Meeting Minutes of 2019 Annual Shareholders' Meeting

Time: 9:00 A.M., June 14, 2019 (Friday)

Address: Room A, 3F, No. 9, Wugong 6th Road, Wugu Dist., New Taipei City (New Taipei

City Labor Activity Center)

Attendance: A total of 42,021,551 shares were represented by shareholders' attendance in person, by proxy and by electronic means, accounting for 83.65% of the total 50,230,242 shares issued by the Company.

Directors in attendance: Hsieh, Shun-ho, Lue, Guo-horng, Wu, Yao-tsung, Hsieh, Mingching, Chang, Jui-jung

Independent Directors in attendance: Chan, Shih-hung, Sun, Chia-chun, Tu, San-chien

Attendees without Voting Rights: CPA Chen, Chiang-hsun from Deloitte & Touche, attorney

Shiang Jen Tsai from Primordial Law Firm

Chairman: Hsieh, Shun-ho

Minutes taker: Hsu, Yun-ching

- I. Call the Meeting to Order: The number of shares represented by the shareholders in attendance reached the legal requirement, and the Chairman called the meeting to order.
- II. Chairperson Remarks: Omitted
- III. Management Presentation

Motion 1: 2018 Business Report. Please refer to Attachment 1 for review. Motion 2: 2018 Audit Committee's Review Report. Please refer to Attachment 2 for review. Motion 3: 2018 Employees' and Director's Compensation Distribution Report. For details, please refer to the 2019 Meeting Handbook.

IV. Proposals

Motion 1: To approve the 2018 Business Report and Financial Statements. (Proposed by the Board of Directors)

Explanation:

 The Company's 2018 financial statements and consolidated financial statements have been approved by the Board of Directors and audited by independent auditors, Chen, Chiang-hsun and Chen, Chao-mei of Deloitte & Touche. 2018 Business Report, Independent Auditors' Report, and Financial Statements have been reviewed by the Audit Committee.

2. Please refer to Attachment 1 and Attachment 3.

Resolution: Affirmative shares: 39,077,145; Dissenting shares: 84; Shares abstained: 2,944,322. Affirmative shares accounted for 92.99% of the total 42,021,551 shares in attendance. The proposal was adopted.

Motion 2: To approve the proposal for 2018 Earnings Distribution. (Proposed by the Board of Directors)

Explanation:

1. The Company's 2018 Earnings Distribution Proposal is as follows:

Sinmag Equipment Corporation 2018 Earnings Distribution Proposal

TL.: 4. NTTO

	Unit: NT\$
Unappropriated retained earnings of the previous years	567,388,575
Remeasurement of defined benefit obligation	5,588,387
Plus: Net profit in 2018	473,613,290
Less: 10% appropriated as legal reserve	(47,361,329)
Appropriated as special reserve	(17,008,641)
Retained earnings available for distribution	982,220,282
Item for distribution:	
Dividends to shareholders	
Cash dividends (NT\$6.5 per share)	326,496,573
Unappropriated retained earnings at the end of the period	655,723,709

Chairman: HSIEH, SHUN-HO President: LUE, GUO-HORNG CFO: HUANG, YU-TUNG

- 2. Cash dividends to shareholders is NT\$6.5 per share. Upon the approval of the Annual Meeting of Shareholders, the Board of Directors is authorized to set the ex-dividend date and payment date of the dividends.
- 3. The cash dividends are calculated based on NT\$. The amount less than NT\$1 is rounded. For the fractional amount of the sum less than NT\$1, shareholders' amounts are adjusted according to the number after the decimal point from big to small and the shareholder number from front to back until it confirms to the total cash dividends.
- 4. If the change of the Company's share capital affects the number of outstanding shares and leads to the change and amendment of shareholder dividend ratio, Board of Directors shall be authorized to handle the changes.
- 5. Sinmag adopts the last-in-first-out method when distributing earnings, first distribute earnings from the most current year and then the previous year's when insufficient.
- 6. Please proceed to the Ratification of the proposal.
- Resolution: Affirmative shares: 39,069,018; Dissenting shares: 9,329; Shares abstained: 2,943,204. Affirmative shares accounted for 92.97% of the total 42,021,551 shares in attendance. The proposal was adopted.

V. Discussions

Motion 1: Discussion of the amendment to the Articles of Incorporation. (Proposed by the Board of Directors)

Explanation:

- 1. In accordance with presidential decree No. 10700083291 issued by the President on August 1, 2018, Executive Yuan decree No. 1070037184 issued by Executive Yuan on October 26, 2018, and for the practical operation of the Company, it is proposed to amend part of the Articles of Incorporation.
- 2. For the Comparison Table for the Articles of Incorporation Before and After Revision, please refer to Attachment 4.
- 3. It is hereby submitted for discussion.
- Resolution: Affirmative shares: 39,078, 263; Dissenting shares: 84; Shares abstained: 2,943,204. Affirmative shares accounted for 92.99% of the total 42,021,551 shares in attendance. The proposal was adopted.

Motion 2: Discussion of the amendment to the Procedures for Acquisition or Disposal of Assets. (Proposed by the Board of Directors)

Explanation:

- 1. In accordance with the Financial Supervisory Commission's order No. 1070341072 issued on November 26, 2018, it is proposed to amend part of the Procedures for Acquisition or Disposal of Assets for the Company's practical operation.
- 2. For the Comparison Table for the Procedures for Acquisition or Disposal of Assets Before and After Revision, please refer to Attachment 5.
- 3. It is hereby submitted for discussion.
- Resolution: Affirmative shares: 39,078, 263; Dissenting shares: 84; Shares abstained: 2,943,204. Affirmative shares accounted for 92.99% of the total 42,021,551 shares in attendance. The proposal was adopted.

Motion 3: Discussion of the amendment to the Procedures for Loaning of Funds. (Proposed by the Board of Directors)

Explanation:

- 1. In accordance with the Financial Supervisory Commission's Order No. 1080304826 issued on March 7, 2019, it is proposed to amend part of the Procedures for Loaning Funds for the Company's practical operation.
- 2. For the Comparison Table for the Procedures for Loaning of Funds Before and After Revision, please refer to Attachment 6.
- 3. It is hereby submitted for discussion.

Resolution: Affirmative shares: 39,077,042; Dissenting shares: 1,305; Shares abstained: 2,943,204.

Affirmative shares accounted for 92.99% of the total 42,021,551 shares in attendance. The proposal was adopted.

Motion 4: Discussion of the amendment to the Procedures for Endorsements and Guarantees. (Proposed by the Board of directors)

Explanation:

- 1. In accordance with the Financial Supervisory Commission's Order No. 1080304826 issued on March 7, 2019, it is proposed to amend part of the Procedures for Endorsements and Guarantees for the Company's practical operation.
- 2. For the Comparison Table for the Procedures for Endorsements and Guarantees Before and After Revision, please refer to Attachment 7.
- 3. It is hereby submitted for discussion.
- Resolution: Affirmative shares: 39,077,042; Dissenting shares: 1,305; Shares abstained: 2,943,204. Affirmative shares accounted for 92.99% of the total 42,021,551 shares in attendance. The proposal was adopted.
- VI. Elections

(Proposed by the Board of Directors)

Motion: The election of Directors and Independent Directors.

Explanation:

- 1. The term of the Company's current directors expires on June 5, 2019, so it is proposed to conduct a full re-election of Directors and Independent Directors in the Annual Shareholders' Meeting.
- 2. According to Article 19 of the Articles of Incorporation, 9 Directors (including 3 Independent Directors) shall be elected. The election of Directors shall adopt the candidate nomination system. The term of newly-elected Directors shall be 3 years, commencing on June 14, 2019, and expiring on June 13, 2022. The current Directors and Independent Directors shall be effective until the adjournment of the 2019 Annual Shareholders' Meeting.
- The elections are based on the Rules for Election of Directors, please refer to Appendix 6 of Meeting Handbook.
- 4. The relevant information for Directors and Independent Directors and the Candidates are listed below:

Serial	Director	Shareholdings	Education	Work Experiences	Current Position
number	Candidates	(Shares)	Background	work Experiences	Current Fosition
1	Hsieh,	2,211,267	Secondary	General Manager,	Chairman, Sinmag
	Shun-ho		School	Sheng Chia	Equipment Corporation
				Industrial Co., Ltd.	Chairman, Sinmag
					Equipment (China) Co.,
					Ltd.

Serial	Director	Shareholdings	Education		
	Candidates	(Shares)	Background	Work Experiences	Current Position
				CEO, Sinmag Equipment Corporation	Director, San Neng Bake Ware (Wuxi) Co., Ltd. Chairman, Sinmag Fitting Corporation Director, Sheng Chia Investment Co., Ltd. Chairman, Sinmag Bakery Machine India Private Limited Chairman, Sinmag Bakery Equipment Sdn. Bhd. Director, San Neng Group Holdings Co., Ltd. Director, San Neng Bakeware Corporation Director, PT. San Neng Bakeware Indonesia Director, Greater Win Holdings Limited
2	Wu, Yao-tsung	1,788,616 shares	National Yilan Senior High School	Vice Chairman, Tehmag Foods Corporation	Supervisor, Sinmag Fitting Corporation Supervisor, Sinmag Equipment (China) Co., Ltd. Director, Tehmag Foods Corporation Director, Wuxi New Order Control Co., Ltd. Director, Zeelandia Bakery Ingredients (Wuxi) Co., Ltd. Director, Yangyu Foods Corporation Supervisor, Kingcraft Industrial Corp., Ltd. Chairman, Taiwan Lunchun Association Director, Bliss & Wisdom School Chairman, Purity New Materials Co., Ltd. Judicial person and Director, Taipei City Bliss & Wisdom Buddhism Foundation

Serial	Director	Shareholdings	Education		
number		(Shares)	Background	Work Experiences	Current Position
3	Chang, Jui-jung	380,981		Chairman, PT. San	Chairman and General Manager, San Neng Bake Ware (Wuxi) Co., Ltd. Chairman, San Neng Bakeware Corporation Chairman and general manager, San Neng Group Holdings Co., Ltd. Chairman, PT. San Neng Bakeware Indonesia Chairman, East Gain Investment Limited Director, San Neng Limited Chairman, Jui Jung International Limited
4	Hsieh, Ming-ching	1,398,980	Bachelor Degree in Economics, Fu Jen Catholic University Master Degree in Financial Management, Azusa Pacific University Master of Senior Management, Peking University	Special Assistant to the Chairman, Sinmag Equipment Corporation	Director, Kingcraft Industrial Corp., Ltd. Director and Vice President, LBC Bakery Equipment Inc. Director, Sheng Chia Investment Co., Ltd. Director, Sinmag Equipment (Thailand) Co., Ltd. Director, Sinmag Equipment Corporation Deputy General Manager, Administrative Department, Sinmag Equipment (China) Co., Ltd. Deputy General Manager, Administrative Department, Sinmag Equipment (China) Co., Ltd. Deputy General Manager, Administrative Department, Sinmag Equipment (China) Co., Ltd. Supervisor, Squares Kitchen Sugarcraft (Wuxi) Co., Ltd. Chairman, Wuxi New Order Control Co., Ltd.
5	Chen, Yung-chen	0	Ph.D. in Mechanical Engineering,	Deputy General Manager, Business and R&D,	Deputy General Manager, Sales department, Sinmag

Serial number	Director Candidates	Shareholdings (Shares)	Education Background	Work Experiences	Current Position
			Chung Yuan Christian University	(American) Emler Technology company. Deputy General Manager, Kaori Heat Treatment Co., Ltd. General Manager, Resource Technology Corporation Senior Manager, Manufacturing Department, Loyalty Founder Enterprise Co., Ltd.	Equipment (China) Co., Ltd. Director, Sinmag Bakery Equipment Sdn. Bhd. Director, Sinmag Bakery Machine India Private Limited
6	Chang, Yu-chuan	4,517	Mechanical Engineering in the Industrial College of China in five Year	Plant Manager, Chongjia Enterprise Co., Ltd. Plant Manager, Tech Control Enterprise Co., Ltd.	General Manager, Sinmag Fitting Corporation Chairman, Kingcraft Industrial Corp., Ltd.

Items	Independent Director Candidates	Shareholdings (Shares)	Education Background	Work Experiences	Current Position
1	Chan, Shih-hung	0	Ph.D. in Mechanical Engineering, University of California Berkeley	University President, Yuan Ze University Far East Energy Lecture Professor, Yuan Ze University	Honorary Professor, Yuan Ze University Honorary President, New Energy Association of Taiwan Advisory committee, College of Chemistry, University of California Berkeley

Items	Independent Director Candidates	Shareholdings (Shares)	Education Background	Work Experiences	Current Position
				Advisory Committee of Office of the President (Taiwan)	
2	Huang, Huei-wang	0	Bachelor Degree in Business Administration, College of Law and Commerce, National Chung Hsing University Financial Technology Seminar, University of California Berkeley	/Corporate Appraiser, Professional Actuary Management	Representative, Bosch Think Tank Company Head/Corporate Appraiser/FRM, Bosch Think Tank Corporate Appraiser Company Member of Remuneration Committee, Rotam Global Agrosciences Limited
3	Tu, San-chien	0	Bachelor Degree in Accounting, National Chengchi University Master Degree in Accounting, Louisiana State University and Agricultural and Mechanical College	Commerce, National Chengchi University Partner, Deloitte & Touche	Independent Director,

Additional remarks: The Company continued to nominate Mr. Chan, Shih-hung as an independent director, as Mr. Chan, Shih-hung had served four consecutive terms as an independent director. He is currently the Convener of the Audit Committee and the Remuneration Committee. He owns a Ph.D. in Mechanical Engineering from the University of California Berkeley. He once served as the Dean of Yuan Ze University and the Director of the Engineering Energy Center. He has professional knowledge and practical experience in the fields of electrical engineering and machinery, namely the expertise, international outlook and management experience that are necessary for the Company's development in the industry. In the course of his terms, he has given many suggestions in terms of corporate governance and operational development. He has no personal interest or involvement with the Company's management that could have a detrimental effect on his independence. The Company continued to nominate Mr. Chan, Shihhung as a candidate for independent director, hoping to rely on his expertise in exercising the powers of independent directors to give the Board of Directors timely supervision and professional advice.

5. Please vote.

Election results:

Account number or ID number	Account number or ID number Account Name or Name	
6	Hsieh, Shun-ho	77,569,956
J12006****	Chen, Yung-chen	43,732,982
15	Wu, Yao-tsung	33,883,506
9	Hsieh, Ming-ching	28,739,380
45	Chang, Jui-jung	28,203,829
214 Chang, Yu-chuan		25,664,563

The list of elected directors is as follows:

The list of elected independent directors is as follows:

Account number or ID number Account Name or Name		Number of Votes
A10172****	A10172**** Tu, San-chien	
F10375****	Huang, Huei-wang	48,874,362
N12561**** Chan, Shih-hung		6,970,800

VII. Other Matters

(Proposed by the Board of directors)

Motion: Releasing the Directors from non-competition restrictions.

Explanation:

- 1. According to Article 209 of the Company Act, a director who does anything for himself or on behalf of another person that is within the scope of the Company's business, shall explain to the Meeting of the Shareholders the essential contents of such an act and secure its approval.
- 2. In order to respond to the Company's development of diversification and business alliance strategies, it is proposed to release the Directors from non-competition restrictions, without prejudice to the interests of the Company.

The details of releasing the Directors from non-competition restrictions are as follows				
Title/Name	Company Name and Position			
Director,	Chairman, Sinmag Equipment (China) Co., Ltd.			
Hsieh, Shun-ho	Director, San Neng Group Holdings Co., Ltd.			
	Chairman, Sinmag Fitting Corporation			
	Director, Sheng Chia Investment Co., Ltd.			
	Chairman, Sinmag Bakery Machine India Private Limited			
	Chairman, Sinmag Bakery Equipment Sdn. Bhd.			
	Director, San Neng Bakeware Corporation			
	Director, San Neng Bake Ware (Wuxi) Co., Ltd.			
	Director, PT. San Neng Bakeware Indonesia			
	Director, Greater Win Holdings Limited			
Director,	Supervisor, Sinmag Fitting Corporation			
Wu, Yao-tsung	Supervisor, Sinmag Equipment (China) Co., Ltd.			
	Director, Tehmag Foods Corporation			
	Director, Zeelandia Bakery Ingredients (Wuxi) Co., Ltd.			
	Director, Wuxi New Order Control Co., Limited			
	Director, Yangyu Foods Corporation			
	Supervisor, Kingcraft Industrial Corp., Ltd.			
Director,	Chairman and general manager, San Neng Group Holdings			
Chang, Jui-jung	Co., Ltd.			
	Chairman, San Neng Bakeware Corporation			
	Chairman and general manager, San Neng Bake Ware (Wuxi)			
	Co., Ltd.			
	Chairman, PT. San Neng Bakeware Indonesia			
	Chairman, East Gain Investment Limited			
	Director, San Neng Limited			

3. The details of releasing the Directors from non-competition restrictions are as follows:

Title/Name	Company Name and Position			
	Chairman, Jui Jung International Limited			
Director,	Director, Sinmag Equipment (Thailand) Co., Ltd.			
Hsieh, Ming-ching	Director and Vice President, LBC Bakery Equipment Inc.			
	Director, Sheng Chia Investment Co., Ltd.			
	Director, Kingcraft Industrial Corp., Ltd.			
	Supervisor, Squares Kitchen Sugarcraft (Wuxi) Co., Ltd.			
	Director, Sinmag Equipment (China) Co., Ltd.			
	Deputy General Manager, Administrative Department, Sinmag			
	Equipment (China) Co., Ltd.			
	Chairman, Wuxi New Order Control Co., Limited			
Director,	Deputy General Manager, Sales Deparment, Sinmag			
Chen, Yung-chen	Equipment (China) Co., Ltd.			
	Director, Sinmag Bakery Equipment Sdn. Bhd.			
	Director, Sinmag Bakery Machine India Private Limited			
Director,	General Manager, Sinmag Fitting Corporation			
Chang, Yu-chuan	Chairman, Kingcraft Industrial Corp., Ltd.			

4. It is hereby submitted for discussion.

Resolution: Affirmative shares: 39,031,496; Dissenting shares: 12,701; Shares abstained: 2,977,354. Affirmative shares accounted for 92.88% of the total 42,021,551 shares in attendance. The proposal was adopted.

VIII. Extemporary Motions: The Chairman consulted all the Shareholders present. No extemporary motion was brought forward.

Adjournment: At 9:40 a.m. on the same day, the Chairman announced the meeting adjourned with no objection from all attending shareholders.

[Attachment 1]

Sinmag Equipment Corporation

2018 Business Report

I. 2018 Business Report

(I) Business Plan Implementation Results

After the financial tsunami, the global economic recovery situation, which relied on the loose monetary policies of various governments, had encountered significant pressure in 2018. Not only will the US interest rate hike cycle come to an end, but China's economic reform and adjustment will also have created a huge backseat force. Furthermore, dispute between the two major powers, the US and China, may have an impact on subsequent economic momentum. Although the baking industry in the PRC has a significant growth potential, the market in China has been significantly affected by the economic recovery and the global market continues to experience increasingly fierce competition and challenges. The consolidated turnover of the Company for 2018 is NT\$4,312,015,000, down about 6.55% from NT\$4,614,233,000 in 2017. The combined net profit after tax is NT\$473,613,000, and the after-tax earnings per share is NT\$9.43. The company will continue to maintain a stable operation in response to changes in the external operating environment, making more efforts in developing new markets and innovative product development in addition to maintaining the market share in China, hoping to improve the stability and achieve good performance in 2019.

1. The Company's operating results are as follows:

			Unit: Thousand NT\$
	2018	2017	Increase (decrease) ratio (%)
Operating Revenue	4,312,015	4,614,233	(6.55%)
Operating Costs	2,593,709	2,716,488	(4.52%)
Gross Profit	1,718,306	1,897,745	(9.46%)
Operating Expenses	1,061,006	1,069,547	(0.80%)
Operating Profit	657,300	828,198	(20.63%)
Non-operating Income	31,961	(37,962)	(184.19%)
Expenses			
Profit Before Tax	689,261	790,236	(12.78%)
Profit After Tax	473,613	534,153	(11.33%)

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(1) Comparison of operating results (combined profit and loss)

(2) Budget execution

The company did not have a public financial forecasting for 2018.

Items		2018	2017	
Financial Structure	Debt-to-asse	t Ratio	34.45%	38.13%
Analysis		g-term Capital to nt, and Equipment	262.36%	291.06%
Analysis of Debt	Current Ratio		236.68%	229.87%
Payment Structure	Quick Ratio		162.03%	159.31%
	Return on As	ssets	15.05%	17.21%
	Return on Sh	areholders' Equity	23.31%	27.48%
Drafitability Analyzia	Radio of Paid-	Operating Profit	130.85%	170.65%
Profitability Analysis	in Capital Net Income Before Tax		137.22%	162.82%
	Net Profit Rate		11.25%	11.85%
	Earnings Per	Share (NT\$)	9.43	11.01

(3) Financial income and expenditure (structure) and profitability analysis (combined statement)

II. Research and Development Status

In order to ensure the competitive advantage in the food device field, the Group has been continuously improving the design and process of its bakeware and expanded to the production and development of the food service equipment. In 2018, the Group invested a total of NT\$163,455,000 in research and development, including development of various processes and technologies, development of more diversified and innovative quality products, hoping to continue to expand the market share of the Company's products in addition to fully satisfying customers' all-round needs and looking forward to opening up new market opportunities.

III. Summary of the Company's Business Plan for 2018:

(I) Operating Strategies

With the help of the Internet, the booming Chinese baking market continues to show all kinds of new forms and orientations. Western-style bakeries and bread and cake stores of various grades are springing up successively like bamboo shoots after the rain. However, chain, large-scale, and composite stores have reduced the living space of traditional Western-style bakeries, showing a trend of development towards the integration of baking and catering. In addition to the market share of the Chinese baking market, the Company will leverage its own technology and channel advantages to continue to expand into different markets and business areas. The development of the food service equipment will be one of the relevant industries that the Company wants to enter, although the difficulty of entering a mature market such as food service equipment is not easy. However, by taking advantage of the good reputation accumulated in baking equipment products, it is expected to open up more market space for the future operation of the Company. We will continue to pay attention to market changes to formulate countermeasures and strive to implement and complete each breakthrough. Combining with the strength accumulated in the baking industry to continue to achieve better outcome for food equipment market.

Market development plan

- 1. Expand the new retail supermarket market, develop new customers, and promote the baking and cooling equipment.
- 2. Cooperate with market customers to upgrade and transform the trend, promote the entire set of baking equipment, including refrigeration equipment, and the new portfolio assembly and the high-end over series.
- 3. Follow up the trend of long-term products, transforming to short-term products in the wholesale market, integrate the equipment manufacturers of strategic partners, establish and improve the automated production line of various products, and promote the sales of automated equipment and production lines to customers.
- 4. Establish cooperation with bakery training institutions in other places, explore new store inquiries and develop emerging market businesses related to personal studios, DIY classrooms, training schools, etc.
- 5. Continue to promote sales of washing and refrigeration equipment.
- (II) Expected sales volume and basis

The Company's main products are the food machinery equipment. According to the expected growth rate of the food market and the estimated production capacity, it will continue to expand new customers and develop new products this year, other than sticking to the original market share and sales volume, and will continue to expand India, Southeast Asia, Japan, Brazil, Africa markets. The company's sales volume is still expected to grow.

- (III) Production and sales strategies
 - 1. Strengthen production process improvement and quality management, strive to adjust the cost structure, control material loss and improve internal processes, production efficiency and capacity, and reduce production costs.
 - 2. In addition to providing equipment services, we actively provide supporting services for factory planning and layout, optimize existing production lines, assist customers to optimize factory layout, and provide reference for store layout.
 - 3. Enhance the technical capabilities of the maintenance team and respond quickly to the maintenance requirements of the customers, and provide customers with high-quality and fast-moving after-sales services.
 - 4. Develop the market for large-scale automation equipment and food service equipment.
 - 5. Promote sales of pizza equipment.

