



台橡股份有限公司
TSRC CORPORATION

2018 Annual Shareholders' Meeting Meeting Agenda

Stock Code : 2103

Date: June 21, 2018

Location: Fubon International Conference Center
B2F, No.108, Sec. 1, Dunhua S. Rd., Songshan Dist.,
Taipei City 105, Taiwan

I. The Meeting's agenda is as follows:

1. Chairman to call the Meeting to order

2. Chairman's greetings & remarks

3. Report Items

- (1) Business Report of 2017 3
- (2) Audit Committee's Report 3
- (3) Report of the distribution of 2017 employee's compensation and directors' remuneration 3
- (4) Report of the Amendment of Rules Governing Procedures for meetings of the Board of Directors 3

4. Ratification

- (1) To ratify the Company's business report and financial statements of 2017 4
- (2) To ratify the Company's earnings distribution of 2017 5

5. Proposal for Discussion & Resolution

- (1) To resolve the amendment of the Company's Articles of Incorporation 6
- (2) To resolve the amendment of the Company's Procedures for the Acquisition and Disposal of Assets 7
- (3) To resolve the amendment of the Company's Procedures for Endorsement & Guaranty 8
- (4) To resolve the amendment of the Company's Procedures for Funds Lending 9
- (5) To resolve the amendment of the Company's Procedures for Board directors' election 10

6. Election of Board Directors

- To elect the directors of the 16th term's Board of Directors 11

7. Others

- To release the competition prohibition on directors of the 16th term's Board of Directors 12

8. Matters Arisen 13

9. Adjournment

II. Attachment

(1) Audit Committee's Report	14
(2) Comparison table to the Amendment of Rules Governing Procedures for meetings of the Board of Directors	15
(3) The Company's 2017 business report and financial statements along with the independent auditors' report	17
(4) Comparison table of amendments to the Company's Articles of Incorporation	39
(5) Comparison table of amendments to "Procedure for the Acquisition or Disposal of Assets"	44
(6) Comparison table of amendments to the Company's Procedures for Endorsement & Guaranty	50
(7) Comparison table of amendments to the Company's Procedures for Funds Lending	53
(8) Comparison table of amendments to the Company's Procedures for Board directors' election	54
(9) List of Director (including Independent Director) Candidates	58
(10) Positions concurrently held by Directors	62

III. Appendix

(1) Articles of Incorporation of TSRC Corporation	64
(2) Rules and Procedures of Shareholders' Meeting	68
(3) The Company's Procedures for Board directors' election	70
(4) Disclosure of Directors' Shareholdings	72

Reporting Items

(1) Business Overview of 2017

(2) Audit Committee's report

See Attachment 1 for Audit Committee's report (Please refer to page 14 in this Agenda Manual)

(3) Report on the distribution of 2017 employees' compensation and directors' remuneration

In 2017, the Company had employees' compensation and remunerations for directors distributed in cash, amounting to NT\$49,732 thousand and NT\$9,558 thousand, respectively.

(4) Report of the Amendment of Rules Governing Procedures for meetings of the Board of Directors

Details of amendments to Board of Directors Meeting Regulations are given in Attachment 2 (Please refer to page 15-16 of the Agenda Manual)

Proposal for Ratification & Approval

1st proposal (by the board of directors)

Purpose : To approve the Company's business report and financial statements of 2017

Whereas : The Company's business report and financial statements for 2017 as shown in Attachment 3 (Please refer Agenda Manual to page 17-38) were audited by Audit Committee and passed by the resolution of the #15-19 Board meeting. Therefore, the business report and financial statements are hereby submitted to the annual shareholders' meeting for approval pursuant to Paragraph 1, Article 230 of the Company Act.

Resolution :

Proposal for Ratification & Approval

2nd proposal (by the board of directors)

Purpose : To approve the Company's earnings distribution of 2017

- Whereas : 1. The Company's undistributed surplus at the beginning of 2017 was NTD 784,790,761, plus a net profit after business settlement and taxes of NTD 874,106,500 for the same year. The exact benefits of the defined-benefit plan was increased by NTD 2,426,671, and after increasing the statutory surplus reserve to NTD 87,410,650, the surplus available for distribution for the current period was NTD 1,573,913,282.
2. According to the principle of earnings distribution prescribed in Article 29 of the Company's Articles of Incorporation, the dividends to be distributed to shareholders (NTD 0.96 per share) amounted to NTD 792,681,578 for the year. The balance after the distribution was NTD 781,231,704, which will be included in undistributed earnings. The fractional amount less than NTD1 will be set aside as the Company's other income.
3. After the approval by the resolution of shareholders' meeting, the Chairman of the Board is authorized to determine the ex-dividend date and the cash-dividend-distribution date for the above dividends distribution to shareholders.
4. The profit distribution table is listed below:

Table for distribution of earnings 2017		Unit: NTD
Unappropriated earnings at beginning		784,790,761
Plus: Net profit after tax of the current year		874,106,500
Plus: Actuarial interest on defined benefit		2,426,671
Less: Legal reserve (10% of income after tax)		87,410,650
Earnings distributable in the current period		1,573,913,282
Items:		
Shareholders' dividend-Cash (NTD 0.96 per share)		792,681,578
Shareholders' dividend-Stock (NTD 0.00 per share)		-
Unappropriated earnings at the end		781,231,704
Note:	1. Priority of the distribution of earnings: The 2017's earnings will be distributed first, and then the preceding year's shall follow.	

Chairman : Shao Yu Wang Manager : Joseph Chai Chief Accountant : Ming-Huang Chen

Resolution :

Proposal for Discussion & Approval

1st proposal (by the board of directors)

Purpose : The amendment of the Company's Articles of Incorporation is submitted for discussion.

Whereas : 1. These “Articles of Incorporation” have been laid down with a view to the Company's future business development needs and current operations and to comply with the “Regulations Governing the Administration of Shareholder Services of Public Companies.”

2. The amendments to the “Articles of Incorporation” are as follows:

(1) With a view to the additional capital needs of the Company's future business development, Article 5 has been amended by amending the Company's total capital and the number of shares.

(2) To provide greater flexibility in the number of board seats, Article 16 has been amended by changing the original fixed number of Directors to a number within a certain range to be decided by the Board of Directors.

(3) To provide greater flexibility in the distribution of surpluses, Article 29 has been amended to remove restrictions on the non-distribution of shareholders' dividends and the ratios of surpluses distributed.

(4) In accordance with the current provisions of the “Regulations Governing the Administration of Shareholder Services of Public Companies,” Articles 6, 7, 8, 9, 30 of the Articles have been amended to amend provisions regarding the management of shares.

3. Comparison table of amendments to the Company's Articles of Incorporation, please refer to Attachment 4 (Please refer to pages 39 to 43 on the manual for proceedings.)

Resolution :

Proposal for Discussion & Approval

2nd proposal (by the board of directors)

Purpose : The amendment of the Company's Procedures for the Acquisition and Disposal of Assets is submitted for discussion.

Whereas : 1. In order to comply with the regulations of the competent authorities and the actual business needs of the company, the "Company's Procedures for the Acquisition and Disposal of Assets" have been amended to include the following key points:

(1) With regard to the list of persons engaged in derivative commodity trading, Article 5.5.1.(3) has been amended to replace the original consent from the Board of Directors with authorization and approval from the Chairman of the Board.

(2) In accordance with the "Regulations Governing the Acquisition and Disposal of Assets by Public Companies," Article 4.11 has been amended by adding norms for the calculation of the values of new company shares without nominal value or with a nominal value other than NTD\$ 10.

(3) Articles 3.5, 3.6, 5.2.4, 5.3.4, 5.5.7, 5.9.2, 5.10 have been amended with regard to the reference materials for procedures and the harmonization of terminology.

2. Comparison table of amendments to "Procedure for the Acquisition or Disposal of Assets", please refer to Attachment 5 (Please refer to pages 44 to 49 on the manual for proceedings.)

Resolution :

Proposal for Discussion & Approval

3rd proposal (by the board of directors)

Purpose : The amendment of the Company's Procedures for Endorsement & Guaranty is submitted for discussion.

Whereas : 1. In order to comply with the regulations of the competent authorities and the actual business needs of the company, the "Company's Procedures for Endorsement & Guaranty" have been amended to include the following key points:

- (1) In accordance with the "Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies," Article 2.3.1 has been amended to add the total amount of the Company's endorsements and guarantees and endorsement limits for single enterprises.
- (2) In order to make the endorsement and guarantee assessment standards consistent and in consideration of the future development needs of the Company, Article 2.3.2 has been amended by amending the norms for the total amount of all endorsements and guarantees of the Company and its subsidiaries given to a single enterprise.
- (3) In accordance with the "Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies," Article 2.3.6 has been amended by adding norms for the calculation of the values of new company shares without nominal value or with a nominal value other than NTD\$ 10 with regard to endorsements or guarantees given to subsidiaries.

2. Comparison table of amendments to the Company's Procedures for Endorsement & Guaranty, please refer to Attachment 6 (Please refer to pages 50 to 52 on the manual for proceedings.)

Resolution :

Proposal for Discussion & Approval

4th proposal (by the board of directors)

Purpose : The amendment of the Company's Procedures for Funds Lending is submitted for discussion.

Whereas : 1. In order to comply with the regulations of the competent authorities and the actual business needs of the company, the Company's "Company's Procedures for Funds Lending" have been amended to include the following key points:

(1) In accordance with the "Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies," Article 2.1 has been amended by adding reasons for the need for short-term financing.

(2) In line with practical operations, Article 5.1.4 has been amended by amending the text on the interest calculation method.

2. Comparison table of amendments to the Company's Procedures for Funds Lending, please refer to Attachment 7 (Please refer to pages 53 on the manual for proceedings.)

Resolution :

Proposal for Discussion & Approval

5th proposal (by the board of directors)

Purpose : The amendment of the Company's Procedures for Board directors' election is submitted for discussion.

Whereas : 1. In accordance with the provisions in the "Company's Articles of Incorporation" that regard the number of directors, Article 3 of the "Company's Procedures for Board directors' election" has been amended by changing the original fixed number of Directors to a number within a certain range to be decided by the Board of Directors.

2. In accordance with the current laws and regulations regarding the election of directors, the Company has amended Articles 2, 3.1, 4.1, 6, 9 of its "Company's Procedures for Board directors' election."

3. Comparison table of amendments to the Company's Procedures for Board directors' election, please refer to Attachment 8 (Please refer to pages 54 to 57 on the manual for proceedings.)

Resolution :

Election of Board Directors

1st proposal (by the board of directors)

Purpose : To elect the directors of the 16th term's Board of Directors

Whereas : 1. The term of office of the 15th Board of Directors of the Company expires on 9 June 2018. In accordance with the law, the Annual Shareholders' Meeting of 2018 has been invited to elect the 16th Board of Directors of the Company.

2. In the election of the 16th Board of Directors of the Company, nine (9) directors (including three (3) Independent Directors) must be elected. The term of office of the new directors will be three years, from 21 June 2018 through 20 June 2021.

3. The list of candidates for the Company's Directors (including Independent Directors) was reviewed and approved by the 21st meeting of the 15th Board of Directors on 3 May 2018, please refer to Attachment 9 (Please refer to pages 58 to 61 on the manual for proceedings.)

Resolution :

Others

1st proposal (by the board of directors)

Purpose : The competition prohibition on directors of the 16th term's Board of Directors is submitted for discussion.

Whereas : 1. in accordance with Article 209, Paragraph 1 of the Company Act: “A director who does anything for himself or on behalf of another person that is within the scope of the company's business, shall explain to the meeting of shareholders the essential contents of such an act and secure its approval.”

2. If the Directors of the new 16th Board of Directors of the Company participate in the operations of other companies with a business scope identical or similar to the Company's, and obtain the consent of the General Shareholders' Meeting in accordance with Article 209 of the Company Act, the non-compete restrictions placed on Directors and other Representatives do not apply. Further details on concurrent positions held by Directors are given please refer to Attachment 10 (Please refer to pages 62 to 63 on the manual for proceedings.)

Resolution :

Matters Arisen

Attachment 1

Audit Committee's Report

The Board of Directors has prepared and submitted the Company's 2017 Business Report, Financial Statements and earnings distribution proposal. The above Financial Statements have been audited by KPMG and an audit report is accordingly issued .

The above Business Report, Financial Statements, and earnings distribution proposal have been examined and deemed as fairly presented by Audit Committee. This Audit Report is duly submitted in accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act. Submission for perusal.

To:

The 2018 Annual Shareholders' Meeting

TSRC Corporation

The convener of Audit Committee Robert Hung

Date: March 15, 2018

Attachment 2

Comparison table to the Amendment of Rules Governing Procedures for meetings of the Board of Directors

Amended provision	Existing provision	Remarks
<p>Article 9 (Proposal for Discussion & Resolution by the Board of Directors) The following matters must be discussed by the Board of Directors. Except for emergencies or cause, they must be listed in the agenda items on the Meeting Notice and may not be raised through extraordinary motion:</p> <ol style="list-style-type: none"> 1. The company's business plan. 2. The annual financial report and semi-annual financial report with the exception of semi-annual financial reports which, under relevant laws and regulations, need not be audited and attested by a certified public accountant. 3. Establishing or amending the internal control system in accordance with the provisions under Article 14-1 of the Taiwan Securities and Exchange Act and <u>the assessment of the effectiveness of the internal control system.</u> 4. Establishing or amending any major financial business activities such as acquisition or disposal of assets, engaging in derivative commodity transactions, lending monies to others, endorsing or providing guarantees for others in accordance with the provisions of Article 36 of the Taiwan Securities and Exchange Act. 5. Offering, issue or private placement of equity securities. 6. Appointment and/or dismissal of financial, accounting or internal audit officers. 7. Donations to related parties or major donations to non-related parties, with the exception of public welfare donations for relief after large-scale natural disasters, which donations may be raised for discussion at the next Board Meeting for ratification. 	<p>Article 9 (Proposal for Discussion & Resolution by the Board of Directors) The following matters must be discussed by the Board of Directors. Except for emergencies or cause, they must be listed in the agenda items on the Meeting Notice and may not be raised through extraordinary motion:</p> <ol style="list-style-type: none"> 1. The company's business plan. 2. The annual financial report and semi-annual financial report with the exception of semi-annual financial reports which, under relevant laws and regulations, need not be audited and attested by a certified public accountant. 3. Establishing or amending the internal control system in accordance with the provisions under Article 14-1 of the Taiwan Securities and Exchange Act . 4. Establishing or amending any major financial business activities such as acquisition or disposal of assets, engaging in derivative commodity transactions, lending monies to others, endorsing or providing guarantees for others in accordance with the provisions of Article 36 of the Taiwan Securities and Exchange Act. 5. Offering, issue or private placement of equity securities. 6. Appointment and/or dismissal of financial, accounting or internal audit officers. 7. Donations to related parties or major donations to non-related parties, with the exception of public welfare donations for relief after large-scale natural disasters, which donations may be raised for discussion at the next Board Meeting for ratification. 	<ol style="list-style-type: none"> I. With a view to Article 14-5 of the Securities and Exchange Act, Article 1, paragraph 3 has added the "Evaluation of the Effectiveness of the Internal Control System" as a major item among the duties of the audit committee that must be discussed by the Board of Directors. II. In order to clarify the powers of the Independent Directors and further strengthen their participation in the operations of the Board of Directors, Article 5 has been amended by stipulating that at least one Independent Director must be present in person at every meeting of the Board of Directors. In the event of the first Matter Requiring Resolution by the Board of Directors, all Independent Directors must be present. If an Independent Director cannot attend in person, he/she must authorize another Independent Director to represent him/her. III. Paragraphs 2 and 3 have been amended as needed.

