

# **UNITED INTEGRATED SERVICES CO., LTD.**

## The 2019 General Shareholders Meeting

### Agenda Handbooks

Date: June 19, 2019

Location: Chinatrust Executive House (No.219-2, Sec. 3, Zhongxing Rd.,  
Xindian Dist., New Taipei City)

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# UNITED INTEGRATED SERVICES CO., LTD.

## The 2019 General Shareholders Meeting Procedures

I. Meeting in session

II. Message from the Chairman

III. Reporting matters

IV. Approvals

V. Discussions

VI. Motions

VII. Meeting adjourn

# UNITED INTEGRATED SERVICES CO., LTD.

## The 2019 General Shareholders Meeting Agenda

Time: 9:00am, June 19 (Wednesday), 2019

Location: Chinatrust Executive House (No.219-2, Sec. 3, Zhongxing Rd., Xindian Dist., New Taipei City)

### (I) Reporting matters

- (1) The 2018 business report
- (2) The 2018 Audit Committee's audit report
- (3) The 2018 Remuneration to employees and directors
- (4) Mainland China area investment

### (II) Approvals

- (1) The 2018 business report and financial statements
- (2) The 2018 earnings distribution

### (III) Discussions:

- (1) Partial amendment to the Company's "Articles of Association"
- (2) Partial amendment to the Company's "Procedures for the Acquisition and Disposal Of Assets"
- (3) Partial amendment to the Company's "Operating Procedures for Loaning of Funds"
- (4) Partial amendment to the Company's "Operating Procedures for Making of Endorsements and Guarantees"

### (IV) Motions

### (V) Meeting adjourn

## I. Reporting matters:

I. The 2018 business report is submitted for review

Note: Please refer to Annex I for the business report in details.

II. The 2018 Audit Committee's audit report is submitted for review

Note: Please refer to Annex II for the 2018 Audit Committee's audit report in details.

III. The 2018 remuneration to employees and directors is reported for review.

Note: 1. According to the provision of Article 19 of the Company's Articles of Association, an amount equivalent to 6%~10% of the Company's earnings, if any, should be appropriated as remuneration to employees; also, an amount less than 2% of the earnings should be appropriated as remuneration to directors.

2. To provide employees with a remuneration of approximately NT\$300,000,000 and according to the recommendations made in the 3rd meeting of the 4th Remuneration Committee, it is proposed to directors with a remuneration of approximately NT\$27,000,000 (not more than 2%), which will be paid in cash.

IV. The implementation of Mainland China area investment is reported for review.

Note: The following 5 Mainland China area investments of the Company are currently approved by the Investment Commission MOEA:

1. Su Yuan Trading (Shanghai) Co., Ltd. [former United Integrated (Shanghai) Service Co., Ltd.] is with a paid-in capital of US\$1,000,000 and 100% shareholding.
2. Jiangxi United Integrated Service Co., Ltd. is with a paid-in capital of RMB 100 million and 75% shareholding.
3. Suzhou Hantai Service Co., Ltd. is with a paid-in capital of US\$12 million and 100% shareholding.
4. Jiangxi Jen-Kong Group Co., Ltd. is with a paid-in capital of RMB 1,043,500,000 and 19.8% shareholding.
5. Beijing Hanhe Tang Medical Equipment Co., Ltd. is with a paid-in capital of US\$1,000,000 and 100% shareholding.

## II. Approvals:

Proposal 1: The 2018 business report and financial statements are submitted for approval. (Proposed by the Board of Directors)

Note: The Company's 2018 annual business report and various financial statements have been resolved by the Board of Directors and verified by the Audit Committee. See Annex I and III for details. Please approve.

Resolutions:

Proposal 2: The 2018 earnings distribution proposal is proposed for approval. Please approve. (Proposed by the Board of Directors)

Note:

1. The Company's 2018 earnings distribution table had been resolved by the Board of Directors on March 25, 2019 and verified by the Audit Committee. See Annex IV for details.
2. For the aforementioned earnings distribution, after the resolution reached in the (2019) general shareholders meeting, the Chairman will be authorized to schedule the dividend distribution base date and to calculate the dividend amount (rounded up to NT\$) according to the shares held by shareholders in the shareholder registry. The total amount of the odd lot is included in the other income of the Company.
3. If the changes in outstanding shares affect the earnings distribution ratio, the Company intends to authorize the Chairman to handle the changes related matters. Please approve.

Resolutions:

### III. Discussions:

Proposal 1: The partial amendment to the "Articles of Association" of the Company is submitted for resolutions. (Proposed by the Board of Directors)

Note: It is proposed to amend some of the provisions of the "Articles of Association" in response to the actual needs of the company. The comparison table of the amendment made

before and after is detailed in Annex V and is submitted for resolutions.

Resolutions:

Proposal 2: It is proposed to amend some of the provision of the Company's "Procedures for the Acquisition and Disposal of Assets." (Proposed by the Board of Directors)

Note: In order to comply with the changes in the relevant law and regulations and adopt International Financial Reporting Standards No. 16 "Leases," it is proposed to amend some of the provisions of the Company's "Procedures for the Acquisition and Disposal of Assets." For the comparison table of amendment made before and after, please refer to Annex VI for details.

Resolutions:

Proposal 3: It is proposed to amend some of the provisions of the Company's "Operating Procedures for Loaning of Funds" and it is submitted for resolutions. (Proposed by the Board of Directors)

Note: In order to comply with the changes in the relevant law and regulations and the actual operation of the Company, it is proposed to amend some of the provisions of the Company's "Operating Procedures for Loaning of Funds." For the comparison table of amendment made before and after, please refer to Annex VII for details.

Resolutions:

Proposal 4: It is proposed to amend some of the provisions of the Company's "Operating Procedures for Making of Endorsements and Guarantees" and it is submitted for resolutions. (Proposed by the Board of Directors)

Note: In order to comply with the changes in the relevant law and regulations and the actual operation of the Company, it is proposed to amend some of the provisions of the Company's "Operating Procedures for Making of Endorsements and Guarantees." For the comparison table of the amendment made before and after, please refer to Annex VIII for details.

Resolutions:

IV. Motions:

V. Meeting adjourn



## Annex I

### Business report

#### I. Business plan implementation results

With the active efforts of all colleagues and the support of all shareholders of the Company, regarding the overall operating results in 2018, the consolidated operating income amounted to NT\$18.127 billion and the net income before tax amounted to NT\$3.037 billion.

The consolidated operating income of the Company for the year of 2018 is classified by the main product categories as follows:

Unit: NT\$ Thousand

Item	Amount	Percentage (%)
System integration	17,898,319	98.7%
Maintenance service	104,137	0.6%
Design business and product sales	125,478	0.7%
Total	18,127,934	100.0%

#### II. The 2018 profitability analysis

The Company's 2018 main profitability indicators are as follows:

Ratio of return on total assets	= 12.15%
Ratio of return on shareholders' equity	= 32.27%
Profit ratio	= 12.55%
Earnings per share (NTD/Share)	= NT\$9.42

#### III. The 2019 operational outlook

##### (I) Business goals

Due to the substantial growth of the Chinese market and Singapore market in 2018, the overall overseas revenue accounted for 47% of the company's total revenue, which was the highest in the recent years. In addition, Taiwan's revenue had also grown considerably, so the company's revenue in 2018 was a record high.

The overseas market will cool down in 2019, but the Taiwanese market will continue to grow. The overall revenue in 2019 is expected to remain the same and may have a chance to break through.

##### (II) Management policy and development strategy

For the company's long-term operation and development, in addition to strengthening internal management, the Company's competitive advantages in cost, quality, and technology must be greatly improved; also, more cadres in China and Taiwan will be trained and relevant system elites will be recruited, especially in Mainland China in order to prepare for the business growth in China. At present, in the Company's professional field, although the revenue and competitiveness have been ahead of the peers, the Company will strive to enhance its operation this year and improve the construction method to reduce costs and increase profitability in order to increase market share and keep the competitors in distance. In terms of products, the wireless security monitoring system department has achieved considerably, but research and development and business development must be

further deepened.

(III) External competition, regulatory environment, and overall business environment impact

The Company's market share in Taiwan's high-tech industry has increased year by year. There are only several real competitors faced by the Company. In Chinese market, severe competition comes from the manufacturers of China, Taiwan, and foreigners. However, Chinese market is relatively large. The Company is a first-class brand with competition advantage comparing to the competitors. Therefore, the Company still has certain advantages to compete in Chinese market.

In terms of Singapore market, the Company has made a great breakthrough in the first two years, which is very helpful for market development in the future.

**Chairman:**  
**C.S. Chen**

**Manager:**  
**C.S. Chen**

**Chief Accountant:**  
**Li-Mei Pan**

**Annex II**

**UNITED INTEGRATED SERVICES CO., LTD.**

**The Audit Committee's audit report**

Hereby approved

The Board of Directors had prepared and presented the Individual Financial Statements and the consolidated financial statements of the Company and its subsidiaries for the year of 2018, which were audited by CPA Johnny Lee and CPA Tzu Hui Lee of KPMG in Taiwan. Such audited financial statements together with the business report and the earnings distribution statement were reviewed and verified by the Audit Committee. The report is then prepared according to Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act and submitted for approval.

Sincerely yours,

The 2019 General Shareholders Meeting of the Company

UNITED INTEGRATED SERVICES CO., LTD.

Convener of the Audit Committee: Ting Ho

March 22, 2019

## **Annex III**

### **Independent Auditors' Report**

To the Board of Directors of United Integrated Services Co., Ltd.:

#### **Opinion**

We have audited the consolidated financial statements of United Integrated Services Co., Ltd. and its Subsidiaries ("the Group"), which comprise the consolidated statement of financial position as of December 31, 2018 and 2017 and the consolidated statements of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the years ended December 31, 2018 and 2017, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, based on our audit and the other auditors' report (please refer to other matter section), 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 ended December 31, 2018 and 2017, in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the International Financial Reporting Standards ( "IFRSs" ), International Accounting Standards ( "IASs" ), Interpretations developed by the International Financial Reporting Interpretations Committee ( "IFRIC" ) or the former Standing Interpretations Committee ( "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 Certification of Financial Statements by Certified Public Accountants" and the 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 Certified Public Accountants Code of Professional Ethics in Republic of China ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our opinion.

## **Other Matter**

Other companies included in investments accounted for using equity method of the Group, which like Ablere Electronics Co., Ltd., Wholetech System Hitech Limited and JG Environmental Technology Co., Ltd. The financial statements have not been audited by us but by other auditors. Therefore, the amounts of the financial statements about Ablere Electronics Co., Ltd., Wholetech System Hitech Limited and JG Environmental Technology Co., Ltd. are based on the other auditors' report. As of December 31, 2018 and 2017, the Group recognized the amount of investment in the equity method of Ablere Electronics Co., Ltd., Wholetech System Hitech Limited and JG Environmental Technology Co., Ltd., accounted for 3.64% and 4.53% of total assets, respectively.

For the years ended December 31, 2018 and 2017, share of profit of associates accounted for using equity method accounted for 2.10% and 3.45% of income before tax, respectively.

Some directors of United Integrated Services Co., Ltd. are judged by the Taiwan High Court, who were involved in the violation of the Securities Exchange Act. For circumstances of these cases, please refer to note 12 (b) of the consolidated financial statements.

United Integrated Services Co., Ltd. has prepared individual financial statements for the years of 2018 and 2017, and we have issued an unqualified opinion with other matter section thereon.

## **Key Audit Matters**

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

### **1. Revenue recognition**

For the accounting policies related to revenue recognition, please refer to Note 4 (p) Revenue recognition; Revenue recognition of accounting estimates and assumptions of uncertainty, please refer to Note 5 (b) Income recognition; For the description of revenue recognition, please refer to Note 6 (v) Revenue.

#### **Description of Key Audit Matters:**

Construction contract revenue of the Group is recognized by the degree of completion of the contract. The degree of completion is based on the contract costs incurred as of the financial statements date which represents the percentage of the estimated total contract cost. Because construction contract accounting treatment involves high level of estimation and judgment, revenue recognition has been identified as a key audit matter in our audit.

We performed our audit procedures by:

Our principal audit procedures include the effectiveness test of internal control execution related to the timing and correctness of revenue recognition. Select samples of new construction contract during the reporting period of the Group, and review the contracts and related documents; we obtained the annual project revenue statistics of the Group, and calculated the validity of the recognition amount of the project revenue.

## 2. Accounts receivable impairment assessment

For the accounting policies of the impairment assessment of accounts receivable, please refer to Note 4 (g) Financial instruments; for the accounting estimates and assumptions of the uncertainly, please refer to Note 5(a) Impairment assessment of accounts receivable; For the description of the impairment assessment of accounts receivable, please refer to Note 6(d) Receivable and net accounts receivable.

Description of Key Audit Matters:

The Group recognized expected credit loss in accordance to the Group's policy of allowance for bad debts, and established its estimation based on its client's credit risk, historical experiences of credit loss, and the rational expectation of future economic status. Since the accounting treatment of expected credit losses involves high level of estimation and judgment, the assessment of impairment of accounts receivable has been identified as a key audit matter in our audit.

We performed our audit procedures by:

Our principal audit procedures include (i) understanding the accounting policies of notes receivable, accounts receivable, and their impairment assessment; (ii) implementing sampling procedures to examine accuracy of accounts receivable aging report; (iii) analyzing the changes of aging of accounts receivable in each period; (iv) performing random examination of the historical collection records; (v) examining subsequent events to evaluate the reasonableness of the Group's recognition of allowance for impairment losses.

## 3. Financial instruments assessment

For the accounting policies related to the assessment of financial instruments, please refer to Note 4 (g) Financial Instruments; Financial instruments of accounting estimates and assumptions uncertainty, please refer to Note 5 (c) Financial assets impairment; For the description of the financial instruments assessment, please refer to Note 6 (z) Financial value and level information.

Description of Key Audit Matters:

The valuation for accounting treatment of financial instruments of the Group, which involves the exercise of professional judgments on valuation techniques and important parameters. Therefore, the valuation of financial instruments has been identified as a key audit matter in our audit.

We performed our audit procedures by:

Our principal audit procedures included (i) performing an assessment over the investment cycle of its initial recognition and disclosures on financial statements, which involved in internal control procedures for fair value measurement performed by the management (ii) Appointed our valuation specialists to assess the reasonableness of valuation techniques and to test the key parameters of financial assets without active market prices, wherein valuation models were used to ensure that the applied valuation techniques were in accordance with IFRS 13 "Fair Value Measurement" .

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

The 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 IFRSs, IASs, interpretation as well as related guidance endorsed by the Financial Supervisory Commission of the Republic of China, and for such internal control as the 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, the 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 the 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 members of 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 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 the management.
4. Conclude on the appropriateness of the 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 the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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



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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of 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 Jung-Lin, Lee and Tzu-Hui, Lee.

KPMG

Taipei, Taiwan (Republic of China)  
March 25, 2019

#### **Notes to Readers**

The accompanying parent company only financial statements are intended only to present the statement of financial position, financial performance and its cash flows in accordance with the 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 parent company only financial statements are those generally accepted and applied in the Republic of China.

The auditors' report and the accompanying parent company only financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language auditors' report and parent company only financial statements, the Chinese version shall prevail.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)  
**UNITED INTEGRATED SERVICES CO., LTD. AND SUBSIDIARIES**  
**Consolidated Balance Sheets**  
**December 31, 2018 and 2017**  
(Expressed in Thousands of New Taiwan Dollars)

Assets		December 31, 2018		December 31, 2017			Liabilities and Equity		December 31, 2018		December 31, 2017	
		Amount	%	Amount	%				Amount	%	Amount	%
<b>Current assets:</b>							<b>Current liabilities:</b>					
1100	Cash and cash equivalents (note6(a))	\$ 7,029,298	34	7,995,750	48	2130	Contract liabilities (note6(v))	6,943,358	33	-	-	
1110	Financial assets at fair value through profit or loss— current (note6(b), (z))	149,575	1	42,323	-	2150	Notes payable (note6(z))	241,795	1	46,861	-	
1125	Available-for-sale financial assets-current (note6(c),(z))	-	-	100,350	1	2160	Notes payable-related parties (note6(z) and 7)	38,960	-	-	-	
1140	Contract assets-current (note6(v))	2,176,124	10	-	-	2170	Accounts payable (note6(z))	4,100,557	20	2,252,559	15	
1150	Notes receivable, net (note6(d))	581,743	3	296,972	2	2180	Accounts payable— related parties (note6(z) and 7)	84,831	-	50,399	-	
1170	Accounts receivable, net (note6(d))	3,822,249	18	1,410,567	8	2190	Accounts payable of construction contracts (note6(e))	-	-	6,557,290	39	
1190	Accounts receivable of construction contracts (note6(e))	-	-	1,695,309	10	2220	Other payables-related parties (note7)	125,964	1	147,587	1	
1221	Current tax assets	14,485	-	9,599	-	2230	Current income tax liabilities	444,470	2	60,380	-	
130X	Inventories (note6(f))	39,233	-	34,957	-	2250	Provision liabilities-current (note6(p))	13,354	-	3,205	-	
1410	Prepayments (note6(g))	1,453,776	7	621,816	4	2300	Other current liabilities	868,349	4	496,819	3	
1470	Other current assets (note6(n),7and 8)	2,058,412	10	1,642,271	10		<b>Total current liabilities</b>	12,861,638	61	9,615,100	58	
	<b>Total current assets</b>	17,324,895	83	13,849,914	83		<b>Non-Current liabilities:</b>					
Non-current assets:						2550	Provision liabilities— non-current (note6(r))	334,415	2	309,270	2	
1543	Financial assets carried at cost— non-current (note6(j))	-	-	1,018,462	6	2570	Deferred income tax liabilities (note6(s))	118,983	1	89,318	1	
1510	Financial assets at fair value through profit or loss— non-current (note6(h), (z))	7,879	-	-	-	2645	Guarantee deposit received (note6(z))	8,802	-	4,523	-	
1517	Financial assets at fair value through other comprehensive income— non-current (note6(i), (z))	1,636,961	8	-	-		<b>Total non-current liabilities</b>	462,200	3	403,111	3	
1550	Investments accounted for under equity method (note6(k))	756,814	4	752,728	5		<b>Total liabilities</b>	13,323,838	64	10,018,211	61	
1600	Property, plant and equipment (note6(l))	806,633	4	736,116	4	3100	<b>Equity attributable to shareholders of the company:</b>	1,905,867	9	2,382,334	14	
1780	Intangible assets (note6(m))	1,341	-	1,809	-	3200	Common stock	374,156	2	611,987	4	
1840	Deferred income tax assets (note6(s))	84,696	-	92,852	1		Capital surplus					
1900	Other non-current assets (note6(n) and 8)	191,384	1	173,690	1	3310	Retained earnings:					
	<b>Total non-current assets</b>	3,485,708	17	2,775,657	17	3320	Legal reserve	1,515,740	7	1,394,285	8	
						3350	Special reserve	112,888	1	133,666	1	
							Unappropriated earnings	2,780,424	13	1,992,541	12	
								4,409,052	21	3,520,492	21	
						3400	Other equity	565,261	3	(112,888)	(1)	
							<b>Total equity attributable to shareholders of the parent company</b>	7,254,336	35	6,401,925	38	
						36XX	Non-controlling interests	232,429	1	205,435	1	
							<b>Total equity</b>	7,486,765	36	6,607,360	39	
<b>Total assets</b>		<b>\$ 20,810,603</b>	<b>100</b>	<b>16,625,571</b>	<b>100</b>		<b>Total liabilities and equity</b>	<b>\$ 20,810,603</b>	<b>100</b>	<b>16,625,571</b>	<b>100</b>	

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)  
**UNITED INTEGRATED SERVICES CO., LTD. AND SUBSIDIARIES**  
**Consolidated Statements of Comprehensive Income**  
**For the years ended December 31, 2018 and 2017**  
(Expressed in Thousands of New Taiwan Dollars , Except for Earnings Per Common Share)

		<u>2018</u>		<u>2017</u>	
		Amount	%	Amount	%
<b>Operating Revenues (note(v), (w) and 7):</b>					
4520	Construction revenue (note6(v))	17,898,319	99	12,247,176	98
4600	Service and design revenue	<u>229,615</u>	1	<u>278,742</u>	2
<b>Operating revenue, net</b>		18,127,934	100	12,525,918	100
<b>Operating costs (note6(f), (m), (r), (x), 7 and 12):</b>					
5520	Construction cost	14,786,885	82	10,131,450	81
5600	Service and design cost	<u>157,608</u>	1	<u>159,954</u>	1
<b>Total operating costs</b>		<u>14,944,493</u>	83	<u>10,291,404</u>	82
<b>Gross profit from operations</b>		<u>3,183,441</u>	17	<u>2,234,514</u>	18
<b>Operating expenses (note6(m), (p), (q), (r), (x) and 12):</b>					
6100	Selling expenses	32,382	-	26,704	-
6200	General and administrative expenses	695,937	4	555,339	4
6300	Research and development expenses	36,070	-	42,120	-
6450	Expected credit impairment losses	<u>46,952</u>	-	<u>-</u>	-
<b>Total operating expenses</b>		<u>811,341</u>	4	<u>624,163</u>	4
<b>Net operating income</b>		<u>2,372,100</u>	13	<u>1,610,351</u>	14
<b>Non-operating income and expenses:</b>					
7010	Other income (note6(y))	389,382	2	319,528	3
7020	Other gains and losses (note6(y))	72,258	-	(339,021)	(3)
7100	Interest income	146,014	1	100,240	1
7510	Interest expense (note6(y) and 7)	(6,368)	-	(6,572)	-
7370	Share of profit of associations and joint ventures accounted for using equity method (note6(k))	<u>63,636</u>	-	<u>61,056</u>	-
<b>Total non-operating income and expenses</b>		<u>664,922</u>	3	<u>135,231</u>	1
<b>Profit from continuing operations before tax</b>		3,037,022	16	1,745,582	15
7950	<b>Less: Income tax (note6(s))</b>	<u>762,853</u>	4	<u>403,818</u>	3
<b>Net Profit</b>		<u>2,274,169</u>	12	<u>1,341,764</u>	12
8300	<b>Other comprehensive income:</b>				
8310	<b>Components of other comprehensive income that will not be reclassified to profit or loss</b>				
8311	Gains (losses) on remeasurements of defined benefit plans	(21,830)	-	(29,593)	-
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income(note6(i))	(954,501)	(5)	-	-
8320	Share of other comprehensive income of associates and joint ventures accounted for using equity method, components of other comprehensive income that will not be reclassified to profit or loss	(133)	-	(510)	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	<u>9,567</u>	-	<u>5,031</u>	-
Components of other comprehensive income that will not be reclassified to profit or loss		<u>(966,897)</u>	(5)	<u>(25,072)</u>	-
8360	<b>Other components of other comprehensive income that will be reclassified to profit or loss</b>				
8361	Exchange differences on translation(note6(t))	(39,178)	-	(18,227)	-
8362	Unrealized gains (losses) on valuation of available-for-sale financial assets(note6(t))	-	-	34,780	-
8370	Share of other comprehensive income of associates and joint ventures accounted for using equity method, components of other comprehensive income that will be reclassified to profit or loss	-	-	1,127	-
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss	<u>6,397</u>	-	<u>3,098</u>	-
Components of other comprehensive income that will be reclassified to profit or loss		<u>(32,781)</u>	-	<u>20,778</u>	-
8300	<b>Other comprehensive income, net</b>	<u>(999,678)</u>	(5)	<u>(4,294)</u>	-
<b>Total comprehensive income</b>		<u>\$ 1,274,491</u>	<u>7</u>	<u>\$ 1,337,470</u>	<u>12</u>
<b>Profit attributable to:</b>					
8610	Profit attributable to owners of parent (note6(u))	\$ 2,147,566	11	1,214,548	11
8620	Profit attributable to non-controlling interests	<u>126,603</u>	1	<u>127,216</u>	1
		<u>\$ 2,274,169</u>	<u>12</u>	<u>\$ 1,341,764</u>	<u>12</u>
<b>Comprehensive income attributable to:</b>					
8710	Comprehensive income, attributable to owners of parent	\$ 1,155,079	6	1,210,254	11
8720	Comprehensive income, attributable to non-controlling interests	<u>119,412</u>	1	<u>127,216</u>	1
		<u>\$ 1,274,491</u>	<u>7</u>	<u>\$ 1,337,470</u>	<u>12</u>
9750	<b>Basic earnings per share (note6(u))</b>	<u>\$ 9.42</u>		<u>\$ 5.10</u>	
9850	<b>Diluted earnings per share (note6(u))</b>	<u>\$ 9.27</u>		<u>\$ 5.00</u>	

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)  
**UNITED INTEGRATED SERVICES CO., LTD. AND SUBSIDIARIES**  
**Consolidated Statements of Changes in Equity**  
**For the years ended December 31, 2018 and 2017**  
**(Expressed in Thousands of New Taiwan Dollars)**

	Equity attributable to owners of parent													Total equity	
	Share capital						Retained earnings						Total other equity interest		
							Exchange differences on translation of foreign financial statements			Unrealized gains (losses) on financial assets measured at fair value		Unrealized gains (losses) on available-for-sale financial assets	Total other equity interest		Treasury stock
	Common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Total retained earnings	foreign financial statements	through other comprehensive income	available-for-sale financial assets	Total other equity interest	Treasury stock	attributable to owners of parent	Non-controlling interests		Total equity
<b>Balance at January 1, 2017</b>	A1	\$ 2,382,334	610,422	1,239,086	63,220	2,458,110	3,760,416	(23,896)	-	(109,770)	(133,666)	(594)	6,618,912	16,170	6,635,082
Net income for the year	D1	-	-	-	-	1,214,548	1,214,548	-	-	-	-	-	1,214,548	127,216	1,341,764
Other comprehensive income (losses) for the year	D3	-	-	-	-	(25,072)	(25,072)	(14,002)	-	34,780	20,778	-	(4,294)	-	(4,294)
Total comprehensive income (losses) for the period	D5	-	-	-	-	1,189,476	1,189,476	(14,002)	-	34,780	20,778	-	1,210,254	127,216	1,337,470
Appropriation and distribution of retained earnings:															
Legal reserve	B1	-	-	155,199	-	(155,199)	-	-	-	-	-	-	-	-	-
Special reserve	B3	-	-	-	70,446	(70,446)	-	-	-	-	-	-	-	-	-
Cash dividends	B5	-	-	-	-	(1,429,400)	(1,429,400)	-	-	-	-	-	(1,429,400)	-	(1,429,400)
Other changes in capital surplus:															
Changes in equity of associates and joint ventures accounted for using equity method	C7	-	294	-	-	-	-	-	-	-	-	-	294	-	294
Other changes in capital surplus	C17	-	268	-	-	-	-	-	-	-	-	-	268	-	268
Disposal of company's stock by subsidiaries recognized as treasury stock transactions	L7	-	1,003	-	-	-	-	-	-	-	-	594	1,597	-	1,597
Changes in non-controlling interests	O1	-	-	-	-	-	-	-	-	-	-	-	-	62,049	62,049
<b>Balance at December 31, 2017</b>	Z1	2,382,334	611,987	1,394,285	133,666	1,992,541	3,520,492	(37,898)	-	(74,990)	(112,888)	-	6,401,925	205,435	6,607,360
Effects of retrospective application	A3	-	-	-	-	(55,443)	(55,443)	-	1,583,250	74,990	1,658,240	-	1,602,797	-	1,602,797
Equity at beginning of period after adjustments	A5	2,382,334	611,987	1,394,285	133,666	1,937,098	3,465,049	(37,898)	1,583,250	-	1,545,352	-	8,004,722	205,435	8,210,157
Net income for the year	D1	-	-	-	-	2,147,566	2,147,566	-	-	-	-	-	2,147,566	126,603	2,274,169
Other comprehensive income (losses) for the year	D3	-	-	-	-	(12,396)	(12,396)	(25,590)	(954,501)	-	(980,091)	-	(992,487)	(7,191)	(999,678)
Total comprehensive income (losses) for the period	D5	-	-	-	-	2,135,170	2,135,170	(25,590)	(954,501)	-	(980,091)	-	1,155,079	119,412	1,274,491
Appropriation and distribution of retained earnings:															
Legal reserve	B1	-	-	121,455	-	(121,455)	-	-	-	-	-	-	-	-	-
Special reserve	B3	-	-	-	(20,778)	20,778	-	-	-	-	-	-	-	-	-
Cash dividends	B5	-	(238,233)	-	-	(1,191,167)	(1,191,167)	-	-	-	-	-	(1,429,400)	-	(1,429,400)
Other changes in capital surplus:															
Changes in equity of associates and joint ventures accounted for using equity method	C7	-	402	-	-	-	-	-	-	-	-	-	402	-	402
Capital reduction	E3	(476,467)	-	-	-	-	-	-	-	-	-	-	(476,467)	-	(476,467)
Changes in non-controlling interests	O1	-	-	-	-	-	-	-	-	-	-	-	-	(92,418)	(92,418)
<b>Balance at December 31, 2018</b>	Z1	\$ 1,905,867	374,156	1,515,740	112,888	2,780,424	4,409,052	(63,488)	628,749	-	565,261	-	7,254,336	232,429	7,486,765

