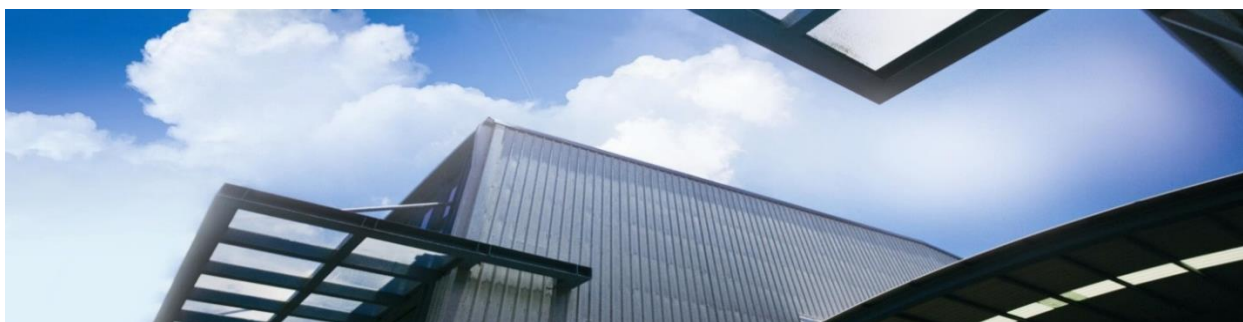




世堃塑膠股份有限公司 Shih-Kuen Plastics CO., LTD.

Minutes for 2019 Annual Shareholders Meeting



Date: June 19, 2019

Venue: 3F, Ma-Dou District Agriculture Office Building
(56 Xing Sheng North Road, Ma-Dou District, Tainan)

Translation Summary

This English translation is prepared in accordance with the Mandarin version for reference purposes only. Please prevail the Mandarin version if there are any discrepancy with the translation.

Date: Wednesday, June 19, 2019

Time: 9:00 a.m.

Venue: 3F Meeting Room, Ma-Dou District Agriculture Office Building
(56 Xing Sheng North Road, Ma-Dou District, Tainan)

Attending Shareholders:

46,968,724 shares of attending shareholders and proxy (of which 31,278 shares were by electronic means) represents 85.37% of total outstanding shares, 55,014,000.

Attending Directors:

Chang-Fu Lin, Chun-Cheng Chen, Man-Ling Huang,
Liang-Cheng Chou (Independent Director),
Szu-Cheng Chou (Independent Director)
Total Number of Directors: 7, Attending Directors: 5,
[Attendance Rate](#): 71.43%

Attending Supervisors:

Hui- Chen Ma, Chih-Min Chen, Huann-Wen Chen
Total Number of Supervisors:3, Attending Supervisors: 3,
[Attendance Rate](#): 100%

Chairman: Chang-Fu Lin



Recorder: Yu-Chieh Lin



1. Call Meeting to Order (omitted)
2. Chairman's Address (omitted)
3. Report Items
 - (1) Business Report 2018
 - (2) Supervisor's Review Financial Statement 2018
 - (3) Report on Remuneration Distribution of Employees, Directors and Supervisors, 2018
The Board has approved the following distribution plan on March 20, 2019
 - I. Remuneration of Directors and Supervisors is NT \$4,537,799.
 - II. Employee Compensation is NT \$4,537,799.
 - III. Comparing the above-mentioned proposed amount of remuneration NT \$9,075,598 and accounting estimate NT \$9,385,876, the difference of NT \$ -310,278 will be adjusted in the expense of 2019 accordingly.

4. Ratification Items

(1) Business Report and Financial Statements, 2018

Explanatory Notes:

- I. The Company's 2018 Financial Statements, including Balance Sheet, Statement of Comprehensive Income, Statement of Changes in Equity, and Cash Flow Statement, were approved at the Board on March 20, 2019 and reviewed by the supervisors.
- II. All the financial reports listed above were audited along with the Independent Audit Report. by accountants, Mr. Yung-Chih Lin and Mr. Tzu-Meng Liu, of PwC Taiwan.
- III. Operating revenue of FY 18 was NT \$1,139,107 thousands and operating profit was NT \$195,531 thousands; profit before tax was NT\$217,504 thousands, and NT \$174,761 thousands after tax. The earnings per share of FY18 is NT\$3.18.

Resolution:

A total of 46,968,724 votes were represented at the meeting.

Vote Results

	<u>Votes*</u>	<u>%</u>
For	46,947,764 (29,029)	99.95%
Against	128 (128)	0.01%
Abstain	20,832 (2,121)	0.04%

* including votes casted electronically (number in brackets)

The proposal was approved with over one half of votes representing at the meeting. 2018 Business Report and Financial Statements were hereby approved and adopted as submitted.

(2) Profit Distribution Proposal, 2018

Explanatory Notes:

- I. After adjusting the Retained Earnings of 2018 with legal reserves and associated expenses related to dividends distribution, the Board of Directors has approved the following profit distribution plan:
 - Distributing a total of NT \$143,036,400 capital surplus in cash dividends.
 - Issuing cash dividends only.
- II. The Board proposes to distribute cash dividends of NT \$2.60 per share. According to *the Company Act*, the approval of the shareholders meeting authorizes the Board of Directors to resolve the ex-dividend date, payment date, and other relevant issues. The Board shall adjust the cash dividends based on the number of actual shares outstanding on the record date

Resolution:

A total of 46,968,724 votes were represented at the meeting.

Vote Results

	<u>Votes*</u>	<u>%</u>
For	46,947,764 (29,029)	99.95%
Against	128 (128)	0.01%
Abstain	20,832 (2,121)	0.04%

* including votes casted electronically (number in brackets)

The proposal was approved with over one half of votes representing at the meeting. The distribution of 2018 Remuneration is hereby approved and adopted as the proposal.

5. Discussion Items:

- (1) Amendment to *Memorandum and Article of the Company*
(Proposed by the Board of Directors)

Explanatory Notes:

The Company propose to amend Article 1, 8 19, 21, 34 and 19-1 of the *Memorandum and Articles of Association*.

Resolution:

A total of 46,968,724 votes were represented at the meeting.

Vote Results

	<u>Votes*</u>	<u>%</u>
For	46,947,758 (29,023)	99.95%
Against	134 (134)	0.01%
Abstain	20,832 (2,121)	0.04%

* including votes casted electronically (number in brackets)

The proposal was approved with over one half of votes representing at the meeting. This proposal is hereby approved and adopted as the proposal.

- (2) Amendment of *Rules for Election of Directors and Supervisors*
(Proposed by the Board of Directors)

Explanatory Notes:

Following amended Memorandum and Article of the Company, the Company hereby propose to amend Article 4-1, *Rules for Election of Directors and Supervisors*.

Resolution:

A total of 46,968,724 votes were represented at the meeting.

Vote Results

	<u>Votes*</u>	<u>%</u>
For	46,947,759 (29,024)	99.95%
Against	133 (133)	0.01%
Abstain	20,832 (2,121)	0.04%

* including votes casted electronically (number in brackets)

The proposal was approved with over one half of votes representing at the meeting. This proposal is hereby approved and adopted as the proposal.

(3) Amendment of *Procedures for Acquisition or Disposal of Assets* (Proposed by the Board of Directors)

Explanatory Notes:

Conforming with IFRS Article 16 Lease and Article 9 Financial Instrument, the Company hereby proposes to amend the *Procedures for Acquisition or Disposal of Assets*.

This proposal has been approved at the Board and superiors before submitting to the Shareholders' Meeting.

Resolution:

A total of 46,968,724 votes were represented at the meeting.

Vote Results

	<u>Votes*</u>	<u>%</u>
For	46,947,759 (29,024)	99.95%
Against	133 (133)	0.01%
Abstain	20,832 (2,121)	0.04%

* including votes casted electronically (number in brackets)

The proposal was approved with over one half of votes representing at the meeting. This proposal is hereby approved and adopted as the proposal.