Amended provision	Existing provision	Remarks
<p>8. Major matters to be resolved by the Shareholders' Meeting, the Board of Directors, or the competent authorities in accordance with Article 14-3 of the Securities and Exchange Act.</p> <p>The term "related parties" in the preceding paragraph 7 refers to a related party as defined in the Regulations Governing the Preparation of Financial Reports by Securities Issuers. The term "substantial donation to non-related parties" refers to any donation or series of donations within a one-year period to a single recipient that, on an individual basis or cumulatively, amount to TWD 100 million or more, or reach 1 percent of the net operating revenue or 5 percent of the paid-in capital as stated in the audited financial report of the most recent accounting year.</p> <p>The term "within a one-year period" in the previous paragraph refers to the period of one year calculated from the date of the Board Meeting concerned, and resolutions from Board Meetings during that period will not be counted.</p> <p>In the event that a foreign company has shares without nominal value or with a nominal value other than TWD 10, the 5 percent of the paid-in capital in the previous sentence must be calculated as 2.5 percent of the shareholders' equity.</p> <p>Each Board Meeting <u>should have at least one Independent Director in attendance. With regard to the first Matter Requiring Resolution by the Board of Directors, all Independent Directors must be present. If in the latter case, an Independent Director is unable to attend in person, he/she must authorize another Independent Director by proxy.</u></p> <p>If an Independent Director has objections or reservations, these must be included in the minutes of the Board Meeting. If an Independent Director cannot attend a Board Meeting in person for cause to express his/her objections or reservations, he/she must issue a written opinion in advance, which must be must be included in the minutes of the Board Meeting.</p>	<p>8. Major matters to be resolved by the Shareholders' Meeting, the Board of Directors, or the competent authorities in accordance with Article 14-3 of the Securities and Exchange Act.</p> <p>The term "related parties" in the preceding paragraph 7 refers to a related party as defined in the Regulations Governing the Preparation of Financial Reports by Securities Issuers. The term "substantial donation to non-related parties" refers to any donation or series of donations within a one-year period to a single recipient that, on an individual basis or cumulatively, amount to TWD 100 million or more, or reach 1 percent of the net operating revenue or 5 percent of the paid-in capital as stated in the audited financial report of the most recent accounting year.</p> <p>The term "within a one-year period" in the previous paragraph refers to the period of one year calculated from the date of the Board Meeting concerned, and resolutions from Board Meetings during that period will not be counted.</p> <p>In the event that a foreign company has shares without nominal value or with a nominal value other than TWD 10, the 5 percent of the paid-in capital in the previous sentence must be calculated as 2.5 percent of the shareholders' equity.</p> <p>Each Board Meeting With regard to the Matters Requiring Resolution by the Board of Directors pursuant to <u>Article 14-3 of the Securities and Exchange Act</u>, the Independent Directors <u>must be present in person or may authorize other Independent Directors to represent them.</u></p> <p>If an Independent Director has objections or reservations, these must be included in the minutes of the Board Meeting. If an Independent Director cannot attend a Board Meeting in person for cause to express his/her objections or reservations, he/she must issue a written opinion in advance, which must be must be included in the minutes of the Board Meeting.</p>	

The Company's 2017 business report and financial statements along with the independent auditors' report

(1) Business report	18
(2) Independent Auditors' Report.....	21
(3) Consolidated Balance Sheets.....	24
(4) Consolidated Statements of Comprehensive Income.....	26
(5) Consolidated Statements of Changes in Equity.....	27
(6) Consolidated Statements of Cash Flows.....	28
(7) Independent Auditors' Report.....	30
(8) Balance sheet.....	33
(9) Statements of Comprehensive Income.....	35
(10) Statements of Changes in Equity.....	36
(11) Statements of Cash Flows.....	37

2017 Business Report

2017 Business Report

In 2017, TSRC experienced one of the most challenging periods within the past couple of years with unprecedented butadiene price volatility, softened ESR/BR demand, and intense pricing pressure. While we delivered a very good first quarter, we took a bad hit financially in the second quarter with a large quantity of high cost inventories. The team worked hard and managed to recover a good part of the financial hit over the third and fourth quarters. Our fundamental business and customer base remained stable. Overall, Synthetic Rubber Division (SRD) business suffered the biggest reduction in operating profit versus prior year while Advanced Materials Division (AMD) did better against the challenges with a smaller operating profit reduction.

In addition to the lower operating profit by the business units, we took an impairment loss of NTD 283 million due to the dissolution of Taiwan Advanced Materials Corporation (TAMC). The decision to dissolve TAMC was not taken lightly. The investment in TAMC was made in 2012 but market conditions changed significantly and the financial returns originally envisaged were no longer attainable. The approval for construction and environment assessment was delayed and no business activities were possible. The Board of Directors made the difficult decision to dissolve TAMC to prevent further and enlarged loss.

Despite the weaker operating profit, we made strong and positive improvements in the financial performance of our joint ventures (JV), Indian Synthetic Rubber Private Limited (ISRPL) and ARLANXEO-TSRC, and achieved non-operating gains from sales of Taiwan High Speed Rail (THSR) shares.

The team made good progress in executing the key initiatives of our five-year growth plan. This included increasing sales of higher margin products (SEBS), gaining approval and beginning supply of Advanced Shoe Materials (ASM) to global brand partner, upgraded our R&D and technology facility in Kaohsiung, successfully converting of Kaohsiung ESR and BR production lines to the distributed control system (DCS), and making significant progress in the development of SSBR technology, among many other achievements. These key initiatives are a foundation upon which TSRC can leverage to deliver higher profit growth over the next couple of years.

In total, the synthetic rubber and TPE product shipments reached 483 thousand metric tons in 2017, a reduction of 1% versus prior year. Consolidated revenue was NTD 31,766 million, an increase of 18% compared to NTD 26,955 million the previous year. Consolidated gross profit was down by 14% to NTD 3,329 million and margin was 10%. Consolidated operating profit was NTD 1,203 million, a decrease of 32% compared to the previous year. Consolidated net income was NTD 874 million, a 12% decrease versus prior year, while earnings per share (EPS) fell to NTD 1.06.

TSRC is one of the world's leading providers of specialty materials and solutions in synthetic rubber and TPEs with a strong commitment to innovation, growth and excellence. The newly renovated state-of-the-art Technology Center in Kaohsiung enables the integration of advance product development and characterization facilities into the daily operation of TSRC. At the same time, we also started operation at our newly upgraded Semi-Commercial Plant (SCP) in Kaohsiung to accelerate new product and process development. The key research projects and progress milestones in 2017 included:

- Development of new modifier and microstructure technology platforms to enable next generation products for superior tire performance.
- Development of unique catalyst system and capability to control microstructure of high-cis BR product for use in multiple industries including tires, shoe soles and plastic modification.
- Commercial scale production of green rubber materials to meet the environment-friendly policies and customer demands.
- Technology development in co-polymerization, hydrogenation catalyst, and product finishing platforms to support development of a new generation of HSBC products which provide excellent mechanical properties and touch feel, and can be applied to films, medical and automotive applications.
- Breakthrough in the development of a novel ultrahigh flow SIS product (patent pending) to meet global adhesive and elastic film markets' growth and demands.
- Successful development of high vinyl SEBS with in-house structural modification and new process Technologies for weather-durable and high transparency thin films for medical applications. This project received partial financial support from Taiwan's Industrial Development Bureau.
- The Company was granted 8 patents in 2017.

Most reports hold a cautious optimism regarding global economic growth in 2018 with Europe continuing on a recovery path, stable growth in China (with the Belt and Road Initiative), accelerated growth in India and Southeast Asia, and a stable US economy. However, there are also uncertainties looming on the horizon due to the impact from Brexit, increasing support for economic protectionism, and potential eruptions/disruptions from war, terrorism, and natural disasters.

TSRC will continue to face tough market challenges in 2018 especially in China which is our largest market. Increasing operating cost, environmental compliance cost and risk, and freight & logistic costs coupled with limited pricing power (as a result of overcapacity and increased competition) are expected to add tremendous pressure on TSRC to realize our targeted profitability. Nevertheless, we do not expect, in 2018, to face all of the same negative factors from 2017. We will continue to leverage on the progress we have made on our five-year growth plan initiatives and focus on growing our operating profit and expanding our position in specialty applications and market segments. In addition, we have started the project of constructing a new 20,000 metric tons SEBS line in Nantong, China, scheduled to be operational mid-2019. This new line will incorporate new processes and technologies and enable TSRC to grow and strengthen our market position in TPE via selling into applications which require higher performance and quality materials.

In summary, TSRC underperformed primarily due to the unprecedented butadiene cost volatility, which led to pricing pressure and lower demand and the negative financial impact from liquidation of TAMC. However, there were other positive impacts such as improved JV performance, and negative impacts like the delay in shipment for ASM. Overall, TSRC's financial performance in 2017 was decent given the challenging butadiene environment for a company without backward integration into butadiene. The adjusted Net Income and EPS (excluding TAMC's loss) was ahead of 2016's financial performance. The team has made good progress on key initiatives under our five-year business plan and continues to move forward in becoming a specialty chemical company.

Chairman :Shao Yu Wang

Manager :Joseph Chai

Chief Accountant :Ming-Huang Chen

2.

Independent Auditor's Report

To the Board of Directors of TSRC Corporation:

Opinion

We have audited the consolidated financial statements of TSRC Corporation and subsidiaries ("the Group"), which comprise the consolidated statement of financial position as of December 31, 2017 and 2016, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the years ended December 31, 2017 and 2016, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2017 and 2016, and its consolidated financial performance and its consolidated cash flows for the years ended December 31, 2017 and 2016 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"), interpretation as well as related guidance endorsed by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audit 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.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year end December 31, 2017. 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.

1. Revenue recognition

Please refer to note 4(q) and note 6(t) for disclosures related to revenue recognition.

Description of key audit matter:

Revenue is the key indicator used by investors and management while evaluating the Group's finance or operating performance. Therefore, the accuracy of the timing and amount of revenue recognized has significant impact on the financial statements. Therefore, we consider it as a key audit matter.

How the matter was addressed in our audit:

Testing the effectiveness of design and implementing the internal control (both manual and system control) of sales and collecting cycle; reviewing significant sales contracts to determine whether the accounting treatment is reasonable; analyzing the changes in top 10 customers from the most recent period and last year, and the changes in the price and quantity of each category of product line to determine whether if there are any significant misstatements; selecting sales transactions from a period of time before and after the balance sheet date, and verifying with the vouchers to determine the accuracy of the timing and amounts of revenue recognition; understanding whether if there is a significant subsequent sales return or discount; and reviewing whether the disclosure of revenue made by the management is appropriate.

2. Inventory measurement

Please refer to note 4(h), note 5, and note 6(e) for disclosures related to inventory measurement.

Description of key audit matter:

The inventory of the Group includes various types of synthetic rubber and its raw material. Since there is an oversupply and a low market demand in the rubber manufacturing industry, which may result in a decline on the price of raw material, the carrying value of inventories may exceed its net realizable value. The measurement of inventory depends on the evaluation of the management based on evidence from internal and external, both subjective and objective. Therefore, we consider it as a key audit matter.

How the matter was addressed in our audit:

The key audit procedures performed is to understand management's accounting policy of inventory measurement and determine whether if it is reasonable and is being implement. The procedures includes reviewing the inventory aging documents and analyzing its changes; obtaining the documents of inventory measurement and evaluating whether if the bases used for net realizable value is reasonable; selecting samples and verifying them with the vouchers to test the accuracy of the amount; and reviewing whether the disclosure of inventory measurement made by the management is appropriate.

Other Matter

TSRC Corporation and subsidiaries has additionally prepared its parent company only financial statements as of and for the years ended December 31, 2017 and 2016, on which we have issued an unqualified opinion.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with 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 management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance 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 auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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 management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
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 current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditor's report are Po-Shu Huang and Ann-Tien Yu.

KPMG
Taipei, Taiwan (Republic of China)
March 15, 2018

3.

TSRC CORPORATION AND SUBSIDIARIES
Consolidated Balance Sheets
December 31, 2017 and 2016
(expressed in thousands of New Taiwan dollar)

Assets	Dec.31, 2017		Dec.31, 2016	
	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
Current assets:				
Cash and cash equivalents	\$ 3,560,440	12	3,508,340	12
Notes receivable, net	909,467	3	657,959	2
Accounts receivable, net	2,907,588	10	3,286,913	11
Other receivable	76,088	—	132,978	1
Current income tax assets	38,795	—	55,785	—
Inventories	6,040,680	21	5,379,908	18
Other current assets	<u>380,569</u>	<u>1</u>	<u>605,519</u>	<u>2</u>
Total current assets	<u>13,913,627</u>	<u>47</u>	<u>13,627,402</u>	<u>46</u>
Non-current assets:				
Available-for-sale financial assets—non-current	1,120,121	4	1,336,406	5
Investments accounted for under equity method	1,123,944	4	1,236,754	4
Property, plant and equipment	8,558,709	29	8,947,258	30
Investment property	1,611,050	6	1,625,775	5
Intangible assets	1,942,350	7	2,179,937	7
Deferred income tax assets	292,498	1	321,717	1
Other non-current assets	<u>437,042</u>	<u>2</u>	<u>494,678</u>	<u>2</u>
Total non-current assets	<u>15,085,714</u>	<u>53</u>	<u>16,142,525</u>	<u>54</u>
Total assets	<u>\$ 28,999,341</u>	<u>100</u>	<u>29,769,927</u>	<u>100</u>

TSRC CORPORATION AND SUBSIDIARIES
Consolidated Balance Sheets
December 31, 2017 and 2016
(expressed in thousands of New Taiwan dollar)

Liabilities and Equity	Dec.31, 2017		Dec.31, 2016	
	Amount	%	Amount	%
Current liabilities:				
Short-term borrowings	\$ 6,365,254	22	5,846,074	20
Current portion of long-term borrowings	800,000	3	813,171	3
Short-term commercial paper payable	349,975	1	—	—
Financial liabilities at fair value through profit or loss — current	226	—	—	—
Accounts payable	1,793,092	6	1,779,577	6
Accounts payable — related parties	35,663	—	2,535	—
Current income tax liabilities	118,045	—	72,878	—
Other payable	1,170,557	4	1,250,649	4
Other current liabilities	178,461	1	199,014	1
Total current liabilities	10,811,273	37	9,963,898	34
Non-Current liabilities:				
Long-term borrowings	800,000	3	1,806,586	6
Provision liabilities — non-current	26,999	—	22,958	—
Deferred income tax liabilities	665,560	2	670,435	2
Other non-current liabilities	252,063	1	254,225	1
Total non-current liabilities	1,744,622	6	2,754,204	9
Total liabilities	12,555,895	43	12,718,102	43
Equity attributable to shareholders of the company:				
Common stock	8,257,099	29	8,257,099	28
Capital surplus	41,043	—	849	—
Retained earnings:				
Legal reserve	3,770,512	13	3,671,676	12
Unappropriated earnings	1,661,324	6	1,709,336	6
	5,431,836	19	5,381,012	18
Other equity:				
Financial statement translation differences for foreign operations	512,008	2	990,359	3
Unrealized gain on valuation of available-for-sale financial assets	623,809	2	735,464	2
Loss on effective portion of cash flow hedges	11,721	—	(23,562)	—
	1,147,538	4	1,702,261	5
Total equity attributable to shareholders of the company	14,877,516	52	15,341,221	51
Non-controlling interests	1,565,930	5	1,710,604	6
Total equity	16,443,446	57	17,051,825	57
Total liabilities and equity	\$ 28,999,341	100	29,769,927	100

Chairman :Shao Yu Wang

Manager :Joseph Chai

Chief Accountant :Ming-Huang Chen

4.

TSRC CORPORATION AND SUBSIDIARIES
Consolidated Statements of Operations
For the years ended December 31, 2017 and 2016
(expressed in thousands of New Taiwan dollars)

	Dec.31, 2017		Dec.31, 2016	
	Amount	%	Amount	%
Revenue	\$ 31,766,237	100	26,955,090	100
Operating costs	28,437,358	90	23,074,209	86
Gross profit	3,328,879	10	3,880,881	14
Operating expenses:				
Selling expenses	950,976	3	931,596	3
General and administrative expenses	1,018,863	3	968,874	3
Research and development expenses	375,550	1	346,700	1
Total operating expenses	2,345,389	7	2,247,170	7
Other income and expenses, net	219,036	1	131,235	—
Operating profit	1,202,526	4	1,764,946	7
Non-operating income and expenses:				
Interest income	51,122	—	42,883	—
Other gains and losses	231,602	1	40,286	—
Finance costs	(188,149)	(1)	(151,557)	(1)
Share of loss of associates and joint ventures accounted for under equity method	(159,966)	—	(89,248)	—
Total non-operating income and expenses	(65,391)	—	(157,636)	(1)
Net income before tax	1,137,135	4	1,607,310	6
Less: Tax expense	287,418	1	513,703	2
Net income	849,717	3	1,093,607	4
Other comprehensive income (loss):				
Components of other comprehensive income that will not be reclassified to profit or loss				
Gains (losses) on remeasurements of defined benefit plans	2,427	—	(63,624)	—
Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	—	—	—	—
Total	2,427	—	(63,624)	—
Components of other comprehensive income that will be reclassified to profit or loss				
Items that may be reclassified subsequently to profit or loss:				
Financial statements translation differences for foreign operations	(550,512)	(2)	(780,648)	(3)
Unrealized gains (losses) on valuation of available-for-sale financial assets	(111,655)	—	(164,438)	(1)
Share of other comprehensive income (loss) of associates and joint ventures accounted for under equity method	91,145	—	(63,518)	—
Income tax expense relating to components of other comprehensive income (loss)	—	—	—	—
Total	(571,022)	(2)	(1,008,604)	(4)
Other comprehensive income (loss), net of tax	(568,595)	(2)	(1,072,228)	(4)
Total comprehensive income	\$ 281,122	1	21,379	—
Net income (loss) attributable to:				
Shareholders of parent	\$ 874,107	3	988,352	4
Non-controlling interests	(24,390)	—	105,255	—
	\$ 849,717	3	1,093,607	4
Total comprehensive income attributable to:				
Shareholders of parent	\$ 321,811	1	54,268	—
Non-controlling interests	(40,689)	—	(32,889)	—
	\$ 281,122	1	21,379	—
Basic earnings per share (Diluted earnings per share) (in New Taiwan dollars) (note 6(r))	\$ 1.06		1.20	

Chairman :Shao Yu Wang

Manager :Joseph Chai

Chief Accountant :Ming-Huang Chen

5.