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)  
**UNITED INTEGRATED SERVICES CO., LTD. AND SUBSIDIARIES**  
**Consolidated Statements of Cash Flows**  
**For the years ended December 31, 2018 and 2017**  
**(Expressed in Thousands of New Taiwan Dollars)**

	2018	2017
AAAA <b>Cash flows from (used in) operating activities:</b>		
A10000 <b>Profit before tax</b>	\$ 3,037,022	1,745,582
A20000 <b>Adjustments:</b>		
A20010 <b>Adjustments to reconcile profit (loss):</b>		
A20100 Depreciation expense	27,408	25,258
A20200 Amortization expense	3,708	5,604
A20300 Expected credit loss for bad debt expense(reversal of provision)	46,952	(17,746)
A20400 Net loss (gain) on financial assets or liabilities at fair value through profit or loss	15,206	(24,489)
A20900 Interest expense	6,368	6,572
A21200 Interest income	(146,014)	(100,240)
A21300 Dividend income	(356,400)	(257,432)
A22300 Share of profit of associates and joint ventures accounted for using equity method	(63,636)	(61,056)
A22500 Loss (gain) on disposal of property, plan and equipment	(1)	27
A23100 Gain on disposal of investments	-	(13,656)
A23500 Impairment loss on financial assets	-	3,300
A20010 <b>Total adjustments to reconcile profit (loss)</b>	<u>(466,409)</u>	<u>(433,858)</u>
A30000 <b>Changes in operating assets and liabilities:</b>		
A31000 <b>Changes in operating assets:</b>		
A31125 Increase in contract assets	(480,815)	-
A31130 Decrease(increase) in notes receivable	(284,771)	463,996
A31150 Decrease(increase) in accounts receivable	(2,458,634)	2,307,972
A31160 Decrease in accounts receivable due from related parties	-	144
A31170 Increase in construction contracts receivable	-	(322,888)
A31200 Increase in inventories	(4,276)	(3,483)
A31230 Decrease(increase) in prepayments	(831,960)	312,820
A31240 Increase in other current assets	(3,110)	(191,150)
A31000 <b>Subtotal of changes in operating assets</b>	<u>(4,063,566)</u>	<u>2,567,411</u>
A32000 <b>Changes in operating liabilities:</b>		
A32125 Increase in Contract liabilities	386,068	-
A32130 Increase (decrease) in notes payable	194,934	(111,524)
A32140 Increase (decrease) in notes payable to related parties	38,960	(40,246)
A32150 Increase (decrease) in accounts payable	1,847,998	(710,609)
A32160 Increase (decrease) in accounts payable to related parties	34,432	(43,614)
A32170 Increase in construction contracts receivable	-	762,191
A32190 Decrease in other payable to related parties	(21,623)	-
A32200 Increase (decrease) in provisions	10,149	(4,731)
A32230 Increase (decrease) in other current liabilities	371,530	(157,709)
A32240 Increase in net defined benefit liability	3,314	2,354
A32000 <b>Subtotal of changes in operating liabilities</b>	<u>2,865,762</u>	<u>(303,888)</u>
A30000 <b>Subtotal of changes in operating assets and liabilities</b>	<u>(1,197,804)</u>	<u>2,263,523</u>
A20000 <b>Total adjustments</b>	<u>(1,664,213)</u>	<u>1,829,665</u>
A33000 Cash inflow (outflow) generated from operations	1,372,809	3,575,247
A33100 Interest received	135,539	93,992
A33300 Interest paid	-	(291)
A33500 Income taxes refund (paid)	(329,869)	(495,276)
AAAA <b>Net cash flows from (used in) operating activities</b>	<u>1,178,479</u>	<u>3,173,672</u>
BBBB <b>Cash flows from (used in) investing activities:</b>		
B00100 Acquisition of financial assets designated at fair value through profit or loss	(826)	-
B00200 Proceeds from disposal of financial assets designated at fair value through profit or loss	1,806	67,358
B00300 Acquisition of available-for-sale financial assets	-	(1,310)
B01400 Proceeds from capital reduction of financial assets at cost	-	5,132
B01800 Acquisition of investments accounted for using equity method	(10,382)	(2,579)
B02700 Acquisition of property, plant and equipment	(9,564)	(6,527)
B02800 Proceeds from disposal of property, plant and equipment	2,603	-
B03800 Increase (decrease) in refundable deposits	(104,253)	2,686
B04100 Increase in other receivables	6,345	-
B04500 Acquisition of intangible assets	-	(718)
B06500 Increase in other financial assets	(87,094)	(775,555)
B06800 Decrease in other non-current assets	-	4,990
B07200 Decrease in prepayments for business facilities	2,176	7,123
B07600 Dividends received	80,903	325,310
BBBB <b>Net cash flows from (used in) investing activities</b>	<u>(118,286)</u>	<u>(374,090)</u>
CCCC <b>Cash flows from (used in) financing activities:</b>		
C03100 Increase in guarantee deposits received	4,279	(1,534)
C04500 Cash dividends paid	(1,429,400)	(1,429,400)
C04700 Capital reduction payments to shareholders	(476,467)	-
C05000 Proceeds from sale of treasury shares	-	1,597
C05800 Change in non-controlling interests	(92,418)	62,049
CCCC <b>Net cash flows from (used in) financing activities</b>	<u>(1,994,006)</u>	<u>(1,367,288)</u>
DDDD <b>Effect of exchange rate changes on cash and cash equivalents</b>	<u>(32,639)</u>	<u>(8,399)</u>
EEEE <b>Net increase (decrease) in cash and cash equivalents</b>	<u>(966,452)</u>	<u>1,423,895</u>
E00100 <b>Cash and cash equivalents at beginning of period</b>	<u>7,995,750</u>	<u>6,571,855</u>
E00200 <b>Cash and cash equivalents at end of period</b>	<u>\$ 7,029,298</u>	<u>7,995,750</u>

## Independent Auditors' Report

To the Board of Directors of United Integrated Services Co., Ltd.:

### Opinion

We have audited the financial statements of United Integrated Services Co., Ltd. ("the Company"), which comprise the statement of financial position as of December 31, 2018 and 2017 and the statements of comprehensive income, statement of changes in equity and statement of cash flows for the years ended December 31, 2018 and 2017, and notes to the Company's financial statements, including a summary of significant accounting policies.

In our opinion, based on our audit and the other auditors' report (please refer to other matter section), 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 ended December 31, 2018 and 2017, in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

### Basis for Opinion

We conducted our audits in accordance with the "Regulations Governing Auditing and Certification of Financial Statements by Certified Public Accountants" and the 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 Company's Financial Statements section of our report. We are independent of the Company in accordance with the Certified Public Accountants Code of Professional Ethics in Republic of China ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our opinion.

### Other Matter

Other companies included in investments accounted for using equity method of the Company, which like Ablerex Electronics Co., Ltd., Wholetech System Hitech Limited and JG Environmental Technology Co., Ltd. The financial statements have not been audited by us but by other auditors. Therefore, the amounts of the financial statements about Ablerex Electronics Co., Ltd., Wholetech System Hitech Limited and JG Environmental Technology Co., Ltd. are based on the other auditors' report. As of December 31, 2018 and 2017, the Company recognized the amount of investment in the equity method of Ablerex Electronics Co., Ltd., Wholetech System Hitech Limited and JG Environmental Technology Co., Ltd., accounted for 4.26% and 5.71% of total assets, respectively.

For the years ended December 31, 2018 and 2017, share of profit of associates accounted for using equity method accounted for 2.37% and 4.16% of income before tax, respectively.

Some directors of United Integrated Services Co., Ltd. are judged by the Taiwan High Court, who were involved in the violation of the Securities Exchange Act. For circumstances of these cases, please refer to note 12 (b) of the consolidated financial statements.

## **Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Company's financial statements of the current period. These matters were addressed in the context of our audit of the Company's financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In our judgment, the key audit matters we communicated in the auditors' report were as follows:

### **1. Revenue recognition**

For the accounting policies related to revenue recognition, please refer to Note 4 (p) Revenue recognition; Revenue recognition of accounting estimates and assumptions of uncertainty, please refer to Note 5 (b) Income recognition; For the description of revenue recognition, please refer to Note 6 (u) Revenue.

#### **Description of Key Audit Matters:**

Construction contract revenue of the Company is recognized by the degree of completion of the contract. The degree of completion is based on the contract costs incurred as of the financial statements date which represents the percentage of the estimated total contract cost. Because construction contract accounting treatment involves high level of estimation and judgment, revenue recognition has been identified as a key audit matter in our audit.

We performed our audit procedures by:

Our principal audit procedures include the effectiveness test of internal control execution related to the timing and correctness of revenue recognition. Select samples of new construction contract during the reporting period of the Company, and review the contracts and related documents; we obtained the annual project revenue statistics of the Company, and calculated the validity of the recognition amount of the project revenue.

### **2. Accounts receivable impairment assessment**

For the accounting policies of the impairment assessment of accounts receivable, please refer to Note 4 (f) Financial instruments; for the accounting estimates and assumptions of the uncertainty, please refer to Note 5(a) Impairment assessment of accounts receivable; For the description of the impairment assessment of accounts receivable, please refer to Note 6(d) Receivable and net accounts receivable.

#### **Description of Key Audit Matters:**

The Company recognized expected credit loss in accordance to the Company's policy of allowance for bad debts, and established its estimation based on its client's credit risk, historical experiences of credit loss, and the rational expectation of future economic status. Since the accounting treatment of expected credit losses involves high level of estimation and judgment, the assessment of impairment of accounts receivable has

been identified as a key audit matter in our audit.



We performed our audit procedures by:

Our principal audit procedures include (i) understanding the accounting policies of notes receivable, accounts receivable, and their impairment assessment; (ii) implementing sampling procedures to examine accuracy of accounts receivable aging report; (iii) analyzing the changes of aging of accounts receivable in each period; (iv) performing random examination of the historical collection records; (v) examining subsequent events to evaluate the reasonableness of the Company's recognition of allowance for impairment losses.

### 3. Financial instruments assessment

For the accounting policies related to the assessment of financial instruments, please refer to Note 4 (f) Financial Instruments; Financial instruments of accounting estimates and assumptions uncertainty, please refer to Note 5 (c) Financial assets impairment; For the description of the financial instruments assessment, please refer to Note 6 (y) Financial value and level information.

Description of Key Audit Matters:

The valuation for accounting treatment of financial instruments of the Company, which involves the exercise of professional judgments on valuation techniques and important parameters. Therefore, the valuation of financial instruments has been identified as a key audit matter in our audit.

We performed our audit procedures by:

Our principal audit procedures included (i) performing an assessment over the investment cycle of its initial recognition and disclosures on financial statements, which involved in internal control procedures for fair value measurement performed by the management (ii) Appointed our valuation specialists to assess the reasonableness of valuation techniques and to test the key parameters of financial assets without active market prices, wherein valuation models were used to ensure that the applied valuation techniques were in accordance with IFRS 13 "Fair Value Measurement" .

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

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

In preparing the Company's financial statements, the 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 the 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 members of 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 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 Company's 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 the management.
4. Conclude on the appropriateness of the 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 Company's 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 Company's 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 the entities or business activities which accounted for using equity method by the Company to express an opinion on the Company's financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

we identify during our audit.

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Company's financial statements of 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 Jung-Lin, Lee and Tzu-Hui, Lee.

KPMG

Taipei, Taiwan (Republic of China)

March 25, 2019

#### **Notes to Readers**

The accompanying parent company only financial statements are intended only to present the statement of financial position, financial performance and its cash flows in accordance with the 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 parent company only financial statements are those generally accepted and applied in the Republic of China.

The auditors' report and the accompanying parent company only financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language auditors' report and parent company only financial statements, the Chinese version shall prevail.

(English Translation of Parent Company Only Financial Statements and Report Originally Issued in Chinese)  
**UNITED INTEGRATED SERVICES CO., LTD.**  
**Balance Sheets**  
**December 31, 2018 and 2017**  
(Expressed in Thousands of New Taiwan Dollars)

Assets		December 31, 2018		December 31, 2017		Liabilities and Equity		December 31, 2018		December 31, 2017	
		Amount	%	Amount	%			Amount	%	Amount	%
<b>Current assets:</b>						<b>Current liabilities:</b>					
1100	Cash and cash equivalents (note6(a))	\$ 5,802,022	33	5,963,676	45	2130	Contract liabilities (note6(u))	\$ 5,894,776	33	-	-
1110	Financial assets at fair value through profit or loss – current (note6(b), (y))	149,575	2	42,323	-	2150	Notes payable (note6(y))	241,531	1	46,135	-
1125	Available-for-sale financial assets-current (note6(c),(y))	-	-	100,350	1	2160	Notes payable-related parties (note6(y) and 7)	38,960	-	-	-
1140	Contract assets-current (note6(u))	1,002,722	6	-	-	2170	Accounts payable (note6(y))	2,610,173	14	1,184,121	9
1150	Notes receivable, net (note6(d))	3,035	-	3,125	-	2180	Accounts payable – related parties (note6(y) and 7)	112,197	1	77,150	1
1170	Accounts receivable, net (note6(d))	2,789,672	16	651,877	5	2190	Accounts payable of construction contracts (note6(e))	-	-	4,501,567	34
1180	Accounts receivable-related parties, net (note6(d) and 7)	66,904	-	16,254	-	2200	Other payables	657,175	3	415,774	3
1190	Accounts receivable of construction contracts (note6(e))	-	-	681,476	5	2220	Other payables-related parties (note7)	125,964	1	147,587	1
130X	Inventories (note6(f))	44,134	-	39,218	-	2230	Current income tax liabilities	336,632	2	-	-
1410	Prepayments (note6(g))	1,041,684	6	58,718	-	2250	Provision liabilities-current (note6(o))	13,354	-	3,205	-
1221	Current tax assets	14,485	-	9,599	-	2300	Other current liabilities	7,600	-	6,642	-
1470	Other current assets (note6(n) and 7)	2,003,552	11	1,515,868	11		<b>Total current liabilities</b>	<u>10,038,362</u>	<u>55</u>	<u>6,382,181</u>	<u>48</u>
	<b>Total current assets</b>	<u>12,917,785</u>	<u>74</u>	<u>9,082,484</u>	<u>67</u>		<b>Non-Current liabilities:</b>				
Non-current assets:						2550	Provision liabilities – non-current (note6(q))	334,415	2	309,270	2
1543	Financial assets carried at cost – non-current (note6(j))	-	-	1,018,462	8	2570	Deferred income tax liabilities (note6(r))	118,983	1	89,318	1
1510	Financial assets at fair value through profit or loss – non-current (note6(h))	7,879	-	-	-	2645	Guarantee deposit received (note6(y))	2,004	-	1,712	-
1517	Financial assets at fair value through other comprehensive income – non-current (note6(i))	1,636,961	9	-	-		<b>Total non-current liabilities</b>	<u>455,402</u>	<u>3</u>	<u>400,300</u>	<u>3</u>
1550	Investments accounted for under equity method (note6(k))	2,314,018	13	2,182,607	18		<b>Total liabilities</b>	<u>10,493,764</u>	<u>58</u>	<u>6,782,481</u>	<u>51</u>
1600	Property, plant and equipment (note6(l))	560,187	3	569,929	4	3100	Common stock	1,905,867	11	2,382,334	18
1780	Intangible assets (note6(m))	1,341	-	1,809	-	3200	Capital surplus	374,156	2	611,987	5
1840	Deferred income tax assets (note6(r))	84,696	-	92,852	1		Retained earnings:				
1995	Other non-current assets-other (note6(n))	6,551	-	8,083	-	3310	Legal reserve	1,515,740	9	1,394,285	11
1940	Long-term notes and accounts-related parties (note7)	218,682	1	228,180	2	3320	Special reserve	112,888	1	133,666	1
	<b>Total non-current assets</b>	<u>4,830,315</u>	<u>26</u>	<u>4,101,922</u>	<u>33</u>	3350	Unappropriated earnings	2,780,424	16	1,992,541	15
								<u>4,409,052</u>	<u>26</u>	<u>3,520,492</u>	<u>27</u>
							Other equity interest:				
						3400	Other equity	565,261	3	(112,888)	(1)
							<b>Total equity</b>	<u>7,254,336</u>	<u>42</u>	<u>6,401,925</u>	<u>49</u>
							<b>Total liabilities and equity</b>	<u>\$ 17,748,100</u>	<u>100</u>	<u>13,184,406</u>	<u>100</u>
	<b>Total assets</b>	<u>\$ 17,748,100</u>	<u>100</u>	<u>13,184,406</u>	<u>100</u>						

See accompanying notes to parent company only financial statements

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)  
**UNITED INTEGRATED SERVICES CO., LTD.**  
**Statements of Comprehensive Income**  
**For the years ended December 31, 2018 and 2017**  
(Expressed in Thousands of New Taiwan Dollars , Except for Earnings Per Common Share)

		<u>2018</u>		<u>2017</u>	
		Amount	%	Amount	%
<b>Operating Revenues (note9(u), (v) and 7):</b>					
4520	Construction revenue (note6(u))	9,352,741	98	6,992,538	96
4600	Service and design revenue	220,976	2	265,106	4
<b>Operating revenue, net</b>		<u>9,573,717</u>	100	<u>7,257,644</u>	100
<b>Operating costs (note6(f), (m), (q), (w), 7 and 12):</b>					
5520	Construction cost	7,109,722	75	5,730,275	80
5600	Service and design cost	167,948	2	157,901	2
<b>Total operating costs</b>		<u>7,277,670</u>	77	<u>5,888,176</u>	82
<b>Gross profit from operations</b>		<u>2,296,047</u>	23	<u>1,369,468</u>	18
<b>Operating expenses (note6(m), (o), (p), (q) and 12):</b>					
6100	Selling expenses	32,363	-	26,641	-
6200	General and administrative expenses	604,691	6	460,719	6
6300	Research and development expenses	36,070	-	42,099	1
7055	Expected credit impairment losses	36,733	-	-	-
<b>Total operating expenses</b>		<u>709,857</u>	6	<u>529,459</u>	7
<b>Net operating income</b>		<u>1,586,190</u>	17	<u>840,009</u>	11
<b>Non-operating income and expenses:</b>					
7010	Other income (note6(x))	373,337	4	297,223	4
7020	Other gains and losses (note6(x))	91,091	1	(320,494)	(4)
7100	Interest income	139,197	1	93,894	1
7510	Interest expense (note6(x) and 7)	(6,298)	-	(6,281)	-
7375	Share of profit of subsidiaries, associations and joint ventures accounted for using equity method (note6(l))	497,540	5	540,197	7
<b>Total non-operating income and expenses</b>		<u>1,094,867</u>	11	<u>604,539</u>	8
<b>Profit from continuing operations before tax</b>		<u>2,681,057</u>	28	<u>1,444,548</u>	19
7950	<b>Less: Income tax (note6(r))</b>	<u>533,491</u>	6	<u>230,000</u>	3
<b>Net Profit</b>		<u>2,147,566</u>	22	<u>1,214,548</u>	16
8300	<b>Other comprehensive income:</b>				
8310	<b>Components of other comprehensive income that will not be reclassified to profit or loss</b>				
8311	Gains (losses) on remeasurements of defined benefit plans	(21,830)	-	(29,593)	-
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income(note6(i))	(954,501)	(10)	-	-
8330	Share of other comprehensive income of subsidiaries, associates and joint ventures accounted for using equity method, components of other comprehensive income that will not be reclassified to profit or loss	(133)	-	(510)	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	9,567	-	5,031	-
<b>Components of other comprehensive income that will not be reclassified to profit or loss</b>		<u>(966,897)</u>	(10)	<u>(25,072)</u>	-
8360	<b>Other components of other comprehensive income that will be reclassified to profit or loss</b>				
8362	Unrealized gains (losses) on valuation of available-for-sale financial assets	-	-	34,780	-
8380	Share of other comprehensive income of subsidiaries, associates and joint ventures accounted for using equity method, components of other comprehensive income that will be reclassified to profit or loss	(31,987)	-	(17,100)	-
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss	6,397	-	3,098	-
<b>Components of other comprehensive income that will be reclassified to profit or loss</b>		<u>(25,590)</u>	-	<u>20,778</u>	-
8300	<b>Other comprehensive income, net</b>	<u>(992,487)</u>	(10)	<u>(4,294)</u>	-
<b>Total comprehensive income</b>		<u>\$ 1,155,079</u>	<u>12</u>	<u>\$ 1,210,254</u>	<u>16</u>
9750	<b>Basic earnings per share (note6(t))</b>	<u>\$ 9.42</u>		<u>\$ 5.10</u>	
9850	<b>Diluted earnings per share (note6(t))</b>	<u>\$ 9.27</u>		<u>\$ 5.00</u>	

See accompanying notes to parent company only financial statements

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)  
**UNITED INTEGRATED SERVICES CO., LTD.**  
**Statements of Changes in Equity**  
**For the years ended December 31, 2018 and 2017**  
**(Expressed in Thousands of New Taiwan Dollars)**

	Share capital		Retained earnings				Exchange differences on translation of foreign financial statements	Total other equity interest			Treasury stock	Total equity	
	Common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Total retained earnings		Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	Unrealized gains (losses) on available-for-sale financial assets	Total other equity interest			
<b>Balance at January 1, 2017</b>	A1	\$ 2,382,334	610,422	1,239,086	63,220	2,458,110	3,760,416	(23,896)	-	(109,770)	(133,666)	(594)	6,618,912
Net income for the year	D1	-	-	-	-	1,214,548	1,214,548	-	-	-	-	-	1,214,548
Other comprehensive income (losses) for the year	D3	-	-	-	-	(25,072)	(25,072)	(14,002)	-	34,780	20,778	-	(4,294)
Total comprehensive income (losses) for the period	D5	-	-	-	-	1,189,476	1,189,476	(14,002)	-	34,780	20,778	-	1,210,254
Appropriation and distribution of retained earnings:													
Legal reserve	B1	-	-	155,199	-	(155,199)	-	-	-	-	-	-	-
Special reserve	B3	-	-	-	70,446	(70,446)	-	-	-	-	-	-	-
Cash dividends	B5	-	-	-	-	(1,429,400)	(1,429,400)	-	-	-	-	-	(1,429,400)
Other changes in capital surplus:													
Changes in equity of associates and joint ventures accounted for using equity method	C7	-	294	-	-	-	-	-	-	-	-	-	294
Other changes in capital surplus	C17	-	268	-	-	-	-	-	-	-	-	-	268
Disposal of company's stock by subsidiaries recognized as treasury stock transactions	L7	-	1,003	-	-	-	-	-	-	-	-	594	1,597
<b>Balance at December 31, 2017</b>	Z1	2,382,334	611,987	1,394,285	133,666	1,992,541	3,520,492	(37,898)	-	(74,990)	(112,888)	-	6,401,925
Effects of retrospective application	A3	-	-	-	-	(55,443)	(55,443)	-	1,583,250	74,990	1,658,240	-	1,602,797
Equity at beginning of period after adjustments	A5	2,382,334	611,987	1,394,285	133,666	1,937,098	3,465,049	(37,898)	1,583,250	-	1,545,352	-	8,004,722
Net income for the year	D1	-	-	-	-	2,147,566	2,147,566	-	-	-	-	-	2,147,566
Other comprehensive income (losses) for the year	D3	-	-	-	-	(12,396)	(12,396)	(25,590)	(954,501)	-	(980,091)	-	(992,487)
Total comprehensive income (losses) for the period	D5	-	-	-	-	2,135,170	2,135,170	(25,590)	(954,501)	-	(980,091)	-	1,155,079
Appropriation and distribution of retained earnings:													
Legal reserve	B1	-	-	121,455	-	(121,455)	-	-	-	-	-	-	-
Special reserve	B3	-	-	-	(20,778)	20,778	-	-	-	-	-	-	-
Cash dividends	B5	-	(238,233)	-	-	(1,191,167)	(1,191,167)	-	-	-	-	-	(1,429,400)
Other changes in capital surplus:													
Changes in equity of associates and joint ventures accounted for using equity method	C7	-	402	-	-	-	-	-	-	-	-	-	402
Capital reduction	E3	(476,467)	-	-	-	-	-	-	-	-	-	-	(476,467)
<b>Balance at December 31, 2018</b>	Z1	\$ 1,905,867	374,156	1,515,740	112,888	2,780,424	4,409,052	(63,488)	628,749	-	565,261	-	7,254,336

See accompanying notes to parent company only financial statements

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)  
**UNITED INTEGRATED SERVICES CO., LTD.**  
**Statements of Cash Flows**  
**For the years ended December 31, 2018 and 2017**  
**(Expressed in Thousands of New Taiwan Dollars)**

	<u>2018</u>	<u>2017</u>
AAAA <b>Cash flows from (used in) operating activities:</b>		
A10000 <b>Profit before tax</b>	\$ 2,681,057	1,444,548
A20000 <b>Adjustments:</b>		
A20010 <b>Adjustments to reconcile profit (loss):</b>		
A20100 Depreciation expense	12,082	14,391
A20200 Amortization expense	1,909	4,773
A20300 Expected credit loss for bad debt expense(reversal of provision)	36,733	(15,024)
A20400 Net loss (gain) on financial assets or liabilities at fair value through profit or loss	15,206	(24,489)
A20900 Interest expense	6,298	6,281
A21200 Interest income	(139,197)	(93,894)
A21300 Dividend income	(356,400)	(257,432)
A22400 Share of profit of associates and joint ventures accounted for using equity method	(497,540)	(540,197)
A22500 Loss (gain) on disposal of property, plan and equipment	(241)	5
A23100 Gain on disposal of investments	-	(5,747)
A23500 Impairment loss on financial assets	-	3,300
A20010 <b>Total adjustments to reconcile profit (loss)</b>	<u>(921,150)</u>	<u>(908,033)</u>
A30000 <b>Changes in operating assets and liabilities:</b>		
A31000 <b>Changes in operating assets:</b>		
A31125 Increase in contract assets	(321,246)	-
A31130 Decrease in notes receivable	91	376,977
A31150 Decrease(increase) in accounts receivable	(2,174,528)	2,548,222
A31160 Decrease(increase) in accounts receivable due from related parties	(50,650)	10,955
A31170 Decrease in construction contracts receivable	-	177,492
A31200 Increase in inventories	(4,916)	(5,136)
A31230 Decrease(increase) in prepayments	(982,965)	644,723
A31240 Decrease(increase) in other current assets	31,029	(2,173)
A31000 <b>Subtotal of changes in operating assets</b>	<u>(3,503,185)</u>	<u>3,751,060</u>
A32000 <b>Changes in operating liabilities:</b>		
A32125 Increase in Contract liabilities	1,393,209	-
A32130 Increase (decrease) in notes payable	195,396	(111,018)
A32140 Increase (decrease) in notes payable to related parties	38,960	(40,246)
A32150 Increase (decrease) in accounts payable	1,426,053	(1,102,664)
A32160 Increase (decrease) in accounts payable to related parties	13,425	(54,875)
A32170 Decrease in construction contracts receivable	-	(300,580)
A32200 Increase in provisions	10,149	4,731
A32230 Increase (decrease) in other current liabilities	242,357	(116,140)
A32240 Increase in net defined benefit liability	3,314	2,354
A32000 <b>Subtotal of changes in operating liabilities</b>	<u>3,322,863</u>	<u>(1,718,438)</u>
A30000 <b>Subtotal of changes in operating assets and liabilities</b>	<u>(180,322)</u>	<u>2,032,622</u>
A20000 <b>Total adjustments</b>	<u>(1,101,472)</u>	<u>1,124,589</u>
A33000 Cash inflow (outflow) generated from operations	1,579,585	2,569,137
A33100 Interest received	128,791	83,357
A33500 Income taxes refund (paid)	(147,966)	(354,587)
AAAA <b>Net cash flows from (used in) operating activities</b>	<u>1,560,410</u>	<u>2,297,907</u>
BBBB <b>Cash flows from (used in) investing activities:</b>		
B00010 Acquisition of financial assets at fair value through other comprehensive income	(826)	-
B00200 Proceeds from disposal of financial assets designated at fair value through profit or loss	1,806	63,063
B00300 Acquisition of available-for-sale financial assets	-	(1,310)
B01400 Proceeds from capital reduction of financial assets at cost	-	5,132
B01800 Acquisition of investments accounted for using equity method	(10,382)	(2,579)
B02700 Acquisition of property, plant and equipment	(4,678)	(2,830)
B02800 Proceeds from disposal of property, plant and equipment	2,580	-
B03800 Increase (decrease) in refundable deposits	744	4,862
B04200 Decrease in other receivables	181,854	26,312
B04300 Increase in other receivables due from related parties	9,498	9,619
B04500 Acquisition of intangible assets	(90)	(718)
B06500 Increase in other financial assets	(77,334)	(832,621)
B06700 Increase in other non-current assets	(563)	(344)
B07600 Dividends received	80,902	414,614
BBBB <b>Net cash flows from (used in) investing activities</b>	<u>183,511</u>	<u>(316,800)</u>
CCCC <b>Cash flows from (used in) financing activities:</b>		
C03100 Increase in guarantee deposits received	292	(232)
C04500 Cash dividends paid	(1,429,400)	(1,429,400)
C04600 Proceeds from issuing shares	(476,467)	-
CCCC <b>Net cash flows from (used in) financing activities</b>	<u>(1,905,575)</u>	<u>(1,429,632)</u>
EEEE <b>Net increase (decrease) in cash and cash equivalents</b>	<u>(161,654)</u>	<u>551,475</u>
E00100 <b>Cash and cash equivalents at beginning of period</b>	<u>5,963,676</u>	<u>5,412,201</u>
E00200 <b>Cash and cash equivalents at end of period</b>	<u>\$ 5,802,022</u>	<u>5,963,676</u>

See accompanying notes to parent company only financial statements



**Annex IV****UNITED INTEGRATED SERVICES CO., LTD.**  
**The 2018 Earnings Distribution Table**

Unit: NT\$

Item	Amount	Note
Undistributed earnings at the beginning of the period	700,697,827	
IFRS first-time application of the adjusted retained earnings	(55,443,425)	
Net income	2,147,566,428	
Legal reserve (10%)	(214,756,643)	
Reversed amount of the special reserve in this year	112,887,566	
Changes in the actuarial profit and loss of the year	(12,397,618)	
Distributable earnings	2,678,554,135	
Distribution items		
Shareholder dividend	1,905,866,980	Proposed to distribute cash dividend of NT\$10 per share to shareholders
Undistributed earnings at the end of the period	772,687,155	

Note 1: The principle of earnings distribution of the Company is based on the 2018 distributable earnings.