(IV) Impact of external competition, laws and regulations, and the general business environment

Although the economic growth in China has slowed down in recent years due to factors of policy adjustment and economic structure direction, there is still growth potential in the bakery market. In 2019, it is estimated that under the uncertainty of Sino-US trade, China and even global economic growth will face downside risks, and the rapid industrial changes and heated competition among peers will also pose challenges to the leading position of Sinmag Equipment Corporation in the China market. Faced with such competitive pressures, Sinmag Equipment Corporation still adheres to the concept of innovation and with the degree of customer satisfaction in mind to continuously invest in research and development energy and service quality, so it can continue to maintain the leading position and brand advantage in the industry; At present, for the new baking equipment used in the China market, Sinmag is still the leading manufacturers with the most customers and the highest overall degree of satisfaction, so regardless of the changes of market conditions and customer needs, Sinmag still adheres to the "customer-centric" service concept, providing professional, efficient and friendly service, and continuously providing customers with the best quality service, investing in after-sales service and accumulate baking technology value-added services in addition to continuous innovation of product lines to better meet the overall needs of customers and become the best partner in the baking industry.

Chairman: Hsieh, Shun-ho

Manager: Lue, Guo-horng

Accounting Manager: Huang, Yu-tung

[Attachment 2]

Sinmag Equipment Corporation Audit Committee's Review Report

Hereby approved

The Board of Directors has submitted the 2018 Business Report, Financial Statements and Earnings Distribution Proposal of the Company. The financial statements have been audited by CPAs Chen, Chiang-hsun and Chen, Chao-mei of Deloitte & Touche, and audit report has been issued. The above-mentioned business report, financial statements and surplus distribution proposal have been reviewed and approved by the Audit Committee. All members believe that there is no disagreement. The above documents have been reported according to Article 14 (4) of the Securities Exchange Law and Article 219 of the Company Law. Please kindly check.

Sincerely,

Annual Shareholders' Meeting of Sinmag Equipment Corporation (2018)

Sinmag Equipment Corporation

Convener of the Audit Committee

[Attachment 3] INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders Sinmag Equipment Corporation

Opinion

We have audited the accompanying financial statements of Sinmag Equipment Corporation (the "Company"), which comprise the balance sheets as of December 31, 2018 and 2017, the statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the financial statements, including a summary of significant accounting policies.

In our opinion, based on our audits and the report of other auditors (please refer to the Other Matter paragraph), the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of 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 auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China and we have fulfilled our other ethical responsibilities in accordance with these requirements. 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 financial statements for the year ended December 31, 2018. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matter of the Company's financial statements for the year ended December 31, 2018 are stated as follows:

Key Audit Matter - Recognition of Revenue from Main Customers

The operating revenue from the main customers of the Company accounted for approximately 37% of the total operating revenue. There is also a significant difference between the change in operating revenue growth (decline) of the main customers and the change in overall operating revenue growth (decline) of the Company, resulting in a significant impact on the financial performance of the Company. Therefore, we

deemed the validity of occurrence of sales revenue from the main customers as a key audit matter. The revenue recognition accounting policy is disclosed in Note4 (l) to the financial statements. We performed the following audit procedures in response to the above-mentioned key audit matter:

1.We understood the design and implementation of the internal controls related to the recognition of sales revenue, and designed the appropriate audit procedures on internal controls related to the validity of occurrence of sales revenue, in order to confirm and evaluate the effectiveness of the Company's internal control over sales revenue.

2.We selected samples from sales transactions, and reviewed sales orders, invoices and receipts, in order to confirm the validity of occurrence of sales.

3.We compared the changes in sales revenue, gross profit margin, trade receivables turnover rate and credit conditions of the main customers, between the current and previous year and evaluated the reasonableness of the changes.

Other Matter

We did not audit the financial statements of LBC Bakery Equipment Inc., a subsidiary included in the financial statements of the Company, but such financial statements were prepared using a different financial reporting framework and audited by other auditors. We have applied audit procedures on the conversion adjustments to the financial statements of LBC Bakery Equipment Inc., which conform to the Regulations Governing the Preparation of Financial Reports by Securities Issuers. Our opinion, insofar as it relates to the amounts included for LBC Bakery Equipment Inc. prior to these conversion adjustments, is based solely on the report of other auditors and additional audit procedures to meet the relevant requirements of the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China. The investments accounted for using the equity method of LBC Bakery Equipment Inc. constituted 7% (NT\$188,743 thousand) and 6% (NT\$154,156 thousand), respectively, of total assets as of December 31, 2018 and 2017, and share of profit or loss of subsidiaries constituted 4% (NT\$22,467 thousand) and 4% (NT\$22,837 thousand), respectively, of profit before income tax from continuing operations for the years then ended.

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

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

in accordance with the auditing standards generally accepted in the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

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

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

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

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

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements for the year ended December 31, 2018 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Chen, Chiang-hsun and Chen, Chao-mei.

Deloitte & Touche Taipei, Taiwan Republic of China

March 14, 2019

Notice to Readers

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

For the convenience of readers, the independent auditors' report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' report and financial statements shall prevail.

BALANCE SHEETS DECEMBER 31, 2018 AND 2017 (In Thousands of New Taiwan Dollars)

ASSETS Anount % Anount % CURRENT ASSETS Cosh (Notes 4 and 6) \$ 56,184 2 39,990 2 Sola (Notes 4, and 6) \$ 42,139 2 39,990 2 39,990 2 Tade rescribeds (Notes 4, and 15) 122,717 3 111,253 3 4 Other rescribeds (Notes 4, and 15) (Notes 4, 18 and 27) 10,016 - 9,733 4 Increations (Notes 4 and 3) Prepayments 1,728 - 1,208 - Increations (Notes 4 and 3) Prepayments 1,728 - 1,208 - Increations exists 384,573 15 424,223 17 NON CURRENT ASSETS - - 1,208 - - 1,201,197 7 Prepayments 1,12,28 5 1,22,113 1,636 1 - - - - - - - - - - - - - - - - -		2018	2018 2017		017	
Cah (Nue; 4 and 6) \$ 50,14 2 \$ 60,964 3 Tade receivables (Notes 4, 7 and 18) 126,717 5 131,829 5 Tade receivables (Notes 4, 7 and 18) 126,717 5 131,829 5 Tade receivables (Notes 4, and 7) 1,411 - 1,333 - Tarter tracksets (Note 2 and 7) 100,457 4 68,914 3 Total current assets (Note 3 and 7) 100,457 4 68,914 3 Total current assets (Note 3 and 8) 100,457 4 68,914 3 NON-CORRENT ASSETS Investments accounted for using the equity method (Notes 4, 9 and 27) 2,030,490 9 1931,189 77 Prophyrinsin and equipment (Notes 4, 10 and 28) 148,885 5 122,917 5 164 - 63,64 - Deferred tax assets (Note 12, and 28) 148,885 1,831,189 77 7 7 7 7 7 7 7 7 7 7 7 7 7 7 7 7 7 1 1,81,835 1 2,92,91,132 8 2,20,91,133	ASSETS		%		%	
Cah (Nue; 4 and 6) \$ 50,14 2 \$ 60,964 3 Tade receivables (Notes 4, 7 and 18) 126,717 5 131,829 5 Tade receivables (Notes 4, 7 and 18) 126,717 5 131,829 5 Tade receivables (Notes 4, and 7) 1,411 - 1,333 - Tarter tracksets (Note 2 and 7) 100,457 4 68,914 3 Total current assets (Note 3 and 7) 100,457 4 68,914 3 Total current assets (Note 3 and 8) 100,457 4 68,914 3 NON-CORRENT ASSETS Investments accounted for using the equity method (Notes 4, 9 and 27) 2,030,490 9 1931,189 77 Prophyrinsin and equipment (Notes 4, 10 and 28) 148,885 5 122,917 5 164 - 63,64 - Deferred tax assets (Note 12, and 28) 148,885 1,831,189 77 7 7 7 7 7 7 7 7 7 7 7 7 7 7 7 7 7 1 1,81,835 1 2,92,91,132 8 2,20,91,133						
Notes receivable (Notes 4, 7 and 18) 46.19 2 39.990 2 Tade receivables (Notes 4, 7 and 18) 126.717 5 131.820 5 Tade receivables (Notes 4 and 7) 1.241 - 1,333 - Current as assets (Note 31) 100.457 4 6.801 3 preprocess		¢ 56 194	2	¢ 66.064	2	
Trade cecivables (Notes 4, 7 and 18) 126,77 5 113,829 5 Other receivables (Notes 4 and 7) 1,441 - 1,333 - Current Las Sets (Note 5 and 7) 10,046 - 9,362 - Inventions (Notes 4 and 8) 100,457 4 68,914 3 - 12,28 - 12,24 - 12,24 - 12,24 - 12,24 - 12,24 - 12,24 - 12,24 - 12,24 - 12,24 - 12,24 - 12,24 - 12,21 12,21 7 5 11,31,89 77 7 7 10,357 1,31,89 77 7 5 11,31,189 77 7 5 11,32 65 12,2,917 5 12,2,917 5 10,05 1 16,635 1 70 70 70 10,31,189 77 7 5 11,32 65 2,2,2,917 5 10,06 1 10,46 1 6,36 1 70 7 1 1,63,65 1 70 1 1,33 <td></td> <td></td> <td></td> <td></td> <td></td>						
Trade receivables from related parties (Notes 4, 18 and 27) 41,291 2 9,1,82 4 Current assets (Notes 20) 10,616 - 9,7,86 - Inventories (Notes 4 and 8) 100,457 4 65,914 3 Prepayments 12,28 - 12,205 - Total current assets 38,473 15 424,223 12 Non-CURRENT CASSETS - - 10,446 - 6,355 - Non-CURRENT ASSETS - - 6,4 - 6,35 -						
$\begin{array}{c c c c c c c c c c c c c c c c c c c $						
Current assets (Note 20) 10.616 - 9.786 - Inventories (Notes 4 and 8) 100.457 4 68.914 3 Prepayments 1.228 - 1.2205 - Total current assets 384.573 1.5 2.2205 - NON-CURRENT ASSETS -			-		-	
Investories (Notes 4 and 8) $100,457$ 4 668,914 3 Prepayments 1.228 1.228 Total current assets $384,573$ 15 $422,223$ NON-CURRENT ASSETS Investments accounted for using the equity method (Notes 4, 9 and 27) 2.030,490 79 1.931,189 77 Property, plant and equipment (Notes 4, 10 and 28) 0.01713 1 16.56 1 Other insingible assets (Notes 4 and 11) 446 - 846 - Other non-current (Notes 1 and 28) 6 - 2.072,130 83 TOTAL \$ 2.2555,705 100 \$ 2.496,333 100 LABILITIES AND EQUITY 2 5.66 1 37,114 2 CURRENT LIABILITIES \$ 150,000 6 90,000 4 2 4.496 2.496,333 100 Note psyche \$ 2.172,132 85 5.000 6 90,000 4 2 3.937 - 8.937 - - 7 7 3.937 -			-		_	
Prepayments			4		3	
NON-CURRENT ASSETS Investments accounted for using the equity method (Notes 4, 9 and 27) 2,030,490 79 1,931,189 77 Property, plant and equipment (Notes 4, 10 and 28) 18,988 5 122,917 5 Other intangible assets (Notes 4 and 12) 20,713 1 16,355 1 Other intancial assets - non-current (Notes 12 and 28) 64 - 63 - Other non-current assets (Note 12) 391 - - 750 - Total non-current assets 2,171,132 85 2,072,130 83 - Total non-current assets 2,171,132 85 2,072,130 83 - Total non-current assets 2,171,132 85 2,072,130 83 - CURRENT LIABILITIES 5 1000 6 90,000 4 - Contract liabilities - current (Notes 3, 4 and 18) 8,933 1 - - Notes payable to related parties (Note 27) 153,543 6 186,627 7 Trade payables to related parties (Note 27) 153,543						
Investments accounted for using the equity method (Notes 4, 9 and 27) 2,030,490 79 1,13,189 77 Property, Plant and equipment (Notes 4, 10 and 28) 486 - 846 - Other intangible assets (Notes 4 and 10) 20,713 1 16,365 1 Other intancial assets - non-current (Notes 12 and 28) 64 - 63 - Other non-current assets 2,171,132 85 2,072,130 83 TOTAL \$2,255,705 100 \$2,2496,353 100 LIABILITIES AND EQUITY -	Total current assets	384,573	15	424,223	17	
Investments accounted for using the equity method (Notes 4, 9 and 27) 2,030,490 79 1,13,189 77 Property, Plant and equipment (Notes 4, 10 and 28) 486 - 846 - Other intangible assets (Notes 4 and 10) 20,713 1 16,365 1 Other intancial assets - non-current (Notes 12 and 28) 64 - 63 - Other non-current assets 2,171,132 85 2,072,130 83 TOTAL \$2,255,705 100 \$2,2496,353 100 LIABILITIES AND EQUITY -	NON-CURRENT ASSETS					
Property, plant and equipment (Notes 4, 10 and 28) 118,988 5 122,917 5 Other intagible assets (Note 4 and 20) 20,713 1 16,365 1 Other finding lisestes - non-current (Notes 12 and 28) 64 - 63 - Other non-current assets (Note 12)		2.030.490	79	1.931.189	77	
Other intingible assets (Notes 4 and 11) 486 - 846 - Deferred tus assets (Note 4 and 20) 20,713 1 16,365 1 Other non-current (Notes 12 and 28) 64 - 63 - Total non-current assets (Note 12) 391 - 750 - Total non-current assets (Note 12) 85 2.072,130 83 TOTAL \$ 2.171,132 .85 2.072,130 .83 TOTAL \$ 2.155,705 100 \$ 2.496,333 100 LIABILITIES \$ \$ 5.0000 6 \$ 9.0000 4 Notes payable current (Notes 13 and 28) \$ 10,				, ,		
$ \begin{array}{c c c c c c c c c c c c c c c c c c c $			-		-	
Other financial assets non-current (Notes 12 and 28) 64 - 63 - Other non-current assets (Note 12) 391 - 750 Total non-current assets $2.171.132$ 85 $2.072.130$ 83 TOTAL $$$ 2.2555.705$ 100 $$$ 2.496.353$ 100 LIABILITIES S $2.555.705$ 100 $$$ 2.496.353$ 100 CURRENT LIABILITIES S S 150.000 6 $$90.000$ 4 Contract liabilities - current (Notes 3.4 and 18) 8.893 1 $ -$ Notes payable to related parties (Note 27) 27.566 1 37.114 2 Notes payable to related parties (Note 27) 515.543 6 18.6827 $-$ Trade payables to related parties (Note 27) 515.543 6 18.6827 $-$ Total current Notes 4 and 20) $ 5.689$ $-$ Provisions - current (Notes 4 and 20) $ 5.689$ $-$ Total current liabilities $ 5.689$ $-$			1	16,365	1	
Total non-current assets $2.171.132$ 85 $2.072.130$ 83 TOTAL $5.2.555.705$ 100 $5.2.496.353$ 100 LIABILITIES AND EQUITY CURRENT LIABILITIES Short-term borrowings (Notes 13 and 28) COURT Colspan="2">COURT Short (Sole 3.4 and 18) Notes payable to related parties (Note 27) 27.566 1 37.114 2 Notes payable to related parties (Note 27) 52.17 $ 5.807$ $-$ Trade payables to related parties (Note 27) 515.543 6 18.6827 $-$ Trade payables to related parties (Note 27) 515.543 6 18.6827 $-$ Total current (Notes 4 and 20) 54.496 2 54.956 2 CURRENT LIABILITIES Deferred trait liabilities (Note 14) Total current liabilities NON-CURRENT LIABILITIES Deferred trait liabilities (Notes 4 and 20) Br2.209 $ 20.019$ -1 Total current liabilities (No	Other financial assets - non-current (Notes 12 and 28)	64	-		-	
TOTAL \$ 2,555,705 100 \$ 2,496,353 100 LIABILITIES AND EQUITY 5 2,555,705 100 \$ 2,496,353 100 CURRENT LIABILITIES Short-term borrowings (Notes 13 and 28) \$ 150,000 6 \$ 90,000 4 Contract liabilities - current (Notes 3, 4 and 18) \$ 8,893 1 - - Notes payable 27,566 1 37,114 2 Notes payables 5,217 - 5,807 - Trade payables to related parties (Note 27) 15,543 6 186,827 7 Other payables (Note 14) 54,496 2 54,956 2 Current taxi liabilities (Notes 4 and 15) - 131 - 131 - 131 - 131 - 131 - 5689 - - 5,689 - - 15,573 11 - 131 - 131 - 131 - 131 - 131 - 131 - 131 - 131 - </td <td>Other non-current assets (Note 12)</td> <td>391</td> <td></td> <td>750</td> <td></td>	Other non-current assets (Note 12)	391		750		
LIABILITIES AND EQUITY CURRENT LIABILITIES Short-term borrowings (Notes 13 and 28) Contract liabilities - current (Notes 3, 4 and 18) Notes payable 27,566 137,114 2 Notes payable to related parties (Note 27) 973 7rade payables to related parties (Note 27) 155,543 6 166,827 7 Other payables (Note 4 135,543 6 136,827 7 Other payables (Note 4 155,543 131 - 131 - 131 - 131 - 131 - 7 - 5,689 - 7 - 131 - 131 - 131 - 131 - 2009 - 2019 - 202019 - 202019 - 202019 - 170tal current liabilities -	Total non-current assets	2,171,132	85	2,072,130	83	
CURRENT LIABILITIES Short-term borrowings (Notes 13 and 28) \$ 150,000 6 \$ 90,000 4 Contract liabilities - current (Notes 3, 4 and 18) 8,893 1 - - Notes payable 27,566 1 37,114 2 Notes payable to related parties (Note 27) 973 - 893 - Trade payables 5,217 - 5,807 - Current tax liabilities (Note 27) 155,543 6 186,827 7 Other payables (Note 14) 54,496 2 54,956 2 Current tax liabilities (Notes 4 and 20) - - 15,737 1 Provisions - current (Notes 4 and 15) 131 - 131 - Advance receipts	TOTAL	<u>\$ 2,555,705</u>	_100	<u>\$ 2,496,353</u>	_100	
$\begin{array}{c c c c c c c c c c c c c c c c c c c $	LIABILITIES AND EQUITY					
$\begin{array}{c c c c c c c c c c c c c c c c c c c $						
Contract liabilities - current (Notes 3, 4 and 18) 8,893 1 - - Notes payable 27,566 1 37,114 2 Jotes payable to related parties (Note 27) 973 - 893 - Trade payables to related parties (Note 27) 973 - 893 - Trade payables to related parties (Note 27) 155,543 6 186,827 7 Other payables (Note 14) 54,496 2 54,956 2 Current tax liabilities (Notes 4 and 20) - - 15,543 6 186,827 7 Total current liabilities - - 15,737 1 131 - 131 - 131 - 131 - 131 - 131 - 155,689 - - - 5,689 - - - 5,689 - - - 5,689 - - - 5,689 - - - 5,689 - - - 5,689 - - - 2,0019 1 - 1 - 1 -		¢ 150.000	<i>(</i>	¢ 00.000	4	
Notes payable 27,566 1 37,114 2 Notes payable 973 - 893 - Trade payables 5,217 - 5,807 - Trade payables to related parties (Note 27) 155,543 6 186,827 7 Other payables (Note 14) 54,496 2 54,956 2 Current tax liabilities (Notes 4 and 20) - - 15,737 1 Provisions - current (Notes 4 and 15) 131 - 131 - Advance receipts				\$ 90,000	4	
Notes payable to related parties (Note 27) 973 - 893 - Trade payables 5,217 - 5,807 - Trade payables to related parties (Note 27) 155,543 6 186,827 7 Other payables (Note 14) 54,496 2 54,956 2 Current tax liabilities (Notes 4 and 20) - - 15,737 1 Provisions - current (Notes 4 and 15) 131 - 131 - Advance receipts - - 5,689 - - Total current liabilities (Notes 4 and 20) 87,298 3 91,236 3 NON-CURRENT LIABILITIES Deferred tax liabilities (Notes 4 and 16) 2,909 - 20,019 1 Total non-current liabilities - 90,207 3 111,255 4 Total liabilities - - 502,302 20 485,316 19 Call aurilus shares - - - 502,302 20 485,316 19 Call aurilus shares - - - 502,302 20 485,316 1				- 37 114	- 2	
Trade payables 5,217 - 5,807 - Trade payables to related parties (Note 27) 155,543 6 186,827 7 Other payables (Note 14) 54,496 2 54,956 2 Current tax liabilities (Notes 4 and 20) - - 15,737 1 Provisions - current (Notes 4 and 15) 131 - 131 - Advance receipts			-	,	2	
Trade payables to related parties (Note 27) 155,543 6 186,827 7 Other payables (Note 14) 54,496 2 54,956 2 Current taibilities (Notes 4 and 20) 131 - 15,737 1 Provisions - current (Notes 4 and 15) 131 - 131 - Advance receipts			_		_	
Other payables (Note 14) $54,496$ 2 $54,956$ 2 Current tax liabilities (Notes 4 and 20) - - $15,737$ 1 Provisions - current (Notes 4 and 15) 131 - 131 - 131 - Advance receipts			6		7	
Current tax liabilities (Notes 4 and 20) - - 15,737 1 Provisions - current (Notes 4 and 15) 131 - 131 - Advance receipts - - 5.689 - Total current liabilities 402.819 16 397.154 16 NON-CURRENT LIABILITIES - - 2.0019 1 Deferred tax liabilities (Notes 4 and 20) 87,298 3 91,236 3 Net defined benefit liabilities - non-current (Notes 4 and 16) 2.909 - 20.019 1 Total non-current liabilities 90,207 3 111,255 4 Total non-current liabilities - - 502.302 20 485.316 19 Share capital -						
$\begin{array}{c ccccccccccccccccccccccccccccccccccc$		-	-		1	
Total current liabilities 402.819 16 397.154 16NON-CURRENT LIABILITIES Deferred tax liabilities (Notes 4 and 20) 87.298 3 $91,236$ 3Net defined benefit liabilities - non-current (Notes 4 and 16) 2.909 - 20.019 1Total non-current liabilities $90,207$ 3 111.255 4Total non-current liabilities $90,207$ 3 111.255 4Total liabilities $90,207$ 3 111.255 4Catil surplus $75,738$ 3 $74,943$ 3Retained earnings $75,738$ 3 $74,943$ 3Legal reserve $455,057$ 18 $401,642$ 16Special reserve $84,646$ 3 $70,718$ 3Unappropriated earnings $1.046,591$ 41 $1.039,971$ 42 Total retained earnings $1.586,294$ 62 $1.512,331$ 61 <td></td> <td>131</td> <td>-</td> <td></td> <td>-</td>		131	-		-	
$\begin{array}{c c c c c c c c c c c c c c c c c c c $	Advance receipts	<u> </u>		5,689		
$\begin{array}{c c c c c c c c c c c c c c c c c c c $	Total current liabilities	402,819	16	397,154	16	
$\begin{array}{c c c c c c c c c c c c c c c c c c c $	NON-CURRENT LIABILITIES					
Net defined benefit liabilities - non-current (Notes 4 and 16) $2,909$ $ 20,019$ 1 Total non-current liabilities $90,207$ 3 $111,255$ 4 Total liabilities $493,026$ 19 $508,409$ 20 EQUITY (Notes 4 and 17) $493,026$ 19 $508,409$ 20 Share capital $75,738$ 3 $74,943$ 3 Ordinary shares $502,302$ 20 $485,316$ 19 Capital surplus $75,738$ 3 $74,943$ 3 Retained earnings $455,057$ 18 $401,642$ 16 Special reserve $84,646$ 3 $70,718$ 3 Unappropriated earnings $1.046,591$ 41 $1.039,971$ 42 Total retained earnings $1.586,294$ 62 $1.512,331$ 61		87,298	3	91,236	3	
Total liabilities $493,026$ 19 $508,409$ 20 EQUITY (Notes 4 and 17)Share capitalOrdinary sharesOrdinary shares $502,302$ 20 $485,316$ 19 Capital surplusRetained earningsLegal reserve455,05718 $401,642$ 16Special reserve84,6463 $70,718$ 3Unappropriated earnings1,046,591 41 $1,039,971$ 42 Total retained earnings1,586,294 62 $1,512,331$ 61					1	
EQUITY (Notes 4 and 17)Share capitalOrdinary shares $502,302$ 20 $485,316$ 19 Capital surplus $75,738$ 3 $74,943$ 3 Retained earningsLegal reserve $455,057$ 18 $401,642$ 16 Special reserve $84,646$ 3 $70,718$ 3 Unappropriated earnings $1,046,591$ 41 $1,039,971$ 42 Total retained earnings $1,586,294$ 62 $1,512,331$ 61	Total non-current liabilities	90,207	3	111,255	4	
$\begin{array}{c c} Share capital \\ Ordinary shares \\ Capital surplus \\ Retained earnings \\ Legal reserve \\ Special reserve \\ & 455,057 \\ 18 \\ 401,642 \\ 16 \\ Special reserve \\ & 84,646 \\ 3 \\ 1,046,591 \\ 1,1039,971 \\ 41 \\ 1,039,971 \\ 42 \\ Total retained earnings \\ & 1,586,294 \\ 62 \\ 1,512,331 \\ 61 \\ \end{array}$	Total liabilities	493,026	19	508,409	20	
$\begin{array}{c c} Share capital \\ Ordinary shares \\ Capital surplus \\ Retained earnings \\ Legal reserve \\ Special reserve \\ 84,646 & 3 & 70,718 & 3 \\ Unappropriated earnings \\ 1,046,591 & 41 & 1,039,971 & 42 \\ Total retained earnings \\ \end{array}$	EQUITY (Notes 4 and 17)					
Capital surplus 75,738 3 74,943 3 Retained earnings 1						
Capital surplus 75,738 3 74,943 3 Retained earnings 1			20		19	
Legal reserve455,05718401,64216Special reserve84,646370,7183Unappropriated earnings1,046,591411,039,97142Total retained earnings1,586,294621,512,33161		75,738	3	74,943	3	
Special reserve 84,646 3 70,718 3 Unappropriated earnings 1,046,591 41 1,039,971 42 Total retained earnings 1,586,294 62 1,512,331 61						
Unappropriated earnings 1,046,591 41 1,039,971 42 Total retained earnings 1,586,294 62 1,512,331 61						
Total retained earnings 62 1,512,331 61						
(101,055) (4) (84,046) (5)						
		(101,035)	<u>(4</u>)	(04,040)	<u>(3</u>)	

_ . .