TSRC CORPORATION AND SUBSIDIARIES
Consolidated Statements of Changes in Equity
For the years ended December 31, 2017 and 2016
(expressed in thousands of New Taiwan dollars)

Equity attributable to shareholders of the parent

	Common stock	Capital surplus	Retained earnings			Other equity adjustments			Total	Total equity attributable to shareholders of the parent	Non-controlling interests	Total
			Legal reserve	Unappropriated earnings	Total	Financial statement translation differences for foreign operations	Unrealized gain (loss) on valuation of available-for-sale financial assets	Loss on effective portion of cash flow hedges				
Balance at January 1, 2016	\$ 8,257,099	849	3,618,765	1,795,251	5,414,016	1,672,819	899,902	–	2,572,721	16,244,685	1,832,429	18,077,114
Appropriations and distributions:												
Legal reserve	–	–	52,911	(52,911)	–	–	–	–	–	–	–	–
Cash dividends	–	–	–	(875,253)	(875,253)	–	–	–	–	(875,253)	(88,936)	(964,189)
Net income	–	–	–	988,352	988,352	–	–	–	–	988,352	105,255	1,093,607
Other comprehensive income (loss)	–	–	–	(63,624)	(63,624)	(682,460)	(164,438)	(23,562)	(870,460)	(934,084)	(138,144)	(1,072,228)
Total comprehensive income (loss)	–	–	–	924,728	924,728	(682,460)	(164,438)	(23,562)	(870,460)	54,268	(32,889)	21,379
Changes in ownership interests in subsidiaries under equity method	–	–	–	(82,479)	(82,479)	–	–	–	–	(82,479)	–	(82,479)
Balance at December 31, 2016	\$ 8,257,099	849	3,671,676	1,709,336	5,381,012	990,359	735,464	(23,562)	1,702,261	15,341,221	1,710,604	17,051,825
Appropriations and distributions:												
Legal reserve	–	–	98,836	(98,836)	–	–	–	–	–	–	–	–
Cash dividends	–	–	–	(825,710)	(825,710)	–	–	–	–	(825,710)	(36,664)	(862,374)
Other changes in capital surplus	–	40,194	–	–	–	–	–	–	–	40,194	–	40,194
Net income	–	–	–	874,107	874,107	–	–	–	–	874,107	(24,390)	849,717
Other comprehensive income (loss)	–	–	–	2,427	2,427	(478,351)	(111,655)	35,283	(554,723)	(552,296)	(16,299)	(568,595)
Total comprehensive income (loss)	–	–	–	876,534	876,534	(478,351)	(111,655)	35,283	(554,723)	321,811	(40,689)	281,122
Change in ownership interests in subsidiaries	–	–	–	–	–	–	–	–	–	–	(67,321)	(67,321)
Balance at December 31, 2017	\$ 8,257,099	41,043	3,770,512	1,661,324	5,431,836	512,008	623,809	11,721	1,147,538	14,877,516	1,565,930	16,443,446

Chairman :Shao Yu Wang

Manager :Joseph Chai

Chief Accountant :Ming-Huang Chen

6.

TSRC CORPORATION AND SUBSIDIARIES
Consolidated Statements of Cash Flows
For the years ended December 31, 2017 and 2016
(expressed in thousands of New Taiwan dollars)

	2017	2016
Cash flows from operating activities:		
Consolidated net income before tax	\$ 1,137,135	1,607,310
Adjustments:		
Adjustments to reconcile profit and loss:		
Depreciation	868,770	914,745
Amortization	149,004	170,370
Interest expense	188,149	151,557
Interest income	(51,122)	(42,883)
Dividend income	(52,343)	(64,021)
Share of profit of associates and joint ventures accounted for under equity method	159,966	89,248
Loss on disposal of property, plan and equipment	8,997	10,795
Gain on disposal of investments	(154,458)	—
Amortization of long-term prepaid rent	9,960	11,065
Total adjustments to reconcile profit and loss	1,126,923	1,240,876
Changes in operating assets and liabilities:		
Net changes in operating assets:		
Notes receivable	(251,508)	(41,701)
Accounts receivable	378,265	(741,838)
Other receivable	54,605	21,635
Inventories	(660,772)	(597,365)
Other current assets	224,593	(350,128)
Total changes in operating assets, net	(254,817)	(1,709,397)
Net changes in operating liabilities:		
Financial liabilities at fair value through profit or loss	226	—
Accounts payable	13,936	438,155
Accounts payable—related parties	33,128	(10,660)
Other payable	(116,087)	145,088
Other current liabilities	(20,553)	(61,058)
Net defined benefit liability	2,761	(200,210)
Other operating liabilities	4,013	(2,287)
Total changes in operating liabilities, net	(82,576)	309,028
Total changes in operating assets and l iabilities, net	(337,393)	(1,400,369)
Total adjustments	789,530	(159,493)
Cash provided by operating activities	1,926,665	1,447,817
Interest income received	52,558	36,672
Interest paid	(187,060)	(149,359)
Income taxes paid	(200,917)	(427,159)
Net cash provided by operating activities	1,591,246	907,971

TSRC CORPORATION AND SUBSIDIARIES
Consolidated Statements of Cash Flows (Continued)
For the years ended December 31, 2017 and 2016
(expressed in thousands of New Taiwan dollars)

	2017	2016
Cash flows from investing activities:		
Proceeds from disposal of available-for-sale financial assets	254,448	—
Acquisition of investments accounted for under equity method	—	(222,629)
Acquisition of property, plant and equipment	(652,568)	(501,233)
Proceeds from disposal of property, plant and equipment	2,082	722
Decrease in other non-current assets	29,481	34,616
Dividends received	52,343	106,491
Lose control of subsidiaries	(81,959)	—
Net cash used in investing activities	(396,173)	(582,033)
Cash flows from financing activities:		
Increase in short-term borrowings	37,497,175	19,983,342
Decrease in short-term borrowings	(36,871,867)	(18,003,357)
Increase in short-term commercial paper payable	3,742,751	1,518,221
Decrease in short-term commercial paper payable	(3,392,776)	(1,818,136)
Repayments of long-term borrowings	(984,638)	(1,097,803)
Decrease in finance lease liabilities	(6,509)	(6,435)
Cash dividends paid	(861,089)	(963,742)
Overaging unclaimed dividends	40,194	—
Net cash used in financing activities	(836,759)	(387,910)
Effects of changes in exchange rates	(306,214)	(410,976)
Net increase (decrease) in cash and cash equivalents	52,100	(472,948)
Cash and cash equivalents at beginning of period	3,508,340	3,981,288
Cash and cash equivalents at end of period	\$ 3,560,440	3,508,340

Chairman :Shao Yu Wang

Manager :Joseph Chai

Chief Accountant :Ming-Huang Chen

Individual financial statement

Independent Auditor's Report

To the Board of Directors of TSRC Corporation:

Opinion

We have audited the financial statements of TSRC Corporation, which comprise the statement of financial position as of December 31, 2017 and 2016, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the years ended December 31, 2017 and 2016, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the TSRC Corporation as of December 31, 2017 and 2016, and its financial performance and its cash flows for the years ended December 31, 2017 and 2016 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"), interpretation as well as related guidance endorsed by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audit 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 Financial Statements section of our report. We are independent of the TSRC Corporation 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 for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year end December 31, 2017. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

1. Revenue recognition

Please refer to note 4(q) and note 6(r) for disclosures related to revenue recognition.

Description of key audit matter:

Revenue is the key indicator used by investors and management while evaluating the Company's finance or operating performance. Therefore, the accuracy of the timing and amount of revenue recognition has significant impact to the financial statements. Therefore, we consider it as a key audit matter.

How the matter was addressed in our audit:

Testing the effectiveness of design and implementing the internal control (both manual and system control) of sales and collecting cycle; reviewing significant sales contracts to determine whether the accounting treatment is reasonable; analyzing the changes in top 10 customers from the most recent period and last year, and the changes in the price and quantity of each category of product line to determine whether if there are any significant misstatements; selecting sales transactions from a period of time before and after the balance sheet date, and verifying with the vouchers to determine the accuracy of the timing and amounts of revenue recognized; understanding whether if there is a significant subsequent sales return or discount; and reviewing whether the disclosure of revenue made by the management is appropriate.

2. Inventory measurement

Please refer to note 4(g), note 5, and note 6(e) for disclosures related to inventory measurement.

Description of key audit matter:

The inventory of the Company includes various types of synthetic rubber and its raw material. Since there is an oversupply and a low market demand in the rubber manufacturing industry, which may result in a decline on the price of raw material, the carrying value of inventories may exceed its net realizable value. The measurement of inventory depends on the evaluation of the management based on evidence from internal and external, both subjective and objective. Therefore, we consider it as a key audit matter.

How the matter was addressed in our audit:

The key audit procedures performed is to understand management's accounting policy of inventory measurement and determine whether it is reasonable and is being implemented. The procedures include reviewing the inventory aging documents and analyzing its changes; obtaining the documents of inventory measurement and evaluating whether the bases used for net realizable value is reasonable; selecting samples and verifying them with the vouchers to test the accuracy of the amount; and reviewing whether the disclosure of inventory measurement made by the management is appropriate.

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

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

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

Those charged with governance are responsible for overseeing the TSRC Corporation'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 auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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 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 TSRC Corporation's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the TSRC Corporation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the TSRC Corporation to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the TSRC Corporation to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditor's report are Po-Shu Huang and Ann-Tien Yu.

KPMG
Taipei, Taiwan (Republic of China)
March 15, 2018

8.

TSRC CORPORATION
Balance Sheets
December 31, 2017 and 2016
(expressed in thousands of New Taiwan dollar)

Assets	Dec.31, 2017		Dec.31, 2016	
	Amount	%	Amount	%
Current assets:				
Cash and cash equivalents	\$ 231,989	1	211,759	1
Notes receivable, net	348	—	1,305	—
Accounts receivable, net	1,030,480	5	1,314,961	6
Accounts receivable—related-parties	39,864	—	56,205	—
Other receivable	140,819	1	141,662	1
Current income tax assets	114	—	54,259	—
Inventories	2,171,015	10	2,020,965	9
Other current assets	<u>94,933</u>	<u>—</u>	<u>84,552</u>	<u>—</u>
Total current assets	<u>3,709,562</u>	<u>17</u>	<u>3,885,668</u>	<u>17</u>
Non-current assets:				
Available-for-sale financial assets—non-current	936,362	4	1,116,683	5
Investments accounted for under equity method	13,457,697	60	13,286,327	58
Property, plant and equipment	2,760,238	12	2,699,834	12
Investment property	1,611,050	7	1,625,775	8
Intangible assets	86,312	—	37,972	—
Deferred income tax assets	85,326	—	87,321	—
Other non-current assets	<u>13,966</u>	<u>—</u>	<u>8,946</u>	<u>—</u>
Total non-current assets	<u>18,950,951</u>	<u>83</u>	<u>18,862,858</u>	<u>83</u>
Total assets	<u><u>\$ 22,660,513</u></u>	<u><u>100</u></u>	<u><u>22,748,526</u></u>	<u><u>100</u></u>

TSRC CORPORATION
Balance Sheets
December 31, 2017 and 2016
(expressed in thousands of New Taiwan dollar)

Liabilities and Equity	<u>Dec.31, 2017</u>		<u>Dec.31, 2016</u>	
	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
Current liabilities:				
Short-term borrowings	\$ 3,809,306	17	3,065,704	13
Current portion of long-term borrowings	800,000	3	400,000	2
Short-term commercial paper payable	349,975	2	—	—
Financial liabilities at fair value through profit or	226	—	—	—
Accounts payable	719,356	3	1,121,285	5
Other payable	584,292	3	510,960	2
Current income tax liabilities	5,797	—	—	—
Other current liabilities	35,438	—	43,179	—
Total current liabilities	<u>6,304,390</u>	<u>28</u>	<u>5,141,128</u>	<u>22</u>
Non-Current liabilities:				
Long-term borrowings	800,000	4	1,600,000	7
Provision liabilities - non current	26,999	—	22,958	—
Deferred income tax liabilities	425,853	2	411,205	2
Other non-current liabilities	225,755	1	232,014	1
Total non-current liabilities	<u>1,478,607</u>	<u>7</u>	<u>2,266,177</u>	<u>10</u>
Total liabilities	<u>7,782,997</u>	<u>35</u>	<u>7,407,305</u>	<u>32</u>
Equity attributable to shareholders of the company:				
Common stock	8,257,099	36	8,257,099	36
Capital surplus	41,043	—	849	—
Retained earnings:				
Legal reserve	3,770,512	17	3,671,676	16
Unappropriated earnings	1,661,324	7	1,709,336	8
	<u>5,431,836</u>	<u>24</u>	<u>5,381,012</u>	<u>24</u>
Other equity:				
Financial statements translation differences for foreign operations	512,008	2	990,359	5
Unrealized gain on valuation of available-for-sale financial assets	623,809	3	735,464	3
Loss on effective portion of cash flow hedges	11,721	—	(23,562)	—
Total equity	<u>1,147,538</u>	<u>5</u>	<u>1,702,261</u>	<u>8</u>
	<u>14,877,516</u>	<u>65</u>	<u>15,341,221</u>	<u>68</u>
Total liabilities and equity	<u>\$ 22,660,513</u>	<u>100</u>	<u>22,748,526</u>	<u>100</u>

Chairman :Shao Yu Wang

Manager :Joseph Chai

Chief Accountant :Ming-Huang Chen

TSRC CORPORATION
Statements of Comprehensive Income
For the years ended December 31, 2017 and 2016
(expressed in thousands of New Taiwan dollars)

	2017		2016	
	Amount	%	Amount	%
Revenue	\$ 11,254,655	100	8,831,537	100
Operating costs	10,359,649	92	7,960,783	90
Gross profit from operations	895,006	8	870,754	10
Less: Unrealized gain (loss) on affiliated transactions	(1,992)	—	911	—
Gross profit	896,998	8	869,843	10
Operating expenses:				
Selling expenses	355,972	3	321,552	4
General and administrative expenses	454,706	4	418,162	5
Research and development expenses	239,232	2	213,048	2
Total operating expenses	1,049,910	9	952,762	11
Other income and expenses, net	259,119	2	226,139	3
Operating profit	106,207	1	143,220	2
Non-operating income and expenses:				
Interest income	5,601	—	16,273	—
Other gains and losses	222,718	2	56,577	1
Finance costs	(71,568)	(1)	(57,909)	—
Share of profit from the subsidiaries, the associates and the joint ventures	633,589	6	913,405	10
Total non-operating income and expenses	790,340	7	928,346	11
Net income before tax	896,547	8	1,071,566	13
Less: Tax expense	22,440	—	83,214	1
Net income	874,107	8	988,352	12
Other comprehensive income (loss):				
Components of other comprehensive income that will not be reclassified to profit or loss				
Gains (losses) on remeasurements of defined benefit plans	2,427	—	(63,624)	(1)
Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	—	—	—	—
Components of other comprehensive income that will not be reclassified to profit or loss	2,427	—	(63,624)	(1)
Items that may be reclassified subsequently to profit or loss				
Financial statements translation differences for foreign operations	(478,351)	(4)	(682,460)	(8)
Unrealized gains (losses) on valuation of available-for-sale financial assets	(80,331)	(1)	(32,854)	—
Share of other comprehensive income (loss) of associates and joint ventures accounted for under equity method	3,959	—	(155,146)	(2)
Income tax expense relating to components of other comprehensive income (loss)	—	—	—	—
Components of other comprehensive income that will be reclassified to profit or loss	(554,723)	(5)	(870,460)	(10)
Other comprehensive income (loss), net of tax	(552,296)	(5)	(934,084)	(11)
Total comprehensive income	\$ 321,811	3	54,268	1
Basic earnings per share (Diluted earnings per share) (in New Taiwan dollars)	\$ 1.06		1.20	

Chairman :Shao Yu Wang

Manager :Joseph Chai

Chief Accountant :Ming-Huang Chen

10.