(4) Termination of *Policies and Procedures for Financial Derivatives Transactions* (Proposed by the Board of Directors)

Explanatory Notes:

- A. Above mentioned Procedures for Acquisition or Disposal of Assets has amended clauses associated with managing financial derivatives, the Company hereby proposed to terminate existing Policies and Procedures for Financial Derivatives Transactions.
- B. Due to the complexity of derivatives products and risk management, the Company would not participate in such investment.

Resolution:

A total of 46,968,724 votes were represented at the meeting.

Vote Results

	<u>Votes*</u>	<u>%</u>
For	46,942,760 (24,025)	99.95%
Against	5,133 (5,133)	0.01%
Abstain	20,831 (2,120)	0.04%

* including votes casted electronically (number in brackets)

The proposal was approved with over one half of votes representing at the meeting. This proposal is hereby approved and adopted as the proposal.

6. Election:

The Company's 12th Board of Directors (including two independent directors) and Supervisors

Explanatory Notes:

- (1) Upon the tenure expiration of 11th Board of Directors and Supervisors on June 23, 2019, the election will be conducted at the Annual Shareholders' Meeting.
- (2) Complying with the *Memorandum and Article of the Company*, the election will apply nomination system electing seven (7) Board of Directors including two (2) independent directors, three (3) supervisors, in three-year tenure from June 19, 2019 to June 18, 2022
- (3) Adopting cumulating voting system in the election
- (4) Presenting the list of Independent Directors candidates, approved at 18th Board Meeting on March 20, 2019.

ID No.	Name	Number of Shares Holdings	Education and Experience	Notes
1 N221331095	Chou, Liang-Cheng	0	Bachelor of Law, Fu Jen Catholic University Attorney of Higher Examination-Certified Attorney in Charge, Jia Hwa Law Firm Independent Director, Career Technology Co., Ltd. Supervisor, Shih-Kuen Plastics Co., Ltd. Independent Director, Tons Lighting Co., Ltd. Independent Director, Shih-Kuen Plastics Co., Ltd.	
2 R121292030	Chou, Szu-Cheng	0	PhD in Law, Pecking University Supervisor, Vedan Enterprise Corporation Supervisor, Shih-Kuen Plastics Independent Director, Shih-Kuen Plastics	

Vote Result:

Position	Shareholder No.	Name	Elected Votes	Notes
Directors	1	Lin, Chang-Fu	57,043,973	
Directors	3	Chen, Chun-Cheng	53,451,972	
Directors	5	Hung, Chih-Cheng	47,163,760	
Directors	12	Hung, Chih-Ming	47,135,368	
Directors	7	Huang, Man-Ling	47,129,880	
Independent Director	2286	Chou, Liang-Cheng	44,266,007	
Independent Director	1097	Chou, Szu-Cheng	32,348,352	
Supervisor	101	Ma, Hui- Chen	59,356,173	
Supervisor	10	Chen, Huann-Wen	40,864,755	
Supervisor	1061	Chen, Chih-Min	40,535,277	

7. Questions and Motions

There is no other business and special motion.

8. Meeting Adjourned at 9:50am

SHIH-KUEN PLASTICS CO., LTD.

Supervisors' Review Report

The Board of Directors has prepared the Company's 2018 Business Report, Proposal for Profits Distribution, and Financial Statements audited by the accountants, Yung-Chih Lin, and Tzu-Meng Liu, of the PwC Taiwan. We as the Supervisors of the Company have examined the aforementioned documents and confirmed no unconformities. According to the Article 219 of *Company Act*, we hereby submit this report. Please be advised accordingly.

Submitted to:

The Company's 2019 Annual Shareholders' Meeting

Supervisors

Ma, Hui- Chen
Chen, Chih-Min
Chen, Huann-Wen

March 20, 2019

Business Report 2018

The operating revenue for FY18 was NT \$1,139,107 thousands, a decrease of 4.03% from NT \$1,186,966 thousands in FY17. The average price of the PVC resin has dropped by 6.64% whereas DINP price has increased by 7.61%. The average PVC sheet selling price has decreased by 0.64% in FY18.

The operating expense of FY18 was NT \$864,653 thousands, a 5.56% decrease comparing to NT \$915,522 thousands in FY17; the operating income raised from NT \$192,593 thousands to NT \$195,531 thousands at 1.53%.

The profit before tax was NT \$217,504 thousands, an increase of NT \$50,733 thousands from NT \$166,771 thousands in FY16; The net profit after tax in FY18 was NT \$174,761 thousands, an increase of NT \$37,584 thousands from FY17. The earning per share was NT \$3.18.

Followings are analysis of financial conditions, operation results and strategic plans:

1. Values of Production and Sales, FY18 and FY17:

(Volume in tons. Value in thousands of New Taiwan Dollars):

PRODUCTION	FY18				FY17			
	Volume	Value			Volume	Value		
Soft PVC	17,506	713,736	81.00 %		18,649	772,752	83.67 %	
Semi-Rigid PVC	3,495	167,472	19.00 %		2,950	150,793	16.33 %	
Total	21,001	\$ 881,208	100.00 %		21,599	\$ 923,545	100.00 %	

SALES	FY18				FY17			
	Volume	Value			Volume	Value		
Soft PVC	17,115	926,450	81.36 %		18,241	997,570	84.18 %	
Semi-Rigid PVC	3,372	212,196	18.64 %		2,942	187,473	15.82 %	
Total	20,487	\$1,138,646	100.00 %		21,183	\$1,185,043	100.00 %	

2. Annual Income, FY18 and FY17 (in thousands of New Taiwan Dollars):

	FY18		FY17		Change (%)
	Amount	%	Amount	%	
Operating Revenue	1,139,107	100.00	1,186,966	100.00	(4.03)
Operating Cost	(864,653)	(75.91)	(915,522)	(77.13)	(5.56)
Gross Profit	\$ 274,454	24.09	\$ 271,444	22.87	1.11
Operating Expense	(78,923)	(6.93)	(78,851)	(6.64)	0.09
Operating Income	\$ 195,531	17.16	\$ 192,593	16.23	1.53
Non-Operating Income and Expenses	21,973	1.93	(25,822)	(2.18)	185.09
Profit Before Income Tax	\$ 217,504	19.09	\$ 166,771	14.05	30.42
Income Tax Expense	(42,743)	(3.75)	(29,594)	(2.49)	44.43
Net Income for the Year	\$ 174,761	15.34	\$ 137,177	11.56	27.40

3. **Profitability Analysis FY18 and FY17** (in percentage %, except EPS in New Taiwan Dollars):

	FY18	FY17	Change (%)
Return on Assets	14.61	11.67	25.19
Return on Shareholders' Equity	17.23	13.85	24.40
Operating Income to Capital Stock	35.54	35.00	1.54
Income Before Tax to Capital Stock	39.54	30.31	30.45
Net Profitability	15.34	11.56	32.70
Earnings Per Share (NT\$)	\$ 3.18	\$ 2.49	27.71

4. **Budget Execution FY17** (in thousands of New Taiwan Dollars):

	FY17 Execution		FY17 Budget		Accomplish Rate (%)
	Amount	%	Amount	%	
Operating Revenue	1,139,107	100.00	1,136,787	100.00	100.20
Operating Cost	(864,653)	(75.91)	(873,894)	(76.87)	98.94
Gross Profit	274,454	24.09	262,893	23.13	104.40
Operating Expense	(78,923)	(6.93)	(79,080)	(6.96)	99.80
Operating Income	\$ 195,531	17.16	\$ 183,813	16.17	106.37
Non-Operating Income and Expenses	21,973	1.93	10,364	0.91	212.01
Profit Before Income Tax	\$ 217,504	19.09	\$ 194,177	17.08	112.01
Income Tax Expense	(42,743)	(3.75)	(38,835)	(3.42)	110.06
Net Income for the Year	\$ 174,761	15.34	\$ 155,342	13.66	112.50

5. **Research and Development:**

While Shih-Kuen Plastics continuously supports clients with quality PVC Sheet by fulfilling diverse market demands, the Company offers versatile customization options from printing, cold-crack, high-resistance, waterproof to anti-mod features.