**Chairman:**  
**C.S. Chen**

**Manager:**  
**C.S. Chen**

**Chief Accountant:**  
**Li-Mei Pan**

Annex V

UNITED INTEGRATED SERVICES CO., LTD.

The “Articles of Association” amendment made before and after

Clauses	Clauses before amendment made	Clauses after amendment made	Note
Article 1	The Company is named “UNITED INTEGRATED SERVICES CO., LTD.” according to the organization stipulated in the Company Act.	The Company is named “UNITED INTEGRATED SERVICES CO., LTD.” according to the organization stipulated in the Company Act.  <b><u>The Company’s name in English is “UNITED INTEGRATED SERVICES CO., LTD.”</u></b>	The Company’s name in English is added in accordance with Article 392-1 of the Company Act.
<b><u>Article 5-1:</u></b>	Additions	<b><u>The treasury shares purchased by the Company according to law may be transferred to the employees of the controlled or subordinate company who meet certain conditions.</u></b>  <b><u>The Company’s employee stock warrants or restrictive shares may be available to the employees of the controlled or subordinate company who meet certain conditions.</u></b>  <b><u>When the Company issues stock shares, the employees of the controlled or subordinate company who meet certain conditions are entitled to subscribe shares.</u></b>	In response to the actual needs of the company, it is amended in accordance with Articles 167-1, Article 167-2, and Article 267 of the Company Act.
Article 7	The Company’s stocks are all ordered and signed or sealed by <del>more than three directors</del> ; also, certified	The Company’s stocks are all ordered and signed or sealed by the <b><u>representative directors</u></b> ; also,	It is amended in accordance with Article 162 of the

Clauses	Clauses before amendment made	Clauses after amendment made	Note
	<p>by the <del>competent authority or its approved issuing and registration agency in advance.</del></p> <p>The shares issued by the Company are exempted from printing stocks, and should be registered with the centralized securities depository institutions.</p>	<p>certified by <b><u>the banks that are authorized as a stock certification agency.</u></b></p> <p>The shares issued by the Company are exempted from printing stocks, and should be registered with the centralized securities depository institutions.</p>	Company Act.
Article 9	<p>Shareholders meetings include general shareholders meeting and extraordinary shareholders meeting. A general shareholders meeting is <del>held</del> once a year and it shall be convened by the Board of Directors within 6 months after the end of each fiscal year.</p> <p>An extraordinary shareholders meeting is convened when it is necessary.</p>	<p>Shareholders meetings include general shareholders meeting and extraordinary shareholders meeting. A general shareholders meeting is <b>held</b> once a year and it shall be convened by the Board of Directors within 6 months after the end of each fiscal year.</p> <p>An extraordinary shareholders meeting is convened when it is necessary.</p>	A discretionary text revision is made in accordance with the terminology stipulated in the Company Act.
Article 12	<p>The resolutions of the shareholders meeting, unless otherwise regulated by law, shall be reached with the attendance of the shareholders that represent the majority of the shares issued, and with the consent of the attending shareholders that represent the majority of the voting rights.</p>	<p>The resolutions of the shareholders meeting, unless otherwise regulated by law, shall be reached with the attendance of the shareholders that represent the majority of the shares issued, and with the consent of the attending shareholders that represent the majority of the voting rights.</p> <p><b><u>Shareholders who exercise their voting rights by electronic means are deemed to be present in person, and their related matters are handled in accordance with the law.</u></b></p>	In response to the actual needs of the Company

Clauses	Clauses before amendment made	Clauses after amendment made	Note
Article 13-1	<p>The board meeting of the Company shall be convened at least once a quarter, and the reasons for the convening shall be clearly stated. The directors shall be notified 7 days in advance, but in case of emergency, the board meeting can be convened at any time. The board meeting notice can be issued in writing or by fax or E-mail.</p> <p><del>When the Chairman asks for leave or cannot exercise his powers for any reason, his proxy shall handle the matters in accordance with Article 208 of the Company Act.</del></p> <p><del>If the director is unable to attend the board meeting for any reason, he may entrust other directors to act by proxy, but the representative is limited to be entrusted by a director only.</del></p>	<p>The board meeting of the Company shall be convened at least once a quarter, and the reasons for the convening shall be clearly stated. The directors shall be notified 7 days in advance, but in case of emergency, the board meeting can be convened at any time. The board meeting notice can be issued in writing or by fax or E-mail.</p>	Delete some duplicate text and adjust it to Article 15.
Article 15	<p>When the Chairman asks for leave or cannot exercise his powers for any reason, his proxy shall handle the matters in accordance with Article 208 of the Company Act.</p>	<p>When the Chairman asks for leave or cannot exercise his powers for any reason, his proxy shall handle the matters in accordance with Article 208 of the Company Act.</p> <p><b><u>If the director is unable to attend the board meeting for any reason, he may entrust other directors to act by proxy, but the representative</u></b></p>	Consolidation with Article 13-1

Clauses	Clauses before amendment made	Clauses after amendment made	Note
		<b><u>is limited to be entrusted by a director only.</u></b>	
Article 16	For the remunerations of all directors, the Board of Directors is authorized to determine it according to their participation in and contribution to the Company's operations and by referring to the standards of the industry.	For the remunerations of all directors, the Board of Directors is authorized to determine it according to their participation in and contribution to the Company's operations and by referring to the standards of the industry.  <b><u>The Company may purchase liability insurance for the directors during their office term according to the liability for the responsibility range.</u></b>	Acquire liability insurance for board directors according to the law and regulations.
Article 18	The Company shall, at the end of each fiscal year, have the Board of Directors had the following reports prepared and presented to the shareholders meeting for approval: (1) business report (2) financial statements (3) earnings distribution or loss compensation statement-	The Company shall, at the end of each fiscal year, have the Board of Directors had the following reports prepared and presented to the shareholders meeting for approval: (1) business report (2) financial statements (3) earnings distribution or loss compensation statement.	In response to the actual needs of the Company
Article 19	If the Company makes a profit in the year, it should appropriate 6%~10% of the earnings as remunerations to employees. The Board of Directors decides the distribution of stock dividend or cash dividend. The employees of the subordinate companies who have met certain conditions are	If the Company makes a profit in the year, it should appropriate 6%~10% of the earnings as remunerations to employees. The Board of Directors decides the distribution of stock dividend or cash dividend. The employees of the subordinate companies who have met certain <b><u>conditions</u></b> are	It is amended in accordance with Article 235-1 of the Company Act in response to the actual needs of the

Clauses	Clauses before amendment made	Clauses after amendment made	Note
	<p>also entitled to the said remunerations. The Company's Board of Directors may resolve to appropriate not more than 2% of the aforementioned earnings as remunerations to directors. The remuneration to employee and directors shall be reported in the shareholders meeting.</p>	<p>also entitled to the said remunerations. The Company's Board of Directors may resolve to appropriate not more than 2% of the aforementioned earnings as remunerations to directors. The remuneration to employee and directors shall be reported in the shareholders meeting.</p>	<p>company.</p>
<p>Article 19-1</p>	<p>The Company's earnings, if any, should be applied to pay tax and make up for losses, and then appropriate 10% legal reserve. However, when the legal reserve is equivalent to the paid-in capital of the Company, the appropriation of legal reserve could be ceased. In addition, special reserve will be appropriated or reversed according to law and regulations. The remaining amount, if any, plus the accumulated undistributed earnings will be available for distribution according to the proposal of the Board of Directors. The distribution of dividends to the shareholders should be presented in the shareholders meeting for resolutions.</p>	<p>The Company's earnings, if any, should be applied to pay tax and make up for losses, and then appropriate 10% legal reserve. However, when the legal reserve is equivalent to the paid-in capital of the Company, the appropriation of legal reserve could be ceased. In addition, special reserve will be appropriated or reversed according to law and regulations. The remaining amount, if any, plus the accumulated undistributed earnings will be available for distribution according to the proposal of the Board of Directors. The distribution of dividends to the shareholders should be presented in the shareholders meeting for resolutions.</p> <p><b><u>For the earnings distribution in the form of cash dividend as stated in the preceding paragraph,</u></b></p>	<p>It is amended in accordance with Article 240 of the Company Act in response to the actual needs of the company.</p>

Clauses	Clauses before amendment made	Clauses after amendment made	Note
	<p>The Company’s dividend policy is based on current and future development plans, considering the investment environment, capital needs, and domestic and international competition, and taking into account the interests of shareholders and other factors, in order to stabilize business development and protect investors’ rights and interests. The dividends to shareholders can be in the form of cash dividend and/or stock dividend; also, the cash dividend is not less than 25% of the total dividend.</p>	<p><b><u>the Board of Directors is authorized to have it distributed with a special resolution reached and have it reported in the shareholders meeting.</u></b></p> <p>The Company’s dividend policy is based on current and future development plans, considering the investment environment, capital needs, and domestic and international competition, and taking into account the interests of shareholders and other factors, in order to stabilize business development and protect investors’ rights and interests. The dividends to shareholders can be in the form of cash dividend and/or stock dividend; also, the cash dividend is not less than 25% of the total dividend.</p>	
<p><b><u>Article 19-2</u></b></p>	<p>Addition</p>	<p><b><u>If the Company has no loss, the earnings distribution can be resolved specifically in the shareholders meeting according to the Company Act, which is issuing stock dividend or cash dividend with the legal reserve exceeding 25% of the paid-up capital and all or part of the capital reserve in compliance with the Company Act. When cash dividend is to be distributed, the Board of Directors is authorized to have it</u></b></p>	<p>It is amended in accordance with Article 240 and Article 241 of the Company Act in response to the actual needs of the company.</p>

Clauses	Clauses before amendment made	Clauses after amendment made	Note
		<b><u>distributed with a special resolution reached and have it reported in the shareholders meeting.</u></b>	
Article 21	<p>The Articles of Association was enacted on August 19, 1982.</p> <p>The 32nd amendment was made on June 17, 2014.</p> <p>The 33rd amendment was made on June 16, 2015.</p> <p>The 34th amendment was made on June 14, 2016.</p> <p>The 35th amendment was made on June 22, 2017.</p> <p>The 36th amendment was made on June 12, 2018.</p>	<p>The Articles of Association was enacted on August 19, 1982.</p> <p>The 32nd amendment was made on June 17, 2014.</p> <p>The 33rd amendment was made on June 16, 2015.</p> <p>The 34th amendment was made on June 14, 2016.</p> <p>The 35th amendment was made on June 22, 2017.</p> <p>The 36th amendment was made on June 12, 2018.</p> <p><b><u>The 37th amendment was made on June 19, 2019.</u></b></p>	Amendment frequency and date



## Annex VI

### UNITED INTEGRATED SERVICES CO., LTD.

The “Operational Procedures for the Acquisition and Disposal of Assets” amendment made before and after

Clauses	Clauses before amendment made	Clauses after the amendment made	Note
Article 3	<p>Applicable scope of the assets referred to in the Procedures</p> <p>I. Investment in stocks, government bonds, corporate bonds, financial bonds, securities presenting interest in a fund, domestic beneficiary certificates, overseas mutual funds, depositary receipts, call (put) warrants, beneficial interest securities, and asset-backed securities;</p> <p>II. Real property (including land, houses and buildings, investment property, <del>right-of-use land</del>, and construction enterprise inventory) and equipment;</p> <p>III. Memberships;</p> <p>IV. Patents, copyrights, trademarks, franchise rights, and other intangible assets;</p> <p>V. Claims of financial institutions (including receivables, bills purchased and discounted, loans, and overdue receivables);</p> <p>VI. Financial derivatives;</p> <p>VII. Acquisition or disposal of assets in accordance with mergers, demergers,</p>	<p>Applicable scope of the assets referred to in the Procedures</p> <p>I. Investment in stocks, government bonds, corporate bonds, financial bonds, securities presenting interest in a fund, domestic beneficiary certificates, overseas mutual funds, depositary receipts, call (put) warrants, beneficial interest securities, and asset-backed securities;</p> <p>II. Real property (including land, houses and buildings, investment property, and construction enterprise inventory) and equipment;</p> <p>III. Memberships;</p> <p>IV. Patents, copyrights, trademarks, franchise rights, and other intangible assets;</p> <p><u>V. Right-of-use assets;</u></p> <p><u>VI.</u> Claims of financial institutions (including receivables, bills purchased and discounted, loans, and overdue receivables);</p> <p><u>VII.</u> Financial derivatives;</p> <p><u>VIII.</u> Assets acquired or disposed of in</p>	<p>I. In accordance with the provisions of International Financial Reporting Standard No. 16 “Leases,” subparagraph 5 is added to expand the scope of assets and move the current subparagraph 2 “right-of-use land” to subparagraph 5.</p> <p>II. Move the current subparagraph 5 - subparagraph 8 to subparagraphs 6 - subparagraph 9.</p>

Clauses	Clauses before amendment made	Clauses after the amendment made	Note
Article 7	<p>acquisitions, and transfer of shares; VIII. Other major assets.</p> <p>Investment amount In addition to the assets obtained for business use, the Company and its subsidiaries have also invested in the real property and securities that are not intended for business use with a limit of amount set as follows:</p> <p>I. The total amount of real property not intended for business use shall not exceed 150% of the net value.</p> <p>II. The total amount of portfolio investment shall not exceed 100% of the net value. However, the Company’s total investment in the long-term equity shall not exceed 80% of the net value.</p> <p>III. The investment in each individual security shall not exceed 30% of the net value.</p>	<p>accordance with mergers, demergers, acquisitions, and transfer of shares; <u>IX.</u> Other major assets.</p> <p>Investment amount In addition to the assets obtained for business use, the Company and its subsidiaries have also invested in the real property and securities that are not intended for business use with a limit of amount set as follows:</p> <p>I. The total amount of real property <u>and use-of-right assets</u> not intended for business use shall not exceed 150% of the net value.</p> <p>II. The total amount of portfolio investment shall not exceed 100% of the net value. However, the Company’s total investment in the long-term equity shall not exceed 80% of the net value.</p> <p>III. The investment in each individual security shall not exceed 30% of the net value.</p>	<p>In accordance with the provisions of International Financial Reporting Standards No. 16 “Leases,” the right-of-use assets not intended for business use is included in the prescribed limits as stipulated in the Company’s Procedures.</p>
Article 8	<p>The public announcement and filing standards Under any of the following circumstances, the Company acquiring or disposing of assets shall publicly announce and file the relevant information on the FSC’s designated website in</p>	<p>The public announcement and filing standards Under any of the following circumstances, the Company acquiring or disposing of assets shall publicly announce and file the relevant information on the FSC’s designated website in</p>	<p>I. The amendment of the government bond as stipulated in subparagraph 1 of paragraph 1 and clause 1 of subparagraph</p>

Clauses	Clauses before amendment made	Clauses after the amendment made	Note
	<p>the appropriate format as prescribed by regulations within 2 days counting inclusively from the date of occurrence of the event:</p> <p>I. Acquisition or disposal of real property thereof from or to a related party, or acquisition or disposal of assets other than real property thereof from or to a related party where 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. Provided, this shall not apply to trading of domestic government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises.</p> <p>II. Mergers, demergers, acquisitions, and transfer of shares</p> <p>III. Losses from the trading of financial derivatives reaching the limits on aggregate losses or losses on individual contracts set out in the procedures adopted by the company</p> <p>IV. Where equipment for business use are</p>	<p>the appropriate format as prescribed by regulations within 2 days counting inclusively from the date of occurrence of the event:</p> <p>I. Acquisition or disposal of real property <u>or right-of-use assets</u> thereof from or to a related party, or acquisition or disposal of assets other than real property <u>or right-of-use assets</u> thereof from or to a related party where 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. Provided, this shall not apply to 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.</p> <p>II. Mergers, demergers, acquisitions, and transfer of shares</p> <p>III. Losses from the trading of financial derivatives reaching the limits on aggregate losses or losses on individual contracts set out in the procedures adopted by the company</p> <p>IV. Where equipment <u>or right-of-use assets</u></p>	<p>7 is with the main consideration that the central and local government debts of Taiwan are clear and easy to inquire, and it is exempted from the requirement of public announcement and filing. The foreign government debts are not uniformed and are not exempt from this requirement of public announcement and filing. It is clearly defined in the amendment that the exemption is limited to domestic government bonds.</p> <p>II. In accordance with the provisions of International Financial Reporting Standard No. 16 "Leases," the amendment of subparagraph 1 and</p>

Clauses	Clauses before amendment made	Clauses after the amendment made	Note
	<p>acquired or disposed of, and furthermore the transaction counterparty is not a related party, and the transaction amount meets any of the following criteria:</p> <p>(I) For a public company whose paid-in capital is less than NT\$10 billion, the transaction amount reaches NT\$500 million or more;</p> <p>(II) For a public company whose paid-in capital is NT\$10 billion or more, the transaction amount reaches NT\$1 billion or more;</p> <p>V. Acquisition or disposal by a public company in the construction business of real property thereof for construction use, and furthermore the transaction counterparty is not a related party, and the transaction amount reaches NT\$500 million</p>	<p>thereof for business use are acquired or disposed of, and furthermore the transaction counterparty is not a related party, and the transaction amount meets any of the following criteria:</p> <p>(I) For a public company whose paid-in capital is less than NT\$10 billion, the transaction amount reaches NT\$500 million or more;</p> <p>(II) For a public company whose paid-in capital is NT\$10 billion or more, the transaction amount reaches NT\$1 billion or more;</p> <p>V. Acquisition or disposal by a public company in the construction business of real property <u>or right-of-use assets</u> thereof for construction use, and furthermore the transaction counterparty is not a related party, and the transaction amount reaches NT\$500 million; among such cases, <u>if the public company has paid-in capital of NT\$10 billion or more, and it is disposing of real property from a completed construction project that it constructed itself, and furthermore the transaction counterparty is not a related party, then the</u></p>	<p>subparagraph 4 of paragraph 1, the text of subparagraph 5 and subparagraph 3 of paragraph 2 is made to have the right-of-use assets included in the provisions of this Article.</p> <p>III. In view of the fact that the construction company sells the real property from a completed construction project that it constructed itself, it is an act necessary for the company to carry out daily business sales. The construction project of a large-scale construction enterprise is easy to reach the public announcement and filing standard due to the high amount, which leads to frequent announcements. In the consideration of the</p>

Clauses	Clauses before amendment made	Clauses after the amendment made	Note
	<p>VI. Where land is acquired under an arrangement on engaging others to build on the company's own land, engaging others to build on rented land, joint construction and allocation of housing units, joint construction and allocation of ownership percentages, or joint construction and separate sale, and the amount the company expects to invest in the transaction reaches NT\$500 million.</p> <p>VII. Where an asset transaction other than any of those referred to in the preceding six paragraphs or a disposal of receivables by a financial institution or Mainland China area investment (referring to the investment in Mainland China in accordance with the "Rules Governing Investment in China or Technical Cooperation" of the Investment Commission MOEA) is for an amount exceeding 20% of the paid-in capital or NT\$300 million. Provided, this shall not apply to the following circumstances:</p>	<p><u>threshold shall be a transaction amount reaching NT\$1 billion or more.</u></p> <p>VI. Where land is acquired under an arrangement on engaging others to build on the company's own land, engaging others to build on rented land, joint construction and allocation of housing units, joint construction and allocation of ownership percentages, or joint construction and separate sale, <u>and furthermore the transaction counterparty is not a related party.</u> and the amount the company expects to invest in the transaction reaches NT\$500 million or more.</p> <p>VII. Where an asset transaction other than any of those referred to in the preceding six subparagraphs or a disposal of receivables by a financial institution or Mainland China area investment (referring to the investment in Mainland China in accordance with the "Rules Governing Investment in China or Technical Cooperation" of the Investment Commission MOEA) is for an amount exceeding 20% of the paid-in capital or NT\$300 million. Provided, this shall not apply to the following circumstances:</p>	<p>materiality of the information disclosure, referring to the company's acquisition and disposal of equipment for business use, additional wordings are added to the latter part of subparagraph 5 of paragraph 1 to relax the aforementioned disposal transaction and the public announcement and filing standards for non-related parties.</p> <p>IV. Considering that the announcement specifications for the related party is clearly defined in subparagraph 1 of paragraph 1, and the transaction of the non-related party as stipulated in subparagraph 6 of the same paragraph, for facilitating the</p>

Clauses	Clauses before amendment made	Clauses after the amendment made	Note
	<p>(I) Trading of domestic government bonds</p> <p>(II) Where done by professional investors-securities trading on securities exchanges or OTC markets, or subscription of ordinary corporate bonds or general bank debentures without equity characteristics (excluding subordinated debt) that are offered and issued in the primary market, or subscription or redemption of securities investment trust funds or futures trust funds, or subscription by a securities firm of securities as necessitated by its undertaking business or as an advisory recommending securities firm for an emerging stock company, in accordance with the rules of Taipei Exchange.</p> <p>(III) Trading of bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises</p> <p>The aforementioned transactions amount shall be</p>	<p>(I) Trading of <u>domestic</u> government bonds</p> <p>(II) Where done by professional investors-securities trading on securities exchanges or OTC markets, or subscription of ordinary corporate bonds or general bank debentures without equity characteristics <u>(excluding subordinated debt) that are offered and issued in the primary market, or subscription or redemption of securities investment trust funds or futures trust funds,</u> or subscription by a securities firm of securities as necessitated by its undertaking business or as an advisory recommending securities firm for an emerging stock company, in accordance with the rules of Taipei Exchange.</p> <p>(III) Trading of bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises</p> <p>The aforementioned transactions amount shall be</p>	<p>compliance of the company, the provision of subparagraph 6 of paragraph 1 is amended clearly for compliance.</p> <p>V. Amendment of clause 2, subparagraph 7 of paragraph 1:</p> <p>(I) In view of the fact that the trading of securities at the domestic and offshore stock exchanges or securities firms is a general business act of the professional investors, which is likely to lead to frequent announcements. In the consideration of the materiality of the information disclosure, it is exempted from the requirement of announcements. For the unification of the terminology as stipulated in the Regulations, the</p>

Clauses	Clauses before amendment made	Clauses after the amendment made	Note
	<p>calculated as follows:</p> <p>I. The amount of any individual transaction.</p> <p>II. The cumulative transaction amount of acquisitions and disposals of the same type of underlying asset with the same transaction counterparty within the preceding year</p> <p>The amount of the underlying transaction;</p> <p>III. The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of real property or right-of-use assets thereof within the same development project within the preceding year.</p> <p>IV. The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of the same security within the preceding year.</p> <p>“Within the preceding year” as used in the preceding paragraph refers to the year preceding the date of occurrence of the current transaction. Items duly announced in accordance with the Procedures need not be counted toward the transaction amount.</p> <p>The Company shall make public announcement and filing in the prescribed format in accordance</p>	<p>calculated as follows:</p> <p>I. The amount of any individual transaction</p> <p>II. The cumulative transaction amount of acquisitions and disposals of the same type of underlying asset with the same transaction counterparty within the preceding year;</p> <p>III. The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of real property <u>or right-of-use assets</u> thereof within the same development project within the preceding year;</p> <p>IV. The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of the same security within the preceding year;</p> <p>“Within the preceding year” as used in the preceding paragraph refers to the year preceding the date of occurrence of the current transaction. Items duly announced in accordance with the Procedures need not be counted toward the transaction amount.</p> <p>The Company shall make announcement and reporting in the prescribed format in accordance</p>	<p>subject matter or institutions as defined in the Regulations include domestic and offshore without the need of further indication.</p> <p>(II) In view of the fact that the subscription of ordinary corporate bonds in the foreign primary market by the professional investors is a routine operation and the nature of the products is simple; in addition, the domestic securities investment trust business and futures trust business are regulated by the Financial Supervision Commission, and the subscription or redemption of offered fund (excluding the offshore funds) is also a recurring act of investing</p>

Clauses	Clauses before amendment made	Clauses after the amendment made	Note
	<p>with the “Regulations Governing the Acquisition and Disposal of Assets by Public Companies.”</p> <p>The Company shall compile monthly reports on the status of the trading of financial derivatives engaged in up to the end of the preceding month by <del>the company</del> and any subsidiaries that are not domestic public companies and enter the information in the prescribed format into the information reporting website designated by <del>the FSC</del> before the 10th day of each month.</p> <p>When a public company at the time of public announcement making an error or omission in an item required by regulations to be publicly announced and so is required to correct it, all the items shall be again publicly announced and filed in their entirety within two days counting inclusively from the date of knowing of such error or omission.</p> <p>The Company’s acquisition and disposal of assets shall keep all relevant contracts, meeting minutes, log books, appraisal reports and CPA, attorney, and securities underwriter opinions at <del>the company</del>, where they shall be retained for 5 years except where another act provides otherwise.</p>	<p>with the “Regulations Governing the Acquisition and Disposal of Assets by Public Companies.”</p> <p>The Company shall compile monthly reports on the status of the trading of financial derivatives engaged in up to the end of the preceding month by the company and any subsidiaries that are not domestic public companies and enter the information in the prescribed format into the information reporting website designated by the FSC before the 10th day of each month.</p> <p>When a public company at the time of public announcement making an error or omission in an item required by regulations to be publicly announced and so is required to correct it, all the items shall be again publicly announced and filed in their entirety within two days counting inclusively from the date of knowing of such error or omission.</p> <p>The Company’s acquisition and disposal of assets shall keep all relevant contracts, meeting minutes, log books, appraisal reports and CPA, attorney, and securities underwriter opinions at the company, where they shall be retained for 5 years except where another act provides otherwise.</p>	<p>as a professional, an amendment is proposed to have the professional investors exempted from the requirement of announcement for the trade of the aforementioned securities. Also, considering the higher risk of the subordinated debts, it is clearly defined that the ordinary corporate bond and general bank debentures without equity characteristics are not included in the subordinated debts.</p> <p>VI. Subparagraph 3 of paragraph 1 is rephrased accordingly in accordance with the law.</p> <p>VII. Paragraph 5 and paragraph 7 are rephrased accordingly.</p>