TSRC CORPORATION
Statements of Changes in Equity
For the years ended December 31, 2017 and 2016
(expressed in thousands of New Taiwan dollars)

	Common stock	Capital surplus	Retained earnings			Other equity adjustments			Total	Total
			Legal reserve	Unappropriated earnings	Total	Financial statement translation differences for foreign operations	Unrealized gain (loss) on valuation of available-for-sale financial assets	Loss on effective portion of cash flow hedges		
Balance at January 1, 2016	\$ 8,257,099	849	3,618,765	1,795,251	5,414,016	1,672,819	899,902	-	2,572,721	16,244,685
Appropriations and distributions:										
Legal reserve	-	-	52,911	(52,911)	-	-	-	-	-	-
Cash dividends	-	-	-	(875,253)	(875,253)	-	-	-	-	(875,253)
Net income	-	-	-	988,352	988,352	-	-	-	-	988,352
Other comprehensive income (loss)	-	-	-	(63,624)	(63,624)	(682,460)	(164,438)	(23,562)	(870,460)	(934,084)
Total comprehensive income (loss)	-	-	-	924,728	924,728	(682,460)	(164,438)	(23,562)	(870,460)	54,268
Changes in ownership interests in subsidiaries under equity method	-	-	-	(82,479)	(82,479)	-	-	-	-	(82,479)
Balance at December 31, 2016	\$ 8,257,099	849	3,671,676	1,709,336	5,381,012	990,359	735,464	(23,562)	1,702,261	15,341,221
Appropriations and distributions:										
Legal reserve	-	-	98,836	(98,836)	-	-	-	-	-	-
Cash dividends	-	-	-	(825,710)	(825,710)	-	-	-	-	(825,710)
Other changes in capital surplus	-	40,194	-	-	-	-	-	-	-	40,194
Net income	-	-	-	874,107	874,107	-	-	-	-	874,107
Other comprehensive income (loss)	-	-	-	2,427	2,427	(478,351)	(111,655)	35,283	(554,723)	(552,296)
Total comprehensive income (loss)	-	-	-	876,534	876,534	(478,351)	(111,655)	35,283	(554,723)	321,811
Balance at December 31, 2017	\$ 8,257,099	41,043	3,770,512	1,661,324	5,431,836	512,008	623,809	11,721	1,147,538	14,877,516

Note: For the years 2017 and 2016 the estimated amount of directors' remuneration were \$9,558 thousand and \$11,180 thousand, respectively, and the estimated amounts of employees' bonuses were amounting to \$49,732 thousand and \$35,219 thousand, respectively, were recorded as operating cost or operating expenses in the respective periods.

Chairman :Shao Yu Wang

Manager :Joseph Chai

Chief Accountant :Ming-Huang Chen

TSRC CORPORATION
Statements of Cash Flows
For the years ended December 31, 2017 and 2016
(expressed in thousands of New Taiwan dollars)

Cash flows from operating activities:	2017	2016
Net income before tax	\$ 896,547	1,071,566
Adjustments:		
Adjustments to reconcile profit and loss:		
Depreciation	272,809	270,930
Amortization	21,973	20,830
Interest expense	71,568	57,909
Interest income	(5,601)	(16,273)
Dividend income	(51,779)	(55,133)
Share of profit of subsidiaries, associates and joint ventures accounted for under equity method	(633,589)	(913,405)
Loss on disposal of property, plan and equipment	373	—
Gain on disposal of investments	(154,458)	—
Unrealized profit (loss) on affiliated transactions	(1,992)	911
Unearned revenue from technology provided to investee	(6,140)	(19,147)
Total adjustments to reconcile profit and loss	(486,836)	(653,378)
Changes in operating assets and liabilities:		
Net changes in operating assets:		
Notes receivable	957	(655)
Accounts receivable	284,481	(331,479)
Accounts receivable - related parties	16,341	15,196
Other receivable	185	113,498
Inventories	(150,050)	(326,519)
Other current assets	(10,381)	(11,115)
Total changes in operating assets, net	141,533	(541,074)
Net changes in operating liabilities:		
Financial liabilities at fair value through profit or loss	226	—
Accounts payable	(401,929)	564,050
Other payable	29,085	(16,614)
Other current liabilities	(7,741)	(11,154)
Net defined benefit liabilities	2,761	(200,210)
Other operating liabilities	(84)	(31,692)
Total changes in operating liabilities, net	(377,682)	304,380
Total changes in operating assets and liabilities, net	(236,149)	(236,694)
Total adjustments	(722,985)	(890,072)
Cash provided by operating activities	173,562	181,494
Interest income received	6,259	11,338
Interest paid	(71,181)	(56,377)
Income taxes refund (paid)	54,145	(18,173)
Net cash provided by operating activities	162,785	118,282

TSRC CORPORATION
Statements of Cash Flows-continued
For the years ended December 31, 2017 and 2016
(expressed in thousands of New Taiwan dollars)

	2017	2016
Cash flows from investing activities:		
Proceeds from disposal of available-for-sale financial assets	254,448	—
Acquisition of property, plant and equipment	(346,599)	(300,706)
Increase in other non-current assets	(5,020)	(3,247)
Dividends received	51,779	55,133
Net cash used in investing activities	(45,392)	(248,820)
Cash flows from financing activities:		
Increase in short-term borrowings	23,587,030	11,394,816
Decrease in short-term borrowings	(22,843,428)	(10,269,501)
Increase in short-term commercial paper payable	3,742,751	1,518,221
Decrease in short-term commercial paper payable	(3,392,776)	(1,818,136)
Repayments of long-term borrowings	(400,000)	—
Decrease in finance lease liabilities	(6,509)	(6,435)
Cash dividends paid	(824,425)	(874,806)
Overaging unclaimed dividends	40,194	—
Net cash used in financing activities	(97,163)	(55,841)
Net increase (decrease) in cash and cash equivalents	20,230	(186,379)
Cash and cash equivalents at beginning of period	211,759	398,138
Cash and cash equivalents at end of period	<u>\$ 231,989</u>	<u>211,759</u>

Chairman :Shao Yu Wang

Manager :Joseph Chai

Chief Accountant :Ming-Huang Chen

Attachment 4

Comparison table of amendments to the Company's Articles of Incorporation

Amended provision	Existing provision	Remarks
<p>Article 5</p> <p>The capital share of the company is NTD\$ <u>12,000,000,000</u>, divided into <u>1,200,000,000</u> shares at NTD\$ <u>10</u> per share and issued in installment by the board of directors subject to the actual circumstances.</p> <p>It is not necessary to print stock certificates for the shares issued by the company, or the stock certificates shall be printed altogether when new shares are issued, provided that they should be registered or kept by a central depository organization.</p>	<p>Article 5</p> <p>The capital share of the company is NTD\$ <u>9,000,000,000</u>, divided into <u>900,000,000</u> shares at NTD\$ <u>10</u> per share and issued in installment by the board of directors subject to the actual circumstances.</p> <p>It is not necessary to print stock certificates for the shares issued by the company, or the stock certificates shall be printed altogether when new shares are issued, provided that they should be registered or kept by a central depository organization.</p>	<p>In line with the needs of the Company's business development, the Company's total capital will increase to TWD 12 billion.</p>
<p>Article 6</p> <p>"Deleted"</p>	<p>Article 6</p> <p><u>When the company issues new shares, the shareholders have the preemptive over the shares according to their respective shareholding, other than the shares to be retained for employees' subscription pursuant to the Company Act.</u></p>	<p>Except for the Company's issuance of new shares in accordance with the Company Act, the Securities and Exchange Act stipulates that a part of new shares must be issued publicly. This duplicate provision has therefore been removed.</p>
<p>Article 7</p> <p><u>Except when not printed in accordance with regulations, the shares of the Company are registered by name and are issued in accordance with the Company Act and other relevant laws and regulations.</u></p>	<p>Article 7</p> <p><u>Registered shares of the company will be signed or sealed by the Chairman and more than two directors and issued upon being certified the competent authority or the authorized registration organization.</u></p>	<p>This article is amended to reflect that shares of listed companies are no longer issued and distributed physically.</p>
<p>Article 8</p> <p>"Deleted"</p>	<p>Article 8</p> <p><u>Shareholders shall report their real names and residences to the company and prepare their specimen seal certificates which shall be delivered to the company or the designated stock agent for record.</u></p>	<p>This article has been amended to reflect current practice.</p>

Amended provision	Existing provision	Remarks
<p>Article 9</p> <p><u>The transfer, encumbrance, loss, succession, and donation of shares of shareholders of the Company, the loss or change of a seal of a shareholder, a change of address, and such shares management issues are handled in accordance with the “Regulations Governing the Administration of Shareholder Services of Public Companies.”</u></p>	<p>Article 9</p> <p><u>Where shareholders wish to transfer their shareholdings they shall fill in the written application form for transfer of shares to be signed by assignor and assignee, and then apply for registration of shares with the company or the designated stock agent. The shareholders shall have no locus tandi against the company, unless the transfer of shares is recorded in the company's roster of shareholders.</u></p>	<p>This article has been amended to reflect current practice.</p>
<p>Article 11</p> <p>“Deleted”</p>	<p>Article 11</p> <p>The company's stock affairs shall be handled in accordance with the Company Act and relevant laws.</p>	<p>The provisions on shares management have been incorporated into Article 9. This duplicate provision has therefore been removed.</p>
<p>Article 16</p> <p><u>The Company has five (5) to nine (9) Directors. The Shareholders' Meeting has authorized the Board of Directors to resolve the actual number of candidates to be elected.</u></p> <p>The proportion of the Directors is handled according to the regulations of the competent authority in charge of the securities industry. The election of Directors of the Company uses the candidate nomination system in accordance with the provisions of Article 192 of the Company Act. The shareholders must elect a Director from the list of candidates.</p>	<p>Article 16</p> <p><u>There are nine directors and in the company. The directors shall be elected among the competent shareholders in shareholders' meeting and eligible for reelection. The total shareholding percentage of all directors shall be subject to the requirements defined by the securities management authority. Directors of the Company shall be elected by the shareholders from a list of candidates of directors based on the candidate nomination system under Article 192 of the Company Act.</u></p>	<p>The Article has been amended by changing the original fixed number of Directors to a number within a certain range to be decided by the Board of Directors. A description of the nominations and announcements of Director candidates has been added.</p>
<p>Article 18</p> <p><u>The Directors select a Chairperson from their midst, who represents the company externally.</u></p> <p>The Vice Chairman shall be elected among directors, who shall be the proxy of the Chairman when the Chairman fails to exercise his authority for leave or other causes.</p>	<p>Article 18</p> <p><u>The Directors select a Chairperson from their midst, who represents the company externally and presides over all business.</u></p> <p>The Vice Chairman shall be elected among directors, who shall be the proxy of the Chairman when the Chairman fails to exercise his authority for leave or other causes.</p>	<p>In accordance with Article 208, Item 3 of the Company Act, this Article is amended.</p>

Amended provision	Existing provision	Remarks
<p>Article 28</p> <p>The accounting year of the company runs from January 1st to December 31st each year. The Board of Directors must, <u>at the end of each accounting year</u>, draw up the reports required by Article 228 of the Company Act and submit those to the Shareholders' Meeting for approval.</p>	<p>Article 28</p> <p>The Company's fiscal year shall commence from January 1 to December 31 per year. <u>The final accounting shall take place at the end of the Gregorian calendar.</u> The various documents shall be compiled by the board of directors at the end of the fiscal year pursuant to Article 228 of the Company Act and submitted to the shareholders' meeting for ratification.</p>	<p>This article has been amended to reflect current practice.</p>
<p>Article 29</p> <p>The business operated by the Company has been highly developed and stable, and the Company is orienting itself towards globalization and diversification. In order to cope with the Company's long term programming to ensure the perpetual growth of the enterprise, the Company sets the dividend policy as follows: the profit of annual account, if any, shall deduct the tax and make up the loss carried from previous years, then appropriate 10% as legal reserve fund. The rest shall be distributed or reserved as special reserve pursuant to the Securities and Exchange Act. The distributable earnings shall be the balance after considering the above facts and accounting requirement by the relevant law, if any, plus the unappropriated earnings from the previous period; With regard to distribution of surplus, it is proposed to <u>distribute the available surplus.</u> With regard to the distribution of the dividends of the above-mentioned shareholders, <u>their cash dividend must not be less than 20% of the total amount distributed.</u> The proposal for the said earnings distribution shall be submitted by the board of directors to the shareholders' meeting for approval.</p>	<p>Article 29</p> <p>The business operated by the Company has been highly developed and stable, and the Company is orienting itself towards globalization and diversification. In order to cope with the Company's long term programming to ensure the perpetual growth of the enterprise, the Company sets the dividend policy as follows: the profit of annual account, if any, shall deduct the tax and make up the loss carried from previous years, then appropriate 10% as legal reserve fund. The rest shall be distributed or reserved as special reserve pursuant to the Securities and Exchange Act. The distributable earnings shall be the balance after considering the above facts and accounting requirement by the relevant law, if any, plus the unappropriated earnings from the previous period; With regard to distribution of surplus, it is proposed to <u>distribute more than 50 percent of the available distribution as shareholder dividend.</u> <u>If the dividends of the above-mentioned shareholders are distributed, the cash dividend must not be less than 20%, and the stock dividend must not be higher than 80%.</u> <u>When the company calculates the dividends of the shareholders as less than NTD 0.5 per share, it may retain the available surplus and not distribute it.</u> The proposal for the said earnings distribution shall be submitted by the board of directors to the shareholders' meeting for approval.</p>	<p>With a view to providing greater flexibility in the distribution of surplus, the relevant regulations concerning the distribution of surpluses and shareholders' dividends have been amended.</p>

Amended provision	Existing provision	Remarks
<p>Article 30 “Deleted”</p>	<p>Article 30 <u>The whole or a part of the distributable dividends and bonuses referred to in the preceding article may be paid in accordance with the Company Act in the form of shares newly issued for such purpose.</u></p>	<p>As this article duplicates the provisions of the Company Act, this duplicate provision has been removed.</p>
<p>Article 35. These Articles of incorporation were concluded on July 27, 1973. 1st amendments thereof was made on June 25, 1974, 2nd amendments thereof on April 23, 1975, 3rd amendments on February 17, 1976, 4th amendments thereof on June 30, 1976, 5th amendments thereof on April 26, 1977, 6th amendments thereof on June 20, 1979, 7th amendments thereof on May 23, 1980, 8th amendments thereof on May 11, 1981, 9th amendments thereof on November 25, 1981, 10th amendments thereof on May 24, 1983, 11th amendments thereof on May 23, 1984, 12th amendments thereof on April 26, 1985, 13th amendments thereof on April 29, 1986, 14th amendments thereof on April 29, 1987, 15th amendments thereof on May 10, 1988, 16th amendments thereof on May 12, 1989, 17th amendments thereof on April 12, 1990, 18th amendments thereof on April</p>	<p>Article 35. These Articles of incorporation were concluded on July 27, 1973. 1st amendments thereof was made on June 25, 1974, 2nd amendments thereof on April 23, 1975, 3rd amendments on February 17, 1976, 4th amendments thereof on June 30, 1976, 5th amendments thereof on April 26, 1977, 6th amendments thereof on June 20, 1979, 7th amendments thereof on May 23, 1980, 8th amendments thereof on May 11, 1981, 9th amendments thereof on November 25, 1981, 10th amendments thereof on May 24, 1983, 11th amendments thereof on May 23, 1984, 12th amendments thereof on April 26, 1985, 13th amendments thereof on April 29, 1986, 14th amendments thereof on April 29, 1987, 15th amendments thereof on May 10, 1988, 16th amendments thereof on May 12, 1989, 17th amendments thereof on April 12, 1990, 18th amendments thereof on April</p>	<p>Add the date of amendment</p>

