

Namchow Holdings Co., Ltd.  
2022 General Meeting of Shareholders

# Handbook

Shareholders meeting will physical shareholders' meeting.

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# Namchow Holdings Co., Ltd.

## 2022 General Shareholders' Meeting Agenda

Time: 9:00 A.M., Thursday, June 2, 2022

Venue: Vision Hall, Taipei Foundation of Finance, Room 6, 6F., No.51, Hengyang Rd., Taipei City.

- I. Meeting Called to Order
- II. Chairperson Address
- III. Reports
  1. 2021 Business Status Report
  2. Audit Committee's Review Report on the 2021 Financial Statements
  3. 2021 Director and Employee Remuneration Distribution Status Report
  4. 2021 Earnings Distribution & Cash Dividend Report
- IV. Matters of recognitions
  1. 2021 Business Report & Financial Statements.
  2. 2021 Earnings Distribution Proposal
- V. Matters of discussions
  1. Proposal to Amend the Company's "Articles of Incorporation"
  2. Proposal to Amend the Company's "Assets Acquisition or Disposal Handling Procedures"
- VI. Ex Temporary Motions
- VII. Adjournment

## Matter of Reports:

- I. 2021 Business Status Report (see Attachment II)
- II. Audit Committee's Review Report on the 2021 Financial Statements (see Attachment II)
- III. 2021 Director and Employee Remuneration Distribution Status Report (See Attachment III)
- IV. 2021 Earnings Distribution & Cash Dividend Report (see Attachment 4)

# Matters of Ratification

Item 1. Proposed by the Board of Directors

Case: 2021 Business Report and Financial Statements Ratification Proposal.

(see Attachments 1 & 5-1 to 5-10)

Resolution:

Item 2 Proposed by the Board of Directors

Case: 2021 Earnings Distribution Ratification Proposal.

Explanation:

The Company's net profit after tax in 2021 was NT\$1,071,166,053, and a surplus distribution table is hereby prepared (see Attachment VI).

Resolution:

# Discussions

Item 1. Proposed by the Board of Directors

Case: Amendment to the Company's "Articles of Incorporation," Submitted for Referendum.

Explanation:

1. Decree **ZTHZYJZ** No. 11000115851 was issued on December 29, 2021, to amend Article 172-2 of the Company Act as follows: A company may explicitly provide for in its Articles of Incorporation that its shareholders' meeting can be held by means of visual communication network or other methods promulgated by the central competent authority.
2. Pursuant to Article 172-2 of the Company Act, the Company has added Article 12-1 to its Articles of Incorporation.
3. The amendment comparison table is provided below:

After	Before	Explanation
<p><u>Article 12-1:</u>  <u>The Company's shareholders' meetings may be held via video conference or other methods announced by the central competent authority.</u></p> <p><u>The Company's shareholders' meetings held via video conference shall be handled according to the relevant laws and regulations as well as the Company's Rules of Procedure for Shareholders' Meeting.</u></p>	None	To comply with Decree <b>ZTHZYJZ</b> No. 11000115851 issued on December 29, 2021, to amend Article 172-2 of the Company Act, it is explicitly provided that the shareholders' meeting can be held by means of visual communication network or other methods promulgated by the central competent authority.
<p>Article 20            The Articles of Incorporation were formulated on March 25, 1950,..... (omitted), <u>and the 55th amendment shall be implemented on June 2, 2022.</u></p>	<p>Article 20            This Articles of Incorporation was established on March 25, 1950,.....(omitted).</p>	Dating of the provision after amendment

Resolution:

Issue 2 Proposed by the Board of Directors

Case: Amend the Company's "Assets Acquisition or Disposal Handling Procedures," Submitted for Referendum.

Explanation:

1. The Regulations Governing the Acquisition and Disposal of Assets by Public Companies were promulgated on December 10, 2002; this revision is amended according to letter No. 1110380465 issued by the FSC on January 28, 2022.
2. Proposal to amend Articles 3, 5, 6, 11, & 25 of the Company's "Assets Acquisition or Disposal Handling Procedures."
3. The amendment comparison table is provided below:

After	Before	Explanation
<p>III. Evaluation Procedure:</p> <p>(I) Omitted</p> <p>(II) When the Company acquires or disposes of securities, it shall obtain the most recent financial statements of the subject company that has been audited, certified, or reviewed by a CPA or other relevant information before the date of the fact as reference for transaction price evaluation. Moreover, if the transaction amount exceeds 20% of the Company's paid-in capital or NT\$300 million or higher, a CPA shall be consulted to express an opinion on the reasonableness of the transaction price before the date of the fact. If there is an active market for the securities with open quotation, or the Financial Supervisory Commission (FSC) specified otherwise, this requirement can be waived.</p> <p>(III) Except for transactions with domestic government agencies, a CPA's opinion on the reasonableness of the transaction price must be obtained before the date of the fact when the Company acquires or disposes of intangible assets, their right-of-use assets thereof, or membership card transactions amounting to 20% of the Company's paid-in capital or NT\$300 million or higher.</p> <p>Omitted.</p>	<p>III. Evaluation Procedure:</p> <p>(I) Omitted</p> <p>(II) When the Company acquires or disposes of securities, it shall obtain the most recent financial statements of the subject company that has been audited, certified, or reviewed by a CPA or other relevant information before the date of the fact as reference for transaction price evaluation. Moreover, if the transaction amount exceeds 20% of the Company's paid-in capital or NT\$300 million or higher, a CPA shall be consulted to express an opinion on the reasonableness of the transaction price before the date of the fact. <u>If a CPA must use an expert report, the matter shall be handled according to the Auditing Standards Bulletin No. 20 promulgated by the Accounting Research and Development Foundation.</u> If there is an active market for the securities with open quotation, or the Financial Supervisory Commission (FSC) specified otherwise, this requirement can be waived.</p> <p>(III) Except for transactions with domestic government agencies, a CPA's opinion on the reasonableness of the transaction price must be obtained before the date of the fact when the Company acquires or disposes of intangible assets or their right-of-use assets or membership card transactions amounting to 20% of the Company's paid-in capital or NT\$300 million or higher. <u>The CPA shall handle the matter according to Auditing Standards Bulletin No. 20 promulgated by the Accounting Research and Development Foundation.</u></p>	<p>Considering that Article 25 has been added to require external experts to issue opinions according to the self-discipline regulations of their respective trade associations, it has already covered the procedures for CPAs to issue opinions. Therefore, the texts for Paragraph II "If a CPA must use an expert report, the matter shall be handled according to the Auditing Standards Bulletin No. 20 promulgated by the Accounting Research and Development Foundation" and Paragraph III "The CPA shall handle the matter according to Auditing Standards Bulletin No. 20 promulgated by the Accounting Research and Development Foundation" have been deleted.</p>

After	Before	Explanation
<p>V. Declaration Procedure:  (I) The Company's Assets Acquisition or Disposal.....  6. Asset transactions other than those listed in the preceding 5 subsections or investments in mainland China whereby the transaction amount is equivalent to 20% of the Company's paid-in capital or NT\$300 million or higher. Except under the following situations:  (1) Trading domestic bonds or <u>foreign government bonds with a credit rating not lower than our nation's sovereign credit rating.</u></p> <p>Omitted.</p>	<p>Omitted.</p> <p>V. Declaration Procedure:  (I) The Company's Assets Acquisition or Disposal.....  6. Asset transactions other than those listed in the preceding 5 subsections or investments in mainland China whereby the transaction amount is equivalent to 20% of the Company's paid-in capital or NT\$300 million or higher. Except under the following situations:  (1) Domestic government bond trading.</p> <p>Omitted.</p>	<p>Considering that public offering companies are currently exempted from announcing and declaring domestic public bond trades; Item I, Subparagraph VI, Paragraph I, Article V shall be amended to relax bond trading in that trading foreign government bonds with a credit rating not lower than our nation's sovereign credit rating shall be exempt from announcements or declarations.</p>
<p>VI. Procedure for appraisal of assets  The Company's Real Estate Acquisition or Disposal.....  (III) If the professional appraiser's appraisal result shows any one of the following conditions, a CPA shall be consulted to express specific opinions on the reason for the price difference and fairness of the transaction price unless the appraisal results indicate that the assets acquired are all higher than the transaction amount or the results indicate that the assets disposed of are all lower than the transaction amount:  1. The appraisal result varied by over 20% of the transaction amount.  2. The appraisal results from at least two professional appraisers varied by more than 10%.</p> <p>Omitted.</p>	<p>VI. Procedure for appraisal of assets  The Company's Real Estate Acquisition or Disposal.....  (III) If the professional appraiser's appraisal result shows any one of the following conditions, a CPA shall be consulted to <u>handle the matter according to the Auditing Standards Bulletin No. 20 promulgated by the Accounting Research and Development Foundation,</u> and express specific opinions on the reason for the price difference and fairness of the transaction price unless the appraisal results indicated that the assets acquired are all higher than the transaction amount or the results indicated that the assets disposed of are all lower than the transaction amount:  1. The appraisal result varied by over 20% of the transaction amount.  2. The appraisal results from at least two professional appraisers varied by more than 10%.</p>	<p>Considering that Article 25 has been revised to require external experts to issue opinions according to the self-discipline regulations of their respective trade associations, it has already covered the procedures for CPAs to issue opinions. Therefore, the texts for Subparagraph III of Paragraph II “handle the matter according to Auditing Standards Bulletin No. 20 promulgated by the Accounting Research and Development Foundation” have been deleted.</p>



After	Before	Explanation
<p>XI. Resolution Procedure:  The Company's Acquisition or Disposal from Related Parties.....  (VII)<u>Restrictions and other important agreements for this transaction.</u></p> <p><u>When this Company, its subsidiaries, or subsidiaries whereby 100% of the issued shares or total capital is directly or indirectly held engage in the following transactions with each other; the board of directors may authorize the chairman of the board to make a decision within the legal limit, and then submit it to the latest board of directors for ratification:</u></p> <p>(I) <u>Acquiring or disposing of equipment or right-of-use assets thereof for commercial use.</u></p> <p>(II) <u>Acquiring or disposing of real estate or right-of-use assets thereof for commercial use.</u></p> <p><u>If the Company has established independent directors according to regulations, the Company shall fully consider the opinions of all independent directors when a proposal is submitted to the board of directors for discussion according to Paragraph I and record all reasons of disapproval or reservation in the board of directors meeting minutes.</u></p> <p><u>The Company has established an audit committee according to regulations. The matters that must be recognized by the supervisor according to Paragraph I shall be approved by over half of all audit committee members and then submitted to the board of directors for resolution. If approval by over half of all audit committee members cannot be obtained, the case must be approved by over two-thirds of all directors before implementation, and the audit committee's resolution shall be</u></p>	<p>Omitted.</p> <p>XI. Resolution Procedure:  The Company's Acquisition or Disposal from Related Parties.....  (VII)<u>The transaction amounts from the preceding Paragraph shall be calculated according to Paragraph (II) of Article V. The transactions within one year are based on the actual transaction date, calculated retrospectively for one year. Those submitted to the board of directors and supervisors for recognition according to the provisions need not be added.</u></p>	<p>The texts originally in Subparagraph VII of Paragraph I have been moved to Paragraph VI in conjunction with the addition of Paragraph V. the revised transaction amount calculation is included in the transactions submitted to shareholders for approval. . Transaction restrictions and other agreed matters are added to Subparagraph VII.</p> <p>Added text for Paragraph II and strengthened the description of “acquisition or disposal of equipment and real estate for commercial use or right-of-use assets thereof shall be submitted to the board of directions for ratification after the fact” in Subparagraph V, Paragraph I, Article IV.</p> <p>Added texts for Paragraphs III &amp; IV and strengthened description for “Related Party Transaction” in Subparagraph III, Paragraph I, Article IV.</p> <p>Explanation is added to Paragraph V:  1. To strengthen related party transaction management and protect the rights of the Company’s minority shareholders to express their opinions on transactions between the Company and its related parties, this text shall expressly stipulate that if the Company or its non-</p>

After	Before	Explanation
<p><u>recorded in the board of directors meeting minutes.</u></p> <p><u>If the Company or its non-domestic public offering subsidiaries engage in a transaction that exceeds 10% of a public company's total assets, the Company shall submit the documents listed in Paragraph I to the shareholders' meeting for approval before signing the transaction contract and making payment. This provision shall not apply if the transaction is between the Company and its parent company, subsidiary, or between the subsidiaries.</u></p> <p>The transaction amounts from <u>Paragraph I</u> and the preceding paragraph shall be calculated according to Paragraph (II) of Article V. The transactions within one year are based on the actual transaction date, calculated retrospectively for one year. Those submitted to the <u>shareholders' meeting</u> and the board of directors for recognition by the supervisor need not be added.</p>		<p>domestic public offering subsidiaries engage in an acquisition or disposal of assets stipulated in Paragraph I that exceeds 10% of a public company's total assets, the Company shall submit the relevant information to the shareholders' meeting for approval before implementation. If the matters must be submitted by the non-public offering subsidiary to the shareholders' meeting for approval, they shall be submitted by the upper-level public offering parent company.</p> <p>2. Considering the overall business planning needs of the Company and its parent company, subsidiaries, or between the subsidiaries, exemption for shareholders' meeting resolution on such inter-company transactions shall be relaxed.</p>
<p>XXV. The professional agency and its appraisers, CPAs, attorneys, or securities underwriters whereby the Company obtains its CPA, attorney, or securities underwriter valuation reports or opinions shall not be related persons to the transaction counterparty <u>and must meet the following requirements:</u></p> <p><u>1. Never been convicted for violation of the Securities and Exchange Act., the Company Act, Banking Act of The Republic of China, Insurance Act, Financial Holding Company Act, Business Entity Accounting Act, or crimes such as fraud, breach of trust, encroachment, falsification of documents, or business crimes and received a final</u></p>	<p>XXV. The professional agency and its appraisers, CPAs, attorneys, or securities underwriters whereby the Company obtains its CPA, attorney, or securities underwriter valuation reports or opinions shall not be related persons to the transaction counterparty.</p>	<p>The matters that experts such as professional appraisers and their appraisers, accountants, lawyers, or securities underwriters must pay attention to are added, and the responsibilities of external experts are clarified.</p>

After	Before	Explanation
<p><u>judgment sentence of imprisonment for one year or longer. However, this restriction shall not apply if the sentence has been served and the probation period has expired, or a pardon has been issued for three years.</u></p> <p><u>2. Cannot be an affiliate to the parties in the transaction or de facto relationship status.</u></p> <p><u>3. If the Company must obtain the appraisal reports from two or more professional appraisers, different professional appraisers or their staff may not be related to each other or have a de facto relationship. When issuing valuation reports or opinions, the preceding appraisers shall comply with the self-discipline regulations of their respective trade associations and abide by the following matters:</u></p> <p><u>1. Carefully assess the professional ability, practical experience, and independence before undertaking the case.</u></p> <p><u>2. Appropriate operating procedures shall be properly planned and implemented during case implementation to form a conclusion and issue a report or opinion letter accordingly. The procedures, data collected, and conclusion shall be documented in the case's paperwork.</u></p> <p><u>3. The appropriateness and rationality of the data sources, parameters, and information used shall be evaluated item by item to serve as the foundation for issuing the valuation report or opinion letter.</u></p> <p><u>4. The declaration items shall include the professionalism and independence of the relevant personnel and specify that the information used has been assessed to be appropriate, reasonable, and</u></p>		

After	Before	Explanation
<u>in compliance with the relevant laws and regulations.</u>		

Resolution:

## Ex Temporary Motions

## Adjournment

# Attachment 1

## Business Report

### I. 2021 Operating Results Report

The Company's consolidated turnover for 2021 was NT\$19,861,770,000; which increased by NT\$2,240,007,000 (12.71%) compared to NT\$17,621,763,000 for 2020. The profit for 2021 was NT\$1,071,166,000; which increased by NT\$120,469,000 (12.67%) compared to the profit of NT\$950,697,000 for 2020. The Group's consolidated revenue hit a new high in 2021, and its profit also hit a new high in the past 5 years. Despite the impacts of COVID-19 and inflation, the Group has been able to grasp the business opportunities due to the concerted efforts of all employees. The revenue of numerous business units has continued to grow, among which the Oil & Fat and frozen dough businesses showed higher growth rates.

In terms of financial income and expenditure, the consolidated total liabilities in 2021 reached NT\$17,578,210,000 (debt ratio of 59.76%), which decreased by NT\$806,885,000 (12.79%) compared to the consolidated total liabilities of NT\$18,385,095,000 (debt ratio of 72.55%) for 2020. In 2021, the cash inflow from operating activities was NT\$1,196,462,000; the amount of investment activities was NT\$375,219,000; and the current ratio was 244.03%. It has improved compared to the 97.76% in 2020, indicating a good financial status overall.

The Group has continued to invest in R&D for new products to meet consumer demands delicately. For example, R&Ds for crystal soap and probiotics were combined to develop high biodegradability and multi-functional clothing cleaning products; we have launched the "clean" and "additive-free" NEBOS series oils that meet international standards, and we have introduced innovative ice cream products and partnered with well-known brands to expand business models and opportunities. We have used healthy and trendy ingredients to make aseptic cooked rice and frozen noodles and developed new products that have won numerous domestic and foreign certifications.

### II. 2022 Business Plan Outline:

Namchow will develop high value-added products according to consumer interests, partner with various types of enterprises to create and expand business opportunities, maximize benefits for consumers, and drive the industry's progress.

Namchow has operated its Oil & Fat business in mainland China for 25 years, and its comprehensive services have become the community of life and the best business partner for clients. "Namchow Food Group (Shanghai) Co., Ltd." on the Shanghai A Index (SHAI) in May 2021 to become the first food company listed in China. The funds raised will expand the production capacity for Oil & Fat and frozen dough, expand the cold chain storage and R&D center, and strengthen Namchow's competitiveness in mainland China's market.

Namchow has operated for 31 years in Thailand. Its baby rice cracker, prepared cooked rice, and prepared porridge products have been sold to the global market and are well received. With the foresight to cultivate Southeast Asia, European, and American markets, Namchow (Thailand) has acquired 20,000 square meters of land next to Namchow's existing factory in Thailand. The factory construction commenced in October 2018. We have invested approximately 1.37 billion Thai baht to build a smart factory and install one baby rice cracker line and one bread bakery snack line. The rice cracker line has been completed in the 2nd quarter of 2020 and put into production. The bread bakery snack line is expected to be put into production in the 2nd half of 2022, which is expected to increase revenue and profit.

### III. Future Development Strategies and Impact on the External Environment

**Future development strategy:** Namchow will focus on operating the global niche market and continue to invest in R&D for cooking oil, rice, flour, and dairy products. Currently, revenue from food products has exceeded 97% of the entire Group's revenue. In the future, the business unit aims to invest more intensively to meet the food safety and health trends while developing more refined and precise functional biotech products.

**Competitive environment:** Take the oil business as an example. We will continue to invest in R&D and services to meet international trends. Recently, we have adopted the bakery desert and catering concept for Chinese cakes cultivating the professional field of oils and fats to set the position and status in the hearts of consumers.

**Legal environment:** As time progresses, the public has paid more attention to product quality, safety, and hygiene. Namchow has introduced the consumer protection concept since the 1980s to actively implement comprehensive quality management, which is considered a pioneer at that time. As the social changes become more rapid, enterprises today must conform to the general concept of environmental protection and loving the earth to survive. Namchow has always strived to become a green competitive enterprise and conform to the environmental, social, and governance (ESG) guidelines so we can become a public enterprise. Our goal is to become a people-oriented, open, transparent, and sustainable enterprise that exists in symbiotic harmony with the earth.

**Overall environment:** COVID-19 has obstructed globalization development since January 2020, and enterprises have faced unprecedented challenges. Under the impacts of COVID-19, central banks worldwide have adopted loose monetary policies, which continued to push up commodity raw material prices. As the epidemic continues to spread, raw material shortages and supply chain disruptions will continue to make the commodity raw material prices soar. However, under the pressure of inflation in 2022, central banks are facing the urgency to raise interest rates. The monetary policy is expected to be tightened. The foreign exchange market and commodity raw material prices will become more volatile and unpredictable due to the rapidly rising geopolitical tensions in Europe.

Namchow will use its past experience to gain insight and foresight into the raw material market, and maintain stability and calm in dealing with the treacherous and fickle environment.

The oil, pasta, rice, ice cream, catering, and cleaning product-related industries operated by Namchow will continue to focus on providing R&D, production, and services to clients and consumers as we look forward to the post-COVID-19 digital era. We will continue to observe lifestyle changes and provide multi-faceted solutions to meet the demands of daily life. Our trade-based organization will combine its various business resources. Our production bases have spread across Taiwan, Thailand, and mainland China, and we will also expand to Japan shortly. Our products are sold in over 80 countries worldwide, and we will develop our business network into a fleet to jointly develop and achieve business synergy. Master the rapid changes in consumer consumption and economy, and use delicate and precision executions to generate new opportunities for the enterprise.

Namchow has a 70-year history. We have developed into a people-oriented learning organization that Knowing changes, Responding to change, Seeking to change, and Remaining unchanged. Our goal is to strictly maintain integrity, care about the social and economic environment, and create better investment benefits for all stakeholders and shareholders.

Chairman:

Chen Fei Lung

Manager:

Lee Kan Wen

Accounting Supervisor:

Wang Shi Wei

## Attachment 2

### Namchow Holdings Co., Ltd. Audit Committee's Review Report

The Board of Directors prepared the Company's 2021 Business Report, Standalone and Consolidated Financial Statements and earnings distribution proposal. The Parent Only and Consolidated Financial Statements, in particular, were already inspected by CPA Po-Shu Huang and CPA Chong-Shun Wu of KPMG and the Inspection Report is presented. The said Business Report, Parent Only and Consolidated Financial Statements and earnings distribution proposal have been reviewed by the Audit Committee and found to have no discrepancy. In accordance with the provisions of Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act, a report is prepared for your review.

To

The Company's 2022 Shareholders' Meeting

Namchow Holdings Co., Ltd.

Convener of the Audit Committee

Ting-Kuo Chen

March 15, 2022

## Attachment 3

### Report of 2021 Distribution of employees' compensation and directors' remunerations

I. According to the Article 31 of the Articles of Incorporation: the company shall appropriate no less than 1% of its earnings as remuneration to its employees and no more than 5% of its earning as remuneration to the Directors, if applicable. If there are accumulated losses, however, the value to make up for the losses should be set aside first.

The remuneration to employees may be paid in stock or cash, and the employees of subsidiaries meeting specific condition are also entitled to the payment.

II. Remuneration to employees and directors in 2021 was 1% and 4% from the earnings before taxation before deduction for remuneration to employees and directors, which amounted to NTD13,342,979 and NTD53,371,971, respectively out of NTD1,334,297,921. Payment was made in cash and there is no variation from the estimated amount.