Clauses	Clauses before amendment made	Clauses after the amendment made	Note
Article 10	<p>In acquiring or disposing of real property <del>or</del> equipment thereof where the transaction amount reaches 20% of the company's paid-in capital or NT\$300 million or more, the company, unless transacting with a domestic government agency, engaging others to build on its own land, engaging others to build on rented land, or acquiring or disposing of equipment thereof held for business use, shall obtain an appraisal report prior to the date of occurrence of the event from a professional appraiser and shall further comply with the following provisions:</p> <p>I. Where due to special circumstances it is necessary to give a limited price, specified price, or special price as a reference basis for the transaction price, the transaction shall be submitted for approval in advance by the Board of Directors; <del>the same procedure shall also be followed whenever there is any subsequent change to the terms and conditions of the transaction.</del></p> <p>II. Where the transaction amount is NT\$1 billion or more, appraisal service provided by two or more professional appraisers shall be obtained.</p> <p>III. Where any one of the following</p>	<p>In acquiring or disposing of real property <u>or</u> equipment thereof where the transaction amount reaches 20% of the company's paid-in capital or NT\$300 million or more, the company, unless transacting with a <u>domestic</u> government agency, engaging others to build on its own land, engaging others to build on rented land, or acquiring or disposing of equipment thereof held for business use, shall obtain an appraisal report prior to the date of occurrence of the event from a professional appraiser and shall further comply with the following provisions:</p> <p>I. Where due to special circumstances it is necessary to give a limited price, specified price, or special price as a reference basis for the transaction price, <u>the transaction shall be submitted for approval in advance by the Board of Directors; the same procedure shall also be followed whenever there is any subsequent</u> change to the terms and conditions of the transaction.</p> <p>II. Where the transaction amount is NT\$1 billion or more, appraisal service provided by two or more professional appraisers shall be obtained.</p> <p>III. Where any one of the following</p>	<p>The government agencies designated in paragraph 1 refer to the central and local government agencies of Taiwan. The main consideration is that the transactions conducted with central and local government agencies of Taiwan must be with bidding or bargaining arranged according to relevant regulations; therefore, the price is unlikely to be manipulated. It is exempted from the requirement of obtaining experts' opinions. In terms of the transaction conducted with foreign government agencies, because its relevant regulations and bargaining mechanism is relatively unclear;</p>

Clauses	Clauses before amendment made	Clauses after the amendment made	Note
	<p>circumstances applies with respect to the professional appraiser’s appraisal results, unless all the appraisal results for the assets to be acquired are higher than the transaction amount, or all the appraisal results for the assets to be disposed of are lower than the transaction amount, a 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 Accounting Research and Development Foundation (ARDF) and render a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price:</p> <p>(I) The discrepancy between the appraisal result and the transaction amount is 20% or more of the transaction amount.</p> <p>(II) The discrepancy between the appraisal results of two or more professional appraisers is 10% or more of the transaction amount.</p> <p>IV. No more than 3 months may elapse between the date of the appraisal report issued by a</p>	<p>circumstances applies with respect to the professional appraiser’s appraisal results, unless all the appraisal results for the assets to be acquired are higher than the transaction amount, or all the appraisal results for the assets to be disposed of are lower than the transaction amount, a CPA shall be engaged to perform the appraisal in accordance with the provisions of Statement of Auditing Standards No. 20 published by the Accounting Research and Development Foundation (ARDF) and render a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price:</p> <p>(I) The discrepancy between the appraisal result and the transaction amount is 20% or more of the transaction amount.</p> <p>(II) The discrepancy between the appraisal results of two or more professional appraisers is 10% or more of the transaction amount.</p> <p>IV. No more than 3 months may elapse between the date of the appraisal report issued by a</p>	<p>therefore, it is not yet entitled to the said exemption; also, the provision of paragraph 1 is amended to limit the said exemption to domestic government agencies.</p> <p>II. In accordance with the provisions of International Financial Reporting Standard No. 16 “Leases,” the provision of paragraph 1 is amended to include the right-of-use assets in the specification.</p> <p>III. Subparagraph 1 of paragraph 1 is rephrased accordingly in accordance with the law.</p>

Clauses	Clauses before amendment made	Clauses after the amendment made	Note
Article 12	<p>professional appraiser and the contract execution date. Provided, where the publicly announced current value for the same period is used and not more than 6 months have elapsed, an opinion may still be issued by the original professional appraiser.</p> <p>In acquiring or disposing of <u>memberships or</u> intangible assets thereof where the transaction amount reaches 20% of the company's paid-in capital or NT\$300 million or more, the company, unless transacting with a domestic government agency, an accountant shall be engaged to render a specific opinion on the appropriateness of the transaction price on the date of occurrence in accordance with the provisions of Statement of Auditing Standards No. 20 published by the Accounting Research and Development Foundation (ARDF).</p>	<p>professional appraiser and the contract execution date. Provided, where the publicly announced current value for the same period is used and not more than 6 months have elapsed, an opinion may still be issued by the original professional appraiser.</p> <p>In acquiring or disposing of memberships <u>or</u> <u>intangible assets thereof where the</u> transaction amount reaches 20% of the company's paid-in capital or NT\$300 million or more, the company, unless transacting with a <u>domestic</u> government agency, an CPA shall be engaged to render a specific opinion on the appropriateness of the transaction price on the date of occurrence in accordance with the provisions of Statement of Auditing Standards No. 20 published by the Accounting Research and Development Foundation (ARDF).</p>	The reasons for the amendment are the same as stated in Note 1 and Note 2 of Articles 10 with a rephrasing made accordingly.
Article 12-1	<p>Article 12-1</p> <p>The calculation of the transaction amounts referred to in the preceding three paragraphs shall be handled in accordance with paragraph 2, Article 8 herein, and “within the preceding year” as used herein refers to the year preceding the</p>	<p><u>Article 13</u></p> <p>The calculation of the transaction amounts referred to in the preceding three paragraphs shall be handled in accordance with paragraph 2, Article 8 herein, and “within the preceding year” as used herein refers to the year preceding the</p>	Clause renumbered

Clauses	Clauses before amendment made	Clauses after the amendment made	Note
Article 13	<p>date of occurrence of the current transaction. Items that are supported with an appraisal reported issued by the professional appraisers or the opinions of an accountant need not be counted toward the transaction amount.</p> <p>Article 13 Where the Company acquires or disposes of assets through court auction procedures, the evidentiary documentation issued by the court may be substituted for the appraisal report or CPA opinion.</p>	<p>date of occurrence of the current transaction. Items that are supported with an appraisal reported issued by the professional appraisers or the opinions of an CPA need not be counted toward the transaction amount.</p> <p><u>Article 14</u> Where the Company acquires or disposes of assets through court auction procedures, the evidentiary documentation issued by the court may be substituted for the appraisal report or CPA’s opinion.</p>	Clause renumbered
Article 14	<p>Article 14 Professional appraisers and their officers, CPA, attorneys, and securities underwriters that provide the Company with appraisal reports, certified public accountant’s opinions, attorney’s opinions, or underwriter’s opinions may not be related parties of each other. Professional appraisers (referring to real property appraisers or other persons who are legally engaged in real property and equipment valuation operations) and their personnel are not criminally sentenced or convicted. If the company is required to obtain appraisal reports from two or more professional</p>	<p><u>Article 15</u> Professional appraisers (referring to real property appraisers or other persons who are legally engaged in real property and equipment valuation operations) and their officers, CPA, attorneys, and securities underwriters that provide the Company with appraisal reports, CPA’s opinions, attorney’s opinions, or underwriter’s opinions <u>shall meet the following requirements:</u></p> <p><u>I. May not have previously received a final and unappealable sentence to imprisonment for 1 year or longer for a violation of the Securities and Exchange Act, the Company</u></p>	<p>Clause renumbered</p> <p>I. In order to simplify the regulations, point 4 “the directions for contracting the services of the professional appraisers and their appraisal officers, CPA, attorneys, or securities underwriters” of the Tai.Chai.Jen (I) Tzi No. 0920001151 Order dated March 21, 2003 by the Securities and Futures</p>

Clauses	Clauses before amendment made	Clauses after the amendment made	Note
	<p><del>appraisers, the different professional appraisers or appraisal officers may not be related parties of each other.</del></p>	<p><u>Act, and 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 does not apply if 3 years have already passed since completion of service of the sentence, since expiration of the period of a suspended sentence, or since a pardon was received.</u></p> <p><u>II. May not be a related party or de facto related party of any party to the transaction.</u></p> <p><u>III. If the company is required to obtain appraisal reports from two or more professional appraisers, the different professional appraisers or appraisal officers may not be related parties or de facto related parties of each other.</u></p> <p><u>When issuing an appraisal report or opinion, the personnel referred to in the preceding paragraph shall comply with the following:</u></p> <p><u>I. Prior to accepting a case, they shall prudently assess their own professional capabilities, practical experience, and independence.</u></p>	<p>Bureau of the Ministry of Finance is added in the Regulations; also, subparagraph 1 –subparagraph 3 of paragraph 1 are added to clearly define the passive qualification of the relevant experts by referring to passive qualification for directors, supervisors, and managers as stipulated in subparagraph 4 of Article 53 of the Stock Exchange Act and the ethical principle of the issuers or responsible person as stipulated in subparagraph 15, paragraph 1, Article 8 of the “Regulations Governing the Offering and Issuance of Securities by Securities Issuers;” also, the aforementioned provision is abolished.</p>

Clauses	Clauses before amendment made	Clauses after the amendment made	Note
Article 15	Article 15 When the Company engages in any acquisition or	<p><u>II. When examining a case, they shall appropriately plan and execute adequate working procedures, in order to produce a conclusion as the basis for issuing the report or opinion. The related working procedures, data collected, and conclusion shall be fully and accurately specified in the case working papers.</u></p> <p><u>III. They shall undertake an item-by-item evaluation of the comprehensiveness, accuracy, and reasonableness of the sources of data used, the parameters, and the information, as the basis for issuance of the appraisal report or the opinion.</u></p> <p><u>IV. They shall issue a statement attesting to the professional competence and independence of the personnel who prepared the report or opinion, and that they have evaluated and found that the information used is reasonable and accurate, and that they have complied with applicable law and regulations.</u></p> <p><u>Article 16</u> When the Company engages in any acquisition or</p>	<p>II. Clarify the responsibilities of external experts. Add paragraph 2 to clearly define the assessment, audit, and declaration of the appraisal report or opinion issued by the relevant experts as stipulated in the Regulations by referring to the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” Article 9 “the assessment, audit, and declaration of the appraisal report or opinion of the CPA on the appraisal report or opinion on the investment real property.”</p> <p>Clause renumbered and renumbered paragraph 2</p>

Clauses	Clauses before amendment made	Clauses after the amendment made	Note
Article 16	<p>disposal of assets from or to a related party, in addition to ensuring that the necessary resolutions are adopted and the reasonableness of the transaction terms is appraised, if the transaction amount reaches 20% or more of the company's paid-in capital, NT\$300 million or more, or 10% or more of the total assets, the company shall also obtain an appraisal report from a professional appraiser or a CPA's opinion in compliance with the regulations.</p> <p>The calculation of the transaction amount referred to in the preceding paragraph shall be made in accordance with Article <u>12-1</u> herein.</p> <p>When judging whether a transaction counterparty is a related party (which should be determined according to the "Regulations Governing the Preparation of Financial Reports by Securities Issuers"), in addition to legal formalities, the substance of the relationship shall also be considered.</p> <p>Article 16</p> <p>When the Company intends to acquire or dispose of real property thereof from or to a related party, or when it intends to acquire or dispose of assets other than real property thereof from or to a</p>	<p>disposal of assets from or to a related party, in addition to ensuring that the necessary resolutions are adopted and the reasonableness of the transaction terms is appraised, if the transaction amount reaches 20% or more of the company's paid-in capital, NT\$300 million or more, or 10% or more of the total assets, the company shall also obtain an appraisal report from a professional appraiser or a CPA's opinion in compliance with the regulations.</p> <p>The calculation of the transaction amount referred to in the preceding paragraph shall be made in accordance with Article <u>13</u> herein.</p> <p>When judging whether a transaction counterparty is a related party (which should be determined according to the "Regulations Governing the Preparation of Financial Reports by Securities Issuers"), in addition to legal formalities, the substance of the relationship shall also be considered.</p> <p><u>Article 17</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</p>	<p>I. Clause renumbered and renumbered subparagraph 3 of paragraph 1</p> <p>II. The government bonds stated in paragraph 1 refer</p>

Clauses	Clauses before amendment made	Clauses after the amendment made	Note
	<p>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 domestic government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises, the company may not proceed to enter into a transaction contract or make a payment until the following matters have been approved by the Audit Committee and the Board of Directors:</p> <p>I. The purpose, necessity, and anticipated benefit of the acquisition or disposal of assets;</p> <p>II. The reason for choosing the related party as a transaction counterparty;</p> <p>III. With respect to the acquisition of real property thereof from a related party, information regarding appraisal of the reasonableness of the preliminary transaction terms in accordance with Article 17 and Article 18;</p> <p>IV. The date and price at which the related party originally acquired the real property, the</p>	<p>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 company may not proceed to enter into a transaction contract or make a payment until the following matters have been approved by the Audit Committee and the Board of Directors:</p> <p>I. The purpose, necessity, and anticipated benefit of the acquisition or disposal of assets;</p> <p>II. The reason for choosing the related party as a transaction counterparty;</p> <p>III. With respect to the acquisition of real property <u>or right-of-use assets</u> thereof from a related party, information regarding appraisal of the reasonableness of the preliminary transaction terms in accordance with Article <u>18</u> and Article <u>19</u>;</p> <p>IV. The date and price at which the related party originally acquired the real property, the</p>	<p>to the domestic government bonds. It is with the main consideration that the central and local government debts of Taiwan are clear and easy to inquire, and it is exempted from going through the procedure of being resolved in the board meeting and recognized by the supervisors. The foreign government debts are not uniformed and are not exempt from this requirement. It is clearly defined that the exemption is limited to domestic government bonds. In addition, in accordance with the provisions of International Financial Reporting Standard No.</p>



Clauses	Clauses before amendment made	Clauses after the amendment made	Note
	<p>original transaction counterparty, and that transaction counterparty’s relationship to the company and the related party;</p> <p>V. Monthly cash flow forecasts for the year commencing from the anticipated month of signing of the contract, evaluation of the necessity of the transaction, and reasonableness of the funds utilization;</p> <p>VI. An appraisal report from a professional appraiser or a CPA’s opinion obtained in compliance with the preceding article;</p> <p>VII. Restrictive covenants and other important stipulations associated with the transaction;</p> <p>The calculation of the transaction amounts referred to in the preceding paragraph shall be made in accordance with paragraph 2, Article 8 herein, and “within the preceding year” as used herein refers to the year preceding the date of occurrence of the current transaction. Items that have been approved by the Audit Committee and the Board of Directors need not be counted toward the transaction amount.</p> <p>With respect to the acquisition or disposal of equipment thereof from or to a related party, when to be conducted between the Company and its parent company <del>or</del> subsidiaries; the</p>	<p>original transaction counterparty, and that transaction counterparty’s relationship to the company and the related party;</p> <p>V. Monthly cash flow forecasts for the year commencing from the anticipated month of signing the contract, and evaluation of the necessity of the transaction, and reasonableness of the funds utilization;</p> <p>VI. An appraisal report from a professional appraiser or a CPA’s opinion obtained in compliance with the preceding article;</p> <p>VII. Restrictive covenants and other important stipulations associated with the transaction;</p> <p>The calculation of the transaction amounts referred to in the preceding paragraph shall be made in accordance with paragraph 2, Article 8 herein, and “within the preceding year” as used herein refers to the year preceding the date of occurrence of the current transaction. Items that have been approved by the Audit Committee and the Board of Directors need not be counted toward the transaction amount.</p> <p>With respect to the following transactions conducted between the Company and its parent company <u>and</u> subsidiaries, <u>or subsidiaries that the Company directly or indirectly hold 100% of the</u></p>	<p>16 “Leases,” the right-of-use assets shall be included in the provisions of this Article, and the provision of paragraph 1 is amended clearly for compliance.</p> <p>III. Considering that the public offering company and its parent company, subsidiaries, or its directly or indirectly 100% owned subsidiaries, due to the overall business planning, there are needs and demands for a collective purchase or lease of equipment for business use and then transferred (including trading or sublease), or the possibility of leasing and sub-leasing real property, and the risk of such transactions is low, so paragraph 3 is amended to</p>

Clauses	Clauses before amendment made	Clauses after the amendment made	Note
Article 17	<p>company’s Board of Directors may pursuant to the regulations to delegate the board chairman to decide such matters when the transaction is within a certain amount and have the decisions subsequently submitted to and ratified in the next board meeting.</p> <p>If approval of more than half of all Audit Committee members as required in the preceding paragraph is not obtained, the procedures may be implemented if approved by more than two-thirds of all directors, and the resolution of the Audit Committee shall be recorded in the minutes of the board meeting. The terms “all Audit Committee members” and “all directors” in the preceding paragraph shall be counted as the actual number of persons currently holding those positions.</p> <p>Article 17</p> <p>The Company that acquires real property thereof from a related party shall evaluate the reasonableness of the transaction costs by the</p>	<p><u>issued shares or total capital,</u> the Company’s Board of Directors may pursuant to the regulations to delegate the board Chairman to decide such matters when the transaction is within a certain amount and have the decisions subsequently submitted to and ratified in the next board meeting:</p> <p><u>I. Acquire or dispose of equipment or right-of-use assets for business use.</u></p> <p><u>II. Acquire or dispose of the right-of-use assets for business use.</u></p> <p>If approval of more than half of all Audit Committee members as required in the preceding paragraph is not obtained, the procedures may be implemented if approved by more than two-thirds of all directors, and the resolution of the Audit Committee shall be recorded in the minutes of the board meeting. The terms “all Audit Committee members” and “all directors” in the preceding paragraph shall be counted as the actual number of persons currently holding those positions.</p> <p><u>Article 18</u></p> <p>The Company that acquires real property <u>or right-of-use assets</u> thereof from a related party shall evaluate the reasonableness of the</p>	<p>authorize the Chairman having the acquisition and disposal of the equipment for business use, the right-of-use assets, or right-of-use property for business use between them handled and with a rephrasing made accordingly.</p> <p>I. Clause renumbered II. In accordance with the provisions of International Financial</p>

Clauses	Clauses before amendment made	Clauses after the amendment made	Note
	<p>following means:</p> <p>I. Based upon the related party’s transaction price plus necessary interest on funding and the costs to be duly borne by the buyer. “Necessary interest on funding” is imputed as the weighted average interest rate on borrowing in the year the company purchases the property; provided, it may not be higher than the maximum non-financial industry lending rate announced by the Ministry of Finance.</p> <p>II. Total loan value appraisal from a financial institution where the related party has previously created a mortgage on the property as security for a loan; provided, the actual cumulative amount loaned by the financial institution shall have been 70% or more of the financial institution’s appraised loan value of the property and the period of the loan shall have been 1 year or longer. However, this shall not apply where the financial institution is a related party of one of the transaction counterparties.</p> <p>Where land and structures thereupon are combined as a single property purchased in one transaction, the transaction costs for the land and</p>	<p>transaction costs by the following means:</p> <p>I. Based upon the related party’s transaction price plus necessary interest on funding and the costs to be duly borne by the buyer. “Necessary interest on funding” is imputed as the weighted average interest rate on borrowing in the year the company purchases the property; provided, it may not be higher than the maximum non-financial industry lending rate announced by the Ministry of Finance.</p> <p>II. Total loan value appraisal from a financial institution where the related party has previously created a mortgage on the property as security for a loan; provided, the actual cumulative amount loaned by the financial institution shall have been 70% or more of the financial institution’s appraised loan value of the property and the period of the loan shall have been 1 year or longer. However, this shall not apply where the financial institution is a related party of one of the transaction counterparties.</p> <p>Where land and structures thereupon are combined as a single property purchased <u>or leased</u> in one transaction, the transaction costs for</p>	<p>Reporting Standard No. 16 “Leases,” the provision of paragraph 1 - paragraph 4 are amended to include the right-of-use property by leasing from the related party in the provisions of this Article.</p> <p>III. Considering that the public offering company and its parent company, subsidiaries, or its directly or indirectly 100% owned subsidiaries, due to the overall business planning, there are possibilities for a collective lease and sublease of real property, and the risk of such transactions is low, so subparagraph 4 of paragraph 4 is added to exempt such transaction from the requirement of assessing the reasonableness of the</p>

Clauses	Clauses before amendment made	Clauses after the amendment made	Note
	<p>the structures may be separately appraised in accordance with any of the means listed in the preceding paragraph.</p> <p>The Company that acquires real property thereof from a related party and appraises the cost of the real property thereof in accordance with paragraph 1 and paragraph 2 shall also engage a CPA to check the appraisal and render a specific opinion.</p> <p>Where the Company acquires real property thereof from a related party and one of the following circumstances exists, appraises the reasonableness of the transaction cost according to relevant regulations. Except for the following circumstances, it is necessary to engage a CPA to check the appraisal and render a specific opinion.</p> <p>I. The related party acquired the real property thereof through inheritance or as a gift;</p> <p>II. More than 5 years will have elapsed from the time the related party signed the contract to obtain the real property thereof to the signing date for the current transaction;</p> <p>III. The real property is acquired through signing of a joint development contract with the related party, or through engaging a</p>	<p>the land and the structures may be separately appraised in accordance with any of the means listed in the preceding paragraph.</p> <p>The Company that acquires real property <u>or right-of-use assets</u> thereof from a related party and appraises the cost of the real property or right-of-use assets thereof in accordance with <u>the preceding two</u> paragraphs shall also engage a CPA to check the appraisal and render a specific opinion.</p> <p>The Company that acquires real property <u>or right-of-use assets</u> thereof from a related party and with any of the following conditions should be handled in accordance with the provisions of <u>the preceding article</u> and the first three provisions shall not apply:</p> <p>I. The related party acquired the real property thereof through inheritance or as a gift;</p> <p>II. The time for the related party to contract to acquire the real property <u>or right-of-use assets</u> has been more than five years from the date of the transaction.</p> <p>III. The real property is acquired through signing of a joint development contract with the related party, or through engaging a</p>	<p>transaction cost (the price at which the related party acquiring or leasing real property) according to this Article. In addition, such transaction is not subject to the provision of this Article, so it is not required to evidence the reasonableness of the security transaction price according to Article 17 and appropriate special reserve according to Article 18.</p> <p>IV. The preambular of paragraph 3 and paragraph 4 is rephrased accordingly in accordance with the law.</p>

Clauses	Clauses before amendment made	Clauses after the amendment made	Note
Article 18	<p>related party to build real property, either on the company's own land or on rented land.</p> <p>Article 18 When the results of the Company's appraisal conducted in accordance with paragraph 1 and paragraph 2 of Article <del>17</del> are uniformly lower than the transaction price, the matter shall be handled in compliance with Article 19. However, where the following circumstances exist, objective evidence has been submitted and specific opinions on reasonableness have been obtained from a professional real property appraiser and a CPA, this restriction shall not apply.</p> <p>I. Where the related party acquired undeveloped land or leased land for development, it may submit proof of compliance with one of the following conditions:</p> <p>1. Where undeveloped land is appraised in</p>	<p>related party to build real property, either on the company's own land or on rented land.</p> <p><u>IV. The Company and its parent company, subsidiaries, or subsidiaries that the Company directly or indirectly holds 100% of the issued shares or total capital, acquire the right-of-use assets for business use.</u></p> <p><u>Article 19</u> When the results of the Company's appraisal conducted in accordance with paragraph 1 and paragraph 2 of <u>the preceding Article</u> are uniformly lower than the transaction price, the matter shall be handled in compliance with Article <u>20</u>. However, where the following circumstances exist, objective evidence has been submitted and specific opinions on reasonableness have been obtained from a professional real property appraiser and a CPA, this restriction shall not apply.</p> <p>I. Where the related party acquired undeveloped land or leased land for development, it may submit proof of compliance with one of the following conditions:</p> <p>1. Where undeveloped land is appraised in</p>	<p>I. Clause renumbered and renumbered the preamble in paragraph 1.</p> <p>II. Cooperate with the actual operation of real property leasing, such as, factory buildings, the acquisition of use-of-right assets from the related party can be with the reasonableness of price assessed by referring to the lease transaction of unrelated parties within the preceding year in the neighborhood. The current clause 3, subparagraph 1,</p>

Clauses	Clauses before amendment made	Clauses after the amendment made	Note
	<p>accordance with the means in the preceding Article, and structures according to the related party's construction cost plus reasonable construction profit are valued in excess of the actual transaction price. The "Reasonable construction profit" shall be deemed as the average gross operating profit margin of the related party's construction division over the most recent 3 years or the gross profit margin for the construction industry for the most recent period as announced by the Ministry of Finance, whichever is lower.</p> <p>2. <del>Completed transactions</del> by unrelated parties within the preceding year involving other floors of the same property or neighboring or closely valued parcels of land, where the land area and transaction terms are similar after calculation of reasonable price discrepancies in floor or area land prices in accordance with standard property market sale or leasing practices.</p> <p>3. <del>Completed transactions by unrelated parties within the preceding year</del></p>	<p>accordance with the means in the preceding Article, and structures according to the related party's construction cost plus reasonable construction profit are valued in excess of the actual transaction price. The "Reasonable construction profit" shall be deemed as the average gross operating profit margin of the related party's construction division over the most recent 3 years or the gross profit margin for the construction industry for the most recent period as announced by the Ministry of Finance, whichever is lower.</p> <p>2. <u>Completed transactions</u> by unrelated parties within the preceding year involving other floors of the same property or neighboring or closely valued parcels of land, where the land area and transaction terms are similar after the calculation of reasonable price discrepancies in floor or area land prices in accordance with standard property market sale <u>or leasing</u> practices.</p>	<p>paragraph 1 is consolidated into clause 2, and the clause of treating lease as a transaction is enacted and clause 2, subparagraph 1 of paragraph 1, subparagraph 2, and paragraph 2 are amended for clear clarification.</p>

Clauses	Clauses before amendment made	Clauses after the amendment made	Note
	<p><del>involving other floors of the same property or closely valued parcels of land, where the lease terms are similar after calculation of reasonable price discrepancies in floor or area land prices in accordance with standard property leasing practices.</del></p> <p>II. Where the Company acquiring real property from a related party provides evidence that the terms of the transaction are similar to the terms of completed transactions involving neighboring or closely valued parcels of land of a similar size by unrelated parties within the preceding year.</p> <p><del>Completed transactions</del> 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 <del>transactions completed</del> 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</p>	<p>II. Where the Company acquiring real property <u>or obtaining right-of-use assets</u> by leasing from a related party provides evidence that the terms of the <u>transaction</u> are similar to the terms of completed transactions involving neighboring or closely valued parcels of land of a similar size by unrelated parties within the preceding year.</p> <p><u>Completed transactions</u> 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 <u>transactions completed</u> 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</p>	

Clauses	Clauses before amendment made	Clauses after the amendment made	Note
Article 19	<p>preceding the date of occurrence of the acquisition of the real property.</p> <p>Article 19 Where the Company acquires real property thereof from a related party and the results of appraisals conducted in accordance with <del>Article 17 and Article 18</del> are uniformly lower than the transaction price, the following steps shall be taken:</p> <p>I. A special reserve shall be set aside against the difference between the real property transaction price and the appraised cost, and may not be distributed or used for capital increase or issuance of bonus shares. Where the Company uses the equity method to account for its investment in another public company, then the special reserve shall be set aside pro rata in a proportion consistent with the share of the Company's equity stake in the other company.</p> <p>II. The independent directors of the Audit Committee shall comply with Article 218 of the Company Act.</p> <p>III. Actions taken pursuant to <del>subparagraphs 1 and 2</del> in the preceding paragraph shall be</p>	<p>preceding the date of occurrence of the acquisition of the real property.</p> <p><u>Article 20</u> Where the Company acquires real property <u>or right-of-use assets</u> thereof from a related party and the results of appraisals conducted in accordance with the <u>last two Articles</u> are uniformly lower than the transaction price, the following steps shall be taken:</p> <p>I. A special reserve shall be set aside against the difference between the real property transaction price and the appraised cost, and may not be distributed or used for capital increase or issuance of bonus shares. Where the Company uses the equity method to account for its investment in another public company, then the special reserve shall be set aside pro rata in a proportion consistent with the share of the Company's equity stake in the other company.</p> <p>II. The independent directors of the Audit Committee shall comply with Article 218 of the Company Act.</p> <p>III. Actions taken pursuant to subparagraphs 1 and 2 in <u>the preceding</u> paragraph shall be</p>	<p>I. Clause renumbered</p> <p>II. In accordance with the provisions of International Financial Reporting Standards No. 16 "Leases," the preambular of paragraph 1, subparagraph 1, paragraph 2, and paragraph 3 are amended to have the right-of-use assets that are acquired from the related party by leasing included in the to-do list when the appraisal cost is lower than the transaction price.</p> <p>III. The preamble of paragraph 1 and subparagraph 3 are rephrased accordingly in accordance with the law.</p>



