

Sinmag Equipment Corporation
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, Ming-ching, 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:

1. 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

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

Serial number	Director Candidates	Shareholdings (Shares)	Education 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 number	Director Candidates	Shareholdings (Shares)	Education Background	Work Experiences	Current Position
3	Chang, Jui-jung	380,981	Master Degree in Business Administration, Asia University	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 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 Corporation Director, 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	Professor, Yuan Ze University President, Yuan Ze University Far East Energy Lecture Professor, Yuan Ze University Dean, University of Wisconsin Milwaukee Research Engineer, Argonne National Laboratory Chairman, New Energy Association of Taiwan Science and Technology	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	Principal consultant /Corporate Appraiser, Professional Actuary Management Consulting Co., Ltd. Chief Representative, Shanghai Representative Office of Dahua Securities Co., Ltd, Deputy Manager, Department of Securities & Finance, China Development Industrial Bank Deputy Manager, Underwriting Department, Dahua Securities Co., Ltd. Assistant Manager, Financial Trading Department, Chinatrust Commercial Bank	Representative, Bosch Think Tank Company Head/Corporate Appraiser/FRM, Bosch Think Tank Corporate Appraiser Company Member of Remuneration Committee, Rotam Global Agrosiences 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	Lecturer, College of Commerce, National Chengchi University Partner, Deloitte & Touche Chairman, Deloitte & Touche	Director, Pang Kuei & Co., CPA Independent Director, Lin Bioscience, Inc. Independent Director, Dah Chung Bills Finance Corp. Supervisor, Jorjin Technologies Inc. Supervisor, Superior Plating Technology Co., Ltd. Independent Director, Star Comgistic Capital Co., Ltd.

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, Shih-hung 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:

The list of elected directors is as follows:

Account number or ID number	Account Name or Name	Number of Votes
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 independent directors is as follows:

Account number or ID number	Account Name or Name	Number of Votes
A10172****	Tu, San-chien	48,874,452
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.
3. The details of releasing the Directors from non-competition restrictions are as follows:

Title/Name	Company Name and Position
Director, Hsieh, Shun-ho	Chairman, Sinmag Equipment (China) Co., Ltd. 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, Wu, Yao-tsung	Supervisor, Sinmag Fitting Corporation 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, Chang, Jui-jung	Chairman and general manager, San Neng Group Holdings 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

Title/Name	Company Name and Position
	Chairman, Jui Jung International Limited
Director, Hsieh, Ming-ching	Director, Sinmag Equipment (Thailand) Co., Ltd. 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, Chen, Yung-chen	Deputy General Manager, Sales Department, Sinmag Equipment (China) Co., Ltd. Director, Sinmag Bakery Equipment Sdn. Bhd. Director, Sinmag Bakery Machine India Private Limited
Director, Chang, Yu-chuan	General Manager, Sinmag Fitting Corporation 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:

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

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 Expenses	31,961	(37,962)	(184.19%)
Profit Before Tax	689,261	790,236	(12.78%)
Profit After Tax	473,613	534,153	(11.33%)

(2) Budget execution

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

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

Items		2018	2017
Financial Structure Analysis	Debt-to-asset Ratio	34.45%	38.13%
	Ratio of Long-term Capital to Property, Plant, and Equipment	262.36%	291.06%
Analysis of Debt Payment Structure	Current Ratio	236.68%	229.87%
	Quick Ratio	162.03%	159.31%
Profitability Analysis	Return on Assets	15.05%	17.21%
	Return on Shareholders' Equity	23.31%	27.48%
	Radio of Paid-in Capital	130.85%	170.65%
	Operating Profit	137.22%	162.82%
	Net Income Before Tax	11.25%	11.85%
	Net Profit Rate	9.43	11.01
Earnings Per Share (NT\$)			

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

March 14, 2019

【 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 Note 4 (1) 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.

Sinmag Equipment Corporation

BALANCE SHEETS

DECEMBER 31, 2018 AND 2017

(In Thousands of New Taiwan Dollars)

ASSETS	2018		2017	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash (Notes 4 and 6)	\$ 56,184	2	\$ 66,964	3
Notes receivable (Notes 4, 7 and 18)	46,139	2	39,990	2
Trade receivables (Notes 4, 7 and 18)	126,717	5	131,829	5
Trade receivables from related parties (Notes 4, 18 and 27)	41,291	2	93,152	4
Other receivables (Notes 4 and 7)	1,441	-	1,383	-
Current tax assets (Note 20)	10,616	-	9,786	-
Inventories (Notes 4 and 8)	100,457	4	68,914	3
Prepayments	<u>1,728</u>	<u>-</u>	<u>12,205</u>	<u>-</u>
Total current assets	<u>384,573</u>	<u>15</u>	<u>424,223</u>	<u>17</u>
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)	118,988	5	122,917	5
Other intangible assets (Notes 4 and 11)	486	-	846	-
Deferred tax assets (Notes 4 and 20)	20,713	1	16,365	1
Other financial assets - non-current (Notes 12 and 28)	64	-	63	-
Other non-current assets (Note 12)	<u>391</u>	<u>-</u>	<u>750</u>	<u>-</u>
Total non-current assets	<u>2,171,132</u>	<u>85</u>	<u>2,072,130</u>	<u>83</u>
TOTAL	<u>\$ 2,555,705</u>	<u>100</u>	<u>\$ 2,496,353</u>	<u>100</u>
LIABILITIES AND EQUITY				
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	-
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	<u>-</u>	<u>-</u>	<u>5,689</u>	<u>-</u>
Total current liabilities	<u>402,819</u>	<u>16</u>	<u>397,154</u>	<u>16</u>
NON-CURRENT LIABILITIES				
Deferred tax liabilities (Notes 4 and 20)	87,298	3	91,236	3
Net defined benefit liabilities - non-current (Notes 4 and 16)	<u>2,909</u>	<u>-</u>	<u>20,019</u>	<u>1</u>
Total non-current liabilities	<u>90,207</u>	<u>3</u>	<u>111,255</u>	<u>4</u>
Total liabilities	<u>493,026</u>	<u>19</u>	<u>508,409</u>	<u>20</u>
EQUITY (Notes 4 and 17)				
Share capital				
Ordinary shares	<u>502,302</u>	<u>20</u>	<u>485,316</u>	<u>19</u>
Capital surplus	<u>75,738</u>	<u>3</u>	<u>74,943</u>	<u>3</u>
Retained earnings				
Legal reserve	455,057	18	401,642	16
Special reserve	84,646	3	70,718	3
Unappropriated earnings	<u>1,046,591</u>	<u>41</u>	<u>1,039,971</u>	<u>42</u>
Total retained earnings	<u>1,586,294</u>	<u>62</u>	<u>1,512,331</u>	<u>61</u>
Other equity	<u>(101,655)</u>	<u>(4)</u>	<u>(84,646)</u>	<u>(3)</u>
Total equity	<u>2,062,679</u>	<u>81</u>	<u>1,987,944</u>	<u>80</u>
TOTAL	<u>\$ 2,555,705</u>	<u>100</u>	<u>\$ 2,496,353</u>	<u>100</u>

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

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

Sinmag Equipment Corporation

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	\$ 925,896	98	\$ 1,107,255	98
Service revenue	<u>21,430</u>	<u>2</u>	<u>26,908</u>	<u>2</u>
Total operating revenue	<u>947,326</u>	<u>100</u>	<u>1,134,163</u>	<u>100</u>
OPERATING COSTS				
Cost of goods sold (Notes 8, 19 and 27)	(798,757)	(84)	(943,826)	(83)
Service cost	<u>(2,609)</u>	<u>-</u>	<u>(2,767)</u>	<u>-</u>
Total operating costs	<u>(801,366)</u>	<u>(84)</u>	<u>(946,593)</u>	<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)	<u>12,997</u>	<u>1</u>	<u>13,067</u>	<u>1</u>
REALIZED GROSS PROFIT	<u>147,524</u>	<u>16</u>	<u>187,640</u>	<u>17</u>
OPERATING EXPENSES (Notes 4, 19 and 27)				
Selling and marketing expenses	(58,589)	(6)	(62,772)	(6)
General and administrative expenses	(71,275)	(8)	(81,323)	(7)
Research and development expenses	(9,094)	(1)	(8,958)	(1)
Gain on reversal of expected credit loss	<u>9,564</u>	<u>1</u>	<u>-</u>	<u>-</u>
Total operating expenses	<u>(129,394)</u>	<u>(14)</u>	<u>(153,053)</u>	<u>(14)</u>
PROFIT FROM OPERATIONS	<u>18,130</u>	<u>2</u>	<u>34,587</u>	<u>3</u>
NON-OPERATING INCOME AND EXPENSES				
Other income (Notes 4 and 19)	1,011	-	623	-
Other gains and losses (Notes 4 and 19)	6,889	-	(5,135)	-
Finance costs (Notes 4 and 19)	(940)	-	(751)	-
Share of profit or loss of subsidiaries, associates and joint ventures (Note 4)	<u>490,610</u>	<u>52</u>	<u>547,228</u>	<u>48</u>
Total non-operating income and expenses	<u>497,570</u>	<u>52</u>	<u>541,965</u>	<u>48</u>

(Continued)

Sinmag Equipment Corporation

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)	<u>(42,087)</u>	<u>(4)</u>	<u>(42,399)</u>	<u>(4)</u>
NET PROFIT FOR THE YEAR	<u>473,613</u>	<u>50</u>	<u>534,153</u>	<u>47</u>
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>-</u>	<u>420</u>	<u>-</u>
	<u>5,589</u>	<u>1</u>	<u>(2,051)</u>	<u>-</u>
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating the financial statements of foreign operations	(22,333)	(2)	(16,782)	(1)
Income tax relating to items that may be reclassified subsequently to profit or loss	<u>5,324</u>	<u>-</u>	<u>2,854</u>	<u>-</u>
	<u>(17,009)</u>	<u>(2)</u>	<u>(13,928)</u>	<u>(1)</u>
Other comprehensive loss for the year, net of income tax	<u>(11,420)</u>	<u>(1)</u>	<u>(15,979)</u>	<u>(1)</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 462,193</u>	<u>49</u>	<u>\$ 518,174</u>	<u>46</u>
EARNINGS PER SHARE (Note 21)				
From continuing operations				
Basic	<u>\$ 9.43</u>		<u>\$ 10.63</u>	
Diluted	<u>\$ 9.39</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)

