <th>Hedging transaction</th> <th>Non-hedging transaction</th> </tr> </thead> <tbody> <tr> <td>Chief Financial Officer</td> <td>200</td> <td>-</td> </tr> <tr> <td>General manager</td> <td>600</td> <td>-</td> </tr> <tr> <td>Chairperson</td> <td>1000</td> <td>100</td> </tr> <tr> <td>Board of directors</td> <td>1000 and above</td> <td>100 and above</td> </tr> </tbody> </table> <p>The above mentioned amount shall not include the purchase and sale of the contracts with the same tenor and same amount on</p>	Total amount of the contract	Hedging transaction	Non-hedging transaction	Chief Financial Officer	200	-	General manager	600	-	Chairperson	1000	100	Board of directors	1000 and above	100 and above	
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Articles after amendment		Current Articles	Explanation
	control and express the transaction risks assessed, the Company will assess profits and losses based on the monthly balance.	the same day. <u>(II)For the Company's acquisition or disposal of assets which is subject to the approval of the board of directors under the procedure or other laws or regulations, if any director expresses dissent and it is recorded or contained in a written statement, the Company shall submit the director's dissenting opinion to each supervisor. Where the position of independent director has been created or an audit committee has been established, the resolution procedures shall be handled in accordance with Article [5.14.2].</u>	
Transaction for specific purposes	It shall take the actual profits and losses as the basis to assess performance and the financial division shall compile the positions into a statement on a regular basis for the management's reference.	<u>(b).Audit department Responsible to understand the appropriateness of the internal control system of the derivatives transaction, audit the compliance of the trading department with the operational procedures, analyze the transaction cycle, generate audit report and report to the board of directors when there is any material deficiency.</u> <u>(c).Performance assessment (i).Hedging transaction (I)Take the profits and losses generated between the cost of foreign exchange rate from the Company's books and the transaction of</u>	
	(e).Total amount of derivatives contracts that may be traded: _		
Hedging transaction	The financial division shall control the total positions of the Company in order to hedge transaction risks. The amount of hedging transaction shall not exceed the Company's total exposure, where exceeded, it shall be reported to the		

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Articles after amendment		Current Articles	Explanation
	<u>managerial personnel in accordance with the article</u> for approval.	<p>derivatives as the basis for performance assessment.</p> <p>(II)In order to fully control and express the transaction risks assessed, the Company will assess profits and losses based on the monthly balance.</p> <p><u>(III) The finance department shall provide the evaluation on foreign exchange positions and the market trend of the foreign exchange and market analysis to the general manager as management reference and indication.</u></p> <p><u>(ii).Transaction for specific purposes</u></p> <p>It shall take the actual profits and losses as the basis to assess performance and the accounting personnel shall compile the positions into a statement on a regular basis for the management's reference.</p> <p><u>(d).Setting the total amount of contracts and the maximum loss limit</u></p> <p><u>(i).Total amount of contracts</u></p> <p><u>(D)Quota for hedging transaction</u></p> <p>The finance department shall control the total positions of the Company in order to hedge transaction</p>	
Transaction for specific purposes	Based on the assessment on the market change, the financial division may propose strategy when needed and submit to the <u>managerial personnel in accordance with the article</u> for approval and execution. The total amount of the contracts of the net accumulated positions the Company holds for transaction for specific purposes shall not exceed US\$10 million. Once the total amount exceeds US\$10 million, it shall not be executed until it is approved by the board of directors		

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Articles after amendment		Current Articles	Explanation
	and executed in accordance with policy instruction.		
(f).Limits on aggregate losses or losses on individual contracts			
Hedging transaction	<u>Limits on aggregate losses or losses on individual contracts shall not exceed 50% of the contract.</u>		
Transaction contract for specific purposes	When the position is held by the Company, it is required to set the stop loss point to avoid excess of loss. The setting of stop loss point shall not excess of 10% of the total transaction contract amount. If the loss amount exceeds 10% of the transaction amount, it shall be reported to the <u>managerial personnel</u> in accordance with the <u>article</u> immediately and reported to the board of directors to discuss the necessary measures to deal with it.	risks. The amount of hedging transaction shall not exceed the Company's total net positions, where exceeded, it shall be reported to the general manager for approval. (II)Transaction for specific purposes Based on the assessment on the market change, the finance department may propose strategy when needed and submit to the general manager and chairperson for approval and execution. The total amount of the contracts of the net accumulated positions the Company holds for transaction for specific purposes shall not exceed US\$10 million. Once the total amount exceeds US\$10 million, it shall not be executed until it is approved by the board of directors and executed in accordance with policy instruction.	
	The loss amount of individual contract shall not exceed US\$20,000 or 5% of the transaction contract	(ii). <u>Setting the maximum loss limit</u> (I)With respect to hedging transaction, the maximum loss limit for individual contract shall be 50% of each transaction amount.	

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Articles after amendment		Current Articles	Explanation		
<p>amount, whichever is lower.</p> <p>The Company's annual maximum loss limit for transactional operation for specific purposes is US\$300,000.</p>		<p>(II)If it is a transaction contract for specific purposes, when the position is held by the Company, it is required to set the stop loss point to avoid excess of loss.</p> <p>The setting of stop loss point shall not excess of 10% of the total transaction contract amount. If the loss amount exceeds 10% of the transaction amount, it shall be reported to the general manager immediately and reported to the board of directors to discuss the necessary measures to deal with it.</p> <p>(III)The loss amount of individual contract shall not exceed US\$20,000 or 5% of the transaction contract amount, whichever is lower.</p> <p>(IV)The Company's annual maximum loss limit for transactional operation for specific purposes is US\$300,000.</p>			
<p>(2).Risk management measures :</p> <p>(a).Management of credit risk :</p> <table border="1"> <tr> <td>Counterparties</td> <td>The Company shall mainly deal with reputational local or foreign financial</td> </tr> </table>		Counterparties	The Company shall mainly deal with reputational local or foreign financial	<p>5.8.2. Risk management measures</p> <p>(1).Management of credit risk</p> <p><u>Considering that the market fluctuates due to various elements, which may cause the operational risk of derivatives financial products, the management of market risk shall be conducted in accordance with the</u></p>	<p>1. Article modification, the original 【5.8.2.】 move to 【5.7.1.(2)】 .</p> <p>2. To define identify the</p>
Counterparties	The Company shall mainly deal with reputational local or foreign financial				

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Articles after amendment		Current Articles	Explanation
	institutions.	(b)	
Transaction products	The Company shall only transact the products provided by reputational local or foreign financial institutions	<p>Managem ent of market risks: The Company shall mainly deal with reputational local or foreign financial institutions.</p> <p>Transaction products: The Company shall only transact the products provided by reputational local or foreign financial institutions</p>	General Manager of the Company.
Transaction amount	Hedging shall be centralized to deal with a single counterparty, unless such transaction is approved by the general manager.	<p>shall mainly deal with a single counterparty, unless such transaction is approved by the general manager.</p> <p>(2). Management of market risks: The Company shall mainly deal on the public foreign exchange trading market provided by banks.</p> <p>(3).Management of liquidity risk To ensure the market liquidity, the Company shall choose the financial products with higher liquidity (which means the position can be covered on the market at any time) and the financial institutions accept trading orders shall maintain adequate information and the ability to engage in transaction on any market at any time.</p> <p>(4).Management of cash flow risk To ensure the stability of the turnover of the Company's operational fund, the funding for the Company to engage in derivatives transaction shall be the Company's self-owned capital and it shall also</p>	
	trading market provided by banks.		
	(c). Management of liquidity risk: To ensure the market liquidity, the Company shall choose the financial products with higher liquidity (which means the position can be covered on the market at any time) and the financial institutions accept trading orders shall maintain adequate information and the ability to engage in transaction on any market at any time.		
	(d). Management of cash flow risk: To ensure the stability of the turnover of the Company's operational fund, the funding for the Company to		

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Articles after amendment	Current Articles	Explanation								
<p>engage in derivatives transaction shall be the Company's self-owned capital and it shall also consider the demand for fund based on the estimation of cash inflow and outflow for the next three months to decide the transaction amount.</p> <p>(e).Management of operational risk:</p> <table border="1" data-bbox="108 622 571 2009"> <thead> <tr> <th data-bbox="108 622 220 667">Items</th> <th data-bbox="220 622 571 667">Content</th> </tr> </thead> <tbody> <tr> <td data-bbox="108 667 220 1003"><u>1</u></td> <td data-bbox="220 667 571 1003">It is required to strictly follow the Company's authorized quota and operational procedures, which shall be adopted into the internal audit to avoid operational risk.</td> </tr> <tr> <td data-bbox="108 1003 220 1391"><u>2</u></td> <td data-bbox="220 1003 571 1391">The trading personnel for derivative products shall not concurrently act as the operational personnel such as the persons handling confirmation or settlement.</td> </tr> <tr> <td data-bbox="108 1391 220 2009"><u>3</u></td> <td data-bbox="220 1391 571 2009">The personnel of risk assessment, supervision and control shall belong to departments other than the department of personnel mentioned in the preceding paragraph and shall report to the board of directors or to the high-level managers not responsible for decision making of transactions or</td> </tr> </tbody> </table>	Items	Content	<u>1</u>	It is required to strictly follow the Company's authorized quota and operational procedures, which shall be adopted into the internal audit to avoid operational risk.	<u>2</u>	The trading personnel for derivative products shall not concurrently act as the operational personnel such as the persons handling confirmation or settlement.	<u>3</u>	The personnel of risk assessment, supervision and control shall belong to departments other than the department of personnel mentioned in the preceding paragraph and shall report to the board of directors or to the high-level managers not responsible for decision making of transactions or	<p>consider the demand for fund based on the estimation of cash inflow and outflow for the next three months to decide the transaction amount.</p> <p>(5).Management of operational risk</p> <p>(a).It is required to strictly follow the Company's authorized quota and operational procedures, which shall be adopted into the internal audit to avoid operational risk.</p> <p>(b). The trading personnel for derivative products shall not concurrently act as the operational personnel such as the persons handling confirmation or settlement.</p> <p>(c). The personnel of risk assessment, supervision and control shall belong to departments other than the department of personnel mentioned in the preceding paragraph and shall report to the board of directors or to the high-level managers not responsible for decision making of transactions or positions.</p> <p>(6).Management of product risk</p> <p>The internal trading personnel shall equip with complete and correct professional knowledge of the financial products and shall request banks to fully disclose risks to avoid the risk of misuse of financial products.</p> <p>(7).Management of legal risk</p>	
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Articles after amendment	Current Articles	Explanation
<p>positions.</p> <p>(f). Management of product risk: The internal trading personnel shall equip with complete and correct professional knowledge of the financial products and shall request banks to fully disclose risks to avoid the risk of misuse of financial products.</p> <p>(g).Management of legal risk: The documents to be executed with financial institutions shall not be executed unless they have been reviewed by legal department or legal counsels to avoid legal risk.</p>	<p>The documents to be executed with financial institutions shall not be executed unless they have been reviewed by the expert of foreign exchange and legal or legal counsels to avoid legal risk.</p>	
<p>(3).Internal audit system;</p> <p>(a). The internal audit personnel shall periodically make a determination of the suitability of internal controls on derivatives and conduct a monthly audit of how faithfully derivatives trading by the trading department adheres to the procedures for engaging in derivatives trading, and prepare an audit report. If any material violation is discovered, the <u>audit committee</u> shall be notified in writing.</p> <p>(b). The internal auditor shall file the audit report, together with the annual internal auditing condition, to the FSC by the end of February of the following year, and shall file the improvement to the irregular circumstance by the end of May of the following year at the latest.</p>	<p>5.8.3.Internal audit system</p> <p>(1). The internal auditor shall periodically make a determination of the suitability of internal controls on derivatives, conduct monthly audit on the compliance of procedure for derivatives trading engaged by the trading department and analyze the trading cycle, and prepare an audit report. If any material violation is found, <u>he/she shall notify the supervisor in writing.</u></p> <p>(2). The internal auditor shall file the audit report, together with the annual internal auditing condition, to the FSC by the end of February of the following year, and shall file the improvement to the irregular circumstance by the end of May of the following year</p>	<p>1. Article modification, the original 【5.8.3.】 move to 【5.7.1.(3).】 .</p> <p>2. To make a textual amendment for the Company establish the Auditor Committee.</p>

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Articles after amendment	Current Articles	Explanation
<p><u>(4). Regular evaluation methods and the handling of irregular circumstances :</u></p> <p>(a). The board of directors shall authorize senior management personnel to periodically monitor and evaluate whether the derivatives trades are faithfully conducted in accordance with the trading procedure stipulated by the Company and whether the risk undertaken is within the Company's permitted scope of tolerance. Where the irregular circumstance is found in the evaluation report of market price (such as the holding position has exceeded the upper limit of the loss), a report shall be immediately made to the board of directors and the corresponding measures shall be adopted.</p> <p>(b). The holding position of derivatives trades shall be evaluated at least once per week. If the hedging transaction was made in consideration of business necessity, the evaluation shall be made at least twice per month.</p>	<p>at the latest.</p> <p>5.8.4. Regular evaluation methods</p> <p>(1). The board of directors shall authorize senior management personnel to periodically monitor and evaluate whether the derivatives trades are faithfully conducted in accordance with the trading procedure stipulated by the Company and whether the risk undertaken is within the Company's permitted scope of tolerance. Where the irregular circumstance is found in the evaluation report of market price (such as the holding position has exceeded the upper limit of the loss), a report shall be immediately made to the board of directors and the corresponding measures shall be adopted.</p> <p>(2). The holding position of derivatives trades shall be evaluated at least once per week. If the hedging transaction was made in consideration of business necessity, the evaluation shall be made at least twice per month. <u>The evaluation report shall be submitted to the senior management personnel authorized by the board of directors.</u></p>	<p>1. Article modification, the original 【5.8.4.】 move to 【5.7.1.(4).】 .</p> <p>2. To make a textual amendment.</p>
<p><u>5.7.2. The company engaged in derivative transactions, the following risk management should be implemented:</u></p> <p><u>(1).The scope of risk management should include 【5.7.1.(2).(a).】 and 【5.7.1.(2).(g).】 .</u></p> <p><u>(2). The trading personnel for derivative products shall not</u></p>		<p>1. To add this article.</p> <p>2. To Comply with the competent authority to stipulate the matters to be determined.</p>

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Articles after amendment	Current Articles	Explanation
<p><u>concurrently act as the operational personnel such as the persons handling confirmation or settlement.</u></p> <p><u>(3). The personnel of risk assessment, supervision and control shall belong to departments other than the department of personnel mentioned in the preceding paragraph and shall report to the board of directors or to the high-level managers not responsible for decision making of transactions or positions.</u></p> <p><u>(4). The holding position of derivatives trades shall be evaluated at least once per week. If the hedging transaction was made in consideration of business necessity, the evaluation shall be made at least twice per month.</u></p> <p><u>(5).Other important risk management measures</u></p>		
<p><u>5.7.3. The Company engaging in derivatives trading, its board of directors shall faithfully supervise and manage such trading in accordance with the following principles:</u></p> <p><u>(1). Designate senior management personnel to pay continuous attention to monitoring and controlling derivatives trading risk</u></p> <p><u>(2). Periodically evaluate whether derivatives trading performance</u></p>	<p><u>5.8.5.The supervising and managing principles of the board of directions when engaging in derivatives trades:</u></p> <p><u>(1). Designate senior management personnel to pay continuous attention to monitoring and controlling derivatives trading risk.</u></p> <p><u>(2). Periodically evaluate whether derivatives trading performance is consistent with established operational strategy and whether the risk undertaken is within the</u></p>	<p>1. Article modification, the original 【5.8.5.】 move to 【5.7.3.】 and 【5.7.6.】 .</p> <p>2. To make a textual amendment.</p>

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Articles after amendment	Current Articles	Explanation
<p>is consistent with established operational strategy and whether the risk undertaken is within the Company's permitted scope of tolerance.</p> <p><u>5.7.4.</u> Senior management personnel authorized by the board of directors shall manage derivatives trading in accordance with the following principles:</p> <p>(1). Periodically evaluate whether the risk management measures currently employed is appropriate and whether the regulations and the procedures for engaging in derivatives trading stipulated by the Company are faithfully complied with.</p> <p>(2). When irregular circumstances are found in the course of supervising trading and profit-loss circumstances, appropriate measures shall be adopted and a report shall be immediately made to the board of directors. Where the Company has independent directors, an independent director shall be present at the meeting and express an opinion.</p> <p><u>5.7.5.</u> The Company shall report to the latest board meeting if it</p>	<p>Company's permitted scope of tolerance. Senior management personnel authorized by the board of directors shall manage derivatives trading in accordance with the following principles:</p> <p>(a). Periodically evaluate whether the risk management measures currently employed is appropriate and whether the regulations and the procedures for engaging in derivatives trading stipulated by the Company are faithfully complied with.</p> <p>(b). When irregular circumstances are found in the course of supervising trading and profit-loss circumstances, appropriate measures shall be adopted and a report shall be immediately made to the board of directors. Where the Company has independent directors, an independent director shall be present at the meeting and express an opinion.</p> <p>(3). The Company shall report to the latest board meeting if</p>	

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Articles after amendment	Current Articles	Explanation
<p>authorizes the relevant personnel to handle derivatives trading in accordance with its procedures for engaging in derivatives trading.</p> <p><u>5.7.6.</u> The Company engaging in derivatives trading shall establish a log book in which details of the types and amounts of derivatives trading engaged in, board of directors approval dates, and the matters required to be carefully evaluated under <u>Article 【5.7.2.(4).】</u>, <u>【5.7.3.(2).】</u> and <u>【5.7.4.(1).】</u> shall be recorded in detail in the log book.</p>	<p>it authorizes the relevant personnel to handle derivatives trading in accordance with its procedures for engaging in derivatives trading.</p> <p><u>(4).</u> When engaging in derivatives trades, the Company shall establish a record book in which details of the types and amounts of derivatives trading engaged in, board of directors approval dates, and the matters required to be carefully evaluated under <u>[5.8.4.(2), 5.8.5.(1) and 5.8.5.(2)]</u> shall be recorded in detail in the record book.</p>	
<p><u>5.8.</u> Mergers and Consolidations, Splits, Acquisitions, and Assignment of Shares :</p> <p><u>5.8.1.</u> The Company that conducts a merger, demerger, acquisition, or transfer of shares, prior to convening the board of directors to resolve on the matter, shall engage a CPA, attorney, or securities underwriter to give an opinion on the reasonableness of the share exchange ratio, acquisition price, or distribution of cash or other property to shareholders, and submit it to the board of directors for deliberation and passage. However, the requirement of</p>	<p><u>5.9.</u> Procedures for engaging in mergers, demergers, acquisitions, and shares assumption</p> <p><u>5.9.1.</u> <u>Evaluation and Operation Procedure</u></p> <p><u>(1).</u> The Company that conducts a merger, demerger, acquisition, or transfer of shares, prior to convening the board of directors to resolve on the matter, shall engage a certified public accountant, attorney, or securities underwriter to give an opinion on the reasonableness of the share exchange ratio, acquisition price, or distribution of cash or other property to shareholders, and submit it to the board of directors</p>	<p>1. Article modification, the original 【5.9.1.】 move to 【5.8.1.】 and 【5.8.3.】 .</p> <p>2. To make a textual amendment.</p>

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Articles after amendment	Current Articles	Explanation
<p>obtaining an aforesaid opinion on reasonableness issued by an expert may be exempted in the case of a merger by The Company of a subsidiary in which it directly or indirectly holds 100 percent of the issued shares or authorized capital, and in the case of a merger between subsidiaries in which the public company directly or indirectly holds 100 percent of the respective subsidiaries' issued shares or authorized capital.</p> <p><u>5.8.2.</u> The Company participating in a merger, demerger, acquisition, or transfer of shares shall prepare a public report to shareholders detailing important contractual content and matters relevant to the merger, demerger, or acquisition prior to the shareholders meeting and include it along with the expert opinion referred to <u>provisions of 【 5.8.1. 】</u> when sending shareholders notification of the shareholders meeting for reference in deciding whether to approve the merger, demerger, or acquisition. Provided, where a provision of another act exempts a company from convening a shareholders meeting to approve the merger, demerger, or acquisition, this restriction shall not apply.</p>	<p>for deliberation and passage. However, the requirement of obtaining an aforesaid opinion on reasonableness issued by an expert may be exempted in the case of a merger by the Company of a subsidiary in which it directly or indirectly holds 100 percent of the issued shares or total capital, and in the case of a merger between subsidiaries in which the Company directly or indirectly holds 100 percent of the respective subsidiaries' issued shares or total capital.</p> <p><u>(2).</u>The Company shall prepare a public report to shareholders detailing important contractual terms and matters relevant to the merger, demerger or acquisition prior to the shareholders' meeting and include it along with the expert opinion referred to <u>in [5.9.1.(1)]</u> when sending notification of the shareholders' meeting to shareholders for reference to determine whether to approve the merger, demerger or acquisition, provided that the restriction shall not apply where other laws or regulations exempt a company from convening a shareholders' meeting to</p>	

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Articles after amendment	Current Articles	Explanation
<p><u>5.8.3.</u> Where the shareholders meeting of any one of the companies participating in a merger, demerger, or acquisition fails to convene or pass a resolution due to lack of a quorum, insufficient votes, or other legal restriction, or the proposal is rejected by the shareholders meeting, the companies participating in the merger, demerger or acquisition shall immediately publicly explain the reason, the follow-up measures, and the preliminary date of the next shareholders meeting.</p>	<p>approve the merger, demerger or acquisition. In addition, where the shareholders' meeting of any party participating in a merger, demerger or acquisition fails to convene or pass a resolution due to lack of a quorum, insufficient votes, or other legal restriction, or the proposal is rejected by the shareholders' meeting, the companies participating in the merger, demerger or acquisition shall immediately and publicly explain the reason, the follow-up measures, and the preliminary date of the next shareholders' meeting.</p>	
<p><u>5.8.4.</u> A company participating in a merger, demerger, or acquisition shall convene a board of directors meeting and shareholders meeting on the day of the transaction to resolve matters relevant to the merger, demerger, or acquisition, unless another act provides otherwise or the FSC is notified in advance of extraordinary circumstances and grants consent.</p> <p><u>5.8.5.A</u> company participating in a transfer of shares shall call a board of directors meeting on the day of the transaction, unless another act provides otherwise or the FSC is notified</p>	<p><u>5.9.2.Other matters to be noted</u></p> <p>(1). Date of the board meeting: The companies participating in a merger, demerger or acquisition shall convene the meeting of the board of directors and shareholders' meeting on the same day to resolve matters relevant to the merger, demerger or acquisition, unless other laws provide otherwise or the FSC is notified in advance of extraordinary circumstances and grants the consent. The companies participating in assumption of shares shall convene the meeting of the board of directors</p>	<p>1. Article modification, the original 【5.9.2.(1)】 move to 【5.8.4.】 and 【5.8.5.】 .</p> <p>2. To make a textual amendment.</p>

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Articles after amendment	Current Articles	Explanation
<p>in advance of extraordinary circumstances and grants consent.</p>	<p>on the same day, unless other laws provide otherwise or the FSC is notified in advance of extraordinary circumstances and grants the consent.</p>	
<p><u>5.8.6.</u> When participating in a merger, demerger, acquisition, or transfer of another company's shares, a company that is listed on an exchange or has its shares traded on an OTC market shall prepare a full written record of the following information and retain it for 5 years for reference:</p> <p>(1). Basic identification data for personnel: Including the occupational titles, names, and national ID numbers (or passport numbers in the case of foreign nationals) of all persons involved in the planning or implementation of any merger, demerger, acquisition, or transfer of another company's shares prior to disclosure of the information.</p> <p>(2). Dates of material events: Including the signing of any letter of intent or memorandum of understanding, the hiring of a financial or legal advisor, the execution of a contract, and the convening of a board of directors meeting.</p> <p>(3). Important documents and</p>	<p><u>(7).</u>A company participating in a merger, demerger, acquisition, or share assumption and listed on an exchange or having its shares traded on an OTC market shall prepare a complete written record of the following information and retain it for 5 years for reference:</p> <p>(a). Basic identification data of personnel: Including the titles, names, and national ID numbers (or passport numbers in the case of foreign nationals) of all persons involved in the planning or implementation of any merger, demerger, acquisition, or assumption of another company's shares prior to disclosure of the information.</p> <p>(b). Dates of material events: Including signing of any letter of intent or memorandum of understanding, engaging a financial or legal advisor, execution of a contract, and convening of a board of directors meeting.</p>	<p>1. Article modification, the original 【5.9.2.(7)】 move to 【5.8.6.】 and 【5.8.8.】 .</p> <p>2. To make a textual amendment.</p>

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Articles after amendment	Current Articles	Explanation
<p>minutes: Including merger, demerger, acquisition, and share transfer plans, any letter of intent or memorandum of understanding, material contracts, and minutes of board of directors meetings.</p> <p><u>5.8.7</u>When participating in a merger, demerger, acquisition, or transfer of another company's shares, a company that is listed on an exchange or has its shares traded on an OTC market shall, within 2 days counting inclusively from the date of passage of a resolution by the board of directors, report (in the prescribed format and via the Internet-based information system) the information set out in <u>Article 【 5.8.6.(1). 】</u> and <u>【5.8.6.(2).】</u> to the FSC for recordation.</p> <p><u>5.8.8.</u>Where any of the companies participating in a merger, demerger, acquisition, or transfer of another company's shares is neither listed on an exchange nor has its shares traded on an OTC market, the company(s) so listed or traded shall sign an agreement with such company whereby the latter is required to abide by the provisions of Article【5.8.6.】and <u>【5.8.7.】</u>.</p>	<p>(c).Important documents and minutes: Including merger, demerger, acquisition, and share assumption plans, any letter of intent or memorandum of understanding, material contracts, and minutes of board of directors meetings.</p> <p>A company participating in a merger, demerger, acquisition, or share assumption and listed on an exchange or having its shares traded on an OTC market shall report (in the prescribed format and via the Internet-based information system) the information set out in (a) and (b) of <u>the preceding paragraph</u> to the FSC for recordation within 2 days immediately from the date of a resolution by the board of directors.</p> <p>Where any of the companies participating in a merger, demerger, acquisition, or share assumption of another company's shares is</p>	

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Articles after amendment	Current Articles	Explanation
	<p>neither listed on an exchange nor has its shares traded on an OTC market, the company(s) so listed or traded shall sign an agreement with such company whereby <u>the provisions of paragraphs 1 and 2</u> shall be complied with.</p>	
<p><u>5.8.9.</u> Every person participating in or privy to the plan for merger, demerger, acquisition, or transfer of shares shall issue a written undertaking of confidentiality and may not disclose the content of the plan prior to public disclosure of the information and may not trade, in their own name or under the name of another person, in any stock or other equity security of any company related to the plan for merger, demerger, acquisition, or transfer of shares.</p>	<p><u>(2). Prior undertaking of confidentiality:</u> Every person participating in or privy to the plan for merger, demerger, acquisition, or assumption of shares shall issue a written undertaking of confidentiality and may not disclose the content of the plan prior to public disclosure of the information and may not trade, in their own name or under the name of another person, in any stock or other equity securities of any company related to the plan for merger, demerger, acquisition or assumption of shares.</p>	<p>1. Article modification, the original 【5.9.2.(2)】 move to 【5.8.9.】 . 2. To make a textual amendment.</p>
<p><u>5.8.10.</u>The Company participating in a merger, demerger, acquisition, or transfer of shares may not arbitrarily alter the share exchange ratio or acquisition price unless under the below-listed circumstances, and shall stipulate</p>	<p><u>(3).Determination and alteration principles of the exchange ratio or acquisition price :</u> Companies participating in merger, demerger, acquisition, or assumption of shares shall, <u>prior to convening the board of directors,</u></p>	<p>1. Article modification, the original 【5.9.2.(3)】 move to 【5.8.10】 . 2. To make a</p>

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Articles after amendment	Current Articles	Explanation
<p>the circumstances permitting alteration in the contract for the merger, demerger, acquisition, or transfer of shares:</p> <p>(1). Cash capital increase, issuance of convertible corporate bonds, or the issuance of bonus shares, issuance of corporate bonds with warrants, preferred shares with warrants, stock warrants, or other equity based securities.</p> <p>(2). An action, such as a disposal of major assets, that affects the company's financial operations.</p> <p>(3). An event, such as a major disaster or major change in technology, that affects shareholder equity or share price.</p> <p>(4). An adjustment where any of the companies participating in the merger, demerger, acquisition, or transfer of shares from another company, buys back treasury stock.</p> <p>(5). An increase or decrease in the number of entities or companies participating in the merger, demerger, acquisition, or transfer of shares.</p> <p>(6). Other terms/conditions that the contract stipulates may be altered and that have been publicly disclosed.</p>	<p><u>engage a CPA, lawyer, or securities underwriter to give an opinion on the fairness of the share exchange ratio, acquisition price, or cash or other property distributed to shareholders, and submit it to the shareholders' meeting. Share exchange ratio or acquisition price may not be arbitrarily altered in principle, provided that this restriction shall not apply if the conditions for alteration have already been stipulated in the contract and disclosed to the public. Share exchange ratio or acquisition price is permitted to be altered in the following conditions:</u></p> <p>(a). Capital increase in cash, or issuance of convertible corporate bonds, bonus shares, corporate bonds with warrants, preferred shares with warrants, stock warrants, or other equity securities.</p> <p>(b). An action which affects the company's financial and operations, such as a disposal of major assets.</p> <p>(c). An event which affects shareholder equity or securities price, such as a major disaster or major change in technology.</p> <p>(d). An adjustment where any of the companies participating in the merger, demerger, acquisition, or assumption of shares from</p>	<p>textual amendment.</p>

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Articles after amendment	Current Articles	Explanation
	<p>another company, buys back treasury stock.</p> <p>(e). An increase or decrease in the number of entities or companies participating in the merger, demerger, acquisition, or assumption of shares, or change of such entities or companies.</p> <p>(f). Other terms/conditions permitted to alter which are stipulated in the contract and have been publicly disclosed.</p>	
<p><u>5.8.11. The contract for participation by a public company in a merger, demerger, acquisition, or of shares shall record the rights and obligations of the companies participating in the merger, demerger, acquisition, or transfer of shares, and shall also record the following:</u></p> <p>(1). Handling of breach of contract.</p> <p>(2). Principles for the handling of equity-type securities previously issued or treasury stock previously bought back by any company that is extinguished in a merger or that is demerged.</p> <p>(3). The amount of treasury stock participating companies are permitted under law to buy back after the record date of calculation of the share exchange ratio, and the principles for handling thereof.</p> <p>(4). The manner of handling changes in the number of</p>	<p><u>(4).Content shall be included in the contract</u></p> <p><u>In addition to Article 317-1 of Company Act and Article 22 of Business Mergers and Acquisitions Act, the contract for a merger, demerger, acquisition, or assumption of shares shall record the following:</u></p> <p>(a). Handling of breach of contract.</p> <p>(b). Principles for handling equity-type securities previously issued or treasury stock previously bought back by any company that is dissolved in a merger or that is demerged.</p> <p>(c). The amount of treasury stock participating companies are permitted under the laws to buy back after the record date of calculation of the share exchange ratio, and the principles for handling thereof.</p> <p>(d). The handling manner of changes in the number of participating entities or companies or changes of such entities or companies.</p>	<p>1. Article modification, the original 【5.9.2.(4)】 move to 【5.8.11.】 .</p> <p>2. To make a textual amendment.</p>

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Articles after amendment	Current Articles	Explanation
<p>participating entities or companies.</p> <p>(5). Preliminary progress schedule for plan execution, and anticipated completion date.</p> <p>(6). Scheduled date for convening the legally mandated shareholders meeting if the plan exceeds the deadline without completion, and relevant procedures.</p>	<p>(e). Preliminary schedule for plan execution, and anticipated completion date.</p> <p>(f). Scheduled date for convening the legally required shareholders meeting if the plan is not completed as scheduled, as well as the relevant procedures.</p>	
<p><u>5.8.12.</u> After public disclosure of the information, if any company participating in the merger, demerger, acquisition, or share transfer intends further to carry out a merger, demerger, acquisition, or share transfer with another company, all of the participating companies shall carry out anew the procedures or legal actions that had originally been completed toward the merger, demerger, acquisition, or share transfer; except that where the number of participating companies is decreased and a participating company's shareholders meeting has adopted a resolution authorizing the board of directors to alter the limits of authority, such participating company may be exempted from calling another shareholders meeting to resolve on the matter anew.</p>	<p><u>(5).Changes in the number of companies participating in the merger, demerger, acquisition, or share assumption</u></p> <p>After public disclosure of the information, if any company participating in the merger, demerger, acquisition, or share assumption intends to further carry out a merger, demerger, acquisition, or share assumption with another company, all of the participating companies shall carry out again the procedures or legal actions that had originally been completed for the merger, demerger, acquisition, or share assumption; except that where the number of participating companies is decreased and a participating company's shareholders meeting has adopted a resolution authorizing the board of directors to change, such participating company may be exempted from calling another shareholders meeting to resolve on</p>	<p>1. Article modification, the original 【5.9.2.(5)】 move to 【5.8.12.】 .</p> <p>2. To make a textual amendment.</p>