Clauses	Clauses before amendment made	Clauses after the amendment made	Note
Article 20	<p>reported to a shareholders meeting, and the details of the transaction shall be disclosed in the annual report and any investment prospectus.</p> <p>The Company that has set aside a special reserve under the preceding paragraph may not utilize the special reserve until it has recognized a loss on decline in market value of the assets it purchased, or they have been disposed of, or adequate compensation has been made, or the status quo ante has been restored, or there is other evidence confirming that there was nothing unreasonable about the transaction, and the FSC has given its consent.</p> <p>When the Company obtains real property thereof from a related party, it shall also comply with the preceding two paragraphs if there is other evidence indicating that the acquisition was not an arm's length transaction.</p> <p>Article 20 Engaging in the trading of financial derivatives</p> <p>I. Scope of application:</p> <p>(I) Definition: Derivatives refer to a transaction contract whose value is</p>	<p>reported to a shareholders meeting, and the details of the transaction shall be disclosed in the annual report and any investment prospectus.</p> <p>The Company that has set aside a special reserve under the preceding paragraph may not utilize the special reserve until it has recognized a loss on decline in market value of the assets it purchased, or they have been disposed of, <u>or adequate compensation has been made</u>, or the status quo ante has been restored, or there is other evidence confirming that there was nothing unreasonable about the transaction, and the FSC has given its consent.</p> <p>When the Company obtains real property <u>or right-of-use assets</u> thereof from a related party, it shall also comply with the preceding two paragraphs if there is other evidence indicating that the acquisition was not an arm's length transaction.</p> <p><u>Article 21</u> Engaging in the trading of financial derivatives</p> <p>I. Scope of application:</p> <p>(I) Definition: Financial derivatives refer to a transaction contract whose value is</p>	<p>I. Clause renumbered</p> <p>II. In accordance with the definition of International Financial Reporting Standards No. 9</p>

Clauses	Clauses before amendment made	Clauses after the amendment made	Note
	<p>derived from products, such as, <del>assets, interest rates, exchange rates, indexes, or other interests. Trading of Financial Derivatives includes combinations of various financial contracts, such as, forward contracts, futures contracts, forward interest rate agreements, options and synthetic products, such as, futures options, exchange options, combined derivatives, etc.</del></p> <p>(II) The types and objects of the transactions that the Company can engage in are as follows: forward foreign exchange transactions with principal and non-principal settlement. It is limited to the financial institutions that can engage in such transactions.</p> <p>(III) The “Procedures” is not applicable to forward contracts, including insurance contracts, performance contracts, after-sales service contracts, long-term lease contracts, and long-term purchases (sales) contracts.</p> <p>IV. Segregation of duties The segregation of duties for engaging in</p>	<p>derived from <u>specific interest rates, financial instrument price,</u> product price, exchange rates, <u>price or fee</u> indexes, credit rating or credit index, or forward contract, <u>option contract,</u> futures contract, <u>leverage margin contract, exchange contract, portfolio of the aforementioned contracts, embedded derivatives contracts, or structures products derived from other variables.</u></p> <p>(II) The types and objects of the transactions that the Company can engage in are as follows: forward foreign exchange transactions with principal and non-principal settlement. It is limited to financial institutions that can engage in such transactions.</p> <p>(III) The “Procedures” is not applicable to forward contracts, including insurance contracts, performance contracts, after-sales service <u>contracts,</u> long-term lease contracts, and long-term purchases (sales) contracts.</p> <p>IV. Segregation of duties The segregation of duties for engaging in</p>	<p>“Financial Instruments,” subparagraph 1 and the scope of financial derivatives in the Regulations are amended with a rephrasing made accordingly.</p> <p>III. The Audit Committee is newly established and it should be notified in writing for derivatives with material defaults identified.</p>

Clauses	Clauses before amendment made	Clauses after the amendment made	Note
	<p>the trading of financial derivatives is as follows:</p> <p>(I) The duties of the Board of Directors:</p> <ol style="list-style-type: none"> <li>1. The transaction procedure is approved and it is also applicable to the amendments. The procedure is reported in the shareholders meeting.</li> <li>2. For the purpose of trading with a contractual amount or the trading of financial derivatives whose principal amount exceeding NT\$300 million, it shall be approved by the Board of Directors for implementation, and the Board of Directors is authorized to approve other trading of financial derivatives; also, it should be reported in the most recent board meeting with the effectiveness of implementation monitored and the risk controlled to the extent of tolerable losses.</li> </ol> <p>(II) The duties of the Chairman:</p> <ol style="list-style-type: none"> <li>1. Assign the financial unit and the</li> </ol>	<p>derivatives is as follows:</p> <p>(I) The duties of the Board of Directors:</p> <ol style="list-style-type: none"> <li>1. The transaction procedure is approved and it is also applicable to the amendments. The procedure is reported in the shareholders meeting.</li> <li>2. For the purpose of trading with a contractual amount or the trading of financial derivatives whose principal amount exceeding NT\$300 million, it shall be approved by the Board of Directors for implementation, and the Board of Directors is authorized to approve other trading of financial derivatives; also, it should be reported in the most recent board meeting with the effectiveness of implementation monitored and the risk controlled to the extent of tolerable losses.</li> </ol> <p>(II) The powers and responsibilities of the Chairman:</p> <ol style="list-style-type: none"> <li>1. Assign the financial unit and the</li> </ol>	

Clauses	Clauses before amendment made	Clauses after the amendment made	Note
	<p>relevant department heads to execute the approved “trading of financial derivatives.”</p> <ol style="list-style-type: none"> <li>2. The “Trading of Financial Derivatives,” which should be approved by the Board of Directors, shall be sent to the Board of Directors for resolutions.</li> <li>3. Approved the “Trading of Financial Derivatives” resolved by the Board of Directors.</li> <li>4. Regularly and occasionally report to the Board of Directors on the “Financial Derivatives Performance Report” and implementation results.</li> <li>5. Regularly and occasionally monitor whether the trading of financial derivatives is carried out in accordance with the Procedures, and control its operational performance within the tolerable loss.</li> </ol> <p>(III) The responsibilities of the Finance Department:</p> <ol style="list-style-type: none"> <li>1. The Chairman assigns personnel to execute the approved transaction</li> </ol>	<p>relevant department heads to execute the approved “trading of financial derivatives.”</p> <ol style="list-style-type: none"> <li>2. The “Trading of Financial Derivatives,” which should be approved by the Board of Directors, shall be sent to the Board of Directors for resolutions.</li> <li>3. Approved the “Trading of Financial Derivatives” resolved by the Board of Directors.</li> <li>4. Regularly and occasionally report to the Board of Directors on the “Derivatives Performance Report” and implementation results.</li> <li>5. Regular and occasionally monitor whether the trading of financial derivatives is carried out in accordance with the Procedures, and control its operational performance within the tolerable loss.</li> </ol> <p>(III) The responsibilities of the Finance Department:</p> <ol style="list-style-type: none"> <li>1. Assigned by the Chairman to execute the approved transaction</li> </ol>	

Clauses	Clauses before amendment made	Clauses after the amendment made	Note
	<p>and settlement of the “trading of financial derivatives.”</p> <ol style="list-style-type: none"> <li>2. Record the transactions immediately and verify their correctness against the accounting document.</li> <li>3. File the transaction records.</li> <li>4. Prepare the “Trading of Financial Derivatives Evaluation Report.”</li> <li>5. If the approved “trading of financial derivatives” is subject to major changes in the market or the maximum amount of tolerable loss or significant difference from the original estimate, the performance report shall be immediately sent to the Chairman for review in order to determine whether the case should still be continued or the implementation content of the case should be revised.</li> </ol> <p>(IV) Audit unit: Check whether the trading of “financial derivatives” has been carried out in accordance with the Procedures on a monthly basis, and the</p>	<p>and settlement of the “trading of financial derivatives.”</p> <ol style="list-style-type: none"> <li>2. Record the transaction occurred immediately and verify the correctness with the accounting document.</li> <li>3. File the transaction records.</li> <li>4. Prepare the “Trading of Financial Derivatives Evaluation Report.”</li> <li>5. If the approved “trading of financial derivatives” is subject to major changes in the market or the maximum amount of tolerable loss or significant difference from the original estimate, the performance report shall be immediately sent to the Chairman for review to determine whether the case should still be continued or the implementation content of the case should be revised.</li> </ol> <p>(IV) Audit unit: Check whether the trading of “financial derivatives” has been carried out in accordance with the Procedures on a monthly basis, and the</p>	

Clauses	Clauses before amendment made	Clauses after the amendment made	Note
Article 21	<p>audit results are composed into an audit report and sent to the Chairman.</p> <p>Article 21 The Company that conducts a merger, demerger, acquisition, or transfer of shares (refers to the merger, demerger, or acquisition according to the Business Merger and Acquisitions Act, Financial Holdings Company Act, the Financial Institution Merger Act, or other law) to acquire or dispose of assets, or issues shares for a transfer of shares (referred to as “share transfer” hereinafter) according to <del>paragraph 8</del> of Article 156 of the Company Act, prior to convening the Board of Directors to resolve on the matter, shall engage a CPA, attorney, or securities underwriter to give an opinion on the reasonableness of the share exchange ratio, acquisition price, or distribution of cash or other property to shareholders, and then submit it to the Board of Directors for deliberation and passage. However, the requirement of obtaining an aforesaid opinion on reasonableness issued by an expert may be</p>	<p>audit results are composed into an audit report and sent to the Chairman. <u>The Audit Committee should be notified in writing for any material default identified.</u></p> <p><u>Article 22</u> The Company that conducts a merger, demerger, acquisition, or transfer of shares (refers to the merger, demerger, or acquisition according to the Business Merger and Acquisitions Act, Financial Holding Company Act, the Financial Institution Merger Act, or other laws) to acquire or dispose of assets, or issues shares for a transfer of shares (referred to as “share transfer” hereinafter) according to Article 156-<u>3</u> of the Company Act, prior to convening the Board of Directors to resolve on the matter, shall engage a CPA, attorney, or securities underwriter to give an opinion on the reasonableness of the share exchange ratio, acquisition price, or distribution of cash or other property to shareholders, and submit it to the Board of Directors for deliberation and passage. However, the requirement of obtaining an aforesaid opinion on reasonableness issued by an expert may be</p>	<p>I. Clause renumbered II. The amendments to the Company Act issued on August 1, 2018 were implemented on November 1, 2018. In line with the renumbered Article, “paragraph 8 of Article 156” referred to in subparagraph 2 is amended as “Article 156-3.”</p>

Clauses	Clauses before amendment made	Clauses after the amendment made	Note
Article 22	<p>exempted in the case of a merger by the Company of a subsidiary in which it directly or indirectly holds 100% of the issued shares or authorized capital, and in the case of a merger between subsidiaries in which the Company directly or indirectly holds 100% of the respective subsidiaries' issued shares or authorized capital.</p> <p>Article 22 The Company participating in a merger, demerger, or acquisition shall prepare a public report to shareholders detailing important contractual contents and matters relevant to the merger, demerger, or acquisition prior to the shareholders meeting and include it together with the expert opinion referred to in the preceding paragraph when sending shareholders notification of the shareholders meeting for reference in deciding whether to approve the merger, demerger, or acquisition. Provided, where a provision of another act exempts a company from convening a shareholders meeting to approve the merger, demerger, or acquisition, this restriction shall not apply.</p>	<p>exempted in the case of a merger by the Company of a subsidiary in which it directly or indirectly holds 100% of the issued shares or authorized capital, and in the case of a merger between subsidiaries in which the Company directly or indirectly holds 100% of the respective subsidiaries' issued shares or authorized capital.</p> <p><u>Article 23</u> The Company participating in a merger, demerger, acquisition, or transfer of shares shall prepare a public report to shareholders detailing important contractual contents and matters relevant to the merger, demerger, or acquisition prior to the shareholders meeting and include it along with the expert opinion referred to in the <u>preceding</u> paragraph when sending shareholders notification of the shareholders meeting for reference in deciding whether to approve the merger, demerger, or acquisition. Provided, where a provision of another act exempts a company from convening a shareholders meeting to approve the merger, demerger, or acquisition, this restriction shall not apply. Where the shareholders meeting of any one of the</p>	Clause renumbered

Clauses	Clauses before amendment made	Clauses after the amendment made	Note
Article 23	<p>Where the shareholders meeting of any one of the companies participating in a merger, demerger, or acquisition fails to convene or pass a resolution due to lack of a quorum, insufficient votes, or other legal restriction, or the proposal is rejected by the shareholders meeting, the companies participating in the merger, demerger or acquisition shall immediately publicly explain the reason, the follow-up measures, and the preliminary date of the next shareholders meeting.</p> <p>Article 23 The Company participating in a merger, demerger, or acquisition shall convene a board meeting and shareholders meeting on the day of transaction to resolve matters relevant to the merger, demerger, or acquisition, unless another act provides otherwise or the FSC is notified in advance of extraordinary circumstances and grants consent.</p> <p>A company participating in a transfer of shares shall call a board meeting on the day of the transaction, unless another act provides otherwise or the FSC is notified in advance of extraordinary circumstances and grants consent.</p>	<p>companies participating in a merger, demerger, or acquisition fails to convene or pass a resolution due to lack of a quorum, insufficient votes, or other legal restriction, or the proposal is rejected by the shareholders meeting, the companies participating in the merger, demerger or acquisition shall immediately publicly explain the reason, the follow-up measures, and the preliminary date of the next shareholders meeting.</p> <p><u>Article 24</u> The Company <u>participating in a merger, demerger, or acquisition</u> shall convene a board meeting and shareholders meeting on the day of the transaction to resolve matters relevant to the merger, demerger, or acquisition, unless another act provides otherwise or the FSC is notified in advance of extraordinary circumstances and grants consent.</p> <p>A company participating in a transfer of shares shall call a board meeting on the day of the transaction, unless another act provides otherwise or the FSC is notified in advance of extraordinary circumstances and grants consent.</p>	<p>I. Clause renumbered II. Paragraph 4 is rephrased accordingly in accordance with the law.</p>



Clauses	Clauses before amendment made	Clauses after the amendment made	Note
	<p>When participating in a merger, demerger, acquisition, or transfer of another company's shares, the Company shall prepare a full written record of the following information and retain it for 5 years for reference: and within two days from the date of the resolution of the Board of Directors, the information in subparagraph 1 and subparagraph 2 below shall be submitted to the securities authority for reference in the prescribed format by the Internet Information System.</p> <p>I. Basic identification data for personnel: Including the occupational titles, names, and national ID numbers (or passport numbers in the case of foreign nationals) of all persons involved in the planning or implementation of any merger, demerger, acquisition, or transfer of another company's shares prior to information disclosure.</p> <p>II. Dates of material events: Including the signing of any letter of intent or memorandum of understanding, the hiring of a financial or legal advisor, the execution of a contract, and the convening of board meetings.</p> <p>III. Important documents and minutes:</p>	<p>When participating in a merger, demerger, acquisition, or transfer of another company's shares, the Company shall prepare a full written record of the following information and retain it for 5 years for reference: and within two days from the date of the resolution of the Board of Directors, the information in paragraph 1 and paragraph 2 below shall be submitted to the securities authority for reference in the prescribed format by the Internet Information System.</p> <p>I. Basic identification data for personnel: Including the occupational titles, names, and national ID numbers (or passport numbers in the case of foreign nationals) of all persons involved in the planning or implementation of any merger, demerger, acquisition, or transfer of another company's shares prior to information disclosure.</p> <p>II. Dates of material events: Including the signing of any letter of intent or memorandum of understanding, the hiring of a financial or legal advisor, the execution of a contract, and the convening of board meetings.</p> <p>III. Important documents and minutes:</p>	

Clauses	Clauses before amendment made	Clauses after the amendment made	Note
<p>Article 24</p> <p>Article 25</p>	<p>Including merger, demerger, acquisition, and share transfer plans, any letter of intent or memorandum of understanding, material contracts, and minutes of board meetings.</p> <p>Where the Company participating in a merger, demerger, acquisition, or transfer of another company's shares is neither listed on an exchange nor has its shares traded on an OTC market, the Company shall sign an agreement with such company whereby the latter is required to abide by the provisions of the preceding paragraph.</p> <p>Article 24</p> <p>Every person participating in or privy to the plan for merger, demerger, acquisition, or transfer of shares shall issue a written undertaking of confidentiality and may not disclose the content of the plan prior to public disclosure of the information and may not trade, in their own name or under the name of another person, in any stock or other equity security of any company related to the plan for merger, demerger, acquisition, or transfer of shares.</p> <p>Article 25</p>	<p>Including merger, demerger, acquisition, and share transfer plans, any letter of intent or memorandum of understanding, material contracts, and minutes of board meetings.</p> <p>Where the Company participating in a merger, demerger, acquisition, or transfer of another company's shares is neither listed on an exchange nor has its shares traded on an OTC market, the Company shall sign an agreement with such company whereby the latter is required to abide by the provisions of the preceding paragraph, <a href="#">Article 25</a>, and <a href="#">Article 28</a>.</p> <p><a href="#">Article 25</a></p> <p>Every person participating in or privy to the plan for merger, demerger, acquisition, or transfer of shares shall issue a written undertaking of confidentiality and may not disclose the content of the plan prior to public disclosure of the information and may not trade, in their own name or under the name of another person, in any stock or other equity security of any company related to the plan for merger, demerger, acquisition, or transfer of shares.</p> <p><a href="#">Article 26</a></p>	<p>Clause renumbered</p>

Clauses	Clauses before amendment made	Clauses after the amendment made	Note
	<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 permitting alteration in the contract for the merger, demerger, acquisition, or transfer of shares:</p> <p>I. Cash capital increase, issuance of convertible corporate bonds, or the issuance of bonus shares, issuance of corporate bonds with warrants, preferred shares with warrants, stock warrants, or other equity based securities.</p> <p>II. An action, such as, a disposal of major assets that affects the company's financial operations.</p> <p>III. An event, such as, a major disaster or major change in technology that affects shareholder equity or share price.</p> <p>IV. An adjustment where any of the companies participating in the merger, demerger, acquisition, or transfer of shares from another company, buys back treasury stock.</p> <p>V. An increase or decrease in the number of entities or companies participating in the</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 permitting alteration in the contract for the merger, demerger, acquisition, or transfer of shares:</p> <p>I. Cash capital increase, issuance of convertible corporate bonds, or the issuance of bonus shares, issuance of corporate bonds with warrants, preferred shares with warrants, stock warrants, or other equity based securities.</p> <p>II. An action, such as, a disposal of major assets that affects the company's financial operations.</p> <p>III. An event, such as, a major disaster or major change in technology that affects shareholder equity or share price.</p> <p>IV. An adjustment where any of the companies participating in the merger, demerger, acquisition, or transfer of shares from another company, buys back treasury stock.</p> <p>V. An increase or decrease in the number of entities or companies participating in the</p>	<p>Clause renumbered</p>

Clauses	Clauses before amendment made	Clauses after the amendment made	Note
Article 26	<p>merger, demerger, acquisition, or transfer of shares.</p> <p>VI. Other terms and conditions that the contract stipulates may be altered and that have been publicly disclosed.</p> <p>Article 26</p> <p>The contract for the Company’s participation in a merger, demerger, acquisition, or of shares shall record the rights and obligations of the Company, and shall also record the following:</p> <p>I. Handling of breach of contract;</p> <p>II. Principles for the handling of equity-type securities previously issued or treasury stock previously bought back by any company that is extinguished in a merger or that is demerged.</p> <p>III. The amount of treasury stock participating companies are permitted under law to buy back after the record date of calculation of the share exchange ratio, and the principles for handling thereof;</p> <p>IV. The manner of handling changes in the number of participating entities or companies;</p> <p>V. Preliminary progress schedule for plan</p>	<p>merger, demerger, acquisition, or transfer of shares.</p> <p>VI. Other terms and conditions that the contract stipulates may be altered and that have been publicly disclosed.</p> <p><u>Article 27</u></p> <p>The contract for the Company’s participation in a merger, demerger, acquisition, or of shares shall record the rights and obligations of the Company, and shall also record the following:</p> <p>I. Handling of breach of contract;</p> <p>II. Principles for the handling of equity-type securities previously issued or treasury stock previously bought back by any company that is extinguished in a merger or that is demerged.</p> <p>III. The amount of treasury stock participating companies are permitted under law to buy back after the record date of calculation of the share exchange ratio, and the principles for handling thereof;</p> <p>IV. The manner of handling changes in the number of participating entities or companies;</p> <p>V. Preliminary progress schedule for plan</p>	Clause renumbered



Clauses	Clauses before amendment made	Clauses after the amendment made	Note
	<p>Provisions for the acquisition or disposal of assets by subsidiaries</p> <p>I. The acquisition and disposal of assets by subsidiaries shall also be handled in accordance with the provisions of the parent company.</p> <p>II. If the subsidiary is not a domestic public offering company, and the assets obtained or disposed of met the public announcement and filing standards as stipulated in Article 8,—the public announcement and filing matters shall be handled by the parent company.</p> <p>III. The so-called “reaching the threshold of 20% of the company’s paid-in capital or 10% of the total assets” as stipulated in the public announcement and filing standard of the subsidiary is based on the paid-in capital or total assets of the parent company.</p> <p>The so-called subsidiaries (which should be determined according to the “Regulations Governing the Preparation of Financial Reports by Securities Issuers”) are with more than 50% outstanding voting shares held by the Company or the Company holds more than 50% outstanding voting shares of the invested</p>	<p>Provisions for the acquisition or disposal of assets by subsidiaries</p> <p>I. The acquisition and disposal of assets by subsidiaries shall also be handled in accordance with the provisions of the parent company.</p> <p>II. If the subsidiary is not a domestic public offering company, and the assets obtained or disposed of met the public announcement and filing standards as stipulated in Article 8, the public announcement and filing matters shall be handled by the parent company.</p> <p>III. The paid-in capital or total assets for public announcement and filing by the subsidiaries <u>as stipulated in paragraph 1 of Article 8 is</u> based on the paid-in capital or total assets of the parent company.</p> <p>The so-called subsidiaries (which should be determined according to the “Regulations Governing the Preparation of Financial Reports by Securities Issuers”) are with more than 50% outstanding voting shares held by the Company or the Company holds more than 50% outstanding voting shares of the invested</p>	<p>I. Clause renumbered</p> <p>II. Point 2 of paragraph 1 is rephrased accordingly in accordance with the law.</p> <p>III. The public announcement and filing standard of the subsidiary shall be the same as that of the parent company, and paragraph 1 is amended in accordance with the newly added paragraph 1 of Article 8 regarding the announcement and filing standard of “NT\$10 billion paid-in capital” so the subsidiaries are also subject to the public announcement and filing standard.</p>

Clauses	Clauses before amendment made	Clauses after the amendment made	Note
Article 28-1	<p>companies through the subsidiaries, and so on, or the invested company with more than 50% issued voting shares held by the Company directly and through the subsidiary indirectly, and so on.</p> <p>Article 28-1 The calculation of the “10% of the total assets” as stipulated in the Procedures is based on the amount of the total assets in the most recent subsidiary or individual financial reports as stipulated in the “Regulations Governing the Preparation of Financial Reports by Securities Issuers.” If the company’s stock is not denominated or the denomination is not at NT\$10 par, the transaction amount equivalent to “20% of the paid-up capital” as stipulated in the Procedures shall be calculated based on the “10% of the shareholders” equity of the parent company.”</p>	<p>companies through the subsidiaries, and so on, or the invested company with more than 50% issued voting shares held by the Company directly and through the subsidiary indirectly, and so on.</p> <p><u>Article 30</u> The calculation of the “10% of the total assets” as stipulated in the Procedures is based on the amount of the total assets in the most recent subsidiary or individual financial reports as stipulated in the “Regulations Governing the Preparation of Financial Reports by Securities Issuers.” If the company’s stock is not denominated or the denomination is not at NT\$10 par, the transaction amount equivalent to “20% of the paid-up capital” as stipulated in the Procedures shall be calculated based on “10% <u>of the shareholders’ equity of the parent company.</u>” <u>According to the Procedures, for the company with a paid-in capital of NT\$10 billion, the calculation of the transaction amount is based on the shareholder’s equity of NT\$20 billion of the parent company.</u></p>	<p>I. Clause renumbered II. The latter part of paragraph 2 is added to clearly define that when the company’s stock is not denominated or the denomination is not at NT\$10 par, the calculation of “NT\$10 billion paid-in capital” as stipulated in Article 8.</p>
Article 29	<p>Article 29 Disclosures of financial statement</p>	<p><u>Article 31</u> Disclosures of financial statement</p>	<p>Clause renumbered</p>

Clauses	Clauses before amendment made	Clauses after the amendment made	Note
Article 30	<p>If the acquisition and disposal of assets by the Company meets the public announcement and filing standards as stipulated in Article 8 of the Procedures, and the transaction counterparty is a substantial related party, the contents of the public announcement and filing shall be disclosed in the notes to the financial statements and reported in the shareholders meeting.</p> <p>Article 30 Date of implementation The enactment or amendment of the “Procedures” is subject to the approval of the majority of the Audit Committee members and shall be submitted to the shareholders meeting for approval after the resolutions of the Board of Directors. If approval of more than half of all Audit Committee members as required in the preceding paragraph is not obtained, the Procedures may be implemented if approved by more than two-thirds of all directors, and the resolution of the Audit Committee shall be recorded in the minutes of the board meeting.</p>	<p>If the acquisition and disposal of assets by the Company meets the public announcement and filing standards as stipulated in Article 8 of the Procedures, and the transaction counterparty is a substantial related party, the contents of the public announcement and filing shall be disclosed in the notes to the financial statements and reported in the shareholders meeting.</p> <p><u>Article 32</u> Date of implementation The enactment or amendment of the “Procedures” is subject to the approval of the majority of the Audit Committee members and shall be submitted to the shareholders meeting for approval after the resolutions of the Board of Directors. If approval of more than half of all Audit Committee members as required in the preceding paragraph is not obtained, the procedures may be implemented if approved by more than two-thirds of all directors, and the resolution of the Audit Committee shall be recorded in the minutes of the board meeting.</p>	Clause renumbered



## Annex VII

### UNITED INTEGRATED SERVICES CO., LTD.

#### “Operating Procedures for Loaning of Funds” amendment made before and after

Clauses	Clauses before amendment made	Clauses after amendment made	Note
One.	<p>Subject:</p> <p>The Operational Procedures is handled in accordance with the provisions of Article 36-1 of the Securities and Exchange Act (hereinafter referred to as the “Act”) and the <del>FSC Shen.Tzi No. 1010029874 dated July 6, 2012</del> by the Financial Supervisory Commission.</p>	<p>Subject:</p> <p>The Operating Procedures is handled in accordance with the provisions of Article 36-1 of the Securities and Exchange Act (hereinafter referred to as the “Act”) and the <b><u>“Regulations Governing Loaning of Funds and Making of Endorsements and Guarantees by Public Companies”</u></b> by the Financial Supervisory Commission.</p>	The provisions are amended accordingly.
Two. Article 3	<p>Contents:</p> <p>Total loaning of fund limits and individual loaning of fund limits:</p> <p>I. The Company’s total loan amount shall not exceed <del>40% of the Company’s net value, but the total loaning of funds due to the need for short term financing between the companies or firms shall not exceed 40% of the Company’s net value.</del></p> <p>II. The individual loaning of fund to the company or firm that has business dealings with the Company shall not exceed the amount of</p>	<p>Contents:</p> <p>Total loaning of fund limits and individual loaning of fund limits:</p> <p>I. The Company’s total loan amount shall not exceed 40% of the Company’s net value.</p> <p>II. The individual loaning of fund to the company or firm that has business dealings with the Company shall not exceed the</p>	The Financial Supervisory Commission (hereinafter referred to as the “FSC”) enacts the provision of paragraph 3 by referring to paragraph 2 of Article 15 of the Company Act. It clearly defines that when the company’s loaning of fund exceeding the limits

