



TWSE : 1558



ZENG HSING INDUSTRIAL CO., LTD.

2019 Annual General Meeting

Date: June 14, 2019

Meeting Agenda

THIS IS A TRANSLATION OF THE AGENDA FOR THE 2019 ANNUAL GENERAL MEETING ("THE AGENDA") OF ZENG HSING CORPORATION ("THE COMPANY").

THE TRANSLATION IS INTENDED FOR REFERENCE ONLY AND NO OTHER PURPOSE. THE COMPANY HEREBY DISCLAIMS ANY AND ALL LIABILITIES WHATSOEVER FOR THE TRANSLATION.

THE CHINESE TEXT OF THE AGENDA SHALL GOVERN ANY AND ALL MATTERS RELATED TO THE INTERPRETATION OF THE SUBJECT MATTER STATED HEREIN.

Table of Contents

I. Procedure	1
II. Agenda	2
1. Status Reports.....	3
2. Approval Items	5
3. Discussion Items.....	6
4. Election Items	7
5. Extraordinary Motion.....	7
III. Attachments	
1. Annual Business Report	8
2. Audit Committee's Review Report	11
3. Endorsements and Guarantees Report.....	12
4. Independent Auditors' Report and 2018 Financial Statements	13
5. Earnings Distribution Chart.....	35
6. Table Comparing the Amended Articles of the Articles of Incorporation.....	36
7. Table Comparing the Amended Articles of the governing procedures for Acquisition and Disposal of Assets	40
8. Table Comparing the Amended Articles of the governing Procedures for Loaning of Company Funds and Making of Endorsements/Guarantees.	75
IV. Appendices	
1. Articles of Incorporation (Before Amendments).....	83
2. Rules of Procedure for Shareholders Meetings	89
3. Rules for Election of Directors and Supervisors	96
4. Governing procedures for Acquisition and Disposal of Assets (Before Amendments).....	100
5. Governing Procedures for Loaning of Company Funds and Making of Endorsements/Guarantees. (Before Amendments).....	120
6. Shareholdings of All Directors and Supervisors	129



Zeng Hsing Corporation

2019 Annual General Meeting Procedure

1. Commencement
2. Chairman Takes Seat
3. Chairman's Address
4. Status Reports
5. Approval Items
6. Discussion Items
7. Election Items
8. Extraordinary Motions
9. Adjournment



Zeng Hsing Corporation

2019 Annual General Meeting Procedure

1. Time: Friday, June 14, 2019 10:00 a.m.
2. Location: Hotel National, International Hall II, No.57, Guanqian Rd., WestDist., Taichung City 403, Taiwan
3. Attendants: All shareholders and their proxy holders
4. Chairman: Charles Lin
5. Chairman's Address
6. Status Reports
 - (1) 2018 business operations
 - (2) Audit Committee's report of the 2018 audited financial reports
 - (3) The company endorsement guarantee amount report
 - (4) The Status of Treasury Stocks Transferring
 - (5) 2018 distributable compensation for employees and directors
7. Approval Items
 - (1) The Company's 2018 business report and financial statements
 - (2) The Company's 2018 earnings distribution
8. Discussion Items
 - (1) To release the Tsai Chong Guang Directors from non-competition restriction
 - (2) Amendment of Corporate Charter
 - (3) Amendment to the Operational procedures for Acquisition and Disposal of Assets
 - (4) Amendment to the Operational Procedures for Loaning of Company Funds
9. Election Items
 - (1) To elect the Supervisors
10. Extraordinary Motions
11. Adjournment

Status Reports

(1) 2018 business operations

Please refer to the 2018 Annual Business Report (Attachment 1)

(2) The supervisor's examination of the Company's 2018 financial statement

Please refer to the Supervisor Review Report (Attachment 2)

(3) The Status of 2018 Endorsements and Guarantees

Please refer to the Status of 2018 Endorsements and Guarantees (Attachment 3)

(4) The Status of Capital Reduction via Buyback Treasury Stocks Nullified

On December 4, 2018, the treasury shares were filed for cancellation with the Ministry of Economic Affairs. The total paid-in capital of the company was NT\$605,356,310. The implementation status of the treasury shares of the Company is as follows:

Instance	3rd Round
Purpose	Transfer to employee
Buyback period	2015/08/29~2015/10/27
Price range (NT\$)	NT\$100~150
Projected shares to buyback (Shares)	1,200,000 Common shares
Classification and executed volume (Shares)	17,000 Common shares
Reasons for not buying back according to the resolution of the board of directors	According to the stock price change and trading volume, the batch buying strategy was adopted. As the stock price has stabilized, the number of stocks purchased this time has not reached the planned buy back quantity.
Executed amount (NT\$)	NT\$2,163,502
Cancellation and transfer volume (Shares)	17,000
Cumulative holding (Shares)	0
Cumulative holding of the company's shares as a percentage of the total number of issued shares (%)	0

(5) 2018 distributable compensation for directors and employees

- 1) Per Article 35 of the Company's Articles of Incorporation.
- 2) The Company's pre-tax net profit in 2018 less the remuneration of the pre-tax remuneration to directors and supervisors and employee compensation amounted to NT\$1,233,152,082. The Company planned to distribute remuneration to the Board of Directors in the amount of NT\$4,700,000 and the employees compensation in the amount of NT\$32,000,000. There is no difference between the estimated amount of NT\$4,700,000 for the Board of Directors and NT\$32,000,000 for employees.

Approval Items

(1) The Company's 2018 business report and financial statements

- 1) The Company's 2018 Annual Business Report and financial statements have been approved by all the Board of Directors, and reviewed by the Supervisor. The report was issued accordingly.
- 2) Please refer to the 2018 Annual Business Report (Attachment 1) and (Attachment 4)

(2) The Company's 2018 earnings distribution

- 1) The Company's 2018 Earnings Distribution Chart was approved by the meeting on 2019/3/21 of the board of directors.
- 2) The proposed cash dividends to be distributed to the shareholders total NT\$ 665,891,941.
- 3) After the proposal is approved at the shareholders' meeting this year, this surplus distribution plan is to be submitted to the shareholders' meeting for the board of directors' authorization.

On the basis of the ex-dividend base date, the shares held by the shareholders recorded in the shareholder's name book on the base date will be paid for a cash dividend of NT\$11,000 per share. After the purchase of the shares of the company or the exercise of the employee's stock options, the company has to cancel the shares or issue new shares, which affects the number of shares outstanding, please authorize the chairman to allocate the total surplus according to the distributable common shares profit decided by the shareholders' meeting, based on the amount of shares actually traded by the companies to adjust the distribution ratio.

- 4) Please refer to the 2018 Earnings Distribution Chart (Attachment 5)

Discussion Items

- (1) To release the director, Cai Chong Guang, from non-competition restrictions
- 1) According to Article 209 of the Company Act to release the newly elected director from non-competition restrictions.
 - 2) Directors acting on his (her) own behalf or others within the Company's business scope are listed below:

Title	Name	Position in other companies
Director	Tsai, Chong Guang	Can Yao Enterprise Co., Ltd. Director
		Yirujie Investment Co., Ltd. Chairman

- (2) To amend the Company's Articles of Incorporation

In line with operational needs, it is proposed to amend the articles of association. Please refer to Attachment 6.

- (3) Amended Articles of the governing procedures for Acquisition and Disposal of Assets

In order to conform to the needs of competent authority, the company hereby proposes to amend the Operational Procedures for Acquisition and Disposal of Assets. Please refer to Attachment 7.

- (4) Amended Articles of the governing Procedures for Loaning of Company Funds and Making of Endorsements/Guarantees.

In order to conform to the needs of competent authority and company operations, the company hereby proposes to amend the Operational Procedures for Loaning of Company Funds. Please refer to Attachment 8.

Election Items

(1) To elect the Supervisors

- (a) Due to supervisor He Zhen Shun's career planning, he resigned as a supervisor from February 25, 2019. After the resolution of the board of directors of the company on March 21, 2019, The Company will elect a new supervisor at the shareholders meeting.
- (b) The company has selected one supervisor and selected the candidate nomination system. According to the regulations and relevant regulations, the shareholders' meeting selects the list of supervisors approved by the board of directors of the company on May 2, 2019.
- (c) The term of the supervisor of this election will take office from June 14, 2019, after the election of the shareholders meeting to June 12, 2021.
- (d) The list of supervisor candidates is as follows:

Name of candidate: He Meng Zong

Education: Ming-Der Senior High School Interior Design Division

Experience: Zhang Qing Enterprise Co., Ltd. China General Management
Office Manager

Lisen Co., Ltd. Factory Manager

Hong Kong Yinrun Company Limited Vice President of
Purchasing Management

Shanghai Antu International Trading Company General manager

Current: Meiji International Co., Ltd. General manager

Number of shares held: 1,065,673 shares

Extraordinary Motions

Adjournment

Zeng Hsing Corporation
2018 Annual Business Report Adjournment.

1. Management policy and implementation summary

(1) Develop corporate vision and strategy to implement target management:

Integrate organizational resources with strategy as the core to set annual goals of group companies and conduct regular differential analysis to improve business performance.

(2) Strengthen cooperation with existing customers, provide customized services and value-added products, develop new network and distribution channels and enhance customer value.

(3) Continuous research on new products to strengthen existing production lines to provide a diverse product portfolio for functional and styling improvement of existing products through industry-university cooperation.

(4) The Company achieves quality enhancement and cost reduction through new technology research, design standards, and various research and development.

(5) Strengthen supply chain risk management, ensure operational continuity, commit to continuous management of supply chain partners, develop and plan second suppliers, and strengthen supply chain partnerships to enhance operational risk resilience.

(6) Provide diversified services for customers, enhance customer relationship management, effectively acknowledge customer needs, and provide customers with diversified products and services to strengthen long-term strategic partnerships.

(7) Through the key talents development and function consolidation plans to strengthen the various career training, to achieve multi-purpose work. Implement performance interviews and establish a complete promotion system.

(8) Continue to promote green product management: promote green product design and manufacturing taking advantage of the international environmental conservation trend to pursue continuous improvement; implement ISO14001 environmental management system and green procurement policy to ensure compliance with EU environmental regulations.

(9) Complete the Group Corporate Social Responsibility Report: Continue to commit to and respond to the needs of stakeholders, ensure compliance with ethical standards, care and look after employees and the disadvantaged, protect the planet and nature, and shoulder corporate social responsibility for the sustainable development of business, society and the environment.

2. The Result of Implementation of Business plan (individual)

The 2018 net income of the company was NT\$6,138 million, increasing by 11.70% compared to NT\$5,495 million in the year of 2017. The 2018 net income before tax was NT\$1,196 million, increasing by 82.32% compared to NT\$656 million in the year of 2017.

3. Execution of the Budget of Operating income and expenditure (individual)

The financial forecast does not disclosed publicly by the Company, as a result, there is no relevant statement.

4. Profitability analysis (individual)

Project \ Year		2018	2017
Operational performance	Operating revenues	\$6,137,712	\$5,495,386
	Gross profit	1,237,989	1,112,430
	Operating profit and loss	751,237	646,295
	Non-operating income and expenses	445,215	9,838
	Earning before Tax	1,196,452	656,133
	Net Profit after Tax	923,572	525,464
	Earnings per share (NTD)	15.26	8.68
Profitability Analysis	Return on Total Assets (%)	13.70	8.10
	Return on Equity (%)	20.10	11.76
	Operating profit / paid-in capital (%)	124.10	106.73
	Pre-tax net profit / paid-in capital (%)	197.64	108.36
	Net Margin (%)	15.05	9.56
	Earnings per share (NTD)	15.26	8.68

5. Research development status (individual)

(1) Since establishment, the company has continuously invested in research and development manpower and material resources to maintain competitiveness. The research and development expenditure in the year of 2018 reached NT\$114,215 thousand, accounting for 1.86% of the net revenue, which was 2.74% less than the NT\$117,429 thousand in fiscal year 2017.

(2) Develop successful technologies or products

YEAR	Research results
2018	LB42B (Mechanical hacker-2&3&4 line) Q60JST (High-speed mechanical horizontal full-rotation sewing machine) K60Q (Mechanical vertical semi-rotary sewing machine) K60T (Mechanical vertical semi-rotary sewing machine) CH03AX (WIFI low-end embroidery sewing comb machine) K45R (Mechanical vertical semi-rotary sewing machine) H10P (Computer type horizontal full rotation sewing machine)

Chairman:Lin,Chih-Cheng Manager:Tsai,Ming-Yu Chief Accountant:Chou,Chun- Shen

Attachment 2

Zeng Hsing Corporation Supervisor Review Report

The Board of Directors has prepared and submitted to us the Company's 2018 Business Report, proposal for earnings distribution and the financial statements audited by the accountant, who issued an audit report accordingly. Pursuant to Article 219 of the Company Act, we hereby submit this report.

Zeng Hsing Corporation

Supervisor:Zhang Bo Song

Supervisor:Huang Hui Yu

March 21, 2019

Attachment 3

Zeng Hsing Corporation 2019.03.31 Endorsement amount report

TABLE 1

Endorser/ Guarantor	Relationship	Company name	Limit of guarantee/ endorsement amount for receiving party	Maximum balance for the month	Ending balance	Actual amount provided	Amount of collateral guarantee/ endorsement	Ratio of Accumulated Amount of Guarantee Provided to Net Equity of the Latest Financial Statements	Guaranty Limited Amount
Zeng Hsing Industrial CO., LTD.	Subsidiary	Zeng Hsing Industrial CO., Ltd. (VN)	\$1,471,252	\$416,138	\$416,138	\$66,755	\$-	8.49%	\$1,961,670
Total					\$416,138	\$66,755	\$-		

Note 1: Limit of total guarantee/endorsement amount shall not exceed 40% of ZENG HSING INDUSTRIAL CO., LTD's net assets value as of March 31, 2019.

Note 2: The amount of guarantees/endorsements shall not exceed 30% of ZENG HSING INDUSTRIAL CO., LTD's net assets value as of March 31, 2019.

Note 3: The total amount of endorsements guaranteed by the Company and its subsidiaries shall not exceed 45% of the current net value.

Note 4: The amount guaranteed by the Company and its subsidiaries for endorsement of a single enterprise shall not exceed 30% of the current net value.

Note 5: The Company's endorsement guarantees are not subject to the above Notes 1 and 2 between the foreign companies that directly and indirectly hold 100% of the voting shares.

Attachment 4

Independent Auditors' Report

To ZENG HSING INDUSTRIAL CO., LTD

Opinion

We have audited the accompanying consolidated balance sheets of ZENG HSING INDUSTRIAL CO., LTD (the "Company") and its subsidiaries as of December 31, 2018 and 2017, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2018 and 2017, and notes to the consolidated financial statements, including the summary of significant accounting policies (together "the consolidated financial statements").

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Company and its subsidiaries as of December 31, 2018 and 2017, and their consolidated financial performance and cash flows for the years ended December 31, 2018 and 2017, in conformity with the requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards, International Accounting Standards, interpretations developed by the International Financial Reporting Interpretations Committee or the former Standing Interpretations Committee as endorsed and became effective by Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Company and its subsidiaries in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China (the "Norm"), and we have fulfilled our other ethical responsibilities in accordance with the Norm. Based on our audits, 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 2018 consolidated financial statements. 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.

Impairment of accounts receivable

As of December 31, 2018, the Group's accounts receivable and allowance for doubtful accounts amounted to NTD 1,052,214 thousand and NTD 7,555 thousand, respectively. Net accounts receivable represented 15% of the total consolidated assets that could have significant impacts on the Group. Since the collection of notes and accounts receivable is the key factor in the working capital management of the Company and its subsidiaries, and the adoption of provision policy requires significant management judgement, and the measurement results affect the net amount of accounts receivable, we therefore determined this a key audit matter.