Sinmag Equipment Corporation

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

			Retained Earnings			Other Equity Exchange Differences on Translating the Financial Statements of Foreign Operations	Total Equity
	Share Capital	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings		
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	-	-	54,686	-	(54,686)	-	-
Special reserve	-	-	-	16,217	(16,217)	-	-
Cash dividends distributed by the Company	-	-	-	-	(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	-	-	-	-	(2,051)	(13,928)	(15,979)
Total comprehensive income for the year ended December 31, 2017	-	-	-	-	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	-	-	53,415	-	(53,415)	-	-
Special reserve	-	-	-	13,928	(13,928)	-	-
Cash dividends distributed by the Company	-	-	-	-	(388,253)	-	(388,253)
Share dividends distributed by the Company	16,986	-	-	-	(16,986)	-	-
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	-	-	-	-	5,589	(17,009)	(11,420)
Total comprehensive income for the year ended December 31, 2018	-	-	-	-	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)

Sinmag Equipment Corporation

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:		
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		
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)
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	(2,579)	(17,899)
Payments for intangible assets	-	(235)
Proceeds from disposal of property, plant and equipment	-	12
Dividends received from subsidiaries	376,987	465,474
Increase in other financial assets	(1)	-

(Continued)

Sinmag Equipment Corporation

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	<u>359</u>	<u>-</u>
Net cash generated from investing activities	<u>374,766</u>	<u>430,842</u>
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	<u>(897)</u>	<u>(742)</u>
Net cash used in financing activities	<u>(334,802)</u>	<u>(448,261)</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	<u>1,300</u>	<u>(2,234)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(10,780)	(49,333)
CASH AT THE BEGINNING OF THE YEAR	<u>66,964</u>	<u>116,297</u>
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)

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, 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.

Sinmag Equipment Corporation AND SUBSIDIARIES

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

ASSETS	2018		2017	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 and 6)	\$ 807,198	25	\$ 828,127	25
Notes receivable (Notes 4, 7 and 21)	53,816	2	49,410	2
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	-
Inventories (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
Total 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
Total non-current assets	1,022,151	32	878,888	27
TOTAL	\$ 3,231,967	100	\$ 3,304,931	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
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	-
Total 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	15
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
Total retained earnings	1,586,294	49	1,512,331	46
Other equity	(101,655)	(3)	(84,646)	(3)
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
TOTAL	\$ 3,231,967	100	\$ 3,304,931	100

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

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

Sinmag Equipment Corporation AND SUBSIDIARIES

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)	<u>21,430</u>	<u>-</u>	<u>26,909</u>	<u>1</u>
Total operating revenue	<u>4,312,015</u>	<u>100</u>	<u>4,614,233</u>	<u>100</u>
OPERATING COSTS				
Cost of goods sold (Notes 8, 22 and 30)	(2,591,100)	(60)	(2,713,721)	(59)
Service cost	<u>(2,609)</u>	<u>-</u>	<u>(2,767)</u>	<u>-</u>
Total operating costs	<u>(2,593,709)</u>	<u>(60)</u>	<u>(2,716,488)</u>	<u>(59)</u>
GROSS PROFIT	<u>1,718,306</u>	<u>40</u>	<u>1,897,745</u>	<u>41</u>
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)	<u>7,083</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total operating expenses	<u>(1,061,006)</u>	<u>(25)</u>	<u>(1,069,547)</u>	<u>(23)</u>
PROFIT FROM OPERATIONS	<u>657,300</u>	<u>15</u>	<u>828,198</u>	<u>18</u>
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>	<u>-</u>	<u>(16,541)</u>	<u>(1)</u>
Total non-operating income and expenses	<u>31,961</u>	<u>1</u>	<u>(37,962)</u>	<u>(1)</u>
PROFIT BEFORE INCOME TAX FROM CONTINUING OPERATIONS	689,261	16	790,236	17
INCOME TAX EXPENSE (Notes 4 and 23)	<u>(204,029)</u>	<u>(5)</u>	<u>(243,113)</u>	<u>(5)</u>
NET PROFIT FOR THE YEAR	<u>485,232</u>	<u>11</u>	<u>547,123</u>	<u>12</u>

(Continued)

Sinmag Equipment Corporation AND SUBSIDIARIES

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	6,120	-	(2,471)	-
Income tax relating to items that will not be reclassified subsequently to profit or loss	(531)	-	420	-
	<u>5,589</u>	<u>-</u>	<u>(2,051)</u>	<u>-</u>
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating the financial statements of foreign operations	(21,076)	-	(20,203)	(1)
Income tax relating to items that may be reclassified subsequently to profit or loss	5,324	-	2,854	-
	<u>(15,752)</u>	<u>-</u>	<u>(17,349)</u>	<u>(1)</u>
Other comprehensive loss for the year, net of income tax	<u>(10,163)</u>	<u>-</u>	<u>(19,400)</u>	<u>(1)</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 475,069</u>	<u>11</u>	<u>\$ 527,723</u>	<u>11</u>
NET PROFIT ATTRIBUTABLE TO:				
Owners of the Company	\$ 473,613	11	\$ 534,153	12
Non-controlling interests	<u>11,619</u>	<u>-</u>	<u>12,970</u>	<u>-</u>
	<u>\$ 485,232</u>	<u>11</u>	<u>\$ 547,123</u>	<u>12</u>
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Owners of the Company	\$ 462,193	11	\$ 518,174	11
Non-controlling interests	<u>12,876</u>	<u>-</u>	<u>9,549</u>	<u>-</u>
	<u>\$ 475,069</u>	<u>11</u>	<u>\$ 527,723</u>	<u>11</u>
EARNINGS PER SHARE (Note 24)				
From continuing operations				
Basic	<u>\$ 9.43</u>		<u>\$ 11.01</u>	
Diluted	<u>\$ 9.39</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)

Sinmag Equipment Corporation AND SUBSIDIARIES

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						Other Equity Exchange Differences on Translating the Financial Statements of Foreign Operations	Total	Non-controlling Interests	Total Equity
	Share Capital	Capital Surplus	Retained Earnings							
			Legal Reserve	Special Reserve	Unappropriated Earnings					
BALANCE AT JANUARY 1, 2017	\$ 485,316	\$ 74,943	\$ 346,956	\$ 54,501	\$ 991,291	\$ (70,718)	\$ 1,882,289	\$ 53,694	\$ 1,935,983	
Appropriation of 2016 earnings (Note 20)										
Legal reserve	-	-	54,686	-	(54,686)	-	-	-	-	
Special reserve	-	-	-	16,217	(16,217)	-	-	-	-	
Cash dividends distributed by the Company	-	-	-	-	(412,519)	-	(412,519)	-	(412,519)	
Net profit for the year ended December 31, 2017	-	-	-	-	534,153	-	534,153	12,970	547,123	
Other comprehensive loss for the year ended December 31, 2017, net of income tax	-	-	-	-	(2,051)	(13,928)	(15,979)	(3,421)	(19,400)	
Total comprehensive income (loss) for the year ended December 31, 2017	-	-	-	-	532,102	(13,928)	518,174	9,549	527,723	
Cash dividends distributed by subsidiaries (Note 20)	-	-	-	-	-	-	-	(6,535)	(6,535)	
BALANCE AT DECEMBER 31, 2017	485,316	74,943	401,642	70,718	1,039,971	(84,646)	1,987,944	56,708	2,044,652	
Appropriation of 2017 earnings (Note 20)										
Legal reserve	-	-	53,415	-	(53,415)	-	-	-	-	
Special reserve	-	-	-	13,928	(13,928)	-	-	-	-	
Cash dividends distributed by the Company	-	-	-	-	(388,253)	-	(388,253)	-	(388,253)	
Share dividends distributed by the Company	16,986	-	-	-	(16,986)	-	-	-	-	
Difference between actual acquisition price and carrying amount on acquisition of interests in subsidiaries (Note 25)	-	795	-	-	-	-	795	(6,447)	(5,652)	
Net profit for the year ended December 31, 2018	-	-	-	-	473,613	-	473,613	11,619	485,232	
Other comprehensive loss for the year ended December 31, 2018, net of income tax	-	-	-	-	5,589	(17,009)	(11,420)	1,257	(10,163)	
Total comprehensive income (loss) for the year ended December 31, 2018	-	-	-	-	479,202	(17,009)	462,193	12,876	475,069	
Cash dividends distributed by subsidiaries (Note 20)	-	-	-	-	-	-	-	(7,341)	(7,341)	
BALANCE AT DECEMBER 31, 2018	\$ 502,302	\$ 75,738	\$ 455,057	\$ 84,646	\$ 1,046,591	\$ (101,655)	\$ 2,062,679	\$ 55,796	\$ 2,118,475	

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

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

Sinmag Equipment Corporation AND SUBSIDIARIES

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	<u>637,322</u>	<u>530,448</u>
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)