	<p>business transactions between the two parties. The so-called business transaction amount refers to the higher amount of purchases or sales between the two parties.</p> <p>III. The loaning of fund to a company or firm that needs a short-term financing shall not exceed 20% of the Company's net value.</p> <p>IV. "Net value" refers to the balance of total assets net of the total liabilities (i.e. shareholders' equity); the calculation of 40% should be based on the accumulated loan amount.</p> <p>For loaning of funds between foreign companies that are with 100% voting shares held by the Company directly and indirectly, the total loan amount shall not exceed 60% of the net value of the foreign companies. For loaning of funds to individual company, the loan amount shall not exceed 40% of the net value of the foreign company and it is for a period of one year.</p>	<p>amount of business transactions between the two parties. The so-called business transaction amount refers to the higher amount of purchases or sales between the two parties.</p> <p>III. The loaning of fund to a company or firm that needs a short-term financing shall not exceed 20% of the Company's net value.</p> <p>IV. "Net value" refers to the balance of total assets net of the total liabilities (i.e. shareholders' equity); the calculation of 40% should be based on the accumulated loan amount.</p> <p>For loaning of funds between foreign companies that are with 100% voting shares held by the Company directly and indirectly, the total loan amount shall not exceed 60% of the net value of the foreign companies. For loaning of funds to individual company, the loan amount shall not exceed 40% of the net value of the foreign company and it is for a period of one year.</p> <p><b><u>When the responsible person of the Company violates the provision of paragraph 1, he/she shall be responsible for the loan payment together with the borrower; if the company suffers damage, he/she shall also be liable for damages.</u></b></p>	<p>stipulated in this Article, the responsible person of the company shall jointly bear the responsibility for compensating the damages.</p>
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<p>Three. V.</p>	<p>Other matters: The public announcement and filing as stipulated in the Regulations refers to the information reporting website designated by the Financial Supervisory Commission. The date of occurrence stated in the Regulations refers to the date of signing the <del>transaction</del> contract, the date of payment, the date of resolution of the Board of Directors, or other date on which the transaction counterparty and the <del>transaction</del> amount are determined whichever is earlier.</p>	<p>Other matters: The public announcement and filing as stipulated in the Regulations refers to the information reporting website designated by the Financial Supervisory Commission. The date of occurrence stated in the Regulations refers to the date of signing the transaction contract, the date of payment, the date of resolution of the Board of Directors, or other date on which the transaction counterparty and the transaction amount are determined whichever is earlier.</p>	<p>In view of the fact that loaning of fund is not a transaction in its nature, paragraph 2 is rephrased.</p>
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## Annex VIII

### UNITED INTEGRATED SERVICES CO., LTD.

#### “Operating Procedures for Making of Endorsements and Guarantees” amendment made before and after

Clauses	Clauses before amendment made	Clauses after amendment made	Note
Article 1	<p>Subject:</p> <p>The Operational Procedures is handled in accordance with the provisions of Article 36-1 of the Securities and Exchange Act (hereinafter referred to as the “Act”) and the <del>FSC.Shen.Tzi No. 1010029874 dated July 6, 2012</del> by the Financial Supervisory Commission.</p>	<p>Subject:</p> <p>The Operating Procedures is handled in accordance with the provisions of Article 36-1 of the Securities and Exchange Act (hereinafter referred to as the “Act”) and the <b><u>“Regulations Governing Loaning of Funds and Making of Endorsements and Guarantees by Public Companies”</u></b> by the Financial Supervisory Commission.</p>	<p>The provisions are amended accordingly.</p>
Article 10	<p>The public announcement and filing procedure:</p> <p>The Company shall announce and file the endorsement and guarantee balance amount of the last month of the Company and its subsidiaries before the 10th day of each month. If the endorsement and guarantee balance amount reaches one of the following standards, it shall be announced and filed within two days from the date of occurrence:</p> <p>I. The endorsement and guarantee balance amount of the Company and its subsidiaries exceeds 50% of the Company’s net value on the most</p>	<p>The public announcement and filing procedure:</p> <p>The Company shall announce and file the endorsement and guarantee balance amount of the last month of the Company and its subsidiaries before the 10th day of each month. If the endorsement and guarantee balance amount reaches one of the following standards, it shall be announced and filed within two days from the date of occurrence:</p> <p>I. The endorsement and guarantee balance amount of the Company and its subsidiaries exceeds 50% of the</p>	<p>In order to clarify the definition of long-term investment, the provision of subparagraph 3 of paragraph 1 is amended by referring to the provision of subparagraph 1, paragraph 4 of Article 9 of the “Regulations Governing the Preparation of Financial Reports by Securities</p>

	<p>recent financial statements.</p> <p>II. The making of endorsement and guarantee for one single enterprise by the Company and its subsidiaries exceeds 20% of the Company's net value on the most recent financial statements.</p> <p>III. The making of endorsement and guarantee for one single enterprise by the Company and its subsidiaries exceeds NT\$10 million; also, the total amount of endorsement and guarantee, <del>long term</del> investment, and loan balance exceeds 30% of the Company's net value in the most recent financial statements.</p> <p>IV. Additional guaranteed and guarantee for an amount of more than NT\$30 million is made by the Company or its subsidiaries that exceeds 5% of the Company's net value in the most recent financial statements.</p> <p>If the subsidiary of the Company is not a domestic public offering company, the subsidiary's public announcement and fling for the matters stipulated in subparagraph 4 of the preceding paragraph should be implemented by the Company.</p>	<p>Company's net value on the most recent financial statements.</p> <p>II. The making of endorsement and guarantee for one single enterprise by the Company and its subsidiaries exceeds 20% of the Company's net value on the most recent financial statements.</p> <p>III. The making of endorsement and guarantee for one single enterprise by the Company and its subsidiaries exceeds NT\$10 million; also, the total amount of endorsement and guarantee, investment <u>book amount</u> under the <u>equity method</u>, and loan balance exceeds 30% of the Company's net value in the most recent financial statements.</p> <p>IV. Additional guaranteed and guarantee for an amount of more than NT\$30 million is made by the Company or its subsidiaries that exceeds 5% of the Company's net value in the most recent financial statements.</p> <p>If the subsidiary of the Company is not a domestic public offering company, the subsidiary's public announcement and fling for the matters stipulated in subparagraph 4 of the preceding paragraph should be implemented by the Company.</p>	<p>Issuers.”</p>
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<p>Article 15</p>	<p>The public announcement and filing as stipulated in the Regulations refers to the information reporting website designated by the Financial Supervisory Commission.</p> <p>The date of occurrence stated in the Regulations refers to the date of signing the <del>transaction</del> contract, the date of payment, the date of resolution of the Board of Directors, or other date on which the transaction counterparty and the <del>transaction</del> amount are determined whichever is earlier.</p>	<p>The public announcement and filing as stipulated in the Regulations refers to the information reporting website designated by the Financial Supervisory Commission.</p> <p>The date of occurrence stated in the Regulations refers to the date of signing the transaction contract, the date of payment, the date of resolution of the Board of Directors, or other date on which the transaction counterparty and the transaction amount are determined whichever is earlier.</p>	<p>In view of the fact that making of endorsement and guarantee is not a transaction in its nature, paragraph 2 is rephrased.</p>
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## Appendix I

# UNITED INTEGRATED SERVICES CO., LTD. Rules of Procedure for Shareholders Meetings

Amended on June 14, 2016

Amended on June 12, 2018

- Article 1 The rules of procedures for the Company's shareholders meetings, except as otherwise provided by law and regulations, shall be as provided in these Rules.
- Article 2 The so-called "shareholders" in the Rules refers to the shareholders and the proxies of the shareholders.
- Article 3 The attending shareholders are required to wear the attendance cards. The shareholders meeting shall furnish the attending shareholders with an attendance book to sign, or attending shareholders may hand in a sign-in card in lieu of signing in. The number of shares in attendance shall be calculated according to the shares indicated by the attendance book and sign-in cards handed in plus the number of shares whose voting rights are exercised by correspondence or electronically.
- Article 4 The Chairman shall call the meeting to order at the appointed meeting time. However, when the attending shareholders do not represent a majority of the total number of issued shares, the Chairman may announce a postponement, provided that no more than two such postponements, for a combined total of no more than 1 hour, may be made.
- If the quorum is not met after two postponements, but the attending shareholders represent one third or more of the total number of issued shares, a tentative resolution may be adopted pursuant to paragraph 1 of Article 175 of the Company Act.
- When, prior to conclusion of the meeting, the attending shareholders represent a majority of the total number of issued shares, the Chairman may resubmit the tentative resolution for a vote by the shareholders meeting pursuant to Article 174 of the Company Act.
- Article 5 If a shareholders meeting is convened by the Board of Directors, the meeting agenda shall be set by the Board of Directors. The meeting shall proceed in the order set by the agenda, which may not be changed

without a resolution of the shareholders meeting.

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

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

Except for the proposals included in the agenda, if any shareholder intends to propose other proposals or amendments or alternatives to the original proposal, it should be seconded by other shareholders; also, the shareholding of the proposer and the shareholder who seconded the motion should be more than 1% of the total outstanding shares. It is not a motion and will not be discussed or voted on. After a resolution is made and the meeting is adjourned, the shareholders may not elect another Chairman to continue the meeting at the original site or another place.

Article 6 When a meeting is in progress, the Chairman may announce a break based on time considerations. A resolution may be adopted at a shareholders meeting to defer or resume the meeting within 5 days for the motion that could not be concluded in the meeting without the need of issuing a notice and announcement.

Article 7 Before speaking, an attending shareholder must specify on a speaker's slip the subject of the speech, his/her shareholder account number (or attendance card number), and account name. The order in which shareholders speak will be set by the Chairman.

A shareholder in attendance who has submitted a speaker's slip but does not actually speak shall be deemed to have not spoken. When the content of the speech does not correspond to the subject given on the speaker's slip, the spoken content shall prevail.

When a shareholder is speaking, other shareholders may not speak or interrupt unless they have sought and obtained the consent of the Chairman and the shareholder that has the floor; the Chairman shall stop any violation.

Article 8 Except with the consent of the Chairman, a shareholder may not speak more than twice on the same proposal, and a single speech may not exceed 3 minutes.

If the shareholder's speech violates the rules or exceeds the scope of the



agenda item or disturbs the order of the proceeding, the Chairman may stop such act or terminate the speech discretionally or upon the request of other shareholders.

Article 9 When the Chairman is of the opinion that a proposal has been discussed sufficiently to put it to a vote, the Chairman may announce the discussion closed and call for a vote.

Article 10 Except as otherwise provided in the Company Act and in the Company's Articles of Association, the passage of a proposal shall require an affirmative vote of a majority of the voting rights represented by the attending shareholders.

At the time of a vote, for each proposal, the Chairman or a person designated by the Chairman shall first announce the total number of voting rights represented by the attending shareholders, followed by a poll of the shareholders.

A shareholder shall be entitled to one vote for each share held, shareholders may have proxies attended the meeting on their behalf.

With the exception of a trust enterprise, when one person is concurrently appointed as proxy by two or more shareholders, the voting rights represented by that proxy may not exceed 3% of the voting rights represented by the total number of issued shares. If that percentage is exceeded, the voting rights in excess of that percentage shall not be included in the calculation.

When a shareholder is an interested party in relation to an agenda item, and there is the likelihood that such a relationship would prejudice the interests of the Company, that shareholder may not vote on that item, and may not exercise voting rights as proxy for any other shareholder.

Article 11 Attendance and voting at a shareholders meeting shall be calculated based on the numbers of shares.

Article 12 The venue for a shareholders meeting shall be in the county or city where the headquarters located, or a place easily accessible to shareholders and suitable for a shareholders meeting. The meeting may begin no earlier than 9 a.m. and no later than 3 p.m.

Article 13 If a shareholders meeting is convened by the Board of Directors, the meeting shall be chaired by the Chairman of the board. When the Chairman of the board is on leave or for any reason unable to exercise the powers of the Chairman, the Vice Chairman shall act in place of the Chairman; if there is no Vice Chairman or the Vice Chairman also is on

leave or for any reason unable to exercise the powers of the Vice Chairman, the Chairman shall appoint one of the directors to act as Chairman. Where the Chairman does not make such a designation, the directors shall select from among themselves one person to serve as Chairman.

If a shareholders meeting is convened by a party with power to convene but other than the Board of Directors, the convening party shall chair the meeting.

Article 14 The Company may appoint its attorneys, CPA, or related persons retained by it to attend a shareholders meeting. Staff handling administrative affairs of a shareholders meeting shall wear identification cards or arm bands.

Article 15 The Company, beginning from the time it accepts shareholder attendance registrations, shall make an uninterrupted audio and video recording of the registration procedure, the proceedings of the shareholders meeting, and the voting and vote counting procedures.

The recorded materials of the preceding paragraph shall be retained for at least 1 year. If, however, a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the recording shall be retained until the conclusion of the litigation.

Article 16 When there is an amendment or an alternative to a proposal, the Chairman shall present the amended or alternative proposal together with the original proposal and decide the order in which they will be put to a vote. When any one among them is passed, the other proposals will then be deemed rejected, and no further voting shall be required.

Article 17 When a juristic person is appointed to attend as proxy, it may designate only one person to represent it in the meeting. When a juristic person shareholder appoints two or more representatives to attend a shareholders meeting, only one of the representatives so appointed may speak on the same proposal.

Article 18 After an attending shareholder has spoken, the Chairman may respond in person or direct relevant personnel to respond.

Article 19 Vote monitoring and counting personnel for the voting on a proposal shall be appointed by the Chairman, provided that all monitoring personnel shall be shareholders of the Company.

The results of the voting shall be announced on-site at the meeting, and a record made of the vote.

- Article 20 The Chairman may direct the proctors (or security personnel) to help maintain order at the meeting place. When proctors (or security personnel) help maintain order at the meeting place, they shall wear an identification card or armband bearing the word “Proctor.”
- Article 21 If a force majeure event occurs, such as, an air raid alarm, earthquake, fire, etc., the Chairman may rule the meeting temporarily suspended for evacuation and announce the meeting resumed 1 hour after the situation resolved.
- Article 22 The matters not specified in the Rules shall be handled in accordance with the provisions of the Company Act, other relevant law and regulations, and the Articles of Association of the Company.
- Article 23 These Rules and any amendments hereto, shall be implemented after adoption by shareholders meetings.

## Appendix II

# UNITED INTEGRATED SERVICES CO., LTD.

## Articles of Association

### Chapter 1 General Rules

Article 1 The Company is named “UNITED INTEGRATED SERVICES CO., LTD.” according to the organization stipulated in the Company Act.

Article 2 The Company’s business operation is as follows:

1. CB01010 Machinery and Equipment Manufacturing
2. CB01030 Pollution Controlling Equipment Manufacturing
3. CC01060 Wired communication machinery and equipment manufacturing industry
4. CC01070 Wireless communication machinery and equipment manufacturing industry
5. CC01080 Electronic component manufacturing industry
6. CC01110 Computer and its peripheral equipment manufacturing industry
7. CE01010 General instrument manufacturing industry
8. CF01011 Medical equipment manufacturing industry
9. E101011 General construction industry
10. E103101 Environmental protection engineering professional construction industry
11. E501011 Water pipe contractor
12. E599010 Piping engineering industry
13. E601010 Electrical appliance installation industry
14. E602011 Refrigeration and air conditioning engineering
15. E603040 Fire safety equipment installation engineering industry
16. E603050 Automatic control equipment engineering industry
17. E603080 Traffic signs installation engineering industry
18. E604010 Machinery installation industry
19. E605010 Computer equipment installation industry

20. E701010 Communication engineering industry
21. E701030 Telecommunications controls radio frequency equipment installation engineering industry
22. EZ05010 Instrument and gauge installation engineering
23. F108031 Medical equipment wholesale industry
24. F113010 Machinery wholesale industry
25. F113030 Precision instrument wholesale industry
26. F113050 Computer and transactional machinery and equipment wholesale industry
27. F113070 Telecommunications equipment wholesale industry
28. F113090 Traffic sign equipment wholesale industry
29. F113100 Pollution prevention equipment wholesale industry
30. F117010 Fire safety equipment wholesale industry
31. F118010 Information software wholesale industry
32. F119010 Electronic materials wholesale industry
33. F208031 Medical equipment retail industry
34. F213040 Precision instrument retailing industry
35. F218010 Information software retailing industry
36. F401021 Telecommunications controls radio frequency equipment import industry (limited to radio transmitters, radio transceivers, and radio receivers)
37. I103060 Management consulting industry
38. I301010 Information software service industry
39. IF01010 Fire safety equipment maintenance industry
40. IF02010 Electrical equipment detection and maintenance industry
41. IG03010 Energy technology service industry
42. J101050 Environmental testing services industry
43. J101060 Waste (sewage) water treatment industry
44. JA02010 Electrical and electronic products repair industry
45. JE01010 Leasing industry
46. CC01101 Telecommunications controls radio frequency equipment manufacturing industry
47. ZZ99999 Except for the chartered business, including the business not prohibit or restrict by law

Article 3 The Company has a head office in Taipei City and may establish branches domestically or internationally as necessary by the resolution of the Board of Directors.

Article 4 The public announcement method of the Company shall be handled in accordance with the relevant law and regulations of the Company Act and the requirements of the competent authorities.

## Chapter 2 Shares

Article 5 The Company's authorized capital amount is NT\$3 billion, divided into 300 million shares at NT\$10 par and issued by installation. The Board of Directors is authorized to have the unissued shares issued according to actual needs.

Article 6 The total amount of transfer investment of the Company may exceed 40% of the paid-in capital, and it may make external guarantees for other companies.

Article 7 The Company's stocks are all ordered and signed or sealed by more than three directors; also, certified by the competent authority or its approved issuing and registration agency in advance.

The shares issued by the Company are exempted from printing stocks, and should be registered with the centralized securities depository institutions.

Article 8 The transfer of shares shall be suspended within 60 days before the general shareholders meeting, within 30 days before the extraordinary shareholders meeting, or within 5 days before the date of the company's decision made to distribute dividends and bonuses or other benefits.

## Chapter 3 Shareholders Meeting

Article 9 Shareholders meetings include general shareholders meeting and extraordinary shareholders meeting. General shareholders meeting is

held once a year and it shall be convened by the Board of Directors within 6 months after the end of each fiscal year. Extraordinary shareholders meetings are convened when it is necessary. It is convened in accordance with the law when necessary.

Article 10 When a shareholder is unable to attend the general shareholders meetings for any reason, he/she may, in accordance with the relevant law and regulations, issue a power of attorney stating the scope of authorization and entrust a proxy to attend the meeting. It is to be handled in accordance with the provisions of the Company Act and the “Regulations Governing the use of Proxies for Attendance at the Shareholder Meetings of Public Companies” issued by the competent authorities.

Article 11 The shareholders of the Company have one vote per share, but those who are with events as stipulated in Article 179 of the Company Act have no voting rights.

Article 12 The resolutions of the shareholders meeting, unless otherwise regulated by law and regulations, shall be reached with the attendance of the shareholders who have had the majority of the shares issued, and with the consent of the attending shareholders who have had the majority of the voting rights.

#### Chapter 4 Directors and Audit Committee

Article 13 The Company shall have seven to ten directors designated, **three** or more independent directors that shall not be less than one-fifth of the board directors for a 3-year term and can be re-elected. The nomination system for candidates is adopted in the election of directors. The provisions of the nomination system are handled in accordance with the provisions of Article 192-1 of the Company Act.

Article 13-1 The board meeting of the Company shall be convened at least once a quarter, and the reasons for the convening shall be clearly stated.

The directors shall be notified 7 days in advance, but in case of emergency, the board meeting can be convened at any time. The board meeting notice can be issued in writing or by fax or E-mail.

When the Chairman asks for leave or cannot exercise his/her powers for any reason, his/her proxy shall handle the matters in accordance with Article 208 of the Company Act.

If the director is unable to attend the board meeting for any reason, he may entrust other directors to act by proxy, but the proxy is limited to be entrusted by one director only.

Article 14 The Board of Directors shall be organized by the directors, and more than two-thirds of the directors shall attend the meeting and more than half of the attending directors shall agree to elect one Chairman. The Chairman represents the company externally. The duties of the Board of Directors:

1. Review the long-term business policy.
2. Approve important regulations and contracts.
3. Review the appointment and dismissal of managers.
4. Set up and abolish important branches.
5. Approve budgets and financial reports.
6. Propose to the shareholders meeting the amendment of the Articles of Association, changes in the capital stock, and the dissolution or merger of the company.
7. Propose the proposal of earnings distribution or making up for losses to the shareholders meeting.
8. Decide on other important matters.

Article 15 When the Chairman asks for leave or cannot exercise his powers for any reason; his proxy shall handle the matters in accordance with Article 208 of the Company Act.

Article 16 For the remunerations of all directors, the Board of Directors is authorized to determine it according to their participation in and contribution to the Company's operations and by referring to the standards of the industry.



## Chapter 5 Managers

Article 17 The Company may have one general manager, vice general managers, and several managers appointed with their appointment, dismissal, and remuneration handled in accordance with the provisions of Article 29 of the Company Act.

## Chapter 6 Accounting

Article 18 The Company shall, at the end of each fiscal year, have the Board of Directors prepared the following reports and presented them to the shareholders meeting for approval: (1) business report (2) financial statements (3) earnings distribution or loss compensation statement.

Article 19 If the Company makes a profit in the year, it should appropriate 6%~10% of the earnings as remunerations to employees. The Board of Directors decides the distribution of stock dividend or cash dividend. The employees of the subordinate companies who have met certain conditions are also entitled to the said remunerations. The Company's Board of Directors may resolve to appropriate not more than 2% of the aforementioned earnings as remunerations to directors. The remuneration to employee and directors shall be reported in the shareholders meeting.

However, when the company still has accumulated losses, it should retain an amount to make up for the loss in advance, and then appropriate remuneration to employees and directors according to the ratio stated in the preceding paragraph.

Article 19-1 The Company's earnings, if any, should be applied to pay taxes and make up for losses, and then appropriate 10% legal reserve. However, when the legal reserve is equivalent to the paid-in capital of the Company, the appropriation of legal reserve could be ceased. In addition, special reserve will be appropriated or reversed according to law and regulations. The remaining amount, if any, plus the accumulated undistributed earnings will be available for distribution according to the proposal of the Board of Directors. The

distribution of dividends to the shareholders should be presented in the shareholders meeting for resolutions.

The Company's dividend policy is based on current and future development plans, considering the investment environment, capital needs, and domestic and international competition, and taking into account the interests of shareholders and other factors, in order to stabilize business development and protect investors' rights and interests. The dividends to shareholders can be in the form of cash dividend and/or stock dividend; also, the cash dividend is not less than 25% of the total dividend.

## Chapter 7 Supplementary Clauses

Article 20 The matters not covered in the Articles of Association will be handled in accordance with the provisions of the Company Act.

Article 21 The Articles of Association was enacted on August 19, 1982.  
The 1st amendment was made on September 2, 1982.  
The 2nd amendment was made on February 4, 1983.  
The 3rd amendment was made on May 18, 1984.  
The 4th amendment was made on August 12, 1985.  
The 5th amendment was made on July 1, 1986.  
The 6th amendment was made on November 7, 1986.  
The 7th amendment was made on July 31, 1987.  
The 8th amendment was made on October 23, 1987.  
The 9th amendment was made on November 6, 1987.  
The 10th amendment was made on June 29, 1988.  
The 11th amendment was made on March 2, 1990.  
The 12th amendment was made on October 18, 1990.  
The 13th amendment was made on December 18, 1990.  
The 14th amendment was made on October 30, 1991.  
The 15th amendment was made on June 4, 1994.  
The 16th amendment was made on October 29, 1994.  
The 17th amendment was made on November 10, 1994.  
The 18th amendment was made on April 11, 1995.

The 19th amendment was made on May 10, 1997.  
The 20th amendment was made on May 11, 1998.  
The 21st amendment was made on June 7, 1999.  
The 22nd amendment was made on May 26, 2000.  
The 23rd amendment was made on May 16, 2001.  
The 24th amendment was made on May 20, 2002.  
The 25th amendment was made on May 27, 2003.  
The 26th amendment was made on October 31, 2003.  
The 27th amendment was made on May 27, 2004.  
The 28th amendment was made on June 10, 2005.  
The 29th amendment was made on June 9, 2006.  
The 30th amendment was made on June 10, 2009.  
The 31st amendment was made on June 18, 2010.  
The 32nd amendment was made on June 17, 2014.  
The 33rd amendment was made on June 16, 2015.  
The 34th amendment was made on June 14, 2016.  
The 35th amendment was made on June 22, 2017.  
The 36th amendment was made on June 12, 2018.

## Appendix III

### Procedures for Acquisition or Disposal of Assets (CM-108)

Enactment: March 7, 1995

Amendment: April 27, 1996

Amendment: April 29, 1999

Amendment: October 20, 1999

Amendment: December 17, 1999

Amendment: November 15, 2002

Amendment: March 4, 2003

Amendment: April 13, 2007

Amendment: March 15, 2011

Amendment: March 1, 2012

Amendment: March 27, 2013

Amendment: March 26, 2014

Amendment: March 28, 2017

Amendment: March 23, 2018

#### Article 1 Purpose

In order to protect investment and implement information disclosure, the Company's acquisition and disposal of assets should be handled in accordance with the Procedures.

#### Article 2 Reference

The "Procedures" is handled in accordance with Article 36-1 of the Securities and Exchange Act. However, the other governing law and regulations shall prevail.

#### Article 3 Applicable scope of the assets referred to in the Procedures

- I. Investment in stocks, government bonds, corporate bonds, financial bonds, securities presenting interest in a fund, domestic beneficiary certificates, overseas mutual funds, depositary receipts, call (put) warrants, beneficial interest securities, and asset-backed securities;
- II. Real property (including land, houses and buildings, investment property, right-of-use land, and construction enterprise inventory) and equipment.
- III. Memberships
- IV. Patents, copyrights, trademarks, franchise rights, and other intangible assets

- V. Claims of financial institutions (including receivables, bills purchased and discounted, loans, and overdue receivables)
- VI. Derivatives
- VII. Assets acquired or disposed of in accordance with mergers, demergers, acquisitions, and transfer of shares.
- VIII. Other major assets

Article 4 Appraisal procedures

The Company's decision procedures and references for obtaining or disposing of asset trading conditions shall be handled as follows:

1. Acquired or disposed of securities that have been traded in the stock exchange market or TPEX, which are determined by the current share price or bond price, which is subject to the provisions of Article 185 of the Company Act, is subject to the approval of the shareholders meeting.
2. Acquired or disposed of securities that are not traded in the stock exchange market or TPEX should be priced with the net worth per share, profitability, future development potential and market interest rate, bond coupon rate, debtor's credit and transaction at the time, or accountant's opinions on the reasonableness of price considered.
3. Acquired or disposed of debt securities that are not traded in the stock exchange market or TPEX should be priced by referring to the prevailing market interest rate, bond coupon rate, and debtor's credit.
4. The acquisition or disposal of real property shall be determined by referring to the announced present value, the assessed value, the actual transaction price of the adjacent real property, or the appraisal report issued by the professional appraisal agency.
5. The acquisition or disposal of the other assets as stated in the preceding four paragraphs shall be handled by means of inquiry, price comparison, bargaining, or tender, and shall be consulted with reference to market prices, network information, professional magazines, etc. If they meet the provisions of the public announcement and filing standards of the Procedures, it is necessary to refer to the appraisal report of the professional appraisers.

Article 5 Operational Procedures for the Acquisition and Disposal of Assets

- I. For the acquisition or disposal of assets, the using department shall evaluate the reasons for the intended acquisition or disposition, the subject matter, the counterpart of the transaction, the transfer price, the conditions of payment, and the reference basis for the price, and submit it to the competent authority for

resolutions, and shall be executed by the following units; also, the related matters are handled in accordance with the relevant operational regulations of the Company's internal control system and the "Procedures."

- II. Execution unit
  - 1. Long-term and short-term portfolio investment, financial institutions' claims:  
Finance Department
  - 2. Real property, plant, and equipment, memberships, intangible assets, and other major assets:  
General affairs administrative department or using unit
  - 3. Financial derivatives: Finance Department.
  - 4. Assets acquired or disposed of by legal merger, demerger, acquisition, or transfer of shares:  
The Finance Department or the relevant unit designated by the Chairman
- III. The relevant operations related to the acquisition or disposal of the assets shall be handled in accordance with the relevant provisions of the internal control system of the Company. If a major default is discovered, the relevant personnel shall be disciplined accordingly depending on the severity of the violation committed.