Our audit procedures included, but not limited to, understanding and testing the effectiveness of internal control over accounts receivable; assessing the reasonableness of loss allowance policy, including understanding related information to evaluate expected credit loss ratio according to historical experience, current market and future economic outlook expected; investigating accounts receivable details, recalculating the reasonableness of loss allowance based on the expected credit loss ratio of customers by different risk levels; evaluating individually the reasonableness of the impairment of accounts receivable long overdue and its collection in subsequent period. We also assessed the adequacy of disclosures of accounts receivable.

In addition, we also considered the adequacy of the disclosures related to accounts receivable in Notes 5 and 6 to the consolidated financial statements.

Valuation for inventories

As of December 31, 2018, the net inventories amounted to NTD 613,996 thousand accounting for 9% of the total consolidated assets that could have significant impacts on the Group. The Group starts manufacturing after receiving orders from customers, so we mainly assessed the allowance for inventory valuation losses for raw materials. Due to diversity of products and uncertainty arising from rapid changes in products, obsolete and slow-moving inventory valuation requires significant management judgement, we therefore determined the issue as a key audit mater.

Our audit procedures included, but not limited to, understanding and testing the operating effectiveness of internal controls around customer credit risk assessment and the management of collection of accounts receivable; sampling important storage locations to observe inventory counts; testing the correctness of the inventory aging schedule to make sure that the inventory aging schedule was appropriate. In addition, we also obtained the current year's reports on inventory movement and sample tested to check whether purchases and sales were supported by appropriate vouchers and to re-calculate the unit cost of inventories to evaluate the reasonableness of the net realizable value of inventory.

In addition, we also considered the adequacy of the disclosures related to inventory in Notes 5 and 6 to the consolidated financial statements.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards, International Accounting Standards, Interpretations developed by the International Financial Reporting Interpretations Committee or the former Standing Interpretations Committee as endorsed and became effective by 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 ability to continue as a going concern of the Company and its subsidiaries, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company and its subsidiaries or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, including audit committee or supervisors, are responsible for overseeing the financial reporting process of the Company and its subsidiaries.

Auditor's 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 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 internal control of the Company and its subsidiaries.
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 ability to continue as a going concern of the Company and its subsidiaries. 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 Company and its

subsidiaries to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the accompanying notes, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company and its subsidiaries 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 2018 consolidated financial statements 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.

Others

We have audited and expressed an unqualified opinion on the parent company only financial statements of the Company as of and for the years ended December 31, 2018 and 2017.

Tu, Chin Yuan
Chen, Ming Hung
Ernst & Young, Taiwan
March 21, 2019

ZENG HSING INDUSTRIAL CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
December 31, 2018 and 2017
(Expressed in Thousand New Taiwan Dollars)

Assets	Notes	As at	
		December 31, 2018	December 31, 2017
Current Assets			
Cash and cash equivalents	4, 6(1),12	\$3,023,147	\$3,095,629
Financial assets at fair value through profit or loss, current	4,12	565	132
Debt instrument investments with no active market, current	4	-	59,463
Accounts receivable, net	4, 6(2),6(15),12	1,044,659	1,311,147
Other receivables	12	23,100	70,619
Inventories, net	4, 6(3)	613,996	390,272
Prepayment		73,540	28,131
Other current assets		95,087	25,707
Total Current Assets		<u>4,874,094</u>	<u>4,981,100</u>
Non-current assets			
Financial assets at fair value through other comprehensive income, noncurrent	4, 12	32,056	-
Financial assets measured at amortized cost, noncurrent	4, 8, 12	200	-
Financial assets measured at cost, noncurrent	4,12	-	19,096
Debt instrument with no active market, noncurrent	8,12	-	13,198
Investments accounted for under the equity method		53,465	56,330
Property, plant and equipment	4, 6(4), 8	1,431,041	1,280,479
Investment property	4, 6(5)	68,592	69,822
Intangible assets	4, 6(6)	34,557	44,560
Deferred tax assets	4, 6(20)	75,530	61,199
Deposits-out		7,920	4,434
Other long-term investments		4,485	4,485
Other non-current assets	4, 6(7)	229,679	204,587
Total non-current assets		<u>1,937,525</u>	<u>1,758,190</u>
Total assets		<u>\$6,811,619</u>	<u>\$6,739,290</u>

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

(continued)

ZENG HSING INDUSTRIAL CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
December 31, 2018 and 2017
(Expressed in Thousand New Taiwan Dollars)

Liabilities and Equity	Notes	As at	
		December 31, 2018	December 31, 2017
Current liabilities			
Short-term loans	4, 6(8),12	\$220,000	\$672,585
Short-term notes and bills payable	4, 6(9),12	100,000	230,000
Financial liabilities at fair value through profit or loss, current	4,12	-	4,628
Contract liabilities, current	6(14)	21,779	-
Notes payable	12	7,877	12,765
Accounts payable	12	678,924	652,306
Other payables	12	313,361	250,043
Current tax liabilities	4, 6(20)	169,193	122,263
Long-term borrowings(including current portion with maturity less		40,000	-
Other current liabilities		21,194	25,028
Total current liabilities		<u>1,572,328</u>	<u>1,969,618</u>
Non-current liabilities			
Long-term loans	4, 6(10),12	120,000	160,000
Deferred tax liabilities	4, 6(20)	225,240	143,905
Accrued pension liabilities	4, 6(11)	46,598	39,870
Deposits-in		360	360
Total non-current liabilities		<u>392,198</u>	<u>344,135</u>
Total liabilities		<u>1,964,526</u>	<u>2,313,753</u>
Equity attributable to the parent company	4, 6(12)		
Capital			
Common stock		<u>605,356</u>	<u>605,526</u>
Additional paid-in capital			
Capital Surplus-Additional Paid-In Capital		1,306,540	1,308,533
Capital Surplus-Donated Assets Received		314	314
Capital Surplus-Other		<u>78,498</u>	<u>78,498</u>
Total Additional paid-in capital		<u>1,385,352</u>	<u>1,387,345</u>
Retained earnings			
Legal reserve		730,563	730,563
Special reserve		176,886	45,286
Retained earnings		<u>2,067,432</u>	<u>1,797,553</u>
Total Retained earnings		<u>2,974,881</u>	<u>2,573,402</u>
Other components of equity			
Exchange differences on translation of foreign operations		(173,468)	(176,886)
Unrealized gains and losses on equity instrument measured at fair value through other comprehensive income, noncurrent		10,368	-
Treasury stock		-	(2,163)
Non-controlling interests	6(13)	<u>44,604</u>	<u>38,313</u>
Total equity		<u>4,847,093</u>	<u>4,425,537</u>
Total liabilities and equity		<u>\$6,811,619</u>	<u>\$6,739,290</u>

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

ZENG HSING INDUSTRIAL CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
For the years ended December 31, 2018 and 2017
(Expressed in Thousands of New Taiwan Dollars, Except for Earnings per Share)

	Notes	For the years ended December 31,	
		2018	2017
Net Sales	6(14)	\$6,669,964	\$5,994,144
Cost of Sales	6(3),6(17)	(4,981,758)	(4,479,629)
Gross Profit		<u>1,688,206</u>	<u>1,514,515</u>
Operating Expenses	6(16),6(17)		
Selling and marketing		(154,140)	(139,686)
Management and administrative		(374,930)	(371,065)
Research and development		(114,216)	(117,429)
Expected credit losses	6(15)	(2,757)	-
Total Operating Expenses		<u>(646,043)</u>	<u>(628,180)</u>
Operating Income		<u>1,042,163</u>	<u>886,335</u>
Non-operating income and expenses	6(18)		
Other revenue		86,704	100,308
Other gain and loss		163,826	(260,625)
Financial costs		(8,027)	(7,720)
Share of profit or loss of associates and joint ventures		(2,866)	(6,791)
Subtotal		<u>239,637</u>	<u>(174,828)</u>
Income from continuing operations before income tax		1,281,800	711,507
Income tax expense	6(20)	<u>(340,939)</u>	<u>(173,218)</u>
Income from continuing operations, net of tax		<u>940,861</u>	<u>538,289</u>
Other comprehensive income	6(19)		
Items not reclassified to profit or loss			
Remeasurements of defined benefit plans		(9,437)	18,831
Income tax related to items not reclassified to profit or loss		1,896	(3,202)
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translation of foreign operations		(6,034)	(158,555)
Income tax related to items that may be reclassified subsequently to profit or loss		9,452	26,955
Total other comprehensive income , net of tax		<u>(4,123)</u>	<u>(115,971)</u>
Total comprehensive income		<u><u>\$936,738</u></u>	<u><u>\$422,318</u></u>
Net income attributable to:			
Stockholders of the parent		\$923,572	\$525,464
Non-controlling interests		17,289	12,825
		<u><u>\$940,861</u></u>	<u><u>\$538,289</u></u>
Comprehensive income attributable to:			
Stockholder of the parent		\$919,449	\$409,493
Non-controlling interests		17,289	12,825
		<u><u>\$936,738</u></u>	<u><u>\$422,318</u></u>
Earnings per share (NTD)	6(21)		
Earnings per share-basic		<u>\$15.26</u>	<u>\$8.68</u>
Earnings per share-diluted		<u><u>\$15.20</u></u>	<u><u>\$8.65</u></u>

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

ZENG HSING INDUSTRIAL CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
For the years ended December 31, 2018 and 2017
(Expressed in Thousands of New Taiwan Dollars)

	Notes	Common Stock	Additional Paid-in Capital	Legal Reserve	Special reserve	Unappropriated Earnings	Exchange Differences on Translation of Foreign Operations	Unrealized gains (losses) from Financial asset measured at fair value through other comprehensive income	Treasury stock	Total	Non- Controlling Interests	Total Equity
Balance as at January 1, 2017	6(12)	\$605,526	\$1,387,345	\$645,420	\$ -	\$1,961,977	\$(45,286)	\$ -	\$(2,163)	\$4,552,819	\$32,087	\$4,584,906
Appropriations of earnings, 2015:												
Legal reserve				85,143		(85,143)				-		-
Reserisal of special reserve					45,286	(45,286)				-		-
Cash dividends						(575,088)				(575,088)		(575,088)
Net income for the year ended December 31, 2017						525,464				525,464	12,825	538,289
Other comprehensive income, net of tax for the year ended December 31, 2017						15,629	(131,600)			(115,971)		(115,971)
Total comprehensive income						541,093	(131,600)			409,493	12,825	422,318
Cash dividends of subsidiary	6(13)									-	(6,599)	(6,599)
Balance as at December 31, 2017	6(12)	\$605,526	\$1,387,345	\$730,563	\$45,286	\$1,797,553	\$(176,886)	\$ -	\$(2,163)	\$4,387,224	\$38,313	\$4,425,537
Balance as at January 1, 2018	6(12)	\$605,526	\$1,387,345	\$730,563	\$45,286	\$1,797,553	\$(176,886)	\$ -	\$(2,163)	\$4,387,224	\$38,313	\$4,425,537
Impact of retroactive applications								10,368		10,368		\$10,368
Adjusted balance as January 1, 2018		605,526	1,387,345	730,563	45,286	1,797,553	(176,886)	10,368	(2,163)	4,397,592	38,313	4,435,905
Appropriations of earnings, 2017:												
Legal reserve										-		-
Special reserve					131,600	(131,600)				-		-
Cash Dividends						(514,552)				(514,552)		(514,552)
Net income for the year ended December 31, 2018						923,572				923,572	17,289	940,861
Other comprehensive income, net of tax for the year ended December 31, 2018						(7,541)	3,418			(4,123)		(4,123)
Total comprehensive income						916,031	3,418			919,449	17,289	936,738
Treasury stock acquired	6(12)	(170)	(1,993)						2,163			
Cash dividends of subsidiary	6(13)										(10,998)	(10,998)
Balance as at December 31, 2018	6(12)	\$605,356	\$1,385,352	\$730,563	\$176,886	\$2,067,432	\$(173,468)	\$10,368	\$ -	\$4,802,489	\$44,604	\$4,847,093

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

ZENG HSING INDUSTRIAL CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the years ended December 31, 2018 and 2017

(Expressed in Thousand New Taiwan Dollars)

	For the years ended December 31,	
	2018	2017
Cash flows from operating activities:		
Net income before tax	\$1,281,800	\$711,507
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	201,331	185,209
Amortization	44,008	51,049
Loss on disposal of property, plant and equipment	2,314	35,071
Net loss (gain) of financial assets at fair value through profit or loss	(19,173)	42,585
Gain (loss) from price recovery of inventories	8,493	(1,589)
Share of profit or loss of associates and joint ventures	2,866	6,791
Expected credit losses	2,757	-
Gain reversal for doubtful accounts	-	(5,338)
Interest revenue	(41,868)	(20,134)
Interest expense	8,027	7,720
Changes in operating assets and liabilities:		
(Increase) decrease in financial assets at fair value through profit or loss	14,112	(21,503)
Decrease (increase) in accounts receivable	263,732	103,960
Decrease in inventories, net	(232,217)	76,882
(Increase) decrease in other receivables	47,519	(7,543)
Decrease (increase) in prepayments	(16,000)	3,127
Decrease in other current assets	(69,380)	15,559
Increase in other non-current assets	(64,263)	(74,575)
Increase in contract liabilities	1,992	-
Decrease in notes payable	(4,888)	(13,296)
Increase in accounts payable	26,618	29,666
Increase in other payables	63,318	8,867
(Decrease) increase in other current liabilities	15,953	(15,190)
Decrease in accrued pension liabilities	(2,709)	(7,736)
Cash generated from operations	1,534,342	1,111,089
Interest received	41,868	20,134
Income tax paid	(218,248)	(171,538)
Net cash provided by operating activities	1,357,962	959,685

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

(continued)

ZENG HSING INDUSTRIAL CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the years ended December 31, 2018 and 2017

(Expressed in Thousand New Taiwan Dollars)

	For the years ended December 31,	
	2018	2017
Cash flows from investing activities:		
Disposal of financial assets measured at amortized cost	72,461	-
(Acquisition) disposal of debt instrument investments with no active market, current	-	(38,789)
Acquisition of property, plant and equipment	(369,175)	(204,073)
Increase in investments accounted for under the equity method	-	(18,515)
Proceeds from disposal of property, plant and equipment	5,351	10,141
Decrease (increase) in deposits-out	(3,486)	6,499
Acquisition in intangible assets	(6,559)	(15,345)
Net cash used in investing activities	(301,408)	(260,082)
Cash flows from financing activities:		
Increase in deposits-in		-
Increase in short-term loans	2,378,987	2,868,862
Decrease in short-term loans	(2,829,910)	(2,504,497)
Increase in short-term notes and bills payable	4,330,000	2,270,000
Decrease in short-term notes and bills payable	(4,460,000)	(2,120,000)
Increase in long-term loans	-	160,000
Cash dividends	(514,552)	(575,088)
Interest paid	(8,027)	(7,720)
Cash dividends of subsidiary	(10,998)	(6,599)
Net cash provided (used) in financing activities	(1,114,500)	84,958
Effect of exchange rate changes on cash and cash equivalents	(14,536)	(61,758)
Net increase (decrease) in cash and cash equivalents	(72,482)	722,803
Cash and cash equivalents at beginning of period	3,095,629	2,372,826
Cash and cash equivalents at end of period	\$3,023,147	\$3,095,629

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

Independent Auditors' Report

To ZENG HSING INDUSTRIAL CO., LTD

Opinion

We have audited the accompanying parent company only balance sheets of Zeng Hsing Industrial Co., Ltd. (the “Company”) as of December 31, 2018 and 2017, and the parent company only statements of comprehensive income, the parent company only changes in equity and the parent company only cash flows for the years ended December 31, 2018 and 2017, and notes to the parent company only financial statements, including the summary of significant accounting policies.