Sinmag Equipment Corporation AND SUBSIDIARIES

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	<u>(19,360)</u>	<u>(42,432)</u>
Net cash used in investing activities	<u>(181,957)</u>	<u>(134,094)</u>
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	<u>(5,652)</u>	<u>-</u>
Net cash used in financing activities	<u>(475,777)</u>	<u>(303,159)</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES		
	<u>(517)</u>	<u>(20,685)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(20,929)	72,510
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>828,127</u>	<u>755,617</u>
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 No.	Articles before the amendments	Articles after the amendments	Amendment Note
Article 29	<p>If the Company has gained any profit for the year, 2% to 10% of it shall be allocated as employee bonus. The Board of Directors shall decide to distribute it by stock or cash. The employees of the subordinate companies that meet certain conditions may be granted such compensation; The Board of Directors can determine by meeting resolution to appropriate no more than 5% of the above mentioned profit as bonus to directors. Proposals for employee bonus and directors' bonus shall be reported to the shareholders' meeting. However, the Company shall reserve the amount of compensations in advance if there is cumulative deficiency before appropriating employees and directors' bonus in accordance with the aforementioned percentage.</p> <p><u>Before the establishment of the Company's audit committee, the supervisor's remuneration and the bonus to directors shall be appropriated at no more than 5% of the profit, and this article shall apply.</u></p>	<p>The company shall appropriate 2% to 10% of the net income before tax of the fiscal year as employees' compensation and no more than 5% of the bonus to director from the current pre-tax profit before the appropriation of employee bonus and directors' bonus. The employees' shares compensation will be distributed in shares or cash by the resolution of the board of directors. the employees of the subordinate companies that meet certain conditions <u>set by the Board of Directors</u> may be granted such compensation. <u>Directors compensation shall be paid in cash.</u> <u>The preceding two paragraphs shall be determined by the resolution of Board of Directors and reported to the shareholders' meeting. Where the Board of Directors has decided to reward employees in the form of shares, the same resolution may decide whether it will be made by issuing new shares or by buying off one's own shares.</u></p> <p>However, the Company shall reserve the amount of compensations in advance if there is cumulative deficiency before appropriating employees and directors bonus in accordance with the aforementioned percentage.</p>	Amendment of text specifying the definition of profit.
Article 29 (1)	<p>If there is any surplus in the Company's annual accounts, the Company shall pay taxes according</p>	<p>If there is a net profit after tax in the Company's annual final accounts, they shall be first appropriated to</p>	Amendment of text specifying the definition

Article No.	Articles before the amendments	Articles after the amendments	Amendment Note
	<p>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.</p> <p>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.</p>	<p>make up for the accumulated losses (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 appropriation of the dividends of the shareholders.</p> <p>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.</p>	of profit.
Article 32	<p>The first amendment was made on September 15, 1983.</p> <p>.....</p> <p>The sixteenth amendment was made on June 17, 2010.</p>	<p>The first amendment was made on September 15, 1983.</p> <p>.....</p> <p>The sixteenth amendment was made on June 17, 2010.</p>	Amend the number of amendments to the articles of association

Article No.	Articles before the amendments	Articles after the amendments	Amendment Note
	<p>The <u>seventeenth</u> amendment was made on June 17, 2010.</p> <p>The <u>eighteenth</u> amendment was made on June 19, 2012.</p> <p>The <u>nineteenth</u> amendment was made on June 28, 2013.</p> <p>The <u>twentieth</u> amendment was made on June 23, 2014.</p> <p>The <u>twenty-first</u> amendment was made on June 30, 2015.</p> <p>The <u>twenty-second</u> amendment was made on June 6, 2016.</p> <p>The <u>twenty-third</u> amendment was made on June 19, 2017.</p> <p>The <u>twenty-fourth</u> amendment was made on June 13, 2018.</p>	<p>The <u>seventeenth</u> amendment was made on June 19, 2012.</p> <p>The <u>eighteenth</u> amendment was made on June 28, 2013.</p> <p>The <u>nineteenth</u> amendment was made on June 23, 2014.</p> <p>The <u>twentieth</u> amendment was made on June 30, 2015.</p> <p>The <u>twenty-first</u> amendment was made on June 6, 2016.</p> <p>The <u>twenty-second</u> amendment was made on June 19, 2017.</p> <p>The <u>twenty-third</u> amendment was made on June 13, 2018.</p> <p><u>The twenty-fourth amendment was made on June 14, 2019.</u></p>	<p>over the years and add the date and number of this amendments.</p>

【 Attachment 5 】

Sinmag Equipment Corporation

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

Article No.	Articles before the amendments	Articles after the amendments	Amendment Note
Article 3	<p>Scope of Assets</p> <p>I. (Omitted)</p> <p>II. Property (including land, housing and building, investment property, <u>land use rights</u>, inventory of construction enterprise) and equipment.</p> <p>III ~ IV (Omitted)</p> <p>V. <u>Claims of financial institutions (including receivables, buying exchange discount and loans, and overdue receivables).</u></p> <p>VI. Derivative products</p> <p>VII. Assets acquired or disposed of by merger, demerger, acquisition or transfer of shares according to the law.</p> <p>VIII. Other important assets.</p>	<p>Scope of Assets</p> <p>I. (Omitted)</p> <p>II. Real estate (including land, housing and building, investment property, inventory of construction enterprise) and equipment.</p> <p>III ~ IV (Omitted)</p> <p>V. <u>Right-of-use assets.</u></p> <p>VI. Derivative products</p> <p>VII. Assets acquired or disposed of by merger, demerger, acquisition or transfer of shares according to the law.</p> <p>VIII. Other important assets.</p>	<p>The amendments are made simultaneously in accordance with the revision of the regulations of the competent authorities.</p>
Article 4	<p>Definition</p> <p>I. Derivative goods: refer to the forward contracts, option contracts, futures contracts, leverage contracts, swap contracts, <u>and the combination of the above commodities,</u> whose value are derived from <u>such commodities as assets, interest rates, exchange rates, indexes or other interests.</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.</p>	<p>Definition</p> <p>I. Derivative goods: refer to forward contracts, option contracts, futures contracts, leverage contracts, or swap contracts whose values are derived from <u>specific interest rates, financial instrument prices, commodity prices, exchange rates, price or rate indices, credit ratings, or credit indices, or other variables. A leveraged margin contract, an exchange contract, a combination of the above-mentioned contracts, or a combined contract or structured</u></p>	<p>The amendments are made simultaneously in accordance with the revision of the regulations of the competent authorities.</p>

Article No.	Articles before the amendments	Articles after the amendments	Amendment Note
	<p>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.</p> <p>III.~VI. (Omitted)</p> <p>VII. The term “within one year” <u>refers to one year from the date of acquisition or disposal of assets, without reckoning in the announced part.</u></p> <p>VIII. The term “most recent financial statements” refers to the <u>financial statements that are publicly announced and attested by a CPA before the acquisition or disposal of assets.</u></p>	<p><u>commodity in which derivative 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.</p> <p>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(3) of the Company Law.</p> <p>III.~VI. (Omitted)</p>	

Article No.	Articles before the amendments	Articles after the amendments	Amendment Note
Article 5	<p><u>Article 5</u></p> <p><u>The company and its individual subsidiaries' investment quota for non-business real estate and marketable securities is set as follows:</u></p> <p>I. The total amount of non-operating property for business use shall not exceed 15% of the net value.</p> <p>II. The total amount of investment in securities shall not exceed 70% of the net value.</p> <p>III. The amount of investment in individual securities shall not exceed 50% of the net value.</p>	<p><u>Article 7</u></p> <p><u>The total amount of real estate and its right-of-use assets or securities of non-operating use and the amount of individual securities obtained by the Company and its subsidiaries are as follows:</u></p> <p>I. The total amount of non-operating property for business use <u>and right-of-use asset</u> shall not exceed 15% of the net value.</p> <p>II. The total amount of investment in securities shall not exceed 70% of the net value.</p> <p>III. The amount of investment in individual securities shall not exceed 50% of the net value.</p>	The amendments are made simultaneously in accordance with the revision of the regulations of the competent authorities.
Article 6	<p><u>Article 6</u></p> <p>The professional appraiser and appraisal personnel, independent auditor, lawyer or the securities underwriter who provides the appraisal report for opinions of the Company shall <u>not be the company's related party.</u></p>	<p><u>Article 5</u></p> <p>The professional appraiser and appraisal personnel, independent auditor, lawyer or the securities underwriter who provides the appraisal report or opinions for the Company shall <u>meet the following requirements:</u></p> <p>I. <u>Not being sentenced to fixed-term imprisonment of more than one year because of violating this Law, Company Law, Banking Law, Insurance Law, 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.</u></p>	The amendments are made simultaneously in accordance with the revision of the regulations of the competent authorities.

Article No.	Articles before the amendments	Articles after the amendments	Amendment Note
		<p><u>II. The transaction party shall not be a related party or a substantial related party.</u></p> <p><u>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.</u></p> <p><u>When issuing the appraisal report or opinion, the personnel in the preceding paragraph shall follow the following procedures:</u></p> <p><u>I. They shall carefully assess their professional capabilities, practical experience and independence before accepting cases.</u></p> <p><u>II. When auditing the cases, appropriate operational procedures shall be planned and implemented to form the conclusion and issue a report or 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.</u></p> <p><u>III. The completeness, correctness and reasonableness of the data sources, parameters and information used shall be assessed one by one as the basis for issuing appraisal reports or opinions.</u></p>	

Article No.	Articles before the amendments	Articles after the amendments	Amendment Note
		IV. <u>IV. Matters to be declared shall include the professionalism and independence of relevant personnel, the reasonableness and correctness of the information used and the compliance with relevant laws and regulations.</u>	
<u>Article 6-1</u>	<p><u>Article 6-1</u></p> <p>If a director expresses an objection to the procedures of acquisition or disposal of assets or other legal requirements that should be approved by the Board of Directors, and has a record or written statement, the Company shall also send the director's objection information to the audit committee.</p> <p>When the acquisition or disposal of assets are submitted to the Board of Directors for discussion in accordance with the preceding paragraph, the Company shall take into full consideration each independent director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the Board of Directors' meeting.</p> <p>The company's major assets or derivative commodity transactions 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.</p>	<p><u>Article 8</u></p> <p>If a director expresses an objection to the procedures of acquisition or disposal of assets or other legal requirements that should be approved by the Board of Directors, and has a record or written statement, the Company should also send the director's objection information to the audit committee.</p> <p>When the acquisition or disposal of assets are submitted to the Board of Directors for discussion in accordance with the preceding paragraph, the Company shall take into full consideration each independent director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the Board of Directors' meeting.</p> <p>The company's major assets or derivative commodity transactions 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, <u>and the resolutions of</u></p>	<p>The amendments are made simultaneously in accordance with the revision of the regulations of the competent authorities.</p>