Total equity	2,062,679	81	1,987,944	80
TOTAL	<u>\$ 2,555,705</u>	_100	<u>\$ 2,496,353</u>	_100

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

(With Deloitte & Touche auditors' report dated March 14, 2019)

STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2018		2017		
	Amount	%	Amount	%	
OPERATING REVENUE (Notes 4, 18 and 27) Sales Service revenue	\$ 925,896 	98 2	\$ 1,107,255 	98 2	
Total operating revenue	947,326	100	1,134,163	_100	
OPERATING COSTS Cost of goods sold (Notes 8, 19 and 27) Service cost	(798,757) (2,609)	(84)	(943,826) (2,767)	(83)	
Total operating costs	(801,366)	<u>(84</u>)	(946,593)	<u>(83</u>)	
GROSS PROFIT	145,960	16	187,570	17	
UNREALIZED GAIN ON TRANSACTIONS WITH SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES (Note 4)	(11,433)	(1)	(12,997)	(1)	
REALIZED GAIN ON TRANSACTIONS WITH SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES (Note 4)	12,997	1	13,067	1	
REALIZED GROSS PROFIT	147,524	16	187,640	17	
OPERATING EXPENSES (Notes 4, 19 and 27) Selling and marketing expenses General and administrative expenses Research and development expenses Gain on reversal of expected credit loss	(58,589) (71,275) (9,094) <u>9,564</u>	(6) (8) (1) <u>1</u>	(62,772) (81,323) (8,958)	(6) (7) (1)	
Total operating expenses	(129,394)	<u>(14</u>)	(153,053)	<u>(14</u>)	
PROFIT FROM OPERATIONS	18,130	2	34,587	3	
NON-OPERATING INCOME AND EXPENSES Other income (Notes 4 and 19) Other gains and losses (Notes 4 and 19) Finance costs (Notes 4 and 19) Share of profit or loss of subsidiaries, associates and joint ventures (Note 4)	1,011 6,889 (940) <u>490,610</u>		623 (5,135) (751) 547,228	- - - 48	
Total non-operating income and expenses	497,570	52	<u> </u>	<u>48</u> ntinued)	

STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2018		2017		
	Amount	%	Amount	%	
PROFIT BEFORE INCOME TAX FROM CONTINUING OPERATIONS	515,700	54	576,552	51	
INCOME TAX EXPENSE (Notes 4 and 20)	(42,087)	<u>(4</u>)	(42,399)	<u>(4</u>)	
NET PROFIT FOR THE YEAR	473,613	50	534,153	47_	
OTHER COMPREHENSIVE INCOME (LOSS) (Notes 4, 16, 17 and 20) Items that will not be reclassified subsequently to profit or loss:					
Remeasurement of defined benefit plans	6,120	1	(2,471)	-	
Income tax relating to items that will not be reclassified subsequently to profit or loss	<u>(531</u>) <u>5,589</u>	<u></u> 1	420 (2,051)		
Items that may be reclassified subsequently to profit or loss: Exchange differences on translating the financial statements of foreign operations Income tax relating to items that may be reclassified subsequently to profit or loss	(22,333) 5,324	(2)	(16,782) <u>2,854</u>	(1)	
	(17,009)	<u>(2</u>)	(13,928)	<u>(1</u>)	
Other comprehensive loss for the year, net of income tax	(11,420)	(1)	(15,979)	(1)	
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 462,193</u>	<u>49</u>	<u>\$ 518,174</u>	46	
EARNINGS PER SHARE (Note 21) From continuing operations Basic Diluted	<u>\$ 9.43</u> <u>\$ 9.39</u>		<u>\$ 10.63</u> <u>\$ 10.60</u>		

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

(With Deloitte & Touche auditors' report dated March 14, 2019)

(Concluded)

STATEMENTS OF CHANGES IN EQUITY FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017 (In Thousands of New Taiwan Dollars)

						Other Equity Exchange Differences on Translating the Financial	
				Retained Earnings	<u>S</u> Unappropriated	Statements of Foreign	
	Share Capital	Capital Surplus	Legal Reserve	Special Reserve	Earnings	Operations	Total Equity
BALANCE AT JANUARY 1, 2017	\$ 485,316	\$ 74,943	\$ 346,956	\$ 54,501	\$ 991,291	\$ (70,718)	\$ 1,882,289
Appropriation of 2016 earnings (Note 17) Legal reserve Special reserve Cash dividends distributed by the Company	- - -	- -	54,686 - -	- 16,217 -	(54,686) (16,217) (412,519)	- - -	- (412,519)
Net profit for the year ended December 31, 2017	-	-	-	-	534,153	-	534,153
Other comprehensive loss for the year ended December 31, 2017, net of income tax	<u> </u>	<u>-</u>	<u>-</u>	<u> </u>	(2,051)	(13,928)	(15,979)
Total comprehensive income for the year ended December 31, 2017	<u> </u>	<u> </u>	<u>-</u>	<u> </u>	532,102	(13,928)	518,174
BALANCE AT DECEMBER 31, 2017	485,316	74,943	401,642	70,718	1,039,971	(84,646)	1,987,944
Appropriation of 2017 earnings (Note 17) Legal reserve Special reserve Cash dividends distributed by the Company Share dividends distributed by the Company	- - - 16,986	- - -	53,415	13,928 - -	(53,415) (13,928) (388,253) (16,986)	- - -	(388,253)
Difference between actual acquisition price and carrying amount on acquisition of interests in subsidiaries (Note 17)	-	795	-	-	-	-	795
Net profit for the year ended December 31, 2018	-	-	-	-	473,613	-	473,613
Other comprehensive income (loss) for the year ended December 31, 2018, net of income tax			<u>-</u>		5,589	(17,009)	(11,420)
Total comprehensive income for the year ended December 31, 2018	<u> </u>	<u> </u>	<u>-</u>		479,202	(17,009)	462,193
BALANCE AT DECEMBER 31, 2018	<u>\$ 502,302</u>	<u>\$ 75,738</u>	<u>\$ 455,057</u>	<u>\$ 84,646</u>	<u>\$ 1,046,591</u>	<u>\$ (101,655</u>)	<u>\$ 2,062,679</u>

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

(With Deloitte & Touche auditors' report dated March 14, 2019)

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017 (In Thousands of New Taiwan Dollars)

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 515,700	\$ 576,552
Adjustments for:	<i> </i>	¢ 0,002
Gain on reversal of expected credit loss of trade receivables	(9,564)	-
Impairment loss recognized on trade receivables		11,225
Depreciation expenses	6,508	3,913
Amortization expenses	360	446
Finance costs	940	751
Share of profit of subsidiaries, associates and joint ventures	(490,610)	(547,228)
Interest income	(178)	(117)
Write-downs of inventories	3,914	808
Loss on disposal of property, plant and equipment		36
Unrealized gain on the transactions with subsidiaries, associates and joint		
ventures	11,433	12,997
Realized gain on the transactions with subsidiaries associates and joint	,	
ventures	(12,997)	(13,067)
Net (gain) loss on foreign currency exchange	(2,051)	2,154
Changes in operating assets and liabilities	(_,;;; 1)	_,
Notes receivable	(6,155)	(2,025)
Trade receivables	14,525	12,915
Trade receivables from related parties	51,761	(10,286)
Other receivables	(58)	(608)
Inventories	(35,457)	(2,458)
Prepayments	10,477	(10,477)
Notes payable	(9,548)	10,091
Notes payable from related parties	80	(141)
Trade payables	(572)	(2,982)
Trade payables from related parties	(30,294)	(18,349)
Other payables	(503)	(4,878)
Contract liabilities - current	3,510	-
Advance receipts	(306)	(2,359)
Net defined benefit liabilities	(10,990)	(2,862)
Cash generated from operations	9,925	14,051
Interest received	178	117
Income tax paid	(62,147)	(43,848)
r r r r	/	/
Net cash used in operating activities	(52,044)	(29,680)
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of investments accounted for using the equity method		(16,438)
Payments for property, plant and equipment	(2570)	,
Payments for intangible assets	(2,579)	(17,899)
• •	-	(235)
Proceeds from disposal of property, plant and equipment Dividends received from subsidiaries	- 376,987	12 465,474
Increase in other financial assets		403,474
merease in other infancial assets	(1)	(Continued)
		(Continued)

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017 (In Thousands of New Taiwan Dollars)

	2018	2017
Decrease in other financial assets	-	38
Increase in other non-current assets	-	(110)
Decrease in other non-current assets	359	
Net cash generated from investing activities	374,766	430,842
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowings	60,000	-
Repayments of short-term borrowings	-	(35,000)
Dividends paid to owners of the Company	(388,253)	(412,519)
Acquisition of additional interest in subsidiaries	(5,652)	-
Interest paid	(897)	(742)
Net cash used in financing activities	(334,802)	(448,261)
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE		
OF CASH HELD IN FOREIGN CURRENCIES	1,300	(2,234)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(10,780)	(49,333)
CASH AT THE BEGINNING OF THE YEAR	66,964	116,297
CASH AT THE END OF THE YEAR	<u>\$ 56,184</u>	<u>\$ 66,964</u>

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

(With Deloitte & Touche auditors' report dated March 14, 2019)	(Concluded)
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INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders Sinmag Equipment Corporation

Opinion

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

In our opinion, based on our audits and the report of other auditors (please refer to the Other Matter paragraph), the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2018 and 2017, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China and we have fulfilled our other ethical responsibilities in accordance with these requirements. 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 for the year ended December 31, 2018. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matter of the Group's financial statements for the year ended December 31, 2018 is stated as follows:

Key Audit Matter - Recognition of Revenue from Main Customers

The consolidated operating revenue from the main customers of the Group accounted for approximately 21% of the total consolidated operating revenue. There is also a significant difference between the change in operating revenue growth (decline) of the main customers and the change in overall consolidated operating revenue growth (decline) of the Group, resulting in a significant impact on the financial performance of the Group. Therefore, we deemed the validity of occurrence of sales revenue from the main customers as a key audit matter. The revenue recognition accounting policy is disclosed in Note 4 (n) to the consolidated financial statements.

We performed the following audit procedures in response to the above-mentioned key audit matter:

1.We understood the design and implementation of the internal controls related to the recognition of sales revenue, and designed the appropriate audit procedures on internal controls related to the validity of occurrence of sales revenue, in order to confirm and evaluate the effectiveness of the Group's internal control over sales revenue.

2.We selected samples from sales transactions, and reviewed sales orders, invoices and receipts, in order to confirm validity of the occurrence of sales.

3.We compared the changes in sales revenue, gross profit margin, trade receivables turnover rate and credit conditions of the main customers between the current and previous year, and evaluated the reasonableness of the changes.

Other Matter

We did not audit the financial statements of LBC Bakery Equipment Inc., a subsidiary included in the consolidated financial statements of the Group, but such financial statements were prepared using a different financial reporting framework and audited by other auditors. We have applied audit procedures on the conversion adjustments to the financial statements of LBC Bakery Equipment Inc., which conform to the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our opinion, insofar as it relates to the amounts included for LBC Bakery Equipment Inc. prior to these conversion adjustments, is based solely on the report of other auditors and additional audit procedures to meet the relevant requirements of the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China. The total assets of LBC Bakery Equipment Inc. constituted 11% (NT\$356,975 thousand) and 11% (NT\$363,781 thousand), respectively, of consolidated total assets as of December 31, 2018 and 2017, and total revenues constituted 12% (NT\$501,596 thousand) and 12% (NT\$567,736 thousand), respectively, of consolidated total revenues for the years then ended.

We have also audited the parent company only financial statements of Sinmag Equipment Corporation Company as of and for the years ended December 31, 2018 and 2017 on which we have issued an unmodified opinion with an other matter paragraph.

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 International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

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

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

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

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

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2018 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Chen, Chiang-hsun and Chen, Chao-mei.

Deloitte & Touche Taipei, Taiwan Republic of China

March 14, 2019

Notice to Readers

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

For the convenience of readers, the independent auditors' report and the accompanying consolidated financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' report and consolidated financial statements shall prevail.

CONSOLIDATED BALANCE SHEETS DECEMBER 31, 2018 AND 2017 (In Thousands of New Taiwan Dollars)

	2018	2018 2017		
ASSETS	Amount	%	Amount	%
CURRENT ASSETS				
Correct Asserts Cash and cash equivalents (Notes 4 and 6)	\$ 807,198	25	\$ 828,127	25
Notes receivable (Notes 4, 7 and 21)	53,816	23	49,410	23
Trade receivables (Notes 4, 7 and 21)	611,712	19	727,270	22
Trade receivables from related parties (Notes 4, 21 and 30)	368	-	1,685	
Other receivables (Notes 4, 7 and 26)	19,892	-	45,023	1
Current tax assets (Notes 4 and 23)	10,616	-	9,786	-
(nventories (Notes 4 and 8)	669,144	21	703,672	21
Prepayments (Notes 14 and 31)	27,833	1	40,993	1
Other financial assets (Notes 4, 15 and 31)	9,237		20,077	1
Fotal current assets	2,209,816	68	2,426,043	73
NON-CURRENT ASSETS				
Property, plant and equipment (Notes 4, 11 and 31)	843,929	26	736,700	23
Other intangible assets (Notes 4 and 13)	2,947	-	3,752	-
Goodwill (Notes 4 and 12)	3,254	_	3,254	-
Deferred tax assets (Notes 4 and 23)	26,156	1	21,240	1
Other financial assets - non-current (Notes 4, 15 and 31)	64	-	63	-
Long-term prepayments for leases (Notes 14 and 31)	85,876	3	41,248	1
Other non-current assets (Notes 4 and 15)	59,925	2	72,631	2
Fotal non-current assets	1,022,151	32	878,888	27
TOTAL	<u>\$ 3,231,967</u>	_100	<u>\$ 3,304,931</u>	_100
LIABILITIES AND EQUITY				
Short-term borrowings (Notes 16 and 31)	\$ 150,000	5	\$ 209,314	7
Contract liabilities - current (Notes 3, 4 and 21)	82,284	2	-	-
Notes payable	27,566	1	37,114	1
Notes payable to related parties (Note 30)	973	-	893	-
Trade payables	257,649	8	297,382	9
Trade payables to related parties (Note 30)	9,579	-	10,760	-
Other payables (Notes 17)	258,506	8	256,556	8
Current tax liabilities (Notes 4 and 23)	115,731	4	138,802	4
Provisions - current (Notes 4 and 18)	25,261	1	25,385	1
Advance receipts	-	-	73,187	2
Current portion of long-term borrowings and bonds payable (Notes 16 and 31)	6,121		5,968	
Total current liabilities	933,670	29	1,055,361	32
NON-CURRENT LIABILITIES				
Long-term borrowings (Notes 16 and 31)	89,615	3	93,659	3
Deferred tax liabilities (Notes 4 and 23)	87,298	2	91,240	3
Net defined benefit liabilities - non-current (Notes 4 and 19)	2,909		20,019	
Fotal non-current liabilities	179,822	5	204,918	6
Total liabilities	1,113,492	34	1,260,279	38
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Notes 4 and 20)				
Share capital				
Ordinary shares	502,302	16	485,316	$\frac{15}{2}$
Capital surplus	75,738	2	74,943	2
Retained earnings				
Legal reserve	455,057	14	401,642	12
Special reserve	84,646	3	70,718	2
Unappropriated earnings	1,046,591	32	1,039,971	32

Unappropriated earnings	1,046,591	32	1,039,971	32
Total retained earnings	1,586,294	49	1,512,331	46
Other equity	(101,655)	<u>(3</u>)	(84,646)	<u>(3</u>)
Total equity attributable to owners of the Company	2,062,679	64	1,987,944	60
NON-CONTROLLING INTERESTS (Note 20)	55,796	2	56,708	2
Total equity	2,118,475	66	2,044,652	62
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TOTAL	<u>\$ 3,231,967</u>	_100	<u>\$ 3,304,931</u>	_100

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

(With Deloitte & Touche auditors' report dated March 14, 2019)

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2018		2017	
	Amount	%	Amount	%
OPERATING REVENUE				
Sales (Notes 4, 21 and 30)	\$ 4,290,585	100	\$ 4,587,324	99
Service revenue (Note 4)	21,430		26,909	1
Total operating revenue	4,312,015	100	4,614,233	100
OPERATING COSTS				
Cost of goods sold (Notes 8, 22 and 30)	(2,591,100)	(60)	(2,713,721)	(59)
Service cost	(2,609)		(2,767)	
Total operating costs	(2,593,709)	<u>(60</u>)	(2,716,488)	<u>(59</u>)
GROSS PROFIT	1,718,306	40	1,897,745	41
OPERATING EXPENSES (Notes 22 and 30)				
Selling and marketing expenses	(626,705)	(15)	(616,612)	(13)
General and administrative expenses	(277,929)	(6)	(288,550)	(6)
Research and development expenses	(163,455)	(4)	(164,385)	(4)
Gain on reversal of expected credit loss (Notes 4 and 7)	7,083			
Total operating expenses	(1,061,006)	(25)	(1,069,547)	(23)
PROFIT FROM OPERATIONS	657,300	15	828,198	18
NON-OPERATING INCOME AND EXPENSES				
(Notes 4 and 22)				
Other income	26,822	1	32,481	1
Other gains and losses	13,829	-	(47,107)	(1)
Finance costs	(8,690)	-	(6,795)	-
Share of profit or loss of associates and joint ventures (Notes 10)		<u> </u>	(16,541)	<u>(1</u>)
Total non-operating income and expenses	31,961	1	(37,962)	<u>(1</u>)
PROFIT BEFORE INCOME TAX FROM				
CONTINUING OPERATIONS	689,261	16	790,236	17
INCOME TAX EXPENSE (Notes 4 and 23)	(204,029)	<u>(5</u>)	(243,113)	<u>(5</u>)
NET PROFIT FOR THE YEAR	485,232	<u> 11</u>	547,123	12
				ntinued)

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2018		2017	
	Amount	%	Amount	%
OTHER COMPREHENSIVE INCOME (LOSS) (Notes 4, 19, 20 and 23) Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans Income tax relating to items that will not be reclassified subsequently to profit or loss	6,120 (531) 5,589		(2,471) $$	-
Items that may be reclassified subsequently to profit or loss: Exchange differences on translating the financial statements of foreign operations Income tax relating to items that may be reclassfied subsequently to profit or loss	(21,076) 5,324 (15,752)		(20,203) $(20,203)$ $(2,854)$ $(17,349)$	(1)
Other comprehensive loss for the year, net of income tax	(10,163)		(19,400)	<u>(1</u>)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 475,069</u>	11	<u>\$ 527,723</u>	11
NET PROFIT ATTRIBUTABLE TO: Owners of the Company Non-controlling interests	\$ 473,613 <u>11,619</u> <u>\$ 485,232</u>	11 	\$ 534,153 12,970 <u>\$ 547,123</u>	12
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO: Owners of the Company Non-controlling interests	\$ 462,193 <u>12,876</u> <u>\$ 475,069</u>	11 	\$ 518,174 9,549 <u>\$ 527,723</u>	11
EARNINGS PER SHARE (Note 24) From continuing operations Basic Diluted	<u>\$ 9.43</u> <u>\$ 9.39</u>		<u>\$ 11.01</u> <u>\$ 10.96</u>	

The accompanying notes are an integral part of the consolidated financial statements. (With Deloitte & Touche auditors' report dated March 14, 2019)

(Concluded)

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017 (In Thousands of New Taiwan Dollars)

	Equity Attributable to Owners of the Company					
				Retained Earnings		Other Equity Exchange Differences on Translating the Financial Statements of
	Share Capital	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Foreign Operations
BALANCE AT JANUARY 1, 2017	\$ 485,316	\$ 74,943	\$ 346,956	\$ 54,501	\$ 991,291	\$ (70,718)
Appropriation of 2016 earnings (Note 20) Legal reserve Special reserve Cash dividends distributed by the Company	- - -	- - -	54,686 - -	- 16,217 -	(54,686) (16,217) (412,519)	- - -
Net profit for the year ended December 31, 2017	-	-	-	-	534,153	-
Other comprehensive loss for the year ended December 31, 2017, net of income tax	<u> </u>	<u> </u>	<u>-</u>	<u>-</u>	(2,051)	(13,928)
Total comprehensive income (loss) for the year ended December 31, 2017	<u> </u>	<u> </u>	<u> </u>		532,102	(13,928)
Cash dividends distributed by subsidiaries (Note 20)	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u>-</u>	<u> </u>
BALANCE AT DECEMBER 31, 2017	485,316	74,943	401,642	70,718	1,039,971	(84,646)
Appropriation of 2017 earnings (Note 20) Legal reserve Special reserve Cash dividends distributed by the Company Share dividends distributed by the Company	- - 16,986	- - - -	53,415	13,928	(53,415) (13,928) (388,253) (16,986)	- - - -
Difference between actual acquisition price and carrying amount on acquisition of interests in subsidiaries (Note 25)	-	795	-	-	-	-
Net profit for the year ended December 31, 2018	-	-	-	-	473,613	-
Other comprehensive loss for the year ended December 31, 2018, net of income tax	<u> </u>	<u> </u>	<u> </u>		5,589	(17,009)
Total comprehensive income (loss) for the year ended December 31, 2018	<u> </u>	<u> </u>	<u> </u>	<u> </u>	479,202	(17,009)
Cash dividends distributed by subsidiaries (Note 20)	<u> </u>	<u> </u>	<u> </u>	<u> </u>		<u>-</u>
BALANCE AT DECEMBER 31, 2018	<u>\$ 502,302</u>	<u>\$ 75,738</u>	<u>\$ 455,057</u>	<u>\$ 84,646</u>	<u>\$ 1,046,591</u>	<u>\$ (101,655</u>)