In our opinion, the accompanying parent company only financial statements referred to above present fairly, in all material respects, the parent company only financial position of the Company as of December 31, 2018 and 2017, and the parent company only financial performance and the parent company only cash flows for the years ended December 31, 2018 and 2017, in conformity with the requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers, interpretations developed by the International Financial Reporting Interpretations Committee or the former Standing Interpretations Committee as endorsed and became effective by Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Parent Company Only Financial Statements* section of our report. We are independent of the Company and its subsidiaries in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China (the “Norm”), and we have fulfilled our other ethical responsibilities in accordance with the Norm. Based on our audits, 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 2018 the parent company only financial statements. 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.

Impairment of accounts receivable

As of December 31, 2018, the Company's accounts receivable and allowance for doubtful accounts amounted to NTD 1,149,265 thousand and NTD 7,497 thousand, respectively. Net accounts receivable represented 17% of the parent company only total assets and have significant impacts on the Company. The collection of accounts receivable is the key factor to the working capital management of ZENG HSING INDUSTRIAL CO., LTD and the provision for allowance for doubtful accounts would reflect the credit risk of the Company. As the adequacy of provision policy requires significant management judgement, we therefore determined the issue as a key audit mater.

Our audit procedures included, but not limited to, understanding and testing the effectiveness of internal control over accounts receivable; assessing the reasonableness of loss allowance policy, including understanding related information to evaluate expected credit loss ratio according to historical experience, current market and future economic outlook expected; investigating accounts receivable details, recalculating the reasonableness of loss allowance based on the expected credit loss ratio of customers by different risk levels; evaluating individually the reasonableness of the impairment of accounts receivable long overdue and its collection in subsequent period. We also assessed the adequacy of disclosures of accounts receivable ; evaluating the reasonableness for the collection of individual customers with significant overdue accounts receivable or longer aging; sampling customers to perform confirmation and checking the collection in subsequent period to evaluate recoverability.

In addition, we also considered the adequacy of the disclosures related to accounts receivable in Notes 5 and 6 to the parent company only financial statements.

Valuation for inventories (including investments accounted for under the equity method-inventory of subsidiaries)

As of December 31, 2018, inventories of the Company and the investees accounted for under the equity method that could have significant impacts on the financial statements. The Company starts manufacturing after receiving orders from customers, so we mainly assessed the allowance for inventory valuation losses for raw materials. Due to diversity of products and uncertainty arising from rapid changes in products, obsolete and slow-moving inventory valuation requires significant management judgement, we therefore determined the issue as a key audit mater.

Our audit procedures included, but not limited to, understanding and testing the operating effectiveness of internal controls around customer credit risk assessment and the management of collection of accounts receivable; sampling important storage locations to observe inventory counts; testing the correctness of the inventory aging schedule to make sure that the inventory aging schedule was appropriate. In addition, we also obtained the current year's reports on inventory movement and sample tested to check whether purchases and sales were supported by appropriate vouchers and to re-calculate the unit cost of inventories to evaluate the reasonableness of the net realizable value of inventory.

In addition, we also considered the adequacy of the disclosures related to inventory in Notes 5 and 6 to the parent company only financial statements.

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 the requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards, International Accounting Standards, Interpretations developed by the International Financial Reporting Interpretations Committee or the former Standing Interpretations Committee as endorsed and became effective by 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 ability to continue as a going concern of the Company, 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 audit committee or supervisors, are responsible for overseeing the financial reporting process of the Company.

Auditor's 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 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 internal control of the Company.
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 ability to continue as a going concern of the Company. 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 accompanying notes, and whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company and its subsidiaries 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 2018 parent company only financial statements 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.

Tu, Chin Yuan
Chen, Ming Hung
Ernst & Young, Taiwan
March 21, 2019

ZENG HSING INDUSTRIAL CO., LTD.
PARENT COMPANY ONLY BALANCE SHEETS
December 31, 2018 and 2017
(Expressed in Thousand New Taiwan Dollars)

Assets	Notes	As of	
		December 31, 2018	December 31, 2017
Current Assets			
Cash and cash equivalents	4, 6(1)	\$2,047,261	\$2,442,061
Financial assets at fair value through profit or loss, current	4, 12	565	132
Accounts receivable, net	4, 6(2)	964,535	1,245,638
Accounts receivable-related parties, net	4, 6(2), 7	177,233	117,780
Other receivables		6,164	20,147
Other receivables-related parties	7	1	11,427
Inventories, net	4, 6(3)	61,261	56,289
Prepayment		12,364	11,531
Other current assets		4,916	3,948
Total Current Assets		<u>3,274,300</u>	<u>3,908,953</u>
Non-current assets			
Financial assets measured at cost, noncurrent	4, 8, 12	200	-
Bond investments with no active market, noncurrent	8, 12	-	200
Investments accounted for under the equity method	4, 6(4)	2,903,346	2,588,479
Property, plant and equipment	4, 6(5), 8	334,544	167,190
Investment property	4, 6(6)	68,592	69,822
Intangible assets	4, 6(7)	28,445	40,603
Deferred tax assets	4, 6(20)	74,068	60,945
Deposits-out		4,286	2,626
Other long-term investments		4,485	4,485
Other non-current assets	6(8)	9,975	18,454
Total non-current assets		<u>3,427,941</u>	<u>2,952,804</u>
Total assets		<u>\$6,702,241</u>	<u>\$6,861,757</u>

(The accompanying notes are an integral part of the parent company only financial statements)

(continued)

ZENG HSING INDUSTRIAL CO., LTD.
PARENT COMPANY ONLY BALANCE SHEETS
December 31, 2018 and 2017
(Expressed in Thousand New Taiwan Dollars)

Liabilities and Equity	Notes	As of	
		December 31, 2018	December 31, 2017
Current liabilities			
Short-term loans	4, 6(9), 12	\$220,000	\$444,500
Short-term notes and bills payable	4, 6(10), 12	100,000	230,000
Financial liabilities at fair value through profit or loss, current	4, 12	-	4,628
Contract liabilities, current	6(14)	18,711	
Notes payable	12	2,006	6,154
Accounts payable	12	127,815	134,990
Accounts payable-related parties	7, 12	658,356	1,045,893
Other payables	12	189,986	160,219
Other payables-related parties	7, 12	97	1,479
Current tax liabilities	4, 6(20)	139,500	85,481
Long-term borrowings(including current portion with maturity less than 1 year)	4, 6(11), 12	40,000	
Other current liabilities		13,675	17,054
Total current liabilities		1,510,146	2,130,398
Non-current liabilities			
Long-term loans	4, 6(11), 12	120,000	160,000
Deferred tax liabilities	4, 6(20)	222,648	143,905
Accrued pension liabilities	4, 6(12)	46,598	39,870
Deposits-in		360	360
Total non-current liabilities		389,606	344,135
Total liabilities		1,899,752	2,474,533
Equity attributable to the parent company	4, 6(13)		
Capital			
Common stock		605,356	605,526
Additional paid-in capital			
Capital Surplus-Additional Paid-In Capital		1,306,540	1,308,533
Capital Surplus-Donated Assets Received		314	314
Capital Surplus-Other		78,498	78,498
Total Additional paid-in capital		1,385,352	1,387,345
Retained earnings			
Legal reserve		730,563	730,563
Special reserve		176,886	45,286
Retained earnings		2,067,432	1,797,553
Total Retained earnings		2,974,881	2,573,402
Other components of equity			
Exchange differences on translation of foreign operations		(173,468)	(176,886)
Unrealized gains and losses on equity instrument measured at fair value through other comprehensive income, noncurrent		10,368	-
Treasury stock		-	(2,163)
Total equity		4,802,489	4,387,224
Total liabilities and equity		\$6,702,241	\$6,861,757

(The accompanying notes are an integral part of the parent company only financial statements)

ZENG HSING INDUSTRIAL CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
For the Years Ended December 31, 2018 and 2017
(Expressed in Thousands of New Taiwan Dollars, Except for Earnings per Share)

		For the Years Ended December 31,	
	Notes	2018	2017
Net Sales	6(14), 7	\$6,137,712	\$5,495,386
Cost of Sales	6(3), 6(17), 7	(4,899,723)	(4,382,956)
Gross Profit		<u>1,237,989</u>	<u>1,112,430</u>
Unrealized Intercompany Profit	7	(4,832)	(528)
Realized Intercompany Profit		<u>1,585</u>	<u>1,627</u>
Gross Profit		<u>1,234,742</u>	<u>1,113,529</u>
Operating Expenses	6(16),6(17)		
Selling and marketing		(110,804)	(100,410)
Management and administrative		(255,729)	(249,395)
Research and development		(114,215)	(117,429)
Expected credit losses	6(15)	(2,757)	0
Total Operating Expenses		<u>(480,748)</u>	<u>(467,234)</u>
Operating Income		<u>753,994</u>	<u>646,295</u>
Non-operating income and expenses	6(18)		
Other revenue		62,456	82,952
Other gain and loss		102,523	(239,814)
Financial costs		(6,887)	(6,240)
Share of profit or loss of associates and joint ventures	6(4)	287,123	172,940
Subtotal		<u>445,215</u>	<u>9,838</u>
Income from continuing operations before income tax		<u>1,196,452</u>	<u>656,133</u>
Income tax expense	6(20)	(272,880)	(130,669)
Income from Continuing Operations, Net of Tax		<u>923,572</u>	<u>525,464</u>
Other comprehensive income	6(19),6(20)		
Items not reclassified subsequently to profit or loss			
Remeasurements of defined benefit plans		(9,437)	18,831
Income tax related to items not reclassified subsequently to profit or loss		1,896	(3,202)
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translation of foreign operations		(6,034)	(158,555)
Income tax related to items that may be reclassified subsequently to profit or loss		9,452	26,955
Total other comprehensive loss , net of tax		<u>(4,123)</u>	<u>(115,971)</u>
Total comprehensive income		<u><u>\$919,449</u></u>	<u><u>\$409,493</u></u>
Earnings per share (NTD)	6(21)		
Earnings per share-basic		<u>\$15.26</u>	<u>\$8.68</u>
Earnings per share-diluted		<u><u>\$15.20</u></u>	<u><u>\$8.65</u></u>

(The accompanying notes are an integral part of the parent company only financial statements)

ZENG HSING INDUSTRIAL CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY
For the Years Ended December 31, 2018 and 2017
(Expressed in Thousands of New Taiwan Dollars)

	Notes	Common Stock	Additional Paid-in Capital	Legal Reserve	Special reserve	Unappropriated Earnings	Exchange Differences on Translation of Foreign Operations	Unrealized gains (losses) from Financial asset measured at fair value through other comprehensive income	Treasury stock	Total
Balance as of January 1, 2017	6(13)	\$605,526	\$1,387,345	\$645,420	\$ -	\$1,961,977	\$(45,286)	\$ -	\$(2,163)	\$4,552,819
Appropriations of earnings, 2015:										
Legal reserve				85,143		(85,143)				-
Special reserve					45,286	(45,286)				
Cash dividends						(575,088)				(575,088)
Net income for the year ended December 31, 2017						525,464				525,464
Other comprehensive income, net of tax for the year ended December 31, 2017						15,629	(131,600)			(115,971)
Total comprehensive income		-	-	-	-	541,093	(131,600)	0	-	409,493
Balance as of December 31, 2017	6(13)	\$605,526	\$1,387,345	\$730,563	\$45,286	\$1,797,553	\$(176,886)	\$ -	\$(2,163)	\$4,387,224
Balance as of January 1, 2018	6(13)	\$605,526	\$1,387,345	\$730,563	\$45,286	\$1,797,553	\$(176,886)	\$ -	\$(2,163)	\$4,387,224
Impact of retroactive applications								10,368		10,368
Adjusted balance as January 1, 2018										
Appropriations of earnings, 2017:										
Legal reserve										-
Special reserve					131,600	(131,600)				-
Cash Dividends						(514,552)				(514,552)
Net income for the year ended December 31, 2018						923,572				923,572
Other comprehensive income, net of tax for the years ended December 31, 2018						(7,541)	3,418			(4,123)
Total comprehensive income		-	-	-	-	916,031	3,418		-	919,449
Treasury stock acquired	6(13)	(170)	(1,993)							
Balance as of December 31, 2018	6(13)	\$605,356	\$1,385,352	\$730,563	\$176,886	\$2,067,432	\$(173,468)	\$10,368	2,163	\$4,802,489

(The accompanying notes are an integral part of the parent company only financial statements)

ZENG HSING INDUSTRIAL CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
For the Years Ended December 31, 2018 and 2017
(Expressed in Thousand New Taiwan Dollars)

	For the Years Ended December 31,	
	2018	2017
Cash flows from operating activities:		
Net income before tax	\$1,196,452	\$656,133
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	30,657	23,547
Amortization	18,871	19,580
Loss on disposal of property, plant and equipment	-	35,079
Net loss (gain) of financial assets at fair value through (profit) or loss	(19,173)	42,585
(Gain) or loss from price recovery of inventories	5,162	(200)
Share of gain of subsidiaries, associates and joint ventures	(287,123)	(172,940)
Expected credit losses	2,757	-
Gain reversal for doubtful accounts	-	(5,338)
Unrealized Intercompany Profit	4,832	528
Realized Intercompany Profit	(1,585)	(1,627)
Interest revenue	(29,767)	(13,238)
Interest expense	6,887	6,240
Changes in operating assets and liabilities:		
Decrease (increase) in financial assets at fair value through profit or loss	14,112	(21,503)
Decrease in accounts receivable	278,346	100,753
Decrease (increase) in accounts receivable-related parties	(59,453)	32,978
Increase in inventories, net	(8,288)	(4,947)
Decrease (increase) in other receivables	13,983	(10,813)
Decrease (increase) in other receivables-related parties	11,426	(23,116)
Increase in prepayments	(833)	(1,513)
Decrease (increase) in other current assets	(968)	998
Increase in other non-current assets	(3,801)	(24,217)
Increase in contract liabilities	3,093	-
Decrease in notes payable	(4,148)	(14,423)
Decrease in accounts payable	(7,175)	(6,919)
(Decrease) Increase in accounts payable-related parties	(389,383)	402,330
Increase in other payables	29,767	6,029
(Decrease) Increase in other payables-related parties	(1,382)	1,479
(Decrease) increase in other current liabilities	12,239	(925)
Decrease in accrued pension liabilities	(2,709)	(7,736)
Cash generated from operations	812,796	1,018,804
Interest received	29,767	13,238
Income tax paid	(141,893)	(143,352)
Net cash provided by operating activities	700,670	888,690

(The accompanying notes are an integral part of the parent company only financial statements)

(Continued)

ZENG HSING INDUSTRIAL CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
For the Years Ended December 31, 2018 and 2017
(Expressed in Thousand New Taiwan Dollars)

	For the Years Ended December 31,	
	2018	2017
(Continued)		
Cash flows from investing activities:		
Increase in investments accounted for under the equity method	(39,059)	-
Acquisition of property, plant and equipment	(187,703)	(82,413)
Proceeds from disposal of property, plant and equipment	-	7,719
Decrease (increase) in deposits-out	(1,660)	1,156
Increase in intangible assets	(3,511)	(13,970)
Dividends received	12,402	273,165
Net cash provided (used) in investing activities	(219,531)	185,657
Cash flows from financing activities:		
Increase in short-term loans	2,321,620	2,539,231
Decrease in short-term loans	(2,546,120)	(2,406,126)
Increase in short-term notes and bills payable	4,330,000	2,270,000
Decrease in short-term notes and bills payable	(4,460,000)	(2,120,000)
Increase in long-term loans		160,000
Interest paid	(6,887)	(6,240)
Cash dividends	(514,552)	(575,088)
Net cash used in financing activities	(875,939)	(138,223)
Net increase in cash and cash equivalents	(394,800)	936,124
Cash and cash equivalents at beginning of period	2,442,061	1,505,937
Cash and cash equivalents at end of period	<u>\$2,047,261</u>	<u>\$2,442,061</u>

(The accompanying notes are an integral part of the parent company only financial statements)

Attachment 5

**Zeng Hsing Corporation
2018 Earnings Distribution Chart**

Items	Amount	Remarks
Net income for 2018	\$923,572,090	
Plus:		
10% Legal reserve	0	
Reversal of special reserve	13,786,541	
subtotal:	<u>937,358,631</u>	
Plus:		
Other comprehensive loss (remeasurements of the defined benefit plan)	(7,540,889)	
Unappropriated Retain Earnings at beginning period	1,151,400,345	
	<u>2,081,218,087</u>	
Distribution Items:		
Cash Dividends to Common Share Holders	(665,891,941)	
Unappropriated Distribution	\$1,415,326,146	

Note:

Note 1: The undistributed profit for 2018 shall take priority when distributing profit.