There are the five major product categories available in mass production:

1. Double-Polished Normal Clear & Super Clear PVC Sheet
2. Double-Polished Super Clear PVC Sheet
3. Embossed, Translucent & Opaque PVC Sheet
4. PVC Sheet for Digital Printing and Advertisement
5. Impact-Resistant PVC Sheet

6. **Strategic Plan:**

- I. Developing stronger bond with domestic clients to secure stable order demands and simultaneously expanding international markets.
- II. Establishing long-term supplier relationship to ensure provision of supplies and mitigate price volatility.
- III. Providing regular employees training to excel in professions and managerial skills.
- IV. Optimizing machinery performance to enhance efficiency, product quality, yield, and control production cost.
- V. Improving administrative management and employee reward system, attracting talents to join Shih-Keun Plastics and maintaining company's sustainability.

Chairman:
Lin, Chang-Fu



General Manager:
Chen, Chun-Cheng



Chief Accountant:
Lin, Yu-Chieh



SHIH-KUEN PLASTICS CO., LTD.

BALANCE SHEETS

December 31, 2017 and 2018

(in thousands of New Taiwan Dollars)

		2018		2017	
		Amount	%	Amount	%
ASSETS					
Current Assets					
1100	Cash and Cash Equivalents	569,688	47	543,097	46
1150	Notes Receivables, Net	45,164	4	51,074	4
1170	Account Receivables, Net	158,085	13	170,334	14
1200	Other Receivables	94	-	81	-
130X	Inventories	116,010	10	93,141	8
1410	Prepayment	2,491	1	5,063	1
11XX	Total Current Assets	\$ 891,532	74	\$ 862,790	73
Non-Current Assets					
1600	Property, Plant and Equipment	308,629	25	314,849	27
1840	Deferred Income Tax Assets	6,961	1	5,735	-
1920	Guarantee Deposit Paid	508	-	1,258	-
15XX	Total Non-Current Assets	\$ 316,098	26	\$ 321,849	27
1XXX	Total Assets	\$ 1,207,630	100	\$ 1,184,632	100
LIABILITIES AND EQUITY					
Current Liabilities					
2100	Short-Term Borrowings	827	-	11,536	1
2150	Notes Payables	16,252	1	15,845	2
2170	Accounts Payable	58,884	5	84,237	7
2200	Other Payables	42,028	4	34,341	3
2230	Current Income Tax Liabilities	29,143	2	12,211	1
21XX	Total Current Liabilities	\$ 147,134	12	\$ 162,170	14
Non-Current Liabilities					
2640	Net Defined Benefit Liabilities- Non-Current	23,019	2	25,592	2
2645	Guarantee Deposits Received	1,445	-	4,375	-
25XX	Total Non-Current Liabilities	24,464	2	29,967	2
2XXX	Total Liabilities	\$ 171,598	14	\$ 192,137	16

EQUITY**Share Capital**

3110	Share Capital- Common Shares	550,140	46	550,140	47
3200	Capital Surplus	75	-	75	-

Retained Earnings

3310	Legal Reserve	190,613	16	176,895	15
3350	Unappropriated Retained Earnings	295,204	24	265,385	22

Total Equity - Contingent3XXX **Liabilities & Unrecognized****Contract Commitments**

\$ 1,036,032 86 \$ 992,495 84

3X2X **Total Liabilities and Equity**

\$ 1,207,630 100 \$ 1,184,632 100

SHIH-KUEN PLASTICS CO., LTD.

STATEMENTS OF COMPREHENSIVE INCOME

For the years ended December 31, 2017 and 2018

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

	2018		2017	
	Amount	%	Amount	%
4000 Operating Revenue	\$ 1,139,107	100	\$ 1,186,966	100
5000 Operating Costs	(864,653)	(76)	(915,522)	(77)
5900 Net Operating Margin	\$ 274,454	24	\$ 271,444	23
OPERATING EXPENSES				
6100 Selling Expenses	(40,125)	(3)	(41,857)	(4)
6200 General and Administrative Expenses	(29,249)	(3)	(28,690)	(2)
6300 Research and Development Expenses	(8,482)	(1)	(8,304)	(1)
6450 Expected Credit Gain (Loss)	(1,067)			
6000 Total Operating Expenses	(78,923)	(7)	(78,851)	(7)
6900 Operating Profit	\$ 195,531	17	\$ 192,593	16
NON-OPERATING INCOME AND EXPENSES				
7010 Other Income	7,238	1	5,304	1
7020 Other Gains and Losses	14,735	1	(31,126)	(3)
7050 Finance Costs	-	-	-	-
7000 Total Non-Operating Income and Expenses	\$ 21,973	2	\$ (25,822)	(2)
7900 Profit Before Income Tax	\$ 217,504	19	\$ 166,771	14
7950 Income Tax Expense	(42,743)	(4)	(29,594)	(2)
8200 Net Income for The Year	\$ 174,761	15	\$ 137,177	12
(Other comprehensive income (loss) or related components will not be reclassified to profit or loss)				
8311 Re-measurement of Defined Benefit Obligation	695	-	(695)	-
8349 Income Tax	115	-	118	-
(Other related components of comprehensive income will not be reclassified to profit or loss.)				
	810		(577)	
8500 Total Comprehensive Income for the Year	\$ 175,571	15	\$ 136,600	12
EARNINGS PER SHARE				
9750 Basic Earnings per Share (in NT \$)	\$ 3.18		\$ 2.49	
9850 Diluted Earnings per Share (in NT \$)	\$ 3.17		\$ 2.49	

SHIH-KUEN PLASTICS CO., LTD.

STATEMENTS OF CHANGES IN EQUITY

For the years ended December 31, 2017 and 2018

(in thousands of New Taiwan Dollars)

	Share Capital		Capital Surplus		Retained Earnings		Total Equity			
	Common Share		Gain / Disposal of Assets		Legal Reserve	Unappropriated Earnings				
BALANCE, JANUARY 1 ,2017	\$	550,140	\$	75	\$	160,389	277,325	987,929		
Net Income for the Years, Ended Dec. 2017	-		-		-		137,177	137,177		
Other Comprehensive Income, Ended Dec. 31,2017							(577)	(577)		
Total Comprehensive Income, 2017							136,600	136,600		
Distribution of 2016 Net Income										
Legal Reserve					16,506		(16,506)	-		
Cash Dividends					-		(132,034)	(132,034)		
BALANCE, DECEMBER 31 ,2017	\$	550,140	\$	75	\$	176,895	\$	265,385	\$	992,495
BALANCE, JANUARY 1 ,2018		550,140	\$	75	\$	176,895	\$	265,385	\$	992,495
Net Income for the Years, Ended Dec. 2018							174,761	174,761		
Other Comprehensive Income, Ended Dec. 31,2018		-		-			810	810-		
Total Comprehensive Income, 2018							175,571	175,571		
Distribution of 2017 Net Income										
Legal Reserve					13,718		(13,718)	-		
Cash Dividends							(132,034)	(132,034)		
BALANCE, DECEMBER 31 ,2018	\$	550,140	\$	75	\$	190,613	\$	295,204	\$	1,036,032

SHIH-KUEN PLASTICS CO., LTD.