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

Article No.	Articles before the amendments	Articles after the amendments	Amendment Note
	<p>II. Procedures for determining trading conditions and authorization limits</p> <p>(I) In acquiring or disposing of assets, the Company shall take publicly-announced current value, appraisal value, and real transaction price of nearby real estate into consideration for the transaction criteria and price. The above information shall be compiled into an analysis report and submitted to the chairman. For transaction whose amount is no more than NT\$ 20 million, the transaction 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\$ 20 million, the transaction shall be approved by both the audit committee and the board of director.</p> <p>(II) Acquisition or disposal of equipment shall be made by inquiry, price comparison, price bargaining or bidding. If the amount is less than NT\$ 10 million (inclusive), the amount of the acquisition or disposal shall be approved by the general manager; if the amount is between NT\$ 10 and NT\$</p>	<p>II. Procedures for determining trading conditions and authorized amounts.</p> <p>(I) In acquiring or disposing of assets, the Company shall take publicly-announced current value, appraisal value, and real transaction price of nearby real estate into consideration for the transaction criteria and price. The above information shall be compiled into an analysis report and submitted to the chairman. For transaction whose amount is no more than NT\$ 20 million (inclusive), the transaction 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\$ 20 million, the transaction shall be approved by both the audit committee and the Board of Directors.</p> <p>(II) Acquisition or disposal of equipment <u>or its right-of-use asset</u> shall be made by inquiry, price comparison, price bargaining or bidding. If the amount is less than NT\$10 million (inclusive), the amount of the acquisition or disposal shall be approved by the general manager; if the amount is</p>	

Article No.	Articles before the amendments	Articles after the amendments	Amendment Note
	<p>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.</p> <p>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.</p> <p>IV. Appraisal Report on Real Property or Equipment For the company's acquisition or 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 issued by the professional appraiser shall be obtained before the date of the fact, and</p>	<p>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 Directors.</p> <p>III. Execution Unit The acquisition or disposal of real property, <u>equipment or right-of-use assets</u> shall be submitted for approval pursuant to the preceding paragraph, and then be executed by the use department, the procurement department and the relevant authority and responsibility department.</p> <p>IV. Appraisal Report on Real 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 capital or more than NT\$300 million, the appraisal report issued by the professional</p>	

Article No.	Articles before the amendments	Articles after the amendments	Amendment Note
	<p>the following procedures shall be followed:</p> <p>(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.</p> <p>(II)~(IV) (Omitted)</p> <p>(V) <u>The calculation of the above mentioned transaction amount shall be conducted according to Article 14 paragraph 1, Subparagraph 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.</u></p>	<p>appraiser shall be obtained before the date of the fact, and the following procedures shall be followed:</p> <p>(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.</p> <p>(II)~(IV) (Omitted)</p>	
Article 8	<p><u>Article 8</u></p> <p>I.~III. (Omitted)</p> <p>IV. Acquisition of expert opinions For the Company’s acquisition or disposal of marketable securities, it shall take the latest financial statements of the underlying company which have</p>	<p><u>Article 10</u></p> <p>I.~III. (Omitted)</p> <p>IV. Acquisition of expert opinions For the Company’s acquisition or disposal of marketable securities, it shall take the latest financial statements of the underlying company which have</p>	<p>The amendments are made simultaneously in accordance with the revision of</p>

Article No.	Articles before the amendments	Articles after the amendments	Amendment Note
	<p>been checked by CPC before the facts occur as a reference for evaluating the transaction price. If the transaction amount reaches 20% of the Company's paid-in capital or more than NT\$300 million, it shall consult the accountant before the facts occur to express its views on the reasonableness of the transaction price. If an accountant needs to use an expert reporter, it should be handled in accordance with the stipulations No. 20 of the Auditing Standards Bulletin issued by the Republic of China Accounting Research and Development Foundation. However, this restriction does not apply to any marketable securities with quoted prices in an active market or as otherwise provided by the Financial Supervisory Commission. <u>The calculation of the amount of 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.</u></p>	<p>been checked by CPC before the facts occur as a reference for evaluating the transaction price. If the transaction amount reaches 20% of the Company's paid-in capital or more than NT\$300 million, it shall consult the accountant before the facts occur to express its views on the reasonableness of the transaction price. If an accountant needs to use an expert reporter, it should be handled in accordance with the stipulations No. 20 of the Auditing Standards Bulletin issued by the Republic of China Accounting Research and Development Foundation. However, this restriction does not apply to any marketable securities with quoted prices in an active market or as otherwise provided by the Financial Supervisory Commission.</p>	the regulations of the competent authorities.

Article No.	Articles before the amendments	Articles after the amendments	Amendment Note
Article 9	<p><u>Article 9</u> Procedures for Acquisition or Disposal of <u>Memberships or Intangible Assets</u></p> <p>I. Appraisal and operating procedures The Company's acquisition or disposal of <u>memberships or intangible assets</u> shall be conducted in accordance with the Company's internal control system and <u>the fixed assets processing procedures</u>.</p> <p>II. Procedures for determining trading conditions and authorization limits (I) (Omitted) (II) In acquiring or disposing of intangible assets, the Company shall refer expert appraisal report, fair market value, make resolution of trading conditions and transaction price, and compile them into an analysis report and submit them to the chairman. For transaction whose amount is no more than 10% of the Company's paid-in capital or NT\$ 20 million, the transaction shall be submitted to the Chairman for approval and reported and recorded in the most recent Board of Director meeting on an after-event basis. For those exceeding NT\$ 20 million, the</p>	<p><u>Article 11</u> Procedures for acquisition or disposal of intangible assets <u>or the right-of-use assets or the memberships</u>.</p> <p>I. Evaluation and operating procedures The company's acquisition or disposal of intangible assets <u>or its right-of-use asset or memberships</u> shall be conducted in accordance with the Company's internal control system and <u>the property, plant and equipment procedure</u>.</p> <p>II. Procedures for determining trading conditions and authorization limits (I) (Omitted) (II) In acquiring or disposing of intangible assets <u>or their right-of-use asset</u>, the Company shall refer to expert appraisal report and fair market value, make resolution of trading conditions and transaction price, and compile them into an analysis report and submit them to the chairman. For transaction whose amount is no more than 10% of the Company's paid-in capital or NT\$ 20 million (inclusive), the transaction shall be submitted to the chairman for approval and reported and recorded in the most recent Board of Directors' Meeting on an</p>	<p>The amendments are made simultaneously in accordance with the revision of the regulations of the competent authorities.</p>

Article No.	Articles before the amendments	Articles after the amendments	Amendment Note
	<p>transaction shall be approved by both Audit Committee and the Board of Directors.</p> <p>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.</p> <p>IV. Appraisal Report of <u>Membership 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.</p> <p>V. <u>The calculation of the amount of 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.</u></p>	<p>after-event basis. For those exceeding NT\$ 20 million, the transaction shall be approved by both the Audit Committee and the Board of Directors.</p> <p>III. Execution Unit The company's acquisition or disposal of membership, <u>intangible assets or right-of-use assets</u> shall be executed by the user department and relevant authorities and responsible departments after the approval according to the aforementioned jurisdiction.</p> <p>IV. <u>Intangible assets or their right-of-use assets or memberships'</u> 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 announced by the ARDF.</p>	

Article No.	Articles before the amendments	Articles after the amendments	Amendment Note
Article 10	<p><u>Article 10</u> <u>Procedures for related party transaction</u> I. In acquiring or disposing of assets, the Company and its related parties shall, in addition to handling relevant resolution procedures and assessing the reasonableness of the transaction conditions in accordance with the provisions of article 7, article 8 and article 9, obtain the appraisal report or CPA's opinion from the professional appraisers if the transaction amount reaches 10% or more of the Company's total assets. The transaction amount shall be calculated in accordance with the following methods:</p> <ol style="list-style-type: none"> 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 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.</u> 	<p><u>Article 14</u> When acquiring or disposing of assets, in addition to dealing with relevant procedures for resolutions and evaluating the reasonableness of the transaction conditions as stipulated in <u>Article 10, Article 11, Article 12, Article 13, Article 14, Article 15, Article 16, Article 17 and Article 18</u> of this Standards, the Company and its related parties shall also obtain the appraisal report or CPA's opinion issued by the professional appraiser according to the regulations when the transaction amount reaches more than 10% of the Company's total assets. The transaction amounts shall be conducted in accordance with <u>Article 31 (2).</u></p>	<p>The amendments are made simultaneously in accordance with the revision of the regulations of the competent authorities.</p>

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

Article No.	Articles before the amendments	Articles after the amendments	Amendment Note
	<p>Committee, it shall obtain the consent of more than two-thirds of all Directors before signing the transaction contract and making payment, and the resolution of the Audit Committee shall be stated in the minutes of the Board of Directors' Meeting.</p> <p>The terms "all Audit Committee members" and "all Directors" as stated herein shall be counted as the actual number of persons currently holding those positions.</p> <p><u>(I)</u> The purpose, necessity and anticipated benefits of acquisition or disposal of assets.</p> <p><u>(II)</u> The reason for choosing a related party as a transaction object.</p> <p><u>(III)</u> When acquiring real property from related parties, relevant information for assessing the reasonableness of the predetermined transaction conditions shall be in accordance with <u>paragraph 3 of this article.</u></p> <p><u>(IV)~(V)</u> (omitted)</p> <p><u>(VI)</u> An appraisal report issued by the professional appraiser obtained in accordance with the provisions of <u>the first paragraph of this article</u>, or the opinion of the CPA.</p> <p><u>(VII)</u> (Omitted)</p> <p>The calculation of the amount</p>	<p>shall obtain the consent of more than two-thirds of all Directors before signing the transaction contract and making payment, and the resolution of the Audit Committee shall be stated in the minutes of the Board of Directors' Meeting.</p> <p>The terms "all Audit Committee members" and "all Directors" as stated herein shall be counted as the actual number of persons currently holding those positions.</p> <p><u>I.</u> The purpose, necessity and anticipated benefits of the acquisition or disposal of assets.</p> <p><u>II.</u> The reason for choosing a related party as a transaction object.</p> <p><u>III.</u> The relevant materials for appraising the reasonableness of the predetermined transaction conditions in accordance with <u>Articles 16 and 17</u> when acquiring the real estate <u>or its right to use assets</u> from the related parties.</p> <p><u>IV.~V.</u> (Omitted)</p> <p><u>VI.</u> Appraisal report from professional appraisers or CPA's opinion obtained pursuant to <u>Article 14.</u></p> <p><u>VII.</u> (Omitted)</p> <p>The calculation of the amount of</p>	