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

(With Deloitte & Touche auditors' report dated March 14, 2019)

Total	Non-controlling Interests	Total Equity
\$ 1,882,289	\$ 53,694	\$ 1,935,983
-	-	-
(412,519)	-	(412,519)
534,153	12,970	547,123
(15,979)	(3,421)	(19,400)
518,174	9,549	527,723
<u> </u>	(6,535)	(6,535)
1,987,944	56,708	2,044,652
-	-	-
(388,253)	-	(388,253)
-	-	-
795	(6,447)	(5,652)
473,613	11,619	485,232
175,015	11,017	103,232
(11,420)	1,257	(10,163)
462,193	12,876	475,069
	(7,341)	(7,341)
<u>\$ 2,062,679</u>	<u>\$ 55,796</u>	<u>\$ 2,118,475</u>

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017 (In Thousands of New Taiwan Dollars)

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 689,261	\$ 790,236
Adjustments for:	+ ••••,-•-	+
Impairment loss recognized on trade receivables	-	12,938
Gain on reversal of expected credit loss of trade receivables	(7,084)	
Depreciation expenses	64,965	60,111
Amortization expenses	1,563	1,613
Share of loss of associates and joint ventures	-,	16,541
Amortization of prepayments for leases	1,598	769
Loss on disposal of associates	-	19,605
Write-downs of inventories	8,427	3,999
Finance costs	8,690	6,795
Interest income	(16,172)	(16,329)
Loss on disposal of property, plant and equipment	1,698	1,774
Net (gain) loss on foreign currency exchange	(4,181)	13,907
Changes in operating assets and liabilities		
Notes receivable	(4,301)	(2,874)
Trade receivables	115,514	(51,990)
Trade receivables from related parties	1,307	(1,246)
Other receivables	(1,590)	(1,142)
Inventories	19,279	(92,174)
Prepayments	12,091	(11,466)
Notes payable	(9,548)	10,091
Notes payable from related parties	80	(141)
Trade payables	(34,861)	21,041
Trade payables from related parties	(1,034)	1,547
Other payables	6,017	(21,051)
Contract liabilities - current	10,898	-
Advance receipts	(306)	(3,112)
Net defined benefit liabilities	(10,990)	(2,862)
Cash generated from operations	851,321	756,580
Interest received	16,172	16,329
Income tax paid	(230,171)	(242,461)
Net cash generated from operating activities	637,322	530,448
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of associates	-	(16,438)
Net cash inflow on disposal of associates	25,641	-
Payments for property, plant and equipment	(149,717)	(51,908)
Proceeds from disposal of property, plant and equipment	1,096	3,960
Payments for intangible assets	(810)	(1,489)
Increase in prepayments for leases	(48,918)	(20,443)
Increase in other financial assets	-	(5,344)
Decrease in other financial assets	10,111	-
		(Continued)

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CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017 (In Thousands of New Taiwan Dollars)

	2018	2017
Increase in other non-current assets	(19,360)	(42,432)
Net cash used in investing activities	(181,957)	(134,094)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowings	60,000	119,046
Repayments of short-term borrowings	(119,184)	(35,000)
Proceeds from long-term borrowings	-	39,547
Repayments of long-term borrowings	(6,013)	(1,599)
Dividends paid to owners of the Company	(388,253)	(412,519)
Interests paid	(9,334)	(6,099)
Dividends paid to non-controlling interests	(7,341)	(6,535)
Acquisition of subsidiaries	(5,652)	
Net cash used in financing activities	(475,777)	(303,159)
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	(517)	(20,685)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(20,929)	72,510
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	828,127	755,617
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 807,198</u>	<u>\$ 828,127</u>

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

(With Deloitte & Touche auditors' report dated March 14, 2019)

(Concluded)

[Attachment 4]

Sinmag Equipment Corporation

Comparison Table for the Articles of Incorporation Before and After Revision

Article	Articles before the amendments	Articles after the amendments	Amendment
No.			Note
	If the Company has gained any profit	The company shall appropriate 2%	Amendment of
29	-	to 10% of the net income before tax	
	allocated as employee bonus. The	of the fiscal year as employees'	the definition
	Board of Directors shall decide to	compensation and no more than 5%	of profit.
	distribute it by stock or cash. The	of the bonus to director from the	
	employees of the subordinate	current pre-tax profit before the	
	companies that meet certain	appropriation of employee bonus	
	conditions may be granted such	and directors' bonus. The	
	compensation; The Board of	employees' shares compensation	
	Directors can determine by meeting	will be distributed in shares or cash	
	resolution to appropriate no more	by the resolution of the board of	
	than 5% of the above mentioned	directors. the employees of the	
	profit as bonus to directors. Proposals	subordinate companies that meet	
	for employee bonus and directors'	certain conditions set by the Board	
	bonus shall be reported to the	of Directors may be granted such	
	shareholders' meeting.	compensation. Directors	
	However, the Company shall reserve	compensation shall be paid in cash.	
	the amount of compensations in	The preceding two paragraphs shall	
	advance if there is cumulative	be determined by the resolution of	
	deficiency before appropriating	Board of Directors and reported to	
	employees and directors' bonus in	the shareholders' meeting. Where	
	accordance with the aforementioned	the Board of Directors has decided	
	percentage.	to reward employees in the form of	
	Before the establishment of the	shares, the same resolution may	
	Company's audit committee, the	decide whether it will be made by	
	supervisor's remuneration and the	issuing new shares or by buying off	
	bonus to directors shall be	one's own shares.	
	appropriated at no more than 5% of	However, the Company shall	
	the profit, and this article shall apply.	reserve the amount of	
		compensations in advance if there is	
		cumulative deficiency before	
		appropriating employees and	
		directors bonus in accordance with	
		the aforementioned percentage.	
Article	If there is any surplus in the	If there is a net profit after tax in the	Amendment of
	Company's annual accounts, the	Company's annual final accounts,	text specifying
	Company shall pay taxes according	they shall be first appropriated to	the definition

Article No.	Articles before the amendments	Articles after the amendments	Amendment Note
No.	to law and make up for the accumulated losses, and then 10% of the legal capital reserve shall be appropriated. However, when the legal capital reserve has reached the Company's paid-in capital, it may not be appropriated any more, and the rest may be appropriated or transferred to the special capital reserve according to the law. If there is any remaining balance and accumulated undistributed surplus, the Board of Directors shall prepare a proposal on appropriation of net income and submit it to the board of shareholders for resolution on the appropriation of dividends and bonuses to shareholders.	(including adjusting the retained surplus amount), and then appropriate 10% as legal capital reserve according to law, unless the legal capital reserve has reached the paid-up capital of the Company. Then, the Company shall set aside or reverse special reserve according to the regulations or the competent authority; the remaining surplus, together with the opening retained surplus (including adjustment of the retained surplus amount), shall be proposed by the Board of Directors with a surplus distribution proposal, and the shareholders' meeting shall propose the resolution of	of profit.
	The company's dividend policy is that, based on the current and future development plans, considering the investment environment, capital needs and domestic and international competition, and taking into account the interests of shareholders, etc., the annual appropriation of available surplus for dividends appropriated to shareholders shall not be less than 20%. When dividends are appropriated to shareholders, they can be paid in cash or stock, and the cash dividends shall not be less than 20% of the total dividends.	appropriation of the dividends of the shareholders. The company's dividend policy is that, based on the current and future development plans, considering the investment environment, capital needs and domestic and international competition, and taking into account the interests of shareholders, etc., the annual appropriation of available surplus for dividends appropriated to shareholders shall not be less than 20%. When dividends are appropriated to shareholders, they can be paid in cash or stock, and the cash dividends shall not be less than 20% of the total dividends.	
Article 32	The first amendment was made on September 15, 1983. The sixteenth amendment was made on June 17, 2010.	The first amendment was made on September 15, 1983. 	Amend the number of amendments to the articles of association

Article	Articles before the amendments	Articles after the amendments	Amendment
No.			Note
	The seventeenth amendment was		over the years
	<u>made on June17, 2010.</u>		and add the
	The eighteenth amendment was made	The <u>seventeenth</u> amendment was	date and
	on June 19, 2012.	made on June 19, 2012.	number of this
	The nineteenth amendment was made	The <u>eighteenth</u> amendment was	amendments.
	on June 28, 2013.	made on June 28, 2013.	
	The <u>twentieth</u> amendment was made	The <u>nineteenth</u> amendment was	
	on June 23, 2014.	made on June 23, 2014.	
	The <u>twenty-first</u> amendment was	The <u>twentieth</u> amendment was	
	made on June 30, 2015.	made on June 30, 2015.	
	The <u>twenty-second</u> amendment was	The <u>twenty-first</u> amendment was	
	made on June 6, 2016.	made on June 6, 2016.	
	The <u>twenty-third</u> amendment was	The <u>twenty-second</u> amendment was	
	made on June 19, 2017.	made on June 19, 2017.	
	The <u>twenty-fourth</u> amendment was	The <u>twenty-third</u> amendment was	
	made on June 13, 2018.	made on June 13, 2018.	
		The twenty-fourth amendment was	
		<u>made on June 14, 2019.</u>	

[Attachment 5]

Sinmag Equipment Corporation

Comparison Table for the Procedures for Acquisition or Disposal of Assets Before and After

		Re	visio	n	
Article No.	Ar	Articles before the amendments		Articles after the amendments	Amendmen t Note
Article 3	Scope	e of Assets	Scop	e of Assets	The
	I.	(Omitted)	I.	(Omitted)	amendment
	II.	Property (including land,	II.	Real estate (including land,	s are made
		housing and building,		housing and building,	simultaneo
		investment property, land use		investment property,	usly in
		rights, inventory of		inventory of construction	accordance
		construction enterprise) and		enterprise) and equipment.	with the
		equipment.		- /	revision of
	III ~ I	IV (Omitted)	III ~	IV (Omitted)	the
	V.	Claims of financial	V.	Right-of-use assets.	regulations
		institutions (including			of the
		receivables, buying exchange			competent
		discount and loans, and			authorities.
		overdue receivables).			
	VI.	Derivative products	VI.	Derivative products	
	VII.	Assets acquired or disposed of	VII.	Assets acquired or disposed of	
		by merger, demerger,		by merger, demerger,	
		acquisition or transfer of		acquisition or transfer of	
		shares according to the law.		shares according to the law.	
	VIII.	Other important assets.	VIII.	Other important assets.	
Article 4	Defin	ition	Defin	nition	The
	I. I	Derivative goods: refer to the	I.	Derivative goods: refer to	amendment
	f	forward contracts, option		forward contracts, option	s are made
	C	contracts, futures contracts,		contracts, futures	simultaneo
	1	leverage contracts, swap		contracts, leverage contracts, or	usly in
	C	contracts, and the combination		swap contracts whose values are	accordance
	<u>(</u>	of the above commodities,		derived from specific interest	with the
	٢	whose value are derived from		rates, financial instrument	revision of
	5	such commodities as assets,		prices, commodity prices,	the
	<u>i</u>	interest rates, exchange rates,		exchange rates, price or rate	regulations
	<u>i</u>	indexes or other interests. The		indices, credit ratings, or credit	of the
	t	term "forward contract" does not		indices, or other variables. A	competent
	i	include insurance contracts,		leveraged margin contract, an	authorities.
	I	performance contracts, after-		exchange contract, a	
	S	sales service contracts, long-		combination of the above-	
	t	term lease contracts and long-		mentioned contracts, or a	
	t	term import and sales contracts.		combined contract or structured	

Article No.	Articles before the amendments	Articles after the amendments	Amendmen t Note
	II. Assets acquired or disposed of by merger, demerger, acquisition or transfer of shares according to the law refer to assets acquired or disposed of by merger, demerger or acquisition in accordance with the merger law, financial holding company law, financial institution merger law or other laws, or transferee of the Company shares issued in accordance with the provisions of Article 156(8) of the Company Law.	 <u>commodity in which derivative</u> <u>goods are embedded.</u> The term "forward contract" does not include insurance contracts, performance contracts, after- sales service contracts, long- term lease contracts and long- term import and sales contracts. II. Assets acquired or disposed of by merger, demerger, acquisition or transfer of shares according to the law refer to assets acquired or disposed of by merger, demerger or acquisition in accordance with the merger law, financial holding company law, financial institution merger law or other laws, or transferee of the Company shares issued in accordance with the provisions of Article 156(<u>3</u>) of the 	
	 III.~VI. (Omitted) <u>VII. The term "within one year"</u> <u>refers to one year from the date</u> <u>of acquisition or disposal of</u> <u>assets, without reckoning in the</u> <u>announced part.</u> <u>VIII. The term "most recent financial</u> <u>statements" refers to the</u> <u>financial statements that are</u> <u>publicly announced and attested</u> <u>by a CPA before the acquisition</u> <u>or disposal of assets.</u> 	Company Law. III.~VI. (Omitted)	

Article No.	A	Articles before the amendments	1	Articles after the amendments	Amendmen t Note
Article 5	Arti	cle 5	Arti	cle 7	The
		company and its individual		total amount of real estate and its	amendment
		idiaries' investment quota for		t-of-use assets or securities of	s are made
	non-business real estate and				simultaneo
		ketable securities is set as			usly in
	follc			npany and its subsidiaries are as	accordance
				DWS:	with the
	I.	The total amount of non-	I.	The total amout of non-	revision of
		operating property for business		operating property for business	the
		use shall not exceed 15% of the		use and right-of-use asset shall	regulations
		net value.		not exceed 15% of the net value.	of the
	II.	The total amount of investment	II.	The total amount of investment	competent
		in securities shall not exceed		in securities shall not exceed	authorities.
		70% of the net value.		70% of the net value.	
	III.	The amount of investment in	III.	The amount of investment in	
		individual securities shall not		individual securities shall not	
		exceed 50% of the net value.		exceed 50% of the net value.	
Article 6	Article 6		Article 5		The
	The	professional appraiser and	The professional appraiser and		amendment
	appr	aisal personnel, independent	appraisal personnel, independent		s are made
	audi	tor, lawyer or the securities	audi	tor, lawyer or the securities	simultaneo
	unde	erwriter who provides the	unde	erwriter who provides the	usly in
	appr	raisal report for opinions of the	appr	aisal report or opinions for the	accordance
	Con	npany shall <u>not be the company's</u>	Com	pany shall meet the following	with the
	relat	ted party.	requ	irements:	revision of
			<u>I.</u>	Not being sentenced to fixed-	the
				term imprisonment of more than	regulations
				one year because of violating	of the
				this Law, Company Law,	competent
				Banking Law, Insurance Law,	authorities.
				Financial Holding Company	
				Law or Commercial Accounting	
				Law, or committing the crime of	
				fraud, breach of trust,	
				embezzlement, forgery of	
				documents or other business	
				crime. However, those whose	
				execution is completed,	
				probation period has expired or	
				the pardon has been completed	
				for three years are excluded.	

Article No.	Articles before the amendments	Articles after the amendments	Amendmen t Note
110.		II. The transaction party shall not be a related party or a substantial related party.	
		III.If the Company need to obtain appraisal reports from two or more professional appraisers, the different professional appraisers or appraisal personnel shall not be related parties to each other or have substantial relationship with each other.When issuing the appraisal report of opinion, the personnel in the	
		preceding paragraph shall follow the	2
		following procedures: I. They shall carefully assess their professional capabilities, professional capabilities, practical experience and independence before accepting cases.	
		II. When auditing the cases, appropriate operational procedures shall be planned an implemented to form the conclusion and issue a report o advice; and complete the procedures, data collected and conclusion. The detailed procedures for the implementation of the work, data collected and conclusion shall be recorded in the case working papers.	
		Working papers. III. The completeness, correctness and reasonableness of the data sources, parameters and information used shall be assessed one by one as the basi for issuing appraisal reports or opinions.	

Article No.	Articles before the amendments	Articles after the amendments	Amendmen t Note
110.		IV. IV. Matters to be declared shall	11010
		include the professionalism and	
		independence of relevant	
		personnel, the reasonableness	
		and correctness of the	
		information used and the	
		<u>compliance with relevant laws</u>	
		and regulations.	
Article	Article 6-1	Article 8	The
<u>6-1</u>		If a director expresses an objection to	s are made
	the procedures of acquisition or	the procedures of acquisition or	
	disposal of assets or other legal	disposal of assets or other legal	simultaneo
		requirements that should be approved	usly in accordance
	by the Board of Directors, and has a	by the Board of Directors, and has a	
	record or written statement, the	record or written statement, the	with the
	Company shall also send the	1 2	revision of
	director's objection information to the		the
	audit committee.		regulations
	When the acquisition or disposal of	When the acquisition or disposal of	of the
	assets are submitted to the Board of	assets are submitted to the Board of	competent
	Directors for discussion in	Directors for discussion in	authorities.
	accordance with the preceding	accordance with the preceding	
	paragraph, the Company shall take	paragraph, the Company shall take	
	into full consideration each	into full consideration each	
	independent director's opinions. If an		
	independent director objects to or	independent director objects to or	
	expresses reservations about any	expresses reservations about any	
	matter, it shall be recorded in the	matter, it shall be recorded in the	
	minutes of the Board of Directors'	minutes of the Board of Directors'	
	meeting.	meeting.	
	The company's major assets or	The company's major assets or	
	derivative commodity transactions	derivative commodity transactions	
	shall be approved by more than half	shall be approved by more than half	
	of all members of the Audit	of all members of the Audit	
	Committee and shall be submitted to	Committee and shall be submitted to	
	the Board of Directors for resolution.	the Board of Directors for resolution.	
	If there is no consent of more than	If there is no consent of more than	
	half of the members of the	half of the members of the	
	Committee, it shall obtain the consent		
	of more than two-thirds of the	consent of more than two-thirds of	
	directors.	the directors, and the resolutions of	

Article No.	Articles before the amendments	Articles after the amendments	Amendmen t Note
110.		the audit committee shall be stated in	t Note
		the proceedings of the Board of	
		Directors. The terms "all Audit	
		Committee members" and "all	
		directors" stated herein shall be	
		actual incumbents.	
Antiala	Article 6.2		Como torrt
	Article 6-2	Article 13	Some text
<u>-2</u>	If the Company acquires or disposes	If the Company acquires or disposes	and article
	of assets through the court auction	of assets through the court auction	No. are
	process, the appraisal report or	process, the appraisal report or	amended
	accountant's opinion shall be	accountant's opinion shall be	
	replaced by the certification	replaced by the certification	
	documents issued by the court.	documents issued by the court.	
Article 6	Article 6-3	<u>Article 6</u>	Article
<u>-3</u>	The company shall not waive its	The company shall not waive its	amendment
	capital contribution to the Lucky	capital contribution to the Lucky	and
	Union Limited in the future years;	Union Limited in the future years;	amendment
	Lucky Union Limited shall not waive	Lucky Union Limited shall not waive	of
	its capital contribution to Sinmag	its capital contribution to Sinmag	subsidiary
	Limited in the future years; Sinmag	Limited in the future years; Sinmag	name.
	Limited shall not waive its capital	Limited shall not waive its capital	
	contribution to Sinmag Bakery	contribution to Sinmag Bakery	
	Equipment Sdn. Bhd. (Malaysia),	Equipment Sdn. Bhd. (Malaysia),	
	Sinmag Equipment (<u>Wuxi</u>) Co., Ltd.,	Sinmag Equipment (China) Co., Ltd.,	
	Wuxi New Order Control Co., Ltd.,	and Wuxi New Order Control Co.,	
	and Lipang Mixing Equipment	Ltd.	
	(Wuxi) Co., Ltd.		
Article 7		Article 9	The
<u>nuclei /</u>	Procedures for Acquisition or	Procedures for acquisition or	amendment
	Disposal of Real Property <u>or</u>	disposal of property, equipment or its	
	Equipment	right-of-use asset	simultaneo
	I. Appraisal and operating	I. Appraisal and operating	usly in
	procedures	procedures	accordance
	-	1	with the
	The company's acquisition or disposed of real property and	The company's acquisition or disposed of real property.	revision of
	disposal of real property <u>and</u>	disposal of real property,	
	equipment shall be conducted in	equipment, <u>or its right-of-use</u>	the
	accordance with the Company's	asset shall be conducted in	regulations
	internal control system and the	accordance with the Company's	of the
	fixed assets processing	internal control system, the	competent
	procedures.	property, plant and equipment	authorities.
		processing procedures.	

Article No.	Articles before the ame	endments A	rticles after the amendments	Amendmen t Note
10.	II Due en derma for determ		han a day and fan data mainin a	t Note
	II. Procedures for determ	-	Procedures for determining	
	trading conditions an authorization limits		rading conditions and uthorized amounts.	
	(I) In acquiring or c		1 0 1 0	
	assets, the Comp	•	assets, the Company shall	
	take publicly-an		take publicly-announced	
	current value, ap		current value, appraisal	
	value, and real t		value, and real transaction	
	price of nearby		price of nearby real estate	
	into consideration		into consideration for the	
	transaction crite		transaction criteria and	
	price. The above		price. The above	
	information shall		information shall be	
	compiled into an		compiled into an analysis	
	report and subm		report and submitted to the	
	chairman. For tr		chairman. For transaction	
	whose amount is		whose amount is no more	
	than NT\$ 20 mi		than NT\$ 20 million	
	transaction shall		(inclusive), the transaction	
	submitted to the		shall be submitted to the	
	for approval and	-	chairman for approval and	
	and recorded in	the most	reported and recorded in the	
	recent Board of	Directors'	most recent Board of	
	meeting on an a	fter-event	Directors' Meeting on an	
	basis. For those	exceeding	after-event basis. For those	
	NT\$ 20 million,	the	exceeding NT\$ 20 million,	
	transaction shall	be	the transaction shall be	
	approved by bot	h the audit	approved by both the audit	
	committee and t	he board of	committee and the Board of	
	director.		Directors.	
	(II) Acquisition or d	isposal of (I	I) Acquisition or disposal of	
	equipment shall	be made by	equipment or its right-of-	
	inquiry, price co	mparison,	use asset shall be made by	
	price bargaining	or bidding.	inquiry, price comparison,	
	If the amount is	less than	price bargaining or bidding.	
	NT\$ 10 million	(inclusive),	If the amount is less than	
	the amount of th	e	NT\$10 million (inclusive),	
	acquisition or di	sposal shall	the amount of the	
	be approved by	-	acquisition or disposal shall	
	manager; if the	amount is	be approved by the general	
	between NT\$ 10		manager; if the amount is	

Article No.	Articles before the amendments		Articles after the amendments	Amendmen t Note
	30 million (inclusive), it shall be submitted to the chairman for approval and reported and recorded in the most recent Board of Directors' meeting on an after-event basis. For those exceeding NT\$ 30 million, the transaction shall be approved by both the audit committee and the Board of Directors.		between NT\$10 and NT\$ 30 million (inclusive), it shall be submitted to the chairman for approval and reported and recorded in the most recent Board of Directors' meeting on an after-event basis. For those exceeding NT\$ 30 million, the transaction shall be approved by both the audit committee and the Board of	
	 III. Execution Unit The acquisition or disposal of real property, equipment or right-of-use assets shall be submitted for approval pursuant to the preceding paragraph, and then executed by the use department, the procurement department and the relevant authority and responsibility department. IV. Appraisal Report on Real Property or Equipment For the company's acquisition o disposal of real estate or equipment, excluding transactions with government agencies, construction of local land, construction of land leases or acquisition or disposal of equipment for business use, if the transaction amount reaches 20% of the Company's paid-in capital or more than NT\$ 300 million, the appraisal report 	IV.	Estate, Equipment <u>or its Right- of-Use Asset</u> For the Company's acquisition or disposal of real estate or equipment, excluding transactions with domestic government agencies, construction of local land, construction of land leases, or acquisition or disposal of equipment for business use, if the transaction amount reaches 20% of the Company's paid-in	
	issued by the professional appraiser shall be obtained before the date of the fact, and		capital or more than NT\$300 million, the appraisal report issued by the professional	

Article No.	Artic	les before the amendments	1	Articles after the amendments	Amendmen t Note
	the following procedures shall be followed:			appraiser shall be obtained before the date of the fact, and the following procedures shall be followed:	
	(I) (II)~ (V)	When a fixed price, a specific price or a special price is required as the basis of reference for the transaction price for special reasons, the transaction shall be first approved by the audit committee and approved by the Board of Directors. If there is any change in the future trading conditions, the said transaction shall be handled in accordance with the above-mentioned procedures. (IV) (Omitted) <u>The calculation of the above mentioned</u> <u>transaction amount</u> <u>shall be conducted</u> <u>according to Article 14</u> <u>paragraph 1, Subparagraph</u> <u>5, and the term "within one</u> <u>year" refers to one year</u> <u>from the date of acquisition</u> <u>or disposal of assets,</u> <u>without reckoning in the</u> <u>announced part.</u>		 (I) When a fixed price, a specific price or a special price is required as the basis of reference for the transaction price for special reasons, the transaction shall be first approved by the audit committee and approved by the Board of Directors. If there is any change in the future trading conditions, the said transaction shall be handled in accordance with the above-mentioned procedures. (II)~(IV) (Omitted) 	
Article 8	Article 8		Arti	<u>cle 10</u>	The
	I.~III. (C	,	I.~II	I. (Omitted)	amendment
		quisition of expert opinions	IV.	Acquisition of expert opinions	s are made
		the Company's acquisition		For the Company's acquisition	simultaneo
		lisposal of marketable		or disposal of marketable	usly in
	sect	urities, it shall take the latest		securities, it shall take the latest	accordance
	fina	incial statements of the		financial statements of the	with the
	und	erlying company which have		underlying company which have	revision of

Article No.	Articles before the amendments	Articles after the amendments	Amendmen t Note
	been checked by CPC before the	been checked by CPC before the	the
	facts occur as a reference for	facts occur as a reference for	regulations
	evaluating the transaction price.	evaluating the transaction price.	of the
	If the transaction amount reaches	If the transaction amount	competent
	20% of the Company's paid-in	reaches 20% of the Company's	authorities.
	capital or more than NT\$300	paid-in capital or more than	
	million, it shall consult the	NT\$300 million, it shall consult	
	accountant before the facts occur	the accountant before the facts	
	to express its views on the	occur to express its views on the	
	reasonableness of the transaction	reasonableness of the	
	price. If an accountant needs to	transaction price. If an	
	use an expert reporter, it should	accountant needs to use an	
	be handled in accordance with	expert reporter, it should be	
	the stipulations No. 20 of the	handled in accordance with the	
	Auditing Standards Bulletin	stipulations No. 20 of the	
	issued by the Republic of China	Auditing Standards Bulletin	
	Accounting Research and	issued by the Republic of China	
	Development Foundation.	Accounting Research and	
	However, this restriction does	Development Foundation.	
	not apply to any marketable	However, this restriction does	
	securities with quoted prices in	not apply to any marketable	
	an active market or as otherwise	securities with quoted prices in	
	provided by the Financial	an active market or as otherwise	
	Supervisory Commission.	provided by the Financial	
	The calculation of the amount of	Supervisory Commission.	
	transactions above shall be		
	conducted in accordance with		
	Article 14-1(5), and the term		
	"within one year" refers to one		
	year from the date of acquisition		
	or disposal of assets, without		
	reckoning in the announced part.		