Note 2: The cash dividend distributed less than NT\$1 shall be classified as “other non-operating income”

Note 3: The legal reserve accumulation has reached the amount of paid-in capital of the company. Therefore, in accordance with Article 36 of the Articles of Association, the legal reserve is not required.

Chairman:Lin,Chih-Cheng Manager:Tsai,Ming-Yu Chief Accountant:Chou,Chun- Shen

**Zeng Hsing Corporation
Comparison Table for Corporate Charter**

Article	Original	Amendment	Amendment Reason
Article35	<p>The Company shall allocate 2% to 6% of profit as employees' compensation and no more than 4% of profit as directors' compensation for each profitable fiscal year after offsetting any cumulative losses. The aforementioned employees' compensation will be distributed in shares or cash. The employees of the Company's subsidiaries who fulfill specific requirements stipulated by the Board of Directors may be granted such compensation. Directors may only receive compensation in cash.</p> <p>The Company may, by a resolution adopted by a majority vote at a meeting of the Board of Directors attended by two-thirds of the total number of directors, distribute the aforementioned employees' and director's compensation and report to the shareholders' meeting for such distribution.</p>	<p>The Company shall allocate 2% to 6% of profit as employees' compensation and no more than 4% of profit as directors' compensation for each profitable fiscal year after offsetting any cumulative losses. The aforementioned employees' compensation will be distributed in shares or cash. The employees of the Company's subsidiaries who fulfill specific requirements stipulated by the Board of Directors may be granted such compensation. Directors may only receive compensation in cash.</p> <p>The Company may, by a resolution adopted by a majority vote at a meeting of the Board of Directors attended by two-thirds of the total number of directors, distribute the aforementioned employees' and director's compensation and report to the shareholders' meeting for such distribution.</p> <p>The procedures for the determination of directors and supervisors remuneration are based on the Company's "Evaluation Measures for the Performance of Directors, Supervisors and Managers". In addition to the overall operating performance of the company, the future operating risks and development trends of the industry, reference is also made to the individual performance achievement rate and contribution to company performance to determine reasonable compensation. The related performance appraisal and reasonableness of remuneration are reviewed by the remuneration committee and the board of directors, and the</p>	Amendment in accordance with the Company's practice.

Article	Original	Amendment	Amendment Reason
		remuneration system is reviewed from time to time according to the actual operating conditions and relevant laws and regulations, to achieve balance between sustainable operations and risk control.	
Article36	<p>If the company has a surplus every year, in addition to the tax paid according to the law, it should first make up for the loss in previous years, and the next 10% is the statutory surplus reserve, but the statutory surplus accumulation has reached the paid-up capital of the company. The statutory surplus reserve shall not be included; and the special surplus reserve shall be paid or renewed in accordance with the regulations of the competent authority. After the accumulated undistributed surplus is added to the balance, the resolution of the chairman of the board of directors is distributed by the shareholders' meeting.</p> <p>The company is a traditional industry, the company is mature, profitable and financial structure is sound, so the surplus distribution, in addition to the company law and the company's articles of association, will regard the company's capital planning and operating results, determine the annual dividend distribution. However, the principle of dividend stability and balance is adopted in principle. Before the annual shareholders' meeting, the board of directors formulates the method of surplus distribution based on the financial situation. The cash dividend ratio is not less than 30% of the total dividend. However, the ratio of the cash dividend of this shareholder is adjusted for the actual profit and the demand for funds in the current year.</p>	<p>If the company has a surplus every year, in addition to the tax paid according to the law, it should first make up for the loss in previous years, and the next 10% is the statutory surplus reserve, but the statutory surplus accumulation has reached the paid-up capital of the company. The statutory surplus reserve shall not be included; and the special surplus reserve shall be paid or renewed in accordance with the regulations of the competent authority. After the accumulated undistributed surplus is added to the balance, the resolution of the chairman of the board of directors is distributed by the shareholders' meeting.</p> <p>The company is a traditional industry, the company is mature, profitable and financial structure is sound, so the surplus distribution, in addition to the company law and the company's articles of association, will regard the company's capital planning and operating results, determine the annual dividend distribution. However, the principle of dividend stability and balance is adopted in principle. Before the annual shareholders' meeting, the board of directors formulates the method of surplus distribution based on the financial situation, but at least 50% of the shareholders' dividends are paid. The cash dividend ratio is not less than 30% of the total dividend. However, the company shall not distribute dividends if there is no surplus earning.</p>	Amendment in accordance with the Company's practice.

Article	Original	Amendment	Amendment Reason
Article39	<p>These Articles was set on December 11, 1974.</p> <p>Amended on Dec. 20, 1976 for the first time</p> <p>Amended on Sep. 27, 1977 for the second time</p> <p>Amended on Jun. 20, 1978 for the third time</p> <p>Amended on Jan. 10, 1981 for the fourth time</p> <p>Amended on Nov. 2, 1981 for the fifth time</p> <p>Amended on Sep. 14, 1982 for the sixth time</p> <p>Amended on Sep. 5, 1983 for the seventh time</p> <p>Amended on Oct. 21, 1983 for the eighth time</p> <p>Amended on Jan. 5, 1984 for the ninth time</p> <p>Amended on Jul. 16, 1985 for the tenth time</p> <p>Amended on Oct 8, 1988 for the eleventh time</p> <p>Amended on May. 25, 1989 for the twelfth time</p> <p>Amended on Feb. 2, 1990 for the thirteenth time</p> <p>Amended on Nov. 15, 1991 for the fourteenth time</p> <p>Amended on Jan. 6, 1993 for the fifteenth time</p> <p>Amended on Jun. 25, 1994 for the sixteenth time,</p> <p>Amended on Dec 3, 1994 for the seventeenth time</p> <p>Amended on May. 10, 1995 for the eighteenth time</p> <p>Amended on Jul.9,1997 for the nineteenth time</p> <p>Amended on Jun.10, 1998 for the twentieth time</p>	<p>These Articles was set on December 11, 1974.</p> <p>Amended on Dec. 20, 1976 for the first time</p> <p>Amended on Sep. 27, 1977 for the second time</p> <p>Amended on Jun. 20, 1978 for the third time</p> <p>Amended on Jan. 10, 1981 for the fourth time</p> <p>Amended on Nov. 2, 1981 for the fifth time</p> <p>Amended on Sep. 14, 1982 for the sixth time</p> <p>Amended on Sep. 5, 1983 for the seventh time</p> <p>Amended on Oct. 21, 1983 for the eighth time</p> <p>Amended on Jan. 5, 1984 for the ninth time</p> <p>Amended on Jul. 16, 1985 for the tenth time</p> <p>Amended on Oct 8, 1988 for the eleventh time</p> <p>Amended on May. 25, 1989 for the twelfth time</p> <p>Amended on Feb. 2, 1990 for the thirteenth time</p> <p>Amended on Nov. 15, 1991 for the fourteenth time</p> <p>Amended on Jan. 6, 1993 for the fifteenth time</p> <p>Amended on Jun. 25, 1994 for the sixteenth time,</p> <p>Amended on Dec 3, 1994 for the seventeenth time</p> <p>Amended on May. 10, 1995 for the eighteenth time</p> <p>Amended on Jul.9,1997 for the nineteenth time</p> <p>Amended on Jun.10, 1998 for the twentieth time</p>	New revision date

Article	Original	Amendment	Amendment Reason
	<p>Amended on Jun. 16, 1999 for the twenty-first time</p> <p>Amended on Jun. 28, 2002 for the twenty-second time</p> <p>Amended on Jun.10, 2003 for the twenty-third time</p> <p>Amended on Jun.10, 2003 for twenty-fourth time</p> <p>Amended on Jun. 29, 2004 for twenty-fifth time</p> <p>Amended on Jun. 29, 2004 for twenty-sixth time</p> <p>Amended on Jun. 30, 2005 for the twenty-seventh time</p> <p>Amended on June. 14, 2006 for the twenty-eighth time</p> <p>Amended on Mar. 9, 2007 for the twenty-ninth time</p> <p>Amended on Jun. 13, 2008 for the thirty-first time</p> <p>Amended on Jun. 19, 2009 for the thirty-second time</p> <p>Amended on Jun. 15, 2011 for the thirty-third time</p> <p>Amended on Jun. 27, 2012 for the thirty-fourth time</p> <p>Amended on Jun. 11, 2013 for the thirty-fifth time</p> <p>Amended on Jun. 20, 2014 for the thirty-sixth time</p> <p>Amended on Jun. 15, 2016 for the thirty-seventh time.</p> <p>Amended on Jun. 14, 2017 for the thirty-eighth time.</p> <p>Amended on Jun. 13, 2018 for the thirty-nine time.</p>	<p>Amended on Jun. 16, 1999 for the twenty-first time</p> <p>Amended on Jun. 28, 2002 for the twenty-second time</p> <p>Amended on Jun.10, 2003 for the twenty-third time</p> <p>Amended on Jun.10, 2003 for twenty-fourth time</p> <p>Amended on Jun. 29, 2004 for twenty-fifth time</p> <p>Amended on Jun. 29, 2004 for twenty-sixth time</p> <p>Amended on Jun. 30, 2005 for the twenty-seventh time</p> <p>Amended on June. 14, 2006 for the twenty-eighth time</p> <p>Amended on Mar. 9, 2007 for the twenty-ninth time</p> <p>Amended on Jun. 13, 2008 for the thirty-first time</p> <p>Amended on Jun. 19, 2009 for the thirty-second time</p> <p>Amended on Jun. 15, 2011 for the thirty-third time</p> <p>Amended on Jun. 27, 2012 for the thirty-fourth time</p> <p>Amended on Jun. 11, 2013 for the thirty-fifth time</p> <p>Amended on Jun. 20, 2014 for the thirty-sixth time</p> <p>Amended on Jun. 15, 2016 for the thirty-seventh time.</p> <p>Amended on Jun. 14, 2017 for the thirty-eighth time.</p> <p>Amended on Jun. 13, 2018 for the thirty-ninth time.</p> <p>Amended on Jun. 14, 2019 for the fortieth time.</p>	

Zeng Hsing Corporation

Table Comparing the Amended Articles of the governing procedures for Acquisition and Disposal of Assets

Article	Original	Amendment	Amendment Reason
Article 3	<p>The term "assets" as used in these Regulations includes the following:</p> <ol style="list-style-type: none"> 1. Investments in stocks, government bonds, corporate bonds, financial bonds, securities representing interest in a fund, depositary receipts, call (put) warrants, beneficial interest securities, and asset-backed securities. 2. Real estate (including land, housing and construction, Land use rights, investment real estate, land use rights, inventory of the construction industry) and its equipment. 3. Membership card. 4. Intangible assets: including intangible assets such as patents, copyrights, trademarks, and concessions. 5. Claims of financial institutions (including receivables, discounted bills and loans, collections). 6. Derivative goods. 7. Assets acquired or disposed of in accordance with legal mergers, divisions, acquisitions or transfer of shares. 8. Other important assets. 	<p>The term "assets" as used in these Regulations includes the following:</p> <ol style="list-style-type: none"> 1. Investments in stocks, government bonds, corporate bonds, financial bonds, securities representing interest in a fund, depositary receipts, call (put) warrants, beneficial interest securities, and asset-backed securities. 2. Real property (including land, houses and buildings, Land use rights, investment property, and construction enterprise inventory) and equipment. 3. Memberships. 4. Patents, copyrights, trademarks, franchise rights, and other intangible assets. 5. Right-of-use assets. 6. Claims of financial institutions (including receivables, bills purchased and discounted, loans, and overdue receivables). 7. Derivatives. 8. Assets acquired or disposed of in connection with mergers, demergers, acquisitions, or transfer of shares in accordance with law. 9. Other major assets. 	Coordinate with the amendment
Article 4	<p>Terms used in these Regulations are defined as follows:</p> <ol style="list-style-type: none"> 1. Derivatives: Forward contracts, options contracts, futures contracts, leverage contracts, or swap contracts, whose value is derived from assets, interest rate, foreign exchange rate, index or other interests or hybrid contracts combining the above contracts; or hybrid contracts or structured products containing embedded derivatives. The term "forward contracts" does not include insurance contracts, performance contracts, after-sales service contracts, long-term leasing contracts, or long-term purchase (sales) contracts. 	<p>Terms used in these Regulations are defined as follows:</p> <ol style="list-style-type: none"> 1. Derivatives: Forward contracts, options contracts, futures contracts, leverage contracts, or swap contracts, whose value is derived from a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable; or hybrid contracts combining the above contracts; or hybrid contracts or structured products containing embedded derivatives. The term "forward contracts" does not include insurance contracts, performance contracts, after-sales service contracts, 	Coordinate with the amendment

Article	Original	Amendment	Amendment Reason
	<p>2. Assets acquired or disposed through mergers, demergers, acquisitions, or transfer of shares in accordance with law: Refers to assets acquired or disposed through mergers, demergers, or acquisitions conducted under the Business Mergers and Acquisitions Act, Financial Holding Company Act, Financial Institution Merger Act and other acts, or to transfer of shares from another company through issuance of new shares of its own as the consideration therefor (hereinafter "transfer of shares") under Article 156 paragraph 6 of the Company Act.</p> <p>3. Related party or subsidiary: As defined in the Regulations Governing the Preparation of Financial Reports by Securities Issuers.</p> <p>4. Professional appraiser: Refers to a real property appraiser or other person duly authorized by law to engage in the value appraisal of real property or equipment.</p> <p>5. Date of occurrence: Refers to the date of contract signing, date of payment, date of consignment trade, date of transfer, dates of boards of directors resolutions, or other date that can confirm the counterpart and monetary amount of the transaction, whichever date is earlier; provided, for investment for which approval of the competent authority is required, the earlier of the above date or the date of receipt of approval by the competent authority shall apply.</p> <p>6. Mainland China area investment: Refers to investments in the mainland China area approved by the Ministry of Economic Affairs Investment Commission or conducted in accordance with the provisions of the Regulations Governing Permission for Investment or Technical Cooperation in the Mainland Area.</p> <p>7. "Within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items for which an appraisal report from a professional</p>	<p>long-term leasing contracts, or long-term purchase (sales) contracts.</p> <p>2. Assets acquired or disposed through mergers, demergers, acquisitions, or transfer of shares in accordance with law: Refers to assets acquired or disposed through mergers, demergers, or acquisitions conducted under the Business Mergers and Acquisitions Act, Financial Holding Company Act, Financial Institution Merger Act and other acts, or to transfer of shares from another company through issuance of new shares of its own as the consideration therefor (hereinafter "transfer of shares") under Article 156-3 of the Company Act.</p> <p>3. Related party or subsidiary: As defined in the Regulations Governing the Preparation of Financial Reports by Securities Issuers.</p> <p>4. Professional appraiser: Refers to a real property appraiser or other person duly authorized by law to engage in the value appraisal of real property or equipment.</p> <p>5. Date of occurrence: Refers to the date of contract signing, date of payment, date of consignment trade, date of transfer, dates of boards of directors resolutions, or other date that can confirm the counterpart and monetary amount of the transaction, whichever date is earlier; provided, for investment for which approval of the competent authority is required, the earlier of the above date or the date of receipt of approval by the competent authority shall apply.</p> <p>6. Mainland China area investment: Refers to investments in the mainland China area approved by the Ministry of Economic Affairs Investment Commission or conducted in accordance with the provisions of the Regulations Governing Permission for Investment or Technical Cooperation in the Mainland Area.</p> <p>7. "Within the preceding year" as used herein refers to the year preceding the date of occurrence of the current</p>	