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Articles after amendment	Current Articles	Explanation
<p><u>5.8.13.</u> Where any of the companies participating in a merger, demerger, acquisition, or transfer of shares is not a public company, the Company shall sign an agreement with the non-public company whereby the latter is required to abide by the provisions of 【5.8.4.】 to 【5.8.9.】 and 【5.8.12.】.</p>	<p>the matter again.</p> <p><u>(6).</u> Where any of the companies participating in a merger, demerger, acquisition, or transfer of shares is not a public company, the Company shall sign an agreement with the non-public company and act in accordance with <u>[5.9.2.(1), 5.9.2.(2), 5.9.2.(5), 5.9.2.(7)]</u>.</p>	<p>1. Article modification, the original 【5.9.2.(6)】 move to 【5.8.13.】 .</p> <p>2. To make a textual amendment.</p>
<p><u>5.9. Control procedures for the acquisition and disposal of assets by subsidiaries.</u></p> <p><u>5.9.1. The Company shall urge its subsidiaries to prescribe and enforce procedures for the disposal of assets in accordance with the provisions of these Regulations.</u></p>	<p><u>5.11.1. The subsidiary shall also set up "Operational Procedures for Acquisition and Disposal of Assets" in accordance with relevant regulations of "Regulations Governing the Acquisition and Disposal of Assets by Public Companies" and the same applies to any amendments thereto.</u></p> <p><u>5.11.2. Where the matter is not stipulated in the "Operational Procedures for Acquisition and Disposal of Assets" set up or amended by the subsidiary or is in violation of "Operational Procedures for Acquisition and Disposal of Assets" set up by the Company, it shall be handled in accordance with the regulations of the Company.</u></p>	<p>1. Article modification, the original 【5.11.1.】and 【5.11.2.】 move to 【5.9.】 .</p> <p>2. To make a textual amendment.</p>
<p><u>5.10. Penalties for personnel violating these Regulations or the procedures for the acquisition or disposal of assets. :</u></p> <p><u>5.10.1. Managers and persons-in-charge whose</u></p>	<p><u>5.12. Penalty: The manager and in-charge personnel shall compensate the loss and damage suffered by the Company if he/she violates this procedure.</u></p>	<p>1. Article modification, the original 【5.12.】move to 【5.10.】 .</p> <p>2. To make a</p>

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Articles after amendment	Current Articles	Explanation
<p>violate this operating procedure shall compensate the company for the damage suffered as a result.</p>		<p>textual amendment.</p>
<p><u>5.11. Other important matters:</u> <u>5.11.1.</u> For the calculation of 10 percent of total assets under these Regulations, the total assets stated in the most recent parent company only financial report or individual financial report prepared under the Regulations Governing the Preparation of Financial Reports by Securities Issuers shall be used. <u>5.11.2.</u> In the case of a company whose shares have no par value or a par value other than NT\$10-for the calculation of transaction amounts of 20 percent of paid-in capital under these Regulations, 10 percent of equity attributable to owners of the parent shall be substituted; <u>for calculations under the provisions of these Regulations regarding transaction amounts relative to paid-in capital of NT\$10 billion, NT\$20 billion of equity attributable to owners of the parent shall be substituted.</u></p>	<p><u>5.11.3.</u> For the calculation of ten percent of total assets under this procedure, the total assets stated in the most recent standalone financial report or individual financial report prepared under the Regulations Governing the Preparation of Financial Reports by Securities Issuers shall apply. In the case of a company whose shares have no par value or a par value other than NT\$10, for calculation of transaction amounts of twenty percent of paid-in capital under this procedure, ten percent of shareholder equity attributable to the parent company shall apply instead.</p>	<p>1. Article modification, the original 【5.11.3.】 move to 【5.11.1.】and 【5.11.2.】 . 2. To make a textual amendment.</p>
<p><u>5.11.3.</u> The Company shall establish its procedures for the acquisition or disposal of assets in accordance with the provisions of these</p>	<p><u>5.13.Implementation and revision</u> <u>After the "Procedures Governing the Acquisition and Disposal of Assets"</u> <u>established by the Company has been</u></p>	<p>1. Article modification, the original 【5.13.】move</p>

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Articles after amendment	Current Articles	Explanation
<p>Regulations. After the procedures have been approved by the board of directors, it shall be submitted to <u>audit committee</u>, and then to a shareholders' meeting for approval; the same applies when the procedures are amended. If any director expresses dissent and it is contained in the minutes or a written statement, the Company shall submit the director's dissenting opinion to <u>audit committee</u>.</p>	<p>approved by the board of directors, it shall be submitted to each <u>supervisor</u>, and then to a shareholders' meeting for approval; the same applies when the procedure is amended. If any director expresses dissent and it is contained in the minutes or a written statement, the company shall submit the director's dissenting opinion to <u>each supervisor</u>.</p> <p><u>Where the position of independent director or audit committee has been created, the resolution procedure shall be conducted in accordance with [5.14.2.].</u></p>	<p>to 【5.11.3.】. 2. To make a textual amendment for the Company establish the Auditor Committee.</p>
<p><u>5.11.4.</u> Where an audit committee has been established in accordance with the provisions of the Securities and Exchange Act, when the Procedures are adopted or amended they shall be approved by more than half of all audit committee members and submitted to the board of directors for a resolution.</p> <p><u>5.11.5.</u> If approval of more than half of all audit committee members as required in <u>Article 【5.11.4.】</u> is not obtained, the procedures may be implemented if approved by more than two-thirds of all directors, and the resolution of the audit committee shall be recorded in the minutes of the board of directors meeting.</p> <p><u>5.11.6.</u> The terms "all audit committee</p>	<p><u>5.14.2.</u> <u>Where the position of independent director has been created in accordance with the laws, when a matter is submitted for discussion by the board of directors, 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.</u> Where an audit committee has been established in accordance with the laws, the matters shall first be approved by a half of all audit committee members and then submitted to the board of directors for a resolution. If approval of a half of all audit committee members is not</p>	<p>1. Article modification, the original 【5.14.2.】 move to 【5.11.4.】 and 【5.11.6.】 . 2. To make a textual amendment for the Company establish the Auditor Committee.</p>

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Articles after amendment	Current Articles	Explanation
<p>members" in <u>Article 【5.11.4.】</u> and "all directors" in <u>Article 【5.11.5.】</u> shall be counted as the actual number of persons currently holding those positions.</p>	<p>obtained, it shall be subject to approval by two-thirds or more of all directors, and the resolution of the audit committee shall be recorded in the minutes of the board of directors meeting. The terms "all audit committee members" and "all directors" shall be counted as the actual number of persons currently holding those positions. <u>The provisions for supervisors in this procedure shall apply to the audit committee mutatis mutandis.</u></p>	

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Attachment 9

Comparison of Amendments to the Procedures for Lending Funds to Other Parties

Articles after amendment	Current Articles	Explanation
<p>1. Purpose</p> <p><u>The Procedures are created according to the Article 8 of the Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies.</u></p>	<p>1. Purpose: <u>The Procedures are set forth In order to meet operation needs and protect the Company's rights.</u></p>	<p>To clarify the sources of law.</p>
<p>2. Scope</p> <p>2.1.The company shall comply with the Procedures when making loans to others; Any other matters not set forth in the Procedures shall be dealt with in accordance with the applicable <u>financial</u> laws, rules and regulations.</p>	<p>2. Scope</p> <p>2.1.Sources of law:</p> <p><u>The Procedures are created according to Article 36-1 of the Securities and Exchange Act ("the Act").</u></p> <p>The company shall comply with the Procedures when making loans to others; any other matters not set forth in the Procedures shall be dealt with in accordance with the applicable laws, rules and regulations.</p>	<p>To make a textual amendment.</p>
<p><u>2.2.When the Company wants to loan money in accordance with 【5.1.5.】, the Company shall comply with 【5.】, and evaluate the risk and set the limit in consideration of the borrower's collateral, its industry and its affiliation of other business.</u></p>		<p>1. To add this Article.</p> <p>2. To evaluate the risk and set the limit in consideration of the borrower's collateral, its industry and its affiliation of other business.</p>

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Articles after amendment	Current Articles	Explanation
<p>3. Responsibilities & Authorities:</p> <p><u>3.1. Financial Division: The organizer for the formulation, modification and abolition of these Procedures.</u></p> <p><u>3.2. Other units: Coordination department for these Procedures.</u></p>	<p>3. Responsibilities & Authorities: <u>In accordance with the provisions of 5.15.and 5.16..</u></p>	<p>1. To make a textual amendment.</p> <p>2. To add the Responsibilities & Authorities.</p>
<p>4. Glossary</p> <p>4.1."Subsidiary" as referred to in these Procedures shall be as determined under the Regulations Governing the Preparation of Financial Reports by Securities Issuers.</p>	<p>4. Glossary:</p> <p>4.1."<u>Subsidiary</u>" and "<u>parent company</u>" as referred to in these Regulations shall be as determined under the Regulations Governing the Preparation of Financial Reports by Securities Issuers.</p>	<p>To make a textual amendment.</p>
<p><u>4.2."Parent company" as referred to in these Regulations shall be as determined under the Regulations Governing the Preparation of Financial Reports by Securities Issuers.</u></p>		<p>1. To add this Article.</p> <p>2. To define the Parent company and subsidiary individually.</p>
<p><u>4.3.Net Worth: Where the Company's financial reports are prepared according to the International Financial Reporting Standards, "net worth" in these Procedures means the balance sheet equity attributable to the owners of the parent company.</u></p>	<p>4.2. Where the Company's financial reports are prepared according to the International Financial Reporting Standards, "<u>net worth</u>" <u>in these Procedures</u> means the balance sheet equity attributable to the owners of the parent company.</p>	<p>1. Article modification, the original 【4.2.】 move to 【4.3.】</p> <p>2. To make a textual amendment.</p>
<p><u>4.4.Announce and report: :The term "announce and report" as used in these Procedures means</u></p>		<p>1. To add this article.</p> <p>2. To define the information</p>

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Articles after amendment	Current Articles	Explanation
<p><u>the process of entering data to the information reporting website designated by the Financial Supervisory Commission (FSC).</u></p>		<p>reporting website.</p>
<p>4.5. “Date of occurrence” : means the date of contract signing, date of payment, dates of boards of directors resolutions, or other date that can confirm the counterparty and monetary amount of the transaction, whichever date is earlier.</p>	<p>4.3. “Date of occurrence” <u>in these Procedures</u> means the date of contract signing, date of payment, dates of boards of directors resolutions, or other date that can confirm the counterparty and monetary amount of the transaction, whichever date is earlier.</p>	<p>1. Article modification, the original 【4.3.】 move to 【4.5.】 . 2. To make a textual amendment.</p>
<p>5. Detailed Procedures</p> <p><u>5.1. The Company may lend funds for the following companies:</u></p> <p>5.1.1. Under Article 15 of the Company Act, The Company shall not loan funds to any of its shareholders or any other person except under the following circumstances:</p> <p>(1). Companies having business relationship with the Company; or</p> <p>(2). Companies in need of funds for a short-term period. The total lending amount shall not exceed 40% of the lender’s net worth.</p> <p>5.1.2. As 【 5.1.1. 】 used "short-term period" means one year, or where the company's operating cycle</p>	<p><u>1.2. Scope :</u></p> <p>2.2.1. The company shall not loan funds to any of its shareholders or any other person except <u>under the following circumstances:</u></p> <p>(1). Companies having business relationship with the Company; or</p> <p>(2). Companies in need of funds for a short-term period..</p> <p>(a). The total lending amount shall not exceed 40% of the lender's net worth.</p> <p>(b). As said "short-term", shall mean one year, or where the company's operating cycle exceeds one year, one operating cycle.</p> <p>(c). "lending amount" as used means the cumulative balance of the Company's short-term</p>	<p>1. Article modification, the original 【2.2.】 move to 【5.1.】 . 2. To make a textual amendment.</p>

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Articles after amendment	Current Articles	Explanation
<p>exceeds one year, one operating cycle.</p> <p><u>5.1.3.</u> As 【 5.1.1. 】 used "lending amount" means the cumulative balance of the Company's short-term financing.</p>	<p>financing.</p> <p><u>(3).</u>Other lending funds with the consent of the Board of Directors of the Company.</p>	
<p><u>5.1.4.</u>The restriction 【5.1.1.(2).】 shall not apply to , when inter-company loans of funds between foreign companies in which the Company holds, directly or indirectly 100% of the voting shares, <u>or foreign companies which the Company directly or indirectly holds 100% stock shares want lend fund to the Company.</u> However, setting the limit amount and the durations of loans shall still apply.</p>	<p><u>(4).</u>The restriction <u>2.2.1.(2).(a)</u> shall not apply to inter-company loans of funds between foreign companies in which the Company holds directly or indirectly 100% of the voting shares. However, setting of the amount limits and the durations of loans shall still apply.</p>	<ol style="list-style-type: none"> 1. Article modification, the original 【2.2.1.(4).】 move to 【5.1.4.】 2. To add the foreign companies which the Company directly or indirectly holds 100% stock shares want lend fund to the Company shall not apply to the limit of 40% of net worth.
<p><u>5.1.5.</u>When the company has <u>paid-up capital more than NT \$1 billion and has joined the “Leasing Business Association” and stated that it complies with the self-regulatory norms, and has complied with the provisions of "2.2.", It is engaged in short-term financing, not subject to 【5.1.1.(2).】 of Limitations on the</u></p>		<ol style="list-style-type: none"> 1. To add this article. 2. To define those who are prescribed to finance the main business items shall relax their short-term financing loan and limit of

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Articles after amendment	Current Articles	Explanation
<p><u>amount of financing. However, the loan and amount shall not exceed 100% of its net worth.</u></p>		<p>100% net worth and shall not be subject to the standard of 40% net worth.</p>
<p><u>5.1.6. In violation of the provisions of 【5.1.1.】 and 【5.1.5.】, the head of the Company shall be jointly and severally liable for the return of the borrower, and if the company is injured, it shall also be liable for damages.</u></p>		<ol style="list-style-type: none"> 1. To add this article. 2. To specify the head of the Company shall be jointly and severally liable for the return of the borrower.
<p><u>5.2. Evaluation standards for lending funds to others:</u></p> <p><u>5.2.1. Fund-lending to companies having business relationship with the Company, the transaction amount shall mean the sales or purchasing amount between the parties, whichever is higher.</u></p> <p><u>5.2.2. Those requesting for necessary funds for short-term financing shall be required to cover the relevant operations.</u></p>		<ol style="list-style-type: none"> 1. To add this article. 2. To define the standards for lending funds to others.
<p><u>5.3. The aggregate amount of loans and the maximum amount permitted to a single borrower for business transactions and for short-term financing as below:</u></p> <p><u>5.3.1. The total lending amount shall not exceed 100% of the net worth of the Company. The total amount for fund- lending</u></p>	<p>5.1. The aggregate amount of loans and the maximum amount permitted to a single borrower for business transactions and for short-term financing as below:</p> <p>5.1.1. The total lending amount shall not exceed 100% of the net worth of the Company, the total amount for fund- lending</p>	<ol style="list-style-type: none"> 1. Article modification, the original 【5.1.】 move to 【5.3.】 . 2. To move the definition of business transactions to

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Articles after amendment	Current Articles	Explanation
<p>to companies which need funds for a short-term period, shall be not exceed 40% of the net worth of the Company.</p> <p><u>5.3.2</u> The total amount for lending to a company having business relationship with the Company shall be not exceeded the total transaction amount between the parties.</p> <p><u>5.3.3</u>. Those requesting for necessary funds for short-term financing: the limit of the loan amount of a single borrower shall be limited to 40% of the net worth of the Company.</p>	<p>to companies which need funds for a short-term period, shall be not exceed 40% of the net worth of the Company.</p> <p><u>5.1.2</u>. The total amount for lending to a company having business relationship with the Company shall not exceed the total transaction amount between the parties. The transaction amount shall mean the sales or purchasing, whichever amount is higher.</p> <p><u>5.1.3</u>. Those requesting for necessary funds for short-term financing: the limit of the loan amount of a single borrower shall be limited to 40% of the net worth of the Company.</p>	<p>【5.2.】 .</p> <p>3. To make a textual amendment.</p>
<p><u>5.4.Duration of loans and calculation of interest.</u></p> <p><u>5.4.1</u>.The loan and term of funds shall not exceed one year at a time, except for short-term funds, if the application for business needs to be extended once.</p> <p><u>5.4.2</u>.The interest rate shall be determined on the basis of the Company's funding costs and adjusted accordingly, but in no event shall it be lower than the Company's highest short-term bank borrowing rate at the time of lending.</p>	<p><u>5.2</u>. The loan and term of funds shall not exceed one year at a time, except for short-term funds, if the application for business needs to be extended once, the interest rate shall be determined on the basis of the Company's funding costs and adjusted accordingly, but in no event shall it be lower than the Company's highest short-term bank borrowing rate at the time of lending.</p>	<p>1. Article modification, the original 【5.2.】 move to 【5.4.】 .</p> <p>2. To make a textual amendment.</p>
<p><u>5.5. Procedures for handling</u></p>		<p>1. To add this</p>

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Articles after amendment	Current Articles	Explanation
<p>loans of funds.</p> <p><u>5.5.1. Before making a loan of funds to others, the Company shall carefully evaluate whether the loan is in compliance with these Regulations and the Procedures for Loaning Funds to Others. The company may loan funds to others only after the evaluation results based on 【5.6.】 have been submitted to and resolved upon by the board of directors. The company shall not empower any other person to make such decision.</u></p> <p><u>5.5.2. Loans of funds between the Company and its parent company or subsidiaries, or between its subsidiaries, shall be submitted for a resolution by the board of directors pursuant to 【5.5.1.】, and the chairperson may be authorized, for a specific borrowing counterparty, within a certain monetary limit resolved by the board of directors, and within a period not to exceed one year, to give loans in installments or to make a revolving credit line available for the counterparty to draw down.</u></p> <p><u>5.5.3. The "certain monetary limit" mentioned to 【5.5.2.】 shall be in compliance with 【5.1.4.】, the authorized limit</u></p>		<p>article.</p> <p>2. The operating procedures are prescribed by the competent authority.</p>

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Articles after amendment	Current Articles	Explanation
<p><u>on loans extended by the Company or any of its subsidiaries to any single entity shall not exceed 10% of the net worth on the most current financial statements of the lending company.</u></p>		
<p><u>5.5.4. Where the Company has established the position of independent director, it shall take into full consideration the opinions of each independent director; independent directors' opinions specifically expressing assent or dissent and the reasons for dissent shall be included in the minutes of the board of directors' meeting.</u></p>	<p><u>5.16.3. Where the Company has established the position of independent director, independent directors' opinions shall be specifically expressed assent or dissent and the reasons for dissent in the minutes of the board of directors' meeting.</u></p>	<p>1. Article modification, the original 【5.16.3.】 move to 【5.5.4.】 . 2. To make a textual amendment.</p>
<p><u>5.5.5. The Company shall prepare a memorandum book for its fund-loaning activities and truthfully record the following information: borrower, amount, date of approval by the board of directors, lending/borrowing date, and matters to be carefully evaluated under 【5.5.1.】.</u></p>	<p><u>5.11. As mentioned, the accountant shall prepare a memorandum book for its fund-loaning activities and truthfully record the following information: borrower, amount, date of approval by the board of directors, lending/borrowing date, outstanding of lending and endorsements/guarantees in end of month.</u></p>	<p>1. Article modification, the original 【5.11.】 move to 【5.5.5.】 . 2. To make a textual amendment.</p>
<p><u>5.5.6. The Company's internal auditors shall audit the Procedures for Lending funds to other parties and the implementation thereof no less frequently than quarterly and</u></p>	<p><u>5.15.1. The Company's internal auditors shall audit the Procedures for Lending funds to other parties and the implementation thereof no less frequently than quarterly and prepare written records accordingly. They shall</u></p>	<p>1. Article modification, the original 【5.15.1.】 move to 【5.5.6】 . 2. To amend for the</p>

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Articles after amendment	Current Articles	Explanation
<p>prepare written records accordingly. They shall promptly notify the <u>Audit Committee</u> in writing of any material violation found.</p>	<p>promptly notify the <u>Supervisor</u> in writing of any material violation found <u>in order to strengthen the control of lending funds to other parties.</u></p>	<p>Company establish the Audit Committee.</p>
<p><u>5.5.7.</u> The Company shall evaluate the status of its loans of funds and reserve sufficient allowance for bad debts, and shall adequately disclose relevant information in its financial reports and provide certified public accountants with relevant information for implementation of necessary auditing procedures.</p>	<p><u>5.15.2.</u> The Company shall evaluate the status of its loans of funds and reserve sufficient allowance for bad debts, and shall adequately disclose relevant information in its financial reports and provide certified public accountants with relevant information for implementation of necessary auditing procedures for <u>auditors' report.</u></p>	<ol style="list-style-type: none"> 1. Article modification, the original 【5.15.2.】 move to 【5.5.7.】 . 2. To make a textual amendment.
<p><u>5.5.8.</u> If, as a result of a change in circumstances, an entity is made does not meet the requirements of these Procedures or the loan balance exceeds the limit, the Company shall adopt rectification plans and submit the rectification plans to <u>Audit Committee</u>, and shall complete the rectification according to the timeframe set out in the plan.</p>	<p><u>5.15.3.</u> If, as a result of a change in circumstances, an entity is made does not meet the requirements of these Procedures or the loan balance exceeds the limit, the Company shall adopt rectification plans and submit the rectification plans to <u>Supervisor</u>, and shall complete the rectification according to the timeframe set out in the plan.</p>	<ol style="list-style-type: none"> 1. Article modification, the original 【5.15.3.】 move to 【5.5.8.】 . 2. To amend for the Company establish the Audit Committee.
<p><u>5.6.</u>Detailed and review procedures: <u>5.6.1.</u> The necessity and reasonableness of lending to other parties: it shall review the necessity and reasonableness in writing.</p>	<p><u>5.12.</u> Review Procedures <u>5.12.1.</u> <u>Persons-in-charge</u> shall review the necessity and reasonableness in writing and <u>report to authority gradually.</u> <u>5.12.2.</u> <u>Persons-in-charge shall review the borrower credit</u></p>	<ol style="list-style-type: none"> 1. Article modification, the original 【5.12.】move to 【5.6.】 . 2. To delete 【5.12.2.】 which has been

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Articles after amendment	Current Articles	Explanation
	<u>status and risk assessment.</u>	ruled on【5.6.2.】. 3. To make a textual amendment.
<p><u>5.6.2. Borrower credit status and risk assessment:</u></p> <p><u>(1).</u> Any borrower, when applying for a loan from the Company, shall submit an application describing in detail the loan amount requested, term, using of funds. For the first applicant, the certain basic information and financial data are required, to the Company to facilitate the evaluation and credit checking by the Company, for continuing borrowers, to check the credit as necessary.</p> <p><u>(2).</u> After credit checking, if the borrower's credit assessment is poor or the use of the loan is not appropriate, do not intend to lend, the Company shall notify to borrower promptly.</p> <p><u>(3).</u> After credit checking, borrower is compatible with proper reason of lending fund, persons-in-charge shall express opinion and relevant term to authorities' review, and <u>submit to board of directors for discussing.</u></p>	<p><u>5.3.</u> Any borrower, when applying for a loan from the Company, shall submit an application describing in detail the loan amount requested, term, using of funds. For the first time of applicant, the certain basic information and financial data are required, to the accountant to facilitate the evaluation and credit checking by the Company. For extending the loan, to do the credit checking when it is deemed necessary.</p> <p><u>5.4.</u> After credit checking, if the borrower's credit assessment is poor or the use of the loan is not appropriate, do not intend to lend, <u>persons-in-charge should submit to authorities of General Manager and Chairman gradually for declining the lending fund and shall notify it to borrower promptly.</u></p> <p><u>5.5.</u> After credit checking, if borrower is compatible with proper reason of lending fund, persons-in-charge shall express opinion and relevant term to authorities' review. <u>The lending amount and limit shall be</u></p>	<p>1. Article modification, the original 【5.3.】 move to 【5.6.2.(1).】 , the original 【5.4.】 move to 【5.6.2.(2).】 and the original 【【5.5.】 to 【5.6.2.(3).】 .</p> <p>2. To make a textual amendment.</p>

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Articles after amendment	Current Articles	Explanation
	<p><u>approved by board of directors and shall not empower to others. Loans of funds between the Company and its parent company or subsidiaries, or between its subsidiaries, shall be submitted for a resolution by the board of directors and the chairperson may be authorized, for a specific borrowing counterparty, within a certain monetary limit resolved by the board of directors, and within a period not to exceed one year, to give loans in installments or to make a revolving credit line available for the counterparty to draw down. As mentioned The "certain monetary limit" shall be in compliance with 2.2.1.(4), the authorized limit on loans extended by the public company or any of its subsidiaries to any single entity shall not exceed 10% of the net worth on the most current financial statements of the lending company. Where the Company has established the position of independent director, it shall take into full consideration the opinions of each independent director; independent directors' opinions specifically expressing assent or dissent and the reasons for dissent shall be included in the</u></p>	

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Articles after amendment	Current Articles	Explanation
	<u>minutes of the board of directors' meeting.</u>	
	<u>5.7. The contract signed by both sides shall specify the amount of the loan and the period, and the interest rate shall be set out in the agreement if it is a deal.</u>	1. To delete this article. 2. The relevant rules have been mentioned on 【5.6.2.】 .
5.6.3. Impact on the company's business operations, financial condition, and shareholders' equity : <u>The Company shall evaluate the impact towards the Company's operation risk, financial position and shareholders' equity when fund -lending to other parties.</u>	<u>5.12.3. Persons-in-charge shall evaluate the impact of business risk, financial status and the rights of shareholders when fund -lending to other parties.</u>	1. Article modification, the original 【5.12.3.】 move to 【5.6.3.】 . 2. To make a textual amendment.
	<u>5.10. To issue standby LC for other parties</u> <u>5.10.1.The limit amount of issuing LC for other parties shall be same as the limit amount of fund-lending to other parties.</u> <u>5.10.2.The detail procedures as same as the article 5.5.</u>	1. To delete this article. 2. The relevant rule of standby LC is no matter with the Procedures.
5.6.4. Whether collateral must be obtained and appraisal of the value thereof: <u>(1). Except for subsidiaries in which the Company directly or indirectly holds more than 2/3 of the voting shares, any other borrower shall provide a collateral or other guarantee as requested by the Company.</u> <u>(2). When the collateral is immovable property, the</u>	<u>5.8. Collateral rights setting: if collateral must be obtained, the procedures are as below:</u> <u>5.8.1. Subsidiaries in which the Company holds more than 95% of the voting shares, not subject to this restriction.</u> <u>5.8.2. Persons-in-charge shall check the collateral and mortgage should be set up by both sides.</u> <u>5.8.3. All collateral, except land</u>	1. Article modification, the original 【5.8.1.】 move to 【5.6.4.(1)】 , the original 【5.8.2.】 move to 【5.6.4.(2)】 and the original 【5.12.4.】 move to 【5.6.4.(3)】 2. The borrower in

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Articles after amendment	Current Articles	Explanation
<p>mortgage should be set up; <u>If the guarantor is provided, a guarantee contract shall be signed.</u></p> <p><u>(3).</u> The valuation value of the collateral shall be used by the borrower and the company to jointly contact the third notary to issue a valuation report as the basis for the loan amount.</p>	<p><u>and securities, shall be covered by property damage insurance and the Company shall be named as the beneficiary of the insurance.</u></p> <p><u>5.8.4. Only if there is no loan balance, the borrower may apply for the cancelled mortgage.</u></p> <p><u>5.12.4. The persons-in-charge shall assess the necessity of obtaining the collateral. The valuation value of the collateral shall be used by the borrower and the company to jointly contact the third notary to issue a valuation report as the basis for the loan amount.</u></p>	<p>which the company has more than 2/3 voting shares of absolute control, can be exempted from collateral or guarantee.</p> <p>3. A guarantee contract shall be signed when the guarantor is ordered.</p>
	<p><u>5.6.The contract signed by both sides:</u></p> <p><u>5.6.1. Subsidiaries in which the Company directly or indirectly holds more than 95% of the voting shares, not subject to this restriction.</u></p>	<p>1. To delete this article.</p> <p>2. The relevant rule has set in 【5.6.4.】 .</p>
<p><u>5.7. Announcement and reporting procedures.</u></p> <p><u>5.7.1.The company shall announce and report the previous month's loan balances of its head office and subsidiaries by the 10th day of each month.</u></p> <p><u>5.7.2.the Company whose loans of funds reach one of the following levels shall announce</u></p>	<p><u>5.14. Announcement and reporting procedures:</u></p> <p><u>5.14.1. Subsidiaries of the company shall report to the Company the previous month's loan balances by the 5th day of each month.</u></p> <p><u>5.14.2.The company shall announce and report the previous month's loan balances of its head office and</u></p>	<p>1. Article modification, the original 【5.14.】move to 【5.7】 .</p> <p>2. To make a textual amendment.</p>

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Articles after amendment	Current Articles	Explanation
<p>and report such event within two days commencing immediately from the date of occurrence:</p> <p>(1).The aggregate balance of loans to others by the Company and its subsidiaries reaches 20 percent or more of the Company's net worth as stated in its latest financial statement.</p> <p>(2).The balance of loans by the Company and its subsidiaries to a single enterprise reaches 10 percent or more of the Company's net worth as stated in its latest financial statement.</p> <p>(3). The amount of new loans of funds by the Company or its subsidiaries reaches NT\$10 million or more, and reaches 2 percent or more of the Company's net worth as stated in its latest financial statement.</p>	<p>subsidiaries and together with monthly revenue by the 10th day of each month, and. the Company whose loans of funds reach one of the following levels shall announce and report such event within two days commencing immediately from the date of occurrence:</p> <p>(1).The aggregate balance of loans to others by the Company and its subsidiaries reaches 20 percent or more of the Company's net worth as stated in its latest financial statement.</p> <p>(2).The balance of loans by the Company and its subsidiaries to a single enterprise reaches 10 percent or more of the Company's net worth as stated in its latest financial statement.</p> <p>(3).The amount of new loans of funds by the Company or its subsidiaries reaches NT\$10 million or more, and reaches 2 percent or more of the Company's net worth as stated in its latest financial statement.</p>	
<p>5.7.3.The Company shall announce and report on behalf of any subsidiary thereof that is not a public company of the Republic of China any matters that such subsidiary is required to announce and report pursuant to 【5.7.2.(3).】.</p>	<p>5.14.3 .The Company shall announce and report on behalf of any subsidiary thereof that is not a public company of the Republic of China any matters that such subsidiary is required to announce and report pursuant to the <u>previous paragraph</u>.</p>	<p>1. Article modification, the original 【5.14.3】 move to 【5.7.3】 .</p> <p>2. To make a textual amendment.</p>

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Articles after amendment	Current Articles	Explanation
<p>5.8. <u>Subsequent</u> Control Procedures and <u>Procedures</u> for management of overdue claims;</p> <p>5.8.1. <u>The Company</u> shall observe the borrower's and its guarantor's financial status, business operation, related credit status, Where a collateral is provided, and attention shall be paid to the changes to the value of security , the appropriate treatment shall be <u>assessed</u> in the event of a significant change in the value of the borrower's credit and the collateral.</p> <p>5.8.2. When the loan is due or prior to the loan's due date, the borrower shall return the principle along with the interest before it returns the bill of guarantee to the loaner or applies for lien cancellations.</p> <p>5.8.3. When the borrower is late to pay the principal and interest, <u>the Company</u> shall notify the borrower and the guarantor by telephone or written notice, and if the borrower is required to postpone or change the repayment conditions, that must make a request to the Company for the approval by the Board of Directors, or the Company may impose penalties or make claims according to the law with</p>	<p>5.13. Control Procedures and Procedures for management of overdue claims</p> <p>5.13.1. <u>Persons-in-charge</u> shall observe the borrower's and its guarantor's financial status, business operation, related credit status, Where a collateral is provided, and attention shall be paid to the changes to the value of security, and <u>report to the authorities</u> <u>gradually</u> for appropriate treatment in the event of a significant change in the value of the borrower's credit and the collateral.</p> <p>5.13.2. When the loan is due or prior to</p>	<p>1. Article modification, the original 【5.13.】move to 【5.8.】 .</p> <p>2. To make a textual amendment.</p>

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Articles after amendment	Current Articles	Explanation
<p>the violator's provided security or towards the violator's guarantor.</p>	<p>the loan's due date, the borrower shall return the principle along with the interest before it returns the bill of guarantee to the loaner or applies for lien cancellations.</p> <p>5.13.3. When the borrower is late to pay the principal and interest, the <u>person-in-charge</u> shall notify the borrower and the guarantor by telephone or written notice, and if the borrower is required to postpone or change the repayment conditions, that must make a request to the Company for the</p>	

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Articles after amendment	Current Articles	Explanation
	<p>approval by the Board of Directors, otherwise the Company may impose penalties or make claims according to the law with the violator's provided security or towards the violator's guarantor.</p>	
	<p><u>5.9. To allocate funds or repayment</u> <u>5.9.1. Register as stipulated in the contract or after the secured mortgage is set.</u> <u>5.9.2. Repayment under contract.</u></p>	<p>1. To delete this article. 2. The relevant specifications have been set at 【5.8.】 .</p>
<p><u>5.9. Penalty for violation of these Regulations or of the company's Operational Procedures for Loaning Funds to Others by managers or personnel in charge:</u> <u>5.9.1. Managers and persons-in charge whose violate this operating procedure shall compensate the company for the damage suffered as a result.</u></p>	<p><u>5.15. Supplemental items:</u> <u>5.15.4. Managers and persons-in charge whose violate this operating procedure shall compensate the company for the damage suffered as a result.</u></p>	<p>1. Article modification, the original 【5.15.4.】 move to 【5.9.1】 . 2. To make a textual amendment.</p>
<p><u>5.10. Procedures for controlling and managing lending fund to</u></p>	<p><u>2.2.2. Where a subsidiary of the Comp intends to make loans to</u></p>	<p>1. Article modification,</p>