#### Article 6 Delegation of authorization

- I. For the Company's acquisition or disposal of assets, except for the securities transaction conducted at the stock exchange market or TPEX, if the assets meet the public announcement and filing standards as stipulated in this "Procedures," it cannot be initiated until being reported to the Chairman or after the resolution of the Board of Directors.
- II. For the Company's acquisition or disposal of securities at the stock exchange market or TPEX, if the assets do not meet the public announcement and filing standards as stipulated in this "Procedures," it shall be determined by the competent authority within the scope of authorization.
- III. For the Company's acquisition or disposal of assets that must be approved by the Board of Directors in accordance with the "Procedures" or other legal requirements, if any director expresses objection and has a record or written statement, the director's objection information shall be sent to the Audit Committee. The objections or reservations, if any, of an independent director should be stated in the minutes of the board meeting. The trading of major assets or financial derivatives shall be approved by more than one-half of all members of the Audit Committee and shall be resolved by the Board of Directors. If approval of more than half of all Audit

Committee members as required in the preceding paragraph is not obtained, the Procedures may be implemented if approved by more than two-thirds of all directors, and the resolution of the Audit Committee shall be recorded in the minutes of the board meeting.

Article 7 Investment amount

In addition to the assets obtained for business use, the Company and its subsidiaries have also invested in the real property and securities that are not intended for business use with a limit of amount set as follows:

- I. The total amount of real property not intended for business use shall not exceed 150% of the net value.
- II. The total amount of portfolio investment shall not exceed 100% of the net value. However, the Company's total investment in the long-term equity shall not exceed 80% of the net value.
- III. The investment in each individual security shall not exceed 30% of the net value.

Article 8 The public announcement and filing standards

Under any of the following circumstances, the Company acquiring or disposing of assets shall publicly announce and file the relevant information on the FSC's designated website in the appropriate format as prescribed by regulations within 2 days counting inclusively from the date of occurrence of the event:

- I. Acquisition or disposal of real property thereof from or to a related party, or acquisition or disposal of assets other than real property thereof from or to a related party where 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; Provided, this shall not apply to trading of domestic government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises.
- II. Mergers, demergers, acquisitions, and transfer of shares
- III. Losses from the trading of financial derivatives reaching the limits on aggregate losses or losses on individual contracts set out in the procedures adopted by the company
- IV. If the types of assets acquired or disposed of are equipment for business use, the transaction counterparty is not related party, and the transaction amount meets one of the following requirements:

- (I) For a public company whose paid-in capital is less than NT\$10 billion, the transaction amount reaches NT\$500 million or more;
  - (II) For a public company whose paid-in capital is NT\$10 billion or more, the transaction amount reaches NT\$1 billion or more;
- V. Acquisition or disposal by a public company in the construction business of real property thereof for construction use, and furthermore the transaction counterparty is not a related party, and the transaction amount reaches NT\$500 million
- VI. Where land is acquired under an arrangement on engaging others to build on the company's own land, engaging others to build on rented land, joint construction and allocation of housing units, joint construction and allocation of ownership percentages, or joint construction and separate sale, and the amount the company expects to invest in the transaction reaches NT\$500 million.
- VII. Where an asset transaction other than any of those referred to in the preceding six subparagraphs or a disposal of receivables by a financial institution or Mainland China area investment (referring to the investment in the mainland China in accordance with the "Rules Governing Investment in China or Technical Cooperation" of the Investment Commission MOEA) is for an amount exceeding 20% of the paid-in capital or NT\$300 million. Provided, this shall not apply to the following circumstances:
- (I) Trading of domestic government bonds
  - (II) Where done by professional investors-securities trading on securities exchanges or OTC markets, or subscription of ordinary corporate bonds or general bank debentures without equity characteristics (excluding subordinated debt) that are offered and issued in the primary market, or subscription or redemption of securities investment trust funds or futures trust funds, or subscription by a securities firm of securities as necessitated by its undertaking business or as an advisory recommending securities firm for an emerging stock company, in accordance with the rules of Taipei Exchange.
  - (III) Trading of bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises

The aforementioned transactions amount shall be calculated as follows:

- I. The amount of any individual transaction
- II. The cumulative transaction amount of acquisitions and disposals of the same



type of underlying asset with the same transaction counterparty within the preceding year;

- III. The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of real property or right-of-use assets thereof within the same development project within the preceding year
- IV. The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of the same security within the preceding year;

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

The Company shall make announcement and reporting in the prescribed format in accordance with the “Regulations Governing the Acquisition and Disposal of Assets by Public Companies.”

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

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

The Company’s acquisition and disposal of assets shall keep all relevant contracts, meeting minutes, log books, appraisal reports and CPA, attorney, and securities underwriter opinions at the company, where they shall be retained for 5 years except where another act provides otherwise.

#### Article 9 Time limit for making public announcement and filing

The Company after announcing and filing transactions in accordance with the provisions of the preceding article with one of the following circumstances shall report the relevant information on the designated website of the FSC within two days from the date of occurrence:

- I. The relevant contracts signed for the original transaction have been changed, terminated, or cancelled.
- II. The mergers, demergers, acquisitions, and transfer of shares are not completed

according to the contractual schedule.

III. The originally announced and filed contents have been changed.

Article 10

In acquiring or disposing of real property or equipment thereof where the transaction amount reaches 20% of the company's paid-in capital or NT\$300 million or more, the company, unless transacting with a domestic government agency, engaging others to build on its own land, engaging others to build on rented land, or acquiring or disposing of equipment thereof held for business use, shall obtain an appraisal report prior to the date of occurrence of the event from a professional appraiser and shall further comply with the following provisions:

- I. Where due to special circumstances it is necessary to give a limited price, specified price, or special price as a reference basis for the transaction price, the transaction shall be submitted for approval in advance by the Board of Directors; the same procedure shall also be followed whenever there is any subsequent change to the terms and conditions of the transaction.
- II. Where the transaction amount is NT\$1 billion or more, appraisal service provided by two or more professional appraisers shall be obtained.
- III. Where any one of the following circumstances applies with respect to the professional appraiser's appraisal results, unless all the appraisal results for the assets to be acquired are higher than the transaction amount, or all the appraisal results for the assets to be disposed of are lower than the transaction amount, a CPA shall be engaged to perform the appraisal in accordance with the provisions of Statement of Auditing Standards No. 20 published by the Accounting Research and Development Foundation (ARDF) and render a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price:
  - (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.
- IV. No more than 3 months may elapse between the date of the appraisal report issued by a professional appraiser and the contract execution date. Provided, where the publicly announced current value for the same period is used and not more than 6 months have elapsed, an opinion may still be issued by the original professional appraiser.

Article 11

The Company for the acquisition and disposal of securities shall obtain the financial statements of the target company that have recently been certified or reviewed by the accountants for reference in evaluating the transaction price before the date of

occurrence (it refers to the contracting date of the transaction, payment date, entrustment date, account transfer date, board resolution date, or other date on which the transaction counterparty and transaction amount are determined, whichever is sooner. An investor who is subject to the approval of the competent authority shall be subject to the aforementioned dates or the date of approval by the competent authority whichever is sooner). For the transaction amount exceeding 20% of the Company's paid-in capital or NT\$300 million, the accountant should be consulted before the date of occurrence to express an opinion on the reasonableness of the transaction price. If the accountant needs to use a report of an expert, it shall be handled in accordance with the provisions of the Standards on Auditing No. 20 issued by the Accounting Research and Development Foundation. However, the securities with a market price available or otherwise provided by the securities competent authority are not subject to such requirement.

Article 12 In acquiring or disposing of memberships or intangible assets thereof where the transaction amount reaches 20% of the company's paid-in capital or NT\$300 million or more, the company, unless transacting with a domestic government agency, an accountant shall be engaged to render a specific opinion on the appropriateness of the transaction price on the date of occurrence in accordance with the provisions of Statement of Auditing Standards No. 20 published by the Accounting Research and Development Foundation (ARDF).

Article 12-1 The calculation of the transaction amounts referred to in the preceding three paragraphs shall be handled in accordance with paragraph 2, Article 8 herein, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items that are supported with an appraisal reported issued by the professional appraisers or the opinions of an accountant need not be counted toward the transaction amount.

Article 13 Where the Company acquires or disposes of assets through court auction procedures, the evidentiary documentation issued by the court may be substituted for the appraisal report or CPA opinion.

Article 14 Professional appraisers and their officers, certified public accounts, attorneys, and securities underwriters that provide the Company with appraisal reports, certified public accountant's opinions, attorney's opinions, or underwriter's opinions may not be a related party of any party to the transaction. Professional appraisers (referring to real estate appraisers or other persons who are legally engaged in real property and equipment valuation operations) and their personnel are not criminally sentenced or convicted. If the company is required to obtain appraisal reports from two or more professional appraisers, the different professional appraisers or appraisal officers may not be related parties of each

other.

Article 15 For the Company's acquisition and disposal of assets hereof from and to the related parties, in addition to having the relevant resolution procedures handled and reasonableness of trading conditions assessed accordingly to the regulations, when the transaction amount exceeds 20% of the company's paid-in capital, NT\$300 million, or 10% of total assets of the company, an appraisal report of a professional appraiser or accountant's opinion should be obtained in accordance with the provisions as stated in the preceding section.

The calculation of the transaction amount referred to in the preceding paragraph shall be made in accordance with Article 12-1 herein.

When judging whether a transaction counterparty is a related party (which should be determined according to the "Regulations Governing the Preparation of Financial Reports by Securities Issuers"), in addition to legal formalities, the substance of the relationship shall also be considered.

Article 16 When the Company intends to acquire or dispose of real property thereof from or to a related party, or when it intends to acquire or dispose of assets other than real property 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 domestic government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises, the company may not proceed to enter into a transaction contract or make a payment until the following matters have been approved by the Audit Committee and the Board of Directors:

- I. The purpose, necessity, and anticipated benefit of the acquisition or disposal of assets;
- II. The reason for choosing the related party as a transaction counterparty;
- III. With respect to the acquisition of real property thereof from a related party, information regarding appraisal of the reasonableness of the preliminary transaction terms in accordance with Article 17 and Article 18;
- IV. The date and price at which the related party originally acquired the real property, the original transaction counterparty, and that transaction counterparty's relationship to the company and the related party;
- V. Monthly cash flow forecasts for the year commencing from the anticipated month of signing the contract, and evaluation of the necessity of the transaction, and reasonableness of the funds utilization;
- VI. An appraisal report from a professional appraiser or a CPA's opinion obtained

in compliance with the preceding article;

VII. Restrictive covenants and other important stipulations associated with the transaction;

The calculation of the transaction amounts referred to in the preceding paragraph shall be made in accordance with paragraph 2, Article 8 herein, and “within the preceding year” as used herein refers to the year preceding the date of occurrence of the current transaction. Items that have been approved by the Audit Committee and the Board of Directors need not be counted toward the transaction amount.

With respect to the acquisition or disposal of equipment thereof from or to a related party, when to be conducted between the Company and its parent company or subsidiaries, the company’s Board of Directors may pursuant to the regulations to delegate the Chairman to decide such matters when the transaction is within a certain amount and have the decisions subsequently submitted to and ratified in the next board meeting.

If approval of more than half of all Audit Committee members as required in the preceding paragraph is not obtained, the procedures may be implemented if approved by more than two-thirds of all directors, and the resolution of the Audit Committee shall be recorded in the minutes of the board meeting. The terms “all Audit Committee members” and “all directors” in the preceding paragraph shall be counted as the actual number of persons currently holding those positions.

Article 17 The Company that acquires real property thereof from a related party shall evaluate the reasonableness of the transaction costs by the following means:

- I. Based upon the related party’s transaction price plus necessary interest on funding and the costs to be duly borne by the buyer. “Necessary interest on funding” is imputed as the weighted average interest rate on borrowing in the year the company purchases the property; provided, it may not be higher than the maximum non-financial industry lending rate announced by the Ministry of Finance.
- II. Total loan value appraisal from a financial institution where the related party has previously created a mortgage on the property as security for a loan; provided, the actual cumulative amount loaned by the financial institution shall have been 70% or more of the financial institution’s appraised loan value of the property and the period of the loan shall have been 1 year or longer. However, this shall not apply where the financial institution is a related party of one of the transaction counterparties.

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 any of the means listed in the preceding paragraph.

The Company that acquires real property thereof from a related party and appraises the cost of the real property thereof in accordance with paragraph 1 and paragraph 2 shall also engage a CPA to check the appraisal and render a specific opinion.

Where the Company acquires real property thereof from a related party and one of the following circumstances exists, appraises the reasonableness of the transaction cost according to relevant regulations. Except for the following circumstances, it is necessary to engage a CPA to check the appraisal and render a specific opinion.

- I. The related party acquired the real property thereof through inheritance or as a gift;
- II. More than 5 years will have elapsed from the time the related party signed the contract to obtain the real property thereof to the signing date for the current transaction;
- III. 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 rented land.

Article 18 When the results of the Company's appraisal conducted in accordance with paragraph 1 and paragraph 2 of Article 17 are uniformly lower than the transaction price, the matter shall be handled in compliance with Article 19. However, where the following circumstances exist, objective evidence has been submitted and specific opinions on reasonableness have been obtained from a professional real property appraiser and a CPA, this restriction shall not apply.

- I. Where the related party acquired undeveloped land or leased land for development, it may submit proof of compliance with one of the following conditions:
  1. Where undeveloped land is appraised in accordance with the means in the preceding Article, and structures according to the related party's construction cost plus reasonable construction profit are valued in excess of the actual transaction price. The "Reasonable construction profit" shall be deemed as the average gross operating profit margin of the related party's construction division over the most recent 3 years or the gross profit margin for the construction industry for the most recent period as announced by the Ministry of Finance, whichever is lower.
  2. Completed transactions by unrelated parties within the preceding year involving other floors of the same property or neighboring or closely valued parcels of land, where the land area and transaction terms are similar after calculation of reasonable price discrepancies in floor or area land prices in

accordance with standard property market sale or leasing practices.

3. Completed transactions by unrelated parties within the preceding year involving other floors of the same property or closely valued parcels of land, where the lease terms are similar after calculation of reasonable price discrepancies in floor or area land prices in accordance with standard property leasing practices.

II. Where the Company acquiring real property 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 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.

Article 19 Where the Company acquires real property thereof from a related party and the results of appraisals conducted in accordance with Article 17 and Article 18 are uniformly lower than the transaction price, the following steps shall be taken:

I. A special reserve shall be set aside against the difference between the real property transaction price and the appraised cost, and may not be distributed or used for capital increase or issuance of bonus shares. Where the Company uses the equity method to account for its investment in another public company, then the special reserve shall be set aside pro rata in a proportion consistent with the share of the Company's equity stake in the other company.

II. The independent directors of the Audit Committee shall comply with Article 218 of the Company Act.

III. Actions taken pursuant to subparagraphs 1 and 2 in the preceding paragraph shall be reported to a shareholders meeting, and the details of the transaction shall be disclosed in the annual report and any investment prospectus.

The Company that has set aside a special reserve under the preceding paragraph may not utilize the special reserve until it has recognized a loss on decline in market value of the assets it purchased, or they have been disposed of, or adequate compensation has been made, or the status quo ante has been restored, or there is other evidence confirming that there was nothing unreasonable about the transaction, and the FSC

has given its consent.

When the Company obtains real property thereof from a related party, it shall also comply with the preceding two paragraphs if there is other evidence indicating that the acquisition was not an arm's length transaction.

Article 20 Engaging in the trading of financial derivatives

I. Scope of application:

- (I) Definition: Derivatives refer to a transaction contract whose value is derived from products, such as, assets, interest rates, exchange rates, indexes, or other interests. Trading of Financial Derivatives includes combinations of various financial contracts, such as, forward contracts, futures contracts, forward interest rate agreements, Options and synthetic products, such as, futures options, exchange options, combined derivatives, etc.
- (II) The types and objects of the transactions that the Company can engage in are as follows: forward foreign exchange transactions with principal and non-principal settlement. It is limited to financial institutions that can engage in such transactions.
- (III) The "Procedures" is not applicable to forward contracts, including insurance contracts, performance contracts, after-sales service contracts, long-term lease contracts, and long-term purchases (sales) contracts.

II. The trading of financial derivatives is with the following types of risks, and the management of the Company should be cautious in engaging in the trading of financial derivatives and should perform in accordance with the provisions of the Procedures.

(I) Market risk or known as price risk:

Refers to the impact of the changes in market prices (exchange rates, interest rates, stock prices, bonds, or other index) on the market price of all products.

(II) Credit risk:

It refers to the risk that a party to the transaction is unable to perform the contractual obligations of the transaction and causes the loss of the assets of the other party.

(III) Liquidity risk:

Liquidity risk refers to the risk that a position cannot be maintained at a reasonable price or a transaction counterparty cannot be found.



(IV) Operational risk:

Operational risk refers to the risks caused by improper system, human error, poor supervision, or management errors.

(V) Legal risk:

Legal risk means that the contract is unclear, the authorization is not true, the statute is incomplete, the counterparty has no legal capacity, or the contract is invalid, so the contract signed with the counterparty is legally unenforceable, resulting in loss of finance and goodwill.

III. Business management and hedging strategy

The Company is engaged in the trading of financial derivatives and the purpose of hedging is divided into:

- (I) For the purpose of trading: possess or issue financial derivatives to earn the price spread, including trading and other trading activities that are measured at fair value through profit or loss.
- (II) Not for trading purposes: to circumvent assets or liabilities already held, or to circumvent the expected trading risk.

IV. Segregation of duties

The segregation of duties for engaging in derivatives is as follows:

- (I) The duties of the Board of Directors:
  - 1. The transaction procedure is approved and it is also applicable to the amendments. The procedure is reported in the shareholders meeting.
  - 2. For the purpose of trading with a contractual amount or the trading of financial derivatives whose principal amount exceeding NT\$300 million, it shall be approved by the Board of Directors for implementation, and the Board of Directors is authorized to approve other trading of financial derivatives; also, it should be reported in the most recent board meeting with the effectiveness of implementation monitored and the risk controlled to the extent of tolerable losses.
- (II) The powers and responsibilities of the Chairman:
  - 1. Assign the financial unit and the relevant department heads to execute the approved “trading of financial derivatives.”
  - 2. The “Trading of Financial Derivatives,” which should be approved by the Board of Directors, shall be sent to the Board of Directors for resolutions.

3. Approved the “Trading of Financial Derivatives” resolved by the Board of Directors.
4. Regularly and occasionally report to the Board of Directors on the “Derivatives Performance Report” and implementation results.
5. Regular and occasionally monitor whether the trading of financial derivatives is carried out in accordance with the Procedures, and control its operational performance within the tolerable loss.

(III) The responsibilities of the Finance Department:

1. Assigned by the Chairman to execute the approved transaction and settlement of the “trading of financial derivatives.”
2. Record the transaction occurred immediately and verify the correctness with the accounting document.
3. File the transaction records.
4. Prepare the “Trading of Financial Derivatives Evaluation Report.”
5. If the approved “trading of financial derivatives” is subject to major changes in the market or the maximum amount of tolerable loss or significant difference from the original estimate, the performance report shall be immediately sent to the Chairman for review to determine whether the case should still be continued or the implementation content of the case should be revised.

(IV) Audit unit:

Check whether the “derivatives” transaction has been carried out in accordance with the Procedures on a monthly basis, and the audit results are composed into an audit report and sent to the Chairman.

V. Performance evaluation methods and procedures

- (I) Measure the “position” of the financial derivatives once a week.
- (II) The hedging transaction of financial derivatives that are required for business is assessed every two weeks.
- (III) The Finance Department will engage in the trading of financial derivatives every two weeks and it is divided into two categories by the trading purposes:
  1. For the purpose of trading
  2. For the purpose of hedging risks

The evaluation report prepared by the department head should be

presented to the chairman.

- (IV) The performance evaluation principles of the trading of financial derivatives in the performance evaluation report are:

The approved trading of financial derivatives is with the performance evaluated individually, so its fair price, related book value, net profit and loss arising from the transaction, and the non-operating profit and loss of the recognized and clearly deferred risk may not be assessed collectively, except for those with statutory offset rights.

- VI. The total contract amount of the Company's trading of financial derivatives shall not exceed NT\$500 million.

- VII. Total and individual contract loss limits:

- (I) The realized and unrealized losses arising from all financial derivatives contracts of the Company shall not exceed 4% of the total contract amount.
- (II) The realized and unrealized losses arising from individual financial derivatives contract shall not exceed 4% of the approved "Trading of Financial Derivatives."

- VIII. Operating procedures

- (I) The "Trading of Financial Derivatives Application Form" and the "Trading of Financial Derivatives Evaluation Report" should be submitted by the Finance Department to the Chairman for approval.
1. If it is not approved by the chairman, it will be filed for records.
  2. If the chairman indicates that the case still needs to be partially amended, or the evaluation content, project, or description is added, the Finance Department shall have the report amended as instructed and then submitted for approval.
  3. The "Financial Derivatives Evaluation Case" approved by the Chairman or the Board of Directors is the "Trading of Financial Derivatives Case" to be implemented by the Finance Department.
- (II) The trading of financial derivatives with a notional amount more than NT\$300 million shall be approved by the Board of Directors, while other transactions shall be approved by the chairman and shall be reported in the most recent board meeting afterwards.
- (III) The approved "Trading of Financial Derivatives case" shall be submitted

to the Finance Department for execution. The transaction voucher information, in addition to the approval of the financial officer, shall be approved by the chairman before executing the transaction.

- (IV) The Finance Officer prepares the “Trading of Financial Derivatives Performance Report” on a monthly basis and submits it to the chairman for reviewing the position and performance of the financial derivatives, and monitors whether the trading procedures are appropriate and whether the operational performance is within the scope of control.

IX. Internal control principles:

The internal control principles for ensuring the Company’s stability, safe operation, and the security of the trading of financial derivatives are as follows:

- (I) The trading, settlement, and position risk assessment should be handled by different personnel and shall have appropriate division of labor.
- (II) Traders are not allowed to operate privately.
- (III) Each completed transaction is to be settled by a third party other than the trader; also, the counterparty is required to report all the transaction information regularly.
- (IV) The procedure for the settlement of each transaction shall be properly approved and controlled by the competent authority, and a written record or certificate shall be made immediately for subsequent review.
- (V) Each transaction should be logged in or posted on the checklist and reviewed by the head of the finance department. The accounting unit will check the relevant books at the time of bookkeeping.
- (VI) Assess the trading of financial derivatives on a weekly basis in accordance with paragraph 5 of the Procedures.
- (VII) Establish an information management system for financial derivative, improve the efficiency of the trading of financial derivatives, and provide an instant management table to facilitate the control of all the trading position of financial derivatives.
- (VIII) Document the risk limit and scope of authorization of each trading of financial derivatives in the “Trading of Financial Derivatives,” and classify the transaction position into two categories: trading position and non-trading position or hedging position with the risk assessed regularly.
- (IX) The risks arising from the financial derivatives should be considered collectively, and all risks of other businesses should be considered

together with a performance evaluation report presented to the chairman.

X. Risk management measures

(I) Credit risk management:

1. The credit risk of different transactions conducted with the same transaction counterparty shall be aggregated, and the risks cannot be offset against each other in order to reflect the substantial risks. However, the same type same term or similar opposite transactions can be offset against each other in order to avoid having the credit risk overstated due to an itemized calculation.
2. For those transactions conducted with the counterparty with early termination clauses in the contract, the risks should be carefully evaluated in advance with preventive actions taken to avoid the increase of market risk or liquidity risk.

(II) Market risk management:

1. The Company shall, in accordance with the assessment report of the Ministry of Finance, approve the conditions, risk limits, transaction limits, gapping, contract amounts, etc. of the financial derivatives.
2. When preparing a “Financial Derivatives Evaluation Report” and assessing performance, attention should be paid to changes in the value of the financial directives arising from the changes in interest rates, exchange rates, and other market factors.
3. The Company establishes an effective risk control operating program by the following methods, including:
  - A. All transactions are subject to the approval processes.
  - B. The risk of trading should be assessed in advance and the tolerable loss should be defined.
  - C. Frequently track and analyze trading situations and present performance reports to determine the correctness of the transaction.
  - D. Regular audits are performed by the audit office to ensure that the Procedure is implemented properly.
  - E. The strategy should be adjusted accordingly when there is a difference between the estimate and the actual result.

(III) Liquidity risk management:

1. The Company shall base on the overall liquidity risk ass the market or

products and funds related liquidity risk.

2. The funds required for the trading of financial derivatives should be incorporated into the Company's overall fund control, and try to avoid the risk of unable to acquire the funds needed for the trading of financial directives at a reasonable cost due to insufficient cash flow.
3. For the market risk of the financial derivatives, appropriate tolerance of cash flow and gapping should be set in advance.

(IV) Operational risk management:

Regarding the Company's control over operational risk, the chairman and senior executives of each department must understand the operation process and have them managed appropriately. The segregation of duties for transaction and settlement personnel are in place to ensure the safety of assets and income. Skilled and experienced operation personnel are appointed with a performance report and risk analysis report prepared and provided to the chairman, which is described as follows:

The Company's staff for the trading of financial derivatives is:

1. Finance Department: Engages in actual trading transactions and settlement operations.
2. Accounting Department: Handles the data process of records and accounting writing-off process upon the completion of the transaction.

Upon the completion of the transactions by the traders, the settlement personnel should immediately have it confirmed with the counterparty by telephone and initiate the settlement process. The audit department shall check the accuracy and consistency of the transaction data on a regular or occasional basis.

(V) Legal risk management:

1. For the trading of financial derivatives and the contents of contracts, if legal matters are involved, the legal counsel of the Company should be consulted for review in advance.
2. The management and the relevant personnel of the Company should understand the relevant law and interpretations of financial derivatives.

XI. Internal audit:

In order to enable the Company to engage in the trading of financial derivatives steadily, in addition to the internal audit performed by the Audit Office and the self-checking of the business unit, the aforementioned internal control

principles must be implemented with the audit priorities adopted as follows:

- (I) Before the Company conducts the trading of financial derivatives, a written policy on the nature, type, tolerable risk amount, internal control requirements, and profit and loss should be submitted to the chairman for approval.
- (II) The total risk position of the Company's engaging in the trading of financial derivatives should be reviewed weekly.
- (III) The auditors engaged in internal audits of the company shall be familiar with the trading of financial derivatives, and the auditors shall be different from the trading personnel.
- (IV) The evaluation report, transaction record, performance evaluation report, and other information of the "Trading of Financial Derivatives" should be checked regularly to review the completeness and correctness of the transaction records.

XII. The information on the trading of the Company's financial derivatives shall be provided to the accountant and fully disclosed in the financial report.

Article 21 The Company that conducts a merger, demerger, acquisition, or transfer of shares (refers to the merger, demerger, or acquisition according to the Business Merger and Acquisitions Act, Financial Holding Company Act, the Financial Institution Merger Act, or other laws) to acquire or dispose of assets, or issues shares for a transfer of shares (referred to as "share transfer" hereinafter) according to paragraph 8 of Article 156 of the Company Act, prior to convening the Board of Directors to resolve on the matter, shall engage a CPA, attorney, or securities underwriter to give an opinion on the reasonableness of the share exchange ratio, acquisition price, or distribution of cash or other property to shareholders, and submit it to the Board of Directors for deliberation and passage. However, the requirement of obtaining an aforesaid opinion on reasonableness issued by an expert may be exempted in the case of a merger by the Company of a subsidiary in which it directly or indirectly holds 100% of the issued shares or authorized capital, and in the case of a merger between subsidiaries in which the Company directly or indirectly holds 100% of the respective subsidiaries' issued shares or authorized capital.

Article 22 The Company participating in a merger, demerger, acquisition, or transfer of shares shall prepare a public report to shareholders detailing important contractual contents and matters relevant to the merger, demerger, or acquisition prior to the shareholders meeting and include it along with the expert opinion referred to in the preceding paragraph when sending shareholders notification of the shareholders meeting for reference in deciding whether to approve the merger, demerger, or acquisition.

Provided, where a provision of another act exempts a company from convening a shareholders meeting to approve the merger, demerger, or acquisition, this restriction shall not apply.

Where the shareholders meeting of any one of the companies participating in a merger, demerger, or acquisition fails to convene or pass a resolution due to lack of a quorum, insufficient votes, or other legal restriction, or the proposal is rejected by the shareholders meeting, the companies participating in the merger, demerger or acquisition shall immediately publicly explain the reason, the follow-up measures, and the preliminary date of the next shareholders meeting.

Article 23 The Company participating in a merger, demerger, or acquisition shall convene a board meeting and shareholders meeting on the day of the transaction to resolve matters relevant to the merger, demerger, or acquisition, unless another act provides otherwise or the FSC is notified in advance of extraordinary circumstances and grants consent.

A company participating in a transfer of shares shall call a board meeting on the day of the transaction, unless another act provides otherwise or the FSC is notified in advance of extraordinary circumstances and grants consent.

When participating in a merger, demerger, acquisition, or transfer of another company's shares, the Company shall prepare a full written record of the following information and retain it for 5 years for reference: and within two days from the date of the resolution of the Board of Directors, the information in paragraph 1 and paragraph 2 below shall be submitted to the securities authority for reference in the prescribed format by the Internet Information System.