Article No.		Articles before the amendments		Articles after the amendments	Amendmer t Note
Article 9	Art	icle 9	Arti	cle 11	The
	Pro	cedures for Acquisition or	Proc	cedures for acquisition or	amendment
		posal of <u>Memberships or</u>			s are made
		angible Assets	_	_	simultaneo
			-		usly in
	I.	Appraisal and operating	I.	Evaluation and operating	accordance
		procedures		procedures	with the
		The Company's acquisition or		The company's acquisition or	revision of
		disposal of memberships or			the
		intangible assets shall be			regulations
		conducted in accordance with		memberships shall be conducted	-
		the Company's internal control			competent
		system and the fixed assets			authorities.
		processing procedures.		system and the property, plant	
		<u> </u>		and equipment procedure.	
	II.	Procedures for determining	II.	Procedures for determining	
		trading conditions and		trading conditions and	
		authorization limits		authorization limits	
		(I) (Omitted)		(I) (Omitted)	
		(II) In acquiring or disposing of		(II) In acquiring or disposing	
		intangible assets, the		of intangible assets <u>or their</u>	
		Company shall refer expert		right-of-use asset, the	
		appraisal report, fair market		Company shall refer to	
		value, make resolution of		expert appraisal report and	
		trading conditions and		fair market value, make	
		transaction price, and		resolution of trading	
		compile them into an		conditions and transaction	
		analysis report and submit		price, and compile them	
		them to the chairman. For		into an analysis report and	
		transaction whose amount is		submit them to the	
		no more than 10% of the		chairman. For transaction	
		Company's paid-in capital		whose amount is no more	
		or NT\$ 20 million, the		than 10% of the	
		transaction shall be		Company's paid-in capital	
		submitted to the Chairman		or NT\$ 20 million	
		for approval and reported		(inclusive), the transaction	
		and recorded in the most		shall be submitted to the	
		recent Board of Director		chairman for approval and	
		meeting on an after-event		reported and recorded in	
		basis. For those exceeding		the most recent Board of	
		NT\$ 20 million, the		Directors' Meeting on an	

Article No.	Articles before the amendments	Articles after the amendments	Amendmen t Note
	transaction shall be approved by both Audit Committee and the Board of Directors.	after-event basis. For those exceeding NT\$ 20 million, the transaction shall be approved by both the Audit Committee and the Board of Directors.	
	 III. Execution Unit The Company's acquisition or disposal of membership or intangible assets shall be executed by the user department and relevant authorities and responsible departments after the approval according to the aforementioned jurisdiction. IV. Appraisal Report of <u>Membership</u> 	departments after the approval according to the aforementioned jurisdiction.	
	 <u>Card or Intangible Asset</u> Except for transactions with government institutions, transaction amounts that reach 20% of the Company's paid-in capital or NT\$ 300 million or more shall require an accountant's opinion on the reasonableness of the transaction prices before the date of the actual event. The accountant shall comply with Rule No. 20 of the International Financial Reporting Standards announced by the ARDF. V. The calculation of the amount of transactions above shall be 	of-use assets or memberships' expert appraisal report Except for transactions with government institutions, the transactions, whose amounts reach 20% of the Company's paid-in capital or NT\$ 300 million or more, shall require an accountant's opinion on the reasonableness of the transaction prices before the date of the actual event. The accountant shall comply with Rule No. 20 of the International Financial Reporting Standards	
	conducted in accordance with Article 14-1(5), and the term "within one year" refers to one year from the date of acquisition or disposal of assets, without reckoning in the announced part.		

Article No.	Article	es before the amendments	Articles after the amendments	Amendmen t Note
Article	Article 10)	Article 14	The
10		es for related party		amendment
	transactio	1 1		s are made
		uiring or disposing of	When acquiring or disposing of	simultaneo
		s, the Company and its	assets, in addition to dealing with	usly in
			relevant procedures for resolutions	accordance
		ing relevant resolution	and evaluating the reasonableness of	with the
		dures and assessing the	the transaction conditions as	revision of
	_	nableness of the transaction	stipulated in Article 10, Article 11,	the
	condi	tions in accordance with the	Article 12, Article 13, Article 14,	regulations
		sions of <u>article 7, article 8</u>	Article 15, Article 16, Article 17 and	of the
		rticle 9, obtain the appraisal	Article 18 of this Standards, the	competent
		t or CPA's opinion from the	Company and its related parties shall	authorities.
	_	ssional appraisers if the	also obtain the appraisal report or	
	_	action amount reaches 10%	CPA's opinion issued by the	
	or mo	ore of the Company's total	professional appraiser according to	
	assets	s. The transaction amount	the regulations when the transaction	
	shall	be calculated in accordance	amount reaches more than 10% of	
	with	the following methods:	the Company's total assets. The	
	<u>1.</u>	The amount of each	transaction amounts shall be	
		transaction.	conducted in accordance with Article	
	<u>2.</u>	The cumulative transaction	<u>31 (2).</u>	
		amount of acquisitions and		
		disposals of the same type		
		of underlying asset with the		
		same counterparty within		
		one year.		
	<u>3.</u>	The cumulative transaction		
		amount of real property		
		acquisitions and disposals		
		(cumulative acquisitions		
		and disposals, respectively)		
		within the same		
		development project within		
		one year.		
	<u>4.</u>	The cumulative transaction		
		amount of acquisitions and		
		disposals (cumulative		
		acquisitions and disposals,		
		respectively) of the same		
		security within one year.		

Article	Articles before the amendments	Articles after the amendments	Amendmer
No.			t Note
	The term "within one year" refers to		
	one year before the date of		
	occurrence of the current transaction.		
	The period when an appraisal report		
	or CPA's opinion is obtained from		
	professional appraisers according to		
	the procedures shall not be reckoned		
	<u>in.</u>		
	In addition, when judging whether the		
	transaction object is a related party,	the transaction object is a related	
	_	party, the substantive relationship	
	considered in addition to paying	should be considered in addition to	
	attention to its legal form.	paying attention to its legal form.	
	Added Article	Article 15	
	II. Appraisal and operating		
	procedures		
	When the Company acquires or	When the Company intends to	
	disposes of real property from a	acquire or dispose of real property or	-
	related party, or acquires or	right-of-use assets thereof from or to	
	disposes of other assets except	a related party, or when it intends to	
	the real property with the related	acquire or dispose of assets other	
	party, if the transaction amount	than real property or right-of-use	
	reaches 20% of the Company's	assets thereof from or to a related	
	paid-in capital and 10% of the	party and the transaction amount	
	total assets or NT\$ 300 million,	reaches 20% or more of paid-in	
	except the sale and purchase of	capital, 10 % or more of the	
	government bond, bonds with	Company's total assets, or NT\$300	
	redemption and back-selling	million or more, except in trading of	
	conditions, purchase or	domestic government bonds or bonds	
	redemption of money market	under repurchase and resale	
	funds issued by domestic	agreements, or subscription or	
	securities investment trusts, the	redemption of money market funds	
	following data shall be	issued by domestic securities	
	submitted to the Audit	investment trust enterprises, the	
	Committee and consented by	following information and materials	
	more than half of Audit	shall be submitted to the audit	
	Committee members, and then	committee and Board of Directors for	
	submitted to the Board of	approval before the contract is signed	
	Directors for resolution . If there	or payments made. If there is no	
	is no consent of more than half	consent of more than half of all	
	of all members of the Audit	members of the Audit Committee, it	

Article No.	Articles before the amendments	Articles after the amendments	Amendmen t Note
	Committee, it shall obtain the sh	hall obtain the consent of more than	
	consent of more than two-thirds tw	wo-thirds of all Directors before	
	of all Directors before signing si	igning the transaction contract and	
		naking payment, and the resolution	
		f the Audit Committee shall be	
		tated in the minutes of the Board of	
	Committee shall be stated in the D	Directors' Meeting.	
	minutes of the Board of	C C	
	Directors' Meeting.		
	The terms "all Audit Committee T	he terms "all Audit Committee	
	members" and "all Directors" as	nembers" and "all Directors" as	
		tated herein shall be counted as the	
	the actual number of persons ac	ctual number of persons currently	
	_	olding those positions.	
	positions.		
	(\underline{I}) The purpose, necessity and $ \underline{I} $	The purpose, necessity and	
	anticipated benefits of	anticipated benefits of the	
	acquisition or disposal of	acquisition or disposal of	
	assets.	assets.	
	(II) The reason for choosing a II	L. The reason for choosing a	
	related party as a	related party as a transaction	
	transaction object.	object.	
	(III) When acquiring real II	II. The relevant materials for	
	property from related	appraising the reasonableness	
	parties, relevant	of the predetermined	
	information for assessing	transaction conditions in	
	the reasonableness of the	accordance with Articles 16 and	
	predetermined transaction	17 when acquiring the real	
	conditions shall be in	estate or its right to use assets	
	accordance with	from the related parties.	
	paragraph 3 of this article.		
	$(IV) \sim (V)$ (omitted) IV	<u>V.~V.</u> (Omitted)	
	(VI) An appraisal report issued V	<u>I.</u> Appraisal report from	
	by the professional	professional appraisers or	
	appraiser obtained in	CPA's opinion obtained	
	accordance with the	pursuant to Article 14.	
	provisions of <u>the first</u>		
	paragraph of this article, or		
	the opinion of the CPA.		
	(VII) (Omitted)	<u>/II.</u> (Omitted)	
	The calculation of the amount T	The calculation of the amount of	

Article	Articles before the amendments	Articles after the amendments	Amendmen
No.		Annung (4) 1 (1)	t Note
	of transactions mentioned in the		
	preceding paragraph shall be	preceding paragraph shall be	
	conducted in accordance with	conducted in accordance with <u>Article</u>	
	paragraph 1 of this article. The	31(2), and the term "within the	
	term "within one year" as used	preceding year" as used in the	
		preceding paragraph shall be	
	be calculated as a basis for the	calculated as a basis for the year	
	year preceding the date of	preceding the date of occurrence of	
	occurrence of the current	the current transaction. The part of	
	transaction. The part of	transaction submitted to the audit	
	transaction submitted to the	committee and approved by the	
	audit committee and approved	Board of Directors in accordance	
	by the Board of Directors in	with the provisions of this Procedure	
	accordance with the provisions	shall not be reckoned in.	
	of this Procedure shall not be		
	reckoned in.		
	In the case of <u>obtaining or</u>	When the Company and its	
	disposing of equipment for	subsidiaries or their subsidiaries that	
	business use between the	directly or indirectly hold 100% of	
	Company and its parent	the issued shares or total capital are	
	company or its subsidiaries, the	engaged in the acquisition or disposal	
	Board of Directors shall	of equipment for use in business or	
		their right-of-use assets or real estate	
	a decision in the amount	use rights assets, the Board of	
	between NT\$ 10 million and	Directors shall authorize the	
	NT\$ 30 million, and then	chairman to make the decision first	
	reported to the most recent	in the amount between NT\$10	
	Board of Directors for	million and NT\$30 million, and then	
	subsequent ratification.	submitted to the most recent <u>audit</u>	
		committee and Board of Directors for	
		ratification.	
	_	When a matter is reported to the	
	· •	Board of Directors, the opinions of	
	of each Independent Director	each Independent Director shall be	
	shall be taken into full	taken into full consideration. If an	
	_	Independent Director objects to or	
		expresses reservations about any	
		matter, it shall be recorded in the	
		minutes of the Board of Directors'	
	of the Board of Directors'	Meeting.	
	Meeting.	Matters subject to the approval of the	

Article No.	Article	es before the amendments	Articles after the amendments	Amendmen t Note
110.			audit committee shall be approved by	i mole
			more than one-half of all members of	
			the audit committee and shall be	
			submitted to the Board of Directors	
			for resolution. If there is no consent	
			of more than one-half of all members of the audit committee, it shall obtain	
			the consents of more than two-thirds	
			of all directors before execution. 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" as	
			stated herein shall be counted as the	
			actual number of persons currently	
	A 11 1 A	<i>.</i> . 1	holding those positions.	
	Added Ar		<u>Article 16</u>	
		ssment of the		
		nableness of transaction		
	<u>costs</u>		When the Commonly convince real	
	(I)	The company shall	When the Company acquires real	
			estate or its right-of-use assets from	
			related parties, the reasonableness of	
			transaction costs should be assessed	
		real property from a related	as follows.	
		party: I-II. (omitted)	<u>1~2</u> (Omitted)	
	(II)	· /	<u>$1 \sim 2$</u> (Onlinear) Where the same land and housing are	
	(11)	purchase of land and	purchased or leased jointly under as	
		premises of the same	same subject matter, the transaction	
		subject matter, the	costs shall be assessed in accordance	
		transaction costs shall be	with any of the methods listed in the	
		assessed in accordance	-	
		with any of the methods	preceding paragraph.	
		listed in the preceding		
		paragraph.		
	(III)		When the Company acquires real	
	(111)	Where the Company	When the Company acquires real	
			estate or its right-of-use assets from	
			its related parties, it shall assess the	
		Company shall appraise	cost of the real property or its right-	

Article No.	Articles before the amendments Articles after the amendments	Amendmen t Note
	the cost of real property <u>of-use assets</u> in accordance with <u>the</u>	
	according to III (I) and (II) preceding two provisions, and shall	
	of this Article and shall also entrust an accountant to perform	
	entrust a CPA to review the the review and render specific	
	appraisal and render opinions.	
	specific opinions.	
	(IV) Where the Company When the Company acquires real	
	acquires real property from estate or its right to use assets from	
	a related party, the related parties, it shall be handled in	
	Company shall operate in accordance with the provisions of the	
	accordance with <u>the</u> preceding article if one of the	
	relevant appraisal and following circumstances occurs. The	
	operating procedures of	
	provision II of this Article,	
	other than the appraisal	
	provisions of <u>III (I), (II)</u>	
	and (III) of this article on	
	the reasonableness of the	
	transaction costs:	
	<u>1.</u> Related parties' <u>I.</u> The related party acquires real	
	acquisition of real property or right-of-use asset	
	estate by inheritance from inheritance or as a gift.	
	or bestowal	
	<u>2.</u> More than five years <u>II.</u> More than 5 years will have	
	will have elapsed from elapsed from the time the	
	the time the Related related party signed the contract	
	Party signed the to obtain the real property or	
	contract to obtain the right-of-use assets thereof to the	
	real property to the signing date for the current	
	signing date for the transaction.	
	current transaction.	
	3. The real property is <u>III.</u> The real property is acquired	
	acquired through through signing of a joint	
	signing of a joint development contract with the	
	development contract Related Party, or through	
	with the Related Party, engaging a Related Party to	
	or through engaging a build real property, either on the	
	Related Party to build Company's own land or on	
	real property, either on leased land.	
	the Company's own <u>IV.</u> <u>The company acquires the right-</u>	
	land or on leased land. <u>of-use asset for use in the</u>	

Article No.	Articles before the amendments	Articles after the amendments	Amendmen t Note
		business from its subsidiaries, or subsidiaries it directly or indirectly holds 100% of the	
		total issued shares or capital.	
	Added Article	<u>Article 17</u> When the regults of the empression	
	(V) In the Company's acquisition of real	When the results of the appraisal conducted by the Company in	
	-	accordance with the preceding item 1	
		and $\underline{2}$ are lower than the transactions	
		price, It shall perform in accordance	
		with <u>article 18</u> : However, this	
		restriction does not apply to the	
		following circumstances where	
		objective evidence are raised and the	
	_	specific opinions of real estate	
	and (VII) of this Article.	appraisers and CPAs on the	
	However, this restriction	reasonability are obtained:	
	does not apply to the		
	following circumstances		
	where objective evidence		
	is raised and the specific		
	opinions of real estate		
	appraisers and CPAs on		
	the reasonability are		
	obtained:		
	$\underline{1}$. Where the related party		
	is someone who	undeveloped land or leased	
	acquired undeveloped	land, it shall submit a proof of	
	land or leased land, it	compliance with one of the	
	may submit a proof of	following conditions:	
	compliance with one of		
	the following conditions:		
	(1) The undeveloped	(I) The undeveloped land	
	land shall be	shall be appraised	
	appraised according	according to the method	
	to the method	prescribed in the preceding	
	prescribed in the	article, and the appraisal of	
	preceding article,	the house is based on the	
	and the appraisal of	construction cost of the	
	the house is based	related parties plus the	

Article No.	Articles before the amendments	Articles after the amendments	Amendmen t Note
	on the construction cost of the related parties plus the reasonable construction profit which is more that the actual transaction price. The term "reasonable construction profit shall be based on the average gross operating profit margin of the related party's construction department for the recent three years or the gross profit margin of the construction industry in the mo recent period announced by the Ministry of Finance, whichever	 profit, which is more than the actual transaction price. The term "reasonable construction profit" shall be based on the average gross operating profit margin of the related party's construction department for the recent three years or the gross profit margin of the construction industry in the most recent period announced by the Ministry of Finance, whichever is lower. 	
	is lower. (2) There is case transaction of othe floors of the same subject building on in neighboring areas within one year, provided that the area and condition are equivalent according to the reasonable appraisal of real	subject-matter building or in neighboring areas within one year, provide that the area and condition	

Article No.	Articles before the amendments		Articles after the amendments	Amendmen t Note
	estate.			
	(3) In the case of other			
	non-related lease			
	cases within one			
	year on other floors			
	of the same			
	property, the			
	transaction terms			
	are estimated to be			
	equivalent based on			
	reasonable floor			
	price differences in			
	accordance with the			
	practice of real			
	estate lease.			
	<u>2.</u> The company provides	II.	Where the Company acquiring	
	evidences to prove that		real property or obtaining real	
	the transaction		property right-of-use assets	
	conditions of the real		through leasing or from a related	
	estate purchased from		party provides evidence that the	
	the related parties are		terms of the transaction are	
	the same as the		similar to the terms of completed	
	transaction cases of		transactions involving	
	other non-related parties		neighboring or closely valued	
	in the neighboring areas		parcels of land of a similar size	
	within one year and the		by unrelated parties within the	
	area is similar.		preceding year.	
	Completed transactions		Completed transactions	
	involving neighboring		involving neighboring or closely	
	or closely valued		valued parcels of land in the	
	parcels of land in the		preceding paragraph in principle	
	preceding paragraph in		refers to parcels on the same or	
	principle refers to		an adjacent block and within a	
	parcels on the same or		distance of no more than 500	
	an adjacent block and		meters or parcels close in	
	within a distance of no		publicly announced current	
	more than 500 meters or		value; transactions involving	
	parcels close in publicly		similarly sized parcels in	
	announced current		principle refers to transactions	
	value; transactions		completed by unrelated parties	
	involving similarly		for parcels with a land area of no	

Article	Articles before the amendments	Articles after the amendments	Amendmen t Note
No.	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 or obtainment	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 or obtainment of <u>the right-of-use assets</u> thereof.	t Note
	of the right-of-use assets thereof.	A	
	Added Article (VI) When the Company	<u>Article 18</u> When the Company acquires real	
	acquire real property from the related party, if the appraisal result is lower than the transaction price according to provision III	property <u>right-of-use assets</u> from a related party or its right-of-use asset, the Company shall carry out the following matters if the appraisal results in the <u>preceding two articles</u> are lower than the transaction price.	
		<u>I.</u> A special reserve shall be set aside in accordance with Article 41-1 of the Securities and Exchange Act against the difference between the real estate or <u>right-of-use assets</u> transaction price and the appraised cost, and may not be distributed or used for capital increase. For the Company's investment in the equity method, the Company shall set aside special reserve in proportion to the amount set aside for the said amount in accordance with	

Article No.	Articles before the amendments	Articles after the amendments	Amendmen t Note
	the Company shall set aside special reserve in proportion to the amount set aside for the said amount in accordance with Article 41(I) of the Securities and Exchange Act.		
	<u>2.</u> The audit committee shall comply with Article 218 of the Company Act.	II. The Audit Committee shall comply with Article 218 of the Company Act.	
	3. The handling of the Company's items 1 and 2 shall be reported to the Shareholders' Meeting and the details of the transaction shall be disclosed in the annual report and the	to the shareholders' meeting and the details of the transaction shall be disclosed in the annual report and the prospectus.	
	a high price shall be recognized as a loss or disposition or appropriate	have no other evidence proving irrationality and be approved by the	
	compensation or reinstatement, or have other evidence proving reasonableness, and approved by the Financial Supervision and Administration Commission before the special surplus	Financial Supervision and Administration Commission before g the special surplus reserve is used.	