III. The abovementioned distribution amount approved by the board of directors on March 15, 2022.



## Attachment 4

### Report on the Distribution of 2021 earnings as cash dividends

- I. The board of directors of the Company approved the shareholder dividend of NT\$647,092,516 for the 2021 earnings distribution. Each share shall be issued a cash dividend of NT\$2.2 on the ex-dividend date according to the shares held in the shareholder's register book.
- II. Based on the board of directors' resolution, the chairman of the board is authorized to handle the matter if stock buyback, treasury stock transfer, or stock cancellation changes the number of outstanding shares and the value issued per share.
- III. The cash dividend for each shareholder is issued to the dollar(value less than NT\$1 is rounded off). The fractional amount shall be combined and counted in other income of the Company.
- IV. The board of directors has authorized the chairman of the board to set the ex-dividend date and the cash dividend issuing date.

# Attachment 5-1



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## Independent Auditors' Report

To the Board of Directors of Namchow Holding Co., Ltd.:

### Opinion

We have audited the parent company only financial statements of Namchow Holding Co., Ltd. (the "Company"), which comprise the balance sheets as of December 31, 2021 and 2020, and the statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2021 and 2020, and notes to the parent company only financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying parent company only financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2021 and 2020, and its financial performance and its cash flows for the years ended December 31, 2021 and 2020 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

### Basis for Opinion

We conducted our audits in accordance with the "Regulations Governing Auditing and Certification of Financial Statements by Certified Public Accountants" and the auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Parent Company Only Financial Statements section of our report. We are independent of the Company in accordance with the Certified Public Accountants Code of Professional Ethics in Republic of China ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis 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 parent company only financial statements of the current period. These matters were addressed in the context of our audit of the parent company only financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In our judgment, the key audit matters we communicated in the auditor's report were as follows:

Evaluation of investments accounted for under equity method

Please refer to notes 4(g) and 6(e) for the disclosure related to the evaluation of investments accounted for under equity method of the parent company only financial statements.



Description of key audit matter:

Namchow Holding Co., Ltd. mainly engages in the investment business. Investments accounted for under equity method amounts to \$16,204,469 thousand, which constitutes 88% of the total assets of Namchow Holding Co., Ltd. Therefore, the evaluation of investments accounted for under equity method is the key judgmental area for our audit.

How the matter is address in our audit:

Our principal audit procedure including providing audit instructions and communicating with auditors of other components; obtaining financial statements of the components, recalculating shares of profit from the subsidiaries and exam whether if it is recognized in the correct period; and evaluating whether the disclosure related to investments accounted for under equity method made by the management is appropriate.

**Responsibilities of Management and Those Charged with Governance for the Parent Company Only Financial Statements**

Management is responsible for the preparation and fair presentation of the parent company only 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 parent company only financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance (including the Audit Committee) are responsible for overseeing the Company's financial reporting process.

**Auditors' Responsibilities for the Audit of the Parent Company Only Financial Statements**

Our objectives are to obtain reasonable assurance about whether the parent company only 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 parent company only 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 parent company only financial statements whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.



3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the parent company only 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 Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the parent company only financial statements, including the disclosures, and whether the parent company only 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 investment in other entities accounted for under equity method to express an opinion on the parent company only 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 parent company only 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 Chung-shun Wu.

KPMG

Taipei, Taiwan (Republic of China)  
March 15, 2022

#### Notes to Readers

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

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

# Attachment 5-2

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)  
**NAMCHOW HOLDING CO., LTD.**

## Balance Sheets

December 31, 2021 and 2020

(Expressed in Thousands of New Taiwan Dollars)

	December 31, 2021		December 31, 2020		
	Amount	%	Amount	%	
<b>Assets</b>					
<b>Current assets:</b>					
11XX Cash and cash equivalents (note 6(b))	\$ 28,511	-	15,816	-	21XX
1180 Accounts receivable – related parties (notes 6(c) and 7)	2,494	-	3,058	-	2321
1210 Other receivables – related parties (notes 6(d), (m) and 7)	32,860	-	45,551	-	2200
1220 Current income tax assets	25,090	-	25,090	-	2220
1410 Prepayments	2,700	-	2,668	-	2230
1470 Other current assets	50	-	64	-	2280
<b>Total current assets</b>	<u>91,705</u>	<u>-</u>	<u>92,247</u>	<u>-</u>	<u>2399</u>
<b>Non-current assets:</b>					
15XX Financial assets at fair value through other comprehensive income – non-current (note 6(b))	20,092	-	16,062	-	2530
1517 Investments accounted for under equity method (note 6(e))	16,204,469	88	12,845,517	85	2540
1600 Property, plant and equipment (notes 6(f), 8 and 9)	1,827,787	10	1,829,951	12	2570
1755 Right-of-use assets (note 6(g))	3,136	-	3,604	-	2580
1760 Investment property (notes 6(h) and 8)	216,524	2	226,225	3	2640
1840 Deferred income tax assets (note 6(m))	4,349	-	37,538	-	2670
1915 Prepayments for equipment	238	-	-	-	2XXX
1990 Other non-current assets	11,320	-	11,320	-	-
<b>Total non-current assets</b>	<u>18,287,915</u>	<u>100</u>	<u>14,970,217</u>	<u>100</u>	<u>3110</u>
<b>Equity attributable to shareholders of parent (notes 6(b) and (n)):</b>					
Common stock					3200
Capital surplus					3300
Retained earnings:					3310
Legal reserve					3320
Special reserve					3350
Unappropriated earnings					3400
Other equity:					3410
Financial statement translation differences for foreign operations					3420
Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income					3500
Treasury stock					3XXX
<b>Total equity</b>	<u>18,379,620</u>	<u>100</u>	<u>15,062,464</u>	<u>100</u>	2-3XXX
<b>Total liabilities and shareholders' equity</b>	<u>\$ 18,379,620</u>	<u>100</u>	<u>\$ 15,062,464</u>	<u>100</u>	
<b>Liabilities and Equity</b>					
<b>Current liabilities:</b>					
Current portion of bonds payable (note 6(j))	-	-	-	-	26
Other payables (notes 6(l) and (q))	177,680	1	154,602	1	21
Other payable – related parties (notes 6(m) and 7)	5,951	-	8,175	-	7
Current income tax liabilities	30,220	-	20,469	-	-
Current lease liabilities (note 6(k))	1,719	-	2,717	-	-
Other current liabilities	778	-	830	-	-
<b>Total current liabilities</b>	<u>216,348</u>	<u>1</u>	<u>4,167,091</u>	<u>27</u>	
<b>Non-current liabilities:</b>					
Bonds payable (note 6(j))	4,853,527	26	-	-	21
Long-term borrowings (notes 6(i) and 8)	2,809,000	15	3,147,000	21	7
Deferred income tax liabilities (note 6(m))	1,154,501	6	995,092	7	-
Lease liabilities – non-current (note 6(k))	1,429	-	913	-	1
Accrued pension liabilities – non-current (note 6(l))	125,885	1	132,772	1	-
Other non-current liabilities	111,968	1	50	-	29
<b>Total non-current liabilities</b>	<u>9,056,310</u>	<u>49</u>	<u>4,275,827</u>	<u>29</u>	
<b>Total liabilities</b>	<u>9,272,658</u>	<u>50</u>	<u>8,442,918</u>	<u>56</u>	
<b>Equity attributable to shareholders of parent (notes 6(b) and (n)):</b>					
Common stock	2,941,330	16	2,941,330	20	8
Capital surplus	3,590,865	20	1,214,039	8	5
Retained earnings:					9
Legal reserve	932,166	5	838,824	5	11
Special reserve	1,239,224	7	1,286,181	9	25
Unappropriated earnings	2,033,250	11	1,596,003	11	25
Other equity:					(5)
Financial statement translation differences for foreign operations	(1,059,576)	(6)	(681,563)	(5)	-
Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	(40,183)	-	(45,154)	-	(5)
Treasury stock	(1,099,759)	(6)	(726,717)	(5)	(4)
<b>Total equity</b>	<u>(530,114)</u>	<u>(3)</u>	<u>(530,114)</u>	<u>(4)</u>	44
<b>Total liabilities and shareholders' equity</b>	<u>\$ 18,379,620</u>	<u>100</u>	<u>\$ 15,062,464</u>	<u>100</u>	

See accompanying notes to parent company only financial statements.

# Attachment 5-3

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(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)  
**NAMCHOW HOLDING CO., LTD.**

## Statements of Comprehensive Income

For the years ended December 31, 2021 and 2020

(Expressed in Thousands of New Taiwan Dollars , Except for Earnings Per Common Share)

	2021		2020	
	Amount	%	Amount	%
4000 <b>Operating revenue (notes 6(p) and 7)</b>	\$ 59,683	100	64,132	100
5000 <b>Operating costs</b>	-	-	-	-
5900 <b>Gross profit from operations</b>	59,683	100	64,132	100
5920 Add: Realized profit from sale	-	-	971	2
5950 <b>Gross profit</b>	59,683	100	65,103	102
6200 <b>General and administrative expenses (notes 6(f), (g), (k),(l), (q) and 7)</b>	290,876	487	278,964	435
6900 <b>Operating loss</b>	(231,193)	(387)	(213,861)	(333)
7000 <b>Non-operating income and expenses (notes 6(h), (j), (k), (r) and 7):</b>				
7100 Interest income	1,081	2	15	-
7010 Other income	1,118	2	209	-
7020 Other gains and losses	(12,633)	(21)	(11,033)	(17)
7050 Finance costs	(91,827)	(154)	(82,844)	(129)
7070 Share of profit of subsidiary accounted for using equity method	1,601,037	2,682	1,358,715	2,119
<b>Total non-operating income and expenses</b>	1,498,776	2,511	1,265,062	1,973
7900 <b>Profit from continuing operations before tax</b>	1,267,583	2,124	1,051,201	1,640
7950 <b>Less: Income tax expenses (note 6(m))</b>	196,417	329	100,504	157
8000 <b>Profit</b>	1,071,166	1,795	950,697	1,483
8300 <b>Other comprehensive income(note 6(n)):</b>				
8310 <b>Components of other comprehensive income that will not be reclassified to profit or loss</b>				
8311 Gains on remeasurements of defined benefit plans	5,505	9	(1,058)	(2)
8316 Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	4,030	7	8,970	13
8330 Share of other comprehensive income of subsidiaries accounted for using equity method, components of other comprehensive income that will not be reclassified to profit or loss	(3,832)	(6)	(21,827)	(34)
8349 Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	-	-	-	-
<b>Components of other comprehensive income that will not be reclassified to profit or loss</b>	5,703	10	(13,915)	(23)
8360 <b>Components of other comprehensive income (loss) that will be reclassified to profit or loss</b>				
8361 Exchange differences on translation of foreign financial statements	(333,478)	(559)	(109,176)	(170)
8380 Share of other comprehensive income of subsidiaries accounted for using equity method, components of other comprehensive income that will be reclassified to profit or loss	(44,535)	(75)	152,772	238
8399 Income tax related to components of other comprehensive income that will be reclassified to profit or loss	-	-	-	-
<b>Components of other comprehensive income that will be reclassified to profit or loss</b>	(378,013)	(634)	43,596	68
8300 <b>Other comprehensive income</b>	(372,310)	(624)	29,681	45
<b>Total comprehensive income</b>	\$ <b>698,856</b>	<b>1,171</b>	<b>980,378</b>	<b>1,528</b>
9750 <b>Basic earnings per share (in New Taiwan dollars) (note 6(o))</b>	\$	<b>4.32</b>		<b>3.84</b>
9850 <b>Diluted earnings per share (in New Taiwan dollars) (note 6(o))</b>	\$	<b>4.31</b>		<b>3.83</b>

See accompanying notes to parent company only financial statements.

# Attachment 5-4

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)  
**NAMCHOW HOLDING CO., LTD.**

## Statements of Changes in Equity

For the years ended December 31, 2021 and 2020  
 (Expressed in Thousands of New Taiwan Dollars)

	Retained earnings				Total	Total other equity interest				
	Common stock	Capital surplus	Legal reserve	Special reserve		Unappropriated earnings	Financial statements translation differences for foreign operations	Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	Treasury stock	Total equity
<b>Balance at January 1, 2020</b>	2,941,330	1,136,347	740,987	1,071,560	1,562,023	3,374,370	(725,159)	(48,316)	(576,860)	6,101,512
Appropriation and distribution of retained earnings:										
Legal reserve	-	-	97,837	-	(97,837)	-	-	-	-	-
Special reserve	-	-	-	214,821	(214,821)	-	-	-	-	-
Cash dividends of ordinary share	-	91,760	-	(586,782)	(586,782)	-	-	-	-	(495,022)
Other changes in capital surplus	-	968	-	-	-	-	-	-	-	968
Net income	-	-	-	950,697	950,697	950,697	-	-	-	950,697
Other comprehensive income (loss)	-	-	-	(23,521)	(23,521)	(23,521)	43,596	9,606	-	29,681
Total comprehensive income (loss)	-	-	-	927,176	927,176	927,176	43,596	9,606	-	980,378
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	-	-	-	-	-	-
Disposal of treasury stock	-	(15,036)	-	-	6,244	6,244	-	(6,244)	46,746	-
<b>Balance at December 31, 2020</b>	2,941,330	1,214,039	838,824	1,286,181	1,596,003	3,721,008	(681,563)	(45,154)	(530,114)	6,619,546
Appropriation and distribution of retained earnings:										
Legal reserve	-	-	93,342	-	(93,342)	-	-	-	-	-
Special reserve	-	-	-	(46,957)	46,957	-	-	-	-	-
Cash dividends of ordinary share	-	91,760	-	(588,266)	(588,266)	-	-	-	-	(496,506)
Other changes in capital surplus	-	2,061	-	-	-	-	-	-	-	2,061
Net income	-	-	-	1,071,166	1,071,166	1,071,166	-	-	-	1,071,166
Other comprehensive income (loss)	-	-	-	-	732	732	(375,013)	4,971	-	(372,310)
Total comprehensive income (loss)	-	-	-	1,071,898	1,071,898	1,071,898	(375,013)	4,971	-	698,856
Changes in ownership interests in subsidiaries	-	2,283,005	-	-	-	-	-	-	-	2,283,005
<b>Balance at December 31, 2021</b>	2,941,330	3,590,865	932,166	1,239,224	2,033,250	4,204,640	(1,059,576)	(40,183)	(530,114)	9,106,962

See accompanying notes to parent company only financial statements.

# Attachment 5-5

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(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)  
NAMCHOW HOLDING CO., LTD.

## Statements of Cash Flows

For the years ended December 31, 2021 and 2020

(Expressed in Thousands of New Taiwan Dollars)

	2021	2020
<b>Cash flows from operating activities:</b>		
<b>Consolidated net income before tax</b>	\$ 1,267,583	1,051,201
<b>Adjustments:</b>		
Adjustments to reconcile profit and loss:		
Depreciation	18,285	24,734
Reversal of expected credit loss	-	(197)
Interest expense	91,827	82,844
Interest income	(1,081)	(15)
Share of profit of subsidiaries accounted for using equity method	(1,601,037)	(1,358,715)
Realized profit on from sales	-	(971)
Gains on lease modification	(7)	-
Total adjustments to reconcile profit	<u>(1,492,013)</u>	<u>(1,252,320)</u>
Changes in assets / liabilities relating to operating activities:		
Net changes in operating assets:		
Accounts receivable	-	197
Accounts receivable due from related parties	564	(798)
Other receivable	-	40
Other receivable due from related parties	12,691	85,057
Prepayments	(32)	174
Other current assets	14	(7)
Total changes in operating assets, net	<u>13,237</u>	<u>84,663</u>
Changes in operating liabilities:		
Other payables	16,600	7,946
Other payable to related parties	(2,224)	(1,734)
Other current liabilities	(52)	(3)
Net defined benefit liabilities	(1,382)	(10,441)
Total changes in operating liabilities, net	<u>12,942</u>	<u>(4,232)</u>
Total changes in operating assets / liabilities, net	<u>26,179</u>	<u>80,431</u>
Total adjustments	<u>(1,465,834)</u>	<u>(1,171,889)</u>
Cash provided by operating activities	(198,251)	(120,688)
Interest income received	1,081	15
Interest paid	(100,178)	(61,235)
Income taxes refund	5,932	18,339
<b>Net cash used in operating activities</b>	<u>(291,416)</u>	<u>(163,569)</u>
<b>Cash flows from investing activities:</b>		
Proceeds from capital reduction of financial assets at fair value through other comprehensive income	-	33,410
Acquisition of investments accounted for using equity method	(272,400)	(137,650)
Acquisition of property, plant and equipment	(3,526)	(532)
Acquisition of investment properties	(691)	(455)
Increase in other non-current assets	-	(540)
Increase in prepayments for business facilities	(238)	-
Dividends received	507,405	666,980
<b>Net cash provided by investing activities</b>	<u>230,550</u>	<u>561,213</u>
<b>Cash flows from financing activities:</b>		
Increase in short-term borrowings	4,258,000	7,199,000
Decrease in short-term borrowings	(4,258,000)	(7,656,000)
Proceeds from issuing bonds	5,000,000	-
Repayments of bonds	(4,000,000)	-
Proceeds from long-term borrowings	13,386,000	9,583,000
Repayments of long-term borrowings	(13,724,000)	(9,031,000)
Payment of lease liabilities	(2,210)	(7,856)
Cash dividends paid	(588,266)	(586,782)
Proceeds from sale of treasury shares	-	31,710
Interest paid	(24)	(54)
Overaging unclaimed dividends	2,061	968
<b>Net cash provided by (used in) financing activities</b>	<u>73,561</u>	<u>(467,014)</u>
<b>Net increase (decrease) in cash and cash equivalents</b>	<u>12,695</u>	<u>(69,370)</u>
<b>Cash and cash equivalents at beginning of period</b>	<u>15,816</u>	<u>85,186</u>
<b>Cash and cash equivalents at end of period</b>	<u>\$ 28,511</u>	<u>15,816</u>

See accompanying notes to parent company only financial statements.



# Attachment 5-6



安侯建業聯合會計師事務所

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## Independent Auditors' Report

To the Board of Directors of Namchow Holdings Co., Ltd.:

### Opinion

We have audited the consolidated financial statements of Namchow Holdings Co., Ltd. and its subsidiaries (the "Group"), which comprise the consolidated balance sheets as of December 31, 2021 and 2020, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2021 and 2020, 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 Group as of December 31, 2021 and 2020, and its consolidated financial performance and its consolidated cash flows for the years ended December 31, 2021 and 2020 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 developed by the International Financial Reporting Interpretation Committee ("IFRIC") or the former Standing Interpretations Committee ("SIC") endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

### Basis for Opinion

We conducted our audits in accordance with the "Regulations Governing Auditing and Certification of Financial Statements by Certified Public Accountants" and the auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Certified Public Accountants Code of Professional Ethics in Republic of China ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our opinion.



### Key Audit Matters

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

#### 1. Impairment of trades receivable

Please refer to note 4(g) "Financial instrument" for accounting policies, note 5(a) for accounting assumptions, judgment and estimation uncertainty of impairment of trade receivable, and note 6(d) for the disclosure related to impairment of trade receivable of the consolidated financial statements.

Description of key audit matter:

The Group does not concentrate on any individual customer or any specific region, therefore, the Group needs to establish a policy on its allowance for impairment in order to evaluate its customers' financial status, as well as the political and economic environment. Therefore, the impairment of trades receivable is one of the key judgmental areas for our audit.

How the matter was addressed in our audit:

Our principle audit procedures for the assessment of the Group's accounting policy, included evaluating the receivables credit conditions and allowance for impairment policy; analyzing the accounts receivable relevant with the allowance for impairment; obtaining document for the calculation of the rate of expected credit loss of accounts receivable to determine whether if its appropriate, obtaining aging analysis of accounts receivable and examining relevant documents to verify the accuracy aging period; understanding the recovery of the past due accounts and for the aging of the long-term accounts receivable, such as those past due for 120 days; inspecting whether the Group has taken the appropriate procedures on the litigation or negotiation of the Group subsequent to the financial year end, and verifying the adequacy of impairment assessment of accounts receivable; verifying the reasonableness of the management's assessment on the Group's disclosure on the impairment of trades receivable.

#### 2. Valuation of inventories

Please refer to note 4(h) "Inventories" for accounting policies, note 5(b) for accounting assumptions, judgment and estimation uncertainty of valuation of inventories, and note 6(f) for the disclosure related to valuation of inventories of the financial statements.

Description of key audit matter:

The Group's main inventories are edible and non-edible oil products, frozen dough and frozen food, as well as dish and laundry liquid detergent.

The value of edible and non-edible oil products and laundry liquid detergent products are affected by the international oil price, which may result in the inventory cost exceed its net realizable value; frozen dough and frozen food due to shelf life, resulting in the inventory age has significant risk. Therefore, the valuation of inventories is one of the key judgmental areas for our audit.



How the matter was addressed in our audit:

Our principal audit procedures included

Our principle audit procedures for the assessment of the Group' accounting policy included understanding the policies of evaluating the inventories; performing the analytical procedures about the relation between the balance of inventory and provision on inventory market price decline; verifying the change of provision on inventory valuation and evaluating where it is reasonable; understanding the net realizable values used by management and the variation of the prices in a period after the reporting date to ensure the appropriateness of the valuation price; obtaining the aging report and inspecting the inventory aging processing after the reporting date, as well as understanding the net realizable values used by the management to access whether the net realizable value and the allowance for inventories are reasonable; assessing whether the disclosure on the provision for inventory valuation and obsolescence was appropriate.

### 3. Revenue recognition—customer loyalty program

Please refer to note 4(p) "Revenue" for accounting policies, note 5(c) for accounting assumptions, judgment and estimation uncertainty of revenue recognition and note 6(u) for the disclosure related to revenue of the financial statements.

Description of key audit matter:

The revenue arising from the bonus points shall be calculated by using the fair values, based on the amounts of sales and points earned in the previous year, to be recognized as contract liabilities. Revenue is the main indicator for the Group management and investors to evaluate the Group' s financial and business performance. Therefore, the revenue recognition is one of the key judgmental areas for our audit.

How the matter was addressed in our audit:

The key audit procedures performed included understanding and assessing the design and implementation of the bonus points; assessing the management' s judgments and estimating the rationality of the bonus points and recalculating them to ensure the sales revenue are recognized; performing the analytical procedures of sales revenue; assessing the appropriateness of the contract liabilities of the relevant incentive points, whether it is recorded correctly in the system, and whether it has been disclosed in the appropriate notes to the financial statements.

### **Other Matter**

Namchow Holdings Co., Ltd. has additionally prepared its parent company only financial statements as of and for the years ended December 31, 2021 and 2020, 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 (including the Audit Committee) are responsible for overseeing the Group's financial reporting process.

#### **Auditors' Responsibilities for the Audit of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 auditors' report are Po-Shu Huang and Chung-Shun Wu.