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Articles after amendment	Current Articles	Explanation
<p><u>other parties by subsidiaries:</u> 5.10.1. Where a subsidiary of the Company intends to make loans to others, the Company shall instruct it to formulate its own Operational Procedures for Lending Funds to Other parties in compliance with these Regulations, and it shall comply with the Procedures when loaning funds.</p>	<p>others, the Company shall instruct it to formulate its own Operational Procedures for Lending Funds to Other parties in compliance with these Regulations, and it shall comply with the Procedures and <u>shall submit to the board of directors of the Company for approval.</u></p>	<p>the original 【2.2.2.】 move to 【5.10.】 . 2. To make a textual amendment.</p>
<p>5.11. Other particulars required by the FSC. 5.11.1. The Procedures shall be approved by the board of directors, the Audit Committee, and the shareholders' Meeting. If any director expresses objection and is recorded or stated in written form, the Company shall pass on the objection to the <u>Audit Committee</u> and report this to the shareholders' meeting for discussion. This also applies to the amendment of said operational procedures.</p>	<p>5.16. Responsibilities & Authorities: 5.16.1. The Procedures shall be approved by the board of directors, Supervisor, and the shareholders' Meeting. 5.16.2. If any director expresses objection and is recorded or stated in written form, the Company shall pass on the objection to the Supervisor and report this to the shareholders' meeting for discussion. This also applies to the amendment of said operational procedures.</p>	<p>1. Article modification, the original 【5.16.】 move to 【5.11.】 . 2. The amendment for the Company has established the Audit Committee.</p>
<p>5.11.2. <u>The Company has established the Audit Committee, formulation or amendment of the Procedures shall be approved by more than 1/2 of all members of the Auditor Committee and referred to the board resolution.</u> 5.11.3. <u>As mentioned on 【5.11.2.】 , If the consent of all</u></p>		<p>1. To add this article. 2. To specify the responsibility & authority of Audit Committee.</p>

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Articles after amendment	Current Articles	Explanation
<p><u>members of the Auditor Committee is not more than 1/2, the consent of all 2/3 of all members of the directors shall be approved and the resolutions of the Board shall also be included the intention of the Auditor Committee.</u></p> <p><u>5.11.4.</u> As mentioned at 【5.11.2.】 all the members of Auditor Committee and mentioned on 【5.11.3.】 all the members of Directors are counted in the actual incumbent.</p>		

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Attachment 10

Comparison of Amendments to the Procedures for Endorsements and Guarantees

Articles after amendment	Current Articles	Explanation
<p>1. Purpose</p> <p><u>The Procedures are created according to the Article 11 of the Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies</u>, in order to protect the rights of shareholders and improve the Company to handle the endorsement & guarantee of financial management and reduce business risks.</p>	<p>1. Purpose</p> <p><u>In order to protect the rights of shareholders, improve the company to handle the endorsement & guarantee of financial management and reduce business risks.</u></p> <p>2. Application</p> <p><u>2.1. Sources of Law: The Procedures are created according to Article 36-1 of the Securities and Exchange Act ("the Act").</u></p>	<p>To make a textual amendment, to amend the 【2.1.】 for clarifying the sources of law and amend the purpose for creating the Procedures.</p>
<p>2.Scope</p> <p>2.1. The company shall comply with these procedures when endorsements/guarantees for others; provided that where another <u>financial</u> related law or regulation provides otherwise, the provisions of such act shall prevail.</p> <p>2.2 Any creation by the company of a pledge or mortgage on its chattel or real property as security for the loans of another company shall also <u>comply with these procedures.</u></p>	<p><u>2.2.Scope</u></p> <p><u>2.2.1</u> The company and subsidiary shall comply with these procedures when endorsements/guarantees for others; provided that where another law or regulation provides otherwise, the provisions of such act shall prevail.</p> <p><u>2.2.2.</u></p> <p><u>(4).</u> Any creation by the company of a pledge or mortgage on its chattel or real property as security for the loans of another company.</p>	<p>1. Article modification, the original 【2.2.1.】 move to 【2.1.】 and original 【2.2.2(4).】 move to 【2.2.】 .</p> <p>2. To make a textual amendment.</p>
<p>3. Responsibilities & Authorities</p> <p>3.1. Finance department: The department that formulates,</p>	<p>3. Responsibilities & Authorities: <u>None.</u></p>	<p>1. To add this article.</p> <p>2. To add the Responsibilities</p>

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Articles after amendment	Current Articles	Explanation
<p>modifies, and abolishes the procedures.</p> <p>3.2. Other departments: Co-organizers for the cooperation of these procedures.</p>		<p>& Authorities.</p>
<p>4. Terms and Definitions</p> <p><u>4.1. Endorsements/guarantees: referred to the following:</u></p> <p><u>4.1.1. Financing</u> endorsements/guarantees, <u>including:</u></p> <p>(1). Bill discount financing. °</p> <p>(2). Endorsement or guarantee made to meet the financing needs of another company. °</p> <p>(3). Issuance of a negotiable instrument to a non-financial enterprise as security to meet the financing needs of the company itself.</p> <p><u>4.1.2. Customs duty</u> endorsement/guarantee, meaning an endorsement or guarantee for the company itself or another company with respect to customs duty matters.</p> <p><u>4.1.3. Other</u> endorsements/guarantees, meaning endorsements or guarantees beyond the scope of 4.1.1 and 4.1.2.</p>	<p>2.2.2. The term "endorsements/guarantees" as used in these Procedures refers to the following:</p> <p>(1). Financing endorsements/guarantees :</p> <p>(a). Bill discount financing. °</p> <p>(b). Endorsement or guarantee made to meet the financing needs of another company.</p> <p>(c). Issuance of a negotiable instrument to a non-financial enterprise as security to meet the financing needs of the company itself.</p> <p>(2). Customs duty endorsement/guarantee, meaning an endorsement or guarantee for the company itself or another company with respect to customs duty matters.</p> <p>(3). Other endorsements/guarantees, meaning endorsements or guarantees beyond the scope of the above two subparagraphs.</p>	<p>1. Article modification, the original 【2.2.2.(1).】 move to 【4.1.1.】 ,the original 【2.2.2.(2).】 move to 【4.1.2.】 and original 【2.2.2.(3).】 move to【4.1.3.】.</p> <p>2. To make a textual amendment.</p>
<p>4.2. Subsidiary: shall be as determined under the Regulations Governing the Preparation of Financial Reports by Securities Issuers.</p>	<p>4.1. <u>Subsidiary and parent company as referred to in these Procedures</u> shall be as determined under the Regulations Governing the Preparation of Financial</p>	<p>1. To define the Parent company and subsidiary individually.</p> <p>2. To make a textual</p>

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Articles after amendment	Current Articles	Explanation
	Reports by Securities Issuers.	amendment.
<p><u>4.3. Parent company: shall be as determined under the Regulations Governing the Preparation of Financial Reports by Securities Issuers.</u></p>		<p>1. To add this article. 2. To define the Parent company and subsidiary individually.</p>
<p>4.4. Net worth; meaning the balance sheet equity attributable to the owners of the parent company under the Regulations Governing the Preparation of Financial Reports by Securities Issuers.</p>	<p>4.2. <u>Net worth in these Procedures</u> means the balance sheet equity attributable to the owners of the parent company under the Regulations Governing the Preparation of Financial Reports by Securities Issuers.</p>	<p>1. To Article modification, the original 【4.2.】 move to 【4.4.】 . 2. To make a textual amendment.</p>
<p><u>4.5. Announce and report: meaning the process of entering data to the information reporting website designated by the Financial Supervisory Commission (FSC).</u></p>		<p>1. To add this article. 2. To define the information reporting website.</p>
<p>4.6. Date of occurrence; meaning the date of contract signing, date of payment, dates of boards of directors resolutions, or other date that can confirm the entity for which the endorsement/guarantee is made and monetary amount of the transaction, whichever date is earlier.</p>	<p>4.3. <u>Date of occurrence in these Procedures</u> means the date of contract signing, date of payment, dates of boards of directors' resolutions, or other date that can confirm the counterparty and monetary amount of the transaction, whichever date is earlier.</p>	<p>1. Article modification, the original 【4.3.】 move to 【4.6.】 . 2. To make a textual amendment.</p>
<p>5. Operating Procedures 5.1 The entity for which the endorsement/guarantee may made 5.1.1. Company may make</p>	<p>5. Operating Procedures 5.1. The entity for which the endorsement/guarantee is made 5.1.1. Company may make endorsements/guarantees for</p>	<p>To make a textual amendment.</p>

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Articles after amendment	Current Articles	Explanation
<p>endorsements/guarantees for the following companies:</p> <p>(1). A company with which it does business.</p> <p>5.1. The entity for which the endorsement/guarantee is made</p> <p>5.1.1. Company may make endorsements/guarantees for the following companies:</p> <p>(1). A company with which it does business.</p> <p>(2). A company in which the public company directly and indirectly holds more than 50 percent of the voting shares.</p> <p>(3). A company that directly and indirectly holds more than 50 percent of the voting shares in the public company.</p> <p>5.1.2. Companies in which the public company holds, directly or indirectly, 90% or more of the voting shares may make endorsements/guarantees for each other, and the amount of endorsements/guarantees may not exceed 10% of the net worth of the public company, provided that this restriction shall not apply to endorsements/guarantees made between companies in which the public company holds, directly or indirectly, 100% of the voting shares.</p> <p>5.1.3. Where a public company fulfills its contractual</p>	<p>the following companies:</p> <p>(1). A company with which it does business.</p> <p>(2). A company in which the public company directly and indirectly holds more than 50 percent of the voting shares.</p> <p>(3). A company that directly and indirectly holds more than 50 percent of the voting shares in the public company.</p> <p>5.1.2. Companies in which the public company holds, directly or indirectly, 90% or more of the voting shares may make endorsements/guarantees for each other, and the amount of endorsements/guarantees may not exceed 10% of the net worth of the public company, provided that this restriction shall not apply to endorsements/guarantees made between companies in which the public company holds, directly or indirectly, 100% of the voting shares.</p> <p>5.1.3. Where a public company fulfills its contractual obligations by providing mutual endorsements/guarantees for another company in the same industry or for joint builders for purposes of undertaking a construction project, or where all capital contributing shareholders make</p>	

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Articles after amendment	Current Articles	Explanation
<p>obligations by providing mutual endorsements/guarantees for another company in the same industry or for joint builders for purposes of undertaking a construction project, or where all capital contributing shareholders make endorsements/ guarantees for their jointly invested company in proportion to their shareholding percentages, or where companies in the same industry provide among themselves joint and several security for a performance guarantee of a sales contract for pre-construction homes pursuant to the Consumer Protection Act for each other, such endorsements/guarantees may be made free of the restriction of the 【5.1.1.】 and 【5.1.2.】 .</p> <p>5.1.4. Capital contribution referred to 【5.1.3.】 shall mean capital contribution directly by the public company, or through a company in which the public company holds 100% of the voting shares.</p> <p>5.1.5. Before making any endorsement/guarantee pursuant to 【5.1.2.】 , shall submit the proposed endorsement/guarantee to the company’s board of directors</p>	<p>endorsements/ guarantees for their jointly invested company in proportion to their shareholding percentages, or where companies in the same industry provide among themselves joint and several security for a performance guarantee of a sales contract for pre-construction homes pursuant to the Consumer Protection Act for each other, such endorsements/guarantees may be made free of the restriction of the preceding two paragraphs.</p> <p>5.1.4. Capital contribution referred to in the preceding paragraph shall mean capital contribution directly by the public company, or through a company in which the public company holds 100% of the voting shares.</p> <p>5.1.5. Before making any endorsement/guarantee pursuant to 【5.1.2.】 , shall submit the proposed endorsement/guarantee to the company’s board of directors for a resolution, provided that this restriction shall not apply to endorsements/guarantees made between companies in which the public company holds, directly or indirectly, 100% of the voting shares.</p>	

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Articles after amendment	Current Articles	Explanation
<p>for a resolution, provided that this restriction shall not apply to endorsements/guarantees made between companies in which the public company holds, directly or indirectly, 100% of the voting shares.</p>		
<p><u>5.2.Evaluation standards for making Endorsements/Guarantees:</u> <u>5.2.1.</u>The total amount for making endorsement/guarantees to a company having business relationship with the Company shall be not exceeded the total transaction amount between the parties.</p>	<p><u>5.2.1.</u> <u>(3).</u> The total amount for making endorsement/guarantees to a company having business relationship with the Company shall be not exceeded the total transaction amount between the parties.</p>	<p>1. Article modification, the original 【5.2.1.(3).】 move to【5.2.1.】. 2. To make a textual amendment.</p>
<p><u>5.3.Ceilings on the amounts made in endorsements/guarantees</u> <u>5.3.1.</u>The Company and subsidiaries as a whole to the endorsements/ guarantees of the limit: (1).The Company’s aggregate endorsement/guarantee amount: shall not exceed 100% of the net worth of the company according to its fiscal financial statement most recently ratified. The whole aggregate endorsement/guarantees of the Company and subsidiaries making: shall not exceed 100% of the net worth of the company according to its fiscal financial</p>	<p><u>5.2.Ceilings on the amounts and <u>permission</u> made in endorsements/guarantees:</u> <u>5.2.1.</u>The Company and subsidiaries as a whole to the endorsements/ guarantees of the limit: (1). The Company’s aggregate endorsement/guarantee amount: shall not exceed 100% of the net worth of the company according to its fiscal financial statement most recently ratified. The whole aggregate endorsement/guarantees of the Company and subsidiaries making: shall not exceed 100% of the net worth of the company according to its fiscal financial statement most recently ratified.</p>	<p>1. Article modification, the original 【5.2.】 move to 【5.3.】 . 2. To make a textual amendment.</p>

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Articles after amendment	Current Articles	Explanation
<p>statement most recently ratified.</p> <p>(2).The Company’s aggregate endorsement/guarantee amount to a single entity: shall not exceed 80% of the net worth of the company according to its fiscal financial statement most recently ratified. The whole aggregate endorsement/guarantees of the Company and subsidiaries making to a single entity: shall not exceed 100% of the net worth of the company according to its fiscal financial statement most recently ratified.</p> <p>(3).If the aggregate amount of endorsements/guarantees that is set as the ceiling for the public company and its subsidiaries as a whole reaches 50% or more of the net worth of the Company, an explanation of the necessity and reasonableness thereof shall be given at the shareholders meeting.</p>	<p>(2). The Company’s aggregate endorsement/guarantee amount to a single entity: shall not exceed 80% of the net worth of the company according to its fiscal financial statement most recently ratified. The whole aggregate endorsement/guarantees of the Company and subsidiaries making to a single entity: shall not exceed 100% of the net worth of the company according to its fiscal financial statement most recently ratified.</p> <p>(4). If the aggregate amount of endorsements/guarantees that is set as the ceiling for the public company and its subsidiaries as a whole reaches 50% or more of the net worth of the Company, an explanation of the necessity and reasonableness thereof shall be given at the shareholders meeting.</p>	
<p>5.4.Procedures for making endorsements/guarantees:</p> <p>5.4.1.Before making any endorsements/guarantees to others, the company shall carefully assess whether it complies with <u>the Regulations</u> and company’s operational procedures, and report the results of the evaluation under</p>	<p>5.3.Procedures for making endorsements/guarantees:</p> <p><u>5.3.1. When making endorsement/ guarantee or cancellation, the persons-in-charge shall fill out an application stating the endorsement/guarantee Company, the entity for which the endorsement/guarantee is made, reason and amount, and</u></p>	<p>1. Article modification, the original 【5.3.】 Moved to 【5.4.】and the original 【5.3.1.】 , 【5.3.2.】 and 【5.3.3.】 To simplify into 【5.4.1.】 .</p>

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Articles after amendment	Current Articles	Explanation
<p>【 5.5. 】 to the Board of directors, Or the Board of Directors shall authorize the Chairman to make a determination within a certain amount under 【 5.8. 】 and which shall report to the most recent board of directors for recognition.</p>	<p><u>examine it in detail.</u> 5.3.2. <u>Evaluation:</u> Before making any endorsements/guarantees to others, the company shall carefully assess whether it complies with the company’s operational procedures. 5.3.3.<u>Procedures of resolution:</u> (1). The results of the previous two assessments are reported after the board resolution. (2).Or the Board of Directors shall authorize the Chairman to make a determination within a certain amount and which shall report to the most recent board of directors for recognition.</p>	<p>2. To make a textual amendment.</p>
<p>5.4.2.The Company shall prepare a memorandum book for making endorsements/guarantees and truthfully record the following information: the entity for which the endorsement/guarantee is made, amount, date of approval by the board of directors, and matters to be carefully evaluated under 【5.4.1.】 .</p>	<p>5.3.4. The Company shall prepare a memorandum book for making endorsements/guarantees and truthfully record the following information: the entity for which the endorsement/guarantee is made, amount, date of approval by the board of directors, and matters to be carefully evaluated.</p>	<p>1. Article modification, the original 【5.3.4.】 Moved to 【5.4.2.】 . 2. To make a textual amendment.</p>
<p>5.4.3.The Company's <u>internal auditors</u> shall audit the Procedures for making endorsement/guarantees for others and the implementation thereof no less frequently than quarterly and prepare written</p>	<p>5.3.8. The Company's <u>internal auditors</u> shall audit the Procedures for making endorsement/guarantees for others and the implementation thereof no less frequently than quarterly and prepare written</p>	<p>1. Article modification, the original 【5.3.8.】 Moved to 【5.4.3.】 . 2. To make a</p>

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Articles after amendment	Current Articles	Explanation
<p>records accordingly. They shall promptly notify the <u>Audit Committee</u> in writing of any material violation found.</p>	<p>records accordingly. They shall promptly notify the Supervisor in writing of any material violation found.</p>	<p>textual amendment. 3. To amend for the Company establish the Audit Committee.</p>
<p><u>5.4.4.</u> The Company shall evaluate the loss of endorsements/guarantees and shall adequately disclose relevant information in its financial reports, and provide relevant data to certified public accountants to carry out the necessary auditing procedures.</p>	<p><u>5.3.7.</u> The Company shall evaluate the loss of endorsements/guarantees and shall adequately disclose relevant information in its financial reports, and provide relevant data to certified public accountants to carry out the necessary auditing procedures for <u>auditors' report</u>.</p>	<p>1. Article modification, the original 【5.3.7.】 Moved to 【5.4.4.】 . 2. To make a textual amendment.</p>
<p><u>5.5.</u> Detailed and review procedures: <u>5.5.1.</u> The necessity and reasonableness of making endorsement/guarantees to others. <u>5.5.2.</u> Credit status and risk assessment <u>of the entity for which the endorsement/guarantee is made.</u> <u>5.5.3.</u> Impact on the company's business operations, financial condition and shareholders' equity. <u>5.5.4.</u> Whether collateral must be obtained and appraisal of the value thereof.</p>	<p><u>5.3.1.</u> <u>(1).</u> The necessity and reasonableness of making endorsement/guarantees to others. <u>(2).</u> Credit status and risk assessment of the entity for which the endorsement/guarantee is made. <u>(3).</u> Impact on the company's business operations, financial condition and shareholders' equity. <u>(4).</u> Whether collateral must be obtained and appraisal of the value thereof.</p>	<p>1. Article modification, the original 【5.3.1.】 Moved to 【5.5.】 . 2. To make a textual amendment.</p>
<p><u>5.6.</u> Procedures for controlling and managing making</p>	<p><u>2.2.1.</u> Where a subsidiary of the Company intends to make</p>	<p>1. Article modification,</p>

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Articles after amendment	Current Articles	Explanation
<p><u>endorsements/guarantees to others by subsidiaries:</u> <u>5.6.1.</u>Where a subsidiary of the Company intends to make endorsements/guarantees to others, the Company shall instruct it to formulate its own Operational Procedures for making endorsements/guarantees to others in compliance with the Regulations, and it shall comply with the Procedures when making endorsements/guarantees.</p>	<p>endorsements/guarantees to others, the Company shall instruct it to formulate its own Operational Procedures for making endorsements/guarantees to others in compliance with these Regulations, and it shall comply with the Procedures when making endorsements/guarantees, and <u>shall submit to the board of directors of the Company for approval.</u></p>	<p>the original 【2.2.1.】 Moved to 【5.6.】 . 2. To make a textual amendment.</p>
<p><u>5.7.Procedures for use and custody of corporate chops:</u> <u>5.7.1.</u> 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 by a dedicated officer with the consent of the board of directors. To use or issue of bill shall comply with the BM2-059 Procedures for use and custody of corporate chops. <u>5.7.2.</u> When making a guarantee for a foreign company, the Company shall have the Guarantee Agreement signed by the person authorized by the board of directors.</p>	<p><u>5.5.</u>Use and custody of corporate chops: <u>5.5.1.</u> The company shall use the corporate chop registered with the Ministry of Economic Affairs as the dedicated chop for endorsements/guarantees. <u>5.5.2.</u> When making a guarantee for a foreign company, the Company shall have the Guarantee Agreement signed by the person authorized by the board of directors. <u>5.5.3.</u> <u>To comply with the Custody of corporate chop(CR-112) according to Financing cycle of internal control (MES-B3-04), the corporate chop shall be kept by a dedicated officer.</u> <u>5.5.4.</u> The depositary of the</p>	<p>1. Article modification, the original 【5.5.】 Moved to 【5.7.】 . 2. To make a textual amendment, regard to the use and custody of corporate chops, they shall be handled in accordance with the provisions of the company's "BM2-059 Procedures for use and custody of corporate chops." 3. To delete the</p>

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Articles after amendment	Current Articles	Explanation
	<p>corporate chops and the <u>signatory</u> of the <u>guarantee letter</u> shall be authorized by the Board of Directors, and the same as changing.</p> <p><u>5.5.5. A foreign company (hereinafter referred to as a foreign company) who making endorsements/guarantees for others under the provisions of article 165 of the Securities and Exchange Act shall be subject to the provisions of this operating procedure. The provisions of 5.5.1, 5.5.3 and 5.5.4 shall not apply to foreign companies without corporate chops. The net worth calculated by a foreign company in accordance with the provisions of this operating procedure means the balance sheet equity attributable to the owners of the parent company.</u></p>	<p>calculation of 【5.5.5.】, the regulated foreign companies and the net worth, has been regulated by 【5.6.】 and 【4.4.】.</p>
<p><u>5.8.Decision-making and authorization:</u></p> <p><u>5.8.1.The subsidiaries, in which the Company holds directly or indirectly more than 90% of the voting shares, making endorsements/guarantees to others in accordance with the 【5.1.2.】 shall be approved by the company's board of directors. When inter-company making</u></p>	<p><u>5.2.2. The limit of the Chairman's decision-making.:</u></p> <p><u>(1). The subsidiaries, in which the Company holds more than 95% voting shares, except in accordance with the above provisions, may have no restrictions on the limit of Decision-making, but shall report to the board of directors afterwards.</u></p> <p><u>(2).The subsidiaries, in which the Company holds less than</u></p>	<p>1. Article modification, the original 【5.2.2.】 Moved to 【5.8.】.</p> <p>2. To specify the decision-making authority.</p>

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Articles after amendment	Current Articles	Explanation
<p><u>endorsements/guarantees between subsidiaries in which the Company holds directly or indirectly 100% of the voting shares, not in this limit.</u></p> <p><u>5.8.2. Where the Company has established the position of independent director, it shall take into full consideration the opinions of each independent director; independent directors' opinions specifically expressing assent or dissent and the reasons for dissent shall be included in the minutes of the board of directors' meeting.</u></p>	<p><u>95% of the voting shares, the limit of the Chairman's decision-making shall not exceed the NT\$50 million.</u></p>	
<p><u>5.8.3. Excess the limitation of Endorsements/Guarantees:</u></p> <p><u>(1). Where the company needs to exceed the limits set out in the Operational Procedures for Endorsements/Guarantees to satisfy its business requirements, and where the conditions set out in the Operational Procedures for Endorsements/Guarantees are complied with, it shall obtain approval from the board of directors and half or more of the directors shall act as joint guarantors for any loss that may be caused to the Company by the excess endorsement/guarantee. It shall also amend the Operational</u></p>	<p><u>5.3.5. Where the company needs to exceed the limits set out in the Operational Procedures for Endorsements/Guarantees to satisfy its business requirements, and where the conditions set out in the Operational Procedures for Endorsements/Guarantees are complied with, it shall obtain approval from the board of directors and half or more of the directors shall act as joint guarantors for any loss that may be caused to the Company by the excess endorsement/guarantee. It shall also amend the Operational Procedures for Endorsements/Guarantees</u></p>	<p>1. Article modification, the original 【5.3.5.】 Moved to 【5.8.3.】 .</p> <p>2. To make a textual amendment.</p>

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Articles after amendment	Current Articles	Explanation
<p>Procedures for Endorsements/Guarantees accordingly and submit the same to the shareholders' meeting for ratification after the fact. If the shareholders' meeting does not give consent, the company shall adopt a plan to discharge the amount in excess within a given time limit.</p> <p><u>(2).Where the Company has established the position of independent director, the discussion under provisions of [5.8.3.(1).],</u> it shall take into full consideration the opinions of each independent director; Independent directors' opinions specifically expressing assent or dissent and the reasons for dissent shall be included in the minutes of the board of directors' meeting.</p>	<p>accordingly and submit the same to the shareholders' meeting for ratification after the fact. If the shareholders' meeting does not give consent, the company shall adopt a plan to discharge the amount in excess within a given time limit. It shall take into full consideration the opinions of each independent director; independent directors' opinions specifically expressing assent or dissent shall be included in the minutes of the board of directors' meeting.</p>	
<p><u>5.8.4.</u>Where as a result of changes of condition the entity for which an endorsement/guarantee is made no longer meets the requirements of these <u>Regulations</u>, or the amount of endorsement/guarantee exceeds the limit, the Company shall adopt rectification plans and submit the rectification plans to all the <u>Audit Committees</u>, and shall complete the rectification according to the timeframe set</p>	<p><u>5.3.6.</u> Where as a result of changes of condition the entity for which an endorsement/guarantee is made no longer meets the requirements of these <u>Regulations</u>, or the amount of endorsement/guarantee exceeds the limit, the Company shall adopt rectification plans and submit the rectification plans to all the <u>Supervisor</u>, and shall complete the rectification according to the timeframe set</p>	<ol style="list-style-type: none"> 1. Article modification. 2. To make a textual amendment.

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Articles after amendment	Current Articles	Explanation
out in the plan.	out in the plan.	
<p>5.9. Announce and Report Procedures:</p> <p>5.9.1. The Company shall announce and report the previous month's endorsements/guarantees balances of its head office and subsidiaries by the tenth day of each month in accordance with the regulated timeframe.</p> <p>5.9.2. The Company whose endorsements/guarantees reach one of the following levels shall announce and report such event within two days commencing immediately from the date of occurrence:</p> <p>(1). The aggregate balance of endorsements/guarantees to others by the company and subsidiaries reaches 50 percent or more of the company's net worth as stated in its latest fiscal financial statement.</p> <p>(2). The aggregate balance of endorsements/guarantees by the Company and subsidiaries to a single enterprise reaches 20 percent or more of the company's net worth as stated in its latest fiscal financial statement.</p> <p>(3). The aggregate balance of endorsements/guarantees by the company and subsidiaries to a</p>	<p>5.4. Announce and Report Procedures <u>and standards</u>:</p> <p>5.4.1. The Company shall announce and report the previous month's endorsements/guarantees balances of its head office and subsidiaries by the tenth day of each month in accordance with the regulated timeframe.</p> <p>5.4.2. The Company whose endorsements/guarantees reach one of the following levels shall announce and report such event within two days commencing immediately from the date of occurrence:</p> <p>(1). The aggregate balance of endorsements/guarantees to others by the company and subsidiaries reaches 50 percent or more of the company's net worth as stated in its latest fiscal financial statement.</p> <p>(2). The aggregate balance of endorsements/guarantees by the Company and subsidiaries to a single enterprise reaches 20 percent or more of the company's net worth as stated in its latest fiscal financial statement.</p> <p>(3). The aggregate balance of endorsements/guarantees by the company and subsidiaries to a single enterprise reaches NT\$10</p>	<p>1. Article modification, the original 【5.4.】 Moved to 【5.9.】 .</p> <p>2. To make a textual amendment.</p> <p>3. To define the long-term investment.</p>

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Articles after amendment	Current Articles	Explanation
<p>single enterprise reaches NT\$10 million or more and the aggregate amount of all endorsements/guarantees for, long-term investment <u>at equity</u>, and balance of loans to such enterprise reaches 30 percent or more of the company's net worth as stated in its latest fiscal financial statement.</p> <p>(4).The amount of new endorsements/guarantees made by the Company or subsidiaries reaches NT\$30 million or more, and reaches 5 percent or more of the company's net worth as stated in its latest financial statement.</p> <p>5.9.3.The Company shall announce and report on behalf of any subsidiary thereof that is not a public company of the Republic of China any matters that such subsidiary is required to announce and report pursuant to 【5.9.2.(4).】 .</p>	<p>million or more and the aggregate amount of all endorsements/guarantees for, long-term investment , and balance of loans to such enterprise reaches 30 % or more of the company's net worth as stated in its latest fiscal financial statement.</p> <p>(4).The amount of new endorsements/guarantees made by the Company or subsidiaries reaches NT\$30 million or more, and reaches 5 percent or more of the company's net worth as stated in its latest financial statement.</p> <p>5.4.3. The Company shall announce and report on behalf of any subsidiary thereof that is not a public company of the Republic of China any matters that such subsidiary is required to announce and report pursuant to <u>subparagraph (4)</u> of the preceding paragraph.</p>	
<p><u>5.10. Penalty for violation of these Regulations or of the company's Operational Procedures by managers or personnel in charge.</u></p> <p>5.10.1 Managers and persons-in charge whose violate this operating procedure shall compensate the company for the</p>	<p><u>5.6. Other items:</u></p> <p>5.6.1. Managers and persons-in charge whose violate this operating procedure shall compensate the company for the damage suffered as a result.</p>	<p>1. Article modification, the original 【5.6.】 Moved to 【5.10.】 .</p> <p>2. To make a textual amendment.</p>

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Articles after amendment	Current Articles	Explanation
damage suffered as a result.		
<p><u>5.11.Subsequent Control Procedures</u> If the subject of the endorsement/guarantee is a subsidiary with net worth lower than 50 percent of actual paid in capital:</p> <p><u>5.11.1.</u> If the subject of the endorsement/guarantee is a subsidiary with net worth lower than 50 percent of actual paid in capital, the Company shall adopt rectification plans and submit the rectification plans to <u>Audit Committee</u>, and shall complete the rectification according to the timeframe set out in the plan.</p> <p><u>5.11.2.</u> If the subsidiary's stock is of no-par value or does not exceed NT\$10, the amount of actual paid in capital shall be calculated in accordance with provisions 【5.11.】 of the sum of the premium issued share of its capital stock and additional paid in capital.</p>	<p><u>5.6.2.</u> If the subject of the endorsement/guarantee is a subsidiary with net worth lower than 50 percent of actual paid in capital, the Company shall adopt rectification plans and submit the rectification plans to the <u>Supervisor</u>, and shall complete the rectification according to the timeframe set out in the plan.</p> <p><u>5.6.3. Other particulars required by the FSC.</u></p> <p>If the subsidiary's stock is of no-par value or does not exceed NT\$10, the amount of actual paid in capital shall be calculated in accordance with provisions <u>5.6.2.</u> of the sum of the premium issued share of its capital stock and additional paid in capital.</p>	<p>1. Article modification, the original 【5.6.2】 and 【5.6.3.】Moved to 【5.11.】 .</p> <p>2. To amend for the Company establish the Audit Committee.</p>
<p><u>5.12.Other particulars required by the FSC.</u></p> <p><u>5.12.1.</u>The Procedures shall be approved by the board of directors, the <u>Audit Committee</u>, and the shareholders' Meeting. If any director expresses objection and is recorded or stated in written form, the</p>	<p><u>5.7.Check authority:</u></p> <p><u>5.7.1.</u> The Procedures shall be approved by the board of directors, the <u>Supervisor</u>, and the shareholders' Meeting.</p> <p><u>5.7.2.</u> If any director expresses objection and is recorded or stated in written form, the Company shall pass on the</p>	<p>1. Article modification, the original 【5.7.】 and 【5.12.】 Moved to 【5.11.】 .</p> <p>2. To amend for the Company establish the</p>

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Articles after amendment	Current Articles	Explanation
<p>Company shall pass on the objection to the <u>Audit Committee</u> and report this to the shareholders' meeting for discussion. This also applies to the amendment of said operational procedures.</p> <p><u>5.12.2.</u>The Company has established the <u>Audit Committee</u>, formulation or amendment of the Procedures shall be approved by more than <u>1/2 of all members of the Auditor Committee and referred to the board resolution.</u></p> <p><u>5.12.3.</u>As mentioned on <u>【5.12.2.】</u>, If the consent of all members of the Auditor Committee is not more than 1/2, the consent of all 2/3 of all members of the directors shall be approved and the resolutions of the Board shall also be included the intention of the <u>Auditor Committee.</u></p> <p><u>5.12.4.</u> As mentioned on <u>【5.12.2.】</u> all the members of Auditor Committee and mentioned on <u>【5.12.3.】</u> all the members of Directors are counted in the actual incumbent.</p>	<p>objection to the <u>Supervisor</u> and report this to the shareholders' meeting for discussion. This also applies to the amendment of said operational procedures.</p> <p><u>5.7.3.</u> Where the Company has established the position of <u>independent director</u>, <u>independent directors' opinions shall be specifically expressed assent or dissent and the reasons for dissent in the minutes of the board of directors' meeting.</u></p>	<p>Audit Committee.</p>
<p>7. References</p> <p><u>7.1."</u>BM2-059 Procedures for use and custody of corporate chops."<u>"</u></p>	<p>7. References: None.</p>	<p>1. To add this article</p> <p>2. To specify the use and custody of corporate chops and</p>

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Articles after amendment	Current Articles	Explanation
		relevant rule.