Article No.	Articles before the amendments	Articles after the amendments	Amendment Note
	<p>of transactions mentioned in the preceding paragraph shall be conducted in accordance with <u>paragraph 1 of this article</u>. The term “within one 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 shall not be reckoned in.</p> <p>In the case of <u>obtaining or disposing of equipment for business use between the Company and its parent company or its subsidiaries</u>, the Board of Directors shall authorize the Chairman to make a decision in the amount between NT\$ 10 million and NT\$ 30 million, and then reported to the most recent Board of Directors for subsequent ratification.</p> <p>When a matter is reported to the Board of Directors, the opinions of each Independent Director shall be 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’ Meeting.</p>	<p>transactions mentioned in the preceding paragraph shall be conducted in accordance with <u>Article 31(2)</u>, 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 shall not be reckoned in.</p> <p>When <u>the Company and its subsidiaries or their subsidiaries that directly or indirectly hold 100% of the issued shares or total capital are engaged in the acquisition or disposal of equipment for use in business or their right-of-use assets or real estate use rights assets</u>, the Board of Directors shall authorize the chairman to make the decision first in the amount between NT\$10 million and NT\$30 million, and then submitted to the most recent <u>audit committee</u> and Board of Directors for ratification.</p> <p>When a matter is reported to the Board of Directors, the opinions of each Independent Director shall be 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’ Meeting.</p> <p><u>Matters subject to the approval of the</u></p>	

Article No.	Articles before the amendments	Articles after the amendments	Amendment Note
		<u>audit committee shall be approved by 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 holding those positions.</u>	
	<u>Added Article</u> <u>III. Assessment of the</u> <u>reasonableness of transaction costs</u>	<u>Article 16</u> When the Company acquires real estate <u>or its right-of-use</u> assets from related parties, the reasonableness of transaction costs should be assessed as follows: <u>1~2 (Omitted)</u>	
	(I) The company shall evaluate the reasonableness of transaction costs to related parties in acquiring real property from a related party: I-II. (omitted)		
	(II) In the case of the combined purchase of land and premises of the same subject matter, the transaction costs shall be assessed in accordance with any of the methods listed in the preceding paragraph.	Where the same land and housing are purchased <u>or leased</u> jointly under as same subject matter, the transaction costs shall be assessed in accordance with any of the methods listed in the preceding paragraph.	
	(III) Where the Company acquires real property from a related party, the Company shall appraise	When the Company acquires real estate <u>or its right-of-use</u> assets from its related parties, it shall assess the cost of the real property <u>or its right-</u>	

Article No.	Articles before the amendments	Articles after the amendments	Amendment Note
	<p>the cost of real property according to <u>III (I) and (II)</u> of this Article and shall entrust a CPA to review the appraisal and render specific opinions.</p> <p>(IV) Where the Company acquires real property from a related party, the Company shall operate in accordance with <u>the relevant appraisal and operating procedures of provision II of this Article</u>, other than the appraisal provisions of <u>III (I), (II) and (III)</u> of this article on the reasonableness of the transaction costs:</p> <ol style="list-style-type: none"> <u>1.</u> Related parties' acquisition of real estate by inheritance or bestowal <u>2.</u> More than five years will have elapsed from the time the Related Party signed the contract to obtain the real property to the signing date for the current transaction. <u>3.</u> The real property is acquired through signing of a joint development contract with the Related Party, or through engaging a Related Party to build real property, either on the Company's own land or on leased land. 	<p><u>of-use assets</u> in accordance with <u>the preceding two provisions</u>, and shall also entrust an accountant to perform the review and render specific opinions.</p> <p>When the Company acquires real estate <u>or its right to use assets</u> from related parties, it shall be handled in accordance with the provisions of the preceding article if one of the following circumstances occurs. <u>The first three provisions</u> shall not apply:</p> <ol style="list-style-type: none"> <u>I.</u> The related party acquires real property <u>or right-of-use asset</u> from inheritance or as a gift. <u>II.</u> More than 5 years will have elapsed from the time the related party signed the contract to obtain the real property <u>or right-of-use assets</u> thereof to the signing date for the current transaction. <u>III.</u> The real property is acquired through signing of a joint development contract with the Related Party, or through engaging a Related Party to build real property, either on the Company's own land or on leased land. <u>IV.</u> <u>The company acquires the right-of-use asset for use in the</u> 	

Article No.	Articles before the amendments	Articles after the amendments	Amendment Note
	<p><u>Added Article</u></p> <p>(V) In the Company's acquisition of real property from a related party, if the appraisal results conducted both in accordance with <u>III (I) and (II) of this Article</u> are lower than the transaction price, it shall be conducted in accordance with <u>III (VI) and (VII) of this Article</u>. However, this restriction 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:</p> <p><u>1.</u> Where the related party is someone who acquired undeveloped land or leased land, it may submit a proof of compliance with one of the following conditions:</p> <p><u>(1)</u> The undeveloped land shall be appraised according to the method prescribed in the preceding article, and the appraisal of the house is based</p>	<p><u>business from its subsidiaries, or subsidiaries it directly or indirectly holds 100% of the total issued shares or capital.</u></p> <p><u>Article 17</u></p> <p>When the results of the appraisal conducted by the Company in accordance with <u>the preceding item 1 and 2</u> 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 appraisers and CPAs on the reasonability are obtained:</p> <p><u>I.</u> Where the related party acquires undeveloped land or leased land, it shall submit a proof of compliance with one of the following conditions:</p> <p><u>(I)</u> The undeveloped land shall be appraised according to the method prescribed in the preceding article, and the appraisal of the house is based on the construction cost of the related parties plus the</p>	

Article No.	Articles before the amendments	Articles after the amendments	Amendment Note
	<p>on the construction cost of the related parties plus the reasonable construction 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.</p> <p><u>(2)</u> There is case transaction of other floors of the same subject building or in neighboring areas within one year, provided that the area and condition are equivalent according to the reasonable appraisal of real</p>	<p>reasonable construction 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.</p> <p><u>(II)</u> There is case transaction of other floors of the same subject-matter building or in neighboring areas within one year, provide that the area and condition are equivalent according to the reasonable appraisal of real estate.</p>	

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

Article No.	Articles before the amendments	Articles after the amendments	Amendment Note
	<p>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 of the right-of-use assets thereof.</p> <p><u>Added Article</u> <u>(VI)</u> When the Company acquire real property from the related party, if the appraisal result is lower than the transaction price according to <u>provision III (I) to (V) of this article</u>, the following matters shall be dealt with.</p> <p><u>1.</u> The company shall appropriate a special capital reserve in accordance with Article 41(1) of the Securities and Exchange Act for the difference between the transaction price and the appraised cost, and shall not be distributed or used for capital increase. For the Company's investment in the equity method,</p>	<p>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.</p> <p><u>Article 18</u> When the Company acquires real 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.</p> <p><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</p>	

Article No.	Articles before the amendments	Articles after the amendments	Amendment Note
	<p>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.</p> <p>2. The audit committee shall comply with Article 218 of the Company Act.</p> <p>3. The handling of the Company's <u>items 1 and 2</u> shall be reported to the Shareholders' Meeting and the details of the transaction shall be disclosed in the annual report and the prospectus.</p> <p>When the Company appropriates a special surplus reserve by the foregoing provisions, the assets purchased at a high price shall be recognized as a loss or disposition or appropriate compensation or reinstatement, or have other evidence proving reasonableness, and approved by the Financial Supervision and Administration Commission before the special surplus</p>	<p>Article 41(I) of the Securities and Exchange Act.</p> <p>II. The Audit Committee shall comply with Article 218 of the Company Act.</p> <p>III. The handling of the handling of <u>the preceding two subparagraphs</u> shall be reported to the shareholders' meeting and the details of the transaction shall be disclosed in the annual report and the prospectus.</p> <p>When the Company appropriates a special surplus reserve by the foregoing provisions, the assets purchased <u>or leased</u> at a high price shall be recognized as a loss or disposition or appropriate compensation or reinstatement, or have no other evidence proving irrationality and be approved by the Financial Supervision and Administration Commission before the special surplus reserve is used.</p>	

Article No.	Articles before the amendments	Articles after the amendments	Amendment Note
	<p>reserve is used.</p> <p>(VII) The company shall also comply with <u>III (VI) of this article</u> if there is other evidence indicating that the acquisition of real property from a related party was not an arm's length transaction.</p>	<p>The company shall obtain real property or <u>right-of-use assets</u> from a related party. If there is other evidence indicating that the transaction is not a business irregular regular, the Company shall also comply with the preceding two paragraphs.</p>	
	<p><u>Added new articles</u></p>	<p><u>Article 12</u> <u>The calculation of the transaction 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 shall not be reckoned in.</u></p>	<p>Article amendment .</p>
<p><u>Article 11</u></p>	<p><u>Article 11</u> <u>Procedures for Acquisition or Disposal of Claims of Financial Institutions</u> <u>In principle, the Company does not engage in the transaction of acquiring or disposing of the creditor's rights of financial institutions. If it later intends to engage in the transaction of 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.</u></p>	<p><u>Deleted.</u></p>	<p>The provisions of this article are deleted from the Company's practice.</p>