KPMG

Taipei, Taiwan (Republic of China)  
March 15, 2022

**Notes to Readers**

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

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

# Attachment 5-7

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)  
**NAMCHOW HOLDINGS CO., LTD. AND SUBSIDIARIES**

**Consolidated Balance Sheets**

**December 31, 2021 and 2020**

(Expressed in Thousands of New Taiwan Dollars)

	December 31, 2021		December 31, 2020		December 31, 2021		December 31, 2020	
	Amount	%	Amount	%	Amount	%	Amount	%
<b>Assets</b>								
<b>Current assets:</b>								
11XX Cash and cash equivalents (note 6(a))	\$ 9,729,803	33	5,721,627	23	21XX	\$ 2,460,970	8	2,998,640
1100 Financial assets at fair value through profit or loss – current (note 6(b))	-	-	227,426	1	2100	-	-	89,962
1150 Notes receivable, net (note 6(d))	182,401	1	184,286	1	2110	-	-	3,980,298
1170 Accounts receivable, net (note 6(d))	1,918,571	7	1,556,201	6	2322	237,893	1	214,175
1200 Other receivables (note 6(c))	133,118	-	57,140	-	2130	540,585	2	574,384
1220 Current income tax assets	198,929	1	200,582	1	2170	1,347,326	4	1,161,973
130x Inventories (note 6(f))	3,474,419	12	2,451,446	10	2219	1,483,345	5	1,503,216
1410 Prepayments	315,045	1	331,887	1	2230	199,110	1	267,772
1470 Other current assets	58,896	-	66,255	-	2280	158,142	1	192,377
<b>Total current assets</b>	<b>16,011,182</b>	<b>55</b>	<b>10,796,850</b>	<b>43</b>	<b>2399</b>	<b>43,794</b>	<b>-</b>	<b>61,141</b>
<b>Non-current assets:</b>								
15XX Financial assets at fair value through other comprehensive income – non-current (note 6(c))	24,795	-	19,822	-	25XX	6,561,148	22	11,043,938
1517 Property, plant and equipment (notes 6(b), 8 and 9)	11,887,111	41	12,749,928	50	2530	4,853,527	16	-
1600 Right-of-use assets (notes 6(i) and 7)	945,901	3	1,225,544	5	2550	3,684,829	13	4,859,016
1760 Investment property (note 6(j))	36,280	-	39,813	-	2580	10,264	-	12,134
1805 Goodwill (note 6(k))	105,417	-	105,417	-	2570	603,722	2	859,764
1840 Deferred income tax assets (note 6(i))	258,626	1	281,628	1	2640	1,451,850	5	1,292,405
1915 Prepayments for equipment	59,513	-	16,234	-	2670	247,031	1	260,572
1990 Other non-current assets	85,043	-	105,248	-	2670	165,839	1	57,266
<b>Total non-current assets</b>	<b>13,402,686</b>	<b>45</b>	<b>14,543,634</b>	<b>57</b>	<b>2XXX</b>	<b>11,017,062</b>	<b>38</b>	<b>7,341,157</b>
						<b>17,578,210</b>	<b>60</b>	<b>18,385,095</b>
<b>Equity attributable to shareholders of parent (note 6(e)) and (s):</b>								
Common stock	3100		3100			2,941,330	10	2,941,330
Capital surplus	3200		3200			3,590,865	12	1,214,039
Retained earnings:								
Legal reserve	3310		3310			932,166	3	838,824
Special reserve	3320		3320			1,239,224	4	1,286,181
Unappropriated earnings	3350		3350			2,033,250	7	1,596,003
Other equity:								
Financial statement translation differences for foreign operations	3400		3400			(1,059,576)	(3)	(681,563)
Financial statement translation differences for foreign operations	3410		3410					
Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	3420		3420			(40,183)	-	(45,154)
Treasury stock	3500		3500			(1,099,759)	(3)	(726,717)
<b>Total equity attributable to shareholders of parent</b>	<b>36XX</b>		<b>36XX</b>			<b>(530,114)</b>	<b>(2)</b>	<b>(530,114)</b>
<b>Non-controlling interests (note 6(g))</b>	<b>3XXX</b>		<b>3XXX</b>			<b>9,106,962</b>	<b>31</b>	<b>6,619,546</b>
<b>Total equity</b>	<b>2-3XXX</b>		<b>2-3XXX</b>			<b>2,728,696</b>	<b>9</b>	<b>335,843</b>
<b>Total liabilities and equity</b>	<b>100</b>		<b>100</b>			<b>11,835,658</b>	<b>40</b>	<b>6,955,389</b>
						<b>29,413,868</b>	<b>100</b>	<b>25,340,484</b>

See accompanying notes to consolidated financial statements.

# Attachment 5-8

6

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)  
NAMCHOW HOLDINGS CO., LTD. AND SUBSIDIARIES

## Consolidated Statements of Comprehensive Income

For the years ended December 31, 2021 and 2020

(Expressed in Thousands of New Taiwan Dollars, Except for Earnings Per Common Share)

	2021		2020	
	Amount	%	Amount	%
4000 <b>Operating revenue (note 6(u))</b>	\$ 19,861,770	100	17,621,763	100
5000 <b>Operating costs (notes 6(f), (h), (i), (o), (p) and 9)</b>	<u>13,589,951</u>	<u>68</u>	<u>11,682,430</u>	<u>66</u>
5900 <b>Gross profit</b>	<u>6,271,819</u>	<u>32</u>	<u>5,939,333</u>	<u>34</u>
6000 <b>Operating expenses (notes 6(d), (e), (h), (i), (o), (p), (s), (v) and 7):</b>				
6100 Selling expenses	2,611,154	13	2,456,917	14
6200 General and administrative expenses	1,445,696	8	1,348,211	7
6300 Research and development expenses	422,670	2	445,267	3
6450 Expected credit loss	<u>3,815</u>	<u>-</u>	<u>11,193</u>	<u>-</u>
<b>Total operating expenses</b>	<u>4,483,335</u>	<u>23</u>	<u>4,261,588</u>	<u>24</u>
6900 <b>Operating profit</b>	<u>1,788,484</u>	<u>9</u>	<u>1,677,745</u>	<u>10</u>
7000 <b>Non-operating income and expenses (notes 6 (j), (o), (w) and 7):</b>				
7100 Interest income	185,320	1	87,222	-
7010 Other income	201,061	1	150,474	1
7020 Other gains and losses	20,591	-	816	-
7050 Finance costs	<u>(257,548)</u>	<u>(1)</u>	<u>(259,606)</u>	<u>(1)</u>
<b>Total non-operating income and expenses</b>	<u>149,424</u>	<u>1</u>	<u>(21,094)</u>	<u>-</u>
7900 <b>Profit from continuing operations before tax</b>	1,937,908	10	1,656,651	10
7950 <b>Less: Income tax expenses (note 6(q))</b>	<u>698,764</u>	<u>4</u>	<u>661,050</u>	<u>4</u>
<b>Profit</b>	<u>1,239,144</u>	<u>6</u>	<u>995,601</u>	<u>6</u>
8300 <b>Other comprehensive income (notes 6(q) and (r)):</b>				
8310 <b>Components of other comprehensive income (loss) that will not be reclassified to profit or loss</b>				
8311 Gains on remeasurements of defined benefit plans	714	-	(25,941)	-
8316 Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	4,971	-	9,606	-
8349 Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	<u>-</u>	<u>-</u>	<u>(2,372)</u>	<u>-</u>
<b>Components of other comprehensive income that will not be reclassified to profit or loss</b>	<u>5,685</u>	<u>-</u>	<u>(13,963)</u>	<u>-</u>
8360 <b>Components of other comprehensive income (loss) that will be reclassified to profit or loss</b>				
8361 Exchange differences on translation of foreign financial statements	(333,044)	(2)	16,082	-
8399 Income tax related to components of other comprehensive income that will be reclassified to profit or loss	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Components of other comprehensive income that will be reclassified to profit or loss</b>	<u>(333,044)</u>	<u>(2)</u>	<u>16,082</u>	<u>-</u>
8300 <b>Other comprehensive income</b>	<u>(327,359)</u>	<u>(2)</u>	<u>2,119</u>	<u>-</u>
<b>Total comprehensive income</b>	<u>\$ 911,785</u>	<u>4</u>	<u>997,720</u>	<u>6</u>
<b>Net income attributable to:</b>				
8610 Shareholders of the parent	\$ 1,071,166	5	950,697	6
8620 Non-controlling interests	<u>167,978</u>	<u>1</u>	<u>44,904</u>	<u>-</u>
	<u>\$ 1,239,144</u>	<u>6</u>	<u>995,601</u>	<u>6</u>
<b>Total Comprehensive income attributable to:</b>				
8710 Shareholders of the parent	\$ 698,856	3	980,378	6
8720 Non-controlling interests	<u>212,929</u>	<u>1</u>	<u>17,342</u>	<u>-</u>
	<u>\$ 911,785</u>	<u>4</u>	<u>997,720</u>	<u>6</u>
9750 <b>Basic earnings per share (in New Taiwan dollars) (note 6(t))</b>	<u>\$ 4.32</u>		<u>3.84</u>	
9850 <b>Diluted earnings per share (in New Taiwan dollars) (note 6(t))</b>	<u>\$ 4.31</u>		<u>3.83</u>	

See accompanying notes to financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)  
**NAMCHOW HOLDINGS CO., LTD. AND SUBSIDIARIES**

**Consolidated Statements of Changes in Equity**

**For the years ended December 31, 2021 and 2020**

**(Expressed in Thousands of New Taiwan Dollars)**

	Equity attributable to owners of parent										Total other equity interest		Total equity
	Retained earnings				Unappropriated earnings	Total	Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income			Treasury stock	Non-controlling interests	Total equity attributable to shareholders of the parent	
	Common stock	Capital surplus	Legal reserve	Special reserve			Legal reserve	Financial statements translation differences for foreign operations	Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income				
<b>Balance at January 1, 2020</b>	2,941,330	1,136,347	740,987	1,071,360	1,562,023	3,374,370	(725,159)	(48,516)	(773,675)	(576,860)	6,101,512	318,501	6,420,013
Appropriation and distribution of retained earnings:													
Legal reserve	-	-	97,837	-	(97,837)	-	-	-	-	-	-	-	-
Special reserve	-	-	-	214,821	(214,821)	-	-	-	-	-	-	-	-
Cash dividends of common stock	-	91,760	-	-	(586,782)	(586,782)	-	-	-	-	(495,022)	-	(495,022)
Other changes in capital surplus	-	968	-	-	-	-	-	-	-	-	968	-	968
Net income	-	-	-	-	950,697	950,697	-	-	-	-	950,697	44,904	995,601
Other comprehensive income (loss)	-	-	-	-	(23,521)	(23,521)	43,596	9,606	53,202	-	29,681	(27,562)	2,119
Total comprehensive income (loss)	-	-	-	-	927,176	927,176	43,596	9,606	53,202	-	980,378	17,342	997,720
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	6,244	6,244	-	(6,244)	(6,244)	-	-	-	-
Disposal of treasury stock	-	(15,036)	-	-	-	-	-	-	-	46,746	31,710	-	31,710
<b>Balance at December 31, 2020</b>	2,941,330	1,214,039	838,824	1,286,181	1,596,003	3,721,008	(681,563)	(45,154)	(726,717)	(530,114)	6,619,546	335,843	6,955,389
Appropriation and distribution of retained earnings:													
Legal reserve	-	-	93,342	-	(93,342)	-	-	-	-	-	-	-	-
Special reserve	-	-	-	(46,957)	46,957	-	-	-	-	-	-	-	-
Cash dividends of common stock	-	91,760	-	-	(588,266)	(588,266)	-	-	-	-	(496,506)	-	(496,506)
Other changes in capital surplus	-	2,061	-	-	-	-	-	-	-	-	2,061	-	2,061
Net income	-	-	-	-	1,071,166	1,071,166	-	-	-	-	1,071,166	167,978	1,239,144
Other comprehensive income (loss)	-	-	-	-	732	732	(378,013)	4,971	(373,042)	-	(372,310)	44,951	(327,359)
Total comprehensive income (loss)	-	-	-	-	1,071,898	1,071,898	(378,013)	4,971	(373,042)	-	698,856	212,929	911,785
Share-based payments	-	-	-	-	-	-	-	-	-	-	-	20,977	20,977
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	2,158,947	2,158,947
<b>Balance at December 31, 2021</b>	2,941,330	3,590,865	932,166	1,239,224	2,033,250	4,204,640	(1,059,576)	(40,183)	(1,099,759)	(530,114)	9,106,962	2,728,696	11,835,658

See accompanying notes to consolidated financial statements.



# Attachment 5-10

8

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)  
**NAMCHOW HOLDINGS CO., LTD. AND SUBSIDIARIES**

## Consolidated Statements of Cash Flows

For the years ended December 31, 2021 and 2020

(Expressed in Thousands of New Taiwan Dollars)

	2021	2020
<b>Cash flows from operating activities:</b>		
<b>Consolidated net income before tax</b>	\$ 1,937,908	1,656,651
<b>Adjustments:</b>		
Adjustments to reconcile profit and loss:		
Depreciation	1,072,237	1,091,819
Expected credit loss	3,815	11,193
Gains on financial assets at fair value through profit or loss	-	(8,388)
Interest expense	257,548	259,606
Interest income	(185,320)	(87,222)
Dividend income	(1,931)	-
Share-based payments	20,977	-
Losses on disposal of property, plant and equipment	29,477	6,777
Property, plant and equipment transferred to expenses	3,467	5,078
Gains on lease modification	(34,450)	(874)
Total adjustments to reconcile profit	<u>1,165,820</u>	<u>1,277,989</u>
Changes in assets / liabilities relating to operating activities:		
Changes in operating assets:		
Notes receivable	1,885	(18,172)
Accounts receivables	(365,162)	6,823
Other receivables	(76,767)	(11,394)
Inventories	(1,021,498)	(228,853)
Prepayments	16,842	71,928
Other current assets	7,359	2,893
Total changes in operating assets, net	<u>(1,437,341)</u>	<u>(176,775)</u>
Changes in operating liabilities:		
Contract liabilities	(33,799)	130,967
Accounts payable	185,353	193,637
Other payables	6,378	75,746
Provisions liabilities	(1,870)	(3,650)
Other current liabilities	(17,347)	(1,478)
Net defined benefit liabilities	(12,827)	(14,226)
Total changes in operating liabilities, net	<u>125,888</u>	<u>380,996</u>
Total changes in operating assets / liabilities, net	<u>(1,311,453)</u>	<u>204,221</u>
Total adjustments	<u>(145,633)</u>	<u>1,482,210</u>
Cash provided by operating activities	1,792,275	3,138,861
Interest income received	185,320	87,222
Dividends received	1,931	-
Interest paid	(200,953)	(188,110)
Income taxes paid	(582,111)	(492,001)
<b>Net cash provided by operating activities</b>	<u>1,196,462</u>	<u>2,545,972</u>
<b>Cash flows from investing activities:</b>		
Acquisition of financial assets at fair value through other comprehensive income	-	(470)
Return from capital reduction of financial assets at fair value through other comprehensive income	-	33,410
Proceeds from disposal of financial assets designated at fair value through profit or loss	227,426	-
Acquisition of property, plant and equipment	(626,815)	(1,129,063)
Proceeds from disposal of property, plant and equipment	3,965	6,878
Decrease in other non-current assets	20,205	1,871
<b>Net cash used in investing activities</b>	<u>(375,219)</u>	<u>(1,087,374)</u>
<b>Cash flows from financing activities:</b>		
Increase in short-term borrowings	10,556,127	14,014,964
Decrease in short-term borrowings	(11,015,071)	(14,679,830)
Increase in short term commercial paper payable	-	90,000
Proceeds from issuance of bonds	5,000,000	-
Repayments of bonds	(4,000,000)	-
Proceeds from long-term borrowings	13,445,951	10,152,400
Repayments of long-term borrowings	(14,056,284)	(9,249,249)
Payment of lease liabilities	(205,364)	(217,898)
Increase(decrease) in other non-current liabilities	(3,345)	9,102
Cash dividends paid	(496,506)	(495,022)
Proceeds from disposal of treasury shares	-	31,710
Interest paid	(42,345)	(50,221)
Change in non-controlling interests	4,441,952	-
Overaging unclaimed dividends	2,061	968
<b>Net cash provided by (used in) financing activities</b>	<u>3,627,176</u>	<u>(393,076)</u>
<b>Effect of exchange rate changes on cash and cash equivalents</b>	<u>(440,243)</u>	<u>32,390</u>
<b>Net increase in cash and cash equivalents</b>	4,008,176	1,097,912
<b>Cash and cash equivalents at beginning of period</b>	5,721,627	4,623,715
<b>Cash and cash equivalents at end of period</b>	<u>\$ 9,729,803</u>	<u>5,721,627</u>

See accompanying notes to consolidated financial statements.

## Attachment 6

### Namchow Holdings Co., Ltd. 2021 Table of Earnings Distribution

Currency unit: NTD

Items	Value
<b>Undistributed Earnings at Start of Reporting Period</b>	961,351,772
Add:	
Re-measured variable for the current term confirmed for the welfare program	732,329
Net profit after tax	1,071,166,053
<b>Profit Available for Distribution</b>	2,033,250,154
Less:	
Appropriation of legal reserve	107,189,838
Appropriation of the equity deduction special reserve	373,042,414
Distribution Item:	
Dividends for shareholders in cash (NT\$2.2 per share)	647,092,516
<b>Undistributed Earnings at End of Reporting Period</b>	905,925,386

Chairman:  
Chen Fei Lung

Manager:  
Lee Kan Wen

Accounting Supervisor:  
Wang Shi Wei

## Attachment 7

### Draft amendment to the Articles of Incorporation of Namchow Holding Co., Ltd.

#### Chapter 1 General Provisions

- Article 1: The Company is duly incorporated in accordance with the Corporate Merger and Acquisition Act, the Company Act in the section of limited liability Company, and other applicable laws and bears the title of Namchow Investment Holding Co., Ltd. The English name is Namchow Holdings Co., Ltd.
- Article 2: The Company is engaged in the business of: H201010- Investments.
- Article 2-1: The Company may offer external assurance in order to fulfill business needs.
- Article 2-2: If the company is a shareholder with limited liabilities of another company, its overall investment value is not subject Article 13 of the Company Act where it says that the overall investment value may not exceed 40% of the paid-up capital stock.
- Article 3: The Company's main office is located in Taipei City and the company may set up branches at other appropriate locations when it is considered necessary. The establishment, abolishment, or change is to be decided by the Board of Directors.
- Article 4: The Company's public notices shall be pursuant to Article 28 of the Company Act.

#### Chapter 2 Shares

- Article 5: The capital size of the company is set at NTD4 billion consisting of 400 million shares. Each share has a par value of NTD10. The shares are to be issued in separate efforts by the Board of Directors according to the Company Act and other applicable laws and regulations.
- Article 6: Stocks of the company shall be registered, signed or sealed by at least three directors. The stocks should be issued after proper certification by the competent authority or its approved registration institutes by law. Stocks issued by the company are not required to be printed. The company, however, should contact the securities depository and custodian institution for registration of the share certificates.
- Article 7: Shareholders shall complete the seal certificate to be kept by the company. The seal certificate is the basis for claiming the dividend and bonus or written correspondence with the company.
- Article 8: In the event that the stocks are assigned to someone else, the stock transfer request should be completed and submitted to the company for change of name and transfer of the account. Once it is registered in the shareholders

roster, it can be set up as a valid defense against the company. To request change of name as a result of inheritance, the heir shall provide legal supporting documents.

Article 9: In the event that the stocks are lost or stolen, the holder shall file the case with the police and loss of the stocks with the company and petition the court with jurisdiction within 5 days to release a public notice. A copy of the said writ petition along with a photocopy of the receipt from the court shall be submitted to the company; otherwise, the application for loss of the stocks will be canceled. Once the public notice is released and a judgment is made, a copy of the newspaper bearing the public notice and judgment shall be submitted to the company and a request for re-issuance of new stocks shall be made to the company with the ex-right verdict.

Article 10: Adequate cost will be charged for each stock to be replaced or re-issued because of contamination or damage or in accordance with the requirements indicated in the foregoing 2 articles.

Article 10-1: After issuance of new stocks, the physical stocks may all be printed at once for that particular issue. The company may also issue stock in non-physical form.

With respect to shares issued in accordance with the requirements set forth in the preceding paragraph, they may be held in custody or placed for registration with a centralized securities depository corporation or they may also be consolidated and re-issued in securities with larger denominations as requested from the centralized securities depository corporation.

### Chapter 3 Shareholder's Meeting

Article 11: There are regular and provisional shareholders meetings. The regular meeting is held once a year within 6 months after an operation year ends and is called for by the Board of Directors while the provisional one is to be convened by the Board of Directors whenever it is considered necessary. Shareholders who have been holding more than 3% of the total outstanding shares for more than a year may also ask the Board of Directors to call for a shareholders meeting by clearly written proposals and reasons.

Article 12: A shareholders meeting shall be called for by the 30th day of each month while provisional meeting shall be called for by the 15th day of each month, with written indication of the date, venue, and reason for the meeting that is made known to individual shareholders. For shareholders with less than 1,000 inscribed stocks, a public notice may be provided to notify them as required by Article 26-2 of the Securities Exchange Act.

Article 12-1: The Company's shareholders' meetings may be held via video conference or other methods announced by the central competent authority.

The Company's shareholders' meetings held via video conference shall be handled according to the relevant laws and regulations as well as the

Company's Rules of Procedure for Shareholders' Meeting.

- Article 13: If a shareholder cannot attend a meeting for some reason, he/she may have a proxy to attend it on his/her behalf with a show of the proxy form printed out and distributed by the company that specifies the scope of authorization and bears his/her signature/seal in accordance with applicable laws and regulations governing the use of the proxy form. When two or more shareholders authorize the same person, the authorized voting rights may not exceed 3% of the voting rights of the total outstanding shares combined. The excess will not be counted.
- Article 14: The Chairman shall chair shareholders meetings; in the event that the Chairman is absent for a reason, the Vice Chairman shall act on his/her behalf.
- Article 15: Unless otherwise stipulated in the Company Act, any resolutions reached in a shareholders' meeting should be approved by a majority vote among shareholders that are present and represent at least one half of the total outstanding shares.  
When shareholders that are present do not meet the requirements indicated in the preceding paragraph, yet account for more than one-third of the total outstanding shares, approval by a majority of the shareholders that are present shall constitute a tentative resolution. The tentative resolution shall be made known to all shareholders and another shareholders meeting shall be called for within a month. For the tentative resolution, if it is approved by a majority vote among shareholders that are present and represent one-third of the total outstanding shares, it shall be considered as the resolution indicated in the preceding paragraph.
- Article 16: For the shares held by the shareholders, unless specified otherwise by law, each share is assigned with one vote.
- Article 17: Minutes of shareholders meetings shall show the year, month, date, venue, name of the chairperson, decisions made in the meetings, highlights of the agenda and results and must be signed off or sealed by the chairperson. Minutes of shareholders meetings shall be kept for as long as the company continues to exist. Shareholders' attendance sheets and proxy forms shall be retained for at least one year.
- Chapter 4 Board of Directors
- Article 18: The Company has 5 to 9 board directors, who are to be elected among capable people in shareholders meetings to serve a tenure of 3 years and may be repeatedly elected to serve multiple terms. The directors are entitled to transportation reimbursements that have to be paid regardless of gains or losses. Among the said directors, there may not be fewer than 3 independent ones and the independent directors may not account for less than one-fifth of all openings.  
This Company's director election shall use a candidate list measure. The

shareholders shall elect directors from the candidate list.

Independent and non-independent directors shall be elected together and votes will be counted separately. The nomination and election of independent directors and other details to be followed shall be based on the requirements indicated in the Securities Exchange Act and applicable laws and regulations. The total quantity of shares held by all Directors shall be governed by the Rules and Review Procedures for Director Share Ownership Ratios at Public Companies insituted by the competent authority.