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Attachment 11

Comparison of Amendments to the Procedures for Election of Directors

Articles after amendment	Current Articles	Explanation
Name of Procedure: Procedures for Election of Directors	Name of Procedure: Procedures for Election of Directors <u>and Supervisors</u>	To revise the name of the procedure from “Procedures for Election of Directors and Supervisors” to “Procedures for Election of Directors” in accordance with the Securities and Exchange Act stipulates that establish an audit committee in lieu of a supervisor.
1. Purpose To ensure a just, fair, and open election of directors and supervisors, these Procedures are adopted pursuant to Articles 21 of the Corporate Governance Best-Practice Principles for <u>BM0-006</u> Listed Companies.	1. Purpose: To elect the directors and <u>supervisors</u> impartially, fairly, and publicly, we hereby establish these Regulations in accordance with Article 21 and Article 41 of the "Corporate Governance Best Practice Principles for TWSE/GTSM Listed Companies".	To revise the sources of law.
2. Applicable scope Except as otherwise provided by law and regulation or by this Corporation's articles of incorporation, elections of	2. Applicable scope: Except otherwise provided by the laws and regulations, the election of directors <u>and supervisors</u> of the Company shall be conducted in	In accordance with the Securities and Exchange Act stipulates that establish an audit committee in lieu

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Articles after amendment	Current Articles	Explanation
directors and supervisors shall be conducted in accordance with these Procedures.	accordance with the Regulations.	of a supervisor.
4. Terms and Definitions None.	<p><u>4. Terms and Definitions:</u> <u>4.1 Directors: The persons elected by the shareholder' meeting, including the independent directors and non-independent directors, organizing the board of directors and implementing the businesses in accordance with the laws and regulations, articles of incorporation and resolutions of shareholder' meeting.</u></p>	<p>1. To delete this article. 2. To make a textual amendment.</p>
<u>5.1. The composition of the board:</u>		<p>1. To add this article. 2. To clarify the composition of the board.</p>
<u>5.1.1. The overall composition of</u>	<u>5.3. The overall composition of the</u>	1. Article modification, the

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Articles after amendment	Current Articles	Explanation
<p><u>the board of directors shall be taken into consideration in the selection of this Corporation's directors. The composition of the board of directors shall be determined by taking diversity into consideration and formulating an appropriate policy on diversity based on the company's business operations, operating dynamics, and development needs. It is advisable that the policy include, without being limited to, the following two general standards:</u></p>	<p>board of directors shall be taken into consideration in the selection of the Company's directors.</p>	<p>original Article 【5.3.】 move to Article 【5.1.1.】</p> <p>2. To clarify the major qualifications of the members of the Board of the Directors in accordance with the Taiwan Stock Exchange Corporation stipulates the “Procedures for Election of Directors and Supervisors”.</p>
<p><u>(1). Basic requirements and values:</u></p>		<p>1. To add this article.</p> <p>2. To clarify the</p>

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Articles after amendment	Current Articles	Explanation
<p><u>Gender, age, nationality, and culture.</u> <u>(2). Professional knowledge and skills: A professional background (e.g., law, accounting, industry, finance, marketing, technology), professional skills, and industry experience.</u></p>		<p>major qualifications of the members of the Board of the Directors in accordance with the Taiwan Stock Exchange Corporation stipulates the “Procedures for Election of Directors and Supervisors”.</p>
<p><u>5.1.2.</u> Each board member shall have the necessary knowledge, skill, and experience to perform their duties; the abilities that must be present in the board as a whole are as follows : <u>(1).</u>The ability to make judgments about operations.</p>	<p><u>5.3.</u> Each board member shall have the necessary knowledge, skill, and experience to perform their duties; the abilities that must be present in the board as a whole are as follows: <u>5.3.1.</u> The ability to make judgments about operations. <u>5.3.2.</u> Accounting and financial analysis ability. <u>5.3.3.</u> Business management ability. <u>5.3.4.</u> Crisis management ability. <u>5.3.5.</u> Knowledge of the industry. <u>5.3.6.</u> An international market view.</p>	<p>1. Article modification, the original Article 【5.3.】 move to Article 【5.1.2.】. 2. Adjust the article number.</p>

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Articles after amendment	Current Articles	Explanation
<p>(2).Accounting and financial analysis ability.</p> <p>(3).Business management ability.</p> <p>(4).Crisis management ability.</p> <p>(5).Knowledge of the industry.</p> <p>(6).An international market perspective.</p> <p>(7).Leadership ability.</p> <p>(8).Decision-making ability.</p>	<p>5.3.7. Leadership ability.</p> <p>5.3.8. Decision-making ability.</p>	
<p><u>5.1.3. More than half of the directors shall be persons who have neither a spousal relationship nor a relationship within the second degree of kinship with any other director.</u></p> <p><u>5.1.4. The board of directors of this Corporation shall consider</u></p>		<p>1. To add this article.</p> <p>2. To clarify the composition of the members of the board of the Directors.</p>

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Articles after amendment	Current Articles	Explanation
<p><u>adjusting its composition based on the results of performance evaluation.</u></p>		
<p><u>5.2. The qualifications for the independent directors:</u></p>		<p>1. To add this article. 2. To clarify the qualifications for the independent directors.</p>
<p>5.2.1. The qualifications for the independent directors of this Corporation shall comply with <u>Articles 2, 3, and 4</u> of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies.</p>	<p>5.1.1. The qualification <u>and election</u> of the independent directors of the Company shall be in compliance with regulations stipulated in the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies".</p>	<p>1. Article modification, the original Article 【5.1.1】 move to Article 【5.2.1.】. 2. To clarify the source of law of qualifications for the independent directors.</p>
<p><u>5.2.2. The election of independent directors of this Corporation shall comply with Articles 5, 6, 7, 8, and 9 of the</u></p>		<p>1. To add this article. 2. To clarify the source of law of qualifications for the independent directors.</p>

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Articles after amendment	Current Articles	Explanation
<p><u>Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies, and shall be conducted in accordance with Article 24 of the Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies.</u></p>		
<p><u>5.3.Candidate Nomination System:</u></p>		<p>1. To add this article. 2. To clarify the candidate nomination system</p>
<p>5.3.1. Elections of directors at this Corporation shall be conducted in accordance with the candidate nomination system and procedures set out in Article</p>	<p>5.1.2. The election of the <u>independent</u> directors of the Company adopts a <u>candidate nomination system</u>. <u>The candidate</u> shall be elected in accordance with candidate nomination process as stipulated in</p>	<p>1. Article modification, the original Article 【5.1.2.】 move to Article 【5.3.1.】 2. To clarify the proof of qualification is required to</p>

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Articles after amendment	Current Articles	Explanation
<p>192-1 of the Company Act. <u>This Corporation shall review the qualifications, education, working experience, background, and the existence of any other matters set forth in Article 30 of the Company Act with respect to nominee directors and supervisors and may not arbitrarily add requirements for documentation of other qualifications. It shall further provide the results of the review to shareholders for their reference, so that qualified directors and supervisors will be elected.</u></p>	<p>Article 192-1 of Company Act.</p>	<p>review the eligibility criteria for directors.</p>
<p><u>5.3.2. When the number of</u></p>		<p>1. To add this article.</p>

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Articles after amendment	Current Articles	Explanation
<p><u>directors falls below five due to the dismissal of a director for any reason, this Corporation shall hold a by-election to fill the vacancy at its next shareholders meeting. When the number of directors falls short by one third of the total number prescribed in this Corporation's articles of incorporation, this Corporation shall call a special shareholders meeting within 60 days from the date of occurrence to hold a by-election to fill the vacancies.</u></p> <p><u>5.3.3. When the number of independent directors falls below that</u></p>		<p>2. To clarify the Company has to do when the number of directors and independent directors is not up to the Article of Incorporation of the authority diapute.</p>

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Articles after amendment	Current Articles	Explanation
<p><u>required under the proviso of Article 14-2, paragraph 1 of the Securities and Exchange Act, or the related provisions of the Taiwan Stock Exchange Corporation rules governing the review of listings, or subparagraph 8 of the Standards for Determining Unsuitability for GTSM Listing under Article 10, Paragraph 1 of the GreTai Securities Market Rules Governing the Review of Securities for Trading on the GTSM, a by-election shall be held at the next shareholders meeting to fill the vacancy. When the</u></p>		

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Articles after amendment	Current Articles	Explanation
<p><u>independent directors are dismissed en masse, a special shareholders meeting shall be called within 60 days from the date of occurrence to hold a by-election to fill the vacancies.</u></p>		
<p>5.4. The cumulative voting method shall be used for election of the directors and supervisors at this Corporation. Each share will have voting rights in number equal to the directors or supervisors to be elected, and may be cast for a single candidate or split among multiple candidates.</p> <p>5.5. <u>The board of directors shall prepare separate ballots for directors in numbers corresponding to the directors to be elected.</u> The number of voting rights associated with each ballot shall be specified on the ballots,</p>	<p>5.1. The election of directors <u>and supervisors</u> of the Company adopts uni-nominal cumulative voting system. <u>In the process of electing directors</u> at a shareholders' meeting, the number of votes exercisable in respect of one share shall be the same as the number of directors to be elected, and the total number of votes per share may be consolidated for election of one candidate or may be demerger for election of two or more candidates. <u>The</u></p>	<p>1. Article modification, the original Article 【5.1.】 move to Article 【5.4.】</p> <p>2. To make a textual amendment.</p>

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Articles after amendment	Current Articles	Explanation
<p>which shall then <u>be distributed</u> to the <u>attending shareholders at the shareholders meeting</u>. Attendance card numbers printed on the ballots may be used instead of recording the names of voting shareholders.</p>	<p><u>election of supervisors adopts the same approach</u>. The name record of the voting person may be altered by the attendance certificate number printed in the ballot.</p> <p>5.5. The ballot is printed <u>by the Company in sequence of the attendance certificate number, with the number of voting rights of each shareholder</u>.</p>	
<p>5.6. The number of directors will be as specified in this Corporation's articles of incorporation, with voting rights separately calculated for independent and non-independent director positions. Those receiving ballots representing the highest numbers of voting rights will be elected sequentially according to their respective numbers of votes. When two or more persons receive the same number of votes, thus</p>	<p>5.2. The directors <u>and supervisors</u> of the Company <u>shall be elected by the shareholders' meeting from among the persons with capacity to make judicial acts</u>. The number of directors and supervisors will be as specified in the Company's articles of incorporation, with voting rights separately calculated for independent and non-independent director positions. Those receiving ballots</p>	<p>1. Article modification, the original Article 【5.2.】 move to Article 【5.6.】</p> <p>2. Electios of the directors adopt candidate nomination system in accordance with the Company Act.</p>

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Articles after amendment	Current Articles	Explanation
<p>exceeding the specified number of positions, they shall draw lots to determine the winner, with the chair drawing lots on behalf of any person not in attendance.</p>	<p>representing the highest numbers of voting rights will be elected sequentially according to their respective numbers of votes. When two or more persons receive the same number of votes, thus exceeding the specified number of positions, they shall draw lots to determine the one being elected, with the chair drawing lots on behalf of any person not in attendance.</p>	
	<p><u>5.2. Where the shareholder was elected to be the director and supervisor at the same time in accordance with the preceding paragraph, he/she shall decide which position to be assumed. The vacancy shall be filled in by the candidate with major voting in the same election.</u></p>	<p>1. To delete this article. 2. Electios of the directors adopt candidate nomination system in accordance with the Company Act.</p>
	<p><u>5.4. Supervisors of the Company shall meet the following qualifications:</u> <u>5.4.1. Integrity and a</u></p>	<p>1. To delete the article. 2. To delete the Article for the Company</p>

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Articles after amendment	Current Articles	Explanation
	<p><u>practical attitude.</u> <u>5.4.2. Impartial judgment.</u> <u>5.4.3. Professional knowledge.</u> <u>5.4.4. Broad experience.</u> <u>5.4.5. Ability to read financial statements.</u> <u>In addition to the requirements of the preceding paragraph, at least one among the supervisors of the Company must be an accounting or finance professional.</u></p>	<p>establish the Audit Committee in accordance with the Securities and Exchange Act stipulates that establish an audit committee in lieu of a supervisor.</p>
<p><u>5.7.</u> Before the election begins, the chair shall appoint a number of persons with shareholder status to perform the respective duties of vote monitoring and counting personnel. The ballot boxes shall be prepared by the board of directors and publicly checked by the vote monitoring personnel before voting commences.</p>	<p><u>5.6.</u> Before the election begins, the chairman shall appoint a number of counting personnel and vote monitoring personnel with shareholder status to perform the respective duties.</p> <p><u>5.9.</u> The ballot boxes <u>for election of directors and supervisors</u> shall be prepared by the board of directors respectively, <u>and voting shall be conducted respectively.</u> The ballot boxes shall be publicly checked by the vote monitoring personnel before voting commences.</p>	<p>1. Article modification, the original Article 【5.6.】・【5.9.】 move to Article 【5.7.】 .</p> <p>2. To make a textual amendment.</p>

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Articles after amendment	Current Articles	Explanation
<p>5.8. If a candidate is a shareholder, a voter must enter the candidate's account name and shareholder account number in the "candidate" column of the ballot; for a non-shareholder, the voter shall enter the candidate's full name and identity card number. However, when the candidate is a governmental organization or juristic-person shareholder, the name of the governmental organization or juristic-person shareholder shall be entered in the column for the candidate's account name in the ballot paper, or both the name of the governmental organization or juristic-person shareholder and the name of its representative may be entered. When there are multiple representatives, the</p>	<p>5.7. If a candidate is a shareholder, a voter must enter the candidate's account name and shareholder account number in the "candidate" column of the ballot; for a non-shareholder, the voter shall enter the candidate's full name and identity card number. However, when the candidate is a governmental organization or juristic-person shareholder, the name of the governmental organization or juristic-person shareholder shall be entered in the column for the candidate's account name in the ballot paper, or both the name of the governmental organization or juristic-person shareholder and the name of its representative may be entered. When there are multiple representatives, the names of each respective representative shall be</p>	<p>1. Article modification, the original Article 【5.7.】 move to Article 【5.8.】 . 2. To make a textual amendment.</p>

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Articles after amendment	Current Articles	Explanation
<p>names of each respective representative shall be entered.</p>	<p>entered.</p>	
<p>5.9. A ballot is invalid under any of the following circumstances:</p> <p>5.9.1. The ballot was not <u>prepared by the board of directors</u>.</p> <p>5.9.2. A blank ballot is placed in the ballot box.</p> <p>5.9.3. The writing is unclear and indecipherable or has been altered.</p> <p>5.9.4. The candidate whose name is entered in the ballot is a shareholder, but the candidate's account name and shareholder account number do not conform with those given in the shareholder register, or the candidate whose name is entered in the ballot is a</p>	<p>5.8. A ballot is invalid under any of the following circumstances:</p> <p>5.8.1. The ballot was not the one prescribed under these Regulations.</p> <p>5.8.2. A blank ballot is placed in the ballot box.</p> <p>5.8.3. The writing is unclear and indecipherable or has been altered.</p> <p>5.8.4. The candidate whose name is entered in the ballot is a shareholder, but the candidate's identity and shareholder account number do not conform with those given in the shareholder register, or the candidate whose name is entered in the ballot is a non-shareholder, and a cross-check shows that the candidate's name and identity card number do not match.</p>	<p>1. Article modification, the original Article 【5. 8.】 move to Article 【5.9.】 .</p> <p>2. Adjust the article number.</p> <p>3. To make a textual amendment.</p>

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Articles after amendment	Current Articles	Explanation
<p>non-shareholder, and a cross-check shows that the candidate's name and identity card number do not match.</p> <p>5.9.5. Other words or marks are entered in addition to the candidate's account name or shareholder account number (or identity card number) <u>and the number of voting rights</u> allotted.</p> <p>5.9.6. Other words or marks are entered in addition to the candidate's account name or shareholder account number (or identity card number) and the number of voting rights allotted.</p>	<p>5.8.5. Other words or marks are entered in addition to the candidate's account name or shareholder account number or identity card number.</p> <p>5.8.6. The name of the candidate entered in the ballot is identical to that of another shareholder, but no shareholder account number or identity card number is provided in the ballot to identify such individual.</p>	
	<p><u>5.8.7 Two or more candidates are elected in the same ballot.</u></p>	<p>1. To delete this article.</p> <p>2. To delete this article in</p>

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Articles after amendment	Current Articles	Explanation
		accordance with the Taiwan Stock Exchange Corporation stipulates the “Procedures for Election of Directors and Supervisors”
<u>5.10. Election result</u>		1. To add this article. 2. To clarify of processing procedure of the election result.
5.10.1. The voting rights shall be calculated on site immediately after the end of the poll, and the results of the calculation, including the list of persons elected as directors or supervisors <u>and the numbers of votes with which they were elected,</u> shall be announced by	5.10. The votes shall be calculated on site immediately after the end of the poll, and the results of the calculation, including the list of persons elected as directors <u>or supervisors,</u> shall be announced by the chairman on the site.	1. Article modification, the original Article 【5. 10.】 move to Article 【5. 10.1.】 . 2. To delete this article in accordance with the Taiwan Stock Exchange Corporation stipulates the “Procedures for Election of Directors and Supervisors”

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Articles after amendment	Current Articles	Explanation
<p>the chair on the site.</p>		
<p><u>5.10.2. 【5.10.1.】 The ballots for the election referred to in the preceding paragraph shall be sealed with the signatures of the monitoring personnel and kept in proper custody for at least one year. If, however, a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the ballots shall be retained until the conclusion of the litigation.</u></p>		<ol style="list-style-type: none"> 1. To add this article. 2. To clarify the retention period for the ballots.
<p><u>5.11. The Board of Directors of this Corporation shall issue notifications to the persons elected as directors.</u></p>		<ol style="list-style-type: none"> 1. To add this article. 2. To clarify the Board of Directors of this Corporation shall issue notifications to the persons elected as

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Articles after amendment	Current Articles	Explanation
<p>5.12. These procedures and any amendments hereto, shall be implemented after approval by a shareholders meeting.</p>	<p>5.11. <u>Supplementary:</u> 5.11.1. <u>Where any matter is not stipulated in these Regulations, it shall be handled in accordance with the Company Act and relevant laws and regulations.</u> 5.11.2. This Regulations, and any amendments hereto, shall be implemented after approval by a shareholders meeting.</p>	<p>directors. Article modification, the original Article 【5.11.】、【5.11.1.】、【5.11.2.】 move to Article 【5.12.1.】.</p>
<p>7. References <u>7.1. BM0-006 Corporate Governance Best Practice Principles.</u></p>	<p>7. References;</p>	<p>To add this article.</p>

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Attachment 12

Comparison of Amendments to the Rules of Procedure for Shareholders Meetings

Articles after amendment	Current Articles	Explanation
1. Article 1 <u>To establish a strong governance system and sound supervisory capabilities for this Corporation's shareholders meetings, and to strengthen management capabilities, these Rules are adopted pursuant to Article 5 of the Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies.</u>	1. Purpose: To establish rules for shareholders meetings of the Company to comply with.	1. To clarify the source of law. 2. To make a textual amendment.
2. Scope	1. Scope: <u>Annual shareholders' meeting and extraordinary shareholders' meeting.</u>	To delete this Extra Article.
The rules of procedures for this Corporation's shareholders meetings, except as otherwise provided by law, regulation, or the articles of incorporation, shall be as provided in these Rules.	<u>5.1.</u> The rules of procedures for the Company's shareholders' meetings, except as otherwise provided by laws, regulations, or the articles of incorporation, shall be as provided in these Rules	1. Article modification, the original Article 【5.1.】 move to Article 2. 2. To make a textual amendment.
3. Responsibilities & Authorities <u>3.1. Financial Division: The sponsoring department that formulates modifies or abolishes this</u>	3. Responsibilities & Authorities: General Finance Division.	To clarify Responsibilities & Authorities

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Articles after amendment	Current Articles	Explanation
specification.		
<p>3.2 Other units: <u>Coordination department</u> <u>for this specification.</u></p>		<p>1. To add this article. 2. Define authority</p>
<p>5. Operational Procedures: 5.1. Convening shareholders meetings and shareholders meeting notices 5.1.1. Unless otherwise provided by law or regulation, this Corporation's shareholders meetings shall be convened by the board of directors. 5.1.2. This Corporation shall prepare electronic versions of the shareholders meeting notice and proxy forms, and the origins of and explanatory materials relating to all proposals, including proposals for ratification, matters for deliberation, or the election or dismissal of directors or</p>		<p>1. To add this article. 2. To clarify convening shareholders meetings and shareholders meeting notices.</p>

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Articles after amendment	Current Articles	Explanation
<p><u>supervisors, and upload them to the Market Observation Post System (MOPS) before 30 days before the date of a regular shareholders meeting or before 15 days before the date of a special shareholders meeting. This Corporation shall prepare electronic versions of the shareholders meeting agenda and supplemental meeting materials and upload them to the MOPS before 21 days before the date of the regular shareholders meeting or before 15 days before the date of the special shareholders meeting. In addition, before 15 days before the date of the</u></p>		

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Articles after amendment	Current Articles	Explanation
<p><u>shareholders</u> <u>meeting, this</u> <u>Corporation shall</u> <u>also have</u> <u>prepared the</u> <u>shareholders</u> <u>meeting agenda</u> <u>and supplemental</u> <u>meeting materials</u> <u>and made them</u> <u>available for</u> <u>review by</u> <u>shareholders at</u> <u>any time. The</u> <u>meeting agenda</u> <u>and supplemental</u> <u>materials shall</u> <u>also be displayed</u> <u>at this</u> <u>Corporation and</u> <u>the professional</u> <u>shareholder</u> <u>services agent</u> <u>designated</u> <u>thereby as well as</u> <u>being distributed</u> <u>on-site at the</u> <u>meeting place.</u></p> <p><u>5.1.3. The reasons for</u> <u>convening a</u> <u>shareholders</u> <u>meeting shall be</u> <u>specified in the</u> <u>meeting notice</u> <u>and public</u> <u>announcement.</u> <u>With the consent</u></p>		

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Articles after amendment	Current Articles	Explanation
<p><u>of the addressee, the meeting notice may be given in electronic form.</u></p> <p><u>5.1.4. Election or dismissal of directors or supervisors, amendments to the articles of incorporation, the dissolution, merger, or demerger of the corporation, or any matter under Article 185, paragraph 1 of the Company Act, Articles 26-1 and 43-6 of the Securities and Exchange Act, or Articles 56-1 and 60-2 of the Regulations Governing the Offering and Issuance of Securities by Securities Issuers shall be set out in the notice of the reasons for convening the shareholders</u></p>		

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Articles after amendment	Current Articles	Explanation
<p><u>meeting. None of the above matters may be raised by an extraordinary motion.</u></p> <p><u>5.1.5. A shareholder holding 1 percent or more of the total number of issued shares may submit to this Corporation a written proposal for discussion at a regular shareholders meeting. Such proposals, however, are limited to one item only, and no proposal containing more than one item will be included in the meeting agenda. In addition, when the circumstances of any subparagraph of Article 172-1, paragraph 4 of the Company Act apply to a proposal put forward by a shareholder, the</u></p>		

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Articles after amendment	Current Articles	Explanation
<p><u>board of directors may exclude it from the agenda.</u></p> <p><u>5.1.6. Prior to the book closure date before a regular shareholders meeting is held, this Corporation shall publicly announce that it will receive shareholder proposals, and the location and time period for their submission; the period for submission of shareholder proposals may not be less than 10 days.</u></p> <p><u>5.1.7. Shareholder-submitted proposals are limited to 300 words, and no proposal containing more than 300 words will be included in the meeting agenda. The shareholder making the proposal shall be</u></p>		

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Articles after amendment	Current Articles	Explanation
<p><u>present in person</u> <u>or by proxy at the</u> <u>regular</u> <u>shareholders</u> <u>meeting and take</u> <u>part in discussion</u> <u>of the proposal.</u></p> <p><u>5.1.8. Prior to the date</u> <u>for issuance of</u> <u>notice of a</u> <u>shareholders</u> <u>meeting, this</u> <u>Corporation shall</u> <u>inform the</u> <u>shareholders who</u> <u>submitted</u> <u>proposals of the</u> <u>proposal</u> <u>screening results,</u> <u>and shall list in</u> <u>the meeting</u> <u>notice the</u> <u>proposals that</u> <u>conform to the</u> <u>provisions of this</u> <u>article. At the</u> <u>shareholders</u> <u>meeting the board</u> <u>of directors shall</u> <u>explain the</u> <u>reasons for</u> <u>exclusion of any</u> <u>shareholder</u> <u>proposals not</u> <u>included in the</u> <u>agenda.</u></p> <p><u>5.2. Principles determining</u></p>		

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Articles after amendment	Current Articles	Explanation
<p><u>the proxy's authorization to attend the meeting.</u></p> <p><u>5.2.1. For each</u> <u>shareholders</u> <u>meeting, a</u> <u>shareholder may</u> <u>appoint a proxy</u> <u>to attend the</u> <u>meeting by</u> <u>providing the</u> <u>proxy form</u> <u>issued by this</u> <u>Corporation and</u> <u>stating the scope</u> <u>of the proxy's</u> <u>authorization.</u></p> <p><u>5.2.2. A shareholder</u> <u>may issue only</u> <u>one proxy form</u> <u>and appoint only</u> <u>one proxy for any</u> <u>given</u> <u>shareholders</u> <u>meeting, and</u> <u>shall deliver the</u> <u>proxy form to this</u> <u>Corporation</u> <u>before 5 days</u> <u>before the date of</u> <u>the shareholders</u> <u>meeting. When</u> <u>duplicate proxy</u> <u>forms are</u> <u>delivered, the one</u> <u>received earliest</u> <u>shall prevail</u> <u>unless a</u></p>		

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Articles after amendment	Current Articles	Explanation
<p><u>declaration is made to cancel the previous proxy appointment.</u></p> <p><u>5.2.3. After a proxy form has been delivered to this Corporation, if the shareholder intends to attend the meeting in person or to exercise voting rights by correspondence or electronically, a written notice of proxy cancellation shall be submitted to this Corporation before 2 business days before the meeting date. If the cancellation notice is submitted after that time, votes cast at the meeting by the proxy shall prevail.</u></p>		
<p><u>5.3. Principles determining the time and place of a shareholders meeting</u></p>		<p>1. To add this article.</p> <p>2. To clarify Principles</p>

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Articles after amendment	Current Articles	Explanation
		determining the time and place of a shareholders meeting.
<p>The venue for a shareholders meeting shall be the premises of this Corporation, or a place easily accessible to shareholders and suitable for a shareholders meeting. The meeting may begin no earlier than 9 a.m. and no later than 3 p.m. <u>Full consideration shall be given to the opinions of the independent directors with respect to the place and time of the meeting.</u></p>	<p><u>5.4.</u> The venue for a shareholders' meeting shall be the premises of <u>the Company</u>, 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. °</p>	<p>To clarify Principles determining the time and place of a shareholders meeting.</p>
<p><u>5.4. Preparation of documents such as the attendance book</u></p>		<p>1. To add this article. 2. To clarify preparation of documents such as the attendance book.</p>
<p><u>5.4.1.</u> This Corporation shall specify in its shareholders meeting notices the time during which shareholder attendance registrations will</p>	<p><u>5.2.</u> This Company shall specify in its shareholders' meeting notices the time during which shareholder attendance registrations will be accepted, the place to register for attendance, and other</p>	<p>1. Arical modification, the original Article 【5.2.】 move to Article 【5.4.1.】、【5.4.2.】、【5.4.3.】 , 【5.4.4.】</p>

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Articles after amendment	Current Articles	Explanation
<p>be accepted, the place to register for attendance, and other matters for attention.</p> <p><u>5.4.2.</u> 【5.4.1.】 The time during which shareholder attendance registrations will be accepted, as stated in the preceding paragraph, shall be at least 30 minutes prior to the time the meeting commences. The place at which attendance registrations are accepted shall be clearly marked and a sufficient number of suitable personnel assigned to handle the registrations.</p> <p><u>5.4.3.</u> Shareholders and their proxies (collectively, "shareholders") shall attend shareholders meetings based</p>	<p>matters for attention.</p> <p>The time during which shareholder attendance registrations will be accepted, as stated in the preceding paragraph, shall be at least 30 minutes prior to the time the meeting commences. The place at which attendance registrations are accepted shall be clearly marked and a sufficient number of suitable personnel assigned to handle the registrations.</p> <p>Shareholders and their proxies (collectively, "shareholders") shall attend shareholders' meetings based on attendance cards, sign-in cards, or other certificates of attendance. Solicitors soliciting proxy forms shall also bring identification documents for verification.</p> <p>The Company shall</p>	<p>2. To make a textual amendment.</p> <p>3. To amend in accordance with the the Securities and Exchange Act stipulates that establish an audit committee in lieu of a supervisor..</p>

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Articles after amendment	Current Articles	Explanation
<p>on attendance cards, sign-in cards, or other certificates of attendance. This Corporation may not arbitrarily add requirements for other documents beyond those showing eligibility to attend presented by shareholders. Solicitors soliciting proxy forms shall also bring identification documents for verification.</p> <p><u>5.4.4.</u> This Corporation shall furnish the attending shareholders with an attendance book to sign, or attending shareholders may hand in a sign-in card in lieu of signing in. This Corporation shall furnish attending shareholders with the meeting agenda book,</p>	<p><u>furnish</u> the attending shareholders with <u>an attendance book to sign</u>, or attending shareholders may hand in a sign-in card in lieu of signing in.</p> <p>Attending shares shall be calculated based on the attendance book or sign-in card.</p> <p>The Company shall furnish attending shareholders with the meeting agenda book, annual report, attendance card, speaker's slips, voting slips, and other meeting materials. Where there is an election of <u>directors or supervisors</u>, pre-printed ballots shall also be furnished.</p>	

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Articles after amendment	Current Articles	Explanation
<p>annual report, attendance card, speaker's slips, voting slips, <u>and other meeting materials</u>. Where there is an election of directors, pre-printed ballots shall also be furnished °</p>		
<p><u>5.4.5. When the government or a juristic person is a shareholder, it may be represented by more than one representative at a shareholders meeting.</u> When a juristic person is appointed to attend as proxy, it may designate only one person to represent it in the meeting.</p>	<p><u>5.12.</u> When a juristic person is appointed to attend as proxy, <u>it</u> may designate only one person to represent it in the meeting.</p>	<p>1. Article modification, the original Article 【5.12.】 move to Article 【5.4.5.】 .</p> <p>2. To Ckarify the member of representative at a shareholders meeting When the government or a juristic person is a shareholder.</p>
<p><u>5.5. The chair and non-voting participants of a shareholders meeting</u></p>		<p>1. To add this article.</p> <p>2. To clarify the chair and non-voting participants of a shareholders meeting</p>

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Articles after amendment	Current Articles	Explanation
<p>5.5.1. 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.</p>	<p>5.5. 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</p>	<p>1. Article modification, the original Article 【5.5.】 move to Article 【5.5.1.】、【5.5.2.】、【5.5.3.】</p> <p>2. To make a textual amendment.</p> <p>3. To clarify the members in person of independent director and functional committee.</p>

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Articles after amendment	Current Articles	Explanation
<p>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.</p> <p><u>5.5.2. [5.5.1.]</u> When a managing director or a director serves as chair, as referred to in the preceding paragraph, the managing director or director shall be one who has held that position for six months or more and who understands the financial and business conditions of the company. The same shall be true for a representative of a juristic person director that</p>	<p>chair.</p> <p>When a managing director or a director serves as chair, as referred to in the preceding paragraph, the managing director or director shall be one who has held that position for six months or more and who understands the financial and business conditions of the company. The same shall be true for a representative of a juristic person director that serves as chair.</p> <p>It is advisable that shareholders' meetings convened by the board of directors be attended by a majority of the directors.</p>	

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Articles after amendment	Current Articles	Explanation
<p>serves as chair.</p> <p><u>5.5.3.</u> It is advisable that shareholders meetings convened by the board of directors <u>be chaired by the chairperson of the board in person</u> and attended by a majority of the directors, <u>at least one independent directorr</u> in person, <u>and at least one member of each functional committee on behalf of the committee.</u> <u>The attendance shall be recorded in the meeting minutes.</u></p>		
<p><u>5.5.4.</u> 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. <u>When there are two or more such</u></p>	<p><u>5.5.</u> 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.</p>	<p>1. Article modification, the original Article 【5.5.】 move to Article 【5.5.4.】.</p> <p>2. To clarify convening party of convening a shareholders' meeting.</p>

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Articles after amendment	Current Articles	Explanation
<p><u>convening parties, they shall mutually select a chair from among themselves.</u></p>		
<p>5.5.5. This Corporation may appoint its attorneys, certified public accountants, or related persons retained by it to attend a shareholders meeting in a non-voting capacity.</p>	<p>5.6. This Company may appoint its lawyers, CPAs, or related persons retained by it to attend a shareholders' meeting in a non-voting capacity.</p>	<p>Article modification, the original Article 【5.6.】 move to Article 【5.5.5.】 .</p>
<p><u>5.6. Documentation of a shareholders meeting by audio or video</u></p>		<p>1. To add this article. 2. To clarify documentation of a shareholders meeting by audio or video.</p>
<p>5.6.1. This Corporation, beginning from the time it accepts shareholder attendance registrations, shall make an uninterrupted audio and video recording of the registration procedure, the proceedings of</p>	<p>5.7. 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.</p>	<p>Article modification, the original Article 【5.7.】 move to Article 【5.6.1.】</p>