STATEMENTS OF CASH FLOW

For the years ended December 31, 2017 and 2018

(in thousands of New Taiwan Dollars)

	Year Ended Dec. 31	
	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before income tax for the year	\$ 217,504	\$ 166,771
Adjustments		
Expected Credit Loss (or Gain)	1,067	
Provision of Bad Debts Account	-	2,103
Depreciation	12,587	12,131
Gain (Loss) on Disposal of Property, Plant and Equipment	(55)	-
Interest Income	(6,113)	(4,675)
Changes in Operating Assets and Liabilities		
Changes in Operating Assets		
Notes Receivable	5,910	(6,739)
Accounts Receivable	11,182	8,127
Other Receivables	(13)	(77)
Inventories	(22,869)	(4,887)
Prepayments	2,572	(3,170)
Changes in Operating Liabilities		
Notes Payable	2,161	(1,371)
Accounts Payable	(25,353)	20,462
Other Payables	2,942	3,584
Net Defined Benefit Liabilities-Non-Current	\$ (1,878)	\$ (1,724)
Cash Inflow Generated from Operations	\$ 199,644	\$ 190,535
Interest Received	6,113	4,675
Income Tax Paid	(26,922)	(36,100)
Net Cash Inflows from Operating Activities	\$ 178,835	\$ 159,110

(continued)

CASH FLOWS FROM INVESTING ACTIVITIES

Cash Paid for Acquisition of Property, Plants & Equipment	(6,731)	(7,603)
Cash Received from Disposal of Property, Plants and Equipment	100	-
Prepayment for Equipment	(690)	-
Increase in Prepayment for Equipment	750	3,160
Net Cash Flows Used in Investing Activities	<u>\$ (6,571)</u>	<u>\$ (4,443)</u>

CASH FLOWS FROM FINANCING ACTIVITIES

Increase in Short-Term Borrowings	(10,709)	(5,485)
Increase (Decrease) in Guarantee Deposit Received	(2,930)	1,290
Payment of Cash Dividends	(132,034)	(132,034)
Net Cash Flows Used in Financing Activities	<u>\$ (145,673)</u>	<u>\$ (136,229)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	<u>\$ 26,591</u>	<u>\$ 18,438</u>
Cash and Cash Equivalents, Beginning	<u>543,097</u>	<u>524,659</u>
Cash and Cash Equivalents, Ending	<u><u>\$ 569,688</u></u>	<u><u>\$ 543,097</u></u>

SHIH-KUEN PLASTICS CO., LTD.

STATEMENTS OF PROFIT DISTRIBUTION 2018

(in New Taiwan Dollars)

Items		Amount
Net Profit Before Tax for the Current Year	\$	217,504,076
Less: Income Tax		(42,742,567)
Net Profit After Tax for the Current Year		174,761,509
Less: Legal Reserve (=10% of Profit After Tax 2017)		(17,476,151)
Add: Actuarial Gains Adjusted in 2017		809,881
Earnings Available for Distribution in 2017	\$	158,095,239
Add: Unappropriated Retained Earnings, Beginning		119,632,592
Accumulated Distributable Earnings	\$	277,727,831
Less: Cash Dividends (=2.4/shares × 55,014,000 shares)		(143,032,400)
Unappropriated Retained Earnings*, Ending	\$	<u>134,691,431</u>

Chairman:

Lin, Chang-Fu



General Manager:

Chen, Chun-Cheng



Chief Accountant:

Lin, Yu-Chien



Memorandum and Articles of the Company

Comparison Table for Amendment

Original	After Revision	Rationale
<p>Article 1</p> <p>The Company shall be incorporated as a company limited by shares under the Company Act and its name shall be “Shih-Kuen Plastics Co., Ltd.” (hereinafter referred to as the “Company”).</p>	<p>Article 1</p> <p>The Company shall be incorporated as a company limited by shares under the Company Act and its name shall be “Shih-Kuen Plastics Co., Ltd.” (hereinafter referred to as the “Company”) <i>Adding official English Company Name in memorandum written in Mandarin.</i></p>	<p>Amendment made in accordance with the Article 392-1, <i>Company Act</i>, updating official company name in English.</p>
<p>Article 8</p> <p>All the shares are registered and the certificates shall be signed or affixed by <u>three or more directors of the Company</u>.</p> <p>The Company may combine printing the shares and exempt from printing the physical certificates pursuant to the Article 162-1 <u>and 162-2</u> of the <i>Company Act</i>.</p>	<p>All the shares are registered and the certificates shall be signed or affixed by the directors representing the Company.</p> <p>The Company may combine printing the shares and exempt from printing the physical certificates pursuant to the Article 162-1 of the <i>Company Act</i>.</p>	<p>According to the Article 162, the <i>Company Act</i>, issuing and printing certificates shall be affixed with the signatures or personal seals of the director representing the Company.</p>
<p>Article 19</p> <p>The Company shall establish the Board constituted by seven (7) directors and three (3) supervisor(s) whom are elected at the Meeting among the individuals of legal capacity, with the three-year term. All Directors and Supervisor(s) shall be eligible for re-election.</p> <p>Said directors shall include two (2) independent directors; the independent directors shall be elected from the list of candidates proposed in the Meeting representing over one-fifth (1/5) of total director seats.</p>	<p>The Company shall establish the Board constituted by seven (7) directors and three (3) supervisor(s) whom are elected at the Meeting among the individuals of legal capacity, with the three-year term. <u>The election shall appl candidate nomination system complying with Article 198 and 192-1 of the Company Act.</u> All Directors and Supervisor(s) shall be eligible for re-election.</p> <p>Said directors shall include minimum two (2) independent directors; the independent directors shall be elected from the list of candidates proposed in the Meeting representing over one-fifth (1/5) of total director seats.</p>	<p>Revised according to Article 192-1 the <i>Company Act</i>, the Company shall adapt candidate nomination system to elect directors and supervisors.</p> <p>There shall be minimum two independent directors .</p>

<p>The qualification, shareholding, restrictions on part-time jobs, identification of independency, nomination and election of independent directors and other matters to be complied with shall be handled in accordance with <i>the Company Act</i> and other relevant policies of the competent security authority.</p>	<p>The qualification, shareholding, restrictions on part-time jobs, identification of independency, nomination and election of independent directors and other matters to be complied with shall be handled in accordance with <i>the Company Act</i> and other relevant policies set at the Board Meeting.</p> <p>Article 19-1 Conforming with Article 14-4, <i>Securities and Exchange Act</i>, the audit committee shall be composed of all independent directors. The Audit Committee or the committee members shall be responsible for exercising a supervisor’s power prescribed by the <i>Company Act</i>, <i>Securities and Exchange Act</i> and other related laws.</p> <p>This article will be adapted in 2022 after reelecting the Board of Directors replacing existing article regulated Supervisors matters.</p> <p>Upon the establishment of the audit committee, the supervisor shall be released from duty. The provisions regarding supervisor in this Memorandum shall be void with immediate effect.</p>	<p>Updating terms stated in the latest Taiwan’s Corporate Governance Blueprint</p> <p>Updating Article to comply with Article 14-4, the <i>Securities and Exchange Act</i>, revised on Dec. 19, 2018.</p>
<p>Article 21 The Board shall be organized and formed among the directors. The Chairperson shall be elected by the board with more than half of the total seats. The chairperson shall represent the Company externally in charge of the Company’s business operation and convene the Meeting and Board Meeting. Other authorization not specified in the Company Act or this Memorandum will be approved at the Board Meeting.</p>	<p>The Board shall be organized and formed among the directors. The Chairperson shall be elected by the board with more than half of the total seats. The chairperson shall represent the Company externally in charge of the Company’s business operation and convene the Meeting and Board Meeting. Other authorization not specified in the Company Act or this Memorandum will be approved at the Board Meeting.</p>	<p>According to Article 204, the <i>Company Act</i>, adding electronic transmission in meeting notice mean.</p>

	<p>Unless special regulations set other than the <i>Company Act</i>, Board Meetings shall be convened by the chairman with subjects for discussion and reasons sending to every directors and supervisors. In the case of emergency, a meeting of the board of directors may be convened at any time.</p> <p>Directors' meeting may be convened in writing, fax or by electronic transmission.</p>	
<p>Article 34 These Memorandum and Articles were promulgated on 24 September, 1986 and amended on the following dates: ... June 22, 2012 June 25, 2015 June 24, 2016</p>	<p>These Memorandum and Articles were promulgated on 24 September, 1986 and amended on the following dates: ... June 22, 2012 June 25, 2015 June 24, 2016 <u>June 19, 2019</u></p>	<p>Updating date of amendment.</p>