Amended provision	Existing provision	Remarks
<p>24, 1991, 19th amendments thereof on May 14, 1992, 20th amendments thereof on May 20, 1993, 21st amendments thereof on June 27, 1995, 22nd amendments thereof on June 16, 1996, 23rd amendments thereof on May 24, 1997, 24th amendments thereof on May 26, 1998, 25th amendments on May 29, 1999, 26th amendments thereof on May 27, 1990, 27th amendments thereof on June 20, 2002, 28th amendments thereof on May 30, 2003, 29th amendments thereof on May 31, 2005, 30th amendments thereof on June 13, 2008, 31st amendments thereof on June 10, 2011, 32nd amendments thereof on June 6, 2012 and 33rd amendments thereof on June 11, 2014. 34th amendments thereof on June 10, 2015, 35th amendments thereof on June 24, 2016, <u>36th amendments thereof on June 21, 2018.</u></p>	<p>24, 1991, 19th amendments thereof on May 14, 1992, 20th amendments thereof on May 20, 1993, 21st amendments thereof on June 27, 1995, 22nd amendments thereof on June 16, 1996, 23rd amendments thereof on May 24, 1997, 24th amendments thereof on May 26, 1998, 25th amendments on May 29, 1999, 26th amendments thereof on May 27, 1990, 27th amendments thereof on June 20, 2002, 28th amendments thereof on May 30, 2003, 29th amendments thereof on May 31, 2005, 30th amendments thereof on June 13, 2008, 31st amendments thereof on June 10, 2011, 32nd amendments thereof on June 6, 2012 and 33rd amendments thereof on June 11, 2014. 34th amendments thereof on June 10, 2015, 35th amendments thereof on June 24, 2016.</p>	

Attachment 5

Comparison table of amendments to “Procedure for the Acquisition or Disposal of Assets”

Amended provision	Existing provision	Remarks
<p>3. Reference materials</p> <p>3.1 The “Regulations Governing the Acquisition and Disposal of Assets by Public Companies” issued by the Securities and Futures Bureau, Financial Supervisory Commission.</p> <p>3.2 Organizational Procedures of the Company (PNL-01).</p> <p>3.3 Regulations for the Management and Supervision of Reinvestments (IMA-01), Regulations for the Management of New Business/Development and Construction Plans (CPO-02) and Regulations for the Management of Long-term Investment Plans (CPO-01).</p> <p>3.4 Regulations for Fund Management (FIN-13).</p> <p>3.5 (Deleted.)</p> <p>3.6 Regulations for Delegated Responsibility Management at <u>TSRC (PNL-34) and Regulations for Authorization Management at TSRC and Its Subsidiaries (PNL-35)</u>.</p> <p>3.7 Work Rules.</p>	<p>3. Reference materials</p> <p>3.1 The “Regulations Governing the Acquisition and Disposal of Assets by Public Companies” issued by the Securities and Futures Bureau, Financial Supervisory Commission.</p> <p>3.2 Organizational Procedures of the Company (PNL-01).</p> <p>3.3 Regulations for the Management and Supervision of Reinvestments (IMA-01), Regulations for the Management of New Business/Development and Construction Plans (CPO-02) and Regulations for the Management of Long-term Investment Plans (CPO-01).</p> <p>3.4 Regulations for Fund Management (FIN-13).</p> <p>3.5 <u>Regulations for Property Management (GEN-08)</u>.</p> <p>3.6 Regulations for Delegated Responsibility Management at TSRC (PNL-34) and Regulations for Authorization Management at TSRC and Its Subsidiaries (PNL-35).</p> <p>3.7 Work Rules <u>(PNL-25)</u>.</p>	<ul style="list-style-type: none"> • Terms have been amended in line with current regulations and some regulations have been removed.
<p>4. Definition</p> <p>Added</p> <p>4.11 <u>If the company's shares are company shares without nominal value or with a nominal value other than NTD 10, the transaction provisions regarding the handling of transactions amounting to 20% of the paid-in capital must be calculated as 10% of the equity attributable to the shareholders of the parent company.</u></p>	<p>4. Definition</p>	<ul style="list-style-type: none"> • In accordance with Article 33-2 of the “Regulations Governing the Acquisition and Disposal of Assets by Public Companies,” if new company shares are without nominal value or with a nominal value other than NTD 10, the transaction provisions regarding the handling of transactions amounting to 20% of the paid-in capital must be applied for clarity's sake.

Amended provision	Existing provision	Remarks
<p>5 Operating Procedures</p> <p>5.1 Acquisition and Disposal of Property and Equipment</p> <p>5.1.4 The calculation of a transaction amount must be handled in accordance with the provisions of 5.9.2 (a) (7). Within one year from the transaction date, a retrospective calculation must be made for one year retroactive from the transaction date. These Procedures stipulate that the valuation in a professional valuation report does not require an accountant's opinion.</p>	<p>5 Operating Procedures</p> <p>5.1 Acquisition and Disposal of Property and Equipment</p> <p>5.1.4 The calculation of a transaction amount must be handled in accordance with the provisions of 5.9.2 (a) (5). Within one year from the transaction date, a retrospective calculation must be made for one year retroactive from the transaction date. These Procedures stipulate that the valuation in a professional valuation report does not require an accountant's opinion.</p>	<ul style="list-style-type: none"> • The original reference item 5.9.2 (a) (5) has been amended to 5.9.2 (a) (7).
<p>5.2 Acquisition and Disposal of Securities</p> <p>5.2.4 The calculation of a transaction amount must be handled in accordance with the provisions of 5.9.2 (a) (7). Within one year from the transaction date, a retrospective calculation must be made for one year retroactive from the transaction date. These Procedures stipulate that the valuation in a professional valuation report does not require an accountant's opinion.</p>	<p>5.2 Acquisition and Disposal of Securities</p> <p>5.2.4 The calculation of a transaction amount must be handled in accordance with the provisions of 5.9.2 (a) (5). Within one year from the transaction date, a retrospective calculation must be made for one year retroactive from the transaction date. These Guideline stipulate that the valuation in a professional valuation report does not require an accountant's opinion.</p>	<ul style="list-style-type: none"> • The original reference item 5.9.2 (a) (5) has been amended to 5.9.2 (a) (7). • The title of this document has been amended from is Guideline to Procedures.
<p>5.3 Acquisition and Disposal of Membership Cards or Intangible Assets</p> <p>5.3.4 The calculation of a transaction amount must be handled in accordance with the provisions of 5.9.2 (a) (7). Within one year from the transaction date, a retrospective calculation must be made for one year retroactive from the transaction date. These Procedures stipulate that the valuation in a professional valuation report does not require an accountant's opinion.</p>	<p>5.3 Acquisition and Disposal of Membership Cards or Intangible Assets</p> <p>5.3.4 The calculation of a transaction amount must be handled in accordance with the provisions of 5.9.2 (a) (5). Within one year from the transaction date, a retrospective calculation must be made for one year retroactive from the transaction date. These Guideline stipulate that the valuation in a professional valuation report does not require an accountant's opinion.</p>	<ul style="list-style-type: none"> • The original reference item 5.9.2 (a) (5) has been amended to 5.9.2 (a) (7). • The title of this document has been amended from is Guideline to Procedures.

Amended provision	Existing provision	Remarks
<p>5.4 Related Party Transactions</p> <p>5.4.1 Acquisition or disposal of assets involving related parties, must, in addition to being handled in accordance with 5.1, 5.2, and 5.3 above, be handled in accordance with the following resolution provisions and evaluations of the reasonableness of the transaction conditions. If the transaction amount is greater than 10% of the Company's total assets, a professional valuation report or accountant's opinion must be obtained in accordance with the above provisions. The transaction amount must be calculated in accordance with 5.9.2. (A) <u>(7)</u>. Within one year from the transaction date, a retrospective calculation must be made for one year retroactive from the transaction date. These Procedures stipulate that the valuation in a professional valuation report does not require an accountant's opinion. In addition, the assessment of whether a transaction partner is a related party must not only consider the legal form but also the substantive relationship.</p>	<p>5.4 Related Party Transactions</p> <p>5.4.1 Acquisition or disposal of assets involving related parties, must, in addition to being handled in accordance with 5.1, 5.2, and 5.3 above, be handled in accordance with the following resolution provisions and evaluations of the reasonableness of the transaction conditions. If the transaction amount is greater than 10% of the Company's total assets, a professional valuation report or accountant's opinion must be obtained in accordance with the above provisions. The transaction amount must be calculated in accordance with 5.9.2. (A) <u>(5)</u>. Within one year from the transaction date, a retrospective calculation must be made for one year retroactive from the transaction date. These Procedures stipulate that the valuation in a professional valuation report does not require an accountant's opinion. In addition, the assessment of whether a transaction partner is a related party must not only consider the legal form but also the substantive relationship.</p>	<ul style="list-style-type: none"> • The original reference item 5.9.2 (a) (5) has been amended to 5.9.2 (a) (7).
<p>5.4.4 Resolution Procedure</p> <p>Second paragraph</p> <p>The transaction amount must be calculated in accordance with 5.9.2. (a) <u>(7)</u>. Within one year from the transaction date, a retrospective calculation must be made for one year retroactive from the transaction date. Resolutions from Board Meetings during that period will not be counted.</p>	<p>5.4.4 Resolution Procedure</p> <p>Second paragraph</p> <p>The transaction amount must be calculated in accordance with 5.9.2. (a) <u>(5)</u>. Within one year from the transaction date, a retrospective calculation must be made for one year retroactive from the transaction date. Resolutions from Board Meetings during that period will not be counted.</p>	<ul style="list-style-type: none"> • The original reference item 5.9.2 (a) (5) has been amended to 5.9.2 (a) (7).

Amended provision	Existing provision	Remarks
<p>5.5 Derivative Commodity Trading</p> <p>5.5.1 (3) Division of Powers and Responsibilities</p> <p>(1) Board of Directors</p> <p>(a) Sets Transaction Targets and Product Categories.</p> <p>(b) Designates senior executives to supervise and control the trading of derivative financial products.</p> <p>(c) Regularly assesses whether the performance of derivative commodity trading is in line with the established business strategy and whether the assumed risks fall within the scope of the company's tolerance.</p> <p>(d) Decides on trading contracts and hedging contracts that exceed NTD 300 million.</p> <p>(E) List of Finance Department personnel <u>authorized by the Chairperson</u> to conduct trade.</p> <p>(2) Finance Department:</p> <p>(a) In charge of the operation of derivative products, authorized by the <u>Board of Directors</u> to directly conclude hedging contracts of TWD 300 million or less, on which it reports to the Board of Directors every quarter.</p>	<p>5.5 Derivative Commodity Trading</p> <p>5.5.1 (3) Division of Powers and Responsibilities</p> <p>(1) Board of Directors</p> <p>(a) Sets Transaction Targets and Product Categories.</p> <p>(b) Designates senior executives to supervise and control the trading of derivative financial products.</p> <p>(c) Regularly assesses whether the performance of derivative commodity trading is in line with the established business strategy and whether the assumed risks fall within the scope of the company's tolerance.</p> <p>(d) Decides on trading contracts and hedging contracts that exceed NTD 300 million.</p> <p>(e) Authorizes the list of Finance Department personnel authorized to conduct trade.</p> <p>(2) Finance Department:</p> <p>(a) In charge of the operation of derivative products, authorized by the <u>Board of Directors</u> to directly conclude hedging contracts of TWD 300 million or less, on which it reports to the Board of Directors every quarter. <u>Transactional contracts and hedging contracts greater than NTD 300 million must be approved by the Board of Directors.</u></p>	<ul style="list-style-type: none"> • Considering the evolving duties of Finance Department personnel, we plan to request the Board of Directors to authorize the Chairman to approve the List of Finance Department personnel authorized to conduct trade. • Transaction contracts and hedging contracts exceeding NTD 300 million are approved by the Board of Directors and do not need to be reexamined by the Finance Department under the division of powers and responsibilities. Therefore they have been removed.

Amended provision	Existing provision	Remarks
5.5.1. Trading Principles and Guidelines (IV) “ Deleted”	5.5.1. Trading Principles and Guidelines (IV) <u>Performance evaluation: The Accounting Department must regularly draw up reports to estimate current net profits (losses) as decision-making and evaluation reference for the management.</u>	<ul style="list-style-type: none"> • The Accounting Department must regularly draw up reports. This duplicates the periodic evaluation tasks of 5.5.5 and is therefore removed.
5.5.6 (1) (a) Regularly assess whether the current risk management measures are appropriate and handled in accordance with these Procedures .	5.5.6 (1) (a) Regularly assess whether the current risk management measures are appropriate and handled in accordance with these Procedures <u>and the Company's Procedures for Handling Derivative Commodity Transactions.</u>	<ul style="list-style-type: none"> • Except for these Procedures, the Company did not set “Procedures for Handling Derivative Commodity Transactions.” This is therefore removed.
5.5.7 Accounting Methods: (b) Relevant information is disclosed in the financial statements drawn up and published in accordance with the <u>“Regulations Governing the Preparation of Financial Reports by Securities Issuers.”</u>	5.5.7 Accounting Methods: (b) <u>Communication (85) Tai-Cai-Zheng (6) Zi No. 00263 titled Directions for the “Financial Reports and Public Disclosures of Publicly-Traded Companies Engaging in Derivative Commodity Trading.”</u>	<ul style="list-style-type: none"> • The original Directions for the “Financial Reports and Public Disclosures of Publicly-Traded Companies Engaging in Derivative Commodity Trading” have been suspended. Our disclosures comply with the “ Regulations Governing the Preparation of Financial Reports” by Securities Issuers.
5.5.8 Other matters of attention (a) To engage in derivative commodity transactions, our Company has authorized relevant personnel to handle those transactions in accordance with <u>these Procedures</u> , which must be reported to the next meeting of the Board of Directors.	5.5.8 Other matters of attention (a) To engage in derivative commodity transactions, our Company has authorized relevant personnel to handle those transactions in accordance with its <u>Procedures for Handling Derivative Commodity Transactions</u> , which must be reported to the next meeting of the Board of Directors.	<ul style="list-style-type: none"> • Except for these Procedures, the Company has not set “Procedures for Handling Derivative Commodity Transactions.” This is therefore removed.

Amended provision	Existing provision	Remarks
<p>5.9.2 (1)</p> <p>(c) Losses reach the maximum amounts of total losses and losses per contract from trading derivative products forth by these Procedures.</p>	<p>5.9.2 (1)</p> <p>(c) Losses reach the maximum amounts of total losses and losses per contract from trading derivative products <u>as set</u> forth by these Procedures.</p>	<ul style="list-style-type: none"> Text has been amended to unify terminology.
<p>5.10 Penalty Provisions</p> <p>Violations of these Procedures by the Company's managers and employees are handled in accordance with the Work Process Document of the "Work Rules."</p>	<p>5.10 Penalty Provisions</p> <p>Violations of these Procedures by the Company's managers and employees are handled in accordance with the <u>Work Process Document</u> of the "Work Rules."</p>	<ul style="list-style-type: none"> The "Work Rules" have not been listed as operating procedures, so they are removed to reflect the actual situation.