- I. Basic identification data for personnel: Including the occupational titles, names, and national ID numbers (or passport numbers in the case of foreign nationals) of all persons involved in the planning or implementation of any merger, demerger, acquisition, or transfer of another company's shares prior to information disclosure.
- II. Dates of material events: Including the signing of any letter of intent or memorandum of understanding, the hiring of a financial or legal advisor, the execution of a contract, and the convening of board meetings.
- III. Important documents and minutes: Including merger, demerger, acquisition, and share transfer plans, any letter of intent or memorandum of understanding, material contracts, and minutes of board meetings.

Where the Company participating in a merger, demerger, acquisition, or transfer of another company's shares is neither listed on an exchange nor has its shares traded on an OTC market, the Company shall sign an agreement with such company whereby



the latter is required to abide by the provisions of the preceding paragraph.

Article 24 Every person participating in or privy to the plan for merger, demerger, acquisition, or transfer of shares shall issue a written undertaking of confidentiality and may not disclose the content of the plan prior to public disclosure of the information and may not trade, in their own name or under the name of another person, in any stock or other equity security of any company related to the plan for merger, demerger, acquisition, or transfer of shares.

Article 25 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 permitting alteration in the contract for the merger, demerger, acquisition, or transfer of shares:

- I. Cash capital increase, issuance of convertible corporate bonds, or the issuance of bonus shares, issuance of corporate bonds with warrants, preferred shares with warrants, stock warrants, or other equity based securities.
- II. An action, such as, a disposal of major assets that affects the company's financial operations.
- III. An event, such as, a major disaster or major change in technology that affects shareholder equity or share price.
- IV. An adjustment where any of the companies participating in the merger, demerger, acquisition, or transfer of shares from another company, buys back treasury stock.
- V. An increase or decrease in the number of entities or companies participating in the merger, demerger, acquisition, or transfer of shares.
- VI. Other terms and conditions that the contract stipulates may be altered and that have been publicly disclosed.

Article 26 The contract for the Company's participation in a merger, demerger, acquisition, or of shares shall record the rights and obligations of the Company, and shall also record the following:

- I. Handling of breach of contract;
- II. Principles for the handling of equity-type securities previously issued or treasury stock previously bought back by any company that is extinguished in a merger or that is demerged.
- III. The amount of treasury stock participating companies are permitted under law to buy back after the record date of calculation of the share exchange ratio, and the principles for handling thereof;
- IV. The manner of handling changes in the number of participating entities or

companies;

- V. Preliminary progress schedule for plan execution, and anticipated completion date;
- VI. Scheduled date for convening the legally mandated shareholders meeting if the plan exceeds the deadline without completion, and relevant procedures;

Article 27 After public disclosure of the information, if any company participating in the merger, demerger, acquisition, or share transfer intends further to carry out a merger, demerger, acquisition, or share transfer with another company, all of the participating companies shall carry out anew the procedures or legal actions that had originally been completed toward the merger, demerger, acquisition, or share transfer; except that where the number of participating companies is decreased and a participating company's shareholders meeting has adopted a resolution authorizing the Board of Directors to alter the limits of authority, such participating company may be exempted from calling another shareholders meeting to resolve on the matter anew.

Article 28 Provisions for the acquisition or disposal of assets by subsidiaries

- I. The acquisition and disposal of assets by subsidiaries shall also be handled in accordance with the provisions of the parent company.
- II. If the subsidiary is not a domestic public offering company, and the assets obtained or disposed of met the public announcement and filing standards as stipulated in Article 8, the public announcement and filing matters shall be handled by the parent company.
- III. The so-called "reaching the threshold of 20% of the company's paid-up capital or 10% of the total assets" as stipulated in the public announcement and filing standard of the subsidiary is based on the paid-in capital or total assets of the parent company.

The so-called subsidiaries (which should be determined according to the "Regulations Governing the Preparation of Financial Reports by Securities Issuers") are with more than 50% outstanding voting shares held by the Company or the Company holds more than 50% outstanding voting shares of the invested companies through the subsidiaries, and so on, or the invested company with more than 50% issued voting shares held by the Company directly and through the subsidiary indirectly, and so on.

Article 28-1 The calculation of the "10% of the total assets" as stipulated in the Procedure is based on the amount of the total assets in the most recent subsidiary or individual financial reports as stipulated in the "Regulations Governing the Preparation of Financial Reports by Securities Issuers."

If the company's stock is not denominated or the denomination is not at NT\$10 par, the transaction amount equivalent to "20% of the paid-up capital" as stipulated in the Procedures shall be calculated based on the "10% of the shareholders" equity of the parent company."

Article 29 Disclosures of financial statement

If the acquisition and disposal of assets by the Company meets the public announcement and filing standards as stipulated in Article 8 of the Procedures, and the transaction counterparty is a substantial related party, the contents of the public announcement and filing shall be disclosed in the notes to the financial statements and reported in the shareholders meeting.

Article 30 Date of implementation

The enactment or amendment of the "Procedures" is subject to the approval of the majority of the Audit Committee members and shall be submitted to the shareholders meeting for approval after the resolutions of the Board of Directors. If approval of more than half of all Audit Committee members as required in the preceding paragraph is not obtained, the Procedures may be implemented if approved by more than two-thirds of all directors, and the resolution of the Audit Committee shall be recorded in the minutes of the board meeting.

## Appendix IV

### Operating Procedures for loaning of funds (CM-109)

Enactment: March 7, 1995  
Amendment: March 1, 2002  
Amendment: March 4, 2003  
Amendment: March 24, 2009  
Amendment: March 25, 2010  
Amendment: December 28, 2012  
Amendment: March 23, 2018

#### One. Subject:

The Procedures is handled in accordance with the provisions of Article 36-1 of the Securities and Exchange Act (hereinafter referred to as the “Act”) and the FSC.Shen.Tzi No. 1010029874 dated 07.06.2012 by the Financial Supervisory Commission.

#### Two. Contents:

##### Article 1: Borrowers:

- I. Those who have business dealings with the Company
- II. Those who have short-term financing needs with the Company

The “short-term” referred to in the preceding paragraph is for one year. However, if the company’s business cycle is longer than one year, the business cycle shall prevail.

The so-called financing amount refers to the accumulated balance of the Company’s short-term financing.

##### Article 2: Reasons and necessity for loaning of funds:

If the Company engages in loaning of funds with other company or firm due to its business operation, it shall comply with the provisions of paragraph 2 of Article 3; the loaning of funds for the need of short-term financing, it is limited to the following circumstances:

- I. The invested company with more than 20% shares held by the Company has needs for short-term financing due to its business operation.
- II. Other company or firm has needs for short-term financing due to the purchase

of raw material or working capital.

III. Others loaning of funds approved by the Board of Directors of the Company.

Article 3: Total loaning of fund limits and individual loaning of fund limits:

- I. The Company's total loan amount shall not exceed 40% of the Company's net value, but the total loaning of funds due to the need for short-term financing between the companies or firms shall not exceed 40% of the Company's net value.
- II. The individual loaning of fund to the company or firm that has business dealings with the Company shall not exceed the amount of business transactions between the two parties. The so-called business transaction amount refers to the higher amount of purchases or sales between the two parties.
- III. The loaning of fund to a company or firm that needs a short-term financing shall not exceed 20% of the Company's net value.
- IV. "Net value" refers to the balance of total assets net of the total liabilities (i.e. shareholders' equity); the calculation of 40% should be based on the accumulated loan amount.

For loaning of funds between foreign companies that are with 100% voting shares held by the Company directly and indirectly, the total loan amount shall not exceed 60% of the net value of the foreign companies. For loaning of funds to individual company, the loan amount shall not exceed 40% of the net value of the foreign company and it is for a period of one year.

Article 4: Operating procedures for loaning of funds:

I. Credit check:

Applications

When the borrowers apply for loans to the Company, the responsible personnel should make preliminary contact with them to understand the intended use of the funds and their recent business and financial status. The interview records of the qualified applicants should be submitted to the chairman for approval.

Credit investigation

1. For the initial borrower, the borrower should provide basic information and financial information for a credit investigation.
2. After accepting the application, the Finance Department of the Company shall investigate and evaluate the business operation, financial status, solvency and credit, profitability, and intended use of the loans with a report

prepared.

3. In the case of a renewed loan, in principle, a credit investigation is conducted once a year. If it is a major case, it will be investigated once every six months according to actual needs.
4. If the borrower's financial position is good and the annual financial statements have been audited by the accountants, then the financial report prepared for more than one year but less than two years can be used continuously. The loaning of fund should be reported with the Independent Auditor's Report enclosed for reference.

#### Detailed review procedure

The Finance Department shall conduct a detailed evaluation and review on the borrowers, which should at least include:

- (I) The necessity and rationality of the loaning of funds;
- (II) Is it necessary to measure the loan amount with the financial position of the borrowers?
- (III) Whether the accumulated loaning of funds is still within the limit?
- (IV) Impact on the Company's operational risk, financial position, and shareholders' equity
- (V) Is it necessary to obtain the collateral and what is the appraisal value of the collateral?
- (VI) Enclose the credit investigation and risk evaluation records of the borrowers.

#### II. Scope of authorization:

For loaning of funds of the Company, the credit investigation result concluded by the Finance Department should be forwarded to the chairman for approval and submitted to the Board of Directors for resolutions, which should not be authorized to others for decision-making.

For loaning of funds between the Company and its subsidiaries, or between the subsidiaries, it is subject to the resolutions of the Board of Directors in accordance with the provisions of the preceding paragraph. The Chairman may be authorized to allocate the loan amount to the same borrower resolved by the Board of Directors within a year by installments or revolving application.

The so-called "loan amount" referred to in the preceding paragraph shall meet the requirement of paragraph 2 of Article 3; also, the loaning of fund to one single enterprise by the Company or its subsidiaries may not exceed an amount

equivalent to 10% the net value on the most recent financial statements of the Company or its subsidiaries.

The Board of Directors should fully consider the opinions of the independent directors and include their opinions and the reasons for their consent or objection in the minutes of board meeting.

### III. Notify the borrowers

After the loaning of fund is approved, the responsible personnel shall inform the borrower in writing or by phone as soon as possible with the details of the loan conditions of the Company, including the amount, term, interest rate, collateral and guarantor, etc., and ask the borrower to sign the contract within the time limit. Funds will be appropriated upon completing the pledge (mortgage) of collateral and the guarantor's conformation.

### IV. Contract confirmation

1. The responsible personnel shall have the contractual clauses drafted up for loaning of funds for the review of the supervisor; also, the opinions of the legal counsel may be obtained before having the contract signed.
2. The content of the contract shall be in accordance with the approved terms of the loan, and the borrower and the joint guarantor shall, after signing the contract, complete the process of confirmation.

### V. Collateral rights setting

1. In the case of a guaranteed loan, the borrower shall provide collateral and handle the pledge or lien to ensure the Company's claims.
2. If the debtor provides an individual or a company with sufficient financial ability or credit as guarantee instead of providing the collateral, the Board of Directors may refer to the credit investigation report of the Finance Department. If a company acts as a guarantor, check its Articles of Association to verify whether it can act as a guarantor or not.

### VI. Insurance

1. In addition to land and securities, collaterals should be protected with a fire insurance. Ships and vehicles should be protected with a blanket insurance. The insurance amount should be no less than the collateral value. The insurance policy should be prepared with the Company designated as the beneficiary. The name, quantity, storage location, insurance conditions, and insurance policy of the subject matter shall be in accordance with the originally approved conditions of the Company: if the building number has not been compiled at the time of loan setting, the address shall be marked by

the section and lot number.

2. The responsible personnel should notify the borrower to extend the insurance policy before the expiration of the insurance period.

#### VII. Appropriation

Once the approved loaning of fund contract is signed by the borrower, the promissory note (or installment repayment) is deposited, the collateral mortgage is set up and registered, and the correctness of the entire process is checked, the funds will be appropriated.

#### Article 5: Loan terms and interest-bearing methods:

- I. Term of each loan:
  - (I) Those who have business dealings with the Company are limited to one year.
  - (II) Those who have short-term financing needs with the Company are limited to one year. However, if the company's business cycle is longer than one year, the business cycle shall prevail.
- II. The loan interest rate shall not be lower than the maximum interest rate of the Company's short-term loans from financial institutions. The loan interest of the Company shall be calculated and paid on a monthly basis. In case of special circumstances, it may be adjusted according to the actual situation after the approval of the chairman.

#### Article 6: Subsequent control measures for loans and procedures for non-performing loans:

- I. Pay attention to the finance, business, and relevant credit conditions of the borrowers and guarantors after the loaning of fund processed. For the collateral provided, attention should be paid to the change in the value of the collateral. In case of major changes, the chairman should be notified immediately and adequate measures should be taken in accordance with the instructions.
- II. When the borrower repays the loan on or before the expiry date, the interest payable shall be calculated first, which shall be settled together with the principal before having the promissory note cancelled and returned to the borrower or processing the lien cancellation.
- III. The borrower shall pay off the principal and interest on the expiry date.

#### Article 7: Internal Control:

- I. The Company while handling the loaning of fund should prepare the log book for documenting the loan counterparty, the amount, the board resolution date, the loan distribution date, and the matters that should be carefully evaluated



according to the requirements.

- II. The internal auditors of the Company shall audit the loaning of funds operating procedures and its implementation on a quarterly basis, at least, and make a written record. If a major default is discovered, the Audit Committee shall be notified in writing immediately. If a major default is discovered, the manager and the organizer shall be disciplined depending on the situation of violation.
- III. If the loan counterparty does not meet the requirements of the Regulations or the balance exceeds the limit due to a change of the situation, the Company should have an improvement plan made; also, the relevant improvement plan shall be sent to the Audit Committee and the corrective action shall be completed according to the planning schedule to strengthen the internal control of the company.

Article 8: The public announcement and filing:

- I. The Company shall announce and file the loaning of fund balance of the Company and its subsidiaries in the previous month before the 10th day of each month.
- II. The Company's loan balance while meeting one of the following standards shall be announced and filed within two days from the date of occurrence:
  - (I) The loaning of fund balance of the Company and its subsidiaries exceeds 20% of the Company's net value on the most recent financial statements.
  - (II) The loaning of fund for one single enterprise by the Company and its subsidiaries exceeds 10% of the Company's net value on the most recent financial statements.
  - (III) The new loaning of fund of the Company or its subsidiaries exceeds NT\$10 million, that is more than 2% of the Company' net value on the most recent financial statements.

If the subsidiary of the Company is not a domestic public offering company, the subsidiary's public announcement and filing for the matters stipulated in subparagraph 3 of the preceding paragraph should be implemented by the Company.

Three. Other matters:

- I. When the subsidiary of the Company plans for loaning of funds, the Company shall instruct the subsidiary to stipulate the Operating Procedures for Loaning of Funds according to regulations, and shall comply with the stipulated Operational Procedures.
- II. The Company shall evaluate the loaning of funds with adequate allowance for bad debts

appropriated, and properly disclose relevant information in the financial report; also, provide relevant information for the accountant to perform the necessary auditing procedures and issue an adequate audit report.

- III. The matters not covered in the Operating Procedures should be handled in accordance with the relevant law and regulations and the relevant regulations of the Company.
- IV. Subsidiaries and parent companies referred to in the Regulations shall be determined in accordance with the provisions of the “Regulations Governing the Preparation of Financial Reports by Securities Issuers.”

The financial statements of the Company are prepared in accordance with International Financial Reporting Standards. The net value stated in the Regulations refers to the shareholder’s equity of the parent company as stipulated in the “Regulations Governing the Preparation of Financial Reports by Securities Issuers.”

- V. The public announcement and filing as stipulated in the Regulations refers to the information reporting website designated by the Financial Supervisory Commission.

The date of occurrence stated in the Regulations refers to in the date of signing the transaction contract, the date of payment, the date of resolution of the Board of Directors, or other date on which the transaction counterparty and the transaction amount are determined whichever is earlier.

#### Four. Effective and amendment:

The Company’s “Operating Procedures for Loaning of Funds” shall be approved by the Audit Committee, resolved by the Board of Directors, and presented in the shareholders meeting for approval. If any director expresses objection and has a record or written statement, the Company should have such objection forwarded to the Audit Committee and presented in the shareholders meeting for discussion, which is applicable to the amendments.

## Appendix V

### Operating Procedures for Making of Endorsements and Guarantees (CM-104)

Enactment: March 7, 1995

Amendment: April 11, 1997

Amendment: March 4, 2003

Amendment: March 16, 2006

Amendment: March 24, 2009

Amendment: March 25, 2010

Amendment: December 28, 2012

Amendment: March 23, 2018

Article 1: The Procedures is handled in accordance with the provisions of Article 36-1 of the Securities and Exchange Act (hereinafter referred to as the “Act”) and the FSC.Shen.Tzi No. 1010029874 dated 07.06.2012 by the Financial Supervisory Commission.

Article 2: Scope of application as stipulated in the Rules:

I. Financing endorsement and guarantee:

(I) Bills discount and financing

(II) Making of endorsements and guarantees for the financing of other company;

(III) Issuing a note to non-financial institution as guarantee for the financing of the Company;

II. Tariff guarantee: refers to the making of endorsements and guarantees for the relevant customs matters of the Company or other company.

III. Other endorsement and guarantees: refers to the endorsements and guarantees that cannot be classified into the preceding two paragraphs.

IV. The Company provides property or real property as collateral and handles the pledge or lien for the loans of the other company.

Article 3: Objects of endorsement and guarantee

Except for the inter-industry or co-constructor guarantees according to the contractual requirements due to the needs of the construction projects, or the making of endorsements and guarantees by all shareholders proportionally to their shareholding ratio for the invested company due to a joint investment relationship, or the performance guarantees made by the industry for the pre-sale house contract according to the Consumer Protection Act, the making of endorsements and guarantees is limited

to the following companies:

- I. Trading party
- II. The company that is with more than 50% of the voting shares held by the Company directly and indirectly;
- III. The company that directly and indirectly holds more than 50% of the voting shares of the Company;

For the company that is with more than 90% of the voting shares held by the Company directly and indirectly; the Company may make endorsements and guarantees for an amount not exceeding 10% of the Company's net value. However, for making of endorsements and guarantees between the companies with 100% shares with voting held by the Company directly and indirectly, this restriction shall not apply.

The term "capital investment" as mentioned in paragraph 1 refers to the direct capital investment of the Company or the indirect investment through the company with 100% voting shares held by the Company.

Article 4: The endorsement and guarantee amount

- I. The Company's total endorsement and guarantee amount shall not exceed 60% of the current net value. The making of endorsement and guarantee for a single enterprise shall not exceed 10% of the current net value or for the subsidiary or the parent company of the Company shall not exceed 40% of the current net value. The said "net value" is based on the most recent financial statements audited or reviewed by an accountant.
- II. The total amount of endorsements and guarantees made by the Company and its subsidiaries shall not exceed 60% of the Company's current net value; and if it exceeds 50% of the Company's current net value, it shall be explained in the shareholders meeting for its necessity and reasonableness. The making of endorsement and guarantee for a single enterprise shall not exceed 10% of the Company's current net value, or for the subsidiary or the parent company of the Company shall not exceed 40% of the Company's current net value.
- III. For making of endorsements and guarantees due to the business transactions conducted with the Company, in addition to the aforementioned limits, the amount of individual endorsement and guarantee shall not exceed the amount of business transactions conducted between the two parties. The so-called business transaction amount refers to the higher amount of purchases or sales between the two parties.

Article 5: Decision-making and Authorization Level

- I. The Company's making of endorsements and guarantees shall be approved by the

Board of Directors. When independent directors are appointed, the opinions of the independent directors should be fully considered; also, their clear consent or objection and the reasons for their objection should be included in the minutes of board meeting. The Board of Directors may pursuant to the regulations of the Rules to delegate the board chairman to decide such matters when the transaction is within a certain amount and have the decisions subsequently submitted to and ratified in the Board of Directors.

- II. For the subsidiary that is with more than 90% of the voting shares held by the Company directly and indirectly that is making endorsements and guarantees in accordance with paragraph 2 of Article 3, it should be reported to the Company's Board of Directors for resolutions before implementation. However, the making of endorsements and guarantees between the companies with 100% voting shares held by the Company directly and indirectly is not subject to this restriction.
- III. If the Company's making of endorsements and guarantees has exceeded the amount as stipulated in the Regulations due to business needs and it does meet the conditions of the Regulations; also, it is approved by the Board of Directors and confirmed by the majority of the directors who would be held responsible for the potential losses. Moreover, the Rules Governing the Making of Endorsements and Guarantees is amended accordingly and reported in the shareholders meeting for ratification. When it is not resolved in the shareholders meeting, it should be planned to offset the overrun limit within a certain period of time.

When independent directors are appointed to attend the aforementioned board meeting, the opinions of the independent directors should be fully considered; also, their clear consent or objection and the reasons for their objection should be included in the minutes of board meeting.

Article 6: Operational Procedures for Endorsement and Guarantee

- I. When the Company's making of endorsements and guarantees, the endorsed and guaranteed company shall file the "Endorsement and Guarantee Application Form" with the Financial Department of the Company. The Finance Department shall conduct a credit investigation on the endorsed and guaranteed company, assess the risk, and provide an evaluation record, which should be reviewed and approved by the President and the Chairman with collateral obtained, if necessary.
- II. The Finance Department conducts a credit investigation on the endorsed and guaranteed company with a risk assessment performed, which includes:
  - (I) The necessity and rationality of the making of endorsement and guarantee;
  - (II) Is it necessary to measure the endorsement and guarantee amount with the financial position of the borrowers?

- (III) Whether the accumulated endorsement and guarantee amount still within the limit?
  - (IV) For making of endorsements and guarantees due to business transactions, it is necessary to assess whether the endorsement and guarantee amount and the business transactions amount are within the limit.
  - (V) Impact on the Company's operational risk, financial position, and shareholders' equity
  - (VI) Is it necessary to obtain the collateral and what is the appraisal value of the collateral?
  - (VII) Enclose the credit investigation and risk evaluation records of the endorsement and guarantee.
- III. The Finance Department shall establish a log book for the details of the endorsement and guarantee object, the amount, the resolution date of the Board of Directors or the chairman, the endorsement and guarantee date, and the items that should be carefully evaluated in accordance with the provisions of the preceding paragraph.
  - IV. The Finance Department shall evaluate or recognize the contingent loss of the endorsement and guarantee, properly disclose the endorsement and guarantee information in the financial report, and provide relevant information to the accountants for them to adopt the necessary audit procedures and issue an adequate audit report.
  - V. When the endorsement and guarantee object that was in compliance with the Regulations has become not in compliance with the Regulation due to changes in the circumstances of the Company or the endorsement and guarantee amount exceeds the specified amount due to changes in the calculation base, the said endorsement and guarantee amount or overrun limit must be written-off when the contract expires or within the corrective action period; also, the relevant improvement plan shall be sent to the Audit Committee, reported to the Board of Directors, and completed according to the planning schedule.
  - VI. If the endorsement and guarantee object is a subsidiary whose net value is less than one-half of the paid-in capital, the relevant management and control measures shall be determined.
  - VII. If the subsidiary's stock is not denominated or the denomination is not at NT\$10 par, the amount of paid-in capital calculated in accordance with the provisions of subparagraph 6 of preceding paragraph shall be the sum of the stock capital plus additional paid-in capital - stock premium.

Article 7: Cancellation of endorsement and guarantee

- I. If the endorsement and guarantees related documents or bills need to be cancelled due to debt settlement or extension, the endorsement and guarantee company shall issue an official letter to return the original endorsement and guarantee related certificates to the Finance Department of the Company with the “Deregistration” seal affixed. The application form should be kept for future reference.
- II. The Finance Department shall have the revoked endorsement and guarantee documented in the log book to reduce the endorsement and guarantee amount.

Article 8: Internal control

- I. The internal auditors of the Company shall audit the making of endorsement and guarantee operating procedures and its implementation on a quarterly basis, at least, and make a written record. If a major default is discovered, the Audit Committee shall be notified in writing immediately.
- II. The Company shall make the endorsements and guarantees in accordance with the prescribed procedures. If a major default is discovered, the manager and the organizer shall be disciplined depending on the situation of violation.

Article 9: Seals custody and procedures

- I. The Company’s special seal for making of endorsements and guarantees is the company seal applied for to the Ministry of Economic Affairs. The said company seal and the guarantee notes shall be kept by the designated personnel separately; also, should be sealed and issued in accordance with the prescribed procedures. The appointment, dismissal, and/or rotation of the seal custodian shall be reported to the Board of Directors for approval.
- II. If the Company makes endorsements and guarantees for a foreign company, the Company’s letter of guarantee should be signed by the person authorized by the Board of Directors.

Article 10: The public announcement and filing procedures

The Company shall announce and file the endorsement/guarantee balance amount of the last month of the Company and its subsidiaries before the 10th day of each month. If the endorsement/guarantee balance amount reaches one of the following standards, it shall be announced and filed within two days from the date of occurrence:

- I. The endorsement and guarantee balance amount of the Company and its subsidiaries exceeds 50% of the Company’s net value on the most recent financial statements.
- II. The making of endorsement and guarantee for one single enterprise by the Company and its subsidiaries exceeds 20% of the Company’s net value on the

most recent financial statements.

- III. The making of endorsement/guarantee for one single enterprise by the Company and its subsidiaries exceeds NT\$10 million; also, the total amount of endorsement/guarantee, long-term investment, and loan balance exceeds 30% of the Company's net value in the most recent financial statements.
- IV. Additional guaranteed and guarantee for an amount of more than NT\$30 million is made by the Company or its subsidiaries that exceeds 5% of the Company's net value in the most recent financial statements.

If the subsidiary of the Company is not a domestic public offering company, the subsidiary's public announcement and filing for the matters stipulated in subparagraph 4 of the preceding paragraph should be implemented by the Company.

Article 11: When the subsidiary of the Company intends to make endorsements and guarantees, the Company shall instruct the subsidiary to stipulate the Operating Procedures for Making of Endorsements and Guarantees according to regulations, and shall comply with the stipulated Operational Procedures.

Article 12: The matters not addressed in the Rules should be handled in accordance with the relevant law and regulations and the relevant regulations of the Company.

Article 13: The Rules shall be approved by the Audit Committee, resolved by the Board of Directors, and presented in the shareholders meeting for approval. If any director expresses objection and has a record or written statement, the Company should have such objection sent to the Audit Committee and reported it to the shareholders meeting for discussion, which is applicable to the amendments.

Article 14: Subsidiaries and parent companies referred to in the Regulations shall be determined in accordance with the provisions of the "Regulations Governing the Preparation of Financial Reports by Securities Issuers."

The financial statements of the Company are prepared in accordance with International Financial Reporting Standards. The net value stated in the Regulations refers to the shareholder's equity of the parent company as stipulated in the "Regulations Governing the Preparation of Financial Reports by Securities Issuers."

Article 15: The public announcement and filing as stipulated in the Regulations refers to the information reporting website designated by the Financial Supervisory Commission.

The date of occurrence stated in the Regulations refers to in the date of signing the transaction contract, the date of payment, the date of resolution of the Board of Directors, or other date on which the transaction counterparty and the transaction amount are determined whichever is earlier.



## Appendix VI

### UNITED INTEGRATED SERVICES CO., LTD.

#### Shareholdings of all directors

- I. The Company's paid-in capital is NT\$1,905,866,980 with 190,586,698 shares issued.
- II. According to Article 2 of the "Rules and Review Procedures for Director and Supervisor Share Ownership Ratio at Public Companies," if more than two independent directors are elected, the shareholding ratio of all directors and supervisors that is calculated proportionally will be reduced to 80%. According to the law, all directors of the Company should hold 11,435,201 shares. The Company has set up an Audit Committee, so the mandatory number of shares to be held by the supervisors is not applicable.
- III. The number of shares held by the individual director and all directors recorded in the register of shareholders as of the cut-off date of the shareholders meeting (April 21, 2019) is as follows, which has met the statutory standards:

#### Director's shareholdings

April 21, 2019

Job Title	Name or Title	Shareholding	Shareholding ratio (%)
Chairman	C.S. Chen	2,902,434	1.52%
Director	Belle Lee	8,825,867	4.63%
Director	Benny Chen	2,226,840	1.17%
Director	Joseph Lee	186	0.00%
Director	Song Quan Company Limited Representative: Hsueh J. Sung	12,160,800	6.38%
Director	Kuan-Ming Lin	0	0.00%
Independent Director	Michael Tsai	0	0.00%
Independent Director	Ting Herh	0	0.00%
Independent Director	James Kao	0	0.00%
Shareholdings of all directors		26,116,127	13.70%