Article No.	Articles before the amendments	Articles after the amendments	Amendmen t Note
	reserve is used. (VII) The company shall also comply with III (VI) of	The company shall obtain real property or right-of-use assets from a	
	••	related party. If there is other	
	evidence indicating that	evidence indicating that the	
	the acquisition of real	transaction is not a business irregular	
	property from a related	regular, the Company shall also	
	party was not an arm's	comply with the preceding two	
	length transaction.	paragraphs.	
	Added new articles	Article 12	Article
		The calculation of the transaction	amendment
		amount of the first three transactions	
		shall be carried out in accordance	
		with Article 31(2), and the term	
		"within the preceding year" as used	
		in the preceding paragraph shall be	
		calculated as a basis for the year	
		preceding the date of occurrence of	
		the current transaction. The part of	
		transaction submitted to the audit	
		committee and approved by the	
		Board of Directors in accordance	
		with the provisions of this Procedure	
Article	Article 11	shall not be reckoned in.	The
<u>Article</u> <u>11</u>	<u>Article 11</u> Procedures for Acquisition or	Deleted.	
<u>11</u>	Disposal of Claims of Financial		provisions of this
	Institutions		article are
	In principle, the Company does not		deleted
	engage in the transaction of acquiring		from the
	or disposing of the creditor's rights of		Company's
	financial institutions. If it later		practice.
	intends to engage in the transaction of		1
	acquiring or disposing of the		
	creditor's rights of financial		
	institutions, it shall be subject to the		
	approval of the audit committee and		
	the approval of the Board of Directors		
	before formulating its evaluation and		
	operational procedures.		

Article No.	Articles before the amendments	Articles after the amendments	Amendmen t Note
Article	Article 12	Article 19	The
<u>12</u>	Procedures for Acquisition or	Principles and Guidelines for	amendment
	Disposal of Derivative Products	Transaction of Derivative products	s are made
	I. Principles and Policies	-	simultaneo
	(I) Transaction type		usly in
	1. The derivative financial		accordance
	products engaged by the		with the
	Company refer to		revision of
	transaction contracts		the
	whose value is derived		regulations
	from commodities such		of the
	as assets, interest rates,		competent
	exchange rates, indices		authorities.
	or other interests (for		
	example, forward		
	contracts, options,		
	futures, interest rates or		
	exchange rates,		
	exchanges, and a		
	combination contract of		
	the above products,		
	<u>etc.).</u>		
	2. Matters related to bond		
	guarantee transactions		
	shall be handled in		
	accordance with the		
	relevant provisions of		
	the Procedures. The		
	bond transactions with		
	repurchase conditions		
	are not applicable to the		
	procedures.		
	(II) Operation (Hedging)	<u>I.</u> Operation (Hedging) Strategies	
	Strategies	The derivative financial	
	The derivative financial	products traded by the Company	
	products traded by the	shall be for the purpose of	
	Company shall be for the	hedging, and the traded goods	
	purpose of hedging, and the	shall be selected to avoid the	
	traded goods shall be	risks arising from the business	
	selected to avoid the risks	operations of the Company. The	
	arising from the business	currency held shall be consistent	

Article No.	Articles before the amendments	Articles after the amendments	Amendmer t Note
	operations of the Company.	with the foreign currency	
	The currency held shall be	demand of the Company's	
	consistent with the foreign	actual import and export	
	currency demand of the	transactions, and based on the	
	Company's actual import	principle that the Company's	
	and export transactions, and		
	based on the principle that	foreign currency income and	
	the Company's overall	expenses) are squared off to	
	internal positions (only	reduce the Company's overall	
	foreign currency income	foreign exchange risk and	
	and expenses) are squared	foreign exchange operating	
	off to reduce the	costs. Transactions for other	
	Company's overall foreign	specific purposes shall be made	
	exchange risk and foreign	only after careful evaluation,	
	exchange operating costs.	approval of the audit committee	
	Transactions for other	and approval of the Board of	
	specific purposes shall be	Directors.	
	made only after careful		
	evaluation, approval of the		
	audit committee and		
	approval of the Board of		
	Directors.		
		II. Powers and responsibilities	
	1. Finance Department	1. Finance Department	
	(1) Traders	1. Traders	
	A. Responsible for the	A. Responsible for the	
	formulation of the	formulation of the	
	Company's	Company's financial	
	financial product	product transactions.	
	transactions.	1	
	B. Traders shall	B. Traders shall	
	regularly calculate	regularly calculate	
	positions, collect	positions, collect	
	market information,	market information,	
	make trend	make trend judgment	
	judgment and risk	and risk assessment,	
	assessment, and	and formulate	
	formulate	operational strategies	
	operational	which can be basis	
	strategies which	for transactions after	
	can be basis for	approval.	

Article No.	Articles before the amendments	Articles after the amendments	Amendmen t Note
	transactions after		
	approval.		
	C. The transaction	C. The transaction shall	
	shall be executed in	be executed in	
	accordance with the	accordance with the	
	authorization	authorization	
	authority and the	authority and the	
	established strategy.	established strategy.	
	D. If there is a major	D. If there is a major	
	change in the	change in the	
	financial market	financial market and	
	and the trading staff	the trading staff	
	judges that the	judges that the	
	established strategy	established strategy	
	is not applicable,	is not applicable, the	
	the appraisal report	appraisal report shall	
	shall be submitted	be submitted at any	
	at any time, and the	time, and the strategy	
	strategy will be re-	will be re-formulated	
	formulated and	and approved by the	
	approved by the	general manager as	
	general manager as	the basis for trading.	
	the basis for		
	trading.		
	(2) Accountant	<u>2.</u> Accountants	
	A. Confirmation of	A. Confirmation of	
	transaction	transaction execution.	
	execution.		
	B. Review whether the	B. Review whether the	
	transaction has been	transaction has been	
	conducted in	conducted in	
	accordance with the	accordance with the	
	authorized rights	authorized rights and	
	and the formulated	the formulated	
	strategies.	strategies.	
	C. Evaluate monthly	C. Evaluate monthly and	
	and submit the	submit the appraisal	
	appraisal report to	report to the general	
	the general	manager.	
	manager.	_	
	D. Accounting	D. Accounting	

Article No.	Articles before the amendments	Articles after the amendments	Amendmen t Note
	Processing.	Processing.	
	E. Reporting and	E. Reporting and	
	announcement in	announcement in	
	accordance with the	accordance with the	
	regulations of the	regulations of the	
	Securities and	Securities and Futures	
	Futures Bureau of	Bureau of the	
	the Financial	Financial Supervisory	
	Supervisory	Commission.	
	Commission.		
	(3) Deliverers, who	<u>3.</u> Deliverers, who execute	
	execute the delivery	the delivery tasks.	
	tasks.	-	
	(4) Review and resolution	4. Review and resolution	
	authority of derivative	authority of derivative	
	products	products	
	A.(Omitted)	A.(Omitted)	
	B.(Omitted)	B.(Omitted)	
	2. Auditing Department	(II) Audit Department	
	Responsible for	Responsible for	
	understanding the	understanding the	
	appropriateness of	appropriateness of internal	
	internal control in	control in derivative	
	derivative commodity	commodity transactions	
	transactions and checking	and checking the	
	the compliance of the	compliance of the trading	
	trading department with	department with the	
	the operating procedures,	operating procedures,	
	analyzing the transaction	analyzing the transaction	
	cycle, making an audit	cycle, making an audit	
	report, and submitting it	report, and submitting it to	
	to the audit committee for	the audit committee for	
	inspection before	inspection before delivery	
	delivery at the end of the	at the end of the month	
	month after the	after the completion of the	
	completion of the audit	audit project; in addition, if	
	project; in addition, if the	the internal auditors find	
	internal auditors find	serious irregularities or that	
	serious irregularities or	the Company is at risk of	
	that the Company is at	heavy losses, they should	
	risk of heavy losses, they	immediately make a report	

Article	Articles before the amendments	Articles after the amendments	Amendmen
No.			t Note
	should immediately make	and submit it for review,	
	a report and submit it for	and inform the audit	
	review, and inform the	committee.	
	audit committee.		
	<u>3.</u> Performance Evaluation	III. Performance appraisal	
	(1) Hedging transactions	(I) Hedging transactions	
	A. The company's	A. The company's profit	
	profit and loss	and loss generated from	
	generated from the	the exchange rate of its	
	exchange rate of its	financial assets and	
	financial assets and	derivatives shall be the	
	derivatives shall be	basis of performance	
	the basis of	appraisal.	
	performance		
	appraisal.		
	B. To fully grasp and	B. To fully grasp and	
	express the	express the evaluation	
	evaluation risk of	risk of transactions, the	
	transactions, the	Company adopts	
	Company adopts	monthly evaluation	
	monthly evaluation	method to evaluate	
	method to evaluate	profit and loss.	
	profit and loss.	1	
	C. The financial	C. The financial department	
	department shall	shall provide foreign	
	provide foreign	exchange position	
	exchange position	evaluation and foreign	
	evaluation and	exchange market trends	
	foreign exchange	and market analysis to	
	market trends and	the general manager as a	
	market analysis to	management reference	
	the general	and instructions.	
	manager as a		
	management		
	reference and		
	instructions.		
	(2) Special-purpose	(II) Special-purpose transaction	
	transaction	The actual profit and loss is	
	The actual profit and	used as the performance	
	loss is used as the	evaluation basis, and the	
	performance	accountants shall regularly	
	performance		

Article	Articles before the amendments	Articles after the amendments	Amendmen
No.	Articles before the amendments	Afticles after the amendments	t Note
	evaluation basis, and	report the position to	
	the accountants shall	management for reference.	
	regularly report the		
	position to		
	management for		
	reference.		
	<u>4</u> . Setting up of the total	<u>IV.</u> Setting up of the total contract	
	contract amount and loss	amount and loss limit	
	limit		
	(1) Total contract amount	(I) Total contract amount	
	A. Hedging trading	A. Hedging trading quota	
	quota		
	The Finance	The Finance Department	
	Department shall	shall grasp the overall	
	grasp the overall	position of the Company	
	position of the	to avoid transaction risks.	
	Company to avoid	The amount of hedging	
	transaction risks.	transactions shall not	
	The amount of	exceed two-thirds of the	
	hedging transactions	Company's net position,	
	shall not exceed	such as that if more than	
	two-thirds of the	two-thirds of the total	
	Company's net	positions are submitted	
	position, such as	to the general manager,	
	that if more than	they shall be reported to	
	two-thirds of the	the general manager for	
	total positions are	approval.	
	submitted to the		
	general manager,		
	they shall be		
	reported to the		
	general manager for		
	approval.		
	B. Specific use	B. Specific use transactions	
	transactions		
	Based on the predict	Based on the predict on	
	on the market	the market changes, the	
	changes, the	Finance Department shall	
	Finance Department	formulate strategies and	
	shall formulate	report to the audit	
	strategies and report	committee for approval,	

Article No.	Articles before the amendments	Articles after the amendments	Amendmen t Note
110.	to the audit	and after approval by the	t Note
	committee for	Board of Directors, it can	
	approval, and after	be used.	
	approval, and arter approval by the	be used.	
	Board of Directors,		
	it can be used.		
		(II) Sotting up of the loss limits	
	(2) Setting up of the loss limits	(II) Setting up of the loss limits	
		A Hadaina tuanaatian is	
	A. Hedging	A. Hedging transaction is	
	transaction is	avoiding risks, so there	
	avoiding risks, so	is no need to set a limit	
	there is no need to	for losses.	
	set a limit for		
	losses.		
	B. If a transaction is	B. If a transaction is for a	
	for a specific	specific purpose, after	
	purpose, after the	the setting up of a	
	setting up of a	position, a stop-loss	
	position, a stop-	point shall be set to	
	loss point shall be	prevent from the loss.	
	set to prevent from	The stop-loss point	
	the loss. The stop-	shall be set at an upper	
	loss point shall be	limit of 10% of the	
	set at an upper limit	transaction contract	
	of 10% of the	amount. If the loss	
	transaction contract	amount exceeds 10% of	
	amount. If the loss	the transaction amount,	
	amount exceeds	it shall be reported	
	10% of the	immediately to the	
	transaction amount,	manager and then to the	
	it shall be reported	Board of Directors for	
	immediately to the	discussion of the	
	manager and then	necessary	
	to the Board of	countermeasures.	
	Directors for		
	discussion of the		
	necessary		
	countermeasures.		
	C. The maximum	C. The maximum amount	
	amount of loss for	of loss for individual	
	individual contract	contract losses is not	

Article No.	Articles before the amendments	Articles after the amendments	Amendmen t Note
1,0,	losses is not more	more than US\$20,000	
	than US\$20,000 or	or 5% of the contract	
	5% of the contract	amount, which is	
	amount, which is	lower.	
	lower.		
	D. The maximum	D. The maximum annual	
	annual loss for the	loss for the	
	Company's	Company's specific	
	specific purpose of	purpose of trading	
	trading operations	operations is	
	is US\$300,000.	US\$300,000.	
	Added Article	Article 20	
	II. Risk management measures	The following risk management	
		measures shall be adopted:	
	(I)~(IV) (Omitted)	I.~IV. (Omitted)	
	(V) Operational Risk	V. Operational Risk Management	
	Management		
	<u>1.~3. (omitted)</u>	(I)~(III) (Omitted)	
	4. Positions held in	(IV) Positions held in	
	derivatives trading shall	derivatives transactions	
	be assessed at least once	shall be assessed at least	
	a week. If it is a hedging	once weekly. If the	
	transaction for business	hedging transaction is	
	purpose, it shall be	conducted for business	
	evaluated at least twice a	needs, the assessment	
	month, and its evaluation	report shall be performed	
	report shall be submitted	twice a month. The	
	to the senior executive	assessment report shall be	
	authorized by the Board	submitted to senior	
	of Directors.	managers authorized by	
		the Board of Directors.	
	(VI)~(VII) (Omitted)	<u>VI.~VII.</u> (Omitted)	
	III. Internal Audit System	VIII. Internal audit system for	
		derivatives product transaction	
	(I) The internal auditor shall	(I) The internal auditor shall	
	regularly review the	regularly review the	
	appropriateness of the	appropriateness of the internal	
	internal control of derivatives	control of derivatives trading,	
	trading, and check the	and check the compliance of	
	compliance of the trading	the trading department with	

Article	Articles before the amendments	Articles after the amendments	Amendmen
No.			t Note
	department with the	the transaction procedures for	
	transaction procedures for	derivative commodity	
	derivative commodity	transactions on a monthly	
	transactions on a monthly	basis and analyze the trading	
	basis and analyze the trading	cycle and make an audit	
	cycle and make an audit	report. If major violations are	
	report. If major violations are	discovered, the audit	
	discovered, the audit	committee shall be notified in	
	committee shall be notified	writing.	
	in writing.		
	(II) The internal auditor shall	(II) The internal auditor shall	
	declare the audit report and	declare the audit report and	
	the annual audit of the	the annual audit of the	
	internal audit operation	internal audit operation	
	according to the provisions	according to the provisions of	
	of the Financial Supervision	the Financial Supervision and	
	and Administration	Administration Commission	
	Commission before the end	before the end of February of	
	of February of the following	the following year. The	
	year. The improvement	improvement status of the	
	status of the abnormality	abnormality shall be declared	
	shall be declared for the	for the future reference in	
	future reference in	accordance with the	
	accordance with the	provisions of the Financial	
	provisions of the Financial	Supervision and Management	
	Supervision and	Commission no later than the	
	Management Commission	end of May of the next year.	
	no later than the end of May		
	of the next year.		
	IV. Regular Evaluation Methods	IX. Regular evaluation methods and	
		abnormal situation handling in	
		derivative commodity	
		transactions.	
	(I) The Board of Directors	(I) The Board of Directors shall	
	shall authorize the senior	authorize the senior executives	
	executives to regularly	to regularly supervise and	
	supervise and evaluate	evaluate whether the	
	whether the transactions in	transactions in the derivative	
	the derivative commodities	commodities are actually	
	are actually handled in	handled in accordance with the	
	accordance with the trading	trading procedures set by the	

Article	Articles before the amendments	Articles after the amendments	Amendmen
No.			t Note
	procedures set by the	Company, and whether the risks	
	Company, and whether the	assumed are within the scope of	
	risks assumed are within	the allowable undertaking.	
	the scope of the allowable	When there is an abnormal	
	undertaking. When there is	situation in the market price	
	an abnormal situation in	assessment report (if the	
	the market price	holding position has exceeded	
	assessment report (if the	the loss), it shall be	
	holding position has	immediately reported to the	
	exceeded the loss), it shall	Board of Directors and take the	
	be immediately reported to	appropriate measures.	
	the Board of Directors and		
	take the appropriate		
	measures.		
	(II) Positions held in derivatives	(II) Positions held in derivatives	
	trading shall be assessed at	trading shall be assessed at	
	least once weekly. If the	least once weekly. If the	
	hedging transaction is	hedging transaction is	
	conducted for business	conducted for business	
	needs, the assessment report	needs, the assessment report	
	shall be performed twice a	shall be performed twice a	
	month. The assessment	month. The assessment	
	report shall be submitted to	report shall be submitted to	
	senior managers authorized	senior managers authorized	
	by the Board of Directors.	by the Board of Directors.	
	Added Article	Article 21	
	<u>V.</u> The supervision and management	When engaging in the trading of	
	principles of the Board of	derivative commodities, the Board of	
	Directors when engaging in	Directors shall strictly supervise and	
	derivative commodity transactions	manage <u>according to the following</u>	
		principles:	
	(I) The Board of Directors shall	I. Designate senior managers to pay	
	appoint high-level	attention to the supervision and	
	supervisors to pay attention	control the risks of derivatives	
	to the supervision and control	product transaction at all times.	
	of the risk of derivative		
	commodity transactions at	II. Regularly evaluate whether the	
	any time. The management	performance of derivatives	
	principles are as follows:	product transaction meets the	
		established operational strategies	
		and whether the risks are within	

Article	Articles before the amendments	Articles after the amendments	Amendmen
No.			t Note
		the Company's permitted scope.	
		Senior executives authorized by the	
		Board of Directors shall manage	
		transactions in accordance with the	
		following principles:	
	<u>1</u> . Periodically evaluate	<u>I.</u> Periodically evaluate whether the	
	whether the risk	risk management measures	
	management measures	currently used are appropriate and	
	currently used are	faithfully implemented according	
	appropriate and faithfully	to the "Standards for the	
	implemented according	Processing of Assets Acquisition or	
	to the "Standards for the	Disposal by the Publicly Owned	
	Processing of Assets	Corporation" and the Processing	
	Acquisition or Disposal	Procedures for Transactions of	
	by the Publicly Owned	Derivative Goods formulated by	
	Corporation" and the	the Company.	
	Processing Procedures		
	for Transactions of		
	Derivative Goods		
	formulated by the		
	Company.		
	<u>2.</u> Supervise transactions	II. Supervise transactions and profit	
	and profit and loss	and loss situations. In case of any	
	situations. In case of any	abnormality, the necessary	
	abnormality, the	countermeasures shall be taken	
	necessary	and the report shall be	
	countermeasures shall be	immediately submitted to the	
	taken and the report shall	audit committee and the Board of	
	be immediately	Directors. The opinions of the	
	submitted to the audit	independent directors shall be	
	committee and the Board	fully considered when submitting	
	of Directors. The	to the Board of Directors for	
	opinions of the	resolutions, and the reasons for	
	independent directors	their consent or objection shall be	
	shall be fully considered	included in the board's records.	
	when submitting the		
	resolutions of the Board		
	of Directors, and the		
	reasons for their consent		
	or objection shall be		
	included in the Board of		

Article No.	Articles before the amendments	Articles after the amendments	Amendmen t Note
No.	authorize the relevant personnel to handle the	When the Company engages in derivative trading, the Company shall authorize the relevant personnel to handle the transaction according to the procedures for engaging in derivative product, and then reports shall be submitted to the most recent Board of Directors' meeting.	
	establish a memorandum book. The type and amount of the derivative commodity transaction, the date of adoption by the	<u>Article 22</u> When the Company engages in derivative product transaction, it shall establish a memorandum book. The type and amount of the derivative commodity transaction, the date of adoption by the Board of Directors, and the matters to be carefully assessed according to the <u>Article 20-5 (4) and Article 21-1 (2)</u> <u>and 2 (2)</u> shall be recorded in details in the memorandum book for reference.	

Article			Amendmen
No.	Articles before the amendments	Articles after the amendments	t Note
Article	Processing procedures for merger,		The
<u>13</u>	demerger, acquisition or transfer of		amendment
	shares		s are made
	I. Appraisal and operating procedures		simultaneo
	Added Article	Article 23	usly in
	(I) For the merger, demerger,	For the merger, demerger, acquisition	accordance
	acquisition or transfer of	or transfer of shares, before the	with the
	shares, before the resolution	resolution of the Board of Directors	revision of
	of the Board of Directors is	is convened, the Company shall	the
	convened, the Company shall	invite accountants, lawyers or	regulations
	invite accountants, lawyers	securities underwriters to express	of the
	or securities underwriters to	their opinions on the rationality of	competent
	express their opinions on the	the share exchange ratio, the	authorities.
	rationality of the share	purchase price or the cash or other	
	exchange ratio, the purchase	property of the allotted shareholders,	
	price or the cash or other	and submit them to the audit	
	property of the allotted	committee and the Board of	
	shareholders, and submit	Directors for discussion and	
	them to the audit committee	approval. However, if the Company	
	and the Board of Directors	merges its subsidiaries directly or	
	for discussion and approval.	indirectly holding 100% of the issued	
	However, if the Company	shares or total capital, or merges	
	merges its subsidiaries	between its subsidiaries directly or	
	directly or indirectly holding	indirectly holding 100% of the issued	
	100% of the issued shares or	shares or total capital, the reasonable	
	total capital, or merges	opinions of the experts are not	
	between its subsidiaries	necessary.	
	directly or indirectly holding		
	100% of the issued shares or		
	total capital, the reasonable		
	opinions of the experts are		
	not necessary.		
	Added Article	Article 24	
	(II) The company shall prepare	In participating in the merger,	
	an open document for the	demerger or acquisition, the	
	important agreed contents	Company shall prepare an open	
	and related matters	document to the shareholders before	
	regarding merger, demerger	the meeting of the shareholders'	
	or acquisition before the	meeting, and submit it together with	
	shareholders 'meeting,	the expert opinions according to the	
	submit it together with the	<u>Article 23(1)</u> and the notice of the	

Article	Articles before the amendments	Articles after the amendments	Amendmen
No.			t Note
	expert opinions according to	meeting of the shareholders' meeting	
	<u>I (1) of this Article</u> and the	to the shareholders for their	
		reference, so as to provide a	
	meeting to the shareholders	reference for whether to agree to the	
	for their reference as to	merger, demerger or acquisition.	
	whether they agree to the	However, this restriction shall not	
	merger, demerger or	apply to those who, according to	
	acquisition. However, this	other laws, are exempted from	
	restriction shall not apply to	holding shareholders' meetings to	
	those who, according to	decide on merger, demerger or	
	other laws, are exempted	acquisition matters.	
	from holding shareholders'	In addition, if the shareholders'	
	meetings to decide on	meeting of a company participating	
	merger, demerger or	in merger, demerger or acquisition is	
	acquisition matters. In	unable to convene, resolve or reject a	
	addition, if the shareholders'	proposal due to insufficient	
	meeting of a company	attendance, voting rights or other	
	participating in merger,	legal restrictions, the Company	
	demerger or acquisition is	participating in merger, demerger or	
	unable to convene, resolve	acquisition shall immediately make	
	or reject a proposal due to	public the reasons for the occurrence,	
	insufficient attendance,	subsequent processing operations	
	voting rights or other legal	and the expected date of holding the	
	restrictions, the Company	shareholders' meeting.	
	participating in merger,		
	demerger or acquisition		
	shall immediately make		
	public the reasons for the		
	occurrence, subsequent		
	processing operations and		
	the expected date of holding		
	the shareholders' meeting.		
	Added Article	Article 25	
	II. Other precautions		
	(I) Date of Board of Directors'	The company participating in the	
	meeting: A company	merger, demerger or acquisition of	
	participating in merger,	the Company shall hold a Board of	
		Directors' meeting and shareholders'	
	hold a meeting of the Board	meeting on the same day to resolve	
	of Directors and shareholders	C I	
	on the same day to decide on	demerger or acquisition, unless	

Article	Articles before the amendments	Articles after the amendments	Amendmen
No.	 matters relating to merger, demerger or acquisition, unless otherwise stipulated by law or with the prior consent of the Financial Regulatory Commission due to special factors. (II) The company shall convene a Board of Directors' meeting on the day of the transaction, unless another act provides otherwise or is notified of the financial supervisory commission to 	otherwise stipulated by other laws or subject to special factors that have been reported to the Financial Supervisory and Commission for approval in advance. The company shall convene a Board of Directors' meeting on the day of the transfer of shares, unless otherwise stipulated by law or if special factors have been reported to the Financial Supervisory Commission in advance for consent.	t Note
	be approved by the Financial Supervisory Commission. (III) The company participating in the merger, demerger, acquisition or share transfer of the listed company or the stock trading in the securities firm's business premises shall make the following information in full written record and keep it for five years for verification.	the Stock Exchange or traded over the counter to participate in the merger, demerger, acquisition, or transfer of shares, and shall prepare a full written record for the following	
	<u>1.</u> Personnel basic information: including the title, name and identity No. (for foreigners, passport number) of all persons involved in the merger, demerger, acquisition or transfer of shares or the implementation of the plan before the disclosure of the information.	I. Personnel basic information: including the title, name and identity No. (for foreigners, passport number) of all persons involved in the merger, demerger, acquisition or transfer of shares or the implementation of the plan before the disclosure of the information.	