Rules for Election of Directors and Supervisors

Comparison Table for Amendment

Original	After Revision	Rationale
<p>Article 4-1 The Company adopts candidate nomination system for electing <u>Independent Directors</u>. The company shall, prior to the share transfer suspension date dedicated before the Shareholders' Meeting, announce the period for accepting the nomination of <u>independent</u> director candidates, the quota of directors to be elected, the place designated for accepting the roster of <u>independent</u> director candidates nominated, and other necessary matters in public notice. The length of the period for accepting the nomination of director candidates shall not be under 10 days.</p> <p>Any shareholder holding 1% or more of the total outstanding shares of the Company may submit a written proposal for <u>independent</u> director candidates. Number of nominees shall not exceed the quota of the <u>independent</u> directors to be elected. This condition shall also apply to candidates nominated by the board of directors of the company. When providing a recommended slate of <u>independent</u> director candidates under the preceding conditions, a shareholder or the board of directors shall include in the documentation attached thereto each nominee's name, educational background, work experience, a written nominee's consent to serve as an independent director if elected as such and the written statement that none of the circumstances in Article 30 of the Company Act exists, and other relevant documentary proof.</p>	<p>The Company adopts candidate nomination system for electing <u>directors and supervisors</u>. The company shall, prior to the share transfer suspension date dedicated before the Shareholders' Meeting, announce the period for accepting the nomination of director <u>and supervisor</u> candidates, the quota of directors to be elected, the place designated for accepting the roster of director <u>and supervisor</u> candidates nominated, and other necessary matters. The length of the period for accepting the nomination of director candidates shall not be under 10 days.</p> <p>Any shareholder holding 1% or more of the total outstanding shares of the Company may submit a written proposal for director <u>and supervisor</u> candidates. Number of nominees shall not exceed the quota of the directors <u>and supervisors</u> to be elected. This condition shall also apply to candidates nominated by the board of directors of the company. When providing a recommended slate of director <u>and supervisor</u> candidates under the preceding conditions, a shareholder or the board of directors shall include in the documentation attached thereto each nominee's name, educational background, work experience, a written nominee's consent to serve as an independent director if elected as such and the written statement that none of the circumstances in Article 30 of the Company Act exists, and other relevant documentary proof.</p>	<p>Conforming to revised Article 192-1, the <i>Company Act</i></p>

<p>When calling a shareholders' meeting for the purpose of independent director elections, the board of directors, or other person having the authority to call a shareholders' meeting, shall review the qualifications of each independent director nominee; except under any of the following circumstances, all qualified nominees shall be included in the slate of <u>independent</u> director candidates:</p> <ol style="list-style-type: none"> 1. Do not submit nomination within the published periods. 2. Where the shareholding of the nominating shareholder is less than one percent at the time of book closure by the company under Article 165, paragraph 2 or 3 of the <i>Company Act</i>. 3. The number of nominees exceeds the number of <u>independent</u> directors to be elected. 4. Do not provide the relevant documentary proof required under the preceding paragraph. 	<p>When calling a shareholders' meeting for the purpose of independent director elections, the board of directors, or other person having the authority to call a shareholders' meeting, shall review the qualifications of each independent director nominee; except under any of the following circumstances, all qualified nominees shall be included in the slate of director <u>and supervisor</u> candidates:</p> <ol style="list-style-type: none"> 1. Do not submit nomination within the published periods. 2. Where the shareholding of the nominating shareholder is less than one percent at the time of book closure by the company under Article 165, paragraph 2 or 3 of the <i>Company Act</i>. 3. The number of nominees exceeds the number of directors <u>and supervisors</u> to be elected. 4. Do not provide the names, education or work experience of the candidates. 	
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Procedures for Acquisition or Disposal of Assets

Comparison Table for Amendment

Original	After Amendment	
<p>Article 2</p> <p>These procedures are promulgated pursuant to Article 36-1 (<u>File number: 0910006105</u>) of the Taiwan Securities and Exchange Act and Regulations governing acquisition and disposal of assets. Any other matters not set forth in the Procedures shall be dealt with in accordance with the applicable laws, rules, and regulations.</p>	<p>These procedures are promulgated pursuant to Article 36-1 of the Taiwan Securities and Exchange Act and Regulations governing acquisition and disposal of assets. Any other matters not set forth in the Procedures shall be dealt with in accordance with the applicable laws, rules, and regulations.</p>	<p>Modified according to the latest <i>Regulations Governing the Acquisition and Disposal of Assets by Public Companies</i></p>
<p>Article 3 Scope of Assets</p> <p>Assets of the Company includes: <u>No amendment on item 1</u></p> <p>2. Real Estate: Including construction enterprise inventory and fixed assets. (No change on item 3 and 4)</p> <p>5. Claims from Financial Institutions: receivables, bills purchased & discounted and overdue receivables.</p> <p>6. Derivatives</p> <p>7. Assets acquired or disposed of in connection with mergers, demergers, acquisitions, or transfer of shares in accordance with law.</p> <p>8. Other major assets</p>	<p>Article 3 Scope of Assets</p> <p>Assets of the Company includes:</p> <p>2. Real Estate: Including <u>land, houses, buildings, investment properties, rights to use land,</u> construction enterprise inventory and fixed assets.</p> <p>5. <u>Right of Use Assets</u></p> <p><u>6.</u> Claims from Financial Institutions: receivables, bills purchased & discounted and overdue receivables.</p> <p><u>7.</u> Derivatives</p> <p><u>8.</u> Assets acquired or disposed of in connection with mergers, demergers, acquisitions, or transfer of shares in accordance with law.</p> <p><u>9.</u> Other major assets</p>	<p>Amending item 2 and item 5, and updating numbering in subparagraph.</p>
<p>Article 4 Definitions</p> <p>1. Financial Derivatives: Refers to forward contracts, options contracts, futures contracts, leverage contracts, and swap contracts, and compound contracts combining the above products, whose value is derived from <u>assets, interest rates, foreign exchange rates, indexes or other interests.</u> The</p>	<p>1. Financial Derivatives: Refers to forward contracts, options contracts, futures contracts, leverage contracts, and swap contracts whose values are derived from <u>specific rates, financial instrument price, commodity price,</u> foreign exchange rates, index of prices or other variables; or <u>hybrid</u></p>	<p>Amended in accordance with laws and regulations</p>