In order to protect the company's right of reinvestment, the directors may be elected and hired as director and manager in the invested company and can take part in the operation of the reinvestment business.

Article 18-1: This Company has formed an Audit Committee composed of all independent directors according to Article 14-4 of the Securities and Exchange Act. The exercise of powers of the Audit Committee, members and related matters shall be conducted in accordance with the Securities Exchange Act Law and relevant laws and regulations.

Article 19: The directors shall form the Board of Directors and shall elect among themselves one Chairman and one Vice Chairman with paid salaries that are positive expenses regardless of gains or losses.

To improve supervisory function and management mechanism, the board of directors shall establish various functional committees according to law based on business requirements. The charter for the authority of the functional committee shall be formulated by the board of directors.

Article 19-1: The Company may purchase liability insurance for its directors and during their term of office, based on the compensation liabilities associated with their respective business accountabilities. The Board of Directors is fully authorized to take care of the insurance matter.

Article 20: The duties of the Board of Directors are as follows:

- (1) To review respective rules and procedures
- (2) To decide on business policies
- (3) To review budget and accounts
- (4) To prepare individual forms and rosters as per Article 228 of the Company Act
- (5) To direct and supervise operations
- (6) To decide on the establishment, removal, or change of branches
- (7) To approve the purchase and disposal of important properties and real estate
- (8) To offer external assurance
- (9) To make a decision on reinvestment
- (10) The Board of Directors is to decide on involvement in public interest activities that are required while fulfilling its tasks and in order to facilitate expansion of the operation or to boost the company image

while returning to society or donations that are required in order to fulfill the company's social responsibilities.

(11) Other duties that are bestowed under applicable laws and regulations or through the shareholders meeting.

Article 20-1: The Board of Directors is fully authorized to handle fractional shares from new stocks issued by the company by contacting specific people for subscription.

Article 21: The Board of Directors shall meet at least once a quarter. When a provisional meeting is required, except for the very first meeting for each intake of the Board of Directors where a meeting is to be called for by the director with the most votes, all the other meetings are to be called for by the Chairman, who will also preside over the meeting. When the Chairman is absent for some reason, the Vice Chairman shall act on his/her behalf.

When a meeting of the Board of Directors is called for via visual communication network, the directors taking part in such a visual communication meeting shall be deemed to have attended the meeting in person. In the event that a director is unable to attend the meeting in person, he/she may authorize another director to act on his/her behalf with a show of the proxy form. The proxy, however, may only be authorized by one director. A meeting of the company's Board of Directors may be called for in writing, through email, or by fax.

Article 22: Decisions made by the Board of Directors shall be approved by a majority vote among the directors who are present and account for more than half of all directors and the meeting minutes shall be signed off and sealed by the chairperson.

Article 23: When the Board of Directors meets, the General Manager and managers may be invited to attend the meeting; nevertheless, the latter do not have a voting right.

Chapter 5 (delete)

Article 24: (delete)

Article 25: (delete)

Article 26: (delete)

Chapter 6 Organization

Article 27: The Company has one General Manager, who is nominated by the Chairman and hired with approval by a majority vote among the directors. The same applies upon dismissal. There are several deputy general managers, associate managers and managers, who are to be chosen jointly by the Chairman and the General Manager and are hired with approval by a majority vote among the directors. The same applies upon dismissal. Other important employees are to be hired following submission by the General Manager to and approval

by the Director and their information shall be submitted to the Board of Directors for reference. The same applies upon dismissal.

Article 28: The General Manager manages all affairs relating the company based on decisions made by the Board of Directors.

#### Chapter 7 Accounting

Article 29: A business year begins with January 1 and ends on December 31 at the company. The annual audit takes place after a year is completed.

Article 30: After the annual account has been completed, the board of directors shall produce the following items according to regulations and have the items recognized at the shareholder's meeting.

- (1) Report on Operations
- (2) Financial Statement
- (3) Earnings Distribution or Losses Subsidization Proposal

Article 31: The Company shall appropriate no less than 1% of its earnings as remuneration to employees and no more than 5% as remuneration to Directors and Supervisors, if applicable. The Company shall appropriate for write-off the loss carried forward, if applicable.

The remuneration to employees mentioned in the preceding paragraph may be paid in stock or cash, and the employees of subsidiaries meeting specific condition are also entitled to the payment.

Article 31-1: The Company shall appropriate its earnings for the payment of applicable taxes, followed by the write-off of loss carried forward, and 10% as legal reserve, if applicable. If however the legal reserve so appropriated is equivalent to the paid-in capital of the Company, no further appropriation is necessary. The remainder shall be recognized for special reserve or reversal of special reserve. If there is still a balance, it will be pooled up with undistributed earnings for distribution to the shareholders as dividend or bonus at the proposal of the Board and the final approval of the Shareholders' Meeting. However, the dividends paid in cash must be attended by more than two-thirds of the Directors from the board and approved by more than half of the Directors present. Reports need to be presented to the Shareholder's Meeting.

The dividend policy of the Company shall meet the needs of the development plan at present and in the future, in consideration of the investment environment, capital requirement and competition at home and abroad, and also the interests of the shareholders. At least 30% of annual earnings attributable to shareholders for distribution shall be paid out as dividend, which may be paid as stock dividend and/or cash dividend. Cash dividend shall not fall below 10% of the total dividend paid to the shareholders.

According to Article 241 of the Company Act, this Company can wholly or partially distribute the legal surplus reserve and the capital reserve in the form



of new shares or cash according to the shareholder original share proportion if the shareholders' meeting approves. When approving the issuing of cash, 2/3 of the directors must be present and the majority of attending directors must approve. The board resolution shall be reported at the shareholder's meeting.

#### Chapter 8 Supplementary Provisions

- Article 32: The Company's organizational rules and enforcement rules are to be established separately.
- Article 33: Details not covered herein are to be handled in accordance with the requirements of the Company Act and other applicable laws and regulations.
- Article 34: These Articles of Incorporation were stipulated on March 25, 1950. The 1st amendment took place on February 21, 1952. The 2nd amendment took place on September 3, 1953. The 3rd amendment took place on April 9, 1955. The 4th amendment took place on April 4, 1959. The 5th amendment took place on April 6, 1960. The 6th amendment took place on April 29, 1961. The 7th amendment took place on May 22, 1962. The 8th amendment took place on June 5, 1964. The 9th amendment took place on November 9, 1966. The 10th amendment took place on March 24, 1967. The 11th amendment took place on April 26, 1968. The 12th amendment took place on November 11, 1968. The 13th amendment took place on December 3, 1970. The 14th amendment took place on May 15, 1971. The 15th amendment took place on May 12, 1972. The 16th amendment took place on June 30, 1973. The 17th amendment took place on February 7, 1973. The 18th amendment took place on May 8, 1974. The 19th amendment took place on May 16, 1975. The 20th amendment took place on May 7, 1976. The 21st amendment took place on April 14, 1977. The 22nd amendment took place on March 17, 1978. The 23rd amendment took place on March 9, 1979. The 24th amendment took place on March 26, 1980. The 25th amendment took place on March 27, 1981. The 26th amendment took place on May 12, 1982. The 27th amendment took place on May 11, 1983. The 28th amendment took place on March 23, 1984. The 29th amendment took place on June 15, 1985. The 30th amendment took place on May 23, 1986. The 31st amendment took place on May 27, 1987. The 32nd amendment took place on June 10, 1988. The 33rd amendment took place on May 15, 1989. The 34th amendment took place on March 31, 1990. The 35th amendment took place on June 20, 1991. The 36th amendment took place on May 23, 1992. The 37th amendment took place on May 22, 1993. The 38th amendment took place on May 23, 1995. The 39th amendment took place on June 22, 1996. The 40th amendment took place on May 10, 1997. The 41st amendment took place on June 25, 1999. The 42nd amendment took place on June 17, 2000. The 43rd amendment took place on June 7, 2002. The 44th amendment took place on June 9, 2006. The 45th amendment took place on June 8, 2007. The 46th amendment took place on

June 19, 2009. The 47th amendment took place on May 28, 2010. The 48th amendment took place on June 6, 2014. The 49th amendment took place on June 8 2016. The 50th amendment took place on May 31 2017. The 51st amendment took place on Mar 9, 2018. The 52nd amendment took place on May 30, 2018. The 53rd amendment took place on May 30, 2019. The 54th amendment took place on June 30, 2020. The 55th amendment took place on June 2, 2022.

# Attachment 8

## Namchow Holdings Co., Ltd.

### Draft Assets Acquisition or Disposal Handling Procedures

#### Chapter I General Provision

##### I. Purpose and legal reference:

This Procedure is instituted pursuant to Article 36-1 of the Securities and Exchange Act and the “Criteria for Acquisition and Disposition of Assets by Public Companies” and for the strengthening of asset management and information transparency.

##### II. Assets for application:

(I) Investment of stocks, government bonds, corporate bonds, bank debentures, fund securities, depository receipts, call (put) warrants, beneficiary certificates, and asset-backed securities.

(II) Property (including lands, housing and structures, investment property, right of land use) and equipment.

(III) Membership cards.

(IV) Patents, copyrights, trademark, franchise, and other intangible assets.

(V) Right-of-use asset

(VI) Derivative Goods: Its values derives from Specific interest rate, financial instrument price, commodity price, exchange rate, price or rate index, credit rating etc. or credit index, Forward contracts derived from other variables, option contracts, futures contracts, leveraged margin contracts, exchange contracts, combinations of such contracts, or combined contracts or structured goods embedded in derivative goods, etc. Forward contracts as referred to do not include insurance contracts, performance contracts, post-delivery service contracts, long-term lease contract and long-term buy-sell contracts.

(VII) Assets acquired or disposed from merger, spinoff, acquisition and acceptance of assigned shares: assets acquired or disposed through merger, spinoff, or acquisition in accordance with the Corporate Merger and Acquisition Act, Financial Holding Company Act, Financial Institutions Mergers Act or other applicable laws, or the issuance of new shares for acceptance of the shares assigned from other companies pursuant to Article 156-3 of the Company Act.

(VIII) Other major assets.

### III. Evaluation Procedure:

- (I) In the acquisition or disposition of securities or engagement in derivative trade, the treasury and accounting of the Company shall conduct analysis of related return and possible risk. In the acquisition or disposition of real estate, other assets and right-of-use assets, related functional departments shall map out the capital expenditure plan and proceed to feasibility study on the purpose and expected return on acquisition or disposition of assets. For acquisition or disposition with related parties, proceed to Chapter II of This Procedure on the assessment of the rationality of the terms and conditions of the transactions.
- (II) The Company shall, before the day of deed for the acquisition or disposition of securities, obtain the audited or reviewed financial statements of the target companies or related information as reference for appraisal. If the transaction amount exceeds 20% of the paid-in capital of the Company or NTD300 million, retain a certified public accountant for presentation of opinion on the rationality of the transaction price before the day of deed. If there is an active market for the securities with open quotation, or the Financial Supervisory Commission (FSC) specified otherwise, this requirement can be waived.
- (III) Except for transactions with domestic government agencies, a CPA's opinion on the reasonableness of the transaction price must be obtained before the date of the fact when the Company acquires or disposes of intangible assets, their right-of-use assets thereof, or membership card transactions amounting to 20% of the Company's paid-in capital or NT\$300 million or higher.
- (IV) For the acquisition or disposition of property, equipment and the right-of-use asset exceeding 20% of the paid-in capital of the Company or NTD300 million, obtain the appraisal report issued by professional appraisers before the day of deed and proceed to the appraisal process of This Procedure.
- (V) In pursuing corporate merger, spinoff, acquisition or acceptance of assigned shares, consult a certified public accountant, legal attorney, or securities underwriting to present opinions on the rationality of the ratio of share swap, acquisition price, and the cash dividend or other assets paid to shareholders before the day of deed, and present to the Board for discussion. The aforementioned opinion from experts on the rationality of the transactions could be waived for the merger between the Company and a wholly-owned subsidiaries by equity share or

capital, or between wholly-owned subsidiaries of the Company by equity share or capital.

(VI) The Company shall comply with the following in the determination of the price for the acquisition or disposition of assets or for reference further to the aforementioned appraisal by professional appraisers, certified public accountants, and other experts:

1. In the acquisition or disposition of securities traded in the centralized market or OTC market, decision could be made on the basis of the price or the equity shares or bonds.
2. In the acquisition or disposition of securities not traded in the centralized market or OTC market, consider the net value per share, technology and profitability, potential for development, market interest rate, coupon rate, and the credit standing of the debtors, and also the bid price of most recent transaction as reference for decision-making.
3. In the acquisition or disposition of membership cards, consider possible return and the most recent bid price for the transaction. For the acquisition or disposition of patents, copyrights, trademark, franchise, other intangible assets and right-of-use assets, consult international or market customs and practices, the service period, and the effect on the technological level and business of the Company.
4. In the acquisition or disposition of property, equipment and right-of-use asset, consult the posted present value, appraised present value, the actual transaction price or book value of property in the neighborhood, and the quotation of the suppliers.  
For acquisition or disposition of property/right-of-use asset with related parties, conduct evaluation as stated in Chapter II of This Procedure to assess the rationality of the transaction price.
5. For the engagement in derivative trade, consult the trading condition of the futures market and the trends of the exchange rate and interest rate.
6. In merger, spinoff, acquisition or acceptance of assigned shares, consider the nature of business, net value per share, asset value, technology and profitability, production capacity and potential for growth.

(VII) The calculation of the amount as stated in (II), (III), and (IV), proceed

to V (II). The period of one year as referred to shall be the duration from the day of deed moving backward for one year in retrospect. This period could be waived if the appraisal reports issued by professional appraisers or opinions from certified public accountants are available.

#### IV. Operation Procedure:

##### (I) Authorized limit and gate approval

1. Securities: The Chief Financial Officer shall be authorized to proceed to trade pursuant to Article VII of This Procedure. If the transaction meets the standard required for declaration as stated in Article V, report to the Chairman on the day after the trade for record, and present before the nearest session of the Board for ratification. For the acquisition or disposition of stocks, corporate bonds not traded in the centralized market or the OTC market, private placement securities, that the amount meets the standard required for declaration, the resolution of the Board for approval in advance is necessary. Investment in Mainland China shall be subject to the consent of the Shareholders' Meeting or execution by the Board at the authorization of the Shareholders' Meeting, and petitioned with the Board of Investment of MOEA for approval before proceeding.
2. Derivative Trade
  - (1) Hedge trade: trade may be conducted in line with the change in the business value and risk position by personnel designated by the Chairman with single transaction or accumulated transactions falling below USD20 million (including the equivalent of other currencies).
  - (2) Non-hedge trade: For reducing risk, single transaction or accumulated transactions fall below USD6 million (including the equivalent of other currencies) may be conducted by designated personnel under authorization subject to the approval of the Chief Financial Officer.
  - (3) The authorized personnel must be made known to the banks for facilitating the monitoring and management of the service banks in identification of the authorization of personnel.
  - (4) The aforementioned derivative trade conducted under authorization shall be reported to the Board.

3. Related party transactions: Prepare related information as stated in Chapter II of This Procedure, and present to the Board for approval and the Supervisors for ratification before proceeding to signing the trade contracts and effecting of payment. In the event that an Audit Committee has been established in accordance with the law, they shall be approved by the Audit Committee members and submitted to the board of Directors for a resolution.
4. Merger, spinoff, acquisition or acceptance of assigned shares: proceed to Chapter IV of This Procedure for action and prepared the required materials. Merger, spinoff, acquisition shall be subject to the approval of the Shareholders' Meeting in advance unless the law provides otherwise. The acceptance of assigned shares shall be subject to the approval of the Board.
5. Others: Comply with the internal control system and gate approval in the operation. If the transaction amount meets the standard required for declaration as stated in Article V, the approval of the Board in advance is necessary except for the acquisition or disposition of business equipment, Right-of-use asset/real estate right-of-use asset which could be reported to the Board for ratification in the afterward. The resolution for approval by the Shareholders' Meeting is necessary if any of the situations in Article 185 of the Company Act is applicable.

(II) Executor and transaction process

The treasury of the Company shall be the executor of securities investment and derivative trade. Real estate, other assets and right-of-use asset shall be executed by the users or related functional departments. Merger, spinoff, acquisition, and acceptance of assigned shares shall be conducted by the functional unit designated by the Chairman. Upon successful evaluation as required by law and approval, the executor shall proceed to the acquisition or disposition of assets by entering into related agreements, making or receiving payment, delivery and inspection for acceptance, and referred to related process under the internal control system depending on the nature of the assets. Related party transactions, derivative trade, and merger, spinoff, acquisition or acceptance of assigned shares shall proceed to Chapter II ~IV of This Procedure.

V. Declaration Procedure:

(I) If any of the following is applicable to the acquisition or disposition of assets by the Company, follow the format and content as stated in the attached table (Attachment 2-8) by nature of the asset, and disclose related information at the designated website of FSC for declaration within 2 days after the day of deed.

1. Acquisition of property or right-of-use assets from related parties, or disposition of property or right-of-use assets to related parties, or disposition of other assets beyond property exceeding 20% of the paid-in capital of the Company, 10% of the total assets, or NT\$300 million. This provision is waived for the trading of government bonds, R/P bonds, subscription or redemption of money market funds offered by domestic securities investment trust firms.
2. Proceed to merger, spinoff, acquisition or acceptance of assigned shares.
3. Engagement in derivative trade with loss from all contracts or individual contracts exceeding the upper limit as stated in Chapter III, Article XIV-IV of This Procedure.
4. The assets acquired or disposed are business equipment or right-of-use assets and the counterparties of transactions are not related parties and the amount of transaction exceeds NTD500 million.
5. Acquisition of property through the commissioning for construction on proprietary lands, commissioning for construction on leased land, joint venture in construction with split up of finished premises, joint venture in construction with split up of sale revenue, and joint venture in construction and joint marketing of finished premises, and the transaction party is not related. The Company expects to invest an amount of more than NTD500 million.
6. Further to the transactions of assets or investment in Mainland China as specified from 1~5 of this provision, and the transaction amount exceeds 20% of the paid-in capital of the Company or NT\$300 million. Except under the following situations:
  - (1) Trading domestic bonds or foreign government bonds with a credit rating not lower than our nation's sovereign credit rating.
  - (2) Trading of R/P bonds, R/S bonds, subscription or redemption of domestic money market funds offered by securities investment trust firms.



- (II) The amount of the aforementioned transactions shall be calculated in the method specified below:
1. The amount of each transaction.
  2. The amount of transaction for the acquisition or disposition of the same target with particular counterparty in one year on an accumulative basis.
  3. The amount of transaction for the acquisition or disposition (accumulated separately) of the property or right-of-use assets of particular development project in one year on an accumulative basis.
  4. The amount of transaction for the acquisition or disposition (accumulated separately) of particular security
- (III) One year as referred to in preceding paragraphs shall be the duration from the day of deed moving backing for one year in retrospect. The portion already declared could be exempted from the calculation.
- (IV) The Company shall provide information on the derivative trade conducted by the Company and subsidiaries which are not domestic public companies by the end of the previous month in the format as shown in the table, and declare the information with the designated website of FSC by the 10th day of the month.
- (V) In case of error or missing content for the items required for declaration, correct the content within 2 days after acknowledgment of the error or missing, and conduct a new round of declaration.
- (VI) If any of the following is applicable to the declaration as stated in (I), declare at the designated website of FSC within 2 days after the day of deed:
1. Alteration, termination, or discharge of the contracts for transactions previously entered into.
  2. The merger, spinoff, acquisition or acceptance of assigned shares cannot be accomplished as scheduled.
  3. Change in the content of information previously declared.

## VI. Procedure for appraisal of assets

The company obtains or disposes of real estate, equipment and its right to use assets, except for transactions with domestic government agencies, construction of local land, construction of land leases, or acquisition or disposal of equipment for business use or its right to use assets. If the company's paid-in capital is 20% or NT\$300 million or more, the valuation

report issued by the professional value shall be obtained before the date of the fact (the particulars for inscription are exhibited in Attachment 1) and shall be in compliance with the following. The certification document issued by court may be used in lieu of the appraisal reports or opinions from certified public accountants if the acquisition or disposition of assets were conducted through court auction.

- (I) If for specific reason that limited price, designated price or special price shall be used as reference for setting the transaction price, present the case before the Board for resolution in advance. The same procedure is applicable to any subsequent change of the conditions of transactions.
- (II) If the transaction amount exceeds NT\$1,000 million, the appraisal reports from at least two professional appraisers is necessary.
- (III) If the professional appraiser's appraisal result shows any one of the following conditions, a CPA shall be consulted to express specific opinions on the reason for the price difference and fairness of the transaction price unless the appraisal results indicate that the assets acquired are all higher than the transaction amount or the results indicate that the assets disposed of are all lower than the transaction amount:
  1. The appraisal result varied with the transaction amount by more than 20%.
  2. The appraisal results from at least two professional appraisers varied by more than 10%.
- (IV) The date of the appraisal reports issued by the professional appraisers shall not be longer than a period of 3 months from the day on which contract is signed for the transaction. If the posted present value of the same period is applicable and the duration is less than 6 months, the original professional appraisers issuing the reports shall present an opinion.

## VII. Scope and limit of investment

Further to the acquisition of assets for business purpose, the Company and subsidiaries may also invest in property, right –of-use assets and securities not for business purpose. The limit of investment and restriction is specified below.

- (I) Total investment in property and right-of-use assets not for business use shall not be limited to 50% of the net worth of the Company as stated in the financial statements covering the most recent period. Subsidiaries shall not exceed 200% of the net worth or stated capital as presented in the financial statements covering the most recent period, whichever is higher.
- (II) Total investment in securities shall not exceed 100% of the net worth of the Company as stated in the financial statements covering the most recent period. Subsidiaries shall not exceed 200% of the net worth or stated capital as presented in the financial statements covering the most recent period, whichever is higher.
- (III) The investment in particular security shall not exceed 100% of the net worth of the Company as stated in the financial statements covering the most recent period. Subsidiaries shall not exceed 200% of the net worth or stated capital as presented in the financial statements covering the most recent period, whichever is higher.

VIII. The control of acquisition or disposition of assets by subsidiaries:

- (I) Subsidiaries of the Company shall also institute the “Procedure for the Acquisition or Disposition of Assets” in conformity to the “Criteria for Acquisition and Disposition of Assets by Public Companies” and properly implement the procedure after passing by the Board with circulation to the Supervisors and the Shareholders’ Meeting for ratification. The same procedure is applicable to any amendment thereto.
- (II) The acquisition or disposition of assets by subsidiaries shall be conducted in compliance with their respective “Internal Control System” and “Procedure for the Acquisition and Disposition of Assets”. The auditing function of the Company shall include the operation of acquisition and disposition of assets conducted by the subsidiaries as key monthly audit items, and shall report to the Board and the Supervisors of the audit findings as an integral part of the audit report.
- (III) If the subsidiaries of the Company are not public companies, and the acquisitions or disposition of assets of these subsidiaries meet the standard required for declaration as stated in Article V, notify the Company on the day of deed and the Company shall declare with FSC

at designated website. The standard required for declaration at 20% of the paid-in capital or 10% of the total assets shall be based on the paid-in capital or total assets of the Company.