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Articles after amendment	Current Articles	Explanation
<p>the shareholders meeting, and the voting and vote counting procedures.</p>		
<p><u>5.6.2. 【 5.6.1. 】 The recorded materials of the preceding paragraph shall be retained for at least 1 year. If, however, a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the recording shall be retained until the conclusion of the litigation.</u></p>		<ol style="list-style-type: none"> 1. To add this article. 2. To clarify documentation of a shareholders meeting by audio or video.
<p><u>5.7. Total numbers of attendance shares and Call the meeting</u></p>		<ol style="list-style-type: none"> 1. To add this article. 2. To clarify total numbers of attendance shares and Call the meeting.
<p><u>5.7.1.</u> Attendance at shareholders meetings shall be calculated based on numbers of shares. The number of shares</p>	<p><u>5.3.</u> Attendance at shareholders' meetings shall be calculated based on numbers of shares.</p> <p><u>5.2.</u> Attending shares shall be calculated based on</p>	<p>Article modification, the original Article 【5.3.】、【5.2.】 move to Article 【5.7.1.】 .</p>

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Articles after amendment	Current Articles	Explanation
<p>in attendance shall be calculated according to the shares indicated by the attendance book and sign-in cards handed <u>in plus the number of shares whose voting rights are exercised by correspondence or electronically.</u></p>	<p>the attendance book or sign-in card.</p>	
<p><u>5.7.2.</u> 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</p>	<p><u>5.8.</u> 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 represent one third of the total number of issued shares or more, a</p>	<p>1. Article modification, the original Article 【5.8.】、 move to Article 【5.7.2.】、 【5.7.3.】 , 【5.7.4.】 2. To clarify the procedures of meeting of postponements.</p>

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Articles after amendment	Current Articles	Explanation
<p>quorum is not met after two postponements and the attending shareholders still represent less than one third of the total number of issued shares, <u>the chair shall declare the meeting adjourned.</u></p> <p><u>5.7.3. [5.7.2.]</u> If the <u>quorum is not met after two postponements</u> as referred to in the preceding paragraph, <u>but the attending shareholders represent one third or more of the total number of issued shares,</u> a tentative resolution may be adopted pursuant to Article 175, paragraph 1 of the Company Act; <u>all shareholders shall be notified of the tentative resolution and</u></p>	<p>tentative resolution may be made in accordance with Paragraph 1, Article 175 of the Company Act.</p> <p>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.</p>	

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Articles after amendment	Current Articles	Explanation
<p><u>another shareholders meeting shall be convened within 1 month.</u></p> <p>5.7.4. 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.</p>		
<p><u>5.8. Discussion of proposals</u></p>		<p>1. To add this article.</p> <p>2. To clarify discussion of proposals.</p>
<p>5.8.1. If a shareholders meeting is convened by the board of directors, the meeting agenda shall be set by the</p>	<p>5.9. 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</p>	<p>Article modification, the original Article 【5.9.】 move to Article 【5.8.1.】、 【5.8.2.】、 【5.8.3.】 .</p>

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Articles after amendment	Current Articles	Explanation
<p>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.</p> <p><u>5.8.2.</u> 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.</p> <p><u>5.8.3.【5.8.1.】\【5.8.2.】</u></p> <p>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</p>	<p>proceed in the order set by the agenda, which may not be changed without a resolution of the shareholders' meeting.</p> <p>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.</p> <p>The chair may not declare the meeting adjourned prior to completion of deliberation on the meeting agenda of the preceding two paragraphs (including extempore motions, except by a resolution of the shareholders' meeting.</p> <p><u>After close of the said meeting, shareholders shall not elect another chairperson to hold another meeting at the same place or at any other place.</u> However, if the chair declares the meeting adjourned in violation of the rules of procedure, the meeting can be continued by</p>	

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Articles after amendment	Current Articles	Explanation
<p>by a resolution of the shareholders meeting. If the chair declares the meeting adjourned in violation of the rules of procedure, <u>the other members of the board of directors shall promptly assist the attending shareholders in electing a new chair in accordance with statutory procedures,</u> by agreement of a majority of the votes represented by the attending shareholders, and then continue the meeting.</p>	<p>electing a new chair under the agreement of a majority of the votes represented by the attending shareholders. °</p>	
<p>5.8.4. The chair shall allow ample opportunity during the meeting for explanation <u>and discussion of proposals and of amendments or extraordinary</u></p>	<p>5.14. 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.</p>	<p>Article modification, the original Article 【5.14.】 move to Article 【5.8.4.】 .</p>

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Articles after amendment	Current Articles	Explanation
<p><u>motions put forward by the shareholders;</u> 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.</p>		
<p><u>5.9. Shareholder speech</u></p>		<p>1. To add this article. 2. To clarify Shareholder speech.</p>
<p>5.9.1. 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.</p>	<p>5.10. 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</p>	<p>Article modification, the original Article 【5.10.】 move to Article 【5.9.1.】、【5.9.2.】</p>

(Note This English translation is provided for reference only and might not reflect exactly the meaning and full text of the original language)

Articles after amendment	Current Articles	Explanation
<p><u>5.9.2.</u> 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.</p>	<p>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.</p>	
<p><u>5.9.3.</u> 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.</p> <p><u>5.9.4.</u> When an attending</p>	<p><u>5.11.</u> 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 five minutes.</p> <p>If the shareholder's speech violates the rules or exceeds the scope of the agenda item, the chair may terminate the speech.</p>	<p>1. Article modification, the original Article 【5.11.】 move to Article 【5.9.3.】、【5.9.4.】 , 【5.9.5.】 .</p> <p>2. To make a textual amendment.</p>

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Articles after amendment	Current Articles	Explanation
<p>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.</p> <p><u>5.9.5.</u> 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.</p>		
<p><u>5.9.6.</u> After an attending shareholder has spoken, the chair may respond in person or direct relevant personnel to respond.</p>	<p><u>5.13.</u> After an attending shareholder has spoken, the chair may respond in person or direct relevant personnel to respond.</p>	<p>Article modification, the original Article 【5.13.】 move to Article 【5.9.6.】</p>
<p><u>5.10.</u> Calculation of voting</p>		<p>1. To add this</p>

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Articles after amendment	Current Articles	Explanation
<p><u>shares and recusal system</u></p>		<p>article. 2. To clarify calculation of voting shares and recusal system.</p>
<p>5.10.1. Voting at a shareholders meeting shall be calculated based the number of shares.</p>	<p>5.3. Attendance at shareholders' meetings shall be calculated based on numbers of shares.</p>	<p>1. Article modification, the original Article 【5.3.】 move to Article 【5.10.1】 . 2. 5.7.1. clarify the attendace of a chareholders' meeting.</p>
<p>5.10.2. <u>With respect to resolutions of shareholders meetings, the number of shares held by a shareholder with no voting rights shall not be calculated as part of the total number of issued shares.</u></p> <p>5.10.3. <u>When a shareholder is an interested party in relation to an agenda item, and there is the likelihood that such a</u></p>		<p>1. To add this article. 2. To clarify calculation of voting shares and recusal system.</p>

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Articles after amendment	Current Articles	Explanation
<p><u>relationship</u> <u>would prejudice</u> <u>the interests of</u> <u>this</u> <u>Corporation,</u> <u>that shareholder</u> <u>may not vote on</u> <u>that item, and</u> <u>may not exercise</u> <u>voting rights as</u> <u>proxy for any</u> <u>other</u> <u>shareholder.</u></p> <p><u>5.10.4. The number of</u> <u>shares for which</u> <u>voting rights</u> <u>may not be</u> <u>exercised under</u> <u>the preceding</u> <u>paragraph shall</u> <u>not be calculated</u> <u>as part of the</u> <u>voting rights</u> <u>represented by</u> <u>attending</u> <u>shareholders.</u></p> <p><u>5.10.5. With the</u> <u>exception of a</u> <u>trust enterprise</u> <u>or a shareholder</u> <u>services agent</u> <u>approved by the</u> <u>competent</u> <u>securities</u> <u>authority, when</u> <u>one person is</u> <u>concurrently</u></p>		

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Articles after amendment	Current Articles	Explanation
<p><u>appointed as proxy by two or more shareholders, the voting rights represented by that proxy may not exceed 3 percent of the voting rights represented by the total number of issued shares. If that percentage is exceeded, the voting rights in excess of that percentage shall not be included in the calculation.</u></p> <p><u>5.10.6. A shareholder shall be entitled to one vote for each share held, except when the shares are restricted shares or are deemed non-voting shares under Article 179, paragraph 2 of the Company Act.</u></p> <p><u>5.10.7. When this</u></p>		

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Articles after amendment	Current Articles	Explanation
<p><u>Corporation</u> <u>holds _____ a</u> <u>shareholders</u> <u>meeting, it may</u> <u>allow _____ the</u> <u>shareholders to</u> <u>exercise voting</u> <u>rights _____ by</u> <u>correspondence</u> <u>or _____ electronic</u> <u>means _____ (in</u> <u>accordance with</u> <u>the proviso of</u> <u>Article 177-1 of</u> <u>the Company</u> <u>Act regarding</u> <u>companies that</u> <u>shall _____ adopt</u> <u>electronic</u> <u>voting: When</u> <u>this Corporation</u> <u>holds _____ a</u> <u>shareholder</u> <u>meeting, it shall</u> <u>adopt exercise</u> <u>of voting rights</u> <u>by _____ electronic</u> <u>means and may</u> <u>adopt exercise</u> <u>of voting rights</u> <u>by _____</u> <u>correspondence)</u> <u>. When voting</u> <u>rights _____ are</u> <u>exercised _____ by</u> <u>correspondence</u> <u>or _____ electronic</u></p>		

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Articles after amendment	Current Articles	Explanation
<p><u>means, the method of exercise shall be specified in the shareholders meeting notice. A shareholder exercising voting rights by correspondence or electronic means will be deemed to have attended the meeting in person, but to have waived his/her rights with respect to the extraordinary motions and amendments to original proposals of that meeting; it is therefore advisable that this Corporation avoid the submission of extraordinary motions and amendments to original proposals.</u></p> <p>5.10.8. 【 5.10.7. 】 A</p>		

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Articles after amendment	Current Articles	Explanation
<p><u>shareholder</u> <u>intending to</u> <u>exercise voting</u> <u>rights by</u> <u>correspondence</u> <u>or electronic</u> <u>means under the</u> <u>preceding</u> <u>paragraph shall</u> <u>deliver a written</u> <u>declaration of</u> <u>intent to this</u> <u>Corporation</u> <u>before 2 days</u> <u>before the date</u> <u>of the</u> <u>shareholders</u> <u>meeting. When</u> <u>duplicate</u> <u>declarations of</u> <u>intent are</u> <u>delivered, the</u> <u>one received</u> <u>earliest shall</u> <u>prevail, except</u> <u>when a</u> <u>declaration is</u> <u>made to cancel</u> <u>the earlier</u> <u>declaration of</u> <u>intent.</u></p> <p>5.10.9. <u>After a</u> <u>shareholder has</u> <u>exercised voting</u> <u>rights by</u> <u>correspondence</u> <u>or electronic</u></p>		

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Articles after amendment	Current Articles	Explanation
<p><u>means, in the event the shareholder intends to attend the shareholders meeting in person, a written declaration of intent to retract the voting rights already exercised under the preceding paragraph shall be made known to this Corporation, by the same means by which the voting rights were exercised, before 2 business days before the date of the shareholders meeting. If the notice of retraction is submitted after that time, the voting rights already exercised by correspondence or electronic means shall</u></p>		

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Articles after amendment	Current Articles	Explanation
<p><u>prevail. When a shareholder has exercised voting rights both by correspondence or electronic means and by appointing a proxy to attend a shareholders meeting, the voting rights exercised by the proxy in the meeting shall prevail.</u></p>		
<p>5.10.10. Except as otherwise provided in the Company Act and in this Corporation'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. <u>At the time of a vote, for each proposal, the</u></p>	<p>5.17. Except 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. When a matter comes to a vote, <u>if upon inquiry by the meeting chair no member voices an objection, the matter will be deemed approved, with the same effect as approval by vote.</u></p>	<p>1. Article modification, the original Article 【5.17.】 move to Article 【5.10.10.】 .2. The company has adopted electronic transmission to exercise their voting power in to delete the provisions of the latter paragraph of the original provision. 3. To clarify voting methods and announcement of voting results.</p>

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Articles after amendment	Current Articles	Explanation
<p><u>chair or a person designated by the chair shall first announce the total number of voting rights represented by the attending shareholders, followed by a poll of the shareholders. After the conclusion of the meeting, on the same day it is held, the results for each proposal, based on the numbers of votes for and against and the number of abstentions, shall be entered into the MOPS.</u></p>		
<p>5.10.11. When there is an amendment or an alternative to a proposal, the chair shall present the amended or alternative</p>	<p>5.18. 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</p>	<p>Article modification, the original Article 【5.18.】 move to Article 【5.10.11.】.</p>

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Articles after amendment	Current Articles	Explanation
<p>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 rejected, and no further voting shall be required.</p>	<p>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 rejected, and no further voting shall be required.</p>	
<p><u>5.10.12.</u> Vote monitoring and counting personnel for the voting on a proposal shall be appointed by the chair, provided that all monitoring personnel shall be shareholders of this Corporation.</p>	<p><u>5.15.</u> 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.</p>	<p>Article modification, the original Article 【5.15.】 move to Article 【5.10.12.】.</p>
<p><u>5.10.13.</u> Vote counting for shareholders meeting proposals or</p>	<p><u>5.15.</u> Vote counting for shareholders' meeting proposals or elections shall be conducted in public at the place of</p>	<p>Article modification, the original Article 【5.15.】 move to Article 【5.10.13.】.</p>

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Articles after amendment	Current Articles	Explanation
<p>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.</p>	<p>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.</p>	
<p><u>5.11. Elections</u></p>		<ol style="list-style-type: none"> 1. To add this article. 2. To clarify elections.
<p>5.11.1. The election of directors at a shareholders meeting shall be held in accordance with the applicable election and appointment rules adopted by</p>	<p>5.15. The election of directors <u>or supervisors</u> at a shareholders' meeting shall be held in accordance with the applicable election and appointment rules adopted by the Company and the</p>	<ol style="list-style-type: none"> 1. Article modification, the original Article 【5.15.】 move to Article 【5.11.1.】 . 2. To amend in accordance with the Securities and Exchange

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Articles after amendment	Current Articles	Explanation
<p>this Corporation, and the voting results shall be announced on-site immediately, including the names of those elected as directors and the numbers of votes with which they were elected.</p>	<p>voting results shall be announced on-site immediately, including the names of those elected as directors <u>and supervisors</u> and the numbers of votes with which they were elected.</p>	<p>Act stipulates that establish an audit committee in lieu of a supervisor.</p>
<p><u>5.11.2. The ballots for the election referred to in the preceding paragraph shall be sealed with the signatures of the monitoring personnel and kept in proper custody for at least 1 year. If, however, a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the ballots shall be retained until the conclusion of</u></p>		<ol style="list-style-type: none"> 1. To add this article. 2. To clarify term of custody of electoral votes elections.

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Articles after amendment	Current Articles	Explanation
<u>the litigation.</u>		
5.12. <u>The meeting minutes</u>		1. To add this article. 2. To clarify the meeting minutes.
<p>5.12.1. Matters relating to the resolutions of a shareholders meeting shall be recorded in the meeting minutes. The meeting minutes shall be signed or sealed by the chair of the meeting and a copy distributed to each shareholder within 20 days after the conclusion of the meeting. The meeting minutes may be produced and distributed in electronic form.</p> <p>5.12.2. 【5.12.1.】 This Corporation may distribute the meeting minutes of the preceding paragraph by</p>	<p>5.20. Matters relating to the resolutions of a shareholders' meeting shall be recorded in the meeting minutes. The meeting minutes shall be signed or sealed by the chair of the meeting and a copy distributed to each shareholder within twenty days after the conclusion of the meeting. The meeting minutes shall be retained for the duration of the existence of this Corporation.</p> <p>The meeting minutes may be produced and distributed in electronic form.</p> <p>The meeting minutes may also be distributed in the means of announcement.</p>	1. Article modification, the original Article 【5.20.】 move to Article 【5.12.1.】 、 【5.12.2.】 、 【5.12.3.】 . 2. To clarify defined precautions to be carried out in meeting minutes.

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Articles after amendment	Current Articles	Explanation
<p>means of a public announcement made through the MOPS.</p> <p><u>5.12.3. The meeting minutes shall accurately record the year, month, day, and place of the meeting, the chair's full name, the methods by which resolutions were adopted, and a summary of the deliberations and their results, and shall be retained for the duration of the existence of this Corporation.</u></p>		
<p><u>5.13. Public disclosure</u></p> <p><u>5.13.1. On the day of a shareholders meeting, this Corporation shall compile in the prescribed format a statistical statement of the number of</u></p>		<p>1. To add this article.</p> <p>2. To clarify public disclosure.</p>

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Articles after amendment	Current Articles	Explanation
<p><u>shares obtained by solicitors through solicitation and the number of shares represented by proxies, and shall make an express disclosure of the same at the place of the shareholders meeting.</u></p> <p><u>5.13.2. If matters put to a resolution at a shareholders meeting constitute material information under applicable laws or regulations or under Taiwan Stock Exchange Corporation (or GreTai Securities Market) regulations, this Corporation shall upload the content of such resolution to the MOPS within</u></p>		

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Articles after amendment	Current Articles	Explanation
<p><u>the prescribed time period.</u></p>		
<p><u>5.14. Maintaining order at the meeting place</u></p>		<p>1. To add this article. 2. To clarify maintaining order at the meeting place.</p>
<p>5.14.1. Staff handling administrative affairs of a shareholders meeting shall wear identification cards or arm bands.</p> <p>5.14.2. 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."</p>	<p>5.19. Staff handling administrative affairs of a shareholders' meeting shall wear identification cards or arm bands.</p> <p>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."</p>	<p>1. Article modification, the original Article 【5.19.】 move to Article 【5.14.1.】、【5.14.2.】 .</p> <p>2. To make a textual amendment.</p>
<p><u>5.14.3. At the place of a</u></p>		<p>1. To add this</p>

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Articles after amendment	Current Articles	Explanation
<p><u>shareholders</u> <u>meeting, if a</u> <u>shareholder</u> <u>attempts to</u> <u>speak through</u> <u>any device other</u> <u>than the public</u> <u>address</u> <u>equipment set</u> <u>up by this</u> <u>Corporation, the</u> <u>chair may</u> <u>prevent the</u> <u>shareholder</u> <u>from so doing.</u></p>		<p>article. 2. To clarify the device used by a shareholder attempts to speak.</p>
<p>5.14.4. When a shareholder violates the rules of procedure and defies the chair's correction, obstructing the proceedings and refusing to heed calls to stop, the chair may direct the proctors or security personnel to escort the shareholder from the meeting.</p>	<p>5.19. When a shareholder violates the rules of procedure and defies the chair's correction, obstructing the proceedings and refusing to heed calls to stop, the chair may direct the proctors or security personnel to escort the shareholder from the meeting.</p>	<p>Article modification, the original Article 【5.19.】 move to Article 【5.14.4.】</p>
<p><u>5.15. Recess and resumption</u> <u>of a shareholders</u> <u>meeting</u></p>		<p>1. To add this article. 2. To clarify recess</p>

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Articles after amendment	Current Articles	Explanation
		and resumption of a shareholders meeting.
<p>5.15.1. When a meeting is in progress, the chair may announce a break based on time considerations.</p> <p><u>If a force majeure event occurs, the chair may rule the meeting temporarily suspended and announce a time when, in view of the circumstances, the meeting will be resumed.</u></p>	<p>5.16. When a meeting is in progress, the chair may announce a break based on time considerations.</p>	<p>1. Article modification, the original Article 【5.16.】 move to Article 【5.15.1.】 .</p> <p>2. To clarify recess and resumption of a shareholders meeting.</p>
<p>5.15.2. <u>When a meeting is in progress, the chair may announce a break based on time considerations.</u></p> <p><u>If a force majeure event occurs, the chair may rule the meeting temporarily suspended and</u></p>		<p>1. To add this article.</p> <p>2. To clarify the resumption of a shareholders meeting.</p>

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Articles after amendment	Current Articles	Explanation
<p><u>announce a time when, in view of the circumstances, the meeting will be resumed.</u></p> <p><u>5.15.3. A resolution may be adopted at a shareholders meeting to defer or resume the meeting within 5 days in accordance with Article 182 of the Company Act.</u></p>		
	<p><u>5.21. Where there is air alarm happened during the meeting, the meeting shall be terminated or suspended immediately and the participant shall be evacuated. The meeting shall be continued one hour after the clear of alarm.</u></p>	<p>1. To delete this article.</p> <p>2. To clarify in Article. 【5.15.】.</p>
<p><u>5.16. Other Matters</u></p>		<p>1. To add this article.</p> <p>2. To clarify Other Matters.</p>
<p><u>5.16.1. The attendance list bearing the signatures of</u></p>	<p><u>5.20. The attendance list bearing the signatures of</u></p>	<p>Article modification, the original Article</p>

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Articles after amendment	Current Articles	Explanation
<p>shareholders present at the meeting and the powers of attorney of the proxies shall be kept by the Company for a minimum period of at least one year. However, if a lawsuit has been instituted by any shareholder in accordance with the provisions of Article 189 of Company Act, the minutes of the shareholders' meeting involved shall be kept by the company until the legal proceedings of the foregoing lawsuit have been concluded.</p>	<p>shareholders present at the meeting and the powers of attorney of the proxies shall be kept by the Company for a minimum period of at least one year. However, if a lawsuit has been instituted by any shareholder in accordance with the provisions of Article 189 of Company Act, the minutes of the shareholders' meeting involved shall be kept by the company until the legal proceedings of the foregoing lawsuit have been concluded.</p>	<p>【5.20.】 move to Article 【5.16.1.】.</p>
<p><u>5.16.2.</u> Where any matter is not stipulated in these Rules, it shall be handled in accordance with Company</p>	<p><u>5.22.</u> Where any matter is not stipulated in these Rules, it shall be handled in accordance with Company Act and other relevant laws</p>	<p>Article modification, the original Article 【5.22.】 move to Article 【5.16.2.】.</p>

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Articles after amendment	Current Articles	Explanation
Act and other relevant laws and regulations and the article of incorporation of the Company.	and regulations and the article of incorporation of the Company.	
5.16.3. These Rules, any amendments hereto, shall be implemented after adoption by shareholders' meetings.	5.23. These Rules, any amendments hereto, shall be implemented after adoption by shareholders' meetings.	Article modification, the original Article 【5.22.】 move to Article 【5.16.3.】 .
7. References <u>7.1.BM0-006 Corporate Governance Best Practice Principles</u>	7. References: <u>None</u>	To add this article.

Attachment 13

Regulations Governing the Issuance of New Restricted Employee Shares of 2019

1. Purpose

The purposes are to attract and retain the required professionals, inspire the employees and enhance internal cohesion, as well as to discover interests for the Company and the shareholders and to ensure that the interests of the officials and employees of the Company are connected with interests of the shareholders. The following Regulations Governing the Issuance of New Restricted Employee Shares are stipulated for the Company in accordance with Article 267 of the Company Act and the Regulations Governing the Offering and Issuance of Securities by Securities Issuers of the Financial Supervisory Commission under the Executive Yuan (“FSC Regulations”).

2. Scope

Nil.

3. Responsibilities & Authorities

3.1. Human Resources Department: The in-charge department for establishment/revision, drafting, implementation, revocation and application of the Regulations and relevant documents.

3.2. Other departments shall serve as the cooperation departments for implementation of the Regulations.

4. Terms and Definitions

New Restricted Employee Shares: The shares provided by the Company to the employees in accordance with Paragraph 8, Article 267 of the Company Act, with vesting requirements of service period or performance. Before the said requirements are satisfied, the rights of such shares are restricted, and the Company may retrieve the issued new shares of the restricted employee shares when the employees fail to satisfy the said requirements.

5. Operating Procedures

5.1. Issuance Period

The shares may be issued at once or in installments, depending on the actual needs of the Company, within one year starting from the date of receipt of the notice of effective registration from the competent authority. The actual date of issuance shall be stipulated by the chairperson under authorization by the board of directors.

5.2. Total Issuance

The total issuance is 1,200,000 shares of common shares and par value of each share is NT\$10, which constitute the total issued amount of NT\$12,000,000.

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5.3. Type of Shares

Upon issuance of the shares, rights of the new restricted employee shares shall be the same as the other issued common shares of the Company, except for the shares under trust in accordance with the Regulations or the rights under restriction set forth in the Regulations before satisfaction of vesting conditions.

5.4. Issuance Price

The shares are issued gratuitously with an issuance price of NT\$0 for each share.

5.5. Qualification for Shares Distribution

5.5.1. The employees qualified for shares distribution shall be a full-time employees who has been employed on or before the distribution date of the new restricted employee shares.

Qualification requirements of employees, including the employees of parents or subsidiaries of the company meeting certain specific requirements.

5.5.2. The employees qualified for shares distribution shall be any of the following:

- (1). Key personnel related to future development of the Company,
- (2). Personnel with performance which is fairly valuable to the Company,
- or
- (3). New employees who are essential to the company.

5.5.3. The actual number of new restricted employee shares distributed to an employee will be subject to the job tenure, performance, overall contribution, special credit or any other necessary factor for management reference and shall be submitted to the board of directors for approval after being confirmed by the CEO. However, when distribution is made to a manager, it shall also be subject to a prior consent of remuneration committee.

5.5.4. Any individual who already holds 10% or more of the outstanding common shares of the Company is not qualified for distribution.

5.5.5. Any member of the remuneration committee or any member of the board of directors, who is not an employee, is not qualified for distribution.

5.5.6. The cumulative number of shares which could be subscribed by the employee stock options issued by the Company to any employee in accordance with Paragraph 1, Article 56-1 of the FSC Regulations, together with the new restricted employee shares obtained by the same employee, shall not exceed 0.3% of the outstanding number of shares. The above amount, plus the cumulative number of shares which could be subscribed by the employee stock options issued by the Company to any employee in accordance with Paragraph 1, Article 56 of the FSC Regulations,

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shall not exceed 1% of the outstanding shares. However, with special approval from the central competent authority of the relevant industry, the total number of employee stock options and new restricted employee shares obtained by a single employee may be exempted from the above-mentioned restriction.

5.6. Vesting Conditions

5.6.1. The performance of an employee shall be B or above since such employee has obtained the new restricted employee shares. The vesting conditions shall be deemed as unsatisfied when performance of such employee is lower than B.

5.6.2. The conditions for company performance will be set forth as follows, on basis of the operation income and operating profits listed in the consolidated financial statement of the latest year:

- (1). The first year: The operation income growth is 10% or more from the previous year;
- (2). The second year: The operating profit growth, after adjustment, is 10% or more from the previous year;
- (3). The third year: The operating profit growth, after adjustment, is 10% or more from the previous year.
- (4). The operating profit after adjustment shall be the operating profit listed in a financial statement audited and issued by a certified public accountant plus the non-operating income related to the major business of the Company.
- (5). The vesting conditions shall be deemed as unsatisfied when the above conditions for company performance are not satisfied.

5.6.3. If the conditions for personal performance in [5.6.1.] and company performance in [5.6.2.] are both satisfied, the highest amount an employee may obtain from the shares distribution in each year shall be as follows:

- (1). 30% of the distributed number of shares to such employee, whereas the employee has served for over one year after the distribution;
- (2). 30% of the distributed number of shares to such employee, whereas the employee has served for over two years after the distribution;
- (3). 40% of the distributed number of shares to such employee, whereas the employee has served for over three years after the distribution.

5.7. Failure of Satisfaction of Vesting Conditions

When any employee fails to satisfy the vesting conditions, the Company may retrieve, without remuneration, all new restricted employee shares distributed to

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such employee and cancel such.

5.8. Resignation, Retirement, Suffering Occupational Injury or Resulted Disability or Death, Transferring to Affiliate Company, or Leave of Absence of Employees

5.8.1. With regard to any employee who voluntarily resigns, is dismissed by the Company, retires, or dies from or of other factors other than occupational injuries, such employee shall be deemed as incapable of satisfying the vesting conditions starting from the date when such employee resigns, retires or dies. The shares for which the vesting conditions are not satisfied shall be retrieved by the Company without remuneration.

5.8.2. With regard to any employee who is not able to serve at the Company due to disability caused by occupational injuries or dies from occupational injuries, if the vesting conditions in [5.6.3.] have been satisfied on the date such employee resigns or dies, the vesting conditions of the year shall be deemed as satisfied before expiration. However, the employee shall be deemed as incapable of satisfying the vesting conditions of the next two years, and the shares for which the vesting conditions are not satisfied shall be retrieved by the Company without remuneration.

5.8.3. Employee of the Company is transferred to an affiliate company.

- (1). **【5.6.1.】** The performance of employee: Based on the performance of the employee's is transferred to an affiliate company assessment.
- (2). **【5.6.2.】** The performance of company: Still based on the performance conditions of the company.
- (3). **【5.6.3.】** The seniority of employee: When any employee of the Company is transferred to an affiliate company, the seniority of employee shall be calculated.

5.8.4. With regard to any employee who takes a leave of absence under approval of the Company, if the vesting conditions in [5.6.3.] for the year in which the leave date occurs have been satisfied, the new restricted employee shares which are yet vested shall be calculated by the job tenure in [5.6.3.] with deduction of the actual days of the leave.

5.8.5. The new restricted employee shares retrieved by the Company without remuneration shall be cancelled.

5.9. Restriction on the Shares before Satisfaction of Vesting Conditions

5.9.1. The employees, immediately upon obtaining the new restricted employee shares issued by the Company, shall place such shares in trust with a trustee designated by the Company. The employees may not, for any purposes or in any manner, request the trustee for return of such new restricted employee shares.

5.9.2. Before the vesting conditions are satisfied, the relevant restricted employee

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shares shall be entitled to bonus shares, share dividend or participation in capital increase in cash.

5.9.3. The shares shall not be sold, pledged, transferred, given as gift, set as subject of any right or obligation or disposed in any other manner, before the vesting conditions are satisfied.

5.9.4. Before the vesting conditions are satisfied, the rights of shareholder of the holding employees, including attendance, making proposal, raising opinion or voting in the shareholders' meeting of the Company or other relevant matters shall be authorized to the trustee to exercise.

5.10. Other Agreed Matters

5.10.1. The employees shall place the new restricted employee shares, which such employee obtained in accordance with the Regulations, in trust before the vesting conditions are satisfied. Within one month from the date when the vesting conditions are satisfied, the relevant shares shall be appropriated from the trust account to the centralized depository account of such employee.

5.10.2. Agreement and Confidentiality

(1). When the number to be issued, subscription price, principles for distribution and the list of the personnel for distribution are confirmed, the employees shall sign on the “HR2-097-001 Consenting Form for Receipt of the New Restricted Employee Shares”. Any employee who fails to sign on such form in accordance with the Regulations shall be deemed as abandon such qualification for distribution of the new restricted employee shares.

(2). The employee who obtains the new restricted employee shares shall comply with the confidentiality regulations and shall not disclose the number of distributed shares or any other relevant information, unless otherwise required by the laws or regulations or a competent authority.

(3). Whereas any employee is in violation of the above requirements which is deemed as a material violation by the Company, such employee shall be immediately disqualified for distribution of the new restricted employee shares for which the vesting conditions are not satisfied yet. The Company may retrieve shares from such employee without remuneration and cancel such shares.

5.10.3. Whereas any employee who obtains the new restricted employee shares is in violation of the provisions in the “HR2-097-001 Consenting Form for Receipt of the New Restricted Employee Shares” regarding good faith or integrity, the Company may retrieve the new restricted employee shares

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which are not yet vested, if any, and cancel such shares.

5.10.4. Taxation

The taxation incurred from the new restricted employee shares shall be declared and paid by such employee in accordance with relevant laws and regulations in Taiwan.

5.11. The Regulations have been approved by a board meeting where two third or more of the directors attended and over half of the attending directors voted for approval of the Regulations. The Regulations have also been approved by a shareholders meeting where the shareholders representing two third or more of the outstanding shares attended and over half of the attending shares present voted for approval of the Regulations (or where shareholders representing over half of the outstanding shares attended and two third or more of the attending shares were voted for approval of the Regulations). The Regulations enter into effect after being submitted to and approved by the competent authority. The above applies to amendment to the Regulations. If upon review by the competent authority, any amendment is required by the competent authority, the chairperson is authorized to amend the Regulations. The issuance can only be made after recognition by the board meeting.