Article No.	Articles before the amendments	Articles after the amendments	Amendment Note
Article 12	<p><u>Article 12</u> <u>Procedures for Acquisition or Disposal of Derivative Products</u> <u>I. Principles and Policies</u> <u>(I) Transaction type</u> 1. <u>The derivative financial products engaged by the Company refer to transaction contracts whose value is derived from commodities such as assets, interest rates, exchange rates, indices or other interests (for example, forward contracts, options, futures, interest rates or exchange rates, exchanges, and a combination contract of the above products, etc.).</u> 2. <u>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.</u> <u>(II) Operation (Hedging) Strategies</u> The derivative financial products traded by the Company shall be for the purpose of hedging, and the traded goods shall be selected to avoid the risks arising from the business</p>	<p><u>Article 19</u> <u>Principles and Guidelines for Transaction of Derivative products</u></p> <p><u>I. Operation (Hedging) Strategies</u> The derivative financial products traded by the Company shall be for the purpose of hedging, and the traded goods shall be selected to avoid the risks arising from the business operations of the Company. The currency held shall be consistent</p>	<p>The amendments are made simultaneously in accordance with the revision of the regulations of the competent authorities.</p>

Article No.	Articles before the amendments	Articles after the amendments	Amendment Note
	<p>operations of the Company. The currency held shall be consistent with the foreign currency demand of the Company's actual import and export transactions, and based on the principle that the Company's overall internal positions (only foreign currency income and expenses) are squared off to reduce the Company's overall foreign exchange risk and foreign exchange operating costs. Transactions for other specific purposes shall be made only after careful evaluation, approval of the audit committee and approval of the Board of Directors.</p> <p><u>(III)</u> Powers and responsibilities</p> <p>1. Finance Department</p> <p><u>(1)</u> Traders</p> <p>A. Responsible for the formulation of the Company's financial product transactions.</p> <p>B. Traders shall regularly calculate positions, collect market information, make trend judgment and risk assessment, and formulate operational strategies which can be basis for</p>	<p>with the foreign currency demand of the Company's actual import and export transactions, and based on the principle that the Company's overall internal positions (only foreign currency income and expenses) are squared off to reduce the Company's overall foreign exchange risk and foreign exchange operating costs. Transactions for other specific purposes shall be made only after careful evaluation, approval of the audit committee and approval of the Board of Directors.</p> <p><u>II.</u> Powers and responsibilities</p> <p>1. Finance Department</p> <p><u>1.</u> Traders</p> <p>A. Responsible for the formulation of the Company's financial product transactions.</p> <p>B. Traders shall regularly calculate positions, collect market information, make trend judgment and risk assessment, and formulate operational strategies which can be basis for transactions after approval.</p>	

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

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

Article No.	Articles before the amendments	Articles after the amendments	Amendment Note
	<p>should immediately make a report and submit it for review, and inform the audit committee.</p> <p><u>3.</u> Performance Evaluation</p> <p><u>(1)</u> Hedging transactions</p> <p>A. The company's profit and loss generated from the exchange rate of its financial assets and derivatives shall be the basis of performance appraisal.</p> <p>B. To fully grasp and express the evaluation risk of transactions, the Company adopts monthly evaluation method to evaluate profit and loss.</p> <p>C. The financial department shall provide foreign exchange position evaluation and foreign exchange market trends and market analysis to the general manager as a management reference and instructions.</p> <p><u>(2)</u> Special-purpose transaction</p> <p>The actual profit and loss is used as the performance</p>	<p>and submit it for review, and inform the audit committee.</p> <p><u>III.</u> Performance appraisal</p> <p><u>(I)</u> Hedging transactions</p> <p>A. The company's profit and loss generated from the exchange rate of its financial assets and derivatives shall be the basis of performance appraisal.</p> <p>B. To fully grasp and express the evaluation risk of transactions, the Company adopts monthly evaluation method to evaluate profit and loss.</p> <p>C. The financial department shall provide foreign exchange position evaluation and foreign exchange market trends and market analysis to the general manager as a management reference and instructions.</p> <p><u>(II)</u> Special-purpose transaction</p> <p>The actual profit and loss is used as the performance evaluation basis, and the accountants shall regularly</p>	

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

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

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

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

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

Article No.	Articles before the amendments	Articles after the amendments	Amendment Note
	<p>1. Periodically evaluate whether the risk management measures currently used are appropriate and faithfully implemented according to the “Standards for the Processing of Assets Acquisition or Disposal by the Publicly Owned Corporation” and the Processing Procedures for Transactions of Derivative Goods formulated by the Company.</p> <p>2. Supervise transactions and profit and loss situations. In case of any abnormality, the necessary countermeasures shall be taken and the report shall be immediately submitted to the audit committee and the Board of Directors. The opinions of the independent directors shall be fully considered when submitting the resolutions of the Board of Directors, and the reasons for their consent or objection shall be included in the Board of</p>	<p>the Company’s permitted scope. <u>Senior executives authorized by the Board of Directors shall manage transactions in accordance with the following principles:</u></p> <p><u>I.</u> Periodically evaluate whether the risk management measures currently used are appropriate and faithfully implemented according to the “Standards for the Processing of Assets Acquisition or Disposal by the Publicly Owned Corporation” and the Processing Procedures for Transactions of Derivative Goods formulated by the Company.</p> <p><u>II.</u> Supervise transactions and profit and loss situations. In case of any abnormality, the necessary countermeasures shall be taken and the report shall be immediately submitted to the audit committee and the Board of Directors. The opinions of the independent directors shall be fully considered when submitting to the Board of Directors for resolutions, and the reasons for their consent or objection shall be included in the board’s records.</p>	

Article No.	Articles before the amendments	Articles after the amendments	Amendment Note
	<p>Directors' meeting records.</p> <p><u>(II) Regularly evaluate whether the performance of derivatives product transaction meets the established operational strategies and whether the risks are within the Company's permitted scope.</u></p> <p><u>(III)</u> 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.</p> <p><u>Added Article</u></p> <p><u>(IV)</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>IV (II) and V (I) and (II) of this article</u> shall be recorded in details in the memorandum book for reference.</p>	<p>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.</p> <p><u>Article 22</u></p> <p>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) and 2 (2)</u> shall be recorded in details in the memorandum book for reference.</p>	

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

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

Article No.	Articles before the amendments	Articles after the amendments	Amendment Note
	<p>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.</p> <p><u>(II)</u> 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 be approved by the Financial Supervisory Commission.</p> <p><u>(III)</u> 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.</p> <p><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.</p>	<p>otherwise stipulated by other laws or subject to special factors that have been reported to the Financial Supervisory and Commission for approval in advance.</p> <p>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.</p> <p>The company shall prepare a full written record of the following information for a company listed on 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 five years:</p> <p><u>I.</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.</p>	

Article No.	Articles before the amendments	Articles after the amendments	Amendment Note
	<p><u>2.</u> 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.</p> <p><u>3.</u> Important documents and proceedings: Including merger, demerger, acquisition, or transfer of shares, letter of intent or memorandum of understanding, important contracts and board proceedings.</p> <p><u>(IV)</u> The company that participates in <u>the listing of</u> mergers, segmentation, acquisitions or transfers of shares or the trading of shares <u>in the business premises of a securities firm</u> shall, within two days from the date of the adoption of the resolution of the Board of Directors, report the information of <u>item 1 (basic personnel information) and item 2 (date of important matters)</u> of this article to the competent authority in accordance with the prescribed format in the Internet Information System for reference.</p> <p><u>(V)</u> Where the Company involved in the merger, demerger, acquisition or</p>	<p><u>II.</u> 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.</p> <p><u>III.</u> Important documents and proceedings: Including merger, demerger, acquisition, or transfer of shares, letter of intent or memorandum of understanding, important contracts and board proceedings.</p> <p>The company participating in the merger, demerger, acquisition, or 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 the preceding paragraph, and file the information in the prescribed format via an online information system to file the competent authority for reference.</p> <p>When the Company participates in a merger, demerger, acquisition or transfer of shares, the Company shall</p>	

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

Article No.	Articles before the amendments	Articles after the amendments	Amendment Note
	<p>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:</p> <p><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.</p> <p><u>2.</u> disposal the Company's major assets and other activities that affect the Company's financial business.</p> <p><u>3.</u> Major disasters, major technological changes and other events affecting the rights and interests of shareholders or securities prices.</p> <p><u>4.</u> Any adjustment to the Company's stock repurchase by any party participating in the merger, demerger, acquisition, or transfer of shares.</p> <p><u>5.</u> Changes in the number of entities or companies participating in the merger, demerger,</p>	<p>permitting alteration in the contract for the merger, demerger, acquisition, or transfer of shares:</p> <p><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.</p> <p><u>II.</u> Disposal the Company's major assets and other activities that affect the Company's financial business.</p> <p><u>III.</u> Major disasters, major technological changes and other events affecting the rights and interests of shareholders or securities prices.</p> <p><u>IV.</u> Any adjustment to the Company's stock repurchase by any party participating in the merger, demerger, acquisition, or transfer of shares.</p> <p><u>V.</u> Changes in the number of entities or companies participating in the merger, demerger, acquisition, or transfer of shares.</p>	

Article No.	Articles before the amendments	Articles after the amendments	Amendment Note
	<p>acquisition, or transfer of shares.</p> <p><u>6.</u> Other conditions stipulated in the contract change and have been disclosed publicly.</p> <p><u>Added Article</u></p> <p><u>(VIII) The contract shall contain the following contents:</u></p> <p>the contract of merger, demerger, acquisition or transfer of shares shall specify the rights and obligations of participating in merger, acquisition or transfer of shares, and shall specify the following matters:</p> <p><u>1.</u> Handling of breach of contract</p> <p><u>2.</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.</p> <p><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.</p> <p><u>4.</u> The method of handling changes in the number of participating entities or companies.</p>	<p><u>VI.</u> Other conditions stipulated in the contract change and have been disclosed publicly.</p> <p><u>Article 28</u></p> <p>The company shall participate in the merger, demerger, acquisition, or transfer of shares, and shall specify the rights and obligations for participating in the merger, demerger, acquisition, or transfer of shares, and shall also include the following:</p> <p><u>I.</u> Handling of breach of contract</p> <p><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.</p> <p><u>III.</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.</p> <p><u>IV.</u> The method of handling changes in the number of participating entities or companies.</p>	