Attachment 6

Comparison table of amendments to the Company's Procedures for Endorsement & Guaranty

Amended provision	Existing provision	Remarks
<p>2. Scope</p> <p>2.3 Limits and Evaluation Standards</p> <p><u>2.3.1</u> The total amount of the Company's endorsements or guarantees of others must not exceed 1.5 times the Company's net worth. The total amount of the Company's endorsements or guarantees of a single enterprise must not exceed 50% of the Company's net worth.</p> <p><u>2.3.2</u> The total amount of endorsements or guarantees by the Company and its subsidiaries must not exceed 1.5 times the Company's net worth. Their total amount of the Company's endorsements or guarantees of a single enterprise must not exceed 50% of the Company's net worth.</p> <p><u>2.3.3</u> Where the Company directly and indirectly holds more than 90% of voting shares, the amount of its endorsements and guarantees must not exceed 10% of the Company's net worth. However, where the Company's directly and indirectly held voting shares amount to 100% of the Company's endorsements and guarantees, this restriction does not apply. °</p> <p><u>2.3.4</u> Where the Company or its subsidiary undertakes an endorsement for a single enterprise due to a business relationship, the amount of the endorsement or guarantee must comply with the norms of <u>2.3.1</u> and <u>2.3.2</u> and must not be greater than the purchase or sales amount of our Company or our subsidiary during the past year or the current year to date.</p>	<p>2. Scope</p> <p>2.3 Limits and Evaluation Standards</p> <p><u>2.3.1</u> The total amount of the Company's endorsements or guarantees of others must not exceed 1.5 times the Company's net worth. The total amount of the Company's endorsements or guarantees of a single enterprise must not exceed 50% of the Company's paid-in capital.</p> <p><u>2.3.2</u> Where the Company directly and indirectly holds more than 90% of voting shares, the amount of its endorsements and guarantees must not exceed 10% of the Company's net worth. However, where the Company's directly and indirectly held voting shares amount to 100% of the Company's endorsements and guarantees, this restriction does not apply.</p> <p><u>2.3.3</u> Where the Company or its subsidiary undertakes an endorsement for a single enterprise due to a business relationship, the amount of the endorsement or guarantee must comply with the norms of <u>2.3.1</u> and 2.3.2 and must not be greater than the purchase or sales amount of our Company or our subsidiary during the past year or the current year to date.</p> <p><u>2.3.4</u> Where the total amount of endorsements and guarantees by the Company and its subsidiaries as a whole amounts to 50% of the Company's net worth, the necessity and reasonableness of such must be explained at the Shareholders' Meeting.</p>	<ul style="list-style-type: none"> • In accordance with Article 12, paragraph 1, subparagraph 3 of the “Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies,” the total amount of the Company's endorsements and guarantees and the amount of endorsements and guarantees for a single enterprise have been added. • In order to ensure that the assessment criteria for endorsements and guarantees are consistent and taking into account the sources and risk limits of future investments, the amount of the total endorsements and guarantees for a single enterprise by our Company and its subsidiaries has been amended by limiting it to 50% of the Company's net worth. • Due to the addition of item 2.3.1, the numbering of the subsequent items has been adjusted. • The original 2.3.3 sets forth an amount assessment standard for endorsements and guarantees of a single enterprise by the Company and or its subsidiaries. Therefore 2.3.1 has been adjusted accordingly. • If in accordance with the standard, a subsidiary's shares are without nominal value or with a nominal value other than NTD 10, the method for calculation of the amount of paid-in capital has been added for clarity's sake.

Amended provision	Existing provision	Remarks
<p><u>2.3.5</u> Where the total amount of endorsements and guarantees by the Company and its subsidiaries as a whole amounts to 50% of the Company's net worth, the necessity and reasonableness of such must be explained at the Shareholders' Meeting.</p> <p><u>2.3.6</u> If the endorsee is a subsidiary whose net worth is less than one-half of the amount of paid-in capital, the subsidiary's operational risk, financial status, and shareholder's equity impact must be assessed on a quarterly basis to control the risks from such endorsement or guarantee. <u>If shares of the endorsed subsidiary are without nominal value or with a nominal value other than NTD 10, its capital-reserve must be calculated with inclusion of the stock issue premium.</u></p>	<p><u>2.3.5</u> If the endorsee is a subsidiary whose net worth is less than one-half of the amount of paid-in capital, the subsidiary's operational risk, financial status, and shareholder's equity impact must be assessed on a quarterly basis to control the risks from such endorsement or guarantee.</p>	
<p>3 References 3.3 Work Rules.</p>	<p>3 References 3.3 Work Rules (<u>PNL-25</u>).</p>	<ul style="list-style-type: none"> • The file number of the Work Rules has been removed to reflect the actual situation.

Amended provision	Existing provision	Remarks
<p>5. Operating Procedures</p> <p>5.5 Handling Excessive and Nonconforming Endorsements and Guarantees</p> <p>5.5.2 If, due to a change in circumstances, an endorsee who originally complied with the requirements of 2.1 subsequently fails to comply with those requirements, or the amount of the endorsement or guarantee exceeds the specified amount due to changes in the calculation of the limit, the department in charge <u>must</u> eliminate the amount before the contract expires or within a certain time limit to be set. Such an improvement plan must be sent to the Audit Committee, and the improvements must be made on schedule.</p> <p>5.7 Penal provisions</p> <p>Violations of these Procedures by the Company's managers and employees are handled in accordance with the Work Process Document of the "Work Rules."</p>	<p>5. Operating Procedures</p> <p>5.5 Handling Excessive and Nonconforming Endorsements and Guarantees</p> <p>5.5.2 If, due to a change in circumstances, an endorsee who originally complied with the requirements of 2.1 subsequently fails to comply with those requirements, or the amount of the endorsement or guarantee exceeds the specified amount due to changes in the calculation of the limit, the department in charge <u>all</u> eliminate the amount before the contract expires or within a certain time limit to be set. Such an improvement plan must be sent to the Audit Committee, and the improvements must be made on schedule.</p> <p>5.7 Penal provisions</p> <p>Violations of these Procedures by the Company's managers and employees are handled in accordance with the <u>Work Process Document</u> of the "Work Rules."</p>	<ul style="list-style-type: none"> • If due to circumstances the amount of an endorsement or guarantee no longer complies with requirements, the noncompliant part must be eliminated within a certain period. This article has been accordingly. • The "Work Rules" have not been listed as operating procedures, so they have been removed to reflect the actual situation.

Attachment 7

Comparison table of amendments to the Company's Procedures for Funds Lending

Amended provision	Existing provision	Remarks
<p>2. Scope</p> <p>2.1 Eligible recipients of our Company's loans are limited to those in need of short-term financing due to <u>financial and business needs</u>, and its recipients are limited to companies in which our Company has directly or indirectly reinvested.</p>	<p>2. Scope</p> <p>2.1 The Company's funds and loans are limited to those who need to borrow money because of the need for short-term financing, and their objects are limited to <u>the investment companies that the Company directly or indirectly invests in.</u></p>	<ul style="list-style-type: none"> In accordance with the provisions of Article 9 of the "Guidelines for the Treatment of Loans and Endorsements of Public Issuance Companies" that set forth the recipients, reasons, and necessity of loans, the reasons and circumstances for short-term financing needs have been added.
<p>3 References</p> <p>3.3 Work Rules.</p>	<p>3 References</p> <p>3.3 Work Rules (<u>PNL-25</u>).</p>	<ul style="list-style-type: none"> The file number of the Work Rules has been removed to reflect the actual situation.
<p>5.1.4 Interest Calculation</p> <p>Our Company's interests for deposits and loans are calculated on a <u>monthly</u> basis and charged on a <u>quarterly</u> basis.</p>	<p>5.1.4 Interest Calculation</p> <p>Our Company's interests for deposits and loans are calculated on a <u>monthly</u> basis.</p>	<ul style="list-style-type: none"> The text has been amended to reflect the actual situation.
<p>5.8.1</p> <p>Where a subsidiary of the Company intends to lend capital to another party, it must, in accordance with these <u>Procedures</u>, draw up a "Process for Lending Capital to Third Parties," submit it to its Board of Directors for approval and then to the Shareholders' Meeting, if there is any, for resolution. The same applies to amendments.</p>	<p>5.8.1</p> <p>Where a subsidiary of the Company intends to lend capital to another party, it must, in accordance with these <u>deal with</u>, draw up a "Process for Lending Capital to Third Parties," submit it to its Board of Directors for approval and then to the Shareholders' Meeting, if there is any, for resolution. The same applies to amendments.</p>	<ul style="list-style-type: none"> Text has been amended to unify terminology.
<p>5.9 Penalty Provisions</p> <p>Violations of these Procedures by the Company's managers and employees are handled in accordance with the Work Process Document of the "Work Rules."</p>	<p>5.9 Penalty Provisions</p> <p>Violations of these Procedures by the Company's managers and employees are handled in accordance with the <u>Work Process Document</u> of the "Work Rules."</p>	<ul style="list-style-type: none"> The "Work Rules" have not been listed as operating procedures, so they are removed to reflect the actual situation.

Attachment 8

Comparison table of amendments to the Company's Procedures for Board directors' election

Amended provision	Existing provision	Remarks
<p>2. The election of Directors of the Company uses the candidate nomination system in accordance with the provisions of Article 192 of the Company Act <u>and relevant laws and regulations</u>. The shareholders must elect a Director from the list of candidates.</p> <p><u>When Independent Directors and Non-Independent Directors are elected on the same occasion, their vacant seats are counted separately.</u></p> <p>When the shareholders elect a Director, each share has the same voting power as the number of directors to be elected; these votes may be given to one candidate or spread over several candidates. The candidate that has received ballots that together represent the most voting rights, is elected as a Director.</p> <p>The election of directors shall be subject to vote by open ballot. Voters' names are represented by the shareholders numbers or attendance certificates numbers printed on the ballots.</p> <p>The ballots shall be produced by the board of directors. Elector the format and required particulars there of shall be subject to the printer of ballots and can not be added, deleted or altered arbitrarily.</p> <p>Only one candidate's account number and name (title/representative) may be specified in one ballot. The candidate who is not a shareholder shall be represented by his ID No. or Passport Number. Ballots for directors shall be inserted into the ballot boxes designated by the chairman.</p> <p>In addition to the previous two paragraphs, shareholders may exercise their voting rights in the written or electronic manner. If voting rights are exercised in the written or electronic manner, the manner of exercise will be specified in the notice of shareholders' meeting.</p>	<p>2. The election of Directors of the Company <u>must</u> use the candidate nomination system in accordance with the provisions of Article 192 of the Company Act. The shareholders must elect a Director from the list of candidates.</p> <p>When the shareholders elect a Director, each share has the same voting power as the number of directors to be elected; these votes may be given to one candidate or spread over several candidates. <u>The candidate that has received ballots that together represent the most voting rights, is elected as a Director.</u></p> <p>The election of directors shall be subject to vote by open ballot. Voters' names are represented by the shareholders numbers or attendance certificates numbers printed on the ballots.</p> <p>The ballots shall be produced by the board of directors. Elector the format and required particulars there of shall be subject to the printer of ballots and can not be added, deleted or altered arbitrarily.</p> <p>Only one candidate's account number and name (title/representative) may be specified in one ballot. The candidate who is not a shareholder shall be represented by his ID No. or Passport Number.</p> <p>Ballots for directors shall be inserted into the ballot boxes designated by the chairman.</p> <p>In addition to the previous two paragraphs, shareholders may exercise their voting rights in the written or electronic manner. If voting rights are exercised in the written or electronic manner, the manner of exercise will be specified in the notice of shareholders' meeting.</p>	<p>This merges the descriptions of the election rules for Independent Directors and Non-Independent Directors in the current article 3-1. The provisions for the election of Directors were moved to Article 3.</p>

Amended provision	Existing provision	Remarks
<p>3. The Directors of the Company must, in accordance with the Company's Articles of Incorporation <u>and announcements, separately calculate</u> the voting rights for <u>Independent Directors</u> and <u>Non-Independent Directors</u>. The candidate that has received the ballots that represent the most voting rights, is elected. If two or more candidates have received ballots representing the same number of voting rights and this exceeds the number of vacant seats, the candidate is elected from those candidates that have received ballots representing <u>the same number of voting rights</u> by drawing lots. The Chairperson draws lots instead of any absentees.</p>	<p>3. The candidates to whom the ballots cast represent a prevailing number of votes shall be deemed the company's directors elected pursuant to the quota required under the company's articles of incorporation. Where the prevailing number of votes of two or more than two candidates is the same and the quota is exceeded, the directors elected shall be determined by lot casting. The chairperson shall cast the lot on the behalf of candidates who fail to be present.</p>	<p>In line with the amended provisions regarding the number of Directors in the Company's Articles of Incorporation, which now stipulate a range for the number of Directors, the Board of Directors decides and announces the number of Directors to be elected. The instructions for the election of Directors have been amended.</p>
<p>3.1. Trading Principles and Guidelines "Deleted"</p>	<p>3.1 The company shall conduct the election of independent directors under the candidate nomination system defined in the Company Law and the relevant law as of 13th term of the board of directors. Shareholders shall elect the independent directors from the name list of the candidates. Independent directors and non-independent directors shall be elected altogether, and the number of the elected shall be calculated separately.</p>	<p>The instructions for the election method of Independent Directors have been merged into Article 2; Article 3-1 has been removed.</p>

Amended provision	Existing provision	Remarks
<p>4.1 Where the candidate is a shareholder, the voters shall specify the candidate's account number and shareholder's account number in the ballots. Where the candidate is not a shareholder, the voters shall specify the candidate's name and ID No. or Passport No. in the ballot, provided that where the candidate is the government or a corporate shareholder, the government's or corporation's title shall be specified in the ballot, and the government's or corporation's title and its representative's name may also be specified in the ballot. <u>When there are several representatives, the names of the representatives must be added.</u></p> <p>The number of candidates entered on each ballot must not exceed the number of vacant seats allowed <u>and announced</u> under the Articles of Association. The total number of voting rights of allocated to the candidates by an elector must be less than or equal to the total number of his/her voting rights.</p>	<p>4.1 Where the candidate is a shareholder, the voters shall specify the candidate's account number and shareholder's account number in the ballots. Where the candidate is not a shareholder, the voters shall specify the candidate's name and ID No. or Passport No. in the ballot, provided that where the candidate is the government or a corporate shareholder, the government's or corporation's title shall be specified in the ballot, and the government's or corporation's title and its representative's name may also be specified in the ballot.</p> <p>The number of the candidate indicated in each ballot shall not exceed the number to be elected stipulated in the Articles of Association. The total number of votes distributed to the candidates indicated by an voter shall be less than or equal to the total number of votes to which the voter is entitled.</p>	<p>The ballot completion provisions regarding the entering of representatives of elected persons have been amended.</p>

Amended provision	Existing provision	Remarks
<p>6. In either of the following circumstances, the ballots shall be deemed invalidated ticket.</p> <p>(1) The ballots are not the ones required under the Rules and ballots inserted in the wrong ballot box or altered ballot.</p> <p>(2) The number of candidate exceeds the quota.</p> <p>(3) Violation of Paragraph 1, Article 4-1 or addition of other text or symbol.</p> <p>(4) The writing on the ballots is too illegible to be recognized.</p> <p>(5) The account name and shareholder's account number of the candidate who is a shareholder do not match those specified in the roster of shareholders.</p> <p>(6) Put any blank ballots into the ballot box.</p> <p>(7) The name and ID No. or Passport No. of the candidate who is not a shareholder is not specified, or it is impossible to verify his name, ID No. or Passport No., or his name, ID No. or Passport No. is verified to be inconsistent.</p> <p>(8) The total number of votes distributed to the candidates by the voter exceeds the total number of votes to which the voter is entitled.</p> <p>(9) <u>The names of the candidates identical to those of other shareholders must be identified by their shareholder number or national identity card number for clarification.</u></p>	<p>6. In either of the following circumstances, the ballots shall be deemed invalidated ticket.</p> <p>(1) The ballots are not the ones required under the Rules and ballots inserted in the wrong ballot box or altered ballot.</p> <p>(2) The number of candidate exceeds the quota.</p> <p>(3) Violation of Paragraph 1, Article 4-1 or addition of other text or symbol.</p> <p>(4) The writing on the ballots is too illegible to be recognized.</p> <p>(5) The account name and shareholder's account number of the candidate who is a shareholder do not match those specified in the roster of shareholders.</p> <p>(6) Put any blank ballots into the ballot box.</p> <p>(7) The name and ID No. or Passport No. of the candidate who is not a shareholder is not specified, or it is impossible to verify his name, ID No. or Passport No., or his name, ID No. or Passport No. is verified to be inconsistent.</p> <p>(8) The total number of votes distributed to the candidates by the voter exceeds the total number of votes to which the voter is entitled.</p>	<p>A provision has been added regarding the invalidity of ballots that do not carry an identifier for candidates' whose name is the same as that of another shareholder.</p>
<p>9. The result of the vote is announced by the Chairman on the spot by announcing the list of elected candidates <u>and the voting rights</u> electing them.</p>	<p>9. Based on the results of vote opening, the chairman shall announce the list of elected persons on the site.</p>	<p>This has been amended to include the items to be included when the Chairman declares the results of the election of Directors for elections.</p>