5.12. Any other matter not stipulated above in the Regulations shall be subject to the relevant laws or regulations.

6. Forms

6.1. HR2-097-001 Consenting Form for Receipt of the New Restricted Employee Shares

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Attachment 14

List of Director Candidates

Title	Name of Candidates	Shares	Education	Experience and current position
Director	LIAO, LU-LEE	3,541,243	Electronical Engineering Tatung University department of.	<p>Experience:</p> <ul style="list-style-type: none"> ■ Tatung Co.Engineer ■ Taishing Electric Co., Ltd.Technical section supervisor ■ Merry Electronics Co., Ltd Founder, Chairman <p>Current Position:</p> <ul style="list-style-type: none"> ■ Merry Electronics Co., Ltd. Founder, Chairman ■ JHENG-JYUE-TANG Legal Foundation Chairman ■ Taiwan Reading and culture Foundation Chairman ■ WK Technology Fund VIII Limited Director ■ DIAREX ENTERPRISE CO., LTD. Director ■ SIWARD Crystal Technology Co., Ltd. Director ■ Leohab Enterprise Co., Ltd. Representative of juristic person Director ■ Universal Capital Investment Ltd Representative of juristic person director, Legal representative ■ Fulicare Medical Instruments (Suzhou) Co., Ltd. Representative of juristic person(Fulicare Medical Technology(Suzhou) Co., Ltd. appointed)

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Title	Name of Candidates	Shares	Education	Experience and current position
Director	WEI, WEN-CHIE H	9,318,523	Mechanical Engineering Tatung University	<p>Experience:</p> <ul style="list-style-type: none"> ■ TAISHING ELECTRIC CO.,LTD. Equipment director of Section Manager <p>Current Position:</p> <ul style="list-style-type: none"> ■ Merry Electronics Co., Ltd. Vice Chairman ■ Shu-Cheng investment Ltd. Chairman ■ Biotest Medical Corp. supervisor ■ Universal Capital Investment Ltd / Representative of juristic person director(Danny Dynamics Ltd appointed) ■ Fulicare Medical Instruments (Suzhou) Co., Ltd. Representative of juristic person(Fulicare Medical Technology(Suzhou) Co., Ltd. appointed)
Director	LIN, SHIH-CHIE H	332,176	Wisconsin International University MBA	<p>Experience:</p> <ul style="list-style-type: none"> ■ Merry Electronics Co., Ltd Storehouse Section Manager ■ MERRY ELECTRONICS (HK) CO., LTD. Deputy Manager, Manager ■ MERRY ELECTRONICS (SHENZHEN) CO., LTD. General Manager ■ MERRY ELECTRONICS (HUIZHOU) CO., LTD General Manager, Vice Chairman, Vice General Manager

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Title	Name of Candidates	Shares	Education	Experience and current position
Director	LIN, SHIH-CHIEH	332,176	Wisconsin International University MBA	<ul style="list-style-type: none"> ■ Guangdong Luxshare & Merry Electronics Co., Ltd Vice Chairman, Vice General Manager ■ Merry Electronics Co., Ltd. South China Administration Office General Manager <p>Current Position:</p> <ul style="list-style-type: none"> ■ Merry Electronics Co., Ltd. Director ■ MERRY ELECTRONICS (HK) CO., LTD. Director, secretary ■ MERRY ELECTRONICS (SHENZHEN) CO., LTD. Legal representative, Executive Director(MERRY ELECTRONICS (HK) CO., LTD. appointed) 、 General Manager ■ MERRYTECH (HK) CO. LIMITED Director, Secretary ■ ASIAN ELITE INTERNATIONAL LTD. Director ■ MERRY ELECTRONICS (HUIZHOU) CO., LTD. Vice Chairma ■ MERRY ELECTRONICS(SUZHOU) CO., LTD Director ■ Guangdong Luxshare & Merry Electronics Co., Ltd Vice Chairman, Vice General Manager

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Title	Name of Candidates	Shares	Education	Experience and current position
Director	LIN, SHU-CHUN	305,672	International Trade Overseas Chinese University	<p>Experience:</p> <ul style="list-style-type: none"> ■ MERRY ELECTRONICS(SUZHOU) CO., LTD General Manager <p>Current Position:</p> <ul style="list-style-type: none"> ■ Merry Electronics Co., Ltd. Group Electro-acoustic accessories supply management chain Vice President ■ Merry Electronics Co., Ltd. Director ■ MERRY ELECTRONICS (THAILAND)CO.,LTD Director ■ MERRY ELECTRONICS (Singapore) PTE. LTD.Chairman (Merry Electronics Co., Ltd.appointed) ■ MERRY HEALTHCARE CO., Ltd Representative of juristic person Director ■ FULICARE CO .,Ltd Representative of juristic person director ■ Fulicare Medical Technology(Suzhou) Co., Ltd. Legal representative, Executive Director ■ Indigo Enterprise Inc.(Samoa)Director ■ ASIAN ELITE INTERNATIONAL LTD. Chairman

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Title	Name of Candidates	Shares	Education	Experience and current position
Director	LIN, SHU-CHUN	305,672	International Trade Overseas Chinese University	<ul style="list-style-type: none"> ■ Austar Hearing Science And Technology (Xiamen) Co. , Ltd. Chairman ■ Aishon listening Technology Chain (Xiamen) Co., Ltd. Executive Director ■ Fulicare Medical Technology(Xiamen)Co.,Ltd. Legal Representative, Executive Director ■ Xiamen Laiyate Medical Devices Co. , Ltd Director ■ Austar Hearing Science And Technology (Zhangchou) Co. , Ltd. Director ■ MERRY ELECTRONICS (SHANGHAI) CO., LTDDirector ■ MERRY ELECTRONICS(SUZHOU) CO., LTD. Vice Chairman ■ MERRY Fuling Co., LTD. Director ■ Fulicare Medical Instruments (Suzhou) Co., Ltd Chairman ■ Fulicare Medical Instruments (Suzhou) Co., Ltd. Representative of juristic person(Fulicare Medical Technology(Suzhou) Co., Ltd. appointed)

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Title	Name of Candidates	Shares	Education	Experience and current position
Director	HUANG, CHAO-LI	38,190	Master of Business Administration, Feng Chia University	<p>Experience:</p> <ul style="list-style-type: none"> ■ Wealth management and trust Department, Mega Securities Co., Ltd. Vice General Manager <p>Current Position:</p> <ul style="list-style-type: none"> ■ Merry Electronics Co., Ltd. General Menager, Director ■ Sander investment Co., LTD. Chairman ■ Power Forest Technology Co., Ltd Supervisor ■ Amulaire Thermal Technology, Inc. Representative of juristic person (Sander investment Co., LTD. appointed) ■ Maxecho Technology Corp. Representative of juristic person supervisor (Sander investment Co., LTD. appointed) ■ Leohab Enterprise Co.,Ltd Representative of juristic person supervisor (Sander investment Co., LTD. appointed) ■ MERRY ELECTRONICS(U.S.A) CO. LTD CEO 、 Director ; ■ MERRY ELECTRONICS(HK) CO., LTD. Director

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Title	Name of Candidates	Shares	Education	Experience and current position
Director	HUANG, CHAO-LI	38,190	Master of Business Administration, Feng Chia University	<ul style="list-style-type: none"> ■ MERRY ELECTRONICS (THAILAND)CO.,LTD. Representative of juristic person, Director ■ DANNY DYNAMICS LIMITED Director ■ MERRYTECH (HK) CO. LIMITED Representative of juristic person, Director ■ Austar Hearing Science And Technology (Xiamen) Co. , LtdDirector ■ MERRY ELECTRONICS (SHANGHAI) CO., LTD Supervisor
Director	TONG-CIAN Investment Corporation	3,486,179	Not Applicable	<ul style="list-style-type: none"> ■ SUNBEEN TECHNOLOGY INC. Director ■ Merry Electronics Co., Ltd. juridical supervisor person
	Representative: LIAO, KENG-PIN	30,534	Woodbury University MBA	<p>Experience:</p> <ul style="list-style-type: none"> ■ DIAREX ENTERPRISE CO., LTD. Director, General Manager <p>Current Position:</p> <ul style="list-style-type: none"> ■ Merry Electronics Co., Ltd. Representatine juridical supervisor person (TONG-CIAN Investment Corporation appointed) ■ TONG-CIAN Investment Corporation appointed Chairman ■ DIAREX ENTERPRISE CO., LTD. Director, General Manager

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Title	Name of Candidates	Shares	Education	Experience and current position
Director	Representative: LIAO, KENG-PIN	30,534	Woodbury University MBA	<ul style="list-style-type: none"> ■ Leohab Enterprise Co.,Ltd Representative of juristic person director (TONG-CIAN Investment Corporation appointed)
Independent Director	WU, HUEI-HUA NG	0	Electronic Engineering National Chiao Tung University	<p>Experience:</p> <ul style="list-style-type: none"> ■ Universal Scientific Industrial Co., Ltd. Director, General Manager ■ Logah Technology Co., Ltd. Independent Director, Chairman ■ TAILYN Co., Ltd. Director <p>Current Position:</p> <ul style="list-style-type: none"> ■ KINSUS INTERCONNECT TECHNOLOGY CORP Independent Director ■ Universal Microelectronics CO., LTD. Independent Director
Independent Director	SHER, JIH-HSIN	0	PhD, Marketing and Strategic Management, Warwick Business School, University of Warwick, UK	<p>Experience:</p> <ul style="list-style-type: none"> ■ Corporate Synergy Development Center Chairman ■ Dept. of International Business Studies & Dept. of Information Management, National Chi Nan University Distinguished Professor ■ National Applied Research Laboratories Chief Operating Officer ■ Business Development Office, National Applied Research Laboratories Director

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Title	Name of Candidates	Shares	Education	Experience and current position
Independent Director	SHER, JIH-HSIN	0	PhD, Marketing and Strategic Management, Warwick Business School, University of Waraick, UK	<ul style="list-style-type: none"> ■ Research Center for Asia-Pacific Cultural and Creative Industry, National Chi Nan University Director ■ Entrepreneur Incubator, National Chi Nan University Director ■ College of Management, National Chi Nan University Dean ■ Department of International Business Studies, National Chi Nan University Professor ■ Institute of Law for Science and Technology, National Chung Hsing University Professor and Chair ■ Industrial development research center, National Chung Hsing University Director ■ Dept. of Business Administration, National Chung Hsing University Professor ■ Technology Licensing Office, National Chung Hsing University Director ■ Dept. of Business Administration, National Chung Hsing University Associate Professor ■ Dept. of International Business Studies, National Chi Nan University Associate Professor ■ Dept. of International Business Studies, National Chi Nan

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				University Lecturer
Title	Name of Candidates	Shares	Education	Experience and current position
Independent Director	SHER, JIH-HSIN	0	PhD, Marketing and Strategic Management, Warwick Business School, University of Waraick, UK	<p>■ Patent Examination, Dept. of Patent, Intellectual Property Office, Ministry of Economic Affairs Head</p> <p>■ Dept. of Patent, Intellectual Property Office, Ministry of Economic Affairs Patent Examiner</p> <p>Current Position:</p> <p>■ Dean, d. School, Feng-Chia University Chair Professor, Department of Business Administration, Feng-Chia University</p>
Independent Director	KO, JIUNN-HU EI	0	Graduate School of Accounting University of Southern California	<p>Experience:</p> <p>■ BDO Seidman, LLP</p> <p>Current Position:</p> <p>■ BDO Taiwan Managing Partner</p>

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Attachment 15

Proposal of removal of the non-competition restrictions on the newly elected Directors

Tital	Name	Current Position in other companies
Director	LIAO, LU-LEE	<ul style="list-style-type: none"> ■ DIAREX ENTERPRISE CO., LTD. Director ■ SIWARD Crystal Technology Co., Ltd. Director ■ Leohab Enterprise Co., Ltd. Representative of juristic person Director
Director	WEI, WEN-CHIEH	NA
Director	LIN, SHIH-CHIEH	<ul style="list-style-type: none"> ■ MERRY ELECTRONICS (HUIZHOU) CO., LTD. Vice Chairma ■ MERRY ELECTRONICS(SUZHOU) CO., LTD Director ■ Guangdong Luxshare & Merry Electronics Co., Ltd Vice Chairman, Vice General Manager
Director	LIN, SHU-CHUN	<ul style="list-style-type: none"> ■ MERRY ELECTRONICS (SHANGHAI) CO., LTDDirector ■ MERRY ELECTRONICS(SUZHOU) CO., LTD. Vice Chairman ■ MERRY Fuling Co., LTD. Director ■ Fulicare Medical Instruments (Suzhou) Co., Ltd. Chairman
Director	HUANG, CHAO-LI	<ul style="list-style-type: none"> ■ Power Forest Technology Co., Ltd Supervisor ■ Amulaire Thermal Technology, Inc. Representative of juristic person (Sander investment Co., LTD. appointed) ■ Maxecho Technology Corp. Representative of juristic person supervisor (Sander investment Co., LTD. appointed) ■ Leohab Enterprise Co.,Ltd Representative of juristic person supervisor (Sander investment Co., LTD. appointed) ■ MERRY ELECTRONICS

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		(SHANGHAI) CO., LTD Supervisor
Director	TONG-CIAN Investment Corporation	■ SUNBEEN TECHNOLOGY INC. Director
	Representative: LIAO, KENG-PIN	■ DIAREX ENTERPRISE CO., LTD. Director, General Manager ■ Leohab Enterprise Co.,Ltd Representative of juristic person director (TONG-CIAN Investment Corporation appointed)
Independent Director	WU, HUEI-HUANG	■ KINSUS INTERCONNECT TECHNOLOGY CORP Independent Director ■ Universal Microelectronics CO., LTD. Independent Director
Independent Director	SHER, JIH-HSIN	NA
Independent Director	KO, JIUNN-HUEI	NA

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Appendix 1

Articles of Incorporation (Before Amendments)

CHAPTER I GENERAL PROVISIONS

Article 1: This Company is duly organized as a company limited by shares under the Company Act, bearing the name of Merry Electronics Co., Ltd.

Article 2: The business scopes of the Company are as follows:

- A. CC01030 Electric Appliance and Audiovisual Electric Products Manufacturing;
- B. CC01070 Telecommunication Equipment and Apparatus Manufacturing;
- C. CC01080 Electronic Parts and Components Manufacturing;
- D. CC01110 Computers and Computing Peripheral Equipment Manufacturing;
- E. CC01101 Restrained Telecom Radio Frequency Equipment and Materials Manufacturing;
- F. CF01011 Medical Materials and Equipment Manufacturing;
- G. F108031 Wholesale of Drugs, Medical Goods;
- H. F401021 Restrained Telecom Radio Frequency Equipment and Materials Import;
- I. I103060 Management Consulting Services;
- J. ZZ99999 All business items that are not prohibited or restricted by law, except those that are subject to special approval.

Article 3: In response to its business requirements, the Company may conduct mutual guarantee business with affiliates or entities of the same industry.

Article 4: The Headquarter of the Company is located in the Taichung City. If necessary, with the resolution of the board of directors, the Company may establish branch offices or factories onshore or offshore in accordance with laws.

CHAPTER II SHARES

Article 5: The total amount of capital of the Company is NTD 3,000,000,000, divided into 300,000,000 shares (in which the number of shares for employee stock options is 5,000,000 shares), with a par value of NTD 10 per share, to be issued in installments, and the relevant matters of issuance shall be stipulated

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by the board of directors.

Article 6: The Company shall not be a shareholder of unlimited liability in another company or the partner of a partnership. When the Company becomes a shareholder of limited liability in other companies, the total amount of its investments may exceed forty percent of the amount of paid-up capital of the Company.

Article 7: For share transfer, the transferor and transferee shall apply for title transfer with the Company with an application form signed or bearing the seal of the transferor and the transferee; before completing the transfer procedures, the share transfer shall not be set up as a defense against the Company.

The shares issued by the Company may be exempted from printing any share certificate, provided that the shares being issued shall be recorded with the centralized securities custody enterprise.

CHAPTER III SHAREHOLDERS' MEETING

Article 8: A shareholders' meeting can be divided into two types:

- A. Annual shareholders' meeting, to be convened within six months after close of each fiscal year.
- B. Special shareholders' meeting, to be convened when necessary according to relevant law and regulations.

Article 9: The shareholder of the Company shall have one voting power in respect of each share in his/her possession. The Company has no voting power in respect of the shares in its own possession in accordance with the Company Act. When the shareholder cannot attend the shareholders' meeting for any cause, he/she/it may execute a power of attorney and appoint a proxy to attend the shareholders' meeting on his/her/its behalf in accordance with Article 177 of the Company Act and the Regulations Governing the Use of Proxies for Attendance at Shareholder Meetings of Public Companies announced by the competent authority. The Chairperson shall preside at the shareholders' meetings. In the event that the Chairperson is absent, the Vice

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Chairperson shall act on his/her behalf. If the Vice Chairperson is also absent, the Chairperson shall designate one of the directors to act on his/her behalf. If there is no such designation, the directors shall elect a chairperson to act on his/her behalf from among themselves. For the shareholders' meeting convened by any other person having the convening right, he/she shall act as the chairperson of that meeting, provided, however, that if there are two or more conveners, the chairperson of the meeting shall be elected from among themselves.

Article 10: Resolutions at a shareholders' meeting shall, unless otherwise provided for in the Company Act, be adopted by a majority vote of the shares represented by the attending shareholders, who represent more than one-half of the total number of voting shares. When it comes to a vote, if the chairperson puts the matter before all shareholders present at the meeting and none voices an objection, the matter is deemed approved, with the same effect with voting by ballot.

Article 11: Resolutions adopted at a shareholders' meeting shall be recorded in the minutes of the meeting, which shall be signed or bear the seal of the chairperson of the meeting and shall be distributed to all shareholders within 20 days after the close of the meeting.

The preparation and distribution of the minutes of shareholders' meeting as required in the preceding Paragraph may be effected by means of electronic transmission; the distribution of the minutes of shareholders' meeting may also be effected by means of a public notice.

CHAPTER IV DIRECTORS AND SUPERVISORS

Article 12: This Company shall have seven (7) to ten (10) directors and four (4) supervisors. The term of their office shall be three (3) years and they are eligible for re-election. The company adopts the candidates nomination system stipulated by Article 192-1 of the Company Act as election of the directors of the company, and the shareholders shall elect the directors from among the nominees listed in the roster for director candidates. The amount

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of total shares owned by the directors and supervisors will be handled in accordance with the "Rules and Review Procedures for Director and Supervisor Share Ownership Ratios of Public Companies" issued by the competent authority.

When the number of vacancies in the board of directors reaches one third of the total number of directors or all supervisors are discharged, the board of directors shall call, within 60 days, a special meeting of shareholders to elect succeeding directors or supervisors to fill the vacancies, and the term shall be limited to fulfilling the remaining term of office of the predecessors.

If the term of the director and supervisor expires and the new election cannot be held in time, their term will be extended until the new directors and supervisor are elected and have assumed the office. The Company establish audit committee, which is composed of all the independent directors in accordance with Article 14-4 of the Securities and Exchange Act. The exercise of power and related matters by audit committee and independent directors shall comply with the Company Act, the Securities and Exchange Act, and relevant laws and regulations prescribed by the competent authority.

Amongst the directors of the Company, at least three independent directors shall be elected by the shareholders' meeting from the independent directors' candidates list, and the candidate nomination system shall be adopted. The professional qualification, shareholding, restriction on the concurrent posts, the means of nomination and election of independent directors and other matters to be complied with, shall all be in accordance with the relevant rules of the competent authority of securities.

Article 13: A Chairperson and a Vice Chairperson shall be elected from amongst the directors. The Chairperson represents the Company in external affairs, be the Chairperson of the shareholders' meeting and the board meeting in internal affairs, and executes all the affairs of the Company in accordance with laws, regulations, Articles of Incorporation and the resolutions of shareholders'

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meeting and the board of directors. In the event that the Chairperson cannot attend the meetings for any cause, the Vice Chairperson shall act on his/her behalf; and if the Vice Chairperson also cannot attend the meetings, the Chairperson shall designate one of directors to act on his/her behalf, and if there is no such designation, the directors shall elect a chairperson to act on his/her behalf from among themselves.

Article 14: The board of directors is organized by the directors, and the powers and duties of the board of directors are as follows:

- A. Drawing up and amending various important by-laws;
- B. Proposals of amendments to the Articles of Incorporation;
- C. Determination and amendment to the business guideline(s);
- D. Review of annual budget and final accounts;
- E. Proposals of earnings distribution or loss make-up;
- F. Approval of reinvestment, loans to other companies and collateralizing assets;
- G. Drawing up and approval of real estate acquisition and disposal;
- H. Determination of important officers;
- I. If the amount of endorsements and guarantees to affiliates exceeds the total amount enacted by the board of directors, it shall be submitted to the board of directors for approval;
- J. The establishment, modification, revocation and determination of other essential matters of important organization of the Company;
- K. Other powers and duties empowered/required by laws, regulations or the shareholders' meeting.

Article 15: In calling a meeting of the board of directors, a notice setting forth therein the subject(s) to be discussed at the meeting shall be given to each director and supervisor no later than 7 days prior to the scheduled meeting date. However, in the case of emergency, the meeting may be convened at any time.

The notice of convening meetings of the board of directors of the Company may be given by the means of written notice, e-mail or fax.

Unless otherwise provided for in the Company Act, meetings of the board of directors shall be adopted by a majority vote of the directors present at a meeting where a majority of the directors attend. In case a director cannot

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attend the meeting for any cause, a proxy setting forth therein the scope of authority with reference to the subject(s) to be discussed at the meeting may be submitted to delegate the attendance to other directors, provided that one director may accept the delegation of one other director only.

The meeting of the board of directors may be proceeded by video conference. The directors participating by video conference shall be deemed to have attended the meeting in person.

Article 16: The powers and duties of the supervisors are as follows:

- A. Investigating the Company's business condition;
- B. Investigating the Company's financial condition;
- C. Auditing the books and documents of the Company;
- D. Attending the meetings of the board of directors to state the opinions and request the board of directors to report, while having no voting right;
- E. Their powers and duties empowered/required by the Company Act.

Article 17: The directors and supervisors may receive transportation allowance, the amount of which is decided by the resolution at the meetings of the board of directors. The board of directors is authorized to determine the remuneration of directors and supervisors based on the level of participation and the value of devotion to the operation of the Company, with reference to the standard of other entities in the same industry. The Company may purchase liability insurance for the directors and supervisors within the scope of the business he/she conducts during his/her term.

CHAPTER V MANAGER AND EMPLOYEE

Article 18: The Company may have managers, and his/her appointment, discharge and remuneration shall be handled in accordance with the Company Act.

Article 19: The Company may engage advisors and important personnel by the resolution at the meetings of the board of directors in accordance with Article 15 of the Articles of Incorporation.

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Article 20: Other personnel of the Company shall be appointed and discharged by the president and shall be reported to the board of directors.

CHAPTER VI FINAL ACCOUNTS

Article 21: The fiscal year of the Company is annually from 1 January until 31 December. The Company shall act in accordance with Article 228 of the Company Act. Upon close of each fiscal year, the following reports and statements shall be prepared by the board of directors and be given to the supervisors for auditing no later than 30 days prior to the date of the annual meeting of shareholders, and the supervisors shall submit the report to the annual meeting of shareholders for ratification.

- A. The business report;
- B. The financial statements;
- C. The proposed of the earnings distribution or loss make-up.

Article 22: The industrial environment of the Company is apt to change, and the enterprise life cycle stays in a stage of stable growth, and it is necessary to consider the budget for the future capital expenditure and funding requirement, and measure the necessity to cope with funding requirement by earnings, to determine the amount for retaining or distributing the earnings and the distribution amount of shareholder bonus in cash. The net profit after final accounting, except for withholding of income tax in accordance with laws, shall be utilized for make-up of the loss of previous years, and secondly setting aside 10% of the remaining earnings as a legal reserve. After setting aside or reversing special reserve in accordance with laws when necessary, the balance after adding the undistributed earnings of the previous year will be the accumulated distributable earnings. The board of directors shall propose an earning distribution proposal for the shareholders' meeting to resolve the distribution. For the earning distribution proposal proposed by the board of directors, the total amount of shareholders' bonus shall be 30% to 80% of the accumulated distributable earning, and the cash bonus shall account for 5% or more of the shareholder bonus.

To inspire the employees and management team, if the Company makes profits in the said year, it shall set aside: A. 5% to 10% as employees' profit sharing bonus; B. up to 2% as compensation of directors and supervisors, provided that if the

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Company has accumulated losses, the amount to make up the accumulated losses shall be reserved in advance.

Where the employees' profit sharing bonus will be distributed in the form of stocks or in cash, it shall be resolved by a resolution adopted by a majority vote at a meeting of board of directors attended by two-thirds or more of the total number of directors; and in addition thereto a report shall be submitted to the shareholders' meeting.

The employees' profit sharing bonus distributed by stocks or cash may be made to the employees of subsidiaries meeting certain specific requirements.

CHAPTER VII ANCILLARY PROVISIONS

Article 23: The organic regulations and the operational regulations of the Company are stipulated by the board of directors.

Article 24: Any items that are not specified herein shall be dealt with in accordance with the Company Act and any other laws or rules.

Article 25: These Articles of Incorporation were promulgated on December 13, 1975. The 1st amendment was made on October 25, 1977. The 2nd amendment was on October 12, 1981. The 3rd amendment was on December 30, 1981. The 4th amendment was on December 15, 1984. The 5th amendment was on December 9, 1985. The 6th amendment was on December 20, 1985. The 7th amendment was on September 15, 1987. The 8th amendment was on December 10, 1988. The 9th amendment was on November 15, 1989. The 10th amendment was on May 10, 1990. The 11th amendment was on June 25, 1990. The 12th amendment was on December 15, 1990. The 13th amendment was on January 23, 1991. The 14th amendment was on March 1, 1991. The 15th amendment was on April 2, 1991. The 16th amendment was on July 12, 1991. The 17th amendment was on June 10, 1995. The 18th amendment was on July 26, 1996. The 19th amendment was on May 31, 1997. The 20th amendment was on March 25, 1998. The 21st amendment was on May 18, 1999. The 22nd amendment was on May 16, 2000. The 23rd amendment was on May 3, 2001. The 24th amendment was on August 28, 2001. The 25th

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amendment was on May 27, 2002. The 26th amendment was on May 20, 2004. The 27th amendment was on May 19, 2005. The 28th amendment was on October 18, 2005. The 29th amendment was on June 16, 2006. The 30th amendment was on June 13, 2007. The 31st amendment was on June 13, 2008. The 32nd amendment was on June 16, 2009. The 33rd amendment was on 14 June 2010. The 34th amendment was on June 22, 2012. The 35th amendment was on June 11, 2014. The 36th amendment was on June 12, 2015. The 37th amendment was made on January 22, 2016. The 38th amendment was made on June 29, 2016. The 39th amendment was made on June 13, 2018.

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Appendix 2

Operation Procedures for the Acquisition or Disposal of Assets (Before Amendment)

1. Purpose

The Company hereby adopted this procedure in order to protect assets and carry out the information disclosure.

2. Scope

2.1. Legal basis

This procedure is adopted and handled in accordance with relevant provisions of Article 36-1 of the Securities Exchange Act and the "Regulations Governing the Acquisition and Disposal of Assets by Public Companies" enacted and announced by the Financial Supervisory Commission of the Executive Yuan ("FSC"), provided that, where other laws or regulations provide otherwise, such provisions shall govern.

2.2. Scope of the assets

2.2.1. 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.

2.2.2. Real property (including investment property, rights to use land, and construction enterprise inventory), factory and equipment.

2.2.3. Memberships.

2.2.4. Intangible assets: Including patents, copyrights, trademarks, franchise rights, and other intangible assets.

2.2.5. Claims of financial institutions (including receivables, bills purchased and discounted, loans, and overdue receivables).

2.2.6. Derivatives.

2.2.7. Assets acquired or disposed of as a result of mergers, demergers, acquisitions, or transfer of shares in accordance with laws.

2.2.8. Other major assets.

3. Responsibilities & Authority: Finance Department.

4. Terms and Definitions

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4.1. Derivatives

It refers to forward contracts, options contracts, futures contracts, leverage contracts, and swap contracts, and compound contracts combining the above products, whose value is derived from assets, interest rates, foreign exchange rates, indexes or other interests. The term "forward contracts" does not include insurance contracts, performance contracts, after-sales service contracts, long-term leasing contracts, or long-term purchase (sales) agreements.

4.2. Assets acquired or disposed as a result of mergers, demergers, acquisitions, or transfer of shares in accordance with laws

It refers to assets acquired or disposed of as a result of mergers, demergers, or acquisitions conducted under the Business Mergers and Acquisitions Act, Financial Holding Company Act, Financial Institution Merger Act and other laws, or issuance of new shares as a consideration of assuming the shares of another company (hereinafter "transfer of shares") under Paragraph 8, Article 156 of the Company Act.

4.3. Related party or subsidiary

As defined in the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

4.4. Professional appraiser

It refers to a real property appraiser or other persons duly authorized by laws to engage in the value appraisal of real property, factory or equipment.

4.5. Date of occurrence

It refers to the date of contract signing, date of payment, date of consignment trade, date of transfer, dates of boards resolutions, or other dates that can confirm the counterpart and transaction amount, whichever is earlier, provided that, for investment subject to the approval of the competent authority, the earlier of the above dates or the date of receipt of approval by the competent authority.

4.6. Mainland China area investment

It refers to investments in the mainland China area in accordance with the provisions of the Regulations Governing Permission for Investment or Technical Cooperation in the Mainland Area enacted by the "Investment Commission, the Ministry of Economic Affairs".

4.7. "Within the preceding year" as used herein refers to the year preceding the date of the acquisition and disposal of assets (excluding the public announcement period).

4.8. The "latest financial statements" refers to the financial statements audited or reviewed by a CPA and has been announced prior to the Company's acquisition or disposal of assets.

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5. Operating Procedures

5.1. The quota for investment in real property not for business use and securities:

The respective quota for acquisition of the above-mentioned assets by the Company and each of the subsidiaries is as follow:

5.1.1. For investment in real property not for business use, the total investment amount shall not exceed 50% of the assets.

5.1.2. For the investment in securities, the total investment amount shall not exceed 70% of the assets.

5.1.3. For the investment in individual security, the investment amount shall not exceed 50% of the assets.

5.2. For the appraisal reports, CPA's, attorney's or underwriter's opinions the Company obtained, such professional appraisers and their officers, CPAs, attorneys, and securities underwriters shall not be a related party of any party to the transaction.

5.3. Procedures for obtaining or disposing of real or other fixed assets

5.3.1. The appraisal and operational procedures

The Company shall follow the Company's cycle procedures for fixed assets under the internal control system to handle the acquisition or disposal of the real property and other fixed assets.

5.3.2. The procedure to determine the transaction terms and authorized quota

(1). For the acquisition or disposal of real property, it is required to consider the publicly announced current value, appraised value and the actual transaction price of the neighboring real property to determine the transaction terms and price and then prepare an analysis report and submit to the chairperson. If the amount does not exceed NT\$ 50 million, such transaction shall be submitted to the chairperson for approval and reported in the latest following board meeting. If the amount exceeds NT\$ 50 million, such transaction shall not be commenced until it is approved by the board of directors.

(2). For the acquisition or disposal of other fixed assets, it shall be done by one of the following: price inquiry, price survey, price negotiation or bidding. If the amount does not exceed NT\$ 50 million (inclusive), such transaction shall be properly approved in accordance with the authorization rules. If the amount exceeds NT\$ 50 million, such transaction shall be submitted to the general manager for approval and shall not be commenced until it is approved by the board of directors.

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(3) For the Company's acquisition or disposal of assets which is subject to the approval of the board of directors under the procedure or other laws or regulations, if any director expresses dissent and it is recorded or contained in a written statement, the Company shall submit the director's dissenting opinion to each supervisor. Where the Company has independent director(s) or audit committee, the resolution procedures shall be handled in accordance with Article [5.14.2].

5.3.3. Execution unit

The acquisition or disposal of real property or other fixed assets shall be submitted for approval in accordance with the approval authorization provided in the preceding paragraph and executed by relevant departments.

5.3.4. Appraiser reports of real property or other fixed assets

In acquisition or disposal of real property, factory or equipment where the transaction amount reaches 20% 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 disposal of equipment for business use, shall obtain an appraisal report prior to the date of occurrence of the event from a professional appraiser and shall further comply with the following provisions:

- (1). Where due to special circumstances it is necessary to give a limited price, specified price, or special price as a reference basis for the transaction price, the transaction shall be submitted for approval in advance by the board of directors, and the same procedure shall be followed for any future changes to the terms and conditions of the transaction.
- (2). Where the transaction amount reaches NT\$1 billion or more, appraisals from two or more professional appraisers shall be obtained.
- (3). Where any one of the following circumstances applies with respect to the professional appraiser's appraisal results, unless all the appraisal results for the assets to be acquired are higher than the transaction amount, or all the appraisal results for the assets to be disposed of are lower than the transaction amount, a CPA shall be engaged to perform the appraisal in accordance with the provisions of Statement of Auditing Standards No. 20 published by the ROC Accounting Research and Development Foundation (hereinafter "ARDF") and render a specific

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opinion regarding the reason for the discrepancy and the appropriateness of the transaction price :

- (a).The discrepancy between the appraisal results of two or more professional appraisers is 10 % or more of the transaction amount.
 - (b).The discrepancy between the appraisal result and the transaction amount is 20 % or more of the transaction amount.
- (4).No more than 3 months may elapse between the date of the appraisal report issued by a professional appraiser and the contract execution date; provided, where the publicly announced current value for the same period is used and no more than 6 months have elapsed, an opinion may still be issued by the original professional appraiser.
- (5). Where the Company acquires or disposes of assets through court auction procedures, the evidentiary documentation issued by the court may be substituted for the appraisal report or CPA opinion.

5.4. Investment procedures governing the acquisition and disposal of securities

5.4.1. The appraisal and operational procedures

The Company shall follow the Company's investment cycle procedures under the internal control system for purchase and sale of securities.

5.4.2. The procedure to determine the transaction terms and authorized quota

- (1).Transactions of securities traded on the centralized securities exchange market or over the counter shall be determined by the responsible units according to the market quotation and approved in accordance with the relevant authorization requirement of the Company.
- (2). For transactions of the securities not traded on the centralized securities exchange market or over the counter, it is required to obtain financial statements of the issuing company certified or reviewed by a CPA for the most recent period for reference in appraising the transaction price, consider the net value per share, profitability and the growing potential in the future and be approved in accordance with the relevant authorization requirement of the Company.
- (3). With respect to the Company's acquisition or disposal of assets which is subject to the approval of the board of directors under the procedure or other laws or regulations, if any director expresses dissent and it is recorded or contained in a written statement, the Company shall submit

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the director's dissenting opinion to each supervisor. Where the position of independent director has been created or an audit committee has been established, the resolution procedures shall be handled in accordance with Article [5.14.2].

5.4.3. Execution unit: The Company's investment in securities shall be submitted for approval in accordance with the approval authorization provided in the proceed paragraph and executed by the finance and accounting departments.