Article No.	Articles before the amendments	Articles after the amendments	Amendment Note
	<p><u>5.</u> Expected execution progress and expected completion schedule.</p> <p><u>6.</u> The relevant procedures of the expected convening dates of shareholders' meeting based on laws when a plan is overdue and still undone.</p> <p><u>Added Article</u></p> <p><u>(IX)</u> After public disclosure of the information, if any company participating in a merger, demerger, acquisition, or transfer of shares intends further to carry out another merger, demerger, acquisition, or transfer of shares with another company, any procedure or legal action already completed for the original merger, split, acquisition, or transfer of shares shall be carried out anew, with exceptions for cases where the number of participating companies is decreased, and where the shareholders' meeting 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.</p> <p><u>Added Article</u></p> <p><u>(X)</u> If a company participating in a merger, demerger,</p>	<p><u>V.</u> Expected execution progress and expected completion schedule.</p> <p><u>VI.</u> The relevant procedures of the expected convening dates of shareholders' meeting based on laws when a plan is overdue and still undone</p> <p><u>Article 29</u></p> <p>After public disclosure of the information, if any company participating in a merger, demerger, acquisition, or transfer of shares intends further to carry out another merger, demerger, acquisition, or transfer of shares with another company, any procedure or legal action already completed for the original merger, split, acquisition, or transfer of shares shall be carried out anew, with exceptions for cases where the number of participating companies is decreased, and where the shareholders' meeting 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.</p> <p><u>Article 30</u></p> <p>If a company participating in the merger, demerger, acquisition or</p>	

Article No.	Articles before the amendments	Articles after the amendments	Amendment 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 article (2)</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 and 29</u> .	
<u>Article 14</u>	<p><u>Added Article</u></p> <p><u>Information Disclosure Procedures</u></p> <p><u>I.</u> If the Company acquires or disposes of assets in the following circumstances, it shall, 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:</p> <p><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-in capital, 10% of the total assets or more than NT\$300 million. However, this restriction does not apply to trading of <u>government bonds</u>, bonds under repurchase and resale agreements, or to issue or repurchase domestic money market funds issued by domestic securities investment trust enterprises.</p> <p><u>(II)</u> Merger, demerger, acquisition, or transfer of</p>	<p><u>Article 31</u></p> <p>If the Company acquires or disposes of assets in the following circumstances, it shall, 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:</p> <p><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 government bonds, bonds under repurchase and resale agreements, or to issue or repurchase domestic money market funds issued by domestic securities investment trust enterprises.</p> <p><u>II.</u> Merger, demerger, acquisition, or transfer of shares.</p>	The amendments are made simultaneously in accordance with the revision of the regulations of the competent authorities.

Article No.	Articles before the amendments	Articles after the amendments	Amendment Note
	<p>shares.</p> <p><u>(III)</u> The loss of transaction in derivative goods has reached the maximum amount of all or individual contract losses specified in the processing procedures.</p> <p><u>(IV)</u> 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.</p> <p><u>(V)</u> 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.</p> <p><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 NT\$300 million. However, this</p>	<p><u>III.</u> The loss of transaction in derivative goods has reached the maximum amount of all or individual contract losses specified in the processing procedures.</p> <p><u>IV.</u> 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.</p> <p><u>V.</u> Acquisition of real 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.</p> <p><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:</p>	

Article No.	Articles before the amendments	Articles after the amendments	Amendment Note
	<p>does not apply to the following circumstances:</p> <ol style="list-style-type: none"> <u>1. Trading of government bonds.</u> <u>2. Securities trading in the domestic and overseas securities exchange or the business premise of the securities exchange, or subscription of ordinary corporate bonds or of general bank debentures without equity characteristics that are offered and issued in the domestic primary market.</u> <u>3. Trading of bonds under repurchase and resale agreements, or subscription or redemption of domestic money market funds issued by domestic securities investment trust enterprises.</u> <p>The amounts of transactions mentioned in the preceding paragraph shall be calculated as follows:</p> <ol style="list-style-type: none"> <u>1. The amount of each transaction.</u> <u>2. The cumulative transaction amount of acquisitions and disposals of the same type of underlying asset with the same counterparty within one year.</u> <u>3. The cumulative transaction amount of real property acquisitions and disposals (cumulative acquisitions and</u> 	<p>(I) Trading of government bonds.</p> <p>(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.</p> <p>The amounts of transactions mentioned in the preceding paragraph shall be calculated as follows:</p> <p><u>I. The amount of each transaction.</u></p> <p><u>II. The cumulative transaction amount of acquisitions and disposals of the same type of underlying asset with the same counterparty within the preceding year.</u></p> <p><u>III. The cumulative transaction amount of real property acquisition and disposal (cumulative acquisitions and</u></p>	

Article No.	Articles before the amendments	Articles after the amendments	Amendment Note
	<p>disposals, respectively) within the same development project within one year.</p> <p>4. The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of the same security within one year.</p> <p>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 period when announcement has been made in accordance with the regulations shall be exempted from re-counting.</p> <p><u>II. The time limit for handling announcements and declarations</u></p> <p><u>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.</u></p> <p><u>Added new articles</u></p> <p><u>III. Announcement and declaration procedures</u></p> <p>(I) The company shall, on a monthly basis, input the information of the Company and its non-domestic publicly issued subsidiaries engaging in derivative product transactions as of the end of last month into the</p>	<p>disposals, respectively) within the same development project within the preceding year.</p> <p><u>IV.</u> The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of the same securities within the preceding year.</p> <p>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 period when announcement has been made in accordance with the regulations shall be exempted from re-counting.</p> <p><u>Article 32</u></p> <p><u>Announcement and Declaration Procedures</u></p> <p>The company shall, on a monthly basis, input the information of the Company and its non-domestic publicly issued subsidiaries engaging in derivative product transactions as of the end of last month into the information reporting website designated by the financial</p>	

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

Article No.	Articles before the amendments	Articles after the amendments	Amendment Note
	<p>terminations or rescission of relevant contracts signed in the original transaction.</p> <p><u>2.</u> The merger, demerger, acquisition, or transfer of shares is not completed by the scheduled date set forth in the contract.</p> <p><u>3.</u> There are changes in contents of the declaration in the original announcement.</p>	<p>rescission of relevant contracts signed in the original transaction.</p> <p><u>II.</u> The merger, demerger, acquisition, or transfer of shares is not completed by the scheduled date set forth in the contract.</p> <p><u>III.</u> There are changes in contents of the declaration in the original announcement.</p>	
<u>Article 15</u>	<p><u>Article 15</u></p> <p>The Company's subsidiaries shall comply with the following provisions:</p> <p>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 its amendment.</p> <p>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.</p> <p><u>III. In the subsidiary's disclosure standards in the preceding subparagraph, the "20% of the</u></p>	<p><u>Article 33</u></p> <p>I.~II. (Omitted)</p> <p><u>III. The provisions on the paid-in capital or total assets related to the subsidiaries' disclosure</u></p>	Article amendment.

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

【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 2	<p>The Object of Capital Loaning</p> <p>In accordance with the Company Law, the funds of the Company shall not be loaned to shareholders or any person except for the following circumstances.</p> <p><u>1.</u> A subsidiary which the Company holds 50% of voting shares directly and indirectly having business transactions or having the necessity of short-term financing.</p> <p>The term “short-term” as used in the preceding paragraph refers to one year. However, when the Company’s business cycle is longer than one year, the business cycle shall prevail.</p> <p><u>2.</u> A foreign company which the Company holds 100% of voting shares directly and indirectly has business or short-term financing requirement.</p>	<p>The Object of Capital Loaning</p> <p>In accordance with the Company Law, the funds of the Company shall not be loaned to shareholders or any person except for the following circumstances.</p> <p><u>I.</u> A subsidiary which the Company holds 50% of voting shares directly and indirectly having business transactions or having the necessity of short-term financing. <u>The amount of financing shall not exceed 40% of the net value according to the Company’s latest CPA audited or reviewed financial statements.</u></p> <p>The term “short-term” as used in the preceding paragraph refers to one year. However, when the Company’s business cycle is longer than one year, the business cycle shall prevail.</p> <p><u>II.</u> A foreign company which the Company holds 100% of voting shares directly and indirectly having business transactions or having the necessity of short-term financing.</p> <p><u>III. A foreign company which the Company holds 100% of voting shares directly and indirectly that is necessary to the Company.</u></p> <p><u>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</u></p>	Amendments made in accordance with the Law and actual needs.

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

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.	<p>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.</p> <p>IV. <u>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.</u></p> <p><u>The amount of financing refers to the accumulated balance of the Company's short-term financing.</u></p> <p><u>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.</u></p> <p><u>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.</u></p>	
Article 5	<p>Reviewing Procedures</p> <p>I.~II. (Omitted)</p> <p>III. In addition to the subsidiary <u>which the Company holds 50% of the voting shares, the promissory notes or collateral of same amount shall be provided.</u></p> <p><u>The provided collateral shall be set up as mortgages to ensure the Company's creditor's rights.</u></p>	<p>Reviewing Procedures</p> <p>I.~II. (Omitted)</p> <p>III. A subsidiary of which the <u>Company directly or indirectly holds 50% of the voting shares, does not need to provide collateral.</u></p>	Amendments made in accordance with the Law and actual needs.