<p>term "forward contracts" does not include insurance contracts, performance contracts, after-sales service contracts, long-term leasing contracts, or long-term purchase (sales) agreements.</p> <p>2. Assets Acquiring or Disposing from Mergers, Demergers, Acquisitions or Share Transfers: Assets acquired or disposed through any above transaction following Taiwan Business Mergers and Acquisitions Act, Taiwan Financial Holding Company Act, Taiwan Financial Institution Merger Act and other Taiwan acts, or to transfer of shares from another company through issuance of new shares of its own as the consideration therefor ("transfer of shares") under Article 156, paragraph 6 of the Taiwan Company Act.</p> <p>3. Relating Parties Following definition set in the <u>Article 6, accounting standard set by Accounting Research and Development Foundation (the ARDF)</u></p>	<p><u>products</u> combining the above contracts, and <u>compound contracts</u> combining the above products, whose value is derived from assets, interest rates, foreign exchange rates, indexes or other interests. The term "forward contracts" does not include insurance contracts, performance contracts, after-sales service contracts, long-term leasing contracts, or long-term purchase (sales) agreements.</p> <p>2. Assets Acquiring or Disposing from Mergers, Demergers, Acquisitions or Share Transfers: Assets acquired or disposed through any above transaction following Taiwan Business Mergers and Acquisitions Act, Taiwan Financial Holding Company Act, Taiwan Financial Institution Merger Act and other Taiwan acts, or to transfer of shares from another company through issuance of new shares of its own as the consideration therefor ("transfer of shares") under Article 156, paragraph 3 of the Taiwan Company Act.</p> <p>3. Relating Parties: Following definition <u>set in Regulations Governing the Preparation of Financial Reports by Securities Issuers.</u></p> <p>No amendment for item 4-9</p> <p>10. <u>Securities exchange: Refers to the Taiwan Stock Exchange Corporation; "foreign securities exchange" refers to any organized securities exchange market that is regulated by the competent securities authorities of the jurisdiction where it is located.</u></p>	
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	<p>11. <u>Over-the-counter venue ("OTC venue", "OTC"):</u> <u>Refers to a venue for OTC trading provided by a securities firm in accordance with the Regulations Governing Securities Trading on the Taipei Exchange; "foreign OTC venue" refers to a venue at a financial institution that is regulated by the foreign competent authority and that is permitted to conduct securities business.</u></p>	
<p>Article 5 Limitation of Acquisition of Real-Estate and Securities for Non-Operation Purpose</p> <p>The Company stipulates followings conditions: No amendment for item 1-3</p>	<p>Article 5 Limitation of Acquisition of Real-Estate, Securities <u>and Right-of-Use</u> for Non-Operation Purpose</p> <p>The Company stipulates followings conditions:</p> <p>4. The total amount of right-of-use assets by the Company and subsidiaries should not exceed 20% of the Company's shareholders' equity.</p>	<p>Amended in accordance with laws and regulations</p>
<p>Article 6</p> <p>Any Professional Appraiser and its appraisal personnel, certified public accountants, lawyers, or securities underwriters whom the Company has acquired appraisal reports and opinions from, <u>shall not be a Related Party of the Company or the other party of the transaction.</u></p>	<p>Any Professional Appraiser and its appraisal personnel, certified public accountants, lawyers, or securities underwriters whom the Company has acquired appraisal reports and opinions from, <u>shall comply following conditions:</u></p> <p>1. <u>May not have previously received a final and unappealable sentence to imprisonment for 1 year or longer for a violation of the Act, the Company Act, the Banking Act of The Republic of China, the Insurance Act, the Financial Holding Company Act, or the Business Entity Accounting Act, or for fraud, breach of trust, embezzlement, forgery of documents, or occupational crime. However, this provision</u></p>	<p>Amended in accordance with laws and regulations</p>

	<p><u>does not apply if 3 years have already passed since completion of service of the sentence, since expiration of the period of a suspended sentence, or since a pardon was received.</u></p> <p>2. <u>May not be a related party or de facto related party of any party to the transaction.</u></p> <p>3. <u>If the company is required to obtain appraisal reports from two or more professional appraisers, all parties may not be related parties or de facto related parties of each other.</u></p> <p><u>When submitting appraisal report, appraisal qualifying above conditions shall comply following standards:</u></p> <p>1. <u>Carefully examining professionalism, work-related experience and independency prior to accepting the case.</u></p> <p>2. <u>Appropriately planning and executing adequate work procedures, in order to produce a conclusion as the basis for report or opinion. The related working procedures, data collection, and conclusion shall be fully and accurately specified in the case working papers.</u></p> <p>3. <u>Undertaking evaluation item-by-item examining accuracy, and reasonableness of data sources, the parameters, and the information, as the basis for issuance of the appraisal report or the opinion.</u></p> <p>4. <u>Issuing a statement attesting the professional competence and independence of the personnel who prepared the report or opinion, and confirmed their evaluation and information submitted is reasonable and accurate, and complying with applicable laws and regulations.</u></p>	
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<p>Article 7 Procedures for Managing Real Estate, Equipment <u>and</u> Other Fixed Assets</p> <p>7.1 Evaluation and Handling Procedure Any acquisition and disposal of <u>real estate, equipment and other fixed assets</u> conducted in Company <u>must follow the Procedure.</u></p> <p>7.2 Setting Conditions and Authorization Procedure No amendment on item 1 and 3</p> <p>2. Fixed Assets: Either price comparison, bargain process and tender process shall be performed for acquisition or disposal of real estate or equipment. Publicly announced present value, assessed present value and actual sold price for the real estate in the neighborhood. The acquisition or disposal of real estate with amount over NT\$50 million should be reviewed and appraised by the unit responsible therefor and implemented after approval by the Board, while the Board can authorize the Chairperson to handle the matter and report to the Board for recognition on an after-the-event basis.</p> <p>7.1.3 Responsible Parties When acquiring or disposing real estate or other fixed assets, the shall first comply with preceding conditions to obtain approval and procedure and assign to responsible department and administration departs to execute such arrangement.</p> <p>7.1.4 Appraisal Report of Real Estate and Fixed Assets</p>	<p>Article 7 Procedures for Managing Real Estate, Equipment, Other Fixed Assets <u>and Rights-of-Use Assets Thereof</u></p> <p>7.1 Evaluation and Handling Procedure Any acquisition and disposal <u>real estate, equipment and other fixed assets or rights-of-use assets thereof</u> conducted in Company must follow the Procedure.</p> <p>7.2 Setting Conditions and Authorization Procedure</p> <p>2. Fixed Assets: Either price comparison, bargain process and tender process shall be performed for acquisition or disposal of real estate, equipment <u>or right-of-use assets thereof.</u> Publicly announced present value, assessed present value and actual sold price for the real estate in the neighborhood. The acquisition or disposal of real estate with amount over NT\$50 million should be reviewed and appraised by the unit responsible therefor and implemented after approval by the Board, while the Board can authorize the Chairperson to handle the matter and report to the Board for recognition on an after-the-event basis.</p> <p>7.1.3 Responsible Parties When acquiring or disposing real estate, other fixed assets <u>or right-of-use assets thereof,</u> the shall first comply with preceding conditions to obtain approval and procedure and assign to responsible department and administration departs to execute such arrangement.</p> <p>7.1.4 Appraisal Report of Real Estate, Fixed Assets <u>and Right-of-Use Assets thereof</u></p>	<p>Amended in accordance with laws and regulations</p>
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<p>Except transactions with government institutions, contracting third parties to construct on land owned or rented by the Company, or acquisition of equipment for operation purpose, for acquisition or disposal of real estate or <u>machinery</u> equipment by the Company whose amount reaches 20% of the Company's paid-in capital or NT\$300 million, an appraisal report issued by a Professional Appraiser shall be obtained prior to the Date of the Event and the following provisions should be complied with:</p> <p>No amendment on item 1-2</p> <p>3. Where any one of the following circumstances applies with respect to the professional appraiser's appraisal results, a certified public accountant shall be engaged to perform the appraisal in accordance with the provisions of Statement of Auditing Standards No. 20 published by the ROC Accounting Research and Development Foundation ("ARDF") and render a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price:</p> <ul style="list-style-type: none"> i. The discrepancy between the appraisal result and the transaction amount is 20% or more of the transaction amount. ii. The discrepancy between the appraisal results of two or more professional appraisers is 10% or more of the transaction amount. <p>No amendment on item 4-5</p>	<p>Except transactions with Taiwan government institutions, contracting third parties to construct on land owned or rented by the Company, or acquisition of equipment for operation purpose, for acquisition or disposal of real estate, equipment <u>or other rights-of-use assets thereof</u> by the Company whose amount reaches 20% of the Company's paid-in capital or NT\$300 million, an appraisal report issued by a Professional Appraiser shall be obtained prior to the Date of the Event and the following provisions should be complied with:</p> <p>3. Where any one of the following circumstances applies with respect to the professional appraiser's appraisal results, <u>unless all the appraisal results for the assets to be acquired are higher or lower than the transaction amount</u>, a certified public accountant shall be engaged to perform the appraisal in accordance with the provisions of Statement of Auditing Standards No. 20 published by the ROC Accounting Research and Development Foundation ("ARDF") and render a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price:</p> <ul style="list-style-type: none"> i. The discrepancy between the appraisal result and the transaction amount is 20% or more of the transaction amount. ii. The discrepancy between the appraisal results of two or more professional appraisers is 10% or more of the transaction amount. 	
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<p>Article 8 The Procedures for Managing Securities No amendment on item 1-3</p> <p>8.4 Opinions from Professionals</p> <p>8.4.1 The Company acquiring or disposing of securities shall obtain professional opinion from certified public accountant for the assessment and reference of transaction price:</p> <ol style="list-style-type: none"> 1. Acquiring or disposing of securities not traded on the stock exchange or on OTC markets. 2. Acquiring or disposing of privately placed securities. <p>8.4.2 No Amendment</p>	<p>Article 8 The Procedures for Managing Securities</p> <p>8.4 Opinions from Professionals</p> <p>8.4.1 The Company acquiring or disposing of securities shall, <u>prior to the Date of the Event</u>, obtain professional opinion from certified public accountant for the assessment and reference of transaction price.</p> <ol style="list-style-type: none"> 1. Acquiring or disposing of securities not traded on the stock exchange or on OTC markets. 2. Acquiring or disposing of privately placed securities. 	<p>Amended in accordance with laws and regulations</p>
<p>Article 9 Procedures for Acquisition or Disposal of Real Estate by Related Party</p> <p>9.1 When the Company <u>purchase or exchange</u> real estate from or to a related party, in addition to ensuring the compliance with the provision of Article 7, the following procedures and conditions shall also be carefully examined. The Company shall also review if the counterparties are related parties base on definition set by regulation and actual relationship.</p> <p>9.2 Reviewing Procedure Following information needed to approved by the Board and Supervisors prior acquisition and disposal of real estate from related parties:</p> <ol style="list-style-type: none"> 1. The purpose, necessity and anticipated benefit of the acquisition or disposal of real estate. <p>No amendment from item 2-6</p> <p>9.3 Evaluation Process of Reasonableness of Transaction Costs</p> <p>9.3.1 The Company, when acquiring real</p>	<p>Article 9 Procedures for Acquisition or Disposal of Real Estate <u>and the Right of Use</u> by Related Party</p> <p>9.1 When the Company <u>acquire or dispose</u> real estate from or to a related party, in addition to ensuring the compliance with the provision of Article 7, the following procedures and conditions shall also be carefully examined. The Company shall also review if the counterparties are related parties base on definition set by regulation and actual relationship.</p> <p>9.2 Reviewing Procedure Following information needed to approved by the Board and Supervisors prior acquisition and disposal of real estate <u>and right-of-use assets thereof</u> from related parties:</p> <ol style="list-style-type: none"> 1. The purpose, necessity and anticipated benefit of the acquisition or disposal of <u>assets and right-of-use assets thereof</u>. <p>9.3 Evaluation Process of Reasonableness of Transaction Costs</p> <p>9.3.1 The Company, when acquiring real</p>	<p>Amended in accordance with laws and regulations</p>