IX. Penalty:

If the personnel of the Company related to the acquisition or disposition of assets violate the “Criteria for Financing and Endorsement and Guarantee by Public Companies” or This Procedure, proceed to the following depending on the severity of the offense. The violation shall be tracked on record and treated a reference for the annual performance evaluation of related personnel.

- (I) Violation of the gate approval rule: verbal warning will be given for the initial offense, written warning will be issued for a second offense with compulsory action imposed for taking part in the training of the internal control system provided by the Company. For repeated offenses or offense in severity, the personnel concerned shall be transferred to other duties.
- (II) Violation of the review procedure: verbal warning will be given for the initial offense, written warning will be issued for a second offense with compulsory action imposed for taking part in the training of the internal control system provided by the Company. For repeated offenses of offense in severity, the personnel concerned shall be transferred to other duties.
- (III) Violation of the requirement for declaration: verbal warning will be given for the initial offense, written warning will be issued for a second offense. For repeated offenses of offense in severity, the personnel concerned shall be transferred to other duties.
- (IV) The supervisors of the offenders shall also be subject to punishment except those who can justify their position of failure to take preventive action.
- (V) In case the Board or the Directors violate related rules and regulations and the resolutions of the Shareholders’ Meeting in performing their duties, the Supervisor shall proceed to Article 218-2 of the Company Act thereby notify the Board or the Directors of immediate halt of the conduct.

## **Chapter II Related Party Transactions**

X. Determination of related parties

Related parties shall be determined on the basis of the definition set forth in the Criteria for the Compilation of Financial Statements by Securities Issuers with de facto and de jure relation considered.

- X-1. The acquisition or disposition of assets between the Company and related parties shall be in compliance with Chapter I and this Chapter of This Procedure in the decision-making process and rationality of the terms and conditions of the transactions. If the amount involved exceeds 10% of the total assets of the Company, the appraisal reports from professional appraisers or opinions from certified public accountants shall be required. The amount of transaction shall be calculated in accordance with Article III-(VII).

XI. Resolution Procedure:

In the acquisition of property and right-of-use assets from related parties, or disposition of property and right-of-use assets to related parties, or disposition of other assets beyond property exceeding 20% of the paid-in capital of the Company, 10% of the total assets, or NT\$300 million, the executor shall prepare related information for presenting to the Board and the Supervisory for ratification before entering into agreements or effective payment. This provision is waived for the trading of domestic government bonds, R/P bonds, subscription or redemption of money market funds offered by domestic securities investment trust firms:

- (I) The purpose, necessity and expected return from the acquisition or disposition of assets.
- (II) The reasons of choosing related parties as the counterparties in the transactions.
- (III) In the acquisition of property and right-of-use assets from related parties, the information on the rationality of the terms and conditions of trade in the exclusionary clause of Article XII or Article XIII.
- (IV) The original price and date of acquisition of the asset by the related parties, the counterparties of trade, and relation with the Company and the related parties.
- (V) The projection of cash income and expense on a monthly basis in the year ahead from the month of entering into agreement, and the assessment of the necessity and the rationality of the use of fund.
- (VI) The appraisal reports issued by professional appraisers and the opinion

of certified public accountants as required to obtain in the previous article.

(VII) Restrictions and other important agreements for this transaction.

When this Company, its subsidiaries, or subsidiaries whereby 100% of the issued shares or total capital is directly or indirectly held engage in the following transactions with each other; the board of directors may authorize the chairman of the board to make a decision within the legal limit, and then submit it to the latest board of directors for ratification:

(I) Acquiring or disposing of equipment or right-of-use assets thereof for commercial use.

(II) Acquiring or disposing of real estate or right-of-use assets thereof for commercial use.

If the Company has established independent directors according to regulations, the Company shall fully consider the opinions of all independent directors when a proposal is submitted to the board of directors for discussion according to Paragraph I and record all reasons of disapproval or reservation in the board of directors meeting minutes.

The Company has established an audit committee according to regulations. The matters that must be recognized by the supervisor according to Paragraph I shall be approved by over half of all audit committee members and then submitted to the board of directors for resolution. If approval by over half of all audit committee members cannot be obtained, the case must be approved by over two-thirds of all directors before implementation, and the audit committee's resolution shall be recorded in the board of directors meeting minutes.

If the Company or its non-domestic public offering subsidiaries engage in a transaction that exceeds 10% of a public company's total assets, the Company shall submit the documents listed in Paragraph I to the shareholders' meeting for approval before signing the transaction contract and making payment. This provision shall not apply if the transaction is between the Company and its parent company, subsidiary, or between the subsidiaries.

The transaction amounts from Paragraph I and the preceding paragraph shall be calculated according to Paragraph (II) of Article V. The transactions within one year are based on the actual transaction date, calculated retrospectively for one year. Those submitted to the shareholders' meeting and the board of directors for recognition by the supervisor need not be added.

XII. Assessing the rationality of the conditions for trade

For acquisition of real estate and right-of-use assets from related parties, assess the rationality of the cost of transaction in accordance with the following method and consult with certified public accountants for

presenting substantive opinion, except that the property and right-of-use assets are acquired by related parties is through succession or donation, or, the acquisition of assets by related parties was longer than 5 years ago, or entering into agreement on joint construction with related parties through the commissioning of construction on proprietary land or on leased land; Or the public offering company and its parent company, its subsidiaries, or its subsidiaries that directly or indirectly hold 100% of the issued shares or total capital, and the real estate right-of-use assets for business use, etc., shall be evaluated according to the following methods to ensure transaction costs are reasonable and request an accountant to review and express specific opinions.

- (I) The addition of necessary cost of capital and the cost to be borne by the buyer by the related parties. Necessary cost of capital as referred to shall be calculated at the weighted average interest rate for financing in the year of purchasing the property but no more than the upper limit for lending by non-financial institutions.
- (II) If the related party has sought financing from a financial institution with pledge of the property, it shall be the total value appraised by the financial institution for lending. However, the accumulated value of load drawn to the related party with the pledge of the property shall at least be 70% of the total appraised value for lending and the term of loan shall at least be one year. This provision is not applicable if either side of the parties is a related party.
- (III) For the joint purchase of particular subject land and premises, the cost of transactions on the land and premises shall be appraised separately as stated in (I) and (II).

XIII. Action to be taken if the imputed cost falls below the transaction price:

If the appraisal result indicated the cost of transaction falls below the transaction price, proceed to (III) unless the following is applicable with the presentation of objective evidence, the appraisal reports from professional appraisers and the opinions of certified public accountants on rationality of the transaction.

- (I) If the related party acquired empty land or leased land for construction, at least one of the following shall be satisfied with proof:
  - 1. Appraisal on the empty land shall be conducted in the manner as stated in the previous article. For premises, the sum of the

construction cost plus reasonable construction profit for the related party is higher than the transaction price. Reasonable construction profit is the average gross margin of the construction segment of the related party in the last three years, or the gross margin for the construction industry announced by Ministry of Finance covering the most recent period, whichever is lower.

2. The case of successful transaction in other stories of the same building or immediate area within one year with non-related parties transactions. The floor area shall approximate the subject premises and the conditions of transaction shall be justifiable for the stories and area taken for comparison under the customs and practices of real estate trade or lease.
3. The case of leasing to non-related parties of other stories in the same subject premises, and the conditions for transaction shall be justifiable for the stories taken for comparison under the customers and practices of real property leasing.

- (II) The Company shall prove that the purchase of real estate or lease to require real estate right-of-use assets from related parties shall be relevant with the transactions of real estate trade conducted by non-related parties under similar terms and conditions of trade in the immediate area and in similar size within one year.

Successful cases of transaction in the immediate area shall refer to the location in the same block or neighboring block and the distance from the subject premises is less than 500 m in perimeter, or the similar level of announced present value.

Similar size or floor area shall be the floor area of the premises concerned in the transaction with non-related parties not falling below 50% of the floor area of the subject premises. One year shall be the duration from the day of deed for the acquisition of real estate and right-of-use assets moving backward for one year in retrospect. If the cost of transaction under appraisal falls below the transaction price in the acquisition of property or right-of-use assets from related parties, and the situations in I are not applicable, proceed to the following:

- (I) Recognize the difference between the transaction price and the estimated cost of property and right-of-use assets trade as special reserve pursuant to Article 41 -1 of the Securities and Exchange Act, and shall not distribute to shareholders or capitalize into new shares.



Special reserve as recognized may be utilized in circumstances under which assets were purchased or rented on a high price with recognition of loss from falling price, disposition or termination of lease or with appropriate compensation or resumption to original condition, or is justifiable with proof of objective evidence and at the consent of Financial Supervisory Commission.

(II) Supervisors shall act in accordance with Article 218 of the Company Act. For members who have established the Audit Committee according to law, the preceding paragraph is applicable to the independent board members of the Audit Committee.

(III) The situations as stated in (I) and (II) shall be reported to the Shareholders' Meeting and the details shall be disclosed in the annual report or prospectus.

The acquisition of real estate or its right-of-use assets from related parties shall be handled in accordance with the provisions of the preceding two paragraphs if there is other evidence that the transaction has irregular business practices.

### **Chapter III The control of derivative trade**

#### **XIV. The principles and policy of trade**

(I) Type of trade: The Company may undertake a variety of derivatives for trading, including forward contracts, options contracts, interest rate and exchange rate swaps, futures, and the composite contracts of the aforementioned products. The engagement in other forms of derivative trade shall be subject to the resolution of the Board for approval in advance.

(II) Business or hedge strategy: The Company is engaged in derivative trade for hedge and non-hedge (for trading purpose) trade. The strategy shall be aiming at the hedge of operation risk and the choice of derivatives shall be targeted at the hedging of the risks deriving from the operation of the Company such as revenues and expenditures in foreign currencies, assets or liabilities denominated in foreign currencies. In the event of change in the objective environment, engage in "non-hedge" derivative trade on due time so as to bring in more revenue or mitigate loss from operation for the Company. In addition, the counterparties of trade should preferably be the financial

institutions in business relation with the Company to avoid possible credit risk. Before the engagement in trade, differentiate if the trade is for hedging or for profit seeking. This shall be the foundation for bookkeeping and accounting.

(III) Trade limit:

1. Hedge trade: the net exposure of consolidated assets and liabilities (including anticipated net exposure in the future) shall be the upper limit of trade.
2. Non-hedge trade: up to USD6 million. Before proceeding to trade, the dealer shall present a report on the trend of foreign exchange rate and the content shall include the analysis of the trend in the foreign exchange market and the recommended means of trade subject to the final approval of the management.

(IV) Upper limit of loss for overall position or particular contract

1. Hedge trade: The upper limit of loss shall not exceed 10% of the overall position or the amount of particular contract, and the total loss in one year on an accumulative basis shall not exceed USD500,000.
2. Non-hedge trade: Establish the cut loss point after setting the position to avoid excessive loss. The cut loss point shall be up to 10% of the contract amount and the overall cut loss point shall not exceed USD500,000 in one year on an accumulative basis.

(V) Segregation of authority and responsibility

1. The dealers: they are the personnel of the Company responsible for the conduct of derivative trade and should be appointed by the Chief Financial Officer. The dealers shall be responsible for the formulation of trade strategy, implementation of the instruction for trade, and the disclosure of transaction risk in the future. In addition, they shall provide information to related department for reference in real-time.
2. Accounting function: Accounting shall be responsible for the confirmation of trade and do the bookkeeping as required and keep the transaction records, conduct evaluation at fair value on the position in holding at regular intervals, and provide the information to the designated dealers. In addition, they shall disclose the detail of derivative trade in the financial statements.
3. Treasury of the Company: they are responsible for the settlement of derivative trade.

(VI) Guide for performance evaluation

1. Hedge trade: the cost of exchange (interest) rate in book and the capital gains or loss from derivative trade shall be the basis for the evaluation of performance. Evaluation shall be conducted at least twice a month and the findings shall be presented to the management as reference.

2. Trade for defined purpose

The capital gain or loss shall be the basis for performance evaluation, which shall be conducted at least once a week. The findings shall be presented to the management as reference.

## XV. Risk Management

The scope and measures for the management of risk deriving from derivative trade of the Company are specified as follows:

- (I) Consideration of credit risk: the counterparties should be financial institutions and futures brokers in good standing, in business relation with the Company, and can provide professional information.
- (II) Consideration of market risk: the fluctuation of market price for derivatives may cause loss and uncertainty. The cut loss point shall be duly observed after establishing the position of trade.
- (III) Consideration of liquidity risk: for the liquidity of the derivatives, the institutions involved in the transactions must be equipped with adequate facilities, information, and trading capacity and can conduct trade in any market.
- (IV) Consideration of operation risk: the limit of authorization, operation procedure must be duly observed to avoid operation risk.
- (V) Consideration of legal risk: in entering into agreements with financial institutions, try to adopt the internationally standardized format in documentation as far as possible to avoid legal risk.
- (VI) Consideration of product risk: the internal dealers must have a wealth of the professional knowledge of the derivative trade the Company engaged in to avoid loss from misleading use of derivatives.
- (VII) Consideration of cash delivery risk: the authorized dealers must duly observe the authorized limit of trade, and pay attention to the cash flow of the Company regularly to ensure sufficient cash for settlement of trade in delivery.
- (VIII) The duties of dealing, confirmation, and delivery shall be performed by different persons.

- (IX) The confirmation staff shall confirm with the service bank the content of the transaction statement or proof by correspondence regularly, and check if the total amount of transaction is controlled within the upper limit under This Procedure.
- (X) The assessment, monitoring, and control of risks shall be performed by personnel in departments other than those specified in (VIII) and reported to the Board or senior corporate officers who are not in charge of trading or decision of the position.
- (XI) The position in holding must be assessed at least once a week. For hedge trade for business needs, assessment shall be made at least twice a month. The assessment report shall be submitted to the senior officer at the authorization of the Board.

XVI. Internal Audit System:

- (I) The internal auditors of the Company shall understand if the internal control over derivative trade is appropriate at regular intervals, and shall conduct monthly audit on the procedure of derivative trade to ensure they are conducted in compliance with the internal code of the Company. The audit findings shall be compiled into audit report. In the event of materiality as detected, report to the Chairman and the senior officer designated by the Board at once with notification to the Supervisors in writing. Those who establish independent directors according to law, the independent directors shall be notified by writing to the supervisors in the preceding paragraph.  
If the audit committee has been established according to law, the first provision for the supervisor is approved by the Audit Committee.
- (II) The internal auditors of the Company shall include derivative trade as an audit item, and shall declare with Financial Supervisory Commission on the audit findings of the year by the end of February in the next year, and also the status of corrective action and preventive action taken for the rectification of defects no later than the end of May of the next year.

XVII. The method of routine audit and handling nonconformities:

- (I) Conduct monthly or weekly assessment on derivative trade, and put together the information on the income status and naked exposure or non-hedge trade in each month or each week, and submit the detail to the senior officer authorized by the Board and the Chairman as

reference for management performance evaluation and risk assessment.

- (II) The senior officer designated by the Board shall pay close attention to the monitoring and control of the risk deriving from derivative trade at all times. The Board shall assess the performance of derivative trade to make sure they are congruent with the business strategy and risk tolerance of the Company.
- (III) The senior officer designated by the Board shall manage derivative trade in accordance with the following principles:
  - 1. Assess if the risk management policy currently in effect is appropriate and is relevant with the “Criteria for Acquisition or Disposition of Assets by Public Companies” and This Procedure.
  - 2. Monitor the trade and the income status, and take necessary action to respond to any unusual transactions and situations with report to the Board at once.
- (IV) The Company shall keep track on derivative trade in a registry specifying the type of derivative trade, the amount of trade, the date of Board resolution, the monthly or weekly assessment reports, and the routine assessment of the Board and the senior officer authorized by the Board.

#### **Chapter IV Merger, Spinoff, Acquisition or acceptance of assigned shares**

- XVIII. In proceeding to merger, spinoff, acquisition or acceptance of assigned shares, the Company shall call for session of the Board for resolution, and consult with certified public accountants, legal attorneys, or securities underwriters for presenting opinions on the rationality of the ratio of share swap, acquisition price, and the distribution of cash or other assets to shareholders, and present to the Board for discussion and resolution. The aforementioned opinion from experts on the rationale of the transactions could be waived for the merger between the Company and a wholly-owned subsidiaries by equity share or capital, or between wholly-owned subsidiaries of the Company by equity share or capital.
- XIX. In proceeding to merger, spinoff, acquisition or acceptance of assigned shares, the Company shall document the content of important contracts and related matters for disclosure to shareholders before the convention of Shareholders’ Meeting, and also the aforementioned opinions from the

experts and notice of Shareholders' Meeting to shareholders as reference for decision on the merger, spinoff, or acquisition. This provision is waived if the convention of Shareholders' Meeting for resolution of the merger, spinoff, or acquisition are not required by law. If any of the companies participating in the merger, spinoff, or acquisition cannot call for their Shareholders' Meeting, to make decision, or the motion of merger, spinoff, or acquisition is rejected by their Shareholders' Meetings, the Company shall disclose the reasons, subsequent action, and the expected date of Shareholders' Meeting at once.

XX. Unless the law specified otherwise or at the prior consent of FSC, the Company shall call for its session for Shareholders' Meeting for resolution of the merger, spinoff, or acquisition on the same day as other companies participating in the merger, spinoff, or acquisition to make decision. In participating in the acceptance of assigned shares, the Company shall call for the session of the Board on the same days as other companies participating in the assignment.

The Company shall keep the complete documented record on merger, spinoff, acquisition or acceptance of assigned shares for 5 years as reference.

- (I) Basic information on personnel: this will include the executors of the plans for merger, spinoff, acquisition or acceptance of assignment before the disclosure of information, including their occupational titles, names, ID card numbers (passport numbers as in the case of foreign nationals).
- (II) Date of materiality: including the signing of statement of intent or MOU, appointment of financial or legal counsels, signing of contracts, and date of Board session.
- (III) Essential documents and minutes of meeting on record: this will include the plans of merger, spinoff, acquisition or acceptance of assignment, essential contracts and minutes of Board session on record.

The Company shall , within 2 days after the resolution of the motions on merger, spinoff, acquisition or acceptance of assigned shares, report the information as stated in (I) and (II) to FSC in designated format via the Internet system.

In case some of the participants in the merger, spinoff, acquisition or acceptance of assigned shares of the Company are not listed in TWSE or

GTSM, the Company shall follow (II) and (III) in handling the contracts binding the Company and these participants.

XXI. Ratio of share swap and acquisition price:

The ratio of share swap in merger, spinoff, acquisition or acceptance of assigned shares or the acquisition price shall not be changed unless the following is applicable:

- (I) Raising capital by issuing new shares, offering of convertible corporate bonds, release of stock dividend, offering of corporate bonds with stock options, preferred shares with stock options, subscription warrants, or any other equity securities.
- (II) Disposition of major assets of the Company that influences the financial position and operation status of the Company.
- (III) Occurrence of severe disaster, significant change in technology and others that influence the shareholders' equity or stock price of the Company.
- (IV) Any company participating in the merger, spinoff, acquisition or acceptance of assigned shares proceed to repurchase treasury shares as provided by law.
- (V) Significant change in the number of participants in the merger, spinoff, acquisition or acceptance of assigned shares.
- (VI) Others conditions that could be altered as stated in the contracts, and has been disclosed.

XXII. Inscription of the Contracts

In proceeding to merger, spinoff, acquisition or acceptance of assigned shares, the Company shall explicitly state the rights and obligations of the participants, the conditions for changing the ratio of share swap or acquisition price, and specify the following in the contracts.

- (I) Handling breach of contract.
- (II) The principles for handling equity securities or treasury shares already acquired by the acquiree or the spin-off operation.
- (III) The principles and quantity of treasury shares for that the participants may repurchase as provided by law after the day of share swap ratio calculation.
- (IV) The responses to change in the number of participants.
- (V) Expected progress of the plan and date of completion.

(VI) If the progress falls behind schedule, the scheduled date of Shareholders' Meeting as provided by law and related procedure for responding to the situation.

XXIII. Important to the Company in participating in merger, spinoff, acquisition or acceptance of assigned shares:

(I) Parties requesting for participation or acknowledgment of the merger, spinoff, acquisition or acceptance of assigned shares shall undertake confidentiality in writing, and shall not disclose the content of plan before the information is publicly disclosed, and shall not purchase the stocks or equity securities issued by related companies in the name of the party itself or in the name of a third party.

(II) In case the Company desires to engage in merger, spinoff, acquisition or acceptance of assigned shares after the information on the merger, spinoff, acquisition or acceptance of assigned shares is disclosed, repeat the procedure or act of legality in the original merger, spinoff, acquisition, or acceptance of assigned shares unless otherwise the number of participants decreased, and the Shareholders' Meeting has already resolved to grant the Board with additional empowerment that a new round of Shareholders' Meeting for resolution is necessary.

(III) If any of the participants in the merger, spinoff, acquisition or acceptance of assigned shares is not a public company, the Company shall enter into an agreement with such company and proceed to Article XXI and the preceding two sections of This Procedure.

#### **Chapter V Other important notice**

XXIV. In the acquisition or disposition of assets, the Company shall keep related contracts, minutes of meeting on record, registries, appraisal reports, the professional opinions from certified public accountants, legal attorneys, or securities underwriters for at least 5 years unless the law provided otherwise.

The appraisal reports or the professional opinions of certified public accountants, legal attorneys, or securities dealers shall not be issued by professional appraisers and their appraisal personnel, certified public



accountants, legal attorneys or securities dealers shall not be related parties to the Company.

XXV. The professional agency and its appraisers, CPAs, attorneys, or securities underwriters whereby the Company obtains its CPA, attorney, or securities underwriter valuation reports or opinions shall not be related persons to the transaction counterparty and must meet the following requirements:

1. Never been convicted for violation of the Securities and Exchange Act., the Company Act, Banking Act of The Republic of China, Insurance Act, Financial Holding Company Act, Business Entity Accounting Act, or crimes such as fraud, breach of trust, encroachment, falsification of documents, or business crimes and received a final judgment sentence of imprisonment for one year or longer. However, this restriction shall not apply if the sentence has been served and the probation period has expired, or a pardon has been issued for three years.

2. Cannot be an affiliate to the parties in the transaction or de facto relationship status.

3. If the Company must obtain the appraisal reports from two or more professional appraisers, different professional appraisers or their staff may not be related to each other or have a de facto relationship.

When issuing valuation reports or opinions, the preceding appraisers shall comply with the self-discipline regulations of their respective trade associations and abide by the following matters:

1. Carefully assess the professional ability, practical experience, and independence before undertaking the case.

2. Appropriate operating procedures shall be properly planned and implemented during case implementation to form a conclusion and issue a report or opinion letter accordingly. The procedures, data collected, and conclusion shall be documented in the case's paperwork.

3. The appropriateness and rationality of the data sources, parameters, and information used shall be evaluated item by item to serve as the foundation for issuing the valuation report or opinion letter.

4. The declaration items shall include the professionalism and independence of the relevant personnel and specify that the information used has been assessed to be appropriate, reasonable, and in compliance with the relevant laws and regulations.