Article No.	Articles before the amendments	Articles after the amendments	Amendment Note
	<p><u>IV. The collateral, except the land 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></p> <p><u>V.</u> Before loaning funds to others, the Company shall carefully assess whether it conforms to the “Guidelines for the Processing of Funds loaning and Endorsement Guarantee of Publicly owned corporation” stimulated by the securities authorities and the provisions of this operating procedure. Together with the appraisal results according to Article 5(2), it shall be approved by more than half of the members of audit committee, and be submitted to the Board of Directors for resolution. Without the approval of more than one-half of all the members of the board of auditors, the approval of more than two-thirds of all the directors shall be obtained, and no other person shall be authorized to make a decision.</p> <p><u>VI.</u> The loaning between the Company and its subsidiaries,</p>	<p>IV. Deleted</p> <p><u>IV.</u> Before loaning funds to others, the Company shall carefully assess whether it conforms to the “Guidelines for the Processing of Funds loaning and Endorsement Guarantee of Publicly owned corporation” stimulated by the securities authorities and the provisions of this operating procedure. Together with the appraisal results according to Article V (2), it shall be approved by more than half of the members of Audit Committee, and be submitted to the Board of Directors for resolution. Without the approval of more than one-half of all the members of the Board of Auditors, the approval of more than two-thirds of all the directors shall be obtained, and no other person shall be authorized to make a decision.</p> <p><u>V.</u> The loaning between the Company and its subsidiaries, or</p>	

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

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

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

【Attachment 7】

Sinmag Equipment Corporation

Comparison Table for Procedures for Endorsements and Guarantees Before and After
Revision

Article No.	Articles before the amendments	Articles after the amendments	Amendment Note
Article 2	<p>Scope of Application</p> <p>The endorsement guarantees referred to in this operating procedure include financing endorsement guarantees, customs endorsement guarantees and other endorsement guarantees.</p> <p>I. <u>Financing endorsement/guarantee shall refer to the bill discount financing, the endorsement or guarantee for the purpose of financing the other companies, and the guarantee for non-financial undertakings by issuing bill for the purpose of financing for the Company.</u></p> <p>II.~III. (Omitted)</p> <p>When the Company provides the movable property and real estate as pledge and mortgage for the guarantee of other companies' loaning, it shall also be handled in accordance with the provisions of this operating procedure.</p>	<p>Scope of Application</p> <p>The endorsement guarantees referred to in this operating procedure include financing endorsement guarantees, customs endorsement guarantees and other endorsement guarantees.</p> <p>I. <u>Financing endorsement/guarantee, including:</u> <u>(I) bill discount financing</u> <u>(II) The endorsement or guarantee for the purpose of financing for the other companies.</u> <u>(III) The guarantee for non-financial undertakings by issuing bill for the purpose of financing for the Company.</u></p> <p>II.~III. (Omitted)</p> <p>When the Company provides the movable property and real estate as pledge and mortgage for the guarantee of other companies' loaning, it shall also be handled in accordance with the provisions of this operating procedure.</p>	<p>Amendments are made in accordance with Laws and actual needs.</p>
Article 3	<p>Endorsement Object</p> <p>I. The company shall make endorsements or guarantees for the following companies:</p> <p>1. A company with 50% or more of the voting shares held by the Company directly and indirectly.</p> <p>2. Endorsements and guarantees</p>	<p>Endorsement Object</p> <p>The company shall make endorsements or guarantees for the following companies:</p> <p>1. Subsidiaries in which the Company directly or indirectly holds more than 50% of the voting shares.</p> <p>2. Endorsements and guarantees</p>	<p>Amendments are made in accordance with Laws and actual needs.</p>

Article No.	Articles before the amendments	Articles after the amendments	Amendment Note
	<p>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 <u>the Board of Directors of the 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.</p> <p>II. (Omitted)</p>	<p>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 and the audit committee of the 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.</p> <p>II. (Omitted) <u>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.</u></p>	
Article 4	<p>Amount of endorsement</p> <p>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.</p> <p>II. The amount of the Company's endorsement/guarantee for a single enterprise shall not exceed 50% of the Company's net value as stated in the latest CPA's audit</p>	<p>Amount of endorsement</p> <p>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.</p> <p>II. The amount of endorsement/guarantee provided to a single enterprise shall not exceed 50% of the Company's net value as stated</p>	Amendments are made in accordance with Laws and actual needs.

Article No.	Articles before the amendments	Articles after the amendments	Amendment Note
	<p>or reviewed financial statements.</p> <p>III. <u>When undertaking endorsement 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, whichever is higher.</u></p> <p>IV. The total amount of endorsement/guarantee provided by the Company and its subsidiaries shall not exceed 50% of the Company's net value as stated in the latest CPA's audit or reviewed financial statements. The amount of endorsement/guarantee provided to a single enterprise shall not exceed 50% of the Company's net value as stated in the latest CPA's audit or reviewed financial statements.</p>	<p>in the latest CPA's audit or reviewed financial statements.</p> <p>III. <u>Deleted</u></p> <p>III. The total amount of endorsement/guarantee provided by the Company and its subsidiaries shall not exceed 50% of the Company's net value as stated in the latest CPA's audit or reviewed financial statements. The amount of endorsement/guarantee provided to a single enterprise shall not exceed 50% of the Company's net value as stated in the latest CPA's audit or reviewed financial statements. <u>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.</u></p>	
Article 5	<p>Hierarchy of decision-making authority and delegation thereof</p> <p>I. When the Company provides endorsement for a guaranteed company, the appraisal results</p>	<p>Hierarchy of decision-making authority and delegation thereof</p> <p>I. When the Company provides endorsement for a guaranteed company, the appraisal results</p>	Amendments are made in accordance with Laws and actual

Article No.	Articles before the amendments	Articles after the amendments	Amendment Note
	<p>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.</p> <p>II. (Omitted)</p>	<p>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 committee and the Board of Directors</u> afterwards, and the case shall be reported to the next annual shareholders' meeting for review.</p> <p>II. (Omitted)</p>	needs.
Article 7	<p>Endorsement Procedures</p> <p>I. (Omitted)</p> <p>II. Review procedures include:</p> <ol style="list-style-type: none"> 1. The necessity and reasonableness of endorsement/guarantee 2. Credit investigation and risk assessment of the endorsed object. 3. Impact on the Company's operational risks, financial conditions and shareholders' equity. 4. Whether the collateral and the 	<p>Endorsement Procedures</p> <p>I. (Omitted)</p> <p>II. Review procedures include:</p> <ol style="list-style-type: none"> 1. The necessity and reasonableness of endorsement/guarantee 2. Credit investigation and risk assessment of the endorsed object. 3. Impact on the Company's operational risks, financial conditions and shareholders' equity. 4. 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
	<p>value evaluation of the collateral shall be obtained.</p> <p>The collateral is not necessary for the purpose of providing endorsements and guarantees for the subsidiaries whose 50% or more of the voting shares are held by the Company directly or indirectly.</p> <p>III.~V. (Omitted)</p> <p>VI. When the endorsed object is not in conformity with the object of the “Guidelines for the Handling of Capital Loaning and Endorsement Guarantee of Publicly Owned Corporation” or when the amount exceeds the limit, the Company shall formulate an improvement plan and send the relevant improvement plan to supervisors, and conduct the improvement according to the plan.</p> <p>VII. When the Company or its subsidiary company endorses a guarantee for a subsidiary company whose net value is less than one-half of the paid-in capital, in addition to the provisions of the preceding paragraph, the internal auditors of the Company shall at least quarterly audit procedures for endorsement guarantee and its implementation, and make written records. If significant irregularities are found, the audit committee and the Board of Directors shall be notified in writing.</p>	<p>value evaluation of the collateral shall be obtained.</p> <p>The collateral is not necessary for the purpose of providing endorsements and guarantees for the subsidiaries whose 50% or more of the voting shares are held by the Company directly or indirectly.</p> <p>III.~V. (Omitted)</p> <p>VI. When the endorsed object is not in conformity with the object of the “Guidelines for the Handling of Capital Loaning and Endorsement Guarantee of Publicly Owned Corporation” due to the changes in the Company or when the amount exceeds the limit, the Company shall formulate an improvement plan and send the relevant improvement plan to supervisors, and conduct the improvement according to the plan.</p> <p>VII. When the Company or its subsidiary company endorses a guarantee for a subsidiary company whose net value is less than one-half of the paid-in capital, in addition to the provisions of the preceding paragraph, the internal auditors of the Company shall at least quarterly audit procedures for endorsement guarantee and its implementation, and make written records. If significant irregularities are found, the audit committee and the Board of Directors shall be notified in writing.</p>	

Article No.	Articles before the amendments	Articles after the amendments	Amendment Note
Article 9	<p>Announcement and Declaration Procedures</p> <p>I. The company shall announce the balance of endorsement guarantees of the Company and its subsidiaries in accordance with the relevant provisions of the competent authority. In addition, if the balance of endorsement guarantees reaches one of the following criteria, the Company shall make a declaration within two days from the date of occurrence of the facts:</p> <ol style="list-style-type: none"> 1. The balance of endorsement and guarantee of the Company and its subsidiaries reaches 50 % or more of the Company's <u>net value as stated in the latest financial statements.</u> 2. The balance of endorsements and guarantees made by the Company and its subsidiaries to a single enterprise reaches 20% or more of the Company's <u>net value as stated in the latest financial statements.</u> 3. The balance of endorsements and guarantees made by the Company and its subsidiaries to a single enterprise reaches NT\$10 	<p>Announcement and Declaration Procedures</p> <p>I. The company shall announce the balance of endorsement guarantees of the Company and its subsidiaries in accordance with the relevant provisions of the competent authority. In addition, if the balance of endorsement guarantees reaches one of the following criteria, the Company shall make a declaration within two days from the date of occurrence of the facts:</p> <ol style="list-style-type: none"> 1. The balance of endorsements and guarantees of the Company and its subsidiaries reaches 50% or more of the Company's <u>net worth as stated in the latest audited financial statements.</u> 2. The balance of endorsements and guarantees made by the Company and its subsidiaries to a single enterprise reaches 20% or more of the Company's <u>net value as stated in the latest CPA's audit or reviewed financial statements.</u> 3. The balance of endorsements and guarantees made by the Company and its subsidiaries to a single enterprise reaches NT\$10 	Amendments are made in accordance with Laws and actual needs.

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

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