<p>estate from a Related Party shall, evaluate the reasonableness of the transaction costs by the following means:</p> <ol style="list-style-type: none"> 1. No Amendment 2. No Amendment <p>9.3.2 Where land and structures thereupon are combined as a single property purchased in one transaction, the transaction costs for the land and the structures may be separately appraised in accordance with either of the means listed in Article 9.3.1.</p> <p>9.3.3 The Company that acquires real estate from a Related Party and appraises the cost of the real estate in accordance with the provisions of Article 9.3.1 and 9.3.2 and shall also engage a CPA to check the appraisal and render a specific opinion.</p> <p>9.3.4 If the actual cost of real estate is lower than value stated in both Article 9.3.1 and 9.3.2, the Company shall follow Article 9.3.5 to proceed acquisition and disposal of assets. Followings conditions are exempted with objective evidences and reasonableness obtained from professional real estate appraiser and certified accountants:</p> <ol style="list-style-type: none"> 1. No Amendment 2. Where the Company acquiring real estate from a Related Party provides evidence that the terms of the transaction are similar to the terms of transactions completed for the acquisition of neighboring or closely valued parcels of land of a similar size by unrelated parties within the preceding year. 	<p>estate or <u>right-of-use assets thereof</u> from a Related Party shall, evaluate the reasonableness of the transaction costs by the following means:</p> <p>9.3.2 Where land and structures thereupon are combined as a single property purchased <u>or rented</u> in one transaction, the transaction costs for the land and the structures may be separately appraised in accordance with either of the means listed in Article 9.3.1.</p> <p>9.3.3 The Company that acquires real estate from a Related Party and appraises the cost of the real estate and <u>right-of-use assets thereof</u> in accordance with the provisions of Article 9.3.1 and 9.3.2 and shall also engage a CPA to check the appraisal and render a specific opinion.</p> <p>9.3.4 If the actual cost of real estate or <u>right-of-use assets thereof</u> is lower than value stated in both Article 9.3.1 and 9.3.2, the Company shall follow Article 9.3.5 to proceed acquisition and disposal of assets. Followings conditions are exempted with objective evidences and reasonableness obtained from professional real estate appraiser and certified accountants:</p> <ol style="list-style-type: none"> 2. Where the Company acquiring real estate or <u>right-of-use assets thereof</u> from a Related Party provides evidence that the terms of the transaction are similar to the terms of transactions completed for the acquisition of neighboring or closely valued parcels of land of a similar size by unrelated parties within the 	
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<p>Completed transactions for 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; transaction for similarly sized parcels in principle refers to transactions completed by unrelated parties for parcels with a land area of no less than 50% of the property in the planned transaction, within one year refers to one year from the actual date of acquisition of the real estate.</p> <p>9.3.5 If the actual cost of real estate is lower than value stated in both Article 9.3.1 and 9.3.2, the Company shall follow steps listed below. In addition, the Company may not utilize the special reserve until it has recognized a loss on declining market value of the assets it purchased at a premium, or they have been disposed of, or adequate compensation has been made, or the status quo ante has been restored, or there is other evidence confirming the rationality of the transaction, and received the Taiwan authority's approval.</p> <p>1. A special reserve shall be set aside in accordance with Article 41-1 of <i>Taiwan Securities Exchange Act</i> against the difference between the real estate transaction price and the appraised cost, and may not be distributed or used for capital increase or issuance of bonus shares. When a public company uses the equity method to account for its investment in the</p>	<p>preceding year. Completed transactions for 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; transaction for similarly sized parcels in principle refers to transactions completed by unrelated parties for parcels with a land area of no less than 50% of the property in the planned transaction, within one year refers to one year from the actual date of acquisition of the real estate.</p> <p>9.3.5 If the actual cost of real estate or <u>right-of-use assets thereof</u> is lower than value stated in both Article 9.3.1 and 9.3.2, the Company shall follow steps listed below. In addition, the Company may not utilize the special reserve until it has recognized a loss on declining market value of the assets it purchased at a premium, or they have been disposed of, or adequate compensation has been made, or the status quo ante has been restored, or there is other evidence confirming the rationality of the transaction, and received the Taiwan authority's approval.</p> <p>1. A special reserve shall be set aside in accordance with Article 41-1 of <i>Taiwan Securities Exchange Act</i> against the difference between the real estate and or <u>right-of-use assets thereof</u> transaction price and the appraised cost, and may not be distributed or used for capital increase or issuance of bonus shares. When a public company uses the equity method to</p>	
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<p>Company, the special reserve shall be set aside pro rata in a proportion in accordance with the same regulations.</p> <p>No Amendment from item 2-3</p> <p>9.3.6 When the Company acquires real estate from a Related Party meeting one of the following circumstances, the acquisition shall be conducted in accordance with the provisions of paragraph 1-2 of Article 9 and the provisions of the preceding three conditions do not apply:</p> <ol style="list-style-type: none"> 1. Related Party acquired real estate through inheritance or as a gift. 2. Over five years gap between signing contract of the real estate to the current transaction. 3. Acquired real estate via joint development contract with the Related Party. <p>9.3.7 When the Company obtains real estate from a Related Party, it shall also comply with the Article 9.3.5 if there is evidence indicating that the acquisition was not an arm’s length transaction.</p>	<p>account for its investment in the Company, the special reserve shall be set aside pro rata in a proportion in accordance with the same regulations.</p> <p>9.3.6 When the Company acquires real estate or <u>right-of-use assets thereof</u> from a Related Party meeting one of the following circumstances, the acquisition shall be conducted in accordance with the provisions of paragraph 1-2 of Article 9 and the provisions of the preceding three conditions do not apply:</p> <ol style="list-style-type: none"> 1. Related Party acquired real estate or <u>right-of-use assets thereof</u> through inheritance or as a gift. 2. Over five years gap between signing contract of the real estate or <u>right-of-use assets thereof</u> to the current transaction. 3. Acquired real estate or <u>right-of-use assets thereof</u> via joint development contract with the Related Party. <p>9.3.7 When the Company obtains real estate or <u>right-of-use assets thereof</u> from a Related Party, it shall also comply with the Article 9.3.5 if there is evidence indicating that the acquisition was not an arm’s length transaction.</p>	
<p>Article 10 Procedure for Managing Membership or Other Intangible Assets</p> <p>10.1 Evaluation Process The Company shall comply with internal audit and the Procedures to acquire or dispose membership or intangible assets.</p> <p>10.2 Setting Conditions and Authorization Procedure</p>	<p>Article 10 Procedure for Managing Membership or Other Intangible Assets</p> <p>10.1 Evaluation Process The Company shall comply with this Procedures to acquire or dispose membership, intangible assets <u>or right-of-use assets thereof.</u></p> <p>10.2 Setting Conditions and Authorization Procedure</p>	<p>Amended in accordance with laws and regulations</p>