XXVI. In the acquisition or disposition of assets by the Company in accordance with This Procedure or as required by applicable laws that the approval of the Board is necessary, the Company shall keep record on all adverse

opinions of the Directors on record or in written declaration, if applicable, and circulate to the Supervisors. And shall fully consider the opinions of all Independent Directors, and keep the opinions in agreement or disagreement with the motions as minutes of meeting on record.

XXVII. This Procedure shall be subjected to the approval of the Board with circulation to the Supervisors for review, and the final approval of the Shareholders' Meeting to cause into effect. The same procedure shall be applicable to any amendment thereto. If the Directors expressed adverse opinions on record or in written declaration, circulate related information to the Supervisors. And shall fully consider the opinions of all Independent Directors, and keep the opinions in agreement or disagreement with the motions as minutes of meeting on record.

If the audit committee has been established in accordance with the provisions of this Law, the procedures for the preparation or revision of this procedure shall be agreed by more than half of the members of the Audit Committee and the resolution to be proposed at the board meeting. If the preceding paragraph is not approved by more than half of all the members of the Audit Committee, it may be agreed by more than two-thirds of all Directors, and the resolutions of the Audit committee shall be stated in the proceedings of the board meeting.

All members of the Audit Committee and all Directors referred to in this Article shall be counted as actual incumbents.

## Appendix 1

# **Namchow Holdings Co., Ltd.**

## **Articles of Incorporation**

### Chapter 1 General Provisions

- Article 1: The Company is duly incorporated in accordance with the Corporate Merger and Acquisition Act, the Company Act in the section of limited liability Company, and other applicable laws and bears the title of Namchow Investment Holding Co., Ltd. The English name is Namchow Holdings Co., Ltd.
- Article 2: The Company is engaged in the business of: H201010- Investments.
- Article 2-1: The Company may offer external assurance in order to fulfill business needs.
- Article 2-2: If the company is a shareholder with limited liabilities of another company, its overall investment value is not subject Article 13 of the Company Act where it says that the overall investment value may not exceed 40% of the paid-up capital stock.
- Article 3: The Company's main office is located in Taipei City and the company may set up branches at other appropriate locations when it is considered necessary. The establishment, abolishment, or change is to be decided by the Board of Directors.
- Article 4: The Company's public notices shall be pursuant to Article 28 of the Company Act.

### Chapter 2 Shares

- Article 5: The capital size of the company is set at NTD4 billion consisting of 400 million shares. Each share has a par value of NTD10. The shares are to be issued in separate efforts by the Board of Directors according to the Company Act and other applicable laws and regulations.
- Article 6: Stocks of the company shall be registered, signed or sealed by at least three directors. The stocks should be issued after proper certification by the competent authority or its approved registration institutes by law. Stocks issued by the company are not required to be printed. The company, however, should contact the securities depository and custodian institution for registration of the share certificates.
- Article 7: Shareholders shall complete the seal certificate to be kept by the company. The seal certificate is the basis for claiming the dividend and bonus or written correspondence with the company.
- Article 8: In the event that the stocks are assigned to someone else, the stock transfer request should be completed and submitted to the company for change of name and transfer of the account. Once it is registered in the shareholders

roster, it can be set up as a valid defense against the company. To request change of name as a result of inheritance, the heir shall provide legal supporting documents.

Article 9: In the event that the stocks are lost or stolen, the holder shall file the case with the police and loss of the stocks with the company and petition the court with jurisdiction within 5 days to release a public notice. A copy of the said writ petition along with a photocopy of the receipt from the court shall be submitted to the company; otherwise, the application for loss of the stocks will be canceled. Once the public notice is released and a judgment is made, a copy of the newspaper bearing the public notice and judgment shall be submitted to the company and a request for re-issuance of new stocks shall be made to the company with the ex-right verdict.

Article 10: Adequate cost will be charged for each stock to be replaced or re-issued because of contamination or damage or in accordance with the requirements indicated in the foregoing 2 articles.

Article 10-1: After issuance of new stocks, the physical stocks may all be printed at once for that particular issue. The company may also issue stock in non-physical form.

With respect to shares issued in accordance with the requirements set forth in the preceding paragraph, they may be held in custody or placed for registration with a centralized securities depository corporation or they may also be consolidated and re-issued in securities with larger denominations as requested from the centralized securities depository corporation.

### Chapter 3 Shareholder's Meeting

Article 11: There are regular and provisional shareholders meetings. The regular meeting is held once a year within 6 months after an operation year ends and is called for by the Board of Directors while the provisional one is to be convened by the Board of Directors whenever it is considered necessary. Shareholders who have been holding more than 3% of the total outstanding shares for more than a year may also ask the Board of Directors to call for a shareholders meeting by clearly written proposals and reasons.

Article 12: A shareholders meeting shall be called for by the 30th day of each month while provisional meeting shall be called for by the 15th day of each month, with written indication of the date, venue, and reason for the meeting that is made known to individual shareholders. For shareholders with less than 1,000 inscribed stocks, a public notice may be provided to notify them as required by Article 26-2 of the Securities Exchange Act.

Article 13: If a shareholder cannot attend a meeting for some reason, he/she may have a proxy to attend it on his/her behalf with a show of the proxy form printed out and distributed by the company that specifies the scope of authorization and bears his/her signature/seal in accordance with applicable laws and

regulations governing the use of the proxy form. When two or more shareholders authorize the same person, the authorized voting rights may not exceed 3% of the voting rights of the total outstanding shares combined. The excess will not be counted.

Article 14: The Chairman shall chair shareholders meetings; in the event that the Chairman is absent for a reason, the Vice Chairman shall act on his/her behalf.

Article 15: Unless otherwise stipulated in the Company Act, any resolutions reached in a shareholders' meeting should be approved by a majority vote among shareholders that are present and represent at least one half of the total outstanding shares.

When shareholders that are present do not meet the requirements indicated in the preceding paragraph, yet account for more than one-third of the total outstanding shares, approval by a majority of the shareholders that are present shall constitute a tentative resolution. The tentative resolution shall be made known to all shareholders and another shareholders meeting shall be called for within a month. For the tentative resolution, if it is approved by a majority vote among shareholders that are present and represent one-third of the total outstanding shares, it shall be considered as the resolution indicated in the preceding paragraph.

Article 16: For the shares held by the shareholders, unless specified otherwise by law, each share is assigned with one vote.

Article 17: Minutes of shareholders meetings shall show the year, month, date, venue, name of the chairperson, decisions made in the meetings, highlights of the agenda and results and must be signed off or sealed by the chairperson. Minutes of shareholders meetings shall be kept for as long as the company continues to exist. Shareholders' attendance sheets and proxy forms shall be retained for at least one year.

#### Chapter 4 Board of Directors

Article 18: The Company has 5 to 9 board directors, who are to be elected among capable people in shareholders meetings to serve a tenure of 3 years and may be repeatedly elected to serve multiple terms. The directors are entitled to transportation reimbursements that have to be paid regardless of gains or losses. Among the said directors, there may not be fewer than 3 independent ones and the independent directors may not account for less than one-fifth of all openings.

This Company's director election shall use a candidate list measure. The shareholders shall elect directors from the candidate list.

Independent and non-independent directors shall be elected together and votes will be counted separately. The nomination and election of independent directors and other details to be followed shall be based on the requirements indicated in the Securities Exchange Act and applicable laws and regulations.

The total quantity of shares held by all Directors shall be governed by the Rules and Review Procedures for Director Share Ownership Ratios at Public Companies insituted by the competent authority.

In order to protect the company's right of reinvestment, the directors may be elected and hired as director and manager in the invested company and can take part in the operation of the reinvestment business.

Article 18-1: This Company has formed an Audit Committee composed of all independent directors according to Article 14-4 of the Securities and Exchange Act. The exercise of powers of the Audit Committee, members and related matters shall be conducted in accordance with the Securities Exchange Act Law and relevant laws and regulations.

Article 19: The directors shall form the Board of Directors and shall elect among themselves one Chairman and one Vice Chairman with paid salaries that are positive expenses regardless of gains or losses.

To improve supervisory function and management mechanism, the board of directors shall establish various functional committees according to law based on business requirements. The charter for the authority of the functional committee shall be formulated by the board of directors.

Article 19-1: The Company may purchase liability insurance for its directors and during their term of office, based on the compensation liabilities associated with their respective business accountabilities. The Board of Directors is fully authorized to take care of the insurance matter.

Article 20: The duties of the Board of Directors are as follows:

- (1) To review respective rules and procedures
- (2) To decide on business policies
- (3) To review budget and accounts
- (4) To prepare individual forms and rosters as per Article 228 of the Company Act
- (5) To direct and supervise operations
- (6) To decide on the establishment, removal, or change of branches
- (7) To approve the purchase and disposal of important properties and real estate
- (8) To offer external assurance
- (9) To make a decision on reinvestment
- (10) The Board of Directors is to decide on involvement in public interest activities that are required while fulfilling its tasks and in order to facilitate expansion of the operation or to boost the company image while returning to society or donations that are required in order to fulfill the company's social responsibilities.
- (11) Other duties that are bestowed under applicable laws and regulations or through the shareholders meeting.

Article 20-1: The Board of Directors is fully authorized to handle fractional shares from new stocks issued by the company by contacting specific people for subscription.

Article 21: The Board of Directors shall meet at least once a quarter. When a provisional meeting is required, except for the very first meeting for each intake of the Board of Directors where a meeting is to be called for by the director with the most votes, all the other meetings are to be called for by the Chairman, who will also preside over the meeting. When the Chairman is absent for some reason, the Vice Chairman shall act on his/her behalf.

When a meeting of the Board of Directors is called for via visual communication network, the directors taking part in such a visual communication meeting shall be deemed to have attended the meeting in person. In the event that a director is unable to attend the meeting in person, he/she may authorize another director to act on his/her behalf with a show of the proxy form. The proxy, however, may only be authorized by one director. A meeting of the company's Board of Directors may be called for in writing, through email, or by fax.

Article 22: Decisions made by the Board of Directors shall be approved by a majority vote among the directors who are present and account for more than half of all directors and the meeting minutes shall be signed off and sealed by the chairperson.

Article 23: When the Board of Directors meets, the General Manager and managers may be invited to attend the meeting; nevertheless, the latter do not have a voting right.

Chapter 5 (delete)

Article 24: (delete)

Article 25: (delete)

Article 26: (delete)

Chapter 6 Organization

Article 27: The Company has one General Manager, who is nominated by the Chairman and hired with approval by a majority vote among the directors. The same applies upon dismissal. There are several deputy general managers, associate managers and managers, who are to be chosen jointly by the Chairman and the General Manager and are hired with approval by a majority vote among the directors. The same applies upon dismissal. Other important employees are to be hired following submission by the General Manager to and approval by the Director and their information shall be submitted to the Board of Directors for reference. The same applies upon dismissal.

Article 28: The General Manager manages all affairs relating the company based on decisions made by the Board of Directors.

## Chapter 7 Accounting

Article 29: A business year begins with January 1 and ends on December 31 at the company. The annual audit takes place after a year is completed.

Article 30: After the annual account has been completed, the board of directors shall produce the following items according to regulations and have the items recognized at the shareholder's meeting.

(4) Report on Operations

(5) Financial Statement

(6) Earnings Distribution or Losses Subsidization Proposal

Article 31: The Company shall appropriate no less than 1% of its earnings as remuneration to employees and no more than 5% as remuneration to Directors and Supervisors, if applicable. The Company shall appropriate for write-off the loss carried forward, if applicable.

The remuneration to employees mentioned in the preceding paragraph may be paid in stock or cash, and the employees of subsidiaries meeting specific condition are also entitled to the payment.

Article 31-1: The Company shall appropriate its earnings for the payment of applicable taxes, followed by the write-off of loss carried forward, and 10% as legal reserve, if applicable. If however the legal reserve so appropriated is equivalent to the paid-in capital of the Company, no further appropriation is necessary. The remainder shall be recognized for special reserve or reversal of special reserve. If there is still a balance, it will be pooled up with undistributed earnings for distribution to the shareholders as dividend or bonus at the proposal of the Board and the final approval of the Shareholders' Meeting. However, the dividends paid in cash must be attended by more than two-thirds of the Directors from the board and approved by more than half of the Directors present. Reports need to be presented to the Shareholder's Meeting.

The dividend policy of the Company shall meet the needs of the development plan at present and in the future, in consideration of the investment environment, capital requirement and competition at home and abroad, and also the interests of the shareholders. At least 30% of annual earnings attributable to shareholders for distribution shall be paid out as dividend, which may be paid as stock dividend and/or cash dividend. Cash dividend shall not fall below 10% of the total dividend paid to the shareholders.

According to Article 241 of the Company Act, this Company can wholly or partially distribute the legal surplus reserve and the capital reserve in the form of new shares or cash according to the shareholder original share proportion if the shareholders' meeting approves. When approving the issuing of cash, 2/3 of the directors must be present and the majority of attending directors must approve. The board resolution shall be reported at the shareholder's meeting.



## Chapter 8 Supplementary Provisions

- Article 32: The Company's organizational rules and enforcement rules are to be established separately.
- Article 33: Details not covered herein are to be handled in accordance with the requirements of the Company Act and other applicable laws and regulations.
- Article 34: These Articles of Incorporation were stipulated on March 25, 1950. The 1st amendment took place on February 21, 1952. The 2nd amendment took place on September 3, 1953. The 3rd amendment took place on April 9, 1955. The 4th amendment took place on April 4, 1959. The 5th amendment took place on April 6, 1960. The 6th amendment took place on April 29, 1961. The 7th amendment took place on May 22, 1962. The 8th amendment took place on June 5, 1964. The 9th amendment took place on November 9, 1966. The 10th amendment took place on March 24, 1967. The 11th amendment took place on April 26, 1968. The 12th amendment took place on November 11, 1968. The 13th amendment took place on December 3, 1970. The 14th amendment took place on May 15, 1971. The 15th amendment took place on May 12, 1972. The 16th amendment took place on June 30, 1973. The 17th amendment took place on February 7, 1973. The 18th amendment took place on May 8, 1974. The 19th amendment took place on May 16, 1975. The 20th amendment took place on May 7, 1976. The 21st amendment took place on April 14, 1977. The 22nd amendment took place on March 17, 1978. The 23rd amendment took place on March 9, 1979. The 24th amendment took place on March 26, 1980. The 25th amendment took place on March 27, 1981. The 26th amendment took place on May 12, 1982. The 27th amendment took place on May 11, 1983. The 28th amendment took place on March 23, 1984. The 29th amendment took place on June 15, 1985. The 30th amendment took place on May 23, 1986. The 31st amendment took place on May 27, 1987. The 32nd amendment took place on June 10, 1988. The 33rd amendment took place on May 15, 1989. The 34th amendment took place on March 31, 1990. The 35th amendment took place on June 20, 1991. The 36th amendment took place on May 23, 1992. The 37th amendment took place on May 22, 1993. The 38th amendment took place on May 23, 1995. The 39th amendment took place on June 22, 1996. The 40th amendment took place on May 10, 1997. The 41st amendment took place on June 25, 1999. The 42nd amendment took place on June 17, 2000. The 43rd amendment took place on June 7, 2002. The 44th amendment took place on June 9, 2006. The 45th amendment took place on June 8, 2007. The 46th amendment took place on June 19, 2009. The 47th amendment took place on May 28, 2010. The 48th amendment took place on June 6, 2014. The 49th amendment took place on June 8 2016. The 50th amendment took place on May 31 2017. The 51st amendment took place on Mar 9, 2018. The 52nd amendment took place on May 30, 2018. The 53rd amendment took place on May 30, 2019. The 54th amendment took place on June 30, 2020.

## Appendix 2

# Namchow Holdings Co., Ltd.

## Assets Acquisition or Disposal Handling Procedures

### Chapter I General Provision

#### I. Purpose and legal reference:

This Procedure is instituted pursuant to Article 36-1 of the Securities and Exchange Act and the “Criteria for Acquisition and Disposition of Assets by Public Companies” and for the strengthening of asset management and information transparency.

#### II. Assets for application:

- (I) Investment of stocks, government bonds, corporate bonds, bank debentures, fund securities, depository receipts, call (put) warrants, beneficiary certificates, and asset-backed securities.
- (II) Property (including lands, housing and structures, investment property, right of land use) and equipment.
- (III) Membership cards.
- (IV) Patents, copyrights, trademark, franchise, and other intangible assets.
- (V) Right-of-use asset
- (VI) Derivative Goods: Its values derives from Specific interest rate, financial instrument price, commodity price, exchange rate, price or rate index, credit rating etc. or credit index, Forward contracts derived from other variables, option contracts, futures contracts, leveraged margin contracts, exchange contracts, combinations of such contracts, or combined contracts or structured goods embedded in derivative goods, etc. Forward contracts as referred to do not include insurance contracts, performance contracts, post-delivery service contracts, long-term lease contract and long-term buy-sell contracts.
- (VII) Assets acquired or disposed from merger, spinoff, acquisition and acceptance of assigned shares: assets acquired or disposed through merger, spinoff, or acquisition in accordance with the Corporate Merger and Acquisition Act, Financial Holding Company Act, Financial Institutions Mergers Act or other applicable laws, or the issuance of new shares for acceptance of the shares assigned from other companies pursuant to Article 156-3 of the Company Act.
- (VIII) Other major assets.

### III. Evaluation Procedure:

- (I) In the acquisition or disposition of securities or engagement in derivative trade, the treasury and accounting of the Company shall conduct analysis of related return and possible risk. In the acquisition or disposition of real estate, other assets and right-of-use assets, related functional departments shall map out the capital expenditure plan and proceed to feasibility study on the purpose and expected return on acquisition or disposition of assets. For acquisition or disposition with related parties, proceed to Chapter II of This Procedure on the assessment of the rationality of the terms and conditions of the transactions.
- (II) The Company shall, before the day of deed for the acquisition or disposition of securities, obtain the audited or reviewed financial statements of the target companies or related information as reference for appraisal. If the transaction amount exceeds 20% of the paid-in capital of the Company or NTD300 million, retain a certified public accountant for presentation of opinion on the rationality of the transaction price before the day of deed. If the CPA elects to adopt reporting of an expert, follow the instruction of The Statement of Auditing Standard No. 20 released by the Accounting Research and Development Foundation of the Republic of China (hereinafter referred to as “ARDF”). If there is an active market for the securities with open quotation, or the Financial Supervisory Commission (FSC) specified otherwise, this requirement can be waived.
- (III) In the acquisition or disposition of membership cards, intangible assets and right-of-use asset which transaction price exceeds 20% of the paid-in capital of the Company or NTD300 million, consult a certified public accountant for an opinion on the rationality of the transaction price before the day of deed and proceed to Statement of Auditing Standard No. 20 released by the Accounting Research and Development Foundation unless otherwise the transaction is conducted with government agencies.
- (IV) For the acquisition or disposition of property, equipment and the right-of-use asset exceeding 20% of the paid-in capital of the Company or NTD300 million, obtain the appraisal report issued by professional appraisers before the day of deed and proceed to the appraisal process of This Procedure.
- (V) In pursuing corporate merger, spinoff, acquisition or acceptance of assigned shares, consult a certified public accountant, legal attorney, or securities underwriting to present opinions on the rationality of the ratio

of share swap, acquisition price, and the cash dividend or other assets paid to shareholders before the day of deed, and present to the Board for discussion. The aforementioned opinion from experts on the rationality of the transactions could be waived for the merger between the Company and a wholly-owned subsidiaries by equity share or capital, or between wholly-owned subsidiaries of the Company by equity share or capital.

(VI) The Company shall comply with the following in the determination of the price for the acquisition or disposition of assets or for reference further to the aforementioned appraisal by professional appraisers, certified public accountants, and other experts:

1. In the acquisition or disposition of securities traded in the centralized market or OTC market, decision could be made on the basis of the price or the equity shares or bonds.
2. In the acquisition or disposition of securities not traded in the centralized market or OTC market, consider the net value per share, technology and profitability, potential for development, market interest rate, coupon rate, and the credit standing of the debtors, and also the bid price of most recent transaction as reference for decision-making.
3. In the acquisition or disposition of membership cards, consider possible return and the most recent bid price for the transaction. For the acquisition or disposition of patents, copyrights, trademark, franchise, other intangible assets and right-of-use assets, consult international or market customs and practices, the service period, and the effect on the technological level and business of the Company.
4. In the acquisition or disposition of property, equipment and right-of-use asset, consult the posted present value, appraised present value, the actual transaction price or book value of property in the neighborhood, and the quotation of the suppliers.  
For acquisition or disposition of property/right-of-use asset with related parties, conduct evaluation as stated in Chapter II of This Procedure to assess the rationality of the transaction price.
5. For the engagement in derivative trade, consult the trading condition of the futures market and the trends of the exchange rate and interest rate.

6. In merger, spinoff, acquisition or acceptance of assigned shares, consider the nature of business, net value per share, asset value, technology and profitability, production capacity and potential for growth.

(VII) The calculation of the amount as stated in (II), (III), and (IV), proceed to V (II). The period of one year as referred to shall be the duration from the day of deed moving backward for one year in retrospect. This period could be waived if the appraisal reports issued by professional appraisers or opinions from certified public accountants are available.

#### IV. Operation Procedure:

##### (I) Authorized limit and gate approval

1. Securities: The Chief Financial Officer shall be authorized to proceed to trade pursuant to Article VII of This Procedure. If the transaction meets the standard required for declaration as stated in Article V, report to the Chairman on the day after the trade for record, and present before the nearest session of the Board for ratification. For the acquisition or disposition of stocks, corporate bonds not traded in the centralized market or the OTC market, private placement securities, that the amount meets the standard required for declaration, the resolution of the Board for approval in advance is necessary. Investment in Mainland China shall be subject to the consent of the Shareholders' Meeting or execution by the Board at the authorization of the Shareholders' Meeting, and petitioned with the Board of Investment of MOEA for approval before proceeding.

##### 2. Derivative Trade

(1) Hedge trade: trade may be conducted in line with the change in the business value and risk position by personnel designated by the Chairman with single transaction or accumulated transactions falling below USD20 million (including the equivalent of other currencies).

(2) Non-hedge trade: For reducing risk, single transaction or accumulated transactions fall below USD6 million (including the equivalent of other currencies) may be conducted by designated personnel under authorization subject to the approval of the Chief Financial Officer.

- (3) The authorized personnel must be made known to the banks for facilitating the monitoring and management of the service banks in identification of the authorization of personnel.
- (4) The aforementioned derivative trade conducted under authorization shall be reported to the Board.
3. Related party transactions: Prepare related information as stated in Chapter II of This Procedure, and present to the Board for approval and the Supervisors for ratification before proceeding to signing the trade contracts and effecting of payment. In the event that an Audit Committee has been established in accordance with the law, they shall be approved by the Audit Committee members and submitted to the board of Directors for a resolution.
4. Merger, spinoff, acquisition or acceptance of assigned shares: proceed to Chapter IV of This Procedure for action and prepared the required materials. Merger, spinoff, acquisition shall be subject to the approval of the Shareholders' Meeting in advance unless the law provides otherwise. The acceptance of assigned shares shall be subject to the approval of the Board.
5. Others: Comply with the internal control system and gate approval in the operation. If the transaction amount meets the standard required for declaration as stated in Article V, the approval of the Board in advance is necessary except for the acquisition or disposition of business equipment, Right-of-use asset/real estate right-of-use asset which could be reported to the Board for ratification in the afterward. The resolution for approval by the Shareholders' Meeting is necessary if any of the situations in Article 185 of the Company Act is applicable.