5.4.4. Obtaining professional's opinion

(1). The Company acquiring or disposing of securities shall, prior to the date of occurrence of the event, obtain financial statements of the issuing company certified or reviewed by a CPA for the most recent period for reference in appraising the transaction price, and if the amount of the transaction is 20% of the Company's paid-in capital or NT\$300 million or more, the Company shall additionally engage a CPA prior to the date of occurrence of the event to provide an opinion regarding the reasonableness of the transaction price. If the CPA needs to use the report of an expert, the CPA shall do so in accordance with the provisions of Statement of Auditing Standards No. 20 published by the ARDF. This requirement does not apply, however, to securities with public quotation of an active market, or where otherwise provided by regulations of the FSC.

(2). Where the Company acquires or disposes of assets through court auction procedures, the evidentiary documentation issued by the court may be substituted for the appraisal report or CPA opinion.

5.5. Related party transactions

5.5.1. When the Company acquires or disposes of assets from or to a related party, in addition to ensuring that relevant resolutions are adopted and the reasonableness of the transaction terms is appraised in accordance with this Article, if the transaction amount reaches 10% or more of the Company's total assets, the Company shall also obtain an appraisal report from a professional appraiser or a certified public accountant's opinion in compliance with the provisions of the preceding section.

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The calculation of the transaction amount referred to in the preceding paragraph shall be made in accordance with Article [5.6.] herein.

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

5.5.2. Assessment of Operating Procedures

When the Company intends to acquire or dispose of real property from or to a related party, or when it intends to acquire or dispose of assets other than real property from or to a related party and the transaction amount reaches 20% or more of the paid-in capital, 10% or more of the Company's total assets, or NT\$300 million or more, except in trading of government bonds or bonds under repurchase and resale agreements, or subscription or repurchase money market funds issued by domestic securities investment trust enterprises, the Company may not proceed to enter into a transaction contract or make a payment until the following information has been submitted and approved by the board of directors and recognized by the supervisors:

- (1).The purpose, necessity and anticipated benefit of the acquisition or disposal of assets.
- (2).The reason for choosing the related party as a trading counterparty.
- (3).With respect to acquisition of real property from a related party, relevant information regarding appraisal of the reasonableness of the preliminary transaction terms in accordance with Article [5.5.3.(1).] and Article [5.5.3.(4).].
- (4).The date and price at which the related party originally acquired the real property, the original transaction counterparty, and that transaction counterparty's relationship with the Company and the related party.
- (5).Monthly cash flow forecasts for the year commencing from the anticipated month of signing of the contract, and evaluation of the necessity of the transaction, and reasonableness of the funds utilization.
- (6).An appraisal report from a professional appraiser or a certified public accountant's opinion obtained in compliance with the preceding paragraph.

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(7). Restrictive covenants and other important stipulations associated with the transaction.

The calculation of the transaction amounts referred to in the preceding paragraph shall be made in accordance with Article [5.10.1.(7).] herein, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items that have been approved by the board of directors and recognized by the supervisors in accordance with this procedure need not be counted toward the transaction amount.

With respect to the acquisition or disposal of business-use equipment between the Company and its parent or subsidiaries, the Company's board of directors may delegate the chairperson to decide such matters when the transaction amount is within NT\$ 50 million and have the decisions subsequently submitted to and ratified by the next board meeting.

Where the position of independent director has been created, when a matter is submitted for discussion by the board of directors pursuant to Article [5.14.2.], the board of directors shall take into full consideration each independent director's opinions. If an independent director objects to or expresses reservations, it shall be recorded in the minutes of the board of directors meeting.

Where an audit committee has been established, the matters for which Article [5.14.2.] requires recognition by the supervisors shall first be approved by the majority of all audit committee members and then submitted to the board of directors for a resolution, and Article [5.14.2.] shall apply mutatis mutandis.

5.5.3. Evaluation of the reasonableness of the transaction costs

(1). For the Company to acquire real property from a related party, it shall evaluate the reasonableness of the transaction costs by the following means:

(a). Based upon the related party's transaction price plus necessary interest on funding and the costs to be duly borne by the buyer. "Necessary interest on funding" is calculated by the weighted average interest rate for borrowing in the year the Company purchases the property; provided that it may not be higher than the maximum non-financial industry borrowing rate announced by the Ministry of Finance.

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- (b). The total loan value appraisal from a financial institution where the related party has previously created a mortgage on the property as security for a loan; provided that the actual cumulative amount lend by the financial institution shall be 70% or more of the financial institution's appraised loan value of the property and the period of the loan shall be 1 year or more. However, this shall not apply where the financial institution is a related party of one of the transaction counterparties.
- (2). Where land and the building thereupon are consolidated as a single property to be purchased in one transaction, the transaction costs for the land and the building may be separately appraised in accordance with either of the means listed in the preceding paragraph.
- (3). The Company acquiring real property from a related party and appraises the cost of the real property in accordance with Article [5.5.3.(1)] and Article [5.5.3.(2)] shall engage a CPA to review the appraisal and render a concrete opinion.
- (4). When the results of the Company's appraisal conducted in accordance with Article [5.5.3.(1)] and Article [5.5.3.(2)] are both lower than the transaction price, the matter shall be handled in accordance with Article [5.5.3.(5)]. However, where the following circumstances exist, objective evidence has been provided and specific opinions on reasonableness have been obtained from a professional real property appraiser and a CPA, this restriction shall not apply:
 - (a). Where the related party acquired undeveloped land or leased land for development, it may provide proof of satisfying one of the following conditions:
 - (i). Where undeveloped land is appraised in accordance with the means in the preceding Article, and buildings are valued according to the related party's construction cost plus reasonable construction profit, the aggregate amount is in excess of the actual transaction price. The "reasonable construction profit" shall be determined according to the average gross operating profit margin of the related party's construction division over the most recent 3 years or the gross profit margin for the construction industry for

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the most recent period as announced by the Ministry of Finance, whichever is lower.

- (ii). Completed transactions by unrelated parties within the preceding year involving other floors of the same property or neighboring area, where the land area and transaction terms are similar after calculation of reasonable price discrepancies in floor or area land prices in accordance with standard property market practices.
 - (iii). Completed leasing transactions by unrelated parties for other floors of the same property within the preceding year, where the transaction terms are similar after calculation of reasonable price discrepancies among floors in accordance with standard property leasing market practices.
- (b). Where the Company acquiring real property from a related party provides evidence that the terms of the transaction are similar to the terms of transactions completed for the acquisition of neighboring land of a similar size by unrelated parties within the preceding year. Completed transactions for neighboring land in the preceding paragraph in principle refers to parcels on the same or an adjacent block and within a distance of no more than 500 meters or parcels close in publicly announced current value; transaction for similarly sized parcels in principle refers to transactions completed by unrelated parties for parcels with a land area of no less than 50% of the property in the planned transaction; within the preceding year refers to the year preceding the date of occurrence of the acquisition of the real property.
- (5). Where the Company acquires real property from a related party and the results of appraisals conducted in accordance with Article [5.5.3.(1)] and Article [5.5.3.(2)] are both lower than the transaction price, the following steps shall be taken.
- In addition, if the Company and a public company using the equity method to account for its investment in the Company have set aside a special reserve under Article [5.5.3.(5).(a)], they may not utilize the special reserve until it has recognized a loss on decline in market value of the assets it purchased at a premium, or they have been disposed of,

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or adequate compensation has been made, or the status quo ante has been restored, or there is other evidence confirming that there was nothing unreasonable about the transaction, and the FSC has given its consent.

- (a). A special reserve shall be set aside by the Company in accordance with Paragraph 1, Article 41 of the Securities Exchange Act for the difference between the real property transaction price and the appraised cost, and may not be distributed or used for capital increase or issuance of bonus shares. Where a public company uses the equity method to account for its investment in the Company, then the special reserve called for under Paragraph 1, Article 41 of the Securities Exchange Act shall be set aside pro rata in accordance with its shareholding in the Company.
 - (b). Supervisors shall handle in accordance with Article 218 of the Company Act. Where an audit committee has been established, such requirement shall apply to the independent directors of the audit committee.
 - (c). Actions taken pursuant to Article [5.5.3.5.(a)] and Article [5.5.3.5.(b)] shall be reported to the shareholders meeting, and the details of the transaction shall be disclosed in the annual report and any prospectus.
- (6). Where the Company acquires real property from a related party and one of the following circumstances exists, the acquisition shall be conducted in accordance with the appraisal and operational procedures provided in Article [5.5.1] and Article [5.5.2] and the evaluation of the reasonableness of the transaction costs provided in Articles [5.5.3.(1), 5.5.3.(2), 5.5.3.(3)] shall not apply:
- (a). The related party acquired the real property through inheritance or as a gift.
 - (b). More than 5 years will have elapsed from the time the related party signed the contract to obtain the real property to the signing date for the current transaction.
 - (c). The real property is acquired through signing of a joint development contract with the related party, or through engaging a related party to

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build real property, either on the Company's own land or on rented land.

(7). When the Company obtains real property from a related party, it shall also comply with Article [5.5.3.(5)] if there is other evidence indicating that the acquisition was not an arms of length transaction.

5.6. Operational Procedures for the acquisition and disposal of memberships or intangible assets

Where the Company acquires or disposes of memberships or intangible assets and the transaction amount reaches 20 percent or more of the paid-in capital or NT\$300 million or more, except for transactions with a government agency, the Company shall engage a certified public accountant prior to the date of occurrence of the event to render an opinion on the reasonableness of the transaction price; the certified public accountant shall comply with the provisions of Statement of Auditing Standards No. 20 published by the ARDF.

5.7. Procedures governing the acquisition and disposal of claims of financial institutions

The Company will not engage in the acquisition and disposal of claims of financial institutions in principle. If the Company would like to engage in transaction of the acquisition and disposal of claims of financial institutions in the future, the Company will submit to the board of directors for approval and then establish the assessment and operational procedures.

5.8. Operation Procedures of engaging in Derivatives Trading.

5.8.1. Trading Principles and guidelines

(1). Types

(a). Derivatives, the Company engaging in , refers to forward contracts, options contracts, futures contracts, leverage contracts, and swap contracts, and compound contracts combining the above products, whose value is derived from assets, interest rates, foreign exchange rates, indexes or other interests.

(b). Matters relating to bond margin trading shall be handled in the relevant provisions of this procedure. The provisions of this procedure shall not apply to the trading of bonds with buy back conditions.

(2). Operational hedge Principles.

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The Company shall engage in derivatives transaction for the purpose of hedging and shall choose the transaction products to hedge the risks generate from the operation of the Company's business. The currencies held by the Company shall meet the demand of the Company for foreign currencies in import and export transactions. Such positions shall be covered by the total internal positions held by the Company (foreign currency assets, foreign currency income and expenses) in principle so as to reduce the total foreign exchange risks the Company assumed and also save the costs to operate foreign exchange. Transaction for other specific purpose shall be carefully assessed and shall not commence until it has been submitted to the board of directors for approval.

(3). Delegation of authority and duty

(a). Finance department

(i). Trading personnel

. Responsible to propose the strategy on financial products

. Trading personnel shall calculate the positions on a regular basis collect market information and conduct the trends judging and risk assessment to plan the operational strategy. Once such strategy is approved by the authority, it will serve as the basis for the Company to conduct transaction.

. To execute transactions based on the authorization and the existing strategy.

. To propose assessment reports and replace the strategy from time to time when there is a material change to the financial market and the trading personnel determined that the existing strategy shall not apply anymore. Once such strategy is approved by the general manager, it will serve as the basis for the Company to conduct transaction.

(ii). Accounting personnel

. To confirm the transaction executed.

. To review and check whether the transaction is conducted in accordance with the authorization and existing strategy.

. To conduct evaluations on a monthly basis and submit the evaluation reports to the general manager.

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- . To handle accounting and books.
- . To conduct report and announcement according to the requirements of the FSC.

(iii). Settlement personnel: Responsible to execute settlements.

(iv). Authorization to approve the derivatives

(I) The authorization to approve transaction

Unit: US\$10 thousand

Total amount of the contract	Hedging transaction	Non-hedging transaction
Chief Financial Officer	200	-
General manager	600	-
Chairperson	1000	100
Board of directors	1000 and above	100 and above

The above mentioned amount shall not include the purchase and sale of the contracts with the same tenor and same amount on the same day.

(II) For the Company's acquisition or disposal of assets which is subject to the approval of the board of directors under the procedure or other laws or regulations, if any director expresses dissent and it is recorded or contained in a written statement, the Company shall submit the director's dissenting opinion to each supervisor. Where the position of independent director has been created or an audit committee has been established, the resolution procedures shall be handled in accordance with Article [5.14.2].

(b). Audit department

Responsible to understand the appropriateness of the internal control system of the derivatives transaction, audit the compliance of the trading department with the operational procedures, analyze the transaction cycle, generate audit report and report to the board of directors when there is any material deficiency.

(c). Performance assessment

(i). Hedging transaction

(I) Take the profits and losses generated between the cost of foreign exchange rate from the Company's books and the transaction of derivatives as the basis for performance assessment.

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(II) In order to fully control and express the transaction risks assessed, the Company will assess profits and losses based on the monthly balance.

(III) The finance department shall provide the evaluation on foreign exchange positions and the market trend of the foreign exchange and market analysis to the general manager as management reference and indication.

(ii). Transaction for specific purposes

It shall take the actual profits and losses as the basis to assess performance and the accounting personnel shall compile the positions into a statement on a regular basis for the management's reference.

(d). Setting the total amount of contracts and the maximum loss limit

(i). Total amount of contracts

(I) Quota for hedging transaction

The finance department shall control the total positions of the Company in order to hedge transaction risks. The amount of hedging transaction shall not exceed the Company's total net positions, where exceeded, it shall be reported to the general manager for approval.

(II) Transaction for specific purposes

Based on the assessment on the market change, the finance department may propose strategy when needed and submit to the general manager and chairperson for approval and execution.

The total amount of the contracts of the net accumulated positions the Company holds for transaction for specific purposes shall not exceed US\$10 million. Once the total amount exceeds US\$10 million, it shall not be executed until it is approved by the board of directors and executed in accordance with policy instruction.

(ii). Setting the maximum loss limit

(I) With respect to hedging transaction, the maximum loss limit for individual contract shall be 50% of each transaction amount.

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(II) If it is a transaction contract for specific purposes, when the position is held by the Company, it is required to set the stop loss point to avoid excess of loss.

The setting of stop loss point shall not exceed 10% of the total transaction contract amount. If the loss amount exceeds 10% of the transaction amount, it shall be reported to the general manager immediately and reported to the board of directors to discuss the necessary measures to deal with it.

(III) The loss amount of individual contract shall not exceed US\$20,000 or 5% of the transaction contract amount, whichever is lower.

(IV) The Company's annual maximum loss limit for transactional operation for specific purposes is US\$300,000.

5.8.2. Risk management measures

(1). Management of credit risk

Considering that the market fluctuates due to various elements, which may cause the operational risk of derivatives financial products, the management of market risk shall be conducted in accordance with the following principles:

- (a). Counterparties: The Company shall mainly deal with reputational local or foreign financial institutions.
- (b). Transaction products: The Company shall only transact the products provided by reputational local or foreign financial institutions
- (c). Transaction amount: Hedging shall be centralized to deal with a single counterparty, unless such transaction is approved by the general manager.

(2). Management of market risks: The Company shall mainly deal on the public foreign exchange trading market provided by banks.

(3). Management of liquidity risk

To ensure the market liquidity, the Company shall choose the financial products with higher liquidity (which means the position can be covered on the market at any time) and the financial institutions accept trading orders shall maintain adequate information and the ability to engage in transaction on any market at any time.

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(4).Management of cash flow risk

To ensure the stability of the turnover of the Company's operational fund, the funding for the Company to engage in derivatives transaction shall be the Company's self-owned capital and it shall also consider the demand for fund based on the estimation of cash inflow and outflow for the next three months to decide the transaction amount.

(5).Management of operational risk

(a).It is required to strictly follow the Company's authorized quota and operational procedures, which shall be adopted into the internal audit to avoid operational risk.

(b). The trading personnel for derivative products shall not concurrently act as the operational personnel such as the persons handling confirmation or settlement.

(c). The personnel of risk assessment, supervision and control shall belong to departments other than the department of personnel mentioned in the preceding paragraph and shall report to the board of directors or to the high-level managers not responsible for decision making of transactions or positions.

(6).Management of product risk

The internal trading personnel shall equip with complete and correct professional knowledge of the financial products and shall request banks to fully disclose risks to avoid the risk of misuse of financial products.

(7).Management of legal risk

The documents to be executed with financial institutions shall not be executed unless they have been reviewed by the expert of foreign exchange and legal or legal counsels to avoid legal risk.

5.8.3. Internal audit system

(1). The internal auditor shall periodically make a determination of the suitability of internal controls on derivatives, conduct monthly audit on the compliance of procedure for derivatives trading engaged by the trading department and analyze the trading cycle, and prepare an audit report. If any material violation is found, he/she shall notify the supervisor in writing.

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- (2). The internal auditor shall file the audit report, together with the annual internal auditing condition, to the FSC by the end of February of the following year, and shall file the improvement to the irregular circumstance by the end of May of the following year at the latest.

5.8.4. Regular evaluation methods

- (1).The board of directors shall authorize senior management personnel to periodically monitor and evaluate whether the derivatives trades are faithfully conducted in accordance with the trading procedure stipulated by the Company and whether the risk undertaken is within the Company's permitted scope of tolerance. Where the irregular circumstance is found in the evaluation report of market price (such as the holding position has exceeded the upper limit of the loss), a report shall be immediately made to the board of directors and the corresponding measures shall be adopted.
- (2).The holding position of derivatives trades shall be evaluated at least once per week. If the hedging transaction was made in consideration of business necessity, the evaluation shall be made at least twice per month. The evaluation report shall be submitted to the senior management personnel authorized by the board of directors.

5.8.5. The supervising and managing principles of the board of directions when engaging in derivatives trades:

- (1).Designate senior management personnel to pay continuous attention to monitoring and controlling derivatives trading risk.
- (2).Periodically evaluate whether derivatives trading performance is consistent with established operational strategy and whether the risk undertaken is within the Company's permitted scope of tolerance. Senior management personnel authorized by the board of directors shall manage derivatives trading in accordance with the following principles:
 - (a). Periodically evaluate whether the risk management measures currently employed is appropriate and whether the regulations and the procedures for engaging in derivatives trading stipulated by the Company are faithfully complied with.
 - (b). When irregular circumstances are found in the course of supervising trading and profit-loss circumstances, appropriate measures shall be

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adopted and a report shall be immediately made to the board of directors. Where the Company has independent directors, an independent director shall be present at the meeting and express an opinion.

- (3).The Company shall report to the latest board meeting if it authorizes the relevant personnel to handle derivatives trading in accordance with its procedures for engaging in derivatives trading.
- (4).When engaging in derivatives trades, the Company shall establish a record book in which details of the types and amounts of derivatives trading engaged in, board of directors approval dates, and the matters required to be carefully evaluated under [5.8.4.(2), 5.8.5.(1) and 5.8.5.(2)] shall be recorded in detail in the record book.

5.9. Procedures for engaging in mergers, demergers, acquisitions, and shares assumption

5.9.1. Evaluation and Operation Procedure

- (1). The Company that conducts a merger, demerger, acquisition, or transfer of shares, prior to convening the board of directors to resolve on the matter, shall engage a certified public accountant, attorney, or securities underwriter to give an opinion on the reasonableness of the share exchange ratio, acquisition price, or distribution of cash or other property to shareholders, and submit it to the board of directors for deliberation and passage. However, the requirement of obtaining an aforesaid opinion on reasonableness issued by an expert may be exempted in the case of a merger by the Company of a subsidiary in which it directly or indirectly holds 100 percent of the issued shares or total capital, and in the case of a merger between subsidiaries in which the Company directly or indirectly holds 100 percent of the respective subsidiaries' issued shares or total capital.
- (2).The Company shall prepare a public report to shareholders detailing important contractual terms and matters relevant to the merger, demerger or acquisition prior to the shareholders' meeting and include it along with the expert opinion referred to in [5.9.1.(1)] when sending notification of the shareholders' meeting to shareholders for reference to determine whether to approve the merger, demerger or acquisition,

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provided that the restriction shall not apply where other laws or regulations exempt a company from convening a shareholders' meeting to approve the merger, demerger or acquisition. In addition, where the shareholders' meeting of any party participating in a merger, demerger or acquisition fails to convene or pass a resolution due to lack of a quorum, insufficient votes, or other legal restriction, or the proposal is rejected by the shareholders' meeting, the companies participating in the merger, demerger or acquisition shall immediately and publicly explain the reason, the follow-up measures, and the preliminary date of the next shareholders' meeting.

5.9.2. Other matters to be noted

- (1). Date of the board meeting: The companies participating in a merger, demerger or acquisition shall convene the meeting of the board of directors and shareholders' meeting on the same day to resolve matters relevant to the merger, demerger or acquisition, unless other laws provide otherwise or the FSC is notified in advance of extraordinary circumstances and grants the consent. The companies participating in assumption of shares shall convene the meeting of the board of directors on the same day, unless other laws provide otherwise or the FSC is notified in advance of extraordinary circumstances and grants the consent.
- (2). Prior undertaking of confidentiality: Every person participating in or privy to the plan for merger, demerger, acquisition, or assumption of shares shall issue a written undertaking of confidentiality and may not disclose the content of the plan prior to public disclosure of the information and may not trade, in their own name or under the name of another person, in any stock or other equity securities of any company related to the plan for merger, demerger, acquisition or assumption of shares.
- (3). Determination and alteration principles of the exchange ratio or acquisition price :
Companies participating in merger, demerger, acquisition, or assumption of shares shall, prior to convening the board of directors, engage a CPA, lawyer, or securities underwriter to give an opinion on the fairness of the

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share exchange ratio, acquisition price, or cash or other property distributed to shareholders, and submit it to the shareholders' meeting. Share exchange ratio or acquisition price may not be arbitrarily altered in principle, provided that this restriction shall not apply if the conditions for alteration have already been stipulated in the contract and disclosed to the public. Share exchange ratio or acquisition price is permitted to be altered in the following conditions:

- (a).Capital increase in cash, or issuance of convertible corporate bonds, bonus shares, corporate bonds with warrants, preferred shares with warrants, stock warrants, or other equity securities.
- (b).An action which affects the company's financial and operations, such as a disposal of major assets.
- (c).An event which affects shareholder equity or securities price, such as a major disaster or major change in technology.
- (d).An adjustment where any of the companies participating in the merger, demerger, acquisition, or assumption of shares from another company, buys back treasury stock.
- (e).An increase or decrease in the number of entities or companies participating in the merger, demerger, acquisition, or assumption of shares, or change of such entities or companies.
- (f).Other terms/conditions permitted to alter which are stipulated in the contract and have been publicly disclosed.

(4).Content shall be included in the contract

In addition to Article 317-1 of Company Act and Article 22 of Business Mergers and Acquisitions Act, the contract for a merger, demerger, acquisition, or assumption of shares shall record the following:

- (a).Handling of breach of contract.
- (b).Principles for handling equity-type securities previously issued or treasury stock previously bought back by any company that is dissolved in a merger or that is demerged.
- (c).The amount of treasury stock participating companies are permitted under the laws to buy back after the record date of calculation of the share exchange ratio, and the principles for handling thereof.

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- (d).The handling manner of changes in the number of participating entities or companies or changes of such entities or companies.
 - (e).Preliminary schedule for plan execution, and anticipated completion date.
 - (f).Scheduled date for convening the legally required shareholders meeting if the plan is not completed as scheduled, as well as the relevant procedures.
- (5).Changes in the number of companies participating in the merger, demerger, acquisition, or share assumption
- After public disclosure of the information, if any company participating in the merger, demerger, acquisition, or share assumption intends to further carry out a merger, demerger, acquisition, or share assumption with another company, all of the participating companies shall carry out again the procedures or legal actions that had originally been completed for the merger, demerger, acquisition, or share assumption; except that where the number of participating companies is decreased and a participating company's shareholders meeting has adopted a resolution authorizing the board of directors to change, such participating company may be exempted from calling another shareholders meeting to resolve on the matter again.
- (6). Where any of the companies participating in a merger, demerger, acquisition, or transfer of shares is not a public company, the Company shall sign an agreement with the non-public company and act in accordance with [5.9.2.(1), 5.9.2.(2), 5.9.2.(5), 5.9.2.(7)].
- (7). A company participating in a merger, demerger, acquisition, or share assumption and listed on an exchange or having its shares traded on an OTC market shall prepare a complete written record of the following information and retain it for 5 years for reference:
- (a). Basic identification data of personnel: Including the titles, names, and national ID numbers (or passport numbers in the case of foreign nationals) of all persons involved in the planning or implementation of any merger, demerger, acquisition, or assumption of another company's shares prior to disclosure of the information.
 - (b). Dates of material events: Including signing of any letter of intent or memorandum of understanding, engaging a financial or legal advisor,

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execution of a contract, and convening of a board of directors meeting.

- (c). Important documents and minutes: Including merger, demerger, acquisition, and share assumption plans, any letter of intent or memorandum of understanding, material contracts, and minutes of board of directors meetings.

A company participating in a merger, demerger, acquisition, or share assumption and listed on an exchange or having its shares traded on an OTC market shall report (in the prescribed format and via the Internet-based information system) the information set out in (a) and (b) of the preceding paragraph to the FSC for recordation within 2 days immediately from the date of a resolution by the board of directors.

Where any of the companies participating in a merger, demerger, acquisition, or share assumption of another company's shares is neither listed on an exchange nor has its shares traded on an OTC market, the company(s) so listed or traded shall sign an agreement with such company whereby the provisions of paragraphs 1 and 2 shall be complied with.

5.10. Procedure for Public Disclosure of Information

5.10.1 Under any of the following circumstances, the Company acquiring or disposing of assets shall publicly announce and report the relevant information on the FSC's designated website in the prescribed format within two days from the date of occurrence of the event (inclusive):

- (1). Acquisition or disposal of real property from or to a related party, or acquisition or disposal of assets other than real property from or to a related party where the transaction amount reaches twenty percent or more of paid-in capital, ten percent or more of the company's total assets, or NT\$300 million or more; provided that, this shall not apply to trading of government bonds or bonds under repurchase and resale agreements, or subscription or repurchase of domestic money market funds issued by domestic securities investment trust enterprises.
- (2). Merger, demerger, acquisition, or shares assumption.
- (3). Losses from derivatives trading reaching the limits on aggregate losses or losses on individual contracts set out in the procedures adopted by the Company.
- (4). Where the type of asset acquired or disposed is equipment for business

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use, the trading counterparty is not a related party, and the transaction amount reaches NT\$500 million or more.

(5). Acquisition or disposal by the Company in the construction business of real property for construction use, where the trading counterparty is not related party, and the transaction amount reaches NT\$500 million or more.

(6). Where land is acquired under an arrangement on engaging others to build on the company's own land, engaging others to build on rented land, joint construction and allocation of housing units, joint construction and allocation of ownership percentages, or joint construction and separate sale, and the amount the Company expects to invest in the transaction reaches NT\$500 million or more.

(7). Where an asset transaction other than any of those referred to in the preceding six subparagraphs, a disposal of receivables by a financial institution, or an investment in the mainland China area reaches twenty percent or more of paid-in capital or NT\$300 million; provided that, this shall not apply to the following circumstances:

(a). Trading of government bonds.

(b). Securities trading by investment professionals on foreign or domestic securities exchanges or over-the-counter markets, or subscription by investment professionals of ordinary corporate bonds or general bank debentures without equity characteristics offered and issued in the domestic primary market, or subscription by a securities firm of securities as necessitated by its undertaking business or as an advisory recommending securities firm for an emerging stock company, in accordance with the rules of the Taipei Exchange.

(c). Trading of bonds under repurchase/resale agreements, or repurchase of money market funds issued by domestic securities investment trust enterprises.

The amount of transactions above shall be calculated as follows:

(a). The amount of any individual transaction.

(b). The cumulative transaction amount of acquisitions and disposals of the same type of underlying asset with the same trading counterparty within the preceding year.

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(c).The cumulative transaction amount of real property acquisitions and disposals (for acquisitions and disposals, calculated respectively) within the same development project within the preceding year.

(d).The cumulative transaction amount of acquisitions and disposals (for acquisitions and disposals, calculated respectively) of the same security within the preceding year.

"Within the preceding year" as used in the preceding paragraph refers to the year preceding the date of occurrence of the current transaction. Items duly announced in accordance with these Regulations need not be counted toward the transaction amount.

5.10.2. The Company shall compile monthly reports on the status of derivatives trading engaged in up to the end of the preceding month by itself and any subsidiaries that are not domestic public companies and enter the information in the prescribed format into the information reporting website designated by the FSC by the 10th day of each month.

5.10.3. When the Company at the time of public announcement makes an error or omission in an item required by regulations to be publicly announced and so is required to correct it, all the items shall be again publicly announced and reported in their entirety within two days counting inclusively from the date of knowing of such error or omission.

5.10.4. The Company acquiring or disposing of assets shall keep all relevant contracts, meeting minutes, record books, appraisal reports and certified public accountant, lawyer, and securities underwriter opinions at the company headquarters, where they shall be retained for five years except where another act provides otherwise.

5.10.5. 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 website designated within two days immediately from the date of occurrence of the event:

(1).Change, termination, or rescission of a contract signed in regard to the original transaction.

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(2).The merger, demerger, acquisition, or shares assumption is not completed by the scheduled date set forth in the contract.

(3).Amendment to the originally publicly announced and reported information.

5.11. Subsidiaries of the Company shall be handled in accordance with the following provisions

5.11.1. The subsidiary shall also set up "Operational Procedures for Acquisition and Disposal of Assets" in accordance with relevant regulations of "Regulations Governing the Acquisition and Disposal of Assets by Public Companies" and the same applies to any amendments thereto.

5.11.2. Where the matter is not stipulated in the "Operational Procedures for Acquisition and Disposal of Assets" set up or amended by the subsidiary or is in violation of "Operational Procedures for Acquisition and Disposal of Assets" set up by the Company, it shall be handled in accordance with the regulations of the Company.

5.11.3. Where the subsidiary of the Company is not a public company and its acquisition or disposal of assets meets the standards under the "Regulations Governing the Acquisition and Disposal of Assets by Public Companies" to be publicly announced and reported, the public announcement and report shall be made by the Company. The standards for public announcement and report under [5.10.1.] shall apply to subsidiaries mentioned above.

For the calculation of ten percent of total assets under this procedure, the total assets stated in the most recent standalone financial report or individual financial report prepared under the Regulations Governing the Preparation of Financial Reports by Securities Issuers shall apply.

In the case of a company whose shares have no par value or a par value other than NT\$10, for calculation of transaction amounts of twenty percent of paid-in capital under this procedure, ten percent of shareholder equity attributable to the parent company shall apply instead.

5.12. Penalty: The manager and in-charge personnel shall compensate the loss and damage suffered by the Company if he/she violates this procedure.

5.13. Implementation and revision

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After the "Procedures Governing the Acquisition and Disposal of Assets" established by the Company has been approved by the board of directors, it shall be submitted to each supervisor, and then to a shareholders' meeting for approval; the same applies when the procedure is amended. If any director expresses dissent and it is contained in the minutes or a written statement, the company shall submit the director's dissenting opinion to each supervisor. Where the position of independent director or audit committee has been created, the resolution procedure shall be conducted in accordance with [5.14.2].

5.14. Supplementary

5.14.1. Where any matter is not stipulated in this procedure, it shall be handled in accordance with relevant laws and regulations.

5.14.2. Where the position of independent director has been created in accordance with the laws, when a matter is submitted for discussion by the board of directors, 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. Where an audit committee has been established in accordance with the laws, the matters shall first be approved by a half of all audit committee members and then submitted to the board of directors for a resolution. If approval of a half of all audit committee members is not obtained, it shall be subject to approval by two-thirds or more of all directors, and the resolution of the audit committee shall be recorded in the minutes of the board of directors meeting. The terms "all audit committee members" and "all directors" shall be counted as the actual number of persons currently holding those positions. The provisions for supervisors in this procedure shall apply to the audit committee *mutatis mutandis*.

6. Use form: None.

7. References: None.

8. Process Chart: None.

9. Attachment: None.

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Appendix 3

Procedures for Lending Funds to Other Parties (Before Amendment)

1. Purpose: The Procedures are set forth In order to meet operation needs and protect the Company's rights.
2. Scope
 - 2.1. Sources of law: The Procedures are created according to Article 36-1 of the Securities and Exchange Act ("the Act"). The company shall comply with the Procedures when making loans to others; any other matters not set forth in the Procedures shall be dealt with in accordance with the applicable laws, rules and regulations.
 - 2.2. Scope:
 - 2.2.1. The company shall not loan funds to any of its shareholders or any other person except under the following circumstances:
 - (1).Companies having business relationship with the Company; or
 - (2).Companies in need of funds for a short-term period.
 - (a).The total lending amount shall not exceed 40% of the lender's net worth.
 - (b).As said "short-term", shall mean one year, or where the company's operating cycle exceeds one year, one operating cycle.
 - (c). "lending amount" as used means the cumulative balance of the Company's short-term financing.
 - (3).Other lending funds with the consent of the Board of Directors of the Company.
 - (4).The restriction 2.2.1.(2).(a) shall not apply to inter-company loans of funds between foreign companies in which the Company holds directly or indirectly 100% of the voting shares. However, setting of the amount limits and the durations of loans shall still apply.
 - 2.2.2. Where a subsidiary of the Comp intends to make loans to others, the Company shall instruct it to formulate its own Operational Procedures for Lending Funds to Other parties in compliance with these Regulations, and it shall comply with the Procedures and shall submit to the board of directors of the Company for approval.
3. Responsibilities & Authorities: In accordance with the provisions of 5.15.and 5.16.