Attachment 9

List of Director (including Independent Director) Candidates

No .	Job title	Name	Shares held	academic qualification	Principal work experience and present job
1	Director	President of Hao Ran Foundation Statutory Representative: Nita Ing	60,171,319	Economics, University of California, Los Angeles, USA	Principal work experience: <ul style="list-style-type: none"> • Chairmen of Taiwan High Speed Rail Corporation Present job: <ul style="list-style-type: none"> • Director of TSRC Corporation • Chairmen of President of Hao Ran Foundation • Chairman of Continental Holdings Corp(CHC) • Chairman of Continental Engineering Corp. (CEC) • Director of Continental Development Corp. (CDC) • Director of American Bridge Holding Company
2	Director	President of Hao Ran Foundation Statutory Representative: Chin-Shan Chiang	60,171,319	Master of Public Administration National Chengchi University	Principal work experience: <ul style="list-style-type: none"> • Senior Vice President, China Development Financial Holding Corporation • China Development Industrial Bank, Senior Vice President • Vice President of Shanghai World Trade City Corp. Ltd. Present job: <ul style="list-style-type: none"> • Director of TSRC Corporation • Director of Wei Dah Development Co., • Chairman of Metropolis Property Management and Maintenance Corporation • Director of Taiwan High Speed Rail Corporation • Director of President of Hao Ran Foundation

No .	Job title	Name	Shares held	academic qualification	Principal work experience and present job
3	Director	Wei Dah Development Co., Statutory Representative: Tsai-Der Chen	53,708,923	Accounting , National Cheng ung University, bachelor	Principal work experience: <ul style="list-style-type: none"> • Continental Holdings Corp (CHC) Director of the Secretariat of the Board of Directors • Taiwan High Speed Rail Corporation Vice President of Finance \ Director of the Secretariat of the Board of Directors • TSRC Corporation Vice President of Finance \ Supervisor • Supervisor of Ching Shan Zhen Corporation • Deloitte & Touche Auditor
4	Director	Metacity Development Corporation Statutory Representative: Tzu Wei Lee	31,093,108	M.Sc., Management Science National Chiao Tung University	Principal work experience: <ul style="list-style-type: none"> • Vice President, Financial Market Consulting Department, Bank of America • Director of Continental Land Development Ltd. (Hong Kong) Present job: <ul style="list-style-type: none"> • Director of TSRC Corporation • Director of Tai Ho Development Investment Limited. • Director of Newegg Inc.
5	Director	Metacity Development Corporation Statutory Representative: John T. Yu	31,093,108	Management Program of Harvard Business School, Bachelor, Department of Electrical Engineering, National Taiwan University	Principal work experience: <ul style="list-style-type: none"> • President of CTCI Corporation Present job: <ul style="list-style-type: none"> • Director of TSRC Corporation • Chairman of CTCI Corporation • Chairman of CTCI Development Corporation • Director of CTCI Overseas Corporation Limited. • Director of CTCI Education foundation • CTCI Foundation, Managing Director • Director of Gintech Energy Corporation • Director of UTECH SOLAR Corporation • Supervisor of China Steel Chemical Corporation • Director of Taiwan Cement Corporation

No .	Job title	Name	Shares held	academic qualification	Principal work experience and present job
6	Director	Metacity Development Corporation Statutory Representative: Huang Jing-Lung	31,093,108	Accounting, National Cheng Kung University, bachelor	<p>Principal work experience:</p> <ul style="list-style-type: none"> • T General Audit of Taiwan High Speed Rail Corporation • President of Shanghai(used to be Soochow) Standard Foods Company Ltd. • General Audit of Philips Taiwan-related companies • GETZ BROS & CO.(BVI), INC., • Bluebell Group CFO • Deloitte & Touche Auditing Manager <p>Present job:</p> <ul style="list-style-type: none"> • Director of Pan Asia Corp. Managing • Chairman of Metacity Development Corporation • Chairman of Wei Dah Development Co., • Chairman of CEC International Corp. • Chairman of Ching Shan Zhen Corporation • Director of CEC international Corp (India) Private Limited and CEC INTERNATIONAL HOLDINGS LIMITED • Supervisor of Continental Engineering Corp. (CEC) • Director of Metropolis Property Management and Maintenance Corporation • Director of Continental Holdings Corp(CHC)
7	Independent Director	Robert Hung	0	Master of Economics, Illinois State University, USA	<p>Principal work experience:</p> <ul style="list-style-type: none"> • BOA ,vice president • CFO of Taiwan High Speed Rail Corporation • Chairman of Young Green Energy Co. <p>Present job:</p> <ul style="list-style-type: none"> • Independent Director of TSRC Corporation • Independent Director of Wistron Ne-Web Corp.

No .	Job title	Name	Shares held	academic qualification	Principal work experience and present job
8	Independent Director	Sean Chao	0	University of Chicago,MBA National Taiwan University, Department of Political Science, bachelor	Principal work experience: <ul style="list-style-type: none"> • Morgan Stanley Chief Executive of Taiwan Region • UBS Group AG Taiwan General Manager • Chairman of UBS Funds in Taiwan • Managing Director of USB investment bank • UBS AG. Taipei, Vice president • Westpac Bank(Taipei, Sydney) Corporate Account Manager • Assistant Vice President of Seattle Bank Present job: <ul style="list-style-type: none"> • Independent Director of HannStar Display Corporation (When this manual was uploaded and announced as a candidate, HannStar Display Corporation elected the directors on June 8, 2018 in the shareholders meeting.)
9	Independent Director	Rex Yang	0	Soochow University,Dept. of business administration, bachelor	Principal work experience: <ul style="list-style-type: none"> • CFO of Continental Holdings Corp(CHC) • Chairman of TEAPO Electronic Corp. • YAGEO Corporation CFO, CIO , CSO • Far Eastern New Century Corporation Financial Officer Present job: <ul style="list-style-type: none"> • Director of Kadar Pte. Ltd.

Attachment 10

Positions concurrently held by Directors

Job title	Name	Concurrently serving as a company / responsibilities
Director	President of Hao Ran Foundation Statutory Representative: Nita Ing	<ul style="list-style-type: none"> • Chairmen of President of Hao Ran Foundation • Chairman of Continental Holdings Corp(CHC) • Chairman of Continental Engineering Corp. (CEC) • Director of Continental Development Corp. (CDC) • Director of American Bridge Holding Company
Director	President of Hao Ran Foundation Statutory Representative: Chin-Shan Chiang	<ul style="list-style-type: none"> • Director of Wei Dah Development Co., • Chairman of Metropolis Property Management and Maintenance Corporation • Director of Taiwan High Speed Rail Corporation • Director of President of Hao Ran Foundation
Director	Metacity Development Corporation Statutory Representative: Tzu Wei Lee	<ul style="list-style-type: none"> • Director of Tai Ho Development Investment Limited. • Director of Newegg Inc.
Director	Metacity Development Corporation Statutory Representative: John T. Yu	<ul style="list-style-type: none"> • Chairman of CTCI Corporation • Chairman of CTCI Development Corporation • Director of CTCI Overseas Corporation Limited. • Director of CTCI Education foundation • CTCI Foundation, Managing Director • Director of Gintech Energy Corporation • Director of UTECH SOLAR Corporation • Director of Taiwan Cement Corporation
Director	Metacity Development Corporation Statutory Representative: Huang Jing-Lung	<ul style="list-style-type: none"> • Director of Pan Asia Corp. Managing • Chairman of Metacity Development Corporation • Chairman of Wei Dah Development Co., • Chairman of CEC International Corp. • Chairman of Ching Shan Zhen Corporation • Director of CEC international Corp (India) Private Limited and CEC INTERNATIONAL HOLDINGS LIMITED • Director of Metropolis Property Management and Maintenance Corporation • Director of Continental Holdings Corp(CHC)

Job title	Name	Concurrently serving as a company / responsibilities
Independent Director	Robert Hung	<ul style="list-style-type: none"> Independent Director of Wistron Ne-Web Corp.
Independent Director	Sean Chao	<ul style="list-style-type: none"> Independent Director of HannStar Display Corporation (When this manual was uploaded and announced as a candidate, HannStar Display Corporation elected the directors on June 8, 2018 in the shareholders meeting.)
Independent Director	Rex Yang	<ul style="list-style-type: none"> Director of Kadar Pte. Ltd.

Appendix 1

Articles of Incorporation of TSRC Corporation

Amended on June 24, 2016

Chapter I. General Articles

- Article 1. The company is incorporated pursuant to the Company Act and named "TSRC Corporation"
- Article 2. The business run by the company includes the following:
- 1.C801060 Synthetic rubber manufacturing.
 - 2.C804020 Industrial rubber products manufacturing.
 - 3.C804990 Other rubber products manufacturing.
 - 4.D101040 Of power generation which are not public.
 - 5.D401010 Energy supply.
 - 6.F401010 International trade.
 - 7.ZZ99999 Business not prohibited or restricted by laws, other than business under license.
- Article 2-1 Where the company trans-invests in another company as a limited liability shareholder, the gross capital invested is free from the restriction of 40% of the company's paid-in capital.
- Article 2-2 The company may grant guarantees externally to meet the business or investment requirements.
- Article 3. The Company is incorporated and registered in Kaohsiung City. The Company may establish domestic and overseas branches or factories. The Company's incorporation and change/abolishment shall be resolved by the Board of Directors.
- Article 4. All notices of the company shall be published in accordance with the Company Law.

Chapter II. Shares

- Article 5. The capital share of the company is NTD\$9,000,000,000, divided into 900,000,000 shares at NTD\$ 10 per share and issued in installment by the board of directors subject to the actual circumstances.
- It is not necessary to print stock certificates for the shares issued by the company, or the stock certificates shall be printed altogether when new shares are issued, provided that they should be registered or kept by a central depository organization.
- Article 6. When the company issues new shares, the shareholders have the preemptive over the shares according to their respective shareholding, other than the shares to be retained for employees' subscription pursuant to the Company Act.
- Article 7. Registered shares of the company will be signed or sealed by the Chairman and more than two directors and issued upon being certified the competent authority or the authorized registration organization.
- Article 8. Shareholders shall report their real names and residences to the company and prepare their specimen seal certificates which shall be delivered to the company or the designated stock agent for record.
- Article 9. Where shareholders wish to transfer their shareholdings they shall fill in the written application form for transfer of shares to be signed by assignor and assignee, and then apply for registration of shares with the company or the designated stock agent. The shareholders shall have no locus tandi against the company, unless the transfer of shares is recorded in the company's roster of shareholders.
- Article 10. No registration of stock transfer shall be made 60 days prior to shareholders' regular meeting, 30 days prior to the shareholders' provisional meeting and 5 days prior to dividends and bonus distribution or other interest distribution.
- Article 11. The company's stock affairs shall be handled in accordance with the Company Act and relevant laws.

Chapter III. Shareholders' Meeting

- Article 12. The shareholders' meeting includes regular meeting and provisional meeting. The regular meeting shall be held once a year and within six months upon finalization of the fiscal year by the board of directors. The provisional meeting shall be held pursuant to laws. The shareholders' regular meeting shall be notified to the shareholders 30 days ago, and in the case of the shareholders' provisional meeting, 15 days ago, provided that the meeting may be notified to the shareholders who hold less than 1,000 registered shares by public notice.
- Article 13. The chairperson of the shareholders' meeting shall be assumed by the company's Chairman. Where the Chairman fails to exercise his authority for leave or other causes, the Vice Chairman shall be his proxy. Where the Vice Chairman also fails to exercise his authority for leave or other causes, the Chairman shall nominate a director to be his proxy. Where the Chairman fails to nominate any proxy, the proxy shall be elected among the directors. Where the shareholders' meeting is called by any competent person other than the board of directors, the chairperson shall be assumed by the competent person. Where there are more than two competent persons, one of them shall be elected to be the chairperson.
- Article 14. The company's shareholders shall, unless the decree otherwise Given outside the, have one voting right per share. A representative trusted by the shareholder may take part in the shareholders' meeting, provided that he shall present the proxy in the format produced by the company and with affixation of the company's stamp on which the scope of authorization shall be stated. Other than the trust business or stock brokers approved by the competent securities authority, any person who is trusted by more than two shareholders at the same time shall be entitled to not more than 3% of the votes of the issued shares, and the excessive votes shall not be calculated. The proxy shall be served to the company 5 days prior to the meeting. Where it is repeated, the one served first shall be effective. However, this is not applicable if a declaration to withdraw a prior proxy is made. After the proxy is delivered to the Company, if the shareholder wishes to attend the shareholders' meeting in person or if the shareholder wishes to exercise the voting rights in the written or electronic manner, a written notice to withdraw the proxy shall be given to the Company 2 days before the shareholders' meeting. If the withdraw is given after this deadline, the voting right exercised by the proxy attending the meeting shall prevail.
- Article 15. Unless otherwise provided for in laws and the company's articles of incorporation, the quorum necessary for a shareholders' meeting shall be no less than the shareholders' holding more than half of the total issued shares and resolution of the shareholders' meeting shall be passed upon a majority of votes of the present shareholders.

Chapter IV. Directors

- Article 16. There are nine directors and in the company. The directors shall be elected among the competent shareholders in shareholders' meeting and eligible for reelection. The total shareholding percentage of all directors shall be subject to the requirements defined by the securities management authority. Directors of the Company shall be elected by the shareholders from a list of candidates of directors based on the candidate nomination system under Article 192 of the Company Act.
- Article 16-1 The company's board of directors has installed Three independent directors elected from the directors defined in the preceding article as of 15th term. Independent directors and non-independent directors shall be elected altogether, and the number of the elected shall be calculated separately. The professional qualification, shareholding and part-time job restrictions, independence, nomination and mode of election, exercise of power and other requirements to be complied with of an independent director shall be handled in accordance with the Securities and Exchange Act and the relevant laws.
- Article 16-2 The Company has formed the Audit Committee consisting of all independent directors in accordance with the applicable law. The power exercised by the Audit Committee and its independent directors members and the matters related thereto and regulated in accordance with the Securities and Exchange Act and other applicable laws.
- Article 17. The term of directors shall be three years. The directors re-eligible.
- Article 18. The Chairman shall be elected among directors, who shall act on behalf of the company externally. The Vice Chairman shall be elected among directors, who shall be the proxy of the Chairman when the Chairman fails to exercise his authority for leave or other causes.
- Article 19. Unless otherwise to be subject to the resolution of the shareholders' meeting as provided in the Company Act or articles of incorporation, the company's business policies and other important issues shall be subject to the resolution of the board of directors. The chairperson of the directors' meeting shall be assumed by the company's Chairman. Where the Chairman is absent, the Vice Chairman shall be his proxy. Where the Vice Chairman is also absent, the Chairman shall nominate a director to be his proxy. Where the Chairman fails to nominate any proxy, the proxy shall be elected among the directors. Where the director fails to attend the directors' meeting personally, he may appoint another director to be his proxy. The proxy may accept the appointment from only one director. Board of Directors convened notification may be made in writing, Fax or email.

- Article 20. Unless otherwise provided in laws, the quorum necessary for the directors' meeting shall be no less than a majority of the total directors and resolution of the directors' meeting shall be passed upon a majority of votes of the present directors.
- Article 21. "Deleted"
- Article 22. "Deleted"
- Article 23. The board of directors is authorized to determine the remuneration for the Company's directors based on the level of participation and the contribution by the directors to the operation of the Company and in reference to the standard of the same industry.
- Article 24. There are certain advisors in the company for business requirement, who shall be retained by the Chairman.
- Article 24-1. In order to well found the supervisory function and strength the management mechanism, the board of directors may establish the various functional. The regulations governing the exercise of authority of functional commissions shall be defined by the board of directors.
- Article 24-2. The Company shall purchase the liability insurance for directors with respect to the indemnity to be borne by them in the scope of business to be executed by them during their term of office.

Chapter V. Managers

- Article 25. There are several managers in the company. The appointment and dismissal of them shall be handled in accordance with Article 29 of the Company Act.
The managers shall sign instruments on behalf of the company subject to the company's written authorization.
- Article 26. "Deleted"
- Article 27. The managers shall take care of the company's routine affairs within the scope of their job responsibility pursuant to the Chairman's instruction and resolution of the directors' meeting.