Article	Original	Amendment	Amendment Reason
	<p>appraiser or a CPA's opinion has been obtained need not be counted toward the transaction amount.</p> <p>8. "Latest Financial Statements" used in the procedure is the financial statements of this company audited or reviewed by a certified public accountant which has been published in accordance with applicable regulations before the subject acquisition or disposal of assets.</p>	<p>transaction. Items for which an appraisal report from a professional appraiser or a CPA's opinion has been obtained need not be counted toward the transaction amount.</p> <p>8. "Latest Financial Statements" used in the procedure is the financial statements of this company audited or reviewed by a certified public accountant which has been published in accordance with applicable regulations before the subject acquisition or disposal of assets.</p>	
Article 6	<p>Professional appraisers and their officers, certified public accounts, attorneys, and securities underwriters that provide public companies with appraisal reports, certified public accountant's opinions, attorney's opinions, or underwriter's opinions and a party to the transaction may not be a related person.</p>	<p>Professional appraisers and their officers, certified public accounts, attorneys, and securities underwriters that provide public companies with appraisal reports, certified public accountant's opinions, attorney's opinions, or underwriter's opinions shall meet the following requirements:</p> <ol style="list-style-type: none"> 1. May not have previously received a final and unappealable sentence to imprisonment for 1 year or longer for a violation of the Act, the Company Act, the Banking Act of The Republic of China, the Insurance Act, the Financial Holding Company Act, or the Business Entity Accounting Act, or for fraud, breach of trust, embezzlement, forgery of documents, or occupational crime. However, this provision does not apply if 3 years have already passed since completion of service of the sentence, since expiration of the period of a suspended sentence, or since a pardon was received. 2. May not be a related party or de facto related party of any party to the transaction. 3. If the company is required to obtain appraisal reports from two or more professional appraisers, the different professional appraisers or appraisal officers may not be related parties or de facto related parties of each other. <p>When issuing an appraisal report or opinion, the personnel referred to in the preceding paragraph shall comply with the following:</p> <ol style="list-style-type: none"> 1. Prior to accepting a case, they shall 	Coordinate with the amendment

Article	Original	Amendment	Amendment Reason
		<p>prudently assess their own professional capabilities, practical experience, and independence.</p> <p>2. When examining a case, they shall appropriately plan and execute adequate working procedures, in order to produce a conclusion and use the conclusion as the basis for issuing the report or opinion. The related working procedures, data collected, and conclusion shall be fully and accurately specified in the case working papers.</p> <p>3. They shall undertake an item-by-item evaluation of the comprehensiveness, accuracy, and reasonableness of the sources of data used, the parameters, and the information, as the basis for issuance of the appraisal report or the opinion.</p> <p>4. They shall issue a statement attesting to the professional competence and independence of the personnel who prepared the report or opinion, and that they have evaluated and found that the information used is reasonable and accurate, and that they have complied with applicable laws and regulations.</p>	
Article 8	<p>Procedure for acquiring or disposing real estate property or equipment.</p> <p>1. Appraisal and operational procedure The Company's acquisition or disposal of real estate property or equipment shall comply with the Company's internal control system and fixed asset rules.</p> <p>2. Trade terms and conditions and credit limit decision-making procedure (1) To obtain or dispose of immovable property, reference shall be made to the present value of the announcement, the assessed value, the actual transaction price of the adjacent real estate, etc., and the transaction conditions and transaction price shall be determined, and an analysis report shall be submitted to the chairman of the board, and the amount shall be less than NT\$50,000,000 (inclusive). It should be submitted</p>	<p>Procedure for acquiring or disposing real estate property, equipment or right-of-use assets</p> <p>1. Appraisal and operational procedure The Company's acquisition or disposal of real estate property, right-of-use assets or equipment shall comply with the Company's internal control system and fixed asset rules.</p> <p>2. Trade terms and conditions and credit limit decision-making procedure (1) To obtain or dispose of immovable property, right-of-use assets, reference shall be made to the publicly announced present value, the assessed value, the actual transaction price of the adjacent real estate, etc., and the transaction conditions and transaction price shall be determined, and an analysis report shall be submitted to the chairman of the board, and the amount shall</p>	Coordinate with the amendment

Article	Original	Amendment	Amendment Reason
	<p>to the chairman of the board for approval. The amount of NT\$5,000,000 (inclusive) or above should be reported in the latest board meeting after the event; if it exceeds NT\$50,000,000, it must be approved by the board of directors. It.</p> <p>(2) The acquisition or disposition of other fixed assets shall be made by way of inquiry, price comparison, bargaining or bidding. If the amount is less than NT\$10,000 (inclusive), it shall be approved step by step according to the authorization method; Those who have received NT\$10,000 should be submitted to the general manager for approval and must be approved by the board of directors.</p> <p>3. Execution unit When the company obtains or disposes of real property or other fixed assets, it shall be executed by the user department and the management department after the verification of the authority of the previous paragraph is submitted.</p> <p>4. Appraisal report for real estate property or other fixed assets In acquiring or disposing of real property or equipment, thereof where the transaction amount reaches 20 percent of the company's paid-in capital or NT\$300 million or more, the company, unless transacting with a government agency, engaging others to build on its own land, engaging others to build on rented land, or acquiring or disposing of equipment thereof held for business use, shall obtain an appraisal report prior to the date of occurrence of the event from a professional appraiser and shall further comply with the following provisions: (1) Where due to special circumstances it is necessary to give a limited price, specified price, or special price as a</p>	<p>be less than NT\$50,000,000 (inclusive). It should be submitted to the chairman of the board for approval. The amount of NT\$5,000,000 million (inclusive) or above should be reported in the latest board meeting after the event; if it exceeds NT\$50,000,000, it must be approved by the board of directors. It.</p> <p>(2) The acquisition or disposition of other fixed assets shall be made by way of inquiry, price comparison, negotiation or bidding. If the amount is less than NT\$10,000 (inclusive), it shall be approved step by step according to the authorization method. Those who have received NT\$10,000 should be submitted to the general manager for approval and must be approved by the board of directors.</p> <p>3. Execution unit When the company obtains or disposes of real property, right-of-use assets or other fixed assets, it shall be executed by the user department and the management department after receiving approval from the departments according to the previous paragraph.</p> <p>4. Appraisal report for real estate property, right-of-use assets or other fixed assets In acquiring or disposing of real property, equipment, or right-of-use assets where the transaction amount reaches 20 percent of the company's paid-in capital or NT\$300 million or more, the company, unless transacting with a domestic government agency, engaging others to build on its own land, engaging others to build on rented land, or acquiring or disposing of equipment or right-of-use assets thereof held for business use, shall obtain an appraisal report prior to the date of occurrence of the event from a professional appraiser and shall</p>	

Article	Original	Amendment	Amendment Reason
	<p>reference basis for the transaction price, the transaction shall be submitted for approval in advance by the board of directors; Those who change the trading conditions in the future should also follow the above procedures.</p> <p>(2) Where the transaction amount is NT\$1 billion or more, appraisals from two or more professional appraisers shall be obtained.</p> <p>(3) Where any one of the following circumstances applies with respect to the professional appraiser's appraisal results, unless all the appraisal results for the assets to be acquired are higher than the transaction amount, or all the appraisal results for the assets to be disposed of are lower than the transaction amount, a certified public accountant shall be engaged to perform the appraisal in accordance with the provisions of Statement of Auditing Standards No. 20 published by the ROC Accounting Research and Development Foundation (ARDF) and render a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price:</p> <p>A. The discrepancy between the appraisal result and the transaction amount is 20 percent or more of the transaction amount.</p> <p>B. The discrepancy between the appraisal results of two or more professional appraisers is 10 percent or more of the transaction amount.</p> <p>(4) No more than 3 months may elapse between the date of the appraisal report issued by a professional appraiser and the contract execution date; provided, where the publicly announced current value for the same period is used and not more than 6</p>	<p>further comply with the following provisions:</p> <p>(1) Where due to special circumstances it is necessary to give a limited price, specified price, or special price as a reference basis for the transaction price, the transaction shall be submitted for approval in advance by the board of directors; the same procedure shall also be followed whenever there is any subsequent change to the terms and conditions of the transaction.</p> <p>(2) Where the transaction amount is NT\$1 billion or more, appraisals from two or more professional appraisers shall be obtained.</p> <p>(3) Where any one of the following circumstances applies with respect to the professional appraiser's appraisal results, unless all the appraisal results for the assets to be acquired are higher than the transaction amount, or all the appraisal results for the assets to be disposed of are lower than the transaction amount, a certified public accountant shall be engaged to perform the appraisal in accordance with the provisions of Statement of Auditing Standards No. 20 published by the ROC Accounting Research and Development Foundation (ARDF) and render a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price:</p> <p>A. The discrepancy between the appraisal result and the transaction amount is 20 percent or more of the transaction amount.</p> <p>B. The discrepancy between the appraisal results of two or more professional appraisers is 10 percent or more of the transaction amount.</p> <p>(4) No more than 3 months may</p>	

Article	Original	Amendment	Amendment Reason
	months have elapsed, an opinion may still be issued by the original professional appraiser.	elapse between the date of the appraisal report issued by a professional appraiser and the contract execution date; provided, where the publicly announced current value for the same period is used and not more than 6 months have elapsed, an opinion may still be issued by the original professional appraiser.	
Article 10	<p>Procedures of Related Party Transactions</p> <p>1. The Company and its related parties obtain or dispose of assets. Except for the handling of the Article 8 processing procedures and the relevant resolution procedures and the assessment of the reasonableness of the trading conditions, the transaction amount shall be more than 10% of the company's total assets. The valuation report or accountant's opinion issued by the professional valuer shall also be obtained in accordance with Article 8. The calculation of the transaction amount of the preceding paragraph shall be handled in accordance with one of the provisions of Article 11. In addition, when judging whether the transaction object is a related person, in addition to paying attention to its legal form, the substantive relationship should be considered.</p> <p>2. Procedures of Assessment and operation</p> <p>When a public company intends to acquire or dispose of real property or thereof from or to a related party, or when it intends to acquire or dispose of assets other than real property or thereof from or to a related party and the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the company's total assets, or NT\$300 million or more, except in trading of government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises, the company may not proceed to enter</p>	<p>Procedures of Related Party Transactions</p> <p>1. When the Company and its related parties obtain or dispose of assets, except for cases that are treated according to the related procedures in Article 8 and the relevant resolution procedures and the assessment of the reasonableness of the trading conditions, if the transaction amount is more than 10% of the Company's total assets, the valuation report or accountant's opinion issued by the professional valuer shall also be obtained in accordance with Article 8. The calculation of the transaction amount described in the preceding paragraph shall be handled in accordance with Article 11-1. In addition, when determining whether the transaction counterparty is a related party, in addition to its legal form, the substantive relationship should also be considered.</p> <p>2. Procedures of Assessment and operation</p> <p>When a public company intends to acquire or dispose of real property or right-of-use assets from or to a related party, or when it intends to acquire or dispose of assets other than real property or right-of-use assets thereof from or to a related party and the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the company's total assets, or NT\$300 million or more, except in trading of domestic government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises,</p>	Coordinate with the amendment

Article	Original	Amendment	Amendment Reason
	<p>into a transaction contract or make a payment until the following matters have been approved by the board of directors and recognized by the supervisors:</p> <p>(1) The purpose, necessity and anticipated benefit of the acquisition or disposal of real estate.</p> <p>(2) The reason for choosing the related party as a transaction counterparty.</p> <p>(3) With respect to the acquisition of real property thereof from a related party, information regarding appraisal of the reasonableness of the preliminary transaction terms in accordance with Article 3 paragraph 1 to 4 and 6.</p> <p>(4) The date and price at which the related party originally acquired the real property, the original transaction counterparty, and that transaction counterparty's relationship to the company and the related party.</p> <p>(5) Monthly cash flow forecasts for the year commencing from the anticipated month of signing of the contract, and evaluation of the necessity of the transaction, and reasonableness of the funds utilization.</p> <p>(6) An appraisal report from a professional appraiser or a CPA's opinion obtained in compliance with the preceding article.</p> <p>(7) Restrictive covenants and other important stipulations associated with the transaction.</p> <p>The calculation of the transaction amounts referred to in the preceding paragraph shall be made in accordance with Article 15, paragraph 6 herein, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items that have been approved by the board of directors and recognized by the supervisors need not be counted toward the</p>	<p>the company may not proceed to enter into a transaction contract or make a payment until the following matters have been approved by the board of directors and recognized by the supervisors:</p> <p>(1) The purpose, necessity and anticipated benefit of the acquisition or disposal of assets.</p> <p>(2) The reason for choosing the related party as a transaction counterparty.</p> <p>(3) With respect to the acquisition of real property or right-of-use assets thereof from a related party, information regarding appraisal of the reasonableness of the preliminary transaction terms in accordance with Article 3 paragraph 1 to 4 and 6.</p> <p>(4) The date and price at which the related party originally acquired the real property, the original transaction counterparty, and that transaction counterparty's relationship to the company and the related party.</p> <p>(5) Monthly cash flow forecasts for the year commencing from the anticipated month of signing of the contract, and evaluation of the necessity of the transaction, and reasonableness of the funds utilization.</p> <p>(6) An appraisal report from a professional appraiser or a CPA's opinion obtained in compliance with the preceding article.</p> <p>(7) Restrictive covenants and other important stipulations associated with the transaction.</p> <p>The calculation of the transaction amounts referred to in the preceding paragraph shall be made in accordance with Article 15, paragraph 6 herein, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items that have been approved by the board of directors and recognized by the supervisors</p>	

Article	Original	Amendment	Amendment Reason
	<p>transaction amount.</p> <p>With respect to the types of transactions listed below, when to be conducted between a public company and its parent or subsidiaries, the company's board of directors may pursuant to Article 8, paragraph 1, subparagraph 2 delegate the board chairman to decide such matters when the transaction is within a certain amount and have the decisions subsequently submitted to and ratified by the next board of directors meeting.</p> <p>Where the position of independent director has been created in accordance with the provisions of the Act, when a matter is submitted for discussion by the board of directors pursuant to paragraph 1, the board of directors shall take into full consideration each independent director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the board of directors meeting.</p> <p>3. Rationality of transaction costs</p> <p>(1) A public company that acquires real property thereof from a related party shall evaluate the reasonableness of the transaction costs by the following means:</p> <p>1. Based upon the related party's transaction price plus necessary interest on funding and the costs to be duly borne by the buyer. "Necessary interest on funding" is imputed as the weighted average interest rate on borrowing in the year the company purchases the property; provided, it may not be higher than the maximum non-financial industry lending rate announced by the Ministry of Finance.</p> <p>2. Total loan value appraisal from a financial institution where the related party has previously</p>	<p>need not be counted toward the transaction amount.</p> <p>With respect to the types of transactions listed below, when to be conducted between a public company and its parent or subsidiaries, or between its subsidiaries in which it directly or indirectly holds 100 percent of the issued shares or authorized capital, the company's board of directors may pursuant to Article 8, paragraph 1, subparagraph 2 delegate the board chairman to decide such matters when the transaction is within a certain amount and have the decisions subsequently submitted to and ratified by the next board of directors meeting:</p> <p>1. Acquisition or disposal of equipment or right-of-use assets thereof held for business use.</p> <p>2. Acquisition or disposal of real property right-of-use assets held for business use.</p> <p>Where the position of independent director has been created in accordance with the provisions of the Act, when a matter is submitted for discussion by the board of directors pursuant to paragraph 1, the board of directors shall take into full consideration each independent director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the board of directors meeting.</p> <p>3. Rationality of transaction costs</p> <p>(1) A public company that acquires real property or right-of-use assets thereof from a related party shall evaluate the reasonableness of the transaction costs by the following means:</p> <p>1. Based upon the related party's transaction price plus necessary interest on funding and the</p>	