(II) Executor and transaction process

The treasury of the Company shall be the executor of securities investment and derivative trade. Real estate, other assets and right-of-use asset shall be executed by the users or related functional departments. Merger, spinoff, acquisition, and acceptance of assigned shares shall be conducted by the functional unit designated by the Chairman. Upon successful evaluation as required by law and approval, the executor shall proceed to the acquisition or disposition of assets by entering into related agreements, making or receiving payment, delivery and inspection for acceptance, and referred to related process under the

internal control system depending on the nature of the assets. Related party transactions, derivative trade, and merger, spinoff, acquisition or acceptance of assigned shares shall proceed to Chapter II ~IV of This Procedure.

V. Declaration Procedure:

- (I) If any of the following is applicable to the acquisition or disposition of assets by the Company, follow the format and content as stated in the attached table (Attachment 2-8) by nature of the asset, and disclose related information at the designated website of FSC for declaration within 2 days after the day of deed.
1. Acquisition of property or right-of-use assets from related parties, or disposition of property or right-of-use assets to related parties, or disposition of other assets beyond property exceeding 20% of the paid-in capital of the Company, 10% of the total assets, or NT\$300 million. This provision is waived for the trading of government bonds, R/P bonds, subscription or redemption of money market funds offered by domestic securities investment trust firms.
  2. Proceed to merger, spinoff, acquisition or acceptance of assigned shares.
  3. Engagement in derivative trade with loss from all contracts or individual contracts exceeding the upper limit as stated in Chapter III, Article XIV-IV of This Procedure.
  4. The assets acquired or disposed are business equipment or right-of-use assets and the counterparties of transactions are not related parties and the amount of transaction exceeds NTD500 million.
  5. Acquisition of property through the commissioning for construction on proprietary lands, commissioning for construction on leased land, joint venture in construction with split up of finished premises, joint venture in construction with split up of sale revenue, and joint venture in construction and joint marketing of finished premises, and the transaction party is not related. The Company expects to invest an amount of more than NTD500 million.
  6. Further to the transactions of assets or investment in Mainland China as specified from 1~5 of this provision, and the transaction amount exceeds 20% of the paid-in capital of the Company or NT\$300 million. Except under the following situations:

- (1) Trading of domestic government bonds.
  - (2) Trading of R/P bonds, R/S bonds, subscription or redemption of domestic money market funds offered by securities investment trust firms.
- (II) The amount of the aforementioned transactions shall be calculated in the method specified below:
1. The amount of each transaction.
  2. The amount of transaction for the acquisition or disposition of the same target with particular counterparty in one year on an accumulative basis.
  3. The amount of transaction for the acquisition or disposition (accumulated separately) of the property or right-of-use assets of particular development project in one year on an accumulative basis.
  4. The amount of transaction for the acquisition or disposition (accumulated separately) of particular security
- (III) One year as referred to in preceding paragraphs shall be the duration from the day of deed moving backing for one year in retrospect. The portion already declared could be exempted from the calculation.
- (IV) The Company shall provide information on the derivative trade conducted by the Company and subsidiaries which are not domestic public companies by the end of the previous month in the format as shown in the table, and declare the information with the designated website of FSC by the 10th day of the month.
- (V) In case of error or missing content for the items required for declaration, correct the content within 2 days after acknowledgment of the error or missing, and conduct a new round of declaration.
- (VI) If any of the following is applicable to the declaration as stated in (I), declare at the designated website of FSC within 2 days after the day of deed:
1. Alteration, termination, or discharge of the contracts for transactions previously entered into.
  2. The merger, spinoff, acquisition or acceptance of assigned shares cannot be accomplished as scheduled.
  3. Change in the content of information previously declared.

## VI. Procedure for appraisal of assets

The company obtains or disposes of real estate, equipment and its right to



use assets, except for transactions with domestic government agencies, construction of local land, construction of land leases, or acquisition or disposal of equipment for business use or its right to use assets. If the company's paid-in capital is 20% or NT\$300 million or more, the valuation report issued by the professional value shall be obtained before the date of the fact (the particulars for inscription are exhibited in Attachment 1) and shall be in compliance with the following. The certification document issued by court may be used in lieu of the appraisal reports or opinions from certified public accountants if the acquisition or disposition of assets were conducted through court auction.

- (I) If for specific reason that limited price, designated price or special price shall be used as reference for setting the transaction price, present the case before the Board for resolution in advance. The same procedure is applicable to any subsequent change of the conditions of transactions.
- (II) If the transaction amount exceeds NT\$1,000 million, the appraisal reports from at least two professional appraisers is necessary.
- (III) If any of the following is applicable to the appraisal result, consult with a certified public accountant for presenting a substantive opinion on the reason of the variance and the appropriateness of the transaction price in accordance with the Statement of Auditing Standard No.20 unless the appraised value is higher than the transaction price as in acquisition of assets or lower than the transaction price as in disposition of assets.
  - 1. The appraisal result varied with the transaction amount by more than 20%.
  - 2. The appraisal results from at least two professional appraisers varied by more than 10%.
- (IV) The date of the appraisal reports issued by the professional appraisers shall not be longer than a period of 3 months from the day on which contract is signed for the transaction. If the posted present value of the same period is applicable and the duration is less than 6 months, the original professional appraisers issuing the reports shall present an opinion.

## VII. Scope and limit of investment

Further to the acquisition of assets for business purpose, the Company and

subsidiaries may also invest in property, right-of-use assets and securities not for business purpose. The limit of investment and restriction is specified below.

- (I) Total investment in property and right-of-use assets not for business use shall not limited to 50% of the net worth of the Company as stated in the financial statements covering the most recent period. Subsidiaries shall not exceed 200% of the net worth or stated capital as presented in the financial statements covering the most recent period, whichever is higher.
- (II) Total investment in securities shall not exceed 100% of the net worth of the Company as stated in the financial statements covering the most recent period. Subsidiaries shall not exceed 200% of the net worth or stated capital as presented in the financial statements covering the most recent period, whichever is higher.
- (III) The investment in particular security shall not exceed 100% of the net worth of the Company as stated in the financial statements covering the most recent period. Subsidiaries shall not exceed 200% of the net worth or stated capital as presented in the financial statements covering the most recent period, whichever is higher.

VIII. The control of acquisition or disposition of assets by subsidiaries:

- (I) Subsidiaries of the Company shall also institute the “Procedure for the Acquisition or Disposition of Assets” in conformity to the “Criteria for Acquisition and Disposition of Assets by Public Companies” and properly implement the procedure after passing by the Board with circulation to the Supervisors and the Shareholders’ Meeting for ratification. The same procedure is applicable to any amendment thereto.
- (II) The acquisition or disposition of assets by subsidiaries shall be conducted in compliance with their respective “Internal Control System” and “Procedure for the Acquisition and Disposition of Assets”. The auditing function of the Company shall include the operation of acquisition and disposition of assets conducted by the subsidiaries as key monthly audit items, and shall report to the Board and the Supervisors of the audit findings as an integral part of the audit report.

(III) If the subsidiaries of the Company are not public companies, and the acquisitions or disposition of assets of these subsidiaries meet the standard required for declaration as stated in Article V, notify the Company on the day of deed and the Company shall declare with FSC at designated website. The standard required for declaration at 20% of the paid-in capital or 10% of the total assets shall be based on the paid-in capital or total assets of the Company.

IX. Penalty:

If the personnel of the Company related to the acquisition or disposition of assets violate the “Criteria for Financing and Endorsement and Guarantee by Public Companies” or This Procedure, proceed to the following depending on the severity of the offense. The violation shall be tracked on record and treated a reference for the annual performance evaluation of related personnel.

- (I) Violation of the gate approval rule: verbal warning will be given for the initial offense, written warning will be issued for a second offense with compulsory action imposed for taking part in the training of the internal control system provided by the Company. For repeated offenses or offense in severity, the personnel concerned shall be transferred to other duties.
- (II) Violation of the review procedure: verbal warning will be given for the initial offense, written warning will be issued for a second offense with compulsory action imposed for taking part in the training of the internal control system provided by the Company. For repeated offenses of offense in severity, the personnel concerned shall be transferred to other duties.
- (III) Violation of the requirement for declaration: verbal warning will be given for the initial offense, written warning will be issued for a second offense. For repeated offenses of offense in severity, the personnel concerned shall be transferred to other duties.
- (IV) The supervisors of the offenders shall also be subject to punishment except those who can justify their position of failure to take preventive action.
- (V) In case the Board or the Directors violate related rules and regulations and the resolutions of the Shareholders’ Meeting in performing their duties, the Supervisor shall proceed to Article 218-2 of the Company

Act thereby notify the Board or the Directors of immediate halt of the conduct.

## **Chapter II Related Party Transactions**

### **X. Determination of related parties**

Related parties shall be determined on the basis of the definition set forth in the Criteria for the Compilation of Financial Statements by Securities Issuers with de facto and de jure relation considered.

- X-1. The acquisition or disposition of assets between the Company and related parties shall be in compliance with Chapter I and this Chapter of This Procedure in the decision-making process and rationality of the terms and conditions of the transactions. If the amount involved exceeds 10% of the total assets of the Company, the appraisal reports from professional appraisers or opinions from certified public accountants shall be required. The amount of transaction shall be calculated in accordance with Article III-(VII).

### **XI. Resolution Procedure:**

In the acquisition of property and right-of-use assets from related parties, or disposition of property and right-of-use assets to related parties, or disposition of other assets beyond property exceeding 20% of the paid-in capital of the Company, 10% of the total assets, or NT\$300 million, the executor shall prepare related information for presenting to the Board and the Supervisory for ratification before entering into agreements or effective payment. This provision is waived for the trading of domestic government bonds, R/P bonds, subscription or redemption of money market funds offered by domestic securities investment trust firms:

- (I) The purpose, necessity and expected return from the acquisition or disposition of assets.
- (II) The reasons of choosing related parties as the counterparties in the transactions.
- (III) In the acquisition of property and right-of-use assets from related parties, the information on the rationality of the terms and conditions of trade in the exclusionary clause of Article XII or Article XIII.
- (IV) The original price and date of acquisition of the asset by the related parties, the counterparties of trade, and relation with the Company and the related parties.

- (V) The projection of cash income and expense on a monthly basis in the year ahead from the month of entering into agreement, and the assessment of the necessity and the rationality of the use of fund.
- (VI) The appraisal reports issued by professional appraisers and the opinion of certified public accountants as required to obtain in the previous article.
- (VII) The aforementioned transaction amount shall be calculated in accordance with Article V- (II). One year as referred to shall be the duration of one year from the day of deed moving backward for one year in retrospect. The portion already declared is exempted from the calculation.

## XII. Assessing the rationality of the conditions for trade

For acquisition of real estate and right-of-use assets from related parties, assess the rationality of the cost of transaction in accordance with the following method and consult with certified public accountants for presenting substantive opinion, except that the property and right-of-use assets are acquired by related parties is through succession or donation, or, the acquisition of assets by related parties was longer than 5 years ago, or entering into agreement on joint construction with related parties through the commissioning of construction on proprietary land or on leased land; Or the public offering company and its parent company, its subsidiaries, or its subsidiaries that directly or indirectly hold 100% of the issued shares or total capital, and the real estate right-of-use assets for business use, etc., shall be evaluated according to the following methods to ensure transaction costs are reasonable and request an accountant to review and express specific opinions.

- (I) The addition of necessary cost of capital and the cost to be borne by the buyer by the related parties. Necessary cost of capital as referred to shall be calculated at the weighted average interest rate for financing in the year of purchasing the property but no more than the upper limit for lending by non-financial institutions.
- (II) If the related party has sought financing from a financial institution with pledge of the property, it shall be the total value appraised by the financial institution for lending. However, the accumulated value of load drawn to the related party with the pledge of the property shall at least be 70% of the total appraised value for lending and the term of

loan shall at least be one year. This provision is not applicable if either side of the parties is a related party.

(III) For the joint purchase of particular subject land and premises, the cost of transactions on the land and premises shall be appraised separately as stated in (I) and (II).

XIII. Action to be taken if the imputed cost falls below the transaction price:

If the appraisal result indicated the cost of transaction falls below the transaction price, proceed to (III) unless the following is applicable with the presentation of objective evidence, the appraisal reports from professional appraisers and the opinions of certified public accountants on rationality of the transaction.

(I) If the related party acquired empty land or leased land for construction, at least one of the following shall be satisfied with proof:

1. Appraisal on the empty land shall be conducted in the manner as stated in the previous article. For premises, the sum of the construction cost plus reasonable construction profit for the related party is higher than the transaction price. Reasonable construction profit is the average gross margin of the construction segment of the related party in the last three years, or the gross margin for the construction industry announced by Ministry of Finance covering the most recent period, whichever is lower.
2. The case of successful transaction in other stories of the same building or immediate area within one year with non-related parties transactions. The floor area shall approximate the subject premises and the conditions of transaction shall be justifiable for the stories and area taken for comparison under the customs and practices of real estate trade or lease.
3. The case of leasing to non-related parties of other stories in the same subject premises, and the conditions for transaction shall be justifiable for the stories taken for comparison under the customers and practices of real property leasing.

(II) The Company shall prove that the purchase of real estate or lease to require real estate right-of-use assets from related parties shall be relevant with the transactions of real estate trade conducted by non-related parties under similar terms and conditions of trade in the immediate area and in similar size within one year.

Successful cases of transaction in the immediate area shall refer to the location in the same block or neighboring block and the distance from the subject premises is less than 500 m in perimeter, or the similar level of announced present value.

Similar size or floor area shall be the floor area of the premises concerned in the transaction with non-related parties not falling below 50% of the floor area of the subject premises. One year shall be the duration from the day of deed for the acquisition of real estate and right-of-use assets moving backward for one year in retrospect. If the cost of transaction under appraisal falls below the transaction price in the acquisition of property or right-of-use assets from related parties, and the situations in I are not applicable, proceed to the following:

1. Recognize the difference between the transaction price and the estimated cost of property and right-of-use assets trade as special reserve pursuant to Article 41 -1 of the Securities and Exchange Act, and shall not distribute to shareholders or capitalize into new shares. Special reserve as recognized may be utilized in circumstances under which assets were purchased or rented on a high price with recognition of loss from falling price, disposition or termination of lease or with appropriate compensation or resumption to original condition, or is justifiable with proof of objective evidence and at the consent of Financial Supervisory Commission.
2. Supervisors shall act in accordance with Article 218 of the Company Act. For members who have established the Audit Committee according to law, the preceding paragraph is applicable to the independent board members of the Audit Committee.
3. The situations as stated in (I) and (II) shall be reported to the Shareholders' Meeting and the details shall be disclosed in the annual report or prospectus.

The acquisition of real estate or its right-of-use assets from related parties shall be handled in accordance with the provisions of the preceding two paragraphs if there is other evidence that the transaction has irregular business practices.

### **Chapter III The control of derivative trade**

#### **XIV. The principles and policy of trade**

- (I) Type of trade: The Company may undertake a variety of derivatives for trading, including forward contracts, options contracts, interest rate and exchange rate swaps, futures, and the composite contracts of the aforementioned products. The engagement in other forms of derivative trade shall be subject to the resolution of the Board for approval in advance.
- (II) Business or hedge strategy: The Company is engaged in derivative trade for hedge and non-hedge (for trading purpose) trade. The strategy shall be aiming at the hedge of operation risk and the choice of derivatives shall be targeted at the hedging of the risks deriving from the operation of the Company such as revenues and expenditures in foreign currencies, assets or liabilities denominated in foreign currencies. In the event of change in the objective environment, engage in “non-hedge” derivative trade on due time so as to bring in more revenue or mitigate loss from operation for the Company. In addition, the counterparties of trade should preferably be the financial institutions in business relation with the Company to avoid possible credit risk. Before the engagement in trade, differentiate if the trade is for hedging or for profit seeking. This shall be the foundation for bookkeeping and accounting.
- (III) Trade limit:
1. Hedge trade: the net exposure of consolidated assets and liabilities (including anticipated net exposure in the future) shall be the upper limit of trade.
  2. Non-hedge trade: up to USD6 million. Before proceeding to trade, the dealer shall present a report on the trend of foreign exchange rate and the content shall include the analysis of the trend in the foreign exchange market and the recommended means of trade subject to the final approval of the management.
- (IV) Upper limit of loss for overall position or particular contract
1. Hedge trade: The upper limit of loss shall not exceed 10% of the overall position or the amount of particular contract, and the total loss in one year on an accumulative basis shall not exceed USD500,000.
  2. Non-hedge trade: Establish the cut loss point after setting the position to avoid excessive loss. The cut loss point shall be up to 10% of the contract amount and the overall cut loss point shall not exceed USD500,000 in one year on an accumulative basis.



(V) Segregation of authority and responsibility

1. The dealers: they are the personnel of the Company responsible for the conduct of derivative trade and should be appointed by the Chief Financial Officer. The dealers shall be responsible for the formulation of trade strategy, implementation of the instruction for trade, and the disclosure of transaction risk in the future. In addition, they shall provide information to related department for reference in real-time.
2. Accounting function: Accounting shall be responsible for the confirmation of trade and do the bookkeeping as required and keep the transaction records, conduct evaluation at fair value on the position in holding at regular intervals, and provide the information to the designated dealers. In addition, they shall disclose the detail of derivative trade in the financial statements.
3. Treasury of the Company: they are responsible for the settlement of derivative trade.

(VI) Guide for performance evaluation

1. Hedge trade: the cost of exchange (interest) rate in book and the capital gains or loss from derivative trade shall be the basis for the evaluation of performance. Evaluation shall be conducted at least twice a month and the findings shall be presented to the management as reference.
2. Trade for defined purpose  
The capital gain or loss shall be the basis for performance evaluation, which shall be conducted at least once a week. The findings shall be presented to the management as reference.

XV. Risk Management

The scope and measures for the management of risk deriving from derivative trade of the Company are specified as follows:

- (I) Consideration of credit risk: the counterparties should be financial institutions and futures brokers in good standing, in business relation with the Company, and can provide professional information.
- (II) Consideration of market risk: the fluctuation of market price for derivatives may cause loss and uncertainty. The cut loss point shall be duly observed after establishing the position of trade.
- (III) Consideration of liquidity risk: for the liquidity of the derivatives, the institutions involved in the transactions must be equipped with

adequate facilities, information, and trading capacity and can conduct trade in any market.

- (IV) Consideration of operation risk: the limit of authorization, operation procedure must be duly observed to avoid operation risk.
- (V) Consideration of legal risk: in entering into agreements with financial institutions, try to adopt the internationally standardized format in documentation as far as possible to avoid legal risk.
- (VI) Consideration of product risk: the internal dealers must have a wealth of the professional knowledge of the derivative trade the Company engaged in to avoid loss from misleading use of derivatives.
- (VII) Consideration of cash delivery risk: the authorized dealers must duly observe the authorized limit of trade, and pay attention to the cash flow of the Company regularly to ensure sufficient cash for settlement of trade in delivery.
- (VIII) The duties of dealing, confirmation, and delivery shall be performed by different persons.
- (IX) The confirmation staff shall confirm with the service bank the content of the transaction statement or proof by correspondence regularly, and check if the total amount of transaction is controlled within the upper limit under This Procedure.
- (X) The assessment, monitoring, and control of risks shall be performed by personnel in departments other than those specified in (VIII) and reported to the Board or senior corporate officers who are not in charge of trading or decision of the position.
- (XI) The position in holding must be assessed at least once a week. For hedge trade for business needs, assessment shall be made at least twice a month. The assessment report shall be submitted to the senior officer at the authorization of the Board.

XVI. Internal Audit System:

- (I) The internal auditors of the Company shall understand if the internal control over derivative trade is appropriate at regular intervals, and shall conduct monthly audit on the procedure of derivative trade to ensure they are conducted in compliance with the internal code of the Company. The audit findings shall be compiled into audit report. In the event of materiality as detected, report to the Chairman and the senior officer designated by the Board at once with notification to the

Supervisors in writing. Those who establish independent directors according to law, the independent directors shall be notified by writing to the supervisors in the preceding paragraph.

If the audit committee has been established according to law, the first provision for the supervisor is approved by the Audit Committee.

- (II) The internal auditors of the Company shall include derivative trade as an audit item, and shall declare with Financial Supervisory Commission on the audit findings of the year by the end of February in the next year, and also the status of corrective action and preventive action taken for the rectification of defects no later than the end of May of the next year.

XVII. The method of routine audit and handling nonconformities:

- (I) Conduct monthly or weekly assessment on derivative trade, and put together the information on the income status and naked exposure or non-hedge trade in each month or each week, and submit the detail to the senior officer authorized by the Board and the Chairman as reference for management performance evaluation and risk assessment.
- (II) The senior officer designated by the Board shall pay close attention to the monitoring and control of the risk deriving from derivative trade at all times. The Board shall assess the performance of derivative trade to make sure they are congruent with the business strategy and risk tolerance of the Company.
- (III) The senior officer designated by the Board shall manage derivative trade in accordance with the following principles:
  - 1. Assess if the risk management policy currently in effect is appropriate and is relevant with the “Criteria for Acquisition or Disposition of Assets by Public Companies” and This Procedure.
  - 2. Monitor the trade and the income status, and take necessary action to respond to any unusual transactions and situations with report to the Board at once.
- (IV) The Company shall keep track on derivative trade in a registry specifying the type of derivative trade, the amount of trade, the date of Board resolution, the monthly or weekly assessment reports, and the routine assessment of the Board and the senior officer authorized by the Board.

## **Chapter IV Merger, Spinoff, Acquisition or acceptance of assigned shares**

- XVIII. In proceeding to merger, spinoff, acquisition or acceptance of assigned shares, the Company shall call for session of the Board for resolution, and consult with certified public accountants, legal attorneys, or securities underwriters for presenting opinions on the rationality of the ratio of share swap, acquisition price, and the distribution of cash or other assets to shareholders, and present to the Board for discussion and resolution. The aforementioned opinion from experts on the rationale of the transactions could be waived for the merger between the Company and a wholly-owned subsidiaries by equity share or capital, or between wholly-owned subsidiaries of the Company by equity share or capital.
- XIX. In proceeding to merger, spinoff, acquisition or acceptance of assigned shares, the Company shall document the content of important contracts and related matters for disclosure to shareholders before the convention of Shareholders' Meeting, and also the aforementioned opinions from the experts and notice of Shareholders' Meeting to shareholders as reference for decision on the merger, spinoff, or acquisition. This provision is waived if the convention of Shareholders' Meeting for resolution of the merger, spinoff, or acquisition are not required by law. If any of the companies participating in the merger, spinoff, or acquisition cannot call for their Shareholders' Meeting, to make decision, or the motion of merger, spinoff, or acquisition is rejected by their Shareholders' Meetings, the Company shall disclose the reasons, subsequent action, and the expected date of Shareholders' Meeting at once.
- XX. Unless the law specified otherwise or at the prior consent of FSC, the Company shall call for its session for Shareholders' Meeting for resolution of the merger, spinoff, or acquisition on the same day as other companies participating in the merger, spinoff, or acquisition to make decision. In participating in the acceptance of assigned shares, the Company shall call for the session of the Board on the same days as other companies participating in the assignment. The Company shall keep the complete documented record on merger, spinoff, acquisition or acceptance of assigned shares for 5 years as reference.