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4. Glossary:

- 4.1. "Subsidiary" and "parent company" as referred to in these Regulations shall be as determined under the Regulations Governing the Preparation of Financial Reports by Securities Issuers.
- 4.2. Where the Company's financial reports are prepared according to the International Financial Reporting Standards, "net worth" in these Procedures means the balance sheet equity attributable to the owners of the parent company.
- 4.3. "Date of occurrence" in these Procedures means the date of contract signing, date of payment, dates of boards of directors resolutions, or other date that can confirm the counterparty and monetary amount of the transaction, whichever date is earlier.

5. Operation Procedures

- 5.1. The aggregate amount of loans and the maximum amount permitted to a single borrower for business transactions and for short-term financing as below:
 - 5.1.1. The total lending amount shall not exceed 100% of the net worth of the Company, the total amount for fund- lending to companies which need funds for a short-term period, shall be not exceed 40% of the net worth of the Company.
 - 5.1.2. The total amount for lending to a company having business relationship with the Company shall not exceed the total transaction amount between the parties. The transaction amount shall mean the sales or purchasing, whichever amount is higher.
 - 5.1.3. Those requesting for necessary funds for short-term financing: the limit of the loan amount of a single borrower shall be limited to 40% of the net worth of the Company.
- 5.2. The loan and term of funds shall not exceed one year at a time, except for short-term funds, if the application for business needs to be extended once, the interest rate shall be determined on the basis of the Company's funding costs and adjusted accordingly, but in no event shall it be lower than the Company's highest short-term bank borrowing rate at the time of lending.
- 5.3. Any borrower, when applying for a loan from the Company, shall submit an application describing in detail the loan amount requested, term, using of funds. For the first time of applicant, the certain basic information and financial data are required, to the accountant to facilitate the evaluation and credit checking by the

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Company. For extending the loan, to do the credit checking when it is deemed necessary.

5.4. After credit checking, if the borrower's credit assessment is poor or the use of the loan is not appropriate, do not intend to lend, persons-in-charge should submit to authorities of General Manager and Chairman gradually for declining the lending fund and shall notify it to borrower promptly.

5.5. After credit checking, if borrower is compatible with proper reason of lending fund, persons-in-charge shall express opinion and relevant term to authorities' review. The lending amount and limit shall be approved by board of directors and shall not empower to others. Loans of funds between the Company and its parent company or subsidiaries, or between its subsidiaries, shall be submitted for a resolution by the board of directors and the chairperson may be authorized, for a specific borrowing counterparty, within a certain monetary limit resolved by the board of directors, and within a period not to exceed one year, to give loans in installments or to make a revolving credit line available for the counterparty to draw down. As mentioned The "certain monetary limit" shall be in compliance with 2.2.1.(4), the authorized limit on loans extended by the public company or any of its subsidiaries to any single entity shall not exceed 10% of the net worth on the most current financial statements of the lending company. Where the Company has established the position of independent director, it shall take into full consideration the opinions of each independent director; independent directors' opinions specifically expressing assent or dissent and the reasons for dissent shall be included in the minutes of the board of directors' meeting.

5.6. The contract signed by both sides

5.6.1. Subsidiaries in which the Company holds more than 95% of the voting shares, not subject to this restriction.

5.7. The contract signed by both sides shall specify the amount of the loan and the period, and the interest rate shall be set out in the agreement if it is a deal.

5.8. Collateral rights setting: if collateral must be obtained, the procedures are as below:

5.8.1. Subsidiaries in which the Company holds more than 95% of the voting shares, not subject to this restriction.

5.8.2. Persons-in-charge shall check the collateral and mortgage should be set up by both sides.

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- 5.8.3. All collateral, except land and securities, shall be covered by property damage insurance and the Company shall be named as the beneficiary of the insurance.
- 5.8.4. Only if there is no loan balance, the borrower may apply for the cancelled mortgage.
- 5.9. To allocate funds or repayment
 - 5.9.1. Register as stipulated in the contract or after the secured mortgage is set.
 - 5.9.2. Repayment under contract.
- 5.10. To issue standby LC for other parties
 - 5.10.1. The limit amount of issuing LC for other parties shall be same as the limit amount of fund-lending to other parties.
 - 5.10.2. The detail procedures as same as the article 5.5.
- 5.11. As mentioned, the accountant shall prepare a memorandum book for its fund-loaning activities and truthfully record the following information: borrower, amount, date of approval by the board of directors, lending/borrowing date, outstanding of lending and endorsements/guarantees in end of month.
- 5.12. Review Procedures
 - 5.12.1. Persons-in-charge shall review the necessity and reasonableness in writing and report to authority gradually.
 - 5.12.2. Persons-in-charge shall review the borrower credit status and risk assessment.
 - 5.12.3. Persons-in-charge shall evaluate the impact of business risk, financial status and the rights of shareholders when fund -lending to other parties.
 - 5.12.4. The persons-in-charge shall assess the necessity of obtaining the collateral. The valuation value of the collateral shall be used by the borrower and the company to jointly contact the third notary to issue a valuation report as the basis for the loan amount.
- 5.13. Control Procedures and Procedures for management of overdue claims
 - 5.13.1. Persons-in-charge shall observe the borrower's and its guarantor's financial status, business operation, related credit status, Where a collateral is provided, and attention shall be paid to the changes to the

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value of security, and report to the authorities gradually for appropriate treatment in the event of a significant change in the value of the borrower's credit and the collateral.

5.13.2. When the loan is due or prior to the loan's due date, the borrower shall return the principle along with the interest before it returns the bill of guarantee to the loaner or applies for lien cancellations.

5.13.3. When the borrower is late to pay the principal and interest, the person-in-charge shall notify the borrower and the guarantor by telephone or written notice, and if the borrower is required to postpone or change the repayment conditions, that must make a request to the Company for the approval by the Board of Directors, otherwise the Company may impose penalties or make claims according to the law with the violator's provided security or towards the violator's guarantor.

5.14. Announcement and reporting procedures:

5.14.1. Subsidiaries of the company shall report to the Company the previous month's loan balances by the 5th day of each month.

5.14.2. The company shall announce and report the previous month's loan balances of its head office and subsidiaries and together with monthly revenue by the 10th day of each month, and the Company whose loans of funds reach one of the following levels shall announce and report such event within two days commencing immediately from the date of occurrence:

(1).The aggregate balance of loans to others by the Company and its subsidiaries reaches 20 percent or more of the Company's net worth as stated in its latest financial statement.

(2).The balance of loans by the Company and its subsidiaries to a single enterprise reaches 10 percent or more of the Company's net worth as stated in its latest financial statement.

(3).The amount of new loans of funds by the Company or its subsidiaries reaches NT\$10 million or more, and reaches 2 percent or more of the Company's net worth as stated in its latest financial statement.

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5.14.3 .The Company shall announce and report on behalf of any subsidiary thereof that is not a public company of the Republic of China any matters that such subsidiary is required to announce and report pursuant to the previous paragraph.

5.15. Supplemental items:

5.15.1. The Company's internal auditors shall audit the Procedures for Lending funds to other parties and the implementation thereof no less frequently than quarterly and prepare written records accordingly. They shall promptly notify the Supervisor in writing of any material violation found in order to strengthen the control of lending funds to other parties.

5.15.2. The Company shall evaluate the status of its loans of funds and reserve sufficient allowance for bad debts, and shall adequately disclose relevant information in its financial reports and provide certified public accountants with relevant information for implementation of necessary auditing procedures for auditors' report.

5.15.3. If, as a result of a change in circumstances, an entity is made does not meet the requirements of these Procedures or the loan balance exceeds the limit, the Company shall adopt rectification plans and submit the rectification plans to Supervisor, and shall complete the rectification according to the timeframe set out in the plan.

5.15.4. Managers and persons-in charge whose violate this operating procedure shall compensate the company for the damage suffered as a result.

5.16. Responsibilities & Authorities:

5.16.1. The Procedures shall be approved by the board of directors, Supervisor, and the shareholders' Meeting.

5.16.2. If any director expresses objection and is recorded or stated in written form, the Company shall pass on the objection to the Supervisor and report this to the shareholders' meeting for discussion. This also applies to the amendment of said operational procedures.

5.16.3. Where the Company has established the position of independent director, independent directors' opinions shall be specifically expressed assent or

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dissent and the reasons for dissent in the minutes of the board of directors' meeting.

6. Use form: None.

7. References: None.

8. Process Chart: None.

9. Attachment: None.

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Appendix 4

Procedures for Endorsements and Guarantees (Before Amendment)

1. Purpose: In order to protect the rights of shareholders, improve the company to handle the endorsement & guarantee of financial management and reduce business risks.
2. Application
 - 2.1. Sources of Law: The Procedures are created according to Article 36-1 of the Securities and Exchange Act ("the Act").
 - 2.2. Scope:
 - 2.2.1. The company and subsidiary shall comply with these procedures when endorsements/guarantees for others; provided that where another law or regulation provides otherwise, the provisions of such act shall prevail. Where a subsidiary of the Company intends to make endorsements/guarantees to others, the Company shall instruct it to formulate its own Operational Procedures for making endorsements/guarantees to others in compliance with these Regulations, and it shall comply with the Procedures when making endorsements/guarantees, and shall submit to the board of directors of the Company for approval.
 - 2.2.2. The term "endorsements/guarantees" as used in these Procedures refers to the following:
 - (1).Financing endorsements/guarantees :
 - (a). Bill discount financing. °
 - (b). Endorsement or guarantee made to meet the financing needs of another company.
 - (c). Issuance of a negotiable instrument to a non-financial enterprise as security to meet the financing needs of the company itself.
 - (2).Customs duty endorsement/guarantee, meaning an endorsement or guarantee for the company itself or another company with respect to customs duty matters.
 - (3).Other endorsements/guarantees, meaning endorsements or guarantees beyond the scope of the above two subparagraphs.2.2.2.
 - (4).Any creation by the company of a pledge or mortgage on its chattel or real property as security for the loans of another company.
3. Responsibilities & Authorities: None.

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4. Terms and Definitions:

- 4.1. Subsidiary and parent company as referred to in these Procedures shall be as determined under the Regulations Governing the Preparation of Financial Reports by Securities Issuers.
- 4.2. Net worth in these Procedures means the balance sheet equity attributable to the owners of the parent company under the Regulations Governing the Preparation of Financial Reports by Securities Issuers.
- 4.3. Date of occurrence in these Procedures means the date of contract signing, date of payment, dates of boards of directors' resolutions, or other date that can confirm the counterparty and monetary amount of the transaction, whichever date is earlier.

5. Operating Procedures

- 5.1. The entity for which the endorsement/guarantee is made
 - 5.1.1. Company may make endorsements/guarantees for the following companies:
 - (1). A company with which it does business.
 - (2). A company in which the public company directly and indirectly holds more than 50 percent of the voting shares.
 - (3). A company that directly and indirectly holds more than 50 percent of the voting shares in the public company.
 - 5.1.2. Companies in which the public company holds, directly or indirectly, 90% or more of the voting shares may make endorsements/guarantees for each other, and the amount of endorsements/guarantees may not exceed 10% of the net worth of the public company, provided that this restriction shall not apply to endorsements/guarantees made between companies in which the public company holds, directly or indirectly, 100% of the voting shares.
 - 5.1.3. Where a public company fulfills its contractual obligations by providing mutual endorsements/guarantees for another company in the same industry or for joint builders for purposes of undertaking a construction project, or where all capital contributing shareholders make endorsements/ guarantees for their jointly invested company in proportion to their shareholding percentages, or where companies in the same industry provide among themselves joint and several security for a performance guarantee of a sales contract for pre-construction homes pursuant to the Consumer Protection Act for each other, such endorsements/guarantees may be made free of the restriction of the preceding two paragraphs.
 - 5.1.4. Capital contribution referred to in the preceding paragraph shall mean capital contribution directly by the public company, or through a company in which the public company holds 100% of the voting shares.

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5.1.5. Before making any endorsement/guarantee pursuant to 【5.1.2.】 , shall submit the proposed endorsement/guarantee to the company's board of directors for a resolution, provided that this restriction shall not apply to endorsements/guarantees made between companies in which the public company holds, directly or indirectly, 100% of the voting shares.

5.2. Ceilings on the amounts and permission made in endorsements/guarantees:

5.2.1. The Company and subsidiaries as a whole to the endorsements/ guarantees of the limit:

(1).The Company's aggregate endorsement/guarantee amount: shall not exceed 100% of the net worth of the company according to its fiscal financial statement most recently ratified. The whole aggregate endorsement/guarantees of the Company and subsidiaries making: shall not exceed 100% of the net worth of the company according to its fiscal financial statement most recently ratified.

(2).The Company's aggregate endorsement/guarantee amount to a single entity: shall not exceed 80% of the net worth of the company according to its fiscal financial statement most recently ratified. The whole aggregate endorsement/guarantees of the Company and subsidiaries making to a single entity: shall not exceed 100% of the net worth of the company according to its fiscal financial statement most recently ratified.

(3).The total amount for making endorsement/ guarantees to a company having business relationship with the Company shall be not exceeded the total transaction amount between the parties.

(4).If the aggregate amount of endorsements/guarantees that is set as the ceiling for the public company and its subsidiaries as a whole reaches 50% or more of the net worth of the Company, an explanation of the necessity and reasonableness thereof shall be given at the shareholders meeting.

5.2.2. The limit of the Chairman's decision-making:

(1). The subsidiaries, in which the Company holds more than 95% voting shares, except in accordance with the above provisions, may have no restrictions on the limit of Decision-making, but shall report to the board of directors afterwards.

(2).The subsidiaries, in which the Company holds less than 95% of the voting shares, the limit of the Chairman's decision-making shall not exceed the NT\$50 million.

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5.3. Procedures for making endorsements/guarantees:

5.3.1. When making endorsement/ guarantee or cancellation, the persons-in-charge shall fill out an application stating the endorsement/guarantee Company, the entity for which the endorsement/guarantee is made, reason and amount, and examine it in detail.

- (1).The necessity and reasonableness of making endorsement/guarantees to others.
- (2).Credit status and risk assessment of the entity for which the endorsement/guarantee is made.
- (3).Impact on the company's business operations, financial condition and shareholders' equity.
- (4).Whether collateral must be obtained and appraisal of the value thereof.

5.3.2. Evaluation: Before making any endorsements/guarantees to others, the company shall carefully assess whether it complies with the company's operational procedures.

5.3.3. Procedures of resolution:

- (1).The results of the previous two assessments are reported after the board resolution.
- (2).Or the Board of Directors shall authorize the Chairman to make a determination within a certain amount and which shall report to the most recent board of directors for recognition.
- (3). It shall take into full consideration the opinions of each independent director; independent directors' opinions specifically expressing assent or dissent and the reasons for dissent shall be included in the minutes of the board of directors' meeting.

5.3.4.The Company shall prepare a memorandum book for making endorsements/guarantees and truthfully record the following information: the entity for which the endorsement/guarantee is made, amount, date of approval by the board of directors, and matters to be carefully evaluated.

5.3.5. Where the company needs to exceed the limits set out in the Operational Procedures for Endorsements/Guarantees to satisfy its business requirements, and where the conditions set out in the Operational Procedures for Endorsements/Guarantees are complied with, it shall obtain approval from the board of directors and half or more of the directors shall

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act as joint guarantors for any loss that may be caused to the Company by the excess endorsement/guarantee. It shall also amend the Operational Procedures for Endorsements/Guarantees accordingly and submit the same to the shareholders' meeting for ratification after the fact. If the shareholders' meeting does not give consent, the company shall adopt a plan to discharge the amount in excess within a given time limit. It shall take into full consideration the opinions of each independent director; Independent directors' opinions specifically expressing assent or dissent and the reasons for dissent shall be included in the minutes of the board of directors' meeting.

5.3.6. Where as a result of changes of condition the entity for which an endorsement/guarantee is made no longer meets the requirements of these Regulations, or the amount of endorsement/guarantee exceeds the limit, the Company shall adopt rectification plans and submit the rectification plans to all the Supervisor, and shall complete the rectification according to the timeframe set out in the plan.

5.3.7. The Company shall evaluate the loss of endorsements/guarantees and shall adequately disclose relevant information in its financial reports, and provide relevant data to certified public accountants to carry out the necessary auditing procedures for auditors' report.

5.3.8. The Company's internal auditors shall audit the Procedures for making endorsement/guarantees for others and the implementation thereof no less frequently than quarterly and prepare written records accordingly. They shall promptly notify the Supervisor in writing of any material violation found.

5.4. Announce and Report Procedures and standards:

5.4.1. The Company shall announce and report the previous month's endorsements/guarantees balances of its head office and subsidiaries by the tenth day of each month in accordance with the regulated timeframe.

5.4.2. The Company whose endorsements/guarantees reach one of the following levels shall announce and report such event within two days commencing immediately from the date of occurrence:

(1).The aggregate balance of endorsements/guarantees to others by the company and subsidiaries reaches 50 percent or more of the company's net worth as stated in its latest fiscal financial statement.

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(2).The aggregate balance of endorsements/guarantees by the Company and subsidiaries to a single enterprise reaches 20 percent or more of the company's net worth as stated in its latest fiscal financial statement.

(3).The aggregate balance of endorsements/guarantees by the company and subsidiaries to a single enterprise reaches NT\$10 million or more and the aggregate amount of all endorsements/guarantees for, long-term investment , and balance of loans to such enterprise reaches 30 % or more of the company's net worth as stated in its latest fiscal financial statement.

(4).The amount of new endorsements/guarantees made by the Company or subsidiaries reaches NT\$30 million or more, and reaches 5 percent or more of the company's net worth as stated in its latest financial statement.

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

5.5. Use and custody of corporate chops:

5.5.1. The company shall use the corporate chop registered with the Ministry of Economic Affairs as the dedicated chop for endorsements/guarantees.

5.5.2. When making a guarantee for a foreign company, the Company shall have the Guarantee Agreement signed by the person authorized by the board of directors.

5.5.3. To comply with the Custody of corporate chop (CR-112) according to Financing cycle of internal control (MES-B3-04), the corporate chop shall be kept by a dedicated officer.

5.5.4. The depositary of the corporate chops and the signatory of the guarantee letter shall be authorized by the Board of Directors, and the same as changing.

5.5.5. A foreign company (hereinafter referred to as a foreign company) who making endorsements/guarantees for others under the provisions of article 165 of the Securities and Exchange Act shall be subject to the provisions of this operating procedure. The provisions of 5.5.1, 5.5.3 and 5.5.4 shall not apply to foreign companies without corporate chops. The net worth calculated by a foreign company in accordance with the provisions of this

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operating procedure means the balance sheet equity attributable to the owners of the parent company.

5.6. Other items:

5.6.1. Managers and persons-in charge whose violate this operating procedure shall compensate the company for the damage suffered as a result.

5.6.2. If the subject of the endorsement/guarantee is a subsidiary with net worth lower than 50 percent of actual paid in capital, the Company shall adopt rectification plans and submit the rectification plans to the Supervisor, and shall complete the rectification according to the timeframe set out in the plan.

5.6.3. Other particulars required by the FSC.

If the subsidiary's stock is of no-par value or does not exceed NT\$10, the amount of actual paid in capital shall be calculated in accordance with provisions 5.6.2. of the sum of the premium issued share of its capital stock and additional paid in capital.

5.7. Check authority:

5.7.1. The Procedures shall be approved by the board of directors, the Supervisor, and the shareholders' Meeting.

5.7.2. If any director expresses objection and is recorded or stated in written form, the Company shall pass on the objection to the Supervisor and report this to the shareholders' meeting for discussion. This also applies to the amendment of said operational procedures.

5.7.3. Where the Company has established the position of independent director, independent directors' opinions shall be specifically expressed assent or dissent and the reasons for dissent in the minutes of the board of directors' meeting.

6. Use form: None.

7. References: None.

8. Process Chart: None.

9. Attachment: None.

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Appendix 5

Procedures for Election of Directors and Supervisors (Before Amendment)

1. Purpose:

To elect the directors and shareholders impartially, fairly, and publicly, we hereby establish these Regulations in accordance with Article 21 and Article 41 of the "Corporate Governance Best Practice Principles for TWSE/GTSM Listed Companies".

2. Applicable scope:

Except otherwise provided by the laws and regulations, the election of directors and supervisors of the Company shall be conducted in accordance with the Regulations.

3. Authority:

3.1. General Finance Department: The responsible department of establishment, amendment and revocation of the Regulation.

3.2. Other Departments: Supporting departments of the Regulations.

4. Glossary:

4.1. Directors: The persons elected by the shareholder' meeting, including the independent directors and non-independent directors, organizing the board of directors and implementing the businesses in accordance with the laws and regulations, articles of incorporation and resolutions of shareholder' meeting.

5. Operational contents:

5.1. The election of directors and supervisors of the Company adopts uni-nominal cumulative voting system. In the process of electing directors at a shareholders' meeting, the number of votes exercisable in respect of one share shall be the same as the number of directors to be elected, and the total number of votes per share may be consolidated for election of one candidate or may be demerger for election of two or more candidates. The election of supervisors adopts the same approach.

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The name record of the voting person may be altered by the attendance certificate number printed in the ballot.

5.1.1. The qualification and election of the independent directors of the Company shall be in compliance with regulations stipulated in the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies".

5.1.2. The election of the independent directors of the Company adopts a candidate nomination system. The candidate shall be elected in accordance with candidate nomination process as stipulated in Article 192-1 of Company Act.

5.2 The directors and supervisors of the Company shall be elected by the shareholders' meeting from among the persons with capacity to make judicial acts.

The number of directors and supervisors will be as specified in the Company's articles of incorporation, with voting rights separately calculated for independent and non-independent director positions. Those receiving ballots representing the highest numbers of voting rights will be elected sequentially according to their respective numbers of votes. When two or more persons receive the same number of votes, thus exceeding the specified number of positions, they shall draw lots to determine the one being elected, with the chair drawing lots on behalf of any person not in attendance.

Where the shareholder was elected to be the director and supervisor at the same time in accordance with the preceding paragraph, he/she shall decide which position to be assumed. The vacancy shall be filled in by the candidate with major voting in the same election.

5.3 The overall composition of the board of directors shall be taken into consideration in the selection of the Company's directors. Each board member shall have the necessary knowledge, skill, and experience to perform

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their duties; the abilities that must be present in the board as a whole are as follows:

531. The ability to make judgments about operations.
532. Accounting and financial analysis ability.
533. Business management ability.
534. Crisis management ability.
535. Knowledge of the industry.
536. An international market view.
537. Leadership ability.
538. Decision-making ability.

5.4 Supervisors of the Company shall meet the following qualifications:

541. Integrity and a practical attitude.
542. Impartial judgment.
543. Professional knowledge.
544. Broad experience.
545. Ability to read financial statements.

In addition to the requirements of the preceding paragraph, at least one among the supervisors of the Company must be an accounting or finance professional.

5.5 The ballot is printed by the Company in sequence of the attendance certificate number, with the number of voting rights of each shareholder.

5.6 Before the election begins, the chairman shall appoint a number of counting personnel and vote monitoring personnel with shareholder status to perform the respective duties.

5.7 If a candidate is a shareholder, a voter must enter the candidate's account name and shareholder account number in the "candidate" column of the ballot; for a non-shareholder, the voter shall enter the candidate's full name and identity card number. However, when the candidate is a governmental organization or juristic-person shareholder, the name of the governmental organization or juristic-person shareholder shall be entered in the column for the candidate's account name in the ballot paper, or both the name of the

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governmental organization or juristic-person shareholder and the name of its representative may be entered. When there are multiple representatives, the names of each respective representative shall be entered.

5.8 A ballot is invalid under any of the following circumstances:

58.1. The ballot was not the one prescribed under this Regulations.

58.2. A blank ballot is placed in the ballot box.

58.3. The writing is unclear and indecipherable or has been altered.

58.4. The candidate whose name is entered in the ballot is a shareholder, but the candidate's identity and shareholder account number do not conform with those given in the shareholder register, or the candidate whose name is entered in the ballot is a non-shareholder, and a cross-check shows that the candidate's name and identity card number do not match.

58.5. Other words or marks are entered in addition to the candidate's account name or shareholder account number or identity card number.

58.6. The name of the candidate entered in the ballot is identical to that of another shareholder, but no shareholder account number or identity card number is provided in the ballot to identify such individual.

5.8.7 Two or more candidates are elected in the same ballot.

5.9 The ballot boxes for election of directors and supervisors shall be prepared by the board of directors respectively, and voting shall be conducted respectively. The ballot boxes shall be publicly checked by the vote monitoring personnel before voting commences.

5.10 The votes shall be calculated on site immediately after the end of the poll, and the results of the calculation, including the list of persons elected as directors or supervisors, shall be announced by the chairman on the site.

5.11 Supplementary:

5.11.1. Where any matter is not stipulated in this Regulations, it shall be handled in accordance with the Company Act and relevant laws and regulations.

5.11.2. These Regulations, and any amendments hereto, shall be

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implemented after approval by a shareholders meeting.

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Appendix 6

Rules of Procedure for Shareholders Meetings (Before Amendment)

1. Purpose: To establish rules for shareholders meetings of the Company to comply with.
2. Scope: Annual shareholders' meeting and extraordinary shareholders' meeting.
3. Responsibilities & Authorities: General Finance Division.
4. Terms and Definitions: Nil.
5. Operational Procedures:

5.1. The rules of procedures for the Company's shareholders' meetings, except as otherwise provided by laws, regulations, or the articles of incorporation, shall be as provided in these Rules.

5.2. This Company shall specify in its shareholders' meeting notices the time during which shareholder attendance registrations will be accepted, the place to register for attendance, and other matters for attention.

The time during which shareholder attendance registrations will be accepted, as stated in the preceding paragraph, shall be at least 30 minutes prior to the time the meeting commences. The place at which attendance registrations are accepted shall be clearly marked and a sufficient number of suitable personnel assigned to handle the registrations.

Shareholders and their proxies (collectively, "shareholders") shall attend shareholders' meetings based on attendance cards, sign-in cards, or other certificates of attendance. Solicitors soliciting proxy forms shall also bring identification documents for verification.

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.

Attending shares shall be calculated based on the attendance book or sign-in card.

The Company shall furnish attending shareholders with the meeting agenda book, annual report, attendance card, speaker's slips, voting slips, and other meeting materials. Where there is an election of directors or supervisors, pre-printed ballots shall also be furnished.

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

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- 5.4. 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.
- 5.5. 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.
- When a managing director or a director serves as chair, as referred to in the preceding paragraph, the managing director or director shall be one who has held that position for six months or more and who understands the financial and business conditions of the company. The same shall be true for a representative of a juristic person director that serves as chair.
- It is advisable that shareholders' meetings convened by the board of directors be attended by a majority of the directors.
- 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.
- 5.6. This Company may appoint its lawyers, CPAs, or related persons retained by it to attend a shareholders' meeting in a non-voting capacity.
- 5.7. 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.
- 5.8. 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

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postponements and the attending shareholders represent one third of the total number of issued shares or more, a tentative resolution may be made in accordance with Paragraph 1, Article 175 of the Company Act.

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.

- 5.9. 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 extempore motions, except by a resolution of the shareholders' meeting.

After close of the said meeting, shareholders shall not elect another chairperson to hold another meeting at the same place or at any other place. However, if the chair declares the meeting adjourned in violation of the rules of procedure, the meeting can be continued by electing a new chair under the agreement of a majority of the votes represented by the attending shareholders.

- 5.10. 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.

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5.11. 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 five minutes.

If the shareholder's speech violates the rules or exceeds the scope of the agenda item, the chair may terminate the speech.

5.12. When a juristic person is appointed to attend as proxy, it may designate only one person to represent it in the meeting.

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.

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

5.14. 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.

5.15. 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.

The election of directors or supervisors at a shareholders' meeting shall be held in accordance with the applicable election and appointment rules adopted by the Company and the voting results shall be announced on-site immediately, including the names of those elected as directors and supervisors and the numbers of votes with which they were elected.

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

5.17. Except 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. When a matter comes to a vote, if upon inquiry by the meeting chair no member voices an objection, the matter will be deemed approved, with the same effect as approval by vote.

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5.18. 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 rejected and no further voting shall be required.

5.19. Staff handling administrative affairs of a shareholders' meeting shall wear identification cards or arm bands.

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

When a shareholder violates the rules of procedure and defies the chair's correction, obstructing the proceedings and refusing to heed calls to stop, the chair may direct the proctors or security personnel to escort the shareholder from the meeting.

5.20. Matters relating to the resolutions of a shareholders' meeting shall be recorded in the meeting minutes. The meeting minutes shall be signed or sealed by the chair of the meeting and a copy distributed to each shareholder within twenty days after the conclusion of the meeting. The meeting minutes shall be retained for the duration of the existence of this Corporation.

The meeting minutes may be produced and distributed in electronic form.

The meeting minutes may also be distributed in the means of announcement.

The attendance list bearing the signatures of shareholders present at the meeting and the powers of attorney of the proxies shall be kept by the Company for a minimum period of at least one year. However, if a lawsuit has been instituted by any shareholder in accordance with the provisions of Article 189 of Company Act, the minutes of the shareholders' meeting involved shall be kept by the company until the legal proceedings of the foregoing lawsuit have been concluded.

5.21. Where there is air alarm happened during the meeting, the meeting shall be terminated or suspended immediately and the participant shall be evacuated. The meeting shall be continued one hour after the clear of alarm.

(Note This English translation is provided for reference only and might not reflect exactly the meaning and full text of the original language)

- 5.22. Where any matter is not stipulated in these Rules, it shall be handled in accordance with Company Act and other relevant laws and regulations and the article of incorporation of the Company.
- 5.23. These Rules, any amendments hereto, shall be implemented after adoption by shareholders' meetings.

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Appendix 7

Merry Electronics Co., Ltd.

Shareholding Status of Directors and Supervisors

1. The paid-in capital of the Company is NT\$ 2,036,625,230 on 21 April 2019. The issued and outstanding shares are 203,662,523 shares.
2. According to Article 26 of Securities and Exchange Act, the minimum shareholding of all of the directors is 12,000,000 shares and the minimum shareholding of all of the supervisors is 1, 200,000 shares.
3. As of the book closure date of this annual shareholders' meeting, the shareholding of all of directors and supervisors in the shareholders book, which complies with the requirement under Article 26 of Securities and Exchange Act, are as follows:

Title	Name	Shareholdings in the shareholders book as of 19 April, 2019 (share)	備註
Chairperson	LIAO, LU-LEE	3,541,243	(註)
Vice Chairperson	WEI, WEN-CHIEH	9,318,523	
Director	LIN, SHU-CHUN	305,672	
Director	LIN, SHIH-CHIEH	332,176	
Director	HUANG, CHAO-LI	38,190	
Independent Director	HUANG, LIN-MING	0	
Independent Director	DUH, Edward SHAW-Yau	0	
Total shares of all directors		13,535,804	
Supervisor	HUNG, YUN-CHUAN	549,713	
Supervisor	CHO, SHENG-CHUNG	235,118	
Supervisor	LOAO, BEN-LIN	56,626	
Supervisor	TONG-CIAN Investment Corporation	3,486,179	
Total shares of all supervisors		4,327,636	

Note: The shareholding includes the entrusted shares with reservation of decision discretionary.

4. The name, shareholding and discharged reason of the discharged director or supervisor as of 21 April 2019: Nil.

(Note This English translation is provided for reference only and might not reflect exactly the meaning and full text of the original language)

Appendix 8

Dividend Policy

1. The industrial environment of the Company is apt to change, and the enterprise life cycle stays in a stage of stable growth, and it is necessary to consider the budget for the future capital expenditure and funding requirement, and measure the necessity to cope with funding requirement by earnings, to determine the amount for retaining or distributing the earnings and the distribution amount of shareholder bonus in cash.
2. The net profit after final accounting, except for withholding of income tax in accordance with laws, shall be utilized for make-up of the loss of previous years, and secondly setting aside 10% of the remaining earnings as a legal reserve. After setting aside or reversing special reserve in accordance with laws when necessary, the balance after adding the undistributed earnings of the previous year will be the accumulated distributable earnings. The board of directors shall propose an earning distribution proposal for the shareholders' meeting to resolve the distribution. For the earning distribution proposal proposed by the board of directors, the total amount of shareholders' bonus shall be 30% to 80% of the accumulated distributable earning, and the cash bonus shall account for 5% or more of the shareholder bonus.
3. To inspire the employees and management team, if the Company makes profits in the said year, it shall set aside: A. 5% to 10% as employee reward; B. up to 2% as reward of directors and supervisor, provided that if the Company has accumulated losses, the amount to make up the accumulated losses shall be reserved in advance.

Where the employees' reward will be distributed in the form of stocks or in cash, it shall be resolved by a resolution adopted by a majority vote at a meeting of board of directors attended by two-thirds or more of the total number of directors; and in addition thereto a report shall be submitted to the shareholders' meeting.

The employees reward distributed by stocks or cash may be made to the employees of subsidiaries meeting certain specific requirements.

Appendix 9

The impact of the share dividend proposed in this annual shareholders' meeting on the operational performance of the Company and the earnings per share: There is no share dividend this year and thus it is not applicable.

(Note This English translation is provided for reference only and might not reflect exactly the meaning and full text of the original language)

Appendix 10

Explanation for the proposal excluded from this annual shareholders' meeting

The explanation for handling of proposals in this annual shareholders' meeting:

Explanation:

1. According to Article 172-1 of the Company Act, any shareholder holding one percent or more of the total number of outstanding shares may propose to the Company a written proposal for discussion at an annual shareholders' meeting, provided that only one agenda shall be allowed, and such proposal shall be elaborated by 300 words or less.
2. The period for collecting proposals from shareholders for this annual shareholders' meeting is from April 12 to April 22 in 2019 and announcement was made at the Market Observation Post System in accordance with the relevant laws and regulations.
3. The Company had not received any proposal from shareholders.



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