Article	Original	Amendment	Amendment Reason
	<p>created a mortgage on the property as security for a loan; provided, the actual cumulative amount loaned by the financial institution shall have been 70 percent or more of the financial institution's appraised loan value of the property and the period of the loan shall have been 1 year or more. However, this shall not apply where the financial institution is a related party of one of the transaction counterparties.</p> <p>(2) Where land and structures thereupon are combined as a single property purchased in one transaction, the transaction costs for the land and the structures may be separately appraised in accordance with either of the means listed in the preceding paragraph.</p> <p>(3) A public company that acquires real property thereof from a related party and appraises the cost of the real property thereof in accordance with the preceding two paragraphs shall also engage a CPA to check the appraisal and render a specific opinion.</p> <p>(4) When the Company obtains the real property from the related party in accordance with paragraph 1 and paragraph 2 of the Article 3 are uniformly lower than the transaction price, the matter shall be handled in compliance with Article 3 paragraph 5. However, where the following circumstances exist, objective evidence has been submitted and specific opinions on reasonableness have been obtained from a professional real property appraiser and a CPA have been obtained, this restriction shall not apply:</p> <p>1. Where the related party acquired undeveloped land or leased land for development, it may submit proof of</p>	<p>costs to be duly borne by the buyer. "Necessary interest on funding" is imputed as the weighted average interest rate on borrowing in the year the company purchases the property; provided, it may not be higher than the maximum non-financial industry lending rate announced by the Ministry of Finance.</p> <p>2. Total loan value appraisal from a financial institution where the related party has previously created a mortgage on the property as security for a loan; provided, the actual cumulative amount loaned by the financial institution shall have been 70 percent or more of the financial institution's appraised loan value of the property and the period of the loan shall have been 1 year or more. However, this shall not apply where the financial institution is a related party of one of the transaction counterparties.</p> <p>(2) Where land and structures thereupon are combined as a single property purchased or leased in one transaction, the transaction costs for the land and the structures may be separately appraised in accordance with either of the means listed in the preceding paragraph.</p> <p>(3) A public company that acquires real property or right-of-use assets thereof from a related party and appraises the cost of the real property or right-of-use assets thereof in accordance with the preceding two paragraphs shall also engage a CPA to check the appraisal and render a specific opinion.</p> <p>(4) When the Company obtains the real property or its right-of-use assets from the related party in accordance with paragraph 1 and paragraph 2 of the Article 3 are</p>	

Article	Original	Amendment	Amendment Reason
	<p>compliance with one of the following conditions:</p> <p>(A) Where undeveloped land is appraised in accordance with the means in the preceding Article, and structures according to the related party's construction cost plus reasonable construction profit are valued in excess of the actual transaction price. The "Reasonable construction profit" shall be deemed the average gross operating profit margin of the related party's construction division over the most recent 3 years or the gross profit margin for the construction industry for the most recent period as announced by the Ministry of Finance, whichever is lower.</p> <p>(B) Completed transactions by unrelated parties within the preceding year involving other floors of the same property or neighboring or closely valued parcels of land, where the land area and transaction terms are similar after calculation of reasonable price discrepancies in floor or area land prices in accordance with standard property market sale or leasing practices.</p> <p>(C) For other non-related party lease cases within one year of the other floors of the same subject, the transaction conditions shall be estimated based on the reasonable floor price difference according to the real estate leasing practice.</p> <p>2. Where the Company acquiring real property, from a related party provides evidence that the terms of the transaction are</p>	<p>uniformly lower than the transaction price, the matter shall be handled in compliance with Article 3 paragraph 5. However, where the following circumstances exist, objective evidence has been submitted and specific opinions on reasonableness have been obtained from a professional real property appraiser and a CPA have been obtained, this restriction shall not apply:</p> <p>1. Where the related party acquired undeveloped land or leased land for development, it may submit proof of compliance with one of the following conditions:</p> <p>(A) Where undeveloped land is appraised in accordance with the means in the preceding Article, and structures according to the related party's construction cost plus reasonable construction profit are valued in excess of the actual transaction price. The "Reasonable construction profit" shall be deemed the average gross operating profit margin of the related party's construction division over the most recent 3 years or the gross profit margin for the construction industry for the most recent period as announced by the Ministry of Finance, whichever is lower.</p> <p>(B) Completed transactions by unrelated parties within the preceding year involving other floors of the same property or neighboring or closely valued parcels of land, where the land area and transaction terms are similar after calculation of reasonable price discrepancies in floor or</p>	

Article	Original	Amendment	Amendment Reason
	<p>similar to the terms of completed transactions involving neighboring or closely valued parcels of land of a similar size by unrelated parties within the preceding year.</p> <p>Completed transactions involving neighboring or closely valued parcels of land in the preceding paragraph in principle refers to parcels on the same or an adjacent block and within a distance of no more than 500 meters or parcels close in publicly announced current value; transactions involving similarly sized parcels in principle refers to transactions completed by unrelated parties for parcels with a land area of no less than 50 percent of the property in the planned transaction; within the preceding year refers to the year preceding the date of occurrence of the acquisition of the real property.</p> <p>(5) Where the Company acquires real property from a related party and the results of appraisals conducted in accordance with the preceding two articles are uniformly lower than the transaction price, the following steps shall be taken:</p> <p>1. A special reserve shall be set aside in accordance with Article 41, paragraph 1 of the Act against the difference between the real property transaction price and the appraised cost, and may not be distributed or used for capital increase or issuance of bonus shares.</p> <p>Where a public company uses the equity method to account for its investment in another company, then the special reserve called for under Article 41, paragraph of the Act shall be set aside pro rata in a proportion consistent with the</p>	<p>area land prices in accordance with standard property market sale or leasing practices.</p> <p>2. Where the Company acquiring real property, or obtaining real property right-of-use assets through leasing, from a related party provides evidence that the terms of the transaction are similar to the terms of completed transactions involving neighboring or closely valued parcels of land of a similar size by unrelated parties within the preceding year.</p> <p>Completed transactions involving neighboring or closely valued parcels of land in the preceding paragraph in principle refers to parcels on the same or an adjacent block and within a distance of no more than 500 meters or parcels close in publicly announced current value; transactions involving similarly sized parcels in principle refers to transactions completed by unrelated parties for parcels with a land area of no less than 50 percent of the property in the planned transaction; within the preceding year refers to the year preceding the date of occurrence of the acquisition of the real property or obtainment of the right-of-use assets thereof.</p> <p>(5) Where the Company acquires real property or right-of-use assets thereof from a related party and the results of appraisals conducted in accordance with the preceding two articles are uniformly lower than the transaction price, the following steps shall be taken:</p> <p>1. A special reserve shall be set aside in accordance with Article 41, paragraph 1 of the Act against the difference between the real property transaction price and the appraised cost, and may not be distributed or used for capital increase or</p>	

Article	Original	Amendment	Amendment Reason
	<p>share of public company's equity stake in the other company.</p> <p>2. Supervisors shall comply with Article 218 of the Company Act. Where an audit committee has been established in accordance with the provisions of the Act, the preceding part of this subparagraph shall apply mutatis mutandis to the independent director members of the audit committee.</p> <p>3. Actions taken pursuant to the preceding two subparagraphs shall be reported to a shareholders meeting, and the details of the transaction shall be disclosed in the annual report and any investment prospectus. A public company that has set aside a special reserve under the preceding paragraph may not utilize the special reserve until it has recognized a loss on decline in market value of the assets it purchased or leased at a premium, or they have been disposed of, or the leasing contract has been terminated, or adequate compensation has been made, or the status quo ante has been restored, or there is other evidence confirming that there was nothing unreasonable about the transaction, and the FSC has given its consent.</p> <p>(6) The company obtains real estate from related parties. If any of the following circumstances is met, it shall be handled in accordance with the provisions of the first and second items of this Article. The assessment requirements for the reasonableness of transaction costs in Items (1), (2) and (3) of paragraph 3 of this Article are not applicable:</p> <p>1. The related party acquired the real property through inheritance or as a gift.</p>	<p>issuance of bonus shares. Where a public company uses the equity method to account for its investment in another company, then the special reserve called for under Article 41, paragraph of the Act shall be set aside pro rata in a proportion consistent with the share of public company's equity stake in the other company.</p> <p>2. Supervisors shall comply with Article 218 of the Company Act. Where an audit committee has been established in accordance with the provisions of the Act, the preceding part of this subparagraph shall apply mutatis mutandis to the independent director members of the audit committee.</p> <p>3. Actions taken pursuant to the preceding two subparagraphs shall be reported to a shareholders meeting, and the details of the transaction shall be disclosed in the annual report and any investment prospectus. A public company that has set aside a special reserve under the preceding paragraph may not utilize the special reserve until it has recognized a loss on decline in market value of the assets it purchased or leased at a premium, or they have been disposed of, or the leasing contract has been terminated, or adequate compensation has been made, or the status quo ante has been restored, or there is other evidence confirming that there was nothing unreasonable about the transaction, and the FSC has given its consent.</p> <p>(6) The company obtains real estate or right-of-use assets from related parties. In any of the following circumstances, it shall be handled</p>	

Article	Original	Amendment	Amendment Reason
	<p>2. More than 5 years will have elapsed from the time the related party signed the contract to obtain the real property to the signing date for the current transaction.</p> <p>3. The real property is acquired through signing of a joint development contract with the related party, or through engaging a related party to build real property, either on the company's own land or on rented land.</p> <p>(7) When a public company obtains real property from a related party, it shall also comply with the Article3 paragraphs(5) if there is other evidence indicating that the acquisition was not an arms length transaction.</p>	<p>in accordance with the provisions of the first and second items of this Article. The assessment requirements for the reasonableness of transaction costs in paragraphs (1), (2) and (3) of Article 3 of this Article are not applicable:</p> <p>1. The related party acquired the real property or right-of-use assets thereof through inheritance or as a gift.</p> <p>2. More than 5 years will have elapsed from the time the related party signed the contract to obtain the real property or right-of-use assets thereof to the signing date for the current transaction.</p> <p>3. The real property is acquired through signing of a joint development contract with the related party, or through engaging a related party to build real property, either on the company's own land or on rented land.</p> <p>4. The real property right-of-use assets for business use are acquired by the public company with its parent or subsidiaries, or by its subsidiaries in which it directly or indirectly holds 100 percent of the issued shares or authorized capital.</p> <p>(7) When a public company obtains real property or right-of-use assets thereof from a related party, it shall also comply with the Article3 paragraphs(5) if there is other evidence indicating that the acquisition was not an arms length transaction.</p>	
Article 11	<p>Procedures for Acquisition or Disposal of Memberships or Intangible Assets</p> <p>1. Appraisal and Operating Procedures Acquisition or disposal of memberships or intangible assets by the Company shall follow the fixed assets cycle under the Company's internal control system.</p> <p>2. Decision procedure for trading</p>	<p>Procedures for Acquisition or Disposal of Memberships or Intangible Assets</p> <p>1. Appraisal and Operating Procedures Acquisition or disposal of memberships or intangible assets by the Company shall follow the fixed assets cycle procedures under the Company's internal control system.</p> <p>2. Decision procedure for trading</p>	Coordinate with the amendment

Article	Original	Amendment	Amendment Reason
	<p>conditions and authorization amount If the company obtains or disposes of the assets according to the prescribed processing procedures or other legal provisions, it shall be approved by the board of directors. If any directors express objection and have a record or written statement, the company shall send the directors' dissent materials to the supervisors. In addition, if the company has set up independent directors and will obtain or dispose of the asset transactions to the board of directors for discussion, it should fully consider the opinions of the independent directors. If the independent directors have any objections or reservations, they should be stated in the minutes of the board of directors.</p> <p>3. Executive unit Where the Company acquires or disposes membership or intangible assets, the report shall be submitted as regulated in the preceding paragraph, and executed by authorized, finance or management division.</p> <p>4. Member card or intangible asset expert assessment report Where the Company acquires or disposes of intangible assets or right-of-use assets thereof or memberships and the transaction amount reaches 20 percent or more of paid-in capital or NT\$300 million or more, except in transactions with government agency, the company shall engage a certified public accountant prior to the date of occurrence of the event to render an opinion on the reasonableness of the transaction price; the CPA shall comply with the provisions of Statement of Auditing Standards No. 20 published by the ARDF.</p>	<p>conditions and authorization amount If the Company obtains or disposes of the assets according to the prescribed processing procedures or other legal provisions, it shall be approved by the board of directors. If any directors express objection and have a record or written statement, the Company shall send the directors' dissent materials to the supervisors. In addition, if the Company has set up independent directors and will obtain or dispose of the asset transactions to the board of directors for discussion, it should fully consider the opinions of the independent directors. If the independent directors have any objections or reservations, they should be stated in the minutes of the board of directors.</p> <p>3. Executive unit Where the Company acquires or disposes membership or intangible assets, the report shall be submitted as regulated in the preceding paragraph, and executed by the authorized department, finance department or management division.</p> <p>4. Member card or intangible asset expert assessment report Where the Company acquires or disposes of intangible assets or right-of-use assets thereof or memberships and the transaction amount reaches 20 percent or more of paid-in capital or NT\$300 million or more, except in transactions with a domestic government agency, the company shall engage a certified public accountant prior to the date of occurrence of the event to render an opinion on the reasonableness of the transaction price; the CPA shall comply with the provisions of Statement of Auditing Standards No. 20 published by the ARDF.</p>	
Article 13	<p>Procedures for Acquisition or Disposal of Derivative goods</p> <p>1. Trading principles and guidelines</p> <p>(1) Type of transaction</p> <p>A. Derivative financial products engaged by the company refer</p>	<p>Procedures for Acquisition or Disposal of Derivative goods</p> <p>1. Trading principles and guidelines</p> <p>(1) Type of transaction</p> <p>A. Derivative financial products engaged by the company refer</p>	

Article	Original	Amendment	Amendment Reason
	<p>to transaction contracts whose value is derived from commodities such as assets, interest rates, exchange rates, indices or other interests (such as forward contracts, options, futures, interest rates or exchange rates, exchanges, and the above commodities). Combined composite contract, etc.)</p> <p>B. Matters relating to bond margin transactions shall be handled in accordance with the relevant provisions of this procedure. The trading of bonds subject to the conditions for repurchase does not apply to the provisions of this procedure.</p> <p>(2) Management (hazard) strategy The Company engages in derivative financial products trading, and should aim at hedging. The trading commodities should be selected to avoid the risks arising from the business operations of the company. The currency held must match the foreign currency demand of the company's actual import and export transactions. The company's overall internal parts (referring to foreign currency income and expenses) are self-financing, thereby reducing the company's overall foreign exchange risk and saving foreign exchange operating costs. Other specific use transactions must be carefully evaluated and submitted to the Board for approval before proceeding.</p> <p>(3) Division of powers and responsibilities 1. financial department (A) Trader a. Responsible for the formulation of the company's financial commodity trading strategy. b. Traders should regularly</p>	<p>to transaction contracts whose value is derived from commodities such as assets, interest rates, exchange rates, indices or other interests (such as forward contracts, options, futures, interest rates or exchange rates, exchanges, and the above commodities). Combined composite contract, etc.)</p> <p>B. Matters relating to bond margin transactions shall be handled in accordance with the relevant provisions of this procedure. The trading of bonds subject to the conditions for repurchase does not apply to the provisions of this procedure.</p> <p>(2) Management (hazard) strategy The Company engages in derivative financial products trading, and should aim at hedging. The trading commodities should be selected to avoid the risks arising from the business operations of the company. The currency held must match the foreign currency demand of the company's actual import and export transactions. The company's overall internal parts (referring to foreign currency income and expenses) are self-financing, thereby reducing the company's overall foreign exchange risk and saving foreign exchange operating costs. Other specific use transactions must be carefully evaluated and submitted to the Board for approval before proceeding.</p> <p>(3) Division of responsibilities 1. financial department (A) Trader a. Responsible for the formulation of the company's financial commodity trading strategy. b. Traders should regularly</p>	