- (I) Basic information on personnel: this will include the executors of the plans for merger, spinoff, acquisition or acceptance of assignment before the disclosure of information, including their occupational titles, names, ID card numbers (passport numbers as in the case of foreign nationals).
- (II) Date of materiality: including the signing of statement of intent or MOU, appointment of financial or legal counsels, signing of contracts, and date of Board session.
- (III) Essential documents and minutes of meeting on record: this will include the plans of merger, spinoff, acquisition or acceptance of assignment, essential contracts and minutes of Board session on record.

The Company shall , within 2 days after the resolution of the motions on merger, spinoff, acquisition or acceptance of assigned shares, report the information as stated in (I) and (II) to FSC in designated format via the Internet system.

In case some of the participants in the merger, spinoff, acquisition or acceptance of assigned shares of the Company are not listed in TWSE or GTSM, the Company shall follow (II) and (III) in handling the contracts binding the Company and these participants.

XXI. Ratio of share swap and acquisition price:

The ratio of share swap in merger, spinoff, acquisition or acceptance of assigned shares or the acquisition price shall not be changed unless the following is applicable:

- (I) Raising capital by issuing new shares, offering of convertible corporate bonds, release of stock dividend, offering of corporate bonds with stock options, preferred shares with stock options, subscription warrants, or any other equity securities.
- (II) Disposition of major assets of the Company that influences the financial position and operation status of the Company.
- (III) Occurrence of severe disaster, significant change in technology and others that influence the shareholders' equity or stock price of the Company.
- (IV) Any company participating in the merger, spinoff, acquisition or acceptance of assigned shares proceed to repurchase treasury shares as provided by law.

- (V) Significant change in the number of participants in the merger, spinoff, acquisition or acceptance of assigned shares.
- (VI) Others conditions that could be altered as stated in the contracts, and has been disclosed.

XXII. Inscription of the Contracts

In proceeding to merger, spinoff, acquisition or acceptance of assigned shares, the Company shall explicitly state the rights and obligations of the participants, the conditions for changing the ratio of share swap or acquisition price, and specify the following in the contracts.

- (I) Handling breach of contract.
- (II) The principles for handling equity securities or treasury shares already acquired by the acquiree or the spin-off operation.
- (III) The principles and quantity of treasury shares for that the participants may repurchase as provided by law after the day of share swap ratio calculation.
- (IV) The responses to change in the number of participants.
- (V) Expected progress of the plan and date of completion.
- (VI) If the progress falls behind schedule, the scheduled date of Shareholders' Meeting as provided by law and related procedure for responding to the situation.

XXIII. Important to the Company in participating in merger, spinoff, acquisition or acceptance of assigned shares:

- (I) Parties requesting for participation or acknowledgment of the merger, spinoff, acquisition or acceptance of assigned shares shall undertake confidentiality in writing, and shall not disclose the content of plan before the information is publicly disclosed, and shall not purchase the stocks or equity securities issued by related companies in the name of the party itself or in the name of a third party.
- (II) In case the Company desires to engage in merger, spinoff, acquisition or acceptance of assigned shares after the information on the merger, spinoff, acquisition or acceptance of assigned shares is disclosed, repeat the procedure or act of legality in the original merger, spinoff, acquisition, or acceptance of assigned shares unless otherwise the number of participants decreased, and the Shareholders' Meeting has

already resolved to grant the Board with additional empowerment that a new round of Shareholders' Meeting for resolution is necessary. (III) If any of the participants in the merger, spinoff, acquisition or acceptance of assigned shares is not a public company, the Company shall enter into an agreement with such company and proceed to Article XXI and the preceding two sections of This Procedure.

## **Chapter V Other important notice**

- XXIV. In the acquisition or disposition of assets, the Company shall keep related contracts, minutes of meeting on record, registries, appraisal reports, the professional opinions from certified public accountants, legal attorneys, or securities underwriters for at least 5 years unless the law provided otherwise.
- XXV. The appraisal reports or the professional opinions of certified public accountants, legal attorneys, or securities dealers shall not be issued by professional appraisers and their appraisal personnel, certified public accountants, legal attorneys or securities dealers shall not be related parties to the Company.
- XXVI. In the acquisition or disposition of assets by the Company in accordance with This Procedure or as required by applicable laws that the approval of the Board is necessary, the Company shall keep record on all adverse opinions of the Directors on record or in written declaration, if applicable, and circulate to the Supervisors. And shall fully consider the opinions of all Independent Directors, and keep the opinions in agreement or disagreement with the motions as minutes of meeting on record.
- XXVII. This Procedure shall be subjected to the approval of the Board with circulation to the Supervisors for review, and the final approval of the Shareholders' Meeting to cause into effect. The same procedure shall be applicable to any amendment thereto. If the Directors expressed adverse opinions on record or in written declaration, circulate related information to the Supervisors. And shall fully consider the opinions of all Independent Directors, and keep the opinions in agreement or disagreement with the motions as minutes of meeting on record. If the audit committee has been established in accordance with the

provisions of this Law, the procedures for the preparation or revision of this procedure shall be agreed by more than half of the members of the Audit Committee and the resolution to be proposed at the board meeting. If the preceding paragraph is not approved by more than half of all the members of the Audit Committee, it may be agreed by more than two-thirds of all Directors, and the resolutions of the Audit committee shall be stated in the proceedings of the board meeting.

All members of the Audit Committee and all Directors referred to in this Article shall be counted as actual incumbents.



## Appendix 3

# Namchow Holdings Co., Ltd.

## Rules of Procedure for Shareholders' Meeting

### Article 1

This rule was established according to Article 5 of the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies to build a good shareholders' meeting governance measure, a healthy supervisory function, and strong management function for this Company.

### Article 2

Unless otherwise regulated by law or the charter, this Company's rules for the shareholders' meeting shall be these Rules.

### Article 3 (convening and notification for the shareholders' meeting)

Unless otherwise stipulated in legal regulations, the shareholders' meeting shall be convened by the board of directors.

This Company shall convert the shareholders' meeting notification, power of attorney forms, recognition items, discussion items, election or removal of directors, and their origin and clarification into electronic files and upload the files to the MOPS 30 days before the regular shareholders' meeting or 15 days before the extempore shareholders' meeting. The shareholders' meeting manual and meeting supplemental information shall be converted to electronic files and uploaded to MOPS 21 days before the regular shareholders' meeting or 15 days before an extempore shareholders' meeting. The shareholders' meeting manual and meeting supplemental information shall be prepared 15 days before the shareholders' meeting for the shareholders to read at their convenience. The manual shall be placed at this Company and this Company's commissioned professional stock agency, as well as distributed at the shareholders' meeting.

The reason for the meeting shall be stated on the notification and announcement. The notification can be in electronic form.

Matters pertaining to election or discharge of directors, alteration of the Articles of Incorporation, reduction of capital, application for the approval of ceasing its status as a public company, approval of competing with the company by directors, surplus profit distributed in the form of new shares, reserve distributed in the form of new shares, dissolution, merger, spin-off, or any matters as set forth in Paragraph I, Article 185 of the Company Act, Article 26-1 and Article 43-6 of the Securities and Exchange Act, Article 56-1 and Article 60-2 of Regulations Governing the Offering and Issuance of Securities by Securities Issuers shall be explained in the notice to convene a meeting of shareholders, and shall not be brought up as motions.

The shareholders' meeting convening items have stated changed of the entire board of directors, and the inauguration date has been noted. After the stated shareholders' meeting finishes the election, the same meeting cannot use extempore motion or other methods to change the inauguration date.

Shareholder(s) holding one percent (1%) or more of the total number of outstanding shares of a company may propose to the company a proposal for discussion at a regular shareholders' meeting, provided that only one matter shall be allowed in each single proposal, and in case a proposal contains more than one matter, such proposal shall not be included in the agenda. For shareholders make proposal on the issue related to Paragraph 4 of Article 172-1 of the Company act, the board of directors may not included into the agenda.

The Company shall announce the shareholder proposals, written or electronic application methods, and application location and period before the stock transfer suspension date before the regular shareholders' meeting. However, the acceptance time shall not be less than 10 days.

The shareholder's proposal shall be less than 300 words. Proposals over 300 words shall not be listed in the agenda. The proposing shareholder or the shareholder's agent shall attend the regular shareholders' meeting in person and participate in the discussion and voting of the motion.

The Company shall notify the proposing shareholder of their proposal's processing status before the shareholders' meeting convening notification date. Proposals that conform to this rule shall be listed in the meeting notification. The board of directors shall provide an explanation for proposals not included in the agenda and why they have not been included.

#### **Article 4**

Shareholder can have a proxy attend the shareholders' meeting by issuing a power of attorney printed by this Company stating the authorized scope and the proxy.

One shareholder can issue one power of attorney and assign one proxy. The power of attorney shall be received by this Company five days prior to the shareholders' meeting. If there is a repeat in the power of attorney, the one that is received first shall be the one recognized. However, this is not limited to power of attorney that has been revoked.

After the power of attorney is received by this Company and the shareholder wishes to attend the shareholders' meeting personally or vote with written documentation or electronically, shall notify this Company in writing two days prior to the shareholders' meeting to revoke the power of attorney. If the revocation notification passes the deadline, the proxy's voting right shall be the one recognized.

#### **Article 5 (location and time for convening the shareholders' meeting)**

The location of the shareholders' meeting shall be the location of this Company or a location appropriate for the meeting and convenient for the shareholders to attend. The meeting shall start no earlier than 9:00 am or later than 3:00 pm. The location and time of the meeting shall consider the opinions of the independent directors.

#### **Article 6 (preparation and placement of the attendance log and other documents)**

This Company shall include the shareholders' reporting time, reporting location, and other items of importance in the meeting notification.

The aforementioned shareholder reporting time should be done at least 30 minutes before the meeting starts. The reporting location should be clearly marked and sufficient number of suitable personnel should process the sign-in at the reporting location.

The shareholder or his/her agent (hereafter referred to as the shareholder) shall report in at the meeting with an attendance certificate, attendance sign-in card, or other attendance proof. Agents of shareholders stated in the power of attorney shall have with them their ID for confirmation.

Attending shareholders shall turn in the sign-in card to show they are attending.

This Company shall give attending shareholders a meeting manual, annual report, attendance certificate, speech note, vote ticket, and other meeting data. For election of directors, a director's vote ticket should be issued.

If the government or legal person is the shareholder, the number of people attending the shareholders' meeting may be more than one person. However, when legal person has been commissioned to attend the shareholders' meeting, only one person shall be sent as representative.

#### **Article 7 (shareholders' meeting chairman and attendees)**

If the board of directors convenes the shareholders' meeting, the chairman of the meeting shall be the chairman of the board. If the chairman of the board is on leave or cannot exercise authority, the vice-chairman of the board shall be the substitute. If there is no vice-chairman of the board or if the vice-chairman of the board is on leave or cannot exercise his/her authority, the chairman of the board shall designate a director as the substitute. If the chairman of the board has not designated a substitute, the directors shall nominate a substitute.

The director who acts in the capacity of the aforementioned chairman shall be a person who has served as a director for more than six months and who understands the company's financial situation. The same goes for chairman who is a legal person director.

Shareholders' meeting convened by the board of directors shall be personally chaired by the chairman of the board. At least the majority of the directors and one functional committee member of each type shall attend. The attendance situation shall be recorded in the shareholders' meeting records.

If other authorized convener other than the board of directors convenes the shareholders' meeting, the convener shall act as the chairman. If there is two or more convener, one shall be nominated to act as the chairman.

This Company can assign its commissioned lawyer, accountant, or other relevant personnel to attend the shareholders' meeting.

#### **Article 8 (voice or video recording during shareholders' meeting)**

When this Company implements the shareholders' reporting, the entire reporting in, meeting, and voting process shall be recorded.

The aforementioned recordings should be saved for at least one year. However, when shareholders have litigation based on Article 189 of the Company Act, the recordings should be saved until the conclusion of the litigation.

#### **Article 9**

The attendance and voting are calculated on the basis of shares. The number of shares represented by shareholders attending the meeting shall be calculated in accordance with the attendance cards handed in, plus the number of shares exercising voting rights in writing or by way of electronic transmission.

The chair shall call the meeting to order at the appointed meeting time and announce the relevant information of the shares without voting rights and the shares of attendance. However, when the attending shareholders do not represent a majority of the total number of issued shares, the chair may announce a postponement, provided that no more than two such postponements, for a combined total of no more than 1 hour, may be made. If the quorum is not met after two postponements and the attending shareholders still represent less than one third of the total number of issued shares, the chair shall declare the meeting adjourned.

If after two postponements the number of shares represented is still less than one third of the total issued shares, tentative resolutions can be made according to Article 175-1 of the Company Act. The shareholders shall be notified of the tentative resolutions and another shareholders' meeting shall be convened within one month.

If before the end of the meeting the number of shares represented reaches over the majority of the total number of issued shares, the chairman shall re-propose the tentative resolutions according to Article 174 of the Company Act and have the shareholders' meeting re-vote.

#### **Article 10 (discuss motion)**

If the shareholders' meeting is convened by the board of directors, the agenda shall be set by the board of directors. The meeting shall proceed according to the scheduled agenda. The agenda shall not change unless a resolution to change is passed by the shareholders' meeting.

If the shareholders' meeting is convened by authorized conveners other than the board of directors, follow the provisions of the preceding paragraph.

If the meeting has not completed the agenda stated in the preceding two items (including extempore motion), the chairman shall not adjourn the meeting unless a resolution was passed to adjourn the meeting. If the chairman violates the meeting rules and announce the adjournment of the meeting, members of the board of directors shall quickly assist attending shareholders comply with legal procedures where the majority of attending voting rights agree to elect a chairman and continue with the meeting.

The chairman should provide sufficient clarification for motions, amendments proposed by shareholder, or extempore motions, and provide sufficient opportunities for discussion. When the chairman perceive the time is appropriate for a vote, the chairman shall stop the discussions, propose to vote, and arrange for suitable voting time.

#### **Article 11 (shareholder speech)**

Before attending shareholders can speak, they must first fill out a speech note and state the purpose of the speech, the shareholder account number (or attendance card number), and the account name. The chairman shall determine the order of speech.

Attending shareholders who lonely provides a speech note but do not give a speech shall be viewed as not given a speech. If the content of the speech is not consistent with that in the speech note, the content of the speech shall take precedence.

For each motion, each shareholder can speak only twice unless approved by the chairman. Each speech shall not exceed five minutes. However, if the shareholder's speech violates

rules or exceeds the scope of the issue, the chairman shall stop the speaker.

When a legal person is appointed to attend as a proxy, it may designate two person to represent it in the meeting, but only one of the representatives appointed may speak on the same proposal.

After an attending shareholder has spoken, the chair may respond or direct relevant personnel to respond.

### **Article 12 (calculation of voting shares and recusing measures)**

Voting at the shareholders' meeting shall be based on the shares.

The shares of non-voting rights shareholders shall not be added to the total number of issued shares at the shareholders' meeting.

If items at the meeting has a conflict of interest with the shareholder that can be detrimental to the interests of this Company, the shareholder shall not participate in the voting and shall not act as an agent for other shareholders in the exercise of their voting rights.

The voting rights that cannot be exercised in the aforementioned item cannot be calculated into the number of votes of attending shareholders.

Other than stock agencies approved by the trust or securities competent authorities, the voting rights represented by one person who is simultaneously representing two or more shareholder shall not exceed 3% of the total number of shares issued. Voting rights that exceeds 3% shall not be counted.

### **Article 13**

Shareholders have one vote for each share. Shares with no voting rights as stipulated in Article 179-2 of the Company Act shall not be counted.

When this Company convenes shareholders' meeting, electronic voting shall be used. When electronic voting is used, the voting method shall be noted in the shareholders' meeting convening notification. Shareholders who use electronic voting shall be perceived as attending the shareholders' meeting personally. However, shareholders using electronic voting are perceived to have forfeited their vote in regards to the extempore motions and revisions to the original motion at shareholders' meeting. Thus, this Company shall try to prevent the proposal of extempore motions and revisions to the original motion.

Shareholders that use the aforementioned electronic voting method shall deliver their decision to the Company two days prior to the shareholders' meeting. If the decisions are repeated, the first one that is received shall take precedence. However, decisions that have been declared revoked is not limited by this rule.

Shareholders who used electronic voting method who then decides to attend the shareholders' meeting personally shall use the same voting method to revoke the prior decision two days prior to the shareholders' meeting. Those who revoke their decision after the deadline shall have the electronic vote take precedence. If voting was done with electronic method and a power of attorney was used to commission an agent to attend the shareholders' meeting, the vote of the agent shall take precedence.

Unless otherwise provided in the Company Act and the Company's Articles of Incorporation, the passage of a proposal shall require an affirmative vote of a majority of the voting rights represented by the attending shareholders. At the time of a vote, by a poll of the shareholders. After the conclusion of the meeting, on the same day it is held, the results for each proposal, based on the numbers of votes for and against and the number of abstentions, shall be entered into the MOPS.

If the same motion has a revised proposal or substitute proposal, the chairman shall determine the voting sequence. If one of the proposals has passed the vote, the other motions are perceived as denied and voting shall not continue for that motion.

The ballot supervisor and vote counter for the motion votes shall be designated by the chairman. However, the ballot supervisor shall be a shareholder.

The counting of the votes for shareholders' meeting resolutions and elections shall be done in a public location inside the shareholders' meeting site. After the vote is counted, the result shall be announced immediately, including the total number of votes. The results shall be made into records.

#### **Article 14 (election items)**

The election of directors at a shareholders meeting shall be held in accordance with the applicable election and appointment rules adopted by the Company, and the voting results shall be announced on-site immediately, including the names of those elected as directors and not elected as directors and the numbers of votes with which they were elected.

The votes in the aforementioned election shall be stored properly after being sealed and signed by the ballot supervisor. The votes shall be stored for at least one year. However, if shareholder is engaged in litigation related to Article 189 of the Company Act, the votes shall be kept until the conclusion of the litigation.

#### **Article 15**

The shareholders' meeting resolutions shall be made into meeting records and signed or stamped by the chairman. The meeting records shall be distributed to the shareholders within 20 days after the meeting. The production and distribution of the meeting records can be in electronic form.

This Company can issue the aforementioned meeting records by uploading it to the MOPS announcements.

The meeting record shall truthfully record the year, month, date, site, the chairman's name, and the voting method of the meeting. The meeting summary and the resolutions (including the total number of votes) shall be recorded. When electing directors, the number of votes each candidate received shall be noted. The records shall be kept permanently while this Company exists.

#### **Article 16 (external announcements)**

On the day of a shareholders meeting, the Company shall compile in the prescribed format a statistical statement of the number of shares obtained by solicitors through solicitation and

the number of shares represented by proxies, and shall make an express disclosure of the same at the place of the shareholders meeting.

If matters put to a resolution at a shareholders meeting constitute material information under applicable laws or regulations or under Taiwan Stock Exchange Corporation regulations, the Company shall upload the content of such resolution to the MOPS within the prescribed time period.

#### **Article 17 (maintenance of site orderliness)**

Meeting personnel for the shareholders' meeting should wear identification badges or armbands.

The chairman shall order the ushers or security personnel to help maintain order at the meeting. When maintaining order, the usher or security personnel should wear armbands or badges with the words "usher."

In venues with broadcasting systems, the chairman shall prevent shareholders from using equipment not allocated by this Company for their speech.

When shareholders violate the meeting rules and do not comply with the chairman's corrections or when shareholders hinder the progress of the meeting, the chairman shall order the usher or security personnel to escort the offender out of the meeting.

#### **Article 18 (rest and continuation of the meeting)**

When the meeting is progressing, the chairman shall announce the rest time at the chairman's discretion. If an uncontrollable event occurs, the chairman shall temporarily stop the meeting and announce the meeting's re-opening time according to the situation.

If the meeting site cannot continue to be used before the agenda of the shareholders' meeting (including extempore motion) is complete, the shareholders' meeting shall vote on seeing another site to continue the meeting.

According to Article 182 of the Company Act, the shareholders' meeting can be postponed or continued within five days.

#### **Article 19**

These Rules shall be implemented upon passing by the shareholders' meeting. Same for any revisions.

#### **Article 20**

The rules and procedure was formulated on December 7, 1973. The First amendment was made on March 23, 1984. The Second amendment was made on June 10, 1988. The Third amendment was made on June 22, 1996. The Fourth amendment was made on May 10, 1997. The Fifth amendment was made on June 7, 2002. The Sixth amendment was made on June 10, 2015. The Seventh amendment was made on May 31, 2017. The Eighth amendment was made on June 30, 2020. The Ninth amendment was made on Jul 15, 2021.

## Appendix 4

### Namchow Holdings Co., Ltd.

Record day: April 04 2022

List of Directors	Title	Name	Date elected	Number of shares held at the time of election			Number of shares currently held			Remarks
				Type	Quantity of shares	% in contemporary issuance	Type	Quantity of shares	% in contemporary issuance	
Chairman	Hwa Zhin Co., Ltd. Representative: Fei-Lung Chen									
Vice Chairman	Hwa Zhin Co., Ltd. Representative: Fei-Peng Chen		Jul 15, 2021	Common stock	864,884	0.29%	Common stock	864,884	0.29%	
Director	Hwa Zhin Co., Ltd. Representative: Cheng-Wen Chen									
Director	Lucky Royal Co., Ltd. Representative: Kan-Wen Li		Jul 15, 2021	Common stock	46,041,259	15.65%	Common stock	46,041,259	15.65%	
Director	Lucky Royal Co., Ltd. Representative: Ming-Fen Chou		Jul 15, 2021	Common stock	4,908,960	1.67%	Common stock	4,908,960	1.67%	
Director	Namchow Holdings CO., Ltd . Employee Welfare Committee Representative: Yi-Wen Lee		Jul 15, 2021	Common stock	0	0.00%	Common stock	0	0.00%	
Independent Director	Ting-Kuo Chen		Jul 15, 2021	Common stock	0	0.00%	Common stock	0	0.00%	
Independent Director	Chin-Shih Lin		Jul 15, 2021	Common stock	0	0.00%	Common stock	0	0.00%	
Independent Director	Chun-Hsueh Chen		Jul 15, 2021	Common stock	2,000	0.00%	Common stock	2,000	0.00%	
	Total			Common stock	51,817,103		Common stock	51,817,103		

Total shares issued on Jul 15, 2021: 294,132,962 shares

Total shares issued on Apr 04, 2022: 294,132,962 shares

Remarks: The minimum required shareholdings by all directors: 12,000,000 shares, and as of the date of Apr 4, 2022, total shareholdings by all directors: 51,815,103 shares.

© The Company has established an Audit Committee, therefore the minimum shareholding requirement for the supervisors is not applicable.

© Shares held by independent directors are not included in the calculation of shares held by all directors combined.