Article No.	Articles before the amendments	Articles after the amendments	Amendmen t Note
	<u>2</u> . Date of important matters: Including the date of signing letter of intent or memorandum, entrusting financial or legal adviser, signing	II. Date of important matters: Including the date of signing letter of intent or memorandum, entrusting financial or legal adviser, signing contract and Board of Directors, etc.	
	contract and Board of Directors, etc. <u>3</u> . Important documents and proceedings: Including merger, demerger, acquisition, or transfer of shares, letter of intent or memorandum of	III. Important documents and proceedings: Including merger, demerger, acquisition, or transfer of shares, letter of intent or memorandum of understanding, important contracts and board	
	understanding, important contracts and board proceedings. (IV) The company that	proceedings. The company participating in the merger, demerger, acquisition, or	
	mergers, segmentation,	transfer of shares, and shall within 2 days from the date of the resolution of the Board of Directors, report the first and second year information of	
	premises of a securities firm shall, within two days from the date of the	the preceding paragraph, and file the information in the prescribed format via an online information system to file the competent authority for	
	-	reference.	
	of this article to the competent authority in accordance with the prescribed format in the Internet Information		
	System for reference. (V) Where the Company involved in the merger, demerger, acquisition or	When the Company participates in a merger, demerger, acquisition or transfer of shares, the Company shall	

Article No.	Articles before the amendments	Articles after the amendments	Amendmen t Note
110.	transfer of shares, if there is	sign an agreement with it and comply	11000
	a company that is not listed	with the provisions of the preceding	
	or whose shares are traded	two paragraphs.	
	in the business premises of	and hundred and	
	a securities firm, the		
	Company shall sign an		
	agreement with the		
	Company and deal with it		
	in accordance with the		
	provisions 3 and 4 of this		
	article.		
	Added Article	Article 26	
	(VI) Confidentiality	All participants involved in the	
	<u>commitments:</u> All	merger, demerger, acquisition, or	
	participants involved in the	transfer of shares shall be required to	
	merger, demerger,	issue a written letter of	
	acquisition, or transfer of	confidentiality to commit not to	
	shares shall be required to	disclose the contents of the plan	
	issue a written letter of	before the information is made	
	confidentiality to commit	public, nor do they use their own	
	not to disclose the contents	names or under the names of other	
	of the plan before the	people to buy or sell shares and other	
		marketable securities with equity	
	nor do they use their own	property of all the companies related	
	names or under the names	to the merger, demerger, acquisition,	
	of other people to buy or	or transfer of shares of.	
	sell shares and other		
	marketable securities with		
	equity property of all the		
	companies related to the		
	merger, demerger,		
	acquisition, or transfer of		
	shares of.		
	Added Article	Article 27	
	(VII) Principles for determining	The company participating in a	
	and changing the share	merger, demerger, acquisition, or	
	exchange ratio or	transfer of shares may not arbitrarily	
	acquisition price: in the	alter the share exchange ratio or	
	participation in merger,	acquisition price unless under the	
	demerger, acquisition or	below-listed circumstances, and shall	
	transfer of shares, the	stipulate the circumstances	

Article No.	Articles before the amendments	Articles after the amendments	Amendmen t Note
	share exchange ratio or acquisition price shall not be arbitrarily changed except in the following circumstances, and changes shall be stimulated in the contract of merger, demerger, acquisition or transfer of shares:	permitting alteration in the contract for the merger, demerger, acquisition, or transfer of shares:	
	<u>1.</u> Cash capital increase, issuance of corporate bonds, distribution of shares, issuance of corporate bonds, preferred shares with warrants, stock warrants, and other equity-based securities.	<u>I.</u> Cash capital increase, issuance of corporate bonds, distribution of shares, issuance of corporate bonds, preferred shares with warrants, stock warrants, and other equity-based securities.	
	2. disposal the Company's major assets and other activities that affect the Company's financial business.	II. Disposal the Company's major assets and other activities that affect the Company's financial business.	
	<u>3</u> .Major disasters, major technological changes and other events affecting the rights and interests of shareholders or securities prices.	III. Major disasters, major technological changes and other events affecting the rights and interests of shareholders or securities prices.	
	<u>4</u> . Any adjustment to the Company's stock repurchase by any party participating in the merger, demerger, acquisition, or transfer of shares.	<u>IV</u> . Any adjustment to the Company's stock repurchase by any party participating in the merger, demerger, acquisition, or transfer of shares.	
	<u>5</u> . Changes in the number of entities or companies participating in the merger, demerger,	V. Changes in the number of entities or companies participating in the merger, demerger, acquisition, or transfer of shares.	

Article No.	Articles before the amendments	Articles after the amendments	Amendmen t Note
	acquisition, or transfer of shares. <u>6</u> . Other conditions stipulated in the contract change and have been	<u>VI.</u> Other conditions stipulated in the contract change and have been disclosed publicly.	
	disclosed publicly. <u>Added Article</u> (VIII) The contract shall contain <u>the following contents:</u> the contract of merger, demerger, acquisition or	<u>Article 28</u> The company shall participate in the merger, demerger, acquisition, or transfer of shares, and shall specify the rights and obligations for	
	transfer of shares shall specify the rights and obligations of participating in merger, acquisition or transfer of shares, and shall specify the following matters:	participating in the merger, demerger, acquisition, or transfer of shares, and shall also include the following:	
	1. Handling of breach of contract2. Principles for handling equity-type securities previously issued or treasury stock previously bought back by a company that is extinguished in a merger or through a merger basis.	 <u>I.</u> Handling of breach of contract <u>II</u>. Principles for handling equity- type securities previously issued or treasury stock previously bought back by a company that is extinguished in a merger or through a merger basis. 	
	<u>3</u> . The number of treasury stock that shall be repurchased according to the law after calculating the base date of the exchange calculation ratio and their principles of disposal.	III. The number of treasury stock that shall be repurchased according to the law after calculating the base date of the exchange calculation ratio and their principles of disposal.	
	4. The method of handling changes in the number of participating entities or companies.	IV. The method of handling changes in the number of participating entities or companies.	

Article	Articles before the amendments	Articles after the amendments	Amendmen t Note
No.	5 Expected execution	V Expected execution program of 1	i note
	<u>5</u> . Expected execution progress and expected	<u>V</u> . Expected execution progress and expected completion schedule.	
	completion schedule.	expected completion schedule.	
	<u>6</u> . The relevant procedures	<u>VI</u> . The relevant procedures of the	
	of the expected	expected convening dates of	
	convening dates of	shareholders' meeting based on	
	shareholders' meeting	laws when a plan is overdue and	
	based on laws when a	still undone	
	plan is overdue and still	still undone	
	undone.		
	Added Article	Article 29	
	(IX) After public disclosure of	After public disclosure of the	
	the information, if any	information, if any company	
	company participating in a	participating in a merger, demerger,	
	merger, demerger,	acquisition, or transfer of shares	
		intends further to carry out another	
	shares intends further to	merger, demerger, acquisition, or	
	carry out another merger,	transfer of shares with another	
	demerger, acquisition, or	company, any procedure or legal	
	transfer of shares with	action already completed for the	
	another company, any	original merger, split, acquisition, or	
	procedure or legal action	transfer of shares shall be carried out	
	already completed for the	anew, with exceptions for cases	
	original merger, split,	where the number of participating	
	acquisition, or transfer of	companies is decreased, and where	
	shares shall be carried out	the shareholders' meeting resolved to	
	anew, with exceptions for	authorize the Board of Directors to	
	cases where the number of	alter the limits of authority, this	
	participating companies is	company shall be exempt from re-	
	decreased, and where the	convening of shareholders' meeting	
	shareholders' meeting	to generate another resolution.	
	resolved to authorize the		
	Board of Directors to alter		
	the limits of authority, this		
	company shall be exempt		
	from reconvening of		
	shareholders' meeting to		
	generate another resolution.		
	Added Article	Article 30	
		If a company participating in the	
	in a merger, demerger,	merger, demerger, acquisition or	

Article No.	Articles before the amendments	Articles after the amendments	Amendmen t Note
	acquisition, or transfer of a company is not a publicly owned company, the Company shall sign an agreement with its signatures and shall comply with the provisions of <u>this</u>	transfer of shares is not a publicly- issued company, the Company shall sign an agreement with it and handle it in accordance with <u>Articles 25, 26</u> and 29.	
Article 14	by nature and in accordance with the prescribed format, declare the relevant information by public notice within 2 days from the date of the occurrence of the facts:	in accordance with the prescribed format, declare the relevant information by public notice within 2 days from the date of the occurrence of the facts: <u>I.</u> Acquiring or disposing of immovable property from the related party, or acquiring or disposing of other assets other than the real property with the related person, and the transaction amount reaches 20% of the Company's paid-up capital, 10% of the total assets or more than NT\$300 million. However, this restriction does not apply to trading of	the regulations of the competent authorities.
	agreements, or to issue or repurchase domestic money market funds issued by domestic securities investment trust enterprises. (II) Merger, demerger, acquisition, or transfer of	domestic securities investment trust enterprises. <u>II. Merger</u> , demerger, acquisition, or transfer of shares.	

Article	Articles before the amendments	Articles after the amendments	Amendmen t Note
No.	shares. (III) The loss of transaction in derivative goods has reached the maximum amount of all or individual contract losses specified in the processing procedures. (IV) Where the type of asset acquired or disposed is equipment for business use, the transaction object is not a related party, and the transaction amount reaches NT\$500 million. (V) Acquisition of real estate property by 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, in which the amount the Company is expected to invest is NT\$500 million or above.	 III. The loss of transaction in derivative goods has reached the maximum amount of all or individual contract losses specified in the processing procedures. IV. Where the type of asset acquired or disposed is equipment for business use, the transaction object is not a related party, and the transaction amount reaches NT\$500 million. V. Acquisition of real property by engaging others to build on the Company's own land, engaging others to build on the construction and allocation of housing units, joint construction and allocation of ownership percentages, or joint construction and separate sale, in which the amount the Company is expected to invest is NT\$500 million or above. 	t Note
	(VI) Assets transactions, claims disposed of by a financial institution, or investment in a subsidiary in the Mainland China, where the transaction amount reaches 20% or more of the Company's paid-in capital or NT\$300 million. However, this	<u>VI.</u> Assets transactions, claims disposed of by a financial institution, or investment in a subsidiary in the Mainland China, where the transaction amount reaches 20% or more of the Company's paid-in capital or more than NT\$300 million. However, this does not apply to the following circumstances:	

does not apply to the following circumstances: <u>1.</u> Trading of government bonds. <u>2. Securities trading in the</u>	(I) Trading of government	
2. Securities trading in the	bonds.	
domestic and overseas securities exchange or the business premise of the		
subscription of ordinary corporate bonds or of general bank debentures without equity		
<u>characteristics that are</u> <u>offered and issued in the</u> <u>domestic primary market.</u> <u>3.</u> Trading of bonds under	(II) Trading of bonds under	
repurchase and resale agreements, or subscription or redemption of domestic	repurchase and resale agreements, or subscription or redemption of domestic	
money market funds issued by domestic securities investment	money market funds issued by domestic securities investment trust	
The amounts of transactions mentioned in the preceding paragraph shall be calculated as	The amounts of transactions mentioned in the preceding paragraph shall be calculated as	
 <u>1.</u> The amount of each transaction. <u>2.</u> The cumulative transaction 	<u>I.</u> The amount of each transaction. <u>II.</u> The cumulative transaction	
amount of acquisitions and disposals of the same type of underlying asset with the same counterparty within one	amount of acquisitions and disposals of the same type of underlying asset with the same counterparty within the preceding	
amount of real property acquisitions and disposals	year. <u>III.</u> The cumulative transaction amount of real property acquisition and disposal	
	 <u>corporate bonds or of general bank debentures</u> <u>without equity</u> <u>characteristics that are</u> <u>offered and issued in the</u> <u>domestic primary market.</u> <u>3</u>. Trading of bonds under repurchase and resale agreements, or subscription or redemption of domestic money market funds issued by domestic securities investment trust enterprises. The amounts of transactions mentioned in the preceding paragraph shall be calculated as follows: <u>1</u>. The amount of each transaction. <u>2</u>. The cumulative transaction amount of acquisitions and disposals of the same type of underlying asset with the same counterparty within one year. <u>3</u>. The cumulative transaction amount of real property 	subscription of ordinary corporate bonds or of general bank debentures without equity characteristics that are offered and issued in the domestic primary market.(II) Trading of bonds under repurchase and resale agreements, or subscription or redemption of domestic money market funds issued by domestic securities investment trust enterprises.(II) Trading of bonds under repurchase and resale agreements, or subscription or redemption of domestic money market funds issued by domestic securities investment trust enterprises.(II) Trading of bonds under repurchase and resale agreements, or subscription or redemption of domestic money market funds issued by domestic securities investment trust enterprises.The amounts of transactions mentioned in the preceding paragraph shall be calculated as follows:I. The amount of each transaction.1. The amount of acquisitions and disposals of the same type of underlying asset with the same counterparty within one year.II. The cumulative transaction amount of real property acquisitions and disposals

Article No.	Articles before the amendments	Articles after the amendments	Amendmen t Note
110.	disposals, respectively)	disposals, respectively) within	
	within the same development	the same development project	
	project within one year.	within the preceding year.	
	<u>4.</u> The cumulative transaction	IV. The cumulative transaction	
	amount of acquisitions and	amount of acquisitions and	
	disposals (cumulative	disposals (cumulative	
	acquisitions and disposals,	acquisitions and disposals,	
	respectively) of the same	respectively) of the same	
	security within one year.	securities within the preceding	
	security within one year.	year.	
	The term "within the preceding	The term "within the preceding year"	
	year" as used in the preceding	as used in the preceding paragraph	
		shall be calculated as a basis for the	
		year preceding the date of occurrence	
		of the current transaction. The period	
	transaction. The period when	when announcement has been made	
	-	in accordance with the regulations	
	accordance with the regulations	shall be exempted from re-counting.	
	shall be exempted from re-	shan de exempted nom te counting.	
	counting.		
	II. The time limit for handling		
	announcements and declarations		
	The company's acquisition or		
	disposal of assets shall be made		
	public if the transaction amount		
	reaches the standards for		
	reporting purposes, and shall be		
	announced within 2 days counting		
	from the date of occurrence of the		
	event.		
	Added new articles	Article 32	
	III. Announcement and declaration	Announcement and Declaration	
	procedures	Procedures	
	(I) The company shall, on a	The company shall, on a monthly	
	monthly basis, input the	basis, input the information of the	
	information of the Company	Company and its non-domestic	
	and its non-domestic publicly	publicly issued subsidiaries engaging	
		in derivative product transactions as	
	in derivative product	of the end of last month into the	
	transactions as of the end of	information reporting website	
	last month into the	designated by the financial	

Article No.	Articles before the amendments	Articles after the amendments	Amendmen t Note
110.	information reporting	regulatory commission before the	t Note
	1 0	tenth day of each month in	
		accordance with the prescribed	
		format.	
	day of each month in	iormat.	
	accordance with the		
	prescribed format.		
	(II) When the Company is	When the Company is required to	
		announce the project according to the	
	_	regulations, if there is any error or	
	regulations, if there is any	omission at the time of the	
		announcement, all items shall be re-	
		announced and declared within 2	
	items shall be re-announced	days from the date of notification.	
	and declared within 2 days	days from the date of normeation.	
	from the date of notification.		
		In the acquiring or disposing of its	
		assets, the Company shall keep the	
		relevant contracts, minute book,	
		memorandum book, appraisal report,	
	book, memorandum book,	opinions of accountants, lawyers or	
	appraisal report, opinions	securities underwriters in the	
	of accountants, lawyers or	Company for at least five years,	
	securities underwriters in	unless otherwise stipulated by law.	
	the Company for at least		
	five years, unless otherwise		
	stipulated by law.		
	<u>IV.</u> After the transaction	After the transaction announcement	
		and declaration by the Company in	
	-	accordance with the provisions of the	
		preceding paragraph, if one of the	
		following circumstances occurs, the	
	circumstances occurs, the relevant	_	
		submitted to the website designated	
	the website designated by the	by the Financial Supervision and	
	Financial Supervisory	Administration Commission for	
	1 0	public announcement within 2 days	
	-	from the date of the occurrence of the	
	the date of the occurrence of the	facts:	
	facts:		
	<u>1.</u> There are changes,	I. There are changes, terminations or	

Article No.	Articles before the amendments	Articles after the amendments	Amendmen t Note
	terminations or rescission of	rescission of relevant contracts	
	relevant contracts signed in	signed in the original transaction.	
	the original transaction.		
	<u>2.</u> The merger, demerger,	II. The merger, demerger, acquisition,	
	acquisition, or transfer of	or transfer of shares is not	
	shares is not completed by the	completed by the scheduled date	
	scheduled date set forth in the	set forth in the contract.	
	contract.		
	3. There are changes in contents	III. There are changes in contents of	
	of the declaration in the	the declaration in the original	
	original announcement.	announcement.	
Article	Article 15	Article 33	Article
<u>15</u>	The Company's subsidiaries shall	I.~II. (Omitted)	amendment
	comply with the following		
	provisions:		
	I. Subsidiaries shall also formulate		
	the "Procedures for Acquisition or		
	Disposal of Assets" according to		
	the Standards for the Processing of		
	Assets Acquisition or Disposal by		
	the Publicly Owned Corporation,		
	and submit and report to the Board		
	of Directors of the Company after		
	being approved by the Board of		
	Directors of the subsidiary. The		
	same procedures shall be followed		
	for it amendment.		
	II. If a subsidiary is not a domestic		
	publicly owned corporation, the		
	Company shall handle the		
	announcement and declaration		
	when the assets acquired or		
	disposed of by the subsidiary meet		
	the announcement and declaration		
	standards stipulated in the		
	Standards for the Processing of		
	Assets Acquisition or Disposal by		
	the Publicly Owned Corporation.		
	III. In the subsidiary's disclosure	III. The provisions on the paid-in	
	standards in the preceding	capital or total assets related to	
	subparagraph, the "20% of the	the subsidiaries' disclosure	

Article	Articles before the amendments	Articles after the amendments	Amendmen
No.			t Note
	Company's paid-in capital or 10%	standards shall be based on the	
	of the total assets" is based on the	paid-in capital or total assets of	
	Company's paid-in capital or total	the Company.	
	assets.		
Article	Article 15-1	Article 34	The
<u>15-1</u>	The provision of 10% of the total	The provision of 10% of the total	amendment
	assets in this processing procedure is	assets in this processing procedure is	s are made
	calculated based on the total assets in	calculated based on the total assets in	simultaneo
	the most recent individual financial	the most recent individual financial	usly in
	report as required by the securities	report as required by the securities	accordance
	issuer's financial reporting standards.	issuer's financial reporting standards.	with the
	If the Company's shares have no		revision of
	nominal amount or the denomination		the
	per share is not NT\$10, the		regulations
	transaction amount of 20% of paid-in		of the
	capital shall be set out in the		competent
	Procedures shall be calculated based		authorities.
	on 10% of the equity vested in the		
	owner of the parent company.		
Article	Article 16	Article 35	Article
16	Penalty provision	Penalty provision	amendment
	If the employees of the Company are	If it is verified that the employees of	
	committed to the disposal of assets	the Company engaging in the	
	and disposal of assets, the Company	acquiring or disposing of assets	
	shall regularly report the compliance	violate the provisions of this	
	with the Procedures for the Handling	procedure, they shall be punished	
	of Assets and Liabilities and penalties	according to the personnel	
	imposed on the Employee's Manual	management measures and related	
	according to the severity of the	measures of the Company, depending	
	regulations.	on the seriousness of the	
		circumstances.	
Article	Article 17	Article 36	Article
<u>17</u>	(Omitted)	(Omitted)	amendment
Article	Article 18	Article 37	Article
18	(Omitted)	(Omitted)	amendment
I —			

[Attachment 6]

Sinmag Equipment Corporation

Comparison Table for the Procedures for Loaning of Funds Before and After Revision

Article No.	Articles before the amendments	Articles after the amendments	Amendment Note
Article	The Object of Capital Loaning	The Object of Capital Loaning	Amendments
2	In accordance with the Company	In accordance with the Company	made in
	Law, the funds of the Company shall	Law, the funds of the Company shall	accordance
	not be loaned to shareholders or any	not be loaned to shareholders or any	with the Law
	person except for the following	person except for the following	and actual
	circumstances.	circumstances.	needs.
	1. A subsidiary which the	<u>I.</u> A subsidiary which the Company	
	Company holds 50% of voting	holds 50% of voting shares	
	shares directly and indirectly	directly and indirectly having	
	having business transactions or	business transactions or having	
	having the necessity of short-	the necessity of short-term	
	term financing.	financing. The amount of	
	The term "short-term" as used	financing shall not exceed 40%	
	in the preceding paragraph	of the net value according to the	
	refers to one year. However,	Company's latest CPA audited or	
	when the Company's business	reviewed financial statements.	
	cycle is longer than one year,	The term "short-term" as used in	
	the business cycle shall prevail.	the preceding paragraph refers to	
		one year. However, when the	
		Company's business cycle is	
		longer than one year, the	
		business cycle shall prevail.	
	2. A foreign company which the	II. A foreign company which the	
	Company holds 100% of voting	Company holds 100% of voting	
	shares directly and indirectly	shares directly and indirectly	
	has business or short-term	having business transactions or	
	financing requirement.	having the necessity of short-	
		term financing.	
		III. A foreign company which the	
		Company holds 100% of voting	
		shares directly and indirectly that	
		is necessary to the Company.	
		When the person in charge of the	
		Company violates the provisions I,	
		he/she shall be jointly responsible for	
		the return of the loan with the	
		borrower; if the Company suffers	
		damage, he/she shall also be liable for	

Article No.	A	articles before the amendments		Articles after the amendments	Amendment Note
			dam	ages.	
Article	Tota	l amount of <u>funds</u> and the limit	Tota	l amount of <u>funds loaned</u> and the	Amendments
3	ofa	mount loaned to individual	limi	t of amount loaned to individual	made in
	obje	ects	obje	cts	accordance
	I.	When the Company's funds are	I.	When the Company's funds are	with the Law
		loaned to a company with		loaned to a subsidiary which the	and actual
		business dealings, the total		Company directly and indirectly	needs.
		loaning amount shall not		holds 50% of the voting shares	
		exceed 40% of the net value		with business dealings, the total	
		according to the most recent		loaning amount shall not exceed	
		financial statements audited or		40% of the net value according	
		reviewed by the CPA; the		to the most recent financial	
		amounts of individual loans		statements audited or reviewed	
		shall not exceed the amount of		by the Company's accountants;	
		the transaction business amount		the amounts of individual loans	
		between the two parties in the		shall not exceed the amount of	
		most recent year. The amount		the transaction business between	
		of business transaction refers to		the two parties in the most recent	
		the amount of purchase or sales		year. The amount of business	
		between the two parties in the		transaction refers to the amount	
		most recent year, whichever is		of purchase or sales between the	
		higher.		two parties in the most recent	
				year, whichever is higher.	
	II.	When the Company's funds are	II.	When the Company's funds are	
		loaned to a company for short-		loaned to a subsidiary which the	
		term financing, which is		Company directly and indirectly	
		necessary for the Company, the		holds 50% of the voting shares	
		individual loans and the total		with business dealings and has	
		amount of loans shall not		short-term financing	
		exceed 40% of net value		requirement, the total loaning	
		according to company's most		amount shall not exceed 40% of	
		recent CPA audit or reviewed		the net value according to the	
		financial statements.		most recent financial statements	
				audited or reviewed by the	
				Company's accountants; the	
				amounts of individual loans shall	
				not exceed the amount of the	
				transaction business between the	
				two parties in the most recent	
				year.	
	III.	When the Company loan funds	III.	When the Company loan funds	

Article No.	Articles before the amendments	Articles after the amendments	Amendment Note
	to a foreign company which the Company directly and indirectly holds 100% of the voting shares, the amount shall not exceed 60% of the net value according to company's most recent financial statements audited by accountants.	to a foreign company which the Company directly and indirectly holds 100% of the voting shares, the amount shall not exceed 60% of the net value according to company's most recent financial statements audited by accountants. IV. When the Company borrows funds from a foreign company which the Company directly and indirectly holds 100% of the voting shares, the amount shall not exceed 60% of the net value according to company's most recent CPA audited or reviewed financial statements. The amount of financing refers to the accumulated balance of the Company's short-term financing. The subsidiaries and parent company in this operating procedure shall be identified in accordance with the provisions of the financial reporting standards for securities issuers. The net value in this operating procedures refers to the equity attributable to the owners of the parent company as stated in the financial reporting standards for	Note
Article 5	Reviewing Procedures I.~II. (Omitted) III. In addition to the subsidiary which the Company holds 50% of the voting shares, the promissory notes or collateral of same amount shall be provided. The provided collateral shall be set up as mortgages to ensure the Company's creditor's rights.	III. A subsidiary of which the Company directly or indirectly holds 50% of the voting shares,	Amendments made in accordance with the Law and actual needs.