Article	Original	Amendment	Amendment Reason
	<p>calculate the location every two weeks, collect market information, conduct trend judgments and risk assessments, and formulate operational strategies. After approval by the approval authority, they should be used as the basis for trading.</p> <p>c. The transaction is executed in accordance with the authorization authority and the established strategy.</p> <p>d. When there is a major change in the financial market and the trader judges that the established strategy is not applicable, the assessment report is submitted at any time, and the strategy is re-planned. After approval by the general manager, it is used as the basis for trading.</p> <p>(B) Accountant</p> <p>a. Execute the transaction.</p> <p>b. Review whether the transaction is based on authorization rights and established policies.</p> <p>c. The evaluation is carried out monthly and the evaluation report is presented to the general manager.</p> <p>d. Accounting and accounting processing.</p> <p>e. Declaration and announcement in accordance with the regulations of the Financial Supervision and Administration Commission of the Executive Yuan.</p> <p>(C) Delivery personnel: Executio delivery</p> <p>(D) Derivative commodity</p>	<p>calculate the position every two weeks, collect market information, conduct trend determination and risk assessments, and formulate operational strategies. After being approved by the authority, they should be used as the basis for trading.</p> <p>c. The transaction is executed in accordance with the authorization and the established strategy.</p> <p>d. When there is a major change in the financial market and the trader judges that the established strategy is not applicable, the assessment report is submitted at any time, and the strategy is re-planned. After being approved by the general manager, it is used as the basis for trading.</p> <p>(B) Accountant</p> <p>a. Execute the transaction.</p> <p>b. Review whether the transaction is based on authorization rights and the established policies.</p> <p>c. The evaluation is carried out monthly and the evaluation report is presented to the general manager.</p> <p>d. Accounting and accounting processing.</p> <p>e. Declaration and announcement in accordance with the regulations of the Financial Supervisory Commission of the Executive Yuan.</p> <p>(C) Settlement staff: to perform settlement</p>	

Article	Original	Amendment	Amendment Reason
	<p>verification authority</p> <p>a. The approval authority of the hedging transaction for the hedging transaction must be approved by the chairman of the board of directors and submitted to the board of directors for the last time.</p> <p>b. Specific-purpose transactions can be carried out after being submitted to the Board of Directors for approval.</p> <p>c. If the company obtains or disposes of the assets according to the prescribed processing procedures or other legal provisions, it shall be approved by the board of directors. If any directors express objection and have a record or written statement, the company shall send the directors' dissent materials to the supervisors. In addition, if the company has set up independent directors and will obtain or dispose of the asset transactions to the board of directors for discussion, it should fully consider the opinions of the independent directors. If the independent directors have any objections or reservations, they should be stated in the minutes of the board of directors.</p> <p>(4) Performance evaluation</p> <p>1. Risk avoidance transaction</p> <p>(1) The profit and loss generated between the exchange rate cost of the company and the derivative financial transactions is the basis of performance</p>	<p>(D) Derivative commodity authorization</p> <p>a. The approval authority of the hedging transaction for the hedging transaction must be approved by the chairman of the board of directors and submitted to the board meeting that immediately follows the transaction.</p> <p>b. Specific-purpose transactions can be carried out after being submitted to the Board of Directors for approval.</p> <p>c. If the Company obtains or disposes of the assets according to the prescribed processing procedures or other legal provisions, it shall be approved by the board of directors. If any directors express objection and have a record or written statement, the company shall send the directors' dissent materials to the supervisors. In addition, if the company has set up independent directors and will obtain or dispose of the asset transactions to the board of directors for discussion, it should fully consider the opinions of the independent directors. If the independent directors have any objections or reservations, they should be stated in the minutes of the board of directors.</p> <p>(4) Performance evaluation</p> <p>1. Risk avoidance transaction</p> <p>(1) The profit and loss generated between the exchange rate cost of the company and the derivative</p>	

Article	Original	Amendment	Amendment Reason
	<p>evaluation.</p> <p>(2) In order to fully grasp and express the evaluation risk of the transaction, the company evaluates the profit and loss by means of the monthly evaluation method.</p> <p>(3) The financial department shall provide foreign exchange location evaluation and foreign exchange market trends and market analysis to the management as a management reference and instruction.</p> <p>2. Specific transaction The actual profit and loss is used as the performance evaluation basis, and the accountants must regularly report the parts to provide management reference.</p> <p>(5) Total contract amount and maximum loss limit</p> <p>1. Total contract</p> <p>(1) Risk trading quota The finance department should master the overall position of the company to avoid trading risks. The amount of risk-avoiding transactions should not exceed two-thirds of the company's overall net position. If more than two-thirds of the total should be reported to the general manager for approval.</p> <p>(2) Specific transaction Based on the forecast of market changes, the finance department may formulate strategies according to needs and report it to the general manager and the chairman of the board for approval. The Company's specific-purpose transactions are subject to a total contractual amount of</p>	<p>financial transactions is the basis of performance evaluation.</p> <p>(2) In order to fully grasp and express the evaluation risk of the transaction, the company evaluates the profit and loss by means of the monthly evaluation method.</p> <p>(3) The financial department shall provide foreign exchange location evaluation and foreign exchange market trends and market analysis to the management as a management reference and instruction.</p> <p>2. Specific transaction Based on the forecast of market changes, the finance department may formulate strategies according to needs and report it to the general manager and the chairman of the board for approval. The Company's specific-purpose transactions are subject to a total contractual amount of the company's net accumulative position, which is limited to US\$ 10,000. If the amount exceeds the above amount, it must be approved by the board of directors, and it can be obtained according to the policy directive.</p> <p>(5) Total contract amount and maximum loss limit</p> <p>1. Total contract</p> <p>(1) hedging limit The finance department should master the overall position of the company to avoid trading risks. The amount of risk-avoiding transactions should not exceed two-thirds of the company's overall net position. If more than two-thirds of the total should be reported to the general</p>	

Article	Original	Amendment	Amendment Reason
	<p>the company's net accumulative position, which is limited to US\$ 10,000. If the amount exceeds the above amount, it must be approved by the board of directors, and it can be obtained according to the policy directive.</p> <p>2. Setting of the upper limit of loss</p> <p>(1) Risk-averse trading is to avoid risks. The individual contract loss limit is 50% of the individual contract amount; the total contract loss limit is 50% of the total contract amount.</p> <p>(2) It is a special purpose transaction contract. After the location is established, stop loss points should be set to prevent excess losses. The stop loss point is set at a limit of 15% of the transaction contract amount, and the amount of the individual contract loss is not higher than the US\$100 million or 15% of the transaction contract amount. The maximum annual loss for the company's specific purpose of trading operations is US\$ 10,000. If the amount of the loss exceeds 10% of the transaction amount, it shall be reported to the general manager immediately and reported to the board of directors to discuss the response measures.</p> <p>2. Risk management measures</p> <p>(1) Credit risk management: Due to changes in various factors in the market, it is easy to cause operational risks of derivative financial products. Therefore, in market risk management, the following principles are followed:</p> <p>1. Trading partners : It is dominated by domestic and</p>	<p>manager for approval.</p> <p>(2) Specific transaction Based on the forecast of market changes, the finance department may formulate strategies according to needs and report it to the general manager and the chairman of the board for approval. The Company's specific-purpose transactions are subject to a total contractual amount of the company's net accumulative position, which is limited to US\$ 10,000. If the amount exceeds the above amount, it must be approved by the board of directors, and it can be obtained according to the policy directive.</p> <p>2. Setting of the upper limit of loss</p> <p>(1) Risk-averse trading is to avoid risks. The individual contract loss limit is 50% of the individual contract amount; the total contract loss limit is 50% of the total contract amount.</p> <p>(2) It is a special purpose transaction contract. After the location is established, stop loss points should be set to prevent excess losses. The stop loss point is set at a limit of 15% of the transaction contract amount, and the amount of the individual contract loss is not higher than the US\$100 million or 15% of the transaction contract amount. The maximum annual loss for the company's specific purpose of trading operations is US\$ 10,000. If the amount of the loss exceeds 10% of the transaction amount, it shall be reported to the general manager immediately and</p>	

Article	Original	Amendment	Amendment Reason
	<p>foreign famous financial institutions.</p> <p>2. Trading commodity : It is limited to the goods provided by famous financial institutions at home and abroad.</p> <p>3. Amount of the transaction : The amount of the unreversed transaction of the same transaction object shall not exceed 10% of the total authorized amount, but the general manager approver shall not.</p> <p>(2) Market risk management: Based on the foreign exchange market provided by banks, the futures market will not be considered for the time being.</p> <p>(3) Liquidity risk management: In order to ensure market liquidity, financial institutions are preferred when selecting financial products, and financial institutions entrusted with transactions must have sufficient information and the ability to conduct transactions in the market at any time.</p> <p>(4) Cash flow risk management To ensure the stability of the company's operating capital, the company engaged in funding sources derivative products transactions is limited to its own funds, and its operation should consider the amount of money demand forecasting future cash payments.</p> <p>(5) Operational risk management</p> <p>1. The company's authorization quota, operating procedures, and internal audits should be followed to avoid operational risks.</p> <p>2. Traders engaged in derivative commodities and operators such as confirmation and delivery shall not concurrently serve each other.</p> <p>3. The risk measurement, supervision and control</p>	<p>reported to the board of directors to discuss the response measures.</p> <p>2. Risk management measures</p> <p>(1) Credit risk management: Due to changes in various factors in the market, it is easy to cause operational risks of derivative financial products. Therefore, in market risk management, the following principles are followed:</p> <p>1. Counterparties: shall be mainly well known domestic and foreign financial institutions.</p> <p>2. Trading commodity : It is limited to the goods provided by famous financial institutions at home and abroad.</p> <p>3. Amount of the transaction : The amount of the unreversed transaction of the same transaction object shall not exceed 10% of the total authorized amount, but the general manager approver shall not.</p> <p>(2) Market risk management: Based on the foreign exchange market provided by banks, the futures market will not be considered for the time being.</p> <p>(3) Liquidity risk management: In order to ensure market liquidity, financial institutions are preferred when selecting financial products, and financial institutions entrusted with transactions must have sufficient information and the ability to conduct transactions in the market at any time.</p> <p>(4) Cash flow risk management To ensure the stability of the company's operating capital, the company engaged in funding sources derivative products transactions is limited to its own funds, and its operation should consider the amount of money demand forecasting future cash payments.</p> <p>(5) Operational risk management</p>	

Article	Original	Amendment	Amendment Reason
	<p>personnel shall be in different departments from the preceding paragraph, and shall report to the board of directors or senior executives who are not responsible for the decision-making of the transaction or part.</p> <p>4. Held derivative commodity exchange sites should be evaluated at least once a week, but if it is hedging transactions business should evaluate the need to apply at least the second month of its assessment report to be presented to the executives who authorized the Board of Directors.</p> <p>(6) Commodity risk management Internal traders should have complete and correct professional knowledge of financial products, and require banks to fully expose risks to avoid the risk of using financial products.</p> <p>(7) Legal risk management: Documents signed with financial institutions should be formally signed by special personnel of foreign exchange and legal or legal counsel before they can be formally signed to avoid legal risks.</p> <p>3. Internal audit system</p> <p>(1) Internal auditors should regularly understand the admissibility of internal control of derivative commodity transactions, and check the compliance of the trading department on the transaction procedures for derivative commodity transactions and analyze the trading cycle on a monthly basis to make an audit report. If major violations are found, Notify the supervisor in writing and report to the board of directors.</p> <p>(2) The internal auditor shall report the audit report and the annual audit of the internal audit work to the FSC by the end of February of</p>	<p>1.The company's authorization quota, operating procedures, and internal audits should be followed to avoid operational risks.</p> <p>2.Traders engaged in derivative commodities and operators such as confirmation and delivery shall not concurrently serve each other.</p> <p>3.The risk measurement, supervision and control personnel shall be in different departments from the preceding paragraph, and shall report to the board of directors or senior executives who are not responsible for the decision-making of the transaction or part.</p> <p>4. Held derivative commodity exchange sites should be evaluated at least once a week, but if it is hedging transactions business should evaluate the need to apply at least the second month of its assessment report to be presented to the executives who authorized the Board of Directors.</p> <p>(6) Commodity risk management Internal traders should have complete and correct professional knowledge of financial products, and require banks to fully expose risks to avoid the risk of using financial products.</p> <p>(7) Legal risk management: Documents signed with financial institutions should be formally signed by special personnel of foreign exchange and legal or legal counsel before they can be formally signed to avoid legal risks.</p> <p>3. Internal audit system</p> <p>(1) Internal auditors should regularly understand the admissibility of internal control of derivative commodity transactions, and check the compliance of the trading department on the</p>	

Article	Original	Amendment	Amendment Reason
	<p>the following year, and report the improvement of the abnormal matters to the FSC by the end of May of the following year.</p> <p>4. Regular assessment</p> <p>(1) The board of directors shall authorize the senior executives to regularly supervise and evaluate whether the transactions in the derivative commodities are actually handled in accordance with the company's trading procedures, and whether the risks assumed are within the scope of the allowable undertaking and the market price assessment report has abnormal circumstances (such as the holding position). When the loss has been exceeded, report to the board of directors immediately and take the appropriate measures.</p> <p>(2) Held derivative commodity exchange sites should be evaluated at least once a week, but if it is hedging transactions business should evaluate the need to apply at least the second month of its assessment report to be presented to the executives who authorized the Board of Directors.</p> <p>5. The supervision and management principles of the board of directors when engaging in derivative commodity transactions</p> <p>(1) The board of directors shall appoint high-level supervisors to pay attention to the supervision and control of the risk of derivative commodity trading at any time. The management principles are as follows: Regularly assess whether the currently used risk management measures are appropriate and do in accordance with the Code and the company's procedures for dealing with derivative goods. To supervise the transaction and the profit and loss situation, if abnormal circumstances are found, the necessary</p>	<p>transaction procedures for derivative commodity transactions and analyze the trading cycle on a monthly basis to make an audit report. If major violations are found, Notify the supervisor in writing and report to the board of directors. Informing the supervisors of the matters in accordance with the preceding paragraph shall notify the independent directors in writing.</p> <p>(2) The internal auditor shall report the audit report and the annual audit of the internal audit work to the FSC by the end of February of the following year, and report the improvement of the abnormal matters to the FSC by the end of May of the following year.</p> <p>4. Regular assessment</p> <p>(1) The board of directors shall authorize the senior executives to regularly supervise and evaluate whether the transactions in the derivative commodities are actually handled in accordance with the company's trading procedures, and whether the risks assumed are within the scope of the allowable undertaking and the market price assessment report has abnormal circumstances (such as the holding position). When the loss has been exceeded, report to the board of directors immediately and take the appropriate measures.</p> <p>(2) Held derivative commodity exchange sites should be evaluated at least once a week, but if it is hedging transactions business should evaluate the need to apply at least the second month of its assessment report to be presented to the executives who authorized the Board of Directors.</p> <p>5. The supervision and management principles of the board of directors when engaging in derivative</p>	