Chapter VI. Accounting

- Article 28. The Company's fiscal year shall commend from January 1 to December 31 per year. The final accounting shall take place at the end of the Gregorian calendar. The various documents shall be compiled by the board of directors at the end of the fiscal year pursuant to Article 228 of the Company Act and submitted to the shareholders' meeting for ratification.
- Article 28-1. The Company shall appropriate at least 1% of its earnings, if applicable, as compensation to the employees and not more than 1% as remuneration to the directors.
The aforementioned and the regulation governing the remuneration to the directors and the compensation to employees shall be implemented as resolved by the Board.
- Article 29. The business operated by the Company has been highly developed and stable, and the Company is orienting itself towards globalization and diversification. In order to cope with the Company's long term programming to ensure the perpetual growth of the enterprise, the Company sets the dividend policy as follows: the profit of annual account, if any, shall deduct the tax and make up the loss carried from previous years, then appropriate 10% as legal reserve fund. The rest shall be distributed or reserved as special reserve pursuant to the Securities and Exchange Act. The distributable earnings shall be the balance after considering the above facts and accounting requirement by the relevant law, if any, plus the unappropriated earnings from the previous period; in turn, at least 50% of the distributable earnings shall be distributed as dividends.
In the case of dividends being resolved for distribution, cash dividends shall not be less than 20% while stock dividends shall not be more than 80% of the total distributed.
In case dividend per share is less than NTD0.5, it can be retained in earnings not for distribution.
The proposal for the said earnings distribution shall be submitted by the board of directors to the shareholders' meeting for approval.
- Article 30. The whole or a part of the distributable dividends and bonuses referred to in the preceding article may be paid in accordance with the Company Act in the form of shares newly issued for such purpose.
- Article 31. The company may, in accordance with Article 241 of the company law and by shareholder resolution, distribute all or part of the legal reserves and capital reserves to shareholders in proportion to the existing shares held by issuance of new shares or in cash.
- Article 32. When legal reserve has reached the gross capital, the contribution thereof may be ceased subject to the resolution of the shareholders' meeting.

Chapter VII. Bylaws

- Article 33. The company's articles of organization and enforcement rules thereof shall be defined separately.
- Article 34. Any matters not provided in these Articles of incorporation shall be subject to the Company Act and the relevant laws.
- Article 35. These Articles of incorporation were concluded on July 27, 1973. 1st amendments thereof was made on June 25, 1974, 2nd amendments thereof on April 23, 1975, 3rd amendments on February 17, 1976, 4th amendments thereof on June 30, 1976, 5th amendments thereof on April 26, 1977, 6th amendments thereof on June 20, 1979, 7th amendments thereof on May 23, 1980, 8th amendments thereof on May 11 1981, 9th amendments thereof on November 25, 1981, 10th amendments thereof on May 24, 1983, 11th amendments thereof on May 23, 1984, 12th amendments thereof on April 26, 1985, 13th amendments thereof on April 29, 1986, 14th amendments thereof on April 29, 1987, 15th amendments thereof on May 10, 1988, 16th amendments thereof on May 12, 1989, 17th amendments thereof on April 12, 1990, 18th amendments thereof on April 24, 1991, 19th amendments thereof on May 14, 1992, 20th amendments thereof on May 20, 1993, 21st amendments thereof on June 27, 1995, 22nd amendments thereof on June 16, 1996, 23rd amendments thereof on May 24, 1997, 24th amendments thereof on May 26, 1998, 25th amendments on May 29, 1999, 26th amendments thereof on May 27, 1990, 27th amendments thereof on June 20, 2002, 28th amendments thereof on May 30, 2003, 29th amendments thereof on May 31, 2005, 30th amendments thereof on June 13, 2008, 31st amendments thereof on June 10, 2011, 32nd amendments thereof on June 6, 2012 33rd amendments thereof on June 11, 2014 34th amendments thereof on June 10, 2015 and 35th amendments thereof on June 24, 2015.

Appendix 2

Rules and Procedures of Shareholders' Meeting

Amended on June 10, 2015

1. The company's shareholders' meeting shall be handled in accordance with the Rules.
2. Attending shareholders (or proxies) shall show their attendance certificates and submit sign-in cards for calculation of attending votes Plus electronic voting exercise options.
The proxy that is not a shareholder and the shareholder with a letter of proxy issued must have their identity document ready for examination A shareholding with one of the following is without voting right and is excluded from the total stock shares issued and number of attendance:
 - (1) TSRC's shareholdings.
 - (2) TSRC's stock shares held by the wholly owned subsidiary that is with over 50% of its stock shares issued with voting rights or total stock capital held by TSRC.
 - (3) TSRC's stock shares held by the company that is with over 50% of its stock shares issued with voting rights or total stock capital held by TSRC and TSRC's subsidiary directly or indirectly.
- 2-1. The chairperson may designate the attorney, CPA or the relevant staff appointed by him to attend the meeting, and also designate the conference personnel in charge of the meeting and the personnel maintaining the order on site (or security guards) to help proceed with the meeting, provided that the personnel referred to herein shall wear identification certificates or badges.
3. The chairperson shall announce the opening of the meeting, provided that where a majority of the shareholders representing the total issued shares fail to attend the meeting when the meeting should commence, the chairperson may announce that the meeting is postponed, provided that the meeting should be postponed no more than twice and the time of extension shall be no more than one hour in total. Where a majority of the said shares still fail to attend the meeting but one-third of the shareholders representing the total issued shares attend the meeting after the meeting has been postponed for twice, the provisional resolution may be made pursuant to Paragraph 1 of Article 175 of the Company Act.
Where the shares represented by the present shareholders have reached a majority of the total issued shares before the end of the meeting, the chairperson may re-submit the provisional resolution to the meeting for voting pursuant to Article 174 of the Company Act.
4. The agenda of the meeting shall be defined by the Board. The meeting shall be held in the order of the scheduled agenda. Without the resolution of the meeting, the agenda shall not be changed.
The chairperson may not announce to have the meeting adjourned without the resolution of the directors before the scheduled agenda (including motions) completed except for the routine query and reply of motion.
Shareholders may not have another chairperson elected to have the meeting continued at the same location or elsewhere once the meeting is adjourned. If chairperson has violated the conference rules and announced to have the meeting adjourned, another chairperson can be elected by attending shareholders with majority votes to keep the meeting in session.
The proposals for amendments or replacement with respect to the same proposal shall be voted in the order defined by the chairperson.
Where any of the proposals is approved, the other proposals shall be deemed overruled and it is not necessary to vote them.
Chairperson is to define the discussion and priority of the motion raised by shareholders.
- 4-1. The board of directors is to state in the agenda manual why the proposals that are proposed before the meeting are not enlisted in the agenda of directors' meeting and the record of agenda. If the proposals of shareholders that are to be enlisted in the agenda according to Article 4.2.3 of the Rules for Agenda are classified as the same type of proposals, Chairperson may have them consolidated for process according to Paragraph 5 of the preceding Article herein.
- 4-2. Shareholders who have a letter of proxy issued to legal person that is not a shareholder to attend the meeting on his behalf, the legal person may have only one representative appointed to attend the meeting.
If the government or corporate shareholder has two representatives appointed to attend the meeting, or, the representative has attended the meeting as a proxy, only one representative is to speak at the meeting.
- 4-3. The chairperson of the shareholders' meeting shall be assumed by the company's Chairman, if the meeting is called by the board of directors. Where the Chairman fails to exercise his authority for leave or other causes, the Vice Chairman shall be his proxy. Where the Vice Chairman also fails to exercise his authority for leave or other causes, the Chairman shall nominate a director to be his proxy. Where the Chairman fails to nominate any proxy, the proxy shall be elected among the directors.
Where the shareholders' meeting is called by any competent person other than the board of directors, the chairperson shall be assumed by the competent person. Where there are more than two competent persons, one of them shall be elected to be the chairperson.
5. It is necessary for shareholders to specify the gist of their statement, their attendance certificate numbers and names in the statement form before making statement in the meeting. The order in which the statement is made shall be subject to the chairperson's determination. The present shareholders who only submit the statement form instead of making statement verbally shall be deemed never making statement. In the event of any discrepancy in the contents of the statement and those specified in the form, the contents of statement shall prevail.

6. Shareholders may raise questions regarding the reports given at the end of the announcement by chairperson or by the designated personnel. Each speaker may not speak more than twice and five minutes each time unless it is with the consent of chairperson for one extension and five minutes maximum. The speech time and frequency of shareholders on the acceptance of resolution, each proposal, and motion is the same as the one in preceding paragraph. The speech time and frequency of shareholders on the queries irrelevant to the proposals are the same as mentioned in the preceding paragraph.
- 6-1. After the present shareholders make statement, the chairperson may give response personally or designate the relevant personnel to give the response.
7. Here the statement exceeds the specific time limit or beyond the scope of proposals, the chairperson may suspend the shareholders from continuing making statement. Where the shareholders do not stop making statement, or try to interfere with the agenda, the chairperson may order the relevant personnel (or security guards) to maintain the order in the meeting or take necessary actions to help the procedure.
8. The chairman may announce the conclusion of discussion for proposals in a timely manner. If necessary, he may announce the suspension of discussion concluded or discussion may submit to voting per the chairperson's instruction.
9. Unless otherwise Provided in the Company Act or the Articles of Incorporation of this Company, motions should be approved by more than half of the shareholders present. For directors election, Rules for Election of Directors apply. Shareholders may exercise their voting rights in the written or electronic manner in shareholders' meetings. The manner of exercise is specified in the notice of shareholders' meeting. Any shareholder that exercises voting rights in the written or electronic form is deemed to have attended the shareholders' meeting in person. However, the shareholder is deemed to have waived his/her right in relation to any motion or amendment to original proposal in such shareholders' meeting. The resolutions shall be recorded in the minutes of meetings.
- 9-1. When the proposals are subject to voting, the chairperson shall designate certain scrutineers and ballot recorders to execute their job responsibility, provided that the scrutineers shall be shareholders. The voting of the various proposals shall be conducted in a manner other than recall. The result thereof shall be announced on site and recorded.
10. The votes that are determined by scrutinizers to have one of the following actions are voided:
 - (1) Fail to use the ballot appointed by the board of directors or chairperson;
 - (2) Deposit a blank ballot into the box;
 - (3) Broken or smeared ballot that cannot be identified;
 - (4) Altered ballot or ballot with marks or literature;
 - (5) Tick the boxes for and against at the same time;
 - (6) Ballot that does not convey the decision for or against clearly;
11. If shareholders raise an objection over the process of resolution, ballot counting, effective or void votes, the scrutinizers are to have the shareholder number, stock shares, and cause of dispute of the shareholders in dispute stated, signed, and sealed for filing and for record.
12. The chairperson may announce to take a rest at his sole discretion in the process of the meeting. Where it is impossible to continue proceeding with the meeting due to air-raid alarm or other causes, the meeting should be stopped immediately and the relevant personnel should be evacuated automatically. The meeting should be continued after one hour upon the alarm or causes being lifted.
13. The procedure, agenda and resolution and other related matters shall be subject to the Rules. Any matters not provided herein shall be subject to the chairperson's sole discretion, unless they are provided in the Company Act, Securities and Exchange Act and the Company's articles of incorporation.
14. The Rules shall be enforced upon resolution of the shareholders' meeting. The same shall apply where they are amended.

Appendix 3

The Company's Procedures for Board directors' election

Amended on June 10, 2015

1. The election of the company's directors shall be handled in accordance with the Rules.
2. The directors of the Company shall be elected by shareholders from a list of candidates of directors under the candidate nomination system under Article 192-1 of the Company Act.

When the shareholders' meeting elects the directors, each share shall be entitled to the number of votes that is equal to the number of directors to be elected. All votes may be cast towards the same person, or distributed among several persons. The persons with the most votes shall be elected as directors.

The election of directors shall be subject to vote by open ballot. Voters' names are represented by the shareholders numbers or attendance certificates numbers printed on the ballots.

The ballots shall be produced by the board of directors. Elector the format and required particulars there of shall be subject to the printer of ballots and can not be added, deleted or altered arbitrarily.

Only one candidate's account number and name (title/representative) may be specified in one ballot. The candidate who is not a shareholder shall be represented by his ID No. or Passport Number.

Ballots for directors shall be inserted into the ballot boxes designated by the chairman.

In addition to the previous two paragraphs, shareholders may exercise their voting rights in the written or electronic manner. If voting rights are exercised in the written or electronic manner, the manner of exercise will be specified in the notice of shareholders' meeting.
3. The candidates to whom the ballots cast represent a prevailing number of votes shall be deemed the company's directors elected pursuant to the quota required under the company's articles of incorporation. Where the prevailing number of votes of two or more than two candidates is the same and the quota is exceeded, the directors elected shall be determined by lot casting. The chairperson shall cast the lot on the behalf of candidates who fail to be present.
- 3.1 The company shall conduct the election of independent directors under the candidate nomination system defined in the Company Law and the relevant law as of 13th term of the board of directors. Shareholders shall elect the independent directors from the name list of the candidates. Independent directors and non-independent directors shall be elected altogether, and the number of the elected shall be calculated separately.
4. The chairperson shall designate certain scrutineers and ballot recorders to perform their respective job responsibility.
- 4.1 Where the candidate is a shareholder, the voters shall specify the candidate's account number and shareholder's account number in the ballots. Where the candidate is not a shareholder, the voters shall specify the candidate's name and ID No. or Passport No. in the ballot, provided that where the candidate is the government or a corporate shareholder, the government's or corporation's title shall be specified in the ballot, and the government's or corporation's title and its representative's name may also be specified in the ballot.

The number of the candidate indicated in each ballot shall not exceed the number to be elected stipulated in the Articles of Association. The total number of votes distributed to the candidates indicated by an voter shall be less than or equal to the total number of votes to which the voter is entitled.
5. The scrutineers' job responsibility is as follows:
 - (1) Inspect the ballot cabinet openly and seal the cabinet prior to the voting;
 - (2) Maintain the order and supervise whether there is any negligence and misconduct in violation of laws in the process of the voting;
 - (3) Unseal the cabinet and check the number of ballots after the voting;
 - (4) Inspect whether there are any invalid ballots, and hand the effective ballots to ballot recorders;
 - (5) Supervise the votes won by each candidate, and countersign the ballot recording Manufacture together with the ballot recorders;
 - (6) Sign on the sealed envelope for ballots to prove the seal of ballots. The ballot papers are calculated in a manner other than recall.

6. In either of the following circumstances, the ballots shall be deemed invalidated ticket.
 - (1) The ballots are not the ones required under the Rules and ballots inserted in the wrong ballot box or altered ballot.
 - (2) The number of candidate exceeds the quota.
 - (3) Violation of Paragraph 1, Article 4-1 or addition of other text or symbol.
 - (4) The writing on the ballots is too illegible to be recognized.
 - (5) The account name and shareholder's account number of the candidate who is a shareholder do not match those specified in the roster of shareholders.
 - (6) Put any blank ballots into the ballot box.
 - (7) The name and ID No. or Passport No. of the candidate who is not a shareholder is not specified, or it is impossible to verify his name, ID No. or Passport No., or his name, ID No. or Passport No. is verified to be inconsistent.
 - (8) The total number of votes distributed to the candidates by the voter exceeds the total number of votes to which the voter is entitled.
7. The voting time is announced by the chairman, and the ballot shall be counted on site at the end of the voting time. The ballot shall be counted in any manner other than reading the elected name. After completion of the ballot counting, it is necessary to produce the ballot counting report.
8. The ballot counting report referred to in the preceding paragraph shall record the total number of election votes, number of valid election votes, number of invalidated election votes and the name list of the elected, and be signed by ballot counters and scrutineers.
9. Based on the results of vote opening, the chairman shall announce the list of elected persons on the site.
10. Any matters not provided herein shall be subject to the company's articles of incorporation, rules for agenda, Company Act and other relevant laws.
11. The Rules shall be enforced upon resolution of the shareholders' meeting. The same shall apply where they are amended.

Appendix 4

Disclosure of Directors' Shareholdings

April 23, 2018

Job title	Name	Stockholders No .	Shares held
Chairman	Wei Dah Development Co., Ltd. Statutory Representative: Shao Yu Wang	17471	53,708,923
Vice Chairman	Wei Dah Development Co., Ltd. Statutory Representative: Nita Ing		
Director	Wei Dah Development Co., Ltd. Statutory Representative: Chin-Shan Chiang		
Director	Metacity Development Corporation Statutory Representative: Tzu Wei Lee	147214	31,093,108
Director	Metacity Development Corporation Statutory Representative: D. Otto Cheng		
Director	John T. Yu		0
Independent Director	Robert Hung		0
Independent Director	Henry Lin		0
Independent Director	Henry Feng		0
Shareholdings of Directors subtotal			84,802,031
Minimum shareholdings of Directors			26,422,719

Note: The outstanding stock shares on the cut-off day of April 23, 2018 amounted to 825,709,978 shares.