<p>1. No amendment</p> <p>2. When managing intangible assets, the values of assets and deals conditions shall be evaluated based on professional appraisal report and market value. The proposal shall report to the chairman when the total value is under 10% of the Company's total equity or NTD 20 million. The approved acquisition or disposal will report in the next Board meeting. Acquisition or Disposal of intangible assets with values over NTD 20 million shall be approved at the Board Meeting.</p> <p>3. No amendment</p> <p>10.3 Responsible Parties After the acquisition or disposal of intangible assets are appraised by the Board of Directors, the corresponding department and Finance division would be responsible for implementation.</p> <p>10.4 Opinions from Professionals Except for transactions with government institutions, if the Company's acquisition or disposal of membership or intangible assets reaches 20% of the Company's paid-in capital or NT\$300 million, opinions in respect of a rational transaction price shall be sought from certified public accountant. Certified public accountant shall handle the matter in accordance with the provision of Auditing Standard No. 20 published by the ARDF.</p>	<p>2. When managing intangible assets <u>or right-of-use assets thereof</u>, the values of assets and deals conditions shall be evaluated based on professional appraisal report and market value. The proposal shall report to the chairman when the total value is under 10% of the Company's total equity or NTD 20 million. The approved acquisition or disposal will report in the next Board meeting. Acquisition or Disposal of intangible assets with values over NTD 20 million shall be approved at the Board Meeting.</p> <p>10.3 Responsible Parties After the acquisition or disposal of intangible assets <u>or rights-of-use of assets thereof</u> are appraised by the Board of Directors, the corresponding department and Finance division would be responsible for implementation.</p> <p>10.4 Opinions from Professionals Except for transactions with government institutions, if the Company's acquisition or disposal of membership or intangible assets <u>or rights-of-use of assets thereof</u> reaches 20% of the Company's paid-in capital or NT\$300 million, opinions in respect of a rational transaction price shall be sought from certified public accountant <u>prior to the Date of the Event</u>. Certified public accountant shall handle the matter in accordance with the provision of Auditing Standard No. 20 published by the ARDF.</p>	
<p>Article 12 Procedure for Managing Financial Derivatives 12.1 Principles and Guidelines 12.1.1 Instruments</p>	<p>Article 12 Procedure for Managing Financial Derivatives 12.1 Principles and Guidelines 12.1.1 Instruments</p>	<p>Amended in accordance with laws and</p>

<p>1. Derivatives referred to <u>herein mean any trading contracts with worth derived from assets, interest rates, foreign exchange rates, indexes or other interest-generating products (such as forward, options, futures, swaps or hybrid financial product consisting aforementioned products)</u></p> <p>2. No amendment No amendment from 12.2-12.3</p> <p>12.4 Regular Evaluation System</p> <p>1. No amendment</p> <p>2. No amendment</p> <p>12.5 No amendment</p>	<p>1. Derivatives referred to <u>products defined in the Article 4-1 in the Procedure.</u></p> <p>12.4 Regular Evaluation System <u>and Handling of Abnormal Situations</u></p>	<p>regulations</p>
<p>Article 14 Public Disclosure of Information Procedure</p> <p>14.1 Circumstance required to disclose</p> <p>1. Acquiring real estate properties from Related Parties: No Amendment from item 2-4</p> <p>2. When the values of asset transaction (other than preceding four circumstance) from financial institution, or an investment in mainland China is over 20% or exceeds paid-in capital or NT\$300 million; this shall exempt from following conditions:</p> <p>(1) Trading of government bonds;</p> <p>(2) No amendment</p> <p>(3) No amendment</p> <p>(4) No amendment</p> <p>(5) Acquiring real estate properties from construction-based Company and trading with non-Related Parties, and the value of transaction is under NT \$500 million.</p> <p>(6) When land is acquired under an arrangement build on the Company's own land, build on rented land, joint construction and allocation of housing units, joint construction and allocation of ownership percentages, or joint</p>	<p>Article 14 Public Disclosure of Information Procedure</p> <p>14.1 Circumstance required to disclose</p> <p>1. Acquiring <u>or disposing</u> real estate properties from Related Parties;</p> <p>2. When the values of asset transaction (other than preceding four circumstance) from financial institution, or an investment in mainland China is over 20% or exceeds paid-in capital or NT\$300 million; this shall exempt from following conditions:</p> <p>(1) Trading of <u>domestic</u> government bonds;</p> <p>(5) Acquiring real estate properties <u>and right of the use</u> from construction-based Company and trading with non-Related Parties, and the value of transaction is under NT \$500 million.</p> <p>(6) When land is <u>trading with non-related parties</u> under an arrangement build on the Company's own land, build on rented land, joint construction and allocation of housing units, joint construction and allocation of ownership</p>	<p>Amended in accordance with laws and regulations</p>

<p>construction and separate sale, the amount the Company expects to invest in the transaction is less than NT\$500 million.</p> <p>3. No amendment 14.2 No Amendment 14.3 No Amendment</p>	<p>percentages, or joint construction and separate sale, the amount the Company expects to invest in the transaction is less than NT\$500 million.</p>	
<p>Article 17 Implementation and Amendment The Procedures shall be approved by the Board of Directors, supervisors and the Shareholders' Meeting. Any amendment is subject to the same procedures.</p> <p>If the board raised any disagreement and submit with record or documentation, the Company shall submit such document to every supervisor.</p> <p>This article was enacted on 11 November, 1999. The first amendment was made on June 3, 2003. The second amendment was made on June 26, 2009.</p>	<p>Article 17 Implementation and Amendment The Procedures shall be approved by the Board of Directors, supervisors and the Shareholders' Meeting. Any amendment is subject to the same procedures.</p> <p>If the board raised any disagreement and submit with record or documentation, the Company shall submit such document to every supervisor.</p> <p>This article was enacted on 11 November, 1999. The first amendment was made on June 3, 2003. The second amendment was made on June 26, 2009. <u>The third amendment was made on June 19, 2019.</u></p>	