Article No.	А	articles before the amendments		Articles after the amendments	Amendment Note
	IV.	The collateral, except the land	IV. I	Deleted	
		and marketable securities, shall			
		be insured against fire. The			
		amount of insurance shall be no			
		less than the replacement cost			
		value of the collateral; The			
		company shall be added as the			
		beneficiary in the insurance			
		policy. The subject matter,			
		name, quantity, place of deposit			
		and conditions stated in the			
		insurance policy shall be in			
		conformity with conditions for			
		granting loans of the Company.			
	<u>V.</u>	Before loaning funds to others,	<u>IV.</u>	Before loaning funds to others,	
		the Company shall carefully		the Company shall carefully	
		assess whether it conforms to		assess whether it conforms to the	
		the "Guidelines for the		"Guidelines for the Processing of	
		Processing of Funds loaning		Funds loaning and Endorsement	
		and Endorsement Guarantee of		Guarantee of Publicly owned	
		Publicly owned corporation"		corporation" stimulated by the	
		stimulated by the securities		securities authorities and the	
		authorities and the provisions of		provisions of this operating	
		this operating procedure.		procedure. Together with the	
		Together with the appraisal		appraisal results according to	
		results according to Article		Article V (2), it shall be	
		5(2), it shall be approved by		approved by more than half of	
		more than half of the members		the members of Audit	
		of audit committee, and be		Committee, and be submitted to	
		submitted to the Board of		the Board of Directors for	
		Directors for resolution.		resolution. Without the approval	
		Without the approval of more		of more than one-half of all the	
		than one-half of all the		members of the Board of	
		members of the board of		Auditors, the approval of more	
		auditors, the approval of more		than two-thirds of all the	
		than two-thirds of all the		directors shall be obtained, and	
		directors shall be obtained, and		no other person shall be	
		no other person shall be		authorized to make a decision.	
		authorized to make a decision.			
	<u>VI.</u>	e	<u>V.</u>	The loaning between the	
		Company and its subsidiaries,		Company and its subsidiaries, or	

Article No.	Articles before the amendments	Articles after the amendments	Amendment Note
	or between subsidiaries, shall	between subsidiaries, shall be	
	be approved by the audit	approved by the audit committee	
	committee and resolved by the	and resolved by the Board of	
	Board of Directors. The	Directors. The chairman of the	
	chairman of the Board shall be	board shall be authorized to	
	authorized to appropriate sub-	appropriate sub-loans or	
	loans or revolving transfers to	revolving transfers to the same	
	the same loaning object within	loaning object within a period	
	a period not exceeding one	not exceeding one year. Except	
	year. Except for no limit of	for no limit of authorized amount	
	authorized amount for the funds	for the funds loaning between	
	loaning between the foreign	the foreign companies, of which	
	companies which the Company	the Company directly or	
	directly and indirectly hold	indirectly hold 100% of the	
	100% of the voting shares, the	voting shares, the authorized	
	authorized amount of loaning	amount of loaning fund of the	
	fund of the Company or its	Company or its subsidiaries to an	
	subsidiaries to an individual	individual enterprise shall not	
	enterprise shall not exceed 10%	exceed 10% of the net value	
	of the net value according to the	according to the most recent CPA	
	most recent CPA audited or	audited or reviewed financial	
	reviewed financial statements.	statements.	
	<u>VII. (</u> Omitted)	VI. (Omitted)	
	VIII. When the Company intend to	VII. When the Company intend to	
	loan funds to others, the	loan funds to others, the opinions	
	opinions of the independent	of the independent directors shall	
	directors shall be fully	be fully considered. If the	
	considered. If the independent	independent directors have	
	directors have objections or	objections or reservations, they	
	reservations, they shall be set	shall be set forth in the minutes	
	forth in the minutes of the	of the Board of Directors'	
	Board of Directors' meeting.	meeting.	
	IX. When the loan is not in	VIII. When the loaning is not in	
	conformity with the object of	conformity with the object of the	
	the "Guidelines for the	"Guidelines for the Handling of	
	Handling of Capital Loaning	Capital Loaning and	
	and Endorsement Guarantee of	Endorsement Guarantee of	
	Publicly Owned Corporation" or	Publicly Owned Corporation" or	
	when the amount exceeds the	when the amount exceeds the	
	limit, the Company shall	limit, the Company shall	
	formulate an improvement plan	formulate an improvement plan	

Article No.	Articles before the amendments	Articles after the amendments	Amendment Note
	and send the relevant	and send the relevant	
	improvement plan to the audit	improvement plan to the audit	
	committee, and conduct the	committee, and conduct the	
	improvement plan according to	improvement according to the	
	schedule.	plan.	
Article	Declaration and announcement	Declaration and announcement	Amendments
9	Procedures	Procedures	made in
	1~2 (Omitted)	1~2 (Omitted)	accordance
	Date of occurrence of an event,	"Date of occurrence" in these	with the Law
	refers to the date of signing of	Regulations means the date of	and actual
	the transaction signing date,	contract signing, date of	needs.
	date of payment, date of Board	payment, dates of boards of	
	of Directors meeting, or other	directors resolutions, or other	
	date that can confirm the	date that can confirm the loaning	
	transaction object and amount	object and amount of the	
	of transaction.	transaction, whichever date is	
		earlier.	
Article	Article 12	Article 12	Amendments
12	Implementation and Amendment	Implementation and Amendment	made in
	The formulation of this operating	The formulation of this operating	accordance
	procedure shall be approved by more	procedure shall be approved by more	with the Law
	than one-half of all members of the	than one-half of all members of the	and actual
	audit committee, and shall be	audit committee, and shall be	needs.
	submitted to the Board of Directors	submitted to the Board of Directors	
	for resolution and then submitted to	for resolution and then submitted to	
	the shareholders' meeting for	the shareholders' meeting for	
	approval before implementation. If it	approval before implementation. If it	
	is not approved by more than one-	is not approved by more than one-half	
	half of the members of the audit	of the members of the audit	
	committee, it shall be approved by	committee, it shall be approved by	
	more than two-thirds of all the	more than two-thirds of all the	
	directors, and shall be implemented	directors, and shall be implemented	
	after the resolution of the audit	after the resolution of the audit	
	committee is stated in the minutes of	committee is stated in the minutes of	
	the Board of Directors' meeting and	the Board of Directors and approved	
	approved in the shareholders'	in the shareholders' meeting. If a	
	meeting. If a director expresses his	director expresses his objection and	
		has a record or written statement, the	
	statement, the Company shall submit	Company shall submit his objection	
	his objection to the shareholders'	to the shareholders' meeting for	
	meeting for discussion. The same	discussion. The same procedures shall	

Article No.	Articles before the amendments	Articles after the amendments	Amendment Note
	procedures shall be followed for amendments.	be followed for amendments.	
	When it is discussed in the Board of	When it is discussed in the Board of	
	Directors' meeting, the opinions of	Directors' meeting, the opinions of	
	each independent director shall be	each independent director shall be	
	fully considered and the specific	fully considered and the specific	
	opinions and reasons for assent or	opinions and reasons for assent or	
	dissent and assent or dissent and	dissent and assent or dissent and their	
	their reasons for dissent shall be	reasons for dissent shall be included	
	included in the minutes of the Board	in the minutes of the Board of	
	of Directors' meeting.	Directors' meeting.	

[Attachment 7]

Sinmag Equipment Corporation

Comparison Table for Procedures for Endorsements and Guarantees Before and After

	Re	vision	
Article No.	Articles before the amendments	Articles after the amendments	Amendment Note
Article 2	Scope of Application	Scope of Application	Amendments
	The endorsement guarantees referred	The endorsement guarantees	are made in
	to in this operating procedure include	referred to in this operating	accordance
	financing endorsement guarantees,	procedure include financing	with Laws
	customs endorsement guarantees and	endorsement guarantees, customs	and actual
	other endorsement guarantees.	endorsement guarantees and other	needs.
		endorsement guarantees.	
	I. Financing endorsement/guarantee	I. <u>Financing</u>	
	shall refer to the bill discount	endorsement/guarantee,	
	financing, the endorsement or	including:	
	guarantee for the purpose of	(I) bill discount financing	
	financing the other companies,	(II) The endorsement or	
	and the guarantee for non-	guarantee for the purpose of	
	financial undertakings by issuing	financing for the other	
	bill for the purpose of financing	companies.	
	for the Company.	(III) The guarantee for non-	
		financial undertakings by	
		issuing bill for the purpose	
		of financing for the	
		Company.	
	II.~III. (Omitted)	II.~III. (Omitted)	
	When the Company provides the	When the Company provides the	
	movable property and real estate as	movable property and real estate as	
	pledge and mortgage for the	pledge and mortgage for the	
	guarantee of other companies'	guarantee of other companies'	
	loaning, it shall also be handled in	loaning, it shall also be handled in	
	accordance with the provisions of this	accordance with the provisions of	
	operating procedure.	this operating procedure.	
	Endorsement Object	Endorsement Object	Amendments
	I. The company shall make	The company shall make	are made in
	endorsements or guarantees for the	endorsements or guarantees for the	accordance
	following companies:	following companies:	with Laws
	$\underline{1.} A \text{ company with } 50\% \text{ or more of}$		and actual
	the voting shares held by the	Company directly or indirectly	needs.
	Company directly and indirectly.	holds more than 50% of the	
		voting shares.	
	<u>2.</u> Endorsements and guarantees	<u>2.</u> Endorsements and guarantees	

Article No	Articles before the amendments	Articles after the amendments	Amendment Note
No.	 shall be made to companies with 90% or more of the voting shares held by the Company directly and indirectly. However, before the endorsements and guarantees are made, the Company shall report to the Board of Directors of the Company for approval. The amount shall not exceed 10% of the Company's net value according to the most recent CPA audit or reviewed financial statements. However, this does not apply to the endorsements or guarantees for companies with 100% or more of the voting shares held by the Company directly and indirectly. II. (Omitted) 	shall be made for companies with 90% or more of the voting shares are held by the Company directly and indirectly. However, before the endorsements and guarantees are made, the Company shall report to <u>the Board of Directors</u> and the audit committee of the <u>Company for approval</u> . The amount shall not exceed 10% of the Company's net value according to the most recent CPA audit or reviewed financial statements. However, this does not apply to the endorsements or guarantees for companies with 100% or more of the voting shares held by the Company directly and indirectly. II. (Omitted) <u>The subsidiaries and parent</u> <u>company in this operating procedure</u> <u>shall be identified in accordance</u> with the provisions of the financial <u>reporting standards for securities</u>	Note
Article 1	Amount of endorsement	issuers.	Amondmonts
Article 4	 Amount of endorsement I. The total amount of endorsement/guarantee provided by the Company shall not exceed 50% of the Company's net value as stated in the latest CPA's audit or reviewed financial statements. II. The amount of the Company's endorsement/guarantee for a single enterprise shall not exceed 50% of the Company's net value 	 Amount of endorsement I. The total amount of endorsement/guarantee provided by the Company shall not exceed 50% of the Company's net worth as stated in the latest CPA's audit or reviewed financial statements. II. The amount of endorsement/guarantee provided to a single enterprise shall not exceed 50% of the 	Amendments are made in accordance with Laws and actual needs.

Article No.	1	Articles before the amendments		Articles after the amendments	Amendment Note
110.		or reviewed financial statements.		in the latest CPA's audit or reviewed financial statements.	
	III.	When undertaking endorsement	III.	Deleted	
		guarantees due to business			
		relations, the endorsement			
		guarantees of the Company for a			
		single enterprise shall be limited			
		to the amount of business			
		transactions between the two			
		parties in the latest year. The			
		amount of business transaction			
		refers to the amount of purchase			
		or sales between the two parties			
		in the most recent year,			
	13.7	<u>whichever is higher.</u> The total amount of	TTT	The total amount of	
	IV.		<u>III.</u>		
		endorsement/guarantee provided by the Company and its		endorsement/guarantee provided by the Company and	
		subsidiaries shall not exceed		its subsidiaries shall not exceed	
		50% of the Company's net value		50% of the Company's net	
		as stated in the latest CPA's audit		value as stated in the latest	
		or reviewed financial statements.		CPA's audit or reviewed	
		The amount of		financial statements. The	
		endorsement/guarantee provided		amount of	
		to a single enterprise shall not		endorsement/guarantee	
		exceed 50% of the Company's		provided to a single enterprise	
		net value as stated in the latest		shall not exceed 50% of the	
		CPA's audit or reviewed		Company's net value as stated	
		financial statements.		in the latest CPA's audit or	
				reviewed financial statements.	
				The net value in this operating	
				procedures refers to the equity	
				attributable to the owners of the	
				parent company as stated in the	
				financial reporting standards for	
				securities issuers.	
Article 5		rarchy of decision-making		rarchy of decision-making	Amendments
		nority and delegation thereof		nority and delegation thereof	are made in
	I.	1 2 1	I.	When the Company provides	accordance
		endorsement for a guaranteed		endorsement for a guaranteed	with Laws
		company, the appraisal results		company, the appraisal results	and actual

Article No.	Articles before the amendments	Articles after the amendments	Amendment Note
	according to Article 7(2) shall be approved by more than half of all members of the audit committee and shall be submitted to the Board of Directors for resolution. If there is no consent of more than half of the members of the committee, it shall obtain the consent of more than two-thirds of the directors, and the resolutions of the audit committee shall be stated in the proceedings of the Board of Directors' meeting. If the Company considers it necessary, the Board of Directors may authorize the chairman to decide on the matter within NT\$200 million. After the Board of Directors concludes the matter, it shall be ratified by the Board of Directors and submitted to the next annual shareholders' meeting for future reference.	according to Article 7(2) shall be approved by more than half of all members of the audit committee and shall be submitted to the Board of Directors for resolution. If there is no consent of more than half of the members of the committee, it shall obtain the consent of more than two-thirds of the directors, and the resolutions of the audit committee shall be stated in the proceedings of the Board of Directors' meeting. If the Company deems it necessary, the Board of Directors may authorize the chairman to make a decision within NT\$200 million, which shall be approved by <u>the audit</u> <u>committee and the Board of</u> <u>Directors afterwards, and the case shall be reported to the next annual shareholders' meeting for review. II. (Omitted)</u>	needs.
Article 7	 II. (Omitted) Endorsement Procedures I. (Omitted) II. Review procedures include: The necessity and reasonableness of endorsement/guarantee Credit investigation and risk assessment of the endorsed object. Impact on the Company's operational risks, financial conditions and shareholders' equity. Whether the collateral and the 	 Endorsement Procedures I. (Omitted) II. Review procedures include: The necessity and reasonableness of endorsement/guarantee Credit investigation and risk assessment of the endorsed object. Impact on the Company's operational risks, financial conditions and shareholders' equity. Whether the collateral and the 	Amendments are made in accordance with Laws and actual needs.

Article No.	Articles before the amendments	Articles after the amendments	Amendment Note
1101	value evaluation of the collateral	value evaluation of the	1,0,0
	shall be obtained.	collateral shall be obtained.	
	The collateral is not necessary for the	The collateral is not necessary for	
		-	
	purpose of providing endorsements	the purpose of providing	
	and guarantees for the subsidiaries	endorsements and guarantees for the	
	whose 50% or more of the voting	subsidiaries whose 50% or more of	
	shares are held by the Company	the voting shares are held by the	
	directly or indirectly.	Company directly or indirectly.	
	III.~V. (Omitted)	III.~V. (Omitted)	
	VI. When the endorsed object is not	VI. When the endorsed object is not	
	in conformity with the object of	in conformity with the object of	
	the "Guidelines for the Handling	the "Guidelines for the Handling	
	of Capital Loaning and	of Capital Loaning and	
	Endorsement Guarantee of	Endorsement Guarantee of	
	Publicly Owned Corporation" or	Publicly Owned Corporation"	
	when the amount exceeds the	due to the changes in the	
	limit, the Company shall	Company or when the amount	
	formulate an improvement plan	exceeds the limit, the Company	
	and send the relevant	shall formulate an improvement	
	improvement plan to supervisors,	plan and send the relevant	
	and conduct the improvement	improvement plan to	
	according to the plan.	supervisors, and conduct the	
		improvement according to the	
		plan.	
	VII. When the Company or its	VII. When the Company or its	
	subsidiary company endorses a	subsidiary company endorses a	
	guarantee for a subsidiary	guarantee for a subsidiary	
	company whose net value is less	company whose net value is	
	than one-half of the paid-in	less than one-half of the paid-in	
	capital, in addition to the	capital, in addition to the	
	provisions of the preceding	provisions of the preceding	
	paragraph, the internal auditors	paragraph, the internal auditors	
	of the Company shall at least	of the Company shall at least	
	quarterly audit procedures for	quarterly audit procedures for	
	endorsement guarantee and its	endorsement guarantee and its	
	implementation, and make	implementation, and make	
	written records. If significant	written records. If significant	
	irregularities are found, the audit	irregularities are found, the	
	committee and the Board of	audit committee and the Board	
	Directors shall be notified in	of Directors shall be notified in	
	writing.	writing.	

Article No.		Articl	es before the amendments		Artic	les after the amendments	Amendment Note
	An	nounc	ement and Declaration	An	nound	Amendments	
		ocedur			cedu	are made in	
	I.	The c	company shall announce the	I. The company shall announce the			accordance
			nce of endorsement			ance of endorsement	with Laws
		guar	antees of the Company and		gua	rantees of the Company and	and actual
		-	ubsidiaries in accordance		-	subsidiaries in accordance	needs.
		with	the relevant provisions of		with	n the relevant provisions of	
			competent authority. In			competent authority. In	
			tion, if the balance of			ition, if the balance of	
		endo	orsement guarantees reaches		end	orsement guarantees reaches	
			of the following criteria, the			of the following criteria,	
		Con	npany shall make a		the	Company shall make a	
		decl	aration within two days from		dec	laration within two days	
		the c	date of occurrence of the		fror	n the date of occurrence of	
		facts	5:		the	facts:	
		1.	The balance of endorsement		1.	The balance of	
			and guarantee of the			endorsements and	
			Company and its			guarantees of the	
			subsidiaries reaches 50 % or			Company and its	
			more of the Company's net			subsidiaries reaches 50%	
			value as stated in the latest			or more of the Company's	
			financial statements.			net worth as stated in the	
						latest audited financial	
						statements.	
		2.	The balance of		2.	The balance of	
			endorsements and			endorsements and	
			guarantees made by the			guarantees made by the	
			Company and its			Company and its	
			subsidiaries to a single			subsidiaries to a single	
			enterprise reaches 20% or			enterprise reaches 20% or	
			more of the Company's net			more of the Company's	
			value as stated in the latest			net value as stated in the	
			financial statements.			latest CPA's audit or	
						reviewed financial	
						statements.	
		3.	The balance of		3.	The balance of	
			endorsements and			endorsements and	
			guarantees made by the			guarantees made by the	
			Company and its			Company and its	
			subsidiaries to a single			subsidiaries to a single	
			enterprise reaches NT\$10			enterprise reaches NT\$10	

Article	Articles before the amendment	nts Articles after the amendments	Amendment
No.			Note
	million and the total ba		
	of endorsement and	aggregate amount of	
	guarantee, long-term	carrying amount of the	
	investment, and capital	<u>investments accounted for</u>	
	lending of the Compar	using equity method and	
	reaches 30% or more c	of the balance of fund loaning	
	Company's net value a	more than 30% of the	
	stated in the latest fina	ncial <u>Company's net value as</u>	
	statements.	stated in the latest CPA's	
		audit or reviewed financial	
		statements.	
	4. The added amount of	4. The amount of	
	endorsement/guarantee	e endorsement/guarantee	
	made by the Company	or its made by the Company or	
	subsidiaries reaches N	T\$30 its subsidiaries reaches	
	million and reaches 5%	6 of NT\$30 million and reaches	
	the Company's <u>net val</u>	ue in 5% of the Company's net	
	the most recent financi		
	statements.	CPA or stated in the	
		reviewed financial	
		statements.	
	II. (Omitted)	II. (Omitted)	
Article	Implementation and Amendment	t Implementation and Amendment	Amendments
13	The formulation of this operating		are made in
	procedure shall be approved by r	nore procedure shall be approved by	accordance
	than one-half of all members of t		with Laws
	audit committee, and shall be	of the audit committee, and shall be	and actual
	submitted to the Board of Direct	ors submitted to the Board of Directors	needs.
	for resolution and then submitted	l to for resolution and then submitted to	
	the shareholders' meeting for	the shareholders' meeting for	
	approval before implementation.	_	
		e-half is not approved by more than one-	
	of the members of the audit	half of the members of the audit	
	committee, it shall be approved l	committee, it shall be approved by	
	more than two-thirds of all the	more than two-thirds of all the	
	directors, and shall be implemen		
	after the resolution of the audit	after the resolution of the audit	
	committee is stated in the minute		
	the Board of Directors' meeting		
	approved in the shareholders'	approved in the shareholders'	
	meeting. If a director expresses h		

Article	Articles before the amendments	Articles after the amendments	Amendment
No.			Note
	objection and has a record or written	objection and has a record or written	
	statement, the Company shall submit	statement, the Company shall submit	
	his objection to the shareholders'	his objection to the shareholders'	
	meeting for discussion. The same	meeting for discussion. The same	
	procedures shall be followed for	procedures shall be followed for	
	amendments.	amendments.	
	When it is discussed in the Board of	When it is discussed in the Board of	
	Directors' meeting, the opinions of	Directors' meeting, the opinions of	
	each independent director shall be	each independent director shall be	
	fully considered and the specific	fully considered and the specific	
	opinions and reasons for assent or	opinions and reasons for assent or	
	dissent and assent or dissent and their	dissent and assent or dissent and	
	reasons for dissent shall be included	their reasons for dissent shall be	
	in the minutes of the Board of	included in the minutes of the Board	
	Directors' meeting.	of Directors' meeting.	