Article	Original	Amendment	Amendment Reason
	<p>countermeasures shall be taken and immediately reported to the board of directors.</p> <p>If the company has set up independent directors, the board of directors should have independent directors to attend and express their opinions.</p> <p>(2) Regularly assess whether the performance of the derivative commodity transactions is in line with the established business strategy and whether the risks assumed are within the scope of the company's tolerance.</p> <p>(3) When the company engaged in trading derivative products, according to the order in the transaction of derivative products processing requirements authorized personnel who handle afterwards should mention the most recent report of the Board.</p> <p>(4) When the company engages in derivative commodity transactions, it shall establish a checklist for the type and amount of derivative commodity transactions, the date of passage of the board of directors, and the fourth (2), fifth (1) and (2) The items that should be carefully assessed should be published in the reference book for reference.</p>	<p>commodity transactions</p> <p>(1) The board of directors shall appoint high-level supervisors to pay attention to the supervision and control of the risk of derivative commodity trading at any time. The management principles are as follows: Regularly assess whether the currently used risk management measures are appropriate and do in accordance with the Code and the company's procedures for dealing with derivative goods. To supervise the transaction and the profit and loss situation, if abnormal circumstances are found, the necessary countermeasures shall be taken and immediately reported to the board of directors.</p> <p>If the company has set up independent directors, the board of directors should have independent directors to attend and express their opinions.</p> <p>(2) Regularly assess whether the performance of the derivative commodity transactions is in line with the established business strategy and whether the risks assumed are within the scope of the company's tolerance.</p> <p>(3) When the company engaged in trading derivative products, according to the order in the transaction of derivative products processing requirements authorized personnel who handle afterwards should mention the most recent report of the Board.</p> <p>(4) When the company engages in derivative commodity transactions, it shall establish a checklist for the type and amount of derivative commodity transactions, the date of passage of the board of directors, and the fourth (2), fifth (1) and (2) The items that should be carefully assessed should be published in the reference book for reference.</p>	

Article	Original	Amendment	Amendment Reason
Article 14	<p>Procedures for mergers, divisions, acquisitions or share transfers</p> <p>1. Assessment and operation procedures</p> <p>(1) When the company handles mergers, divisions, acquisitions or share transfers, it is advisable to invite lawyers, accountants and underwriters to jointly study the estimated timetable for the statutory procedures and organize a task force to implement the procedures in accordance with legal procedures. Before convening a resolution of the board of directors, the accountant, lawyer or securities underwriter are invited to express opinions on the proportion of the conversion, the purchase price or the reasonableness of the cash or other property of the allotment to the board of directors for discussion and approval. However, the merger of the subsidiaries of the Company, which it directly or indirectly holds 100% of the issued shares or capital, or mergers of the subsidiaries that it directly or indirectly hold 100% of the issued shares or total capital, may be exempted from the reasonableness opinion of the said experts.</p> <p>(2) The Company shall collect information of merge, divide or acquire the important agreed contents and matters related to the proposed merger, division or acquisition, and make public documents to the shareholders before the meeting of the shareholders' meeting, and deliver to the shareholders together with the expert opinions of the first paragraph (1) of this Article and the notice of the shareholders' meeting, as a reference for whether or not to agree with the merger, division or acquisition, except for those who are exempted from holding shareholder's meeting to decide on the merger,</p>	<p>Procedures for mergers, divisions, acquisitions or share transfers</p> <p>1. Assessment and operation procedures</p> <p>(1) When the company handles mergers, divisions, acquisitions or share transfers, it is advisable to invite lawyers, accountants and underwriters to jointly study the estimated timetable for the statutory procedures and organize the ad hoc group to implement them in accordance with legal procedures. Before convening a resolution of the board of directors, the accountant, lawyer or securities underwriter is invited to express opinions on the proportion of the conversion, the purchase price or the reasonableness of the cash or other property of the allotment to the board of directors for discussion and approval. However, the merger of the subsidiaries of the Company, which directly or indirectly holds 100% of the issued shares or capital, or the subsidiaries that directly or indirectly hold 100% of the issued shares or total capital, may be exempted from the reasonable offer of the former experts. Sexual opinion.</p> <p>(2) The Company shall merge, divide or acquire the important agreed contents and related matters, and make public documents to the shareholders before the meeting of the shareholders' meeting, and deliver the expert opinions of the first paragraph (1) of this Article and the notice of the meeting of the shareholders' meeting. Shareholders, as a reference for whether or not to agree to the merger, division or acquisition. However, except for those who are exempt from the merger, division or acquisition of the shareholders' meeting in accordance with other laws, this is not the case. In addition, the</p>	Coordinate with the amendment

Article	Original	Amendment	Amendment Reason
	<p>division or acquisition in accordance with other applicable laws. In addition, in the event the shareholders of companies participating in the merger, division or acquisition fail to call a meeting, pass a resolution or is rejected for a proposal due to insufficient number of attendees, insufficient voting rights or other legal restrictions, the company involved in the merger, division or acquisition should immediately disclose the reasons for the occurrence, the subsequent processing operations and the date of the expected shareholders meeting.</p> <p>2. Other precautions</p> <p>(1)The companies participating in the merger, division or acquisition shall, unless otherwise required by law or as a result of specific reasons that has obtained prior consent from the board, call their board meetings and shareholders' meetings on the same day to resolve the merger, division or acquisition proposal and the related matters.</p> <p>The company participating in the transfer of shares shall convene the board meeting on the same day unless otherwise required by law or as a result of specific reasons that has obtained prior consent from the board.</p> <p>Companies that participate in mergers, divisions, acquisitions or share transfers or stocks publicly listed or traded by securities dealers shall prepare the following written records in full and keep them for five years for review:</p> <p>1.Basic personnel information: including the persons who participated in the merger, division, acquisition or share transfer plan or plan execution before the news is published, their title, name, and identity card number (for foreigners, the</p>	<p>shareholders participating in the merger, division or acquisition, due to the number of attendees, insufficient voting rights or other legal restrictions, may not be convened, resolved, or the proposal will be rejected by the shareholders, the company involved in the merger, division or acquisition should Immediately disclose the reasons for the occurrence, the subsequent processing operations and the date of the expected shareholders meeting.</p> <p>2. Other precautions</p> <p>(1)The companies participating in the merger, division or acquisition shall, in addition to other laws or special factors, submit to the board of directors and the shareholders' meeting on the same day to resolve the merger, division or acquisition of the relevant matters.</p> <p>The company participating in the transfer of shares shall, on the same day, convene the board of directors unless otherwise stipulated by other laws or with special factors in advance.</p> <p>Companies that participate in mergers, divisions, acquisitions or share transfers or stocks traded in securities dealers' offices shall make the following written records in full and keep them for five years for verification:</p> <p>1.Basic personnel information: including the person who participated in the merger, division, acquisition or share transfer plan or plan execution before the news is published, its title, name, and identity card number (if it is a foreigner, the passport number).</p> <p>2.Important Date: Includes dates such as signing a letter of intent or memorandum, entrusting financial or legal counsel, signing a contract, and the board</p>	

Article	Original	Amendment	Amendment Reason
	<p>passport number).</p> <p>2. Important Date: Including dates such as signing a letter of intent or memo, appoint financial or legal counsel, signing a contract, and the board meeting.</p> <p>3. Important documents and meeting minutes: including mergers, divisions, acquisitions or share transfer plans, letters of intent or memos, important contracts and minutes of board meetings.</p> <p>A company that participates in a merger, division, acquisition or transfer of shares of listed companies or shares traded by securities firms shall, within two days from the date of the resolution of the board of directors, file the required information under the first and second subparagraphs of the preceding paragraph in prescribed format through the internet information system.</p> <p>A company that participates in a merger, division, acquisition or transfer of shares has a company that is not listed or whose shares are traded in the securities firm's business premises. Companies that are listed or traded by securities firms should sign an agreement with them and comply with the third and fourth subparagraph.</p> <p>(2) Prior confidentiality commitment: All persons who participate in or are aware of the company's merger, division, acquisition or share transfer plan shall issue a written confidentiality commitment, and the contents of the plan shall not be disclosed to the public before the information is disclosed, nor may they use the name of others themselves or trade shares of all companies related to mergers, divisions, acquisitions or share transfer cases and other securities of an equity nature.</p>	<p>of directors.</p> <p>3. Important books and proceedings: including mergers, divisions, acquisitions or share transfer plans, letters of intent or memoranda, important contracts and minutes of directors' meetings.</p> <p>A company that participates in a merger, division, acquisition or share transfer, or which is traded in a securities firm's business premises, shall, within two days from the date of the resolution of the board of directors, use the pre-existing 1. and 2. information in the prescribed format on the Internet. Road information system declaration.</p> <p>A company that participates in a merger, division, acquisition, or transfer of shares has a company that is not listed or whose shares are traded in the securities firm's business premises. Companies that are listed or traded in the securities firm's business premises should sign an agreement with them and comply with the previous two regulations. Handle.</p> <p>(2) Prior confidentiality commitment: All persons who participate in or know the company's merger, division, acquisition or share transfer plan shall issue a written confidentiality commitment, and the contents of the plan shall not be disclosed to the public before the information is disclosed, nor may they use the name of others themselves or Trading in shares of all companies related to mergers, divisions, acquisitions or share transfer cases and other securities of an equity nature. (3) The principle of change and change of the share conversion ratio or the purchase price: the company participating in the merger, division, acquisition or share</p>	

Article	Original	Amendment	Amendment Reason
	<p>(3)The principle of setting and changing the share conversion ratio or the purchase price: the company participating in the merger, division, acquisition or share transfer shall, before the board meeting both parties is held, appoint an accountant, lawyer or securities underwriter to express their opinion on the reasonableness of the share conversion ratio, purchase price or cash distribution to shareholders or other property, and report it to the shareholders' meeting. In principle, the conversion ratio or the purchase price shall not be arbitrarily changed, unless the terms for the change have been provided in the contract and disclosed to the public. The conversion ratio or purchase price may be changed as follows:</p> <ol style="list-style-type: none"> 1. When handling cash capital increase, issuing convertible corporate bonds, unpaid share allotment, issuing warranted corporate bonds, special stocks with warrants, warrants and other securities of equity nature. 2. Disposing of the company's major assets and other activities that affect the company's financial business. 3. When major disasters, major technological changes, etc. affect the company's shareholders' rights and interests or securities prices. 4. The adjustment of the treasury shares purchased by one of the companies involved in the merger, division, acquisition or share transfer. 5. The entities or number of entities involved in the merger, division, acquisition or share transfer has changed or increased or decreased. 6. Other conditions that have provided in the contract to be changed or have been disclosed 	<p>transfer shall, before the board of directors of both parties, appoint an accountant, lawyer or securities underwriter for the share conversion ratio, purchase price or allotment shareholder Express the opinion on the reasonableness of the cash or other property and report it to the shareholders' meeting. In principle, the conversion ratio or the purchase price shall not be arbitrarily changed, but the conditions for the change in the contract have been fixed and disclosed to the public. The conversion ratio or purchase price may be changed as follows:</p> <ol style="list-style-type: none"> 1. Handling cash capital increase, issuing conversion corporate bonds, unpaid share allotment, issuing warranted corporate bonds, special stocks with warrants, warrants and other securities of equity nature. 2. Disciplining the company's major assets and other activities that affect the company's financial business. 3. Major disasters, major technological changes, etc. affect the company's shareholders' equity or securities prices. 4. The adjustment of the treasury shares purchased by one of the companies involved in the merger, division, acquisition or share transfer. 5. The number of entities or households involved in the merger, division, acquisition or share transfer has increased or decreased. 6. Other conditions that have been changed in the contract have been disclosed to the public. <p>(4) The contents of the contract shall include: the merger, division, acquisition or transfer of the company of the share transfer company shall be subject to the following matters, in addition to</p>	

Article	Original	Amendment	Amendment Reason
	<p>to the public.</p> <p>(4) The contents of the contract shall include: the merger, division, acquisition or transfer of the company of the share transfer company shall be subject to the following terms, in addition to Article 317-1 of the Company Act and Article 22 of the Business Mergers And Acquisitions Act.</p> <ol style="list-style-type: none"> 1. Default treatment. 2. The handling principles of the company that has been eliminated or divided by the merger, which has previously issued equity securities or treasury shares that have been bought back. 3. For the participating companies, the number and handling principles of treasury shares to buy back after the base date of conversion ratio calculation. 4. The handling principle when the participating entities or the number of entities change, or increase or decrease. 5. When the progress of the project is expected to be completed and the schedule is expected to be completed. 6. When the plan is not completed within the time limit, the related processing procedures such as the scheduled date of the shareholders' meeting shall be convened in accordance with the law. <p>(5) When a company that participates in a merger, division, acquisition or transfer of shares is subject to change: Any party that participates in a merger, division, acquisition or transfer of shares may, after disclosure of information, if intends to merge, divide, acquire or otherwise merge with other companies, the transfer of shares, except for the decrease in the number of participating entities, and the shareholders' meeting has resolved and authorized the board</p>	<p>the provisions of Article 317 of the Company Act and Article 22 of the Business Mergers And Acquisitions Act.</p> <ol style="list-style-type: none"> 1. Default treatment. 2. The company that has been eliminated or divided by the merger has previously issued the principle of dealing with equity securities or treasury shares that have been bought back. 3. After participating in the calculation of the base date of the conversion ratio, the participating companies may legally buy back the number of treasury shares and how to deal with them. 4. The way in which the number of participating entities or households is increased or decreased. 5. The progress of the project is expected to be completed and the schedule is expected to be completed. 6. When the plan is not completed within the time limit, the relevant processing procedures such as the scheduled date of the shareholders' meeting shall be convened in accordance with the law. <p>(5) When a company that participates in a merger, division, acquisition or transfer of shares is subject to change: Any party that participates in a merger, division, acquisition or transfer of shares may, after disclosure of information, intend to merge, divide, acquire or otherwise merge with other companies. The transfer of shares, except for the decrease in the number of participating households, and the shareholders' meeting has resolved and authorized the board of directors to change the authority, the participation in the company is exempted from</p>	

Article	Original	Amendment	Amendment Reason
	<p>of directors to change the authority so the participating company is exempted from convening a shareholders' meeting to re-issue the resolution, the procedures or legal acts completed in the original merger, division, acquisition or share transfer case shall be re-conducted by all participating companies.</p> <p>(6) If the company participating in the merger, division, acquisition or share transfer is a non-public offering company, the company shall sign an agreement with it and call a board meeting pursuant to subparagraph (1), paragraph (2) of the Article, keep confidentiality pursuant to subparagraph (2) and changes of the companies participating in the merger, division, acquisition or transfer of shares pursuant to subparagraph (5).</p>	<p>convening the shareholders' meeting to re-issue the resolution, the original merger, division, acquisition or share transfer case has been completed The procedures or legal acts should be followed by all participating companies.</p> <p>(6) If the company participating in the merger, division, acquisition or share transfer has a non-public offering company, the company shall sign an agreement with it and convene the date of the board of directors and the second paragraph (2) in accordance with paragraph (1) of this article. Paragraph (5) shall be dealt with in accordance with the provisions of the merger, division, acquisition or transfer of shares of the company.</p>	
Article 15	<p>Information disclosure procedure</p> <p>1. Items to be announced and the announcement standards</p> <p>(1) Obtain or dispose of immovable property from the related party, or acquire or dispose of other assets other than the real property with the related person and the transaction amount shall reach 20% of the company's paid-in capital, 10% of the total assets or NT\$300 million. However, the sale and purchase of corporate bonds, bonds with repurchase or resale agreements, the purchase or buy back of money market funds issued by domestic securities investment trusts are exempted.</p> <p>(2) Conduct consolidation, division, acquisition or share transfer.</p> <p>(3) Transaction losses of derivatives products reach the maximum amount of all or individual contractual losses specified in the processing procedures for the loss of derivative goods transactions.</p> <p>(4) The types of assets acquired or disposed of are equipment for</p>	<p>Information disclosure procedure</p> <p>1. The project should be announced and the reporting standard should be announced.</p> <p>(1) Obtain or dispose of immovable property or right-of-use assets from the related party, or acquire or dispose of other assets other than the real property or right-of-use assets. with the related person and the transaction amount shall reach 20% of the company's paid-in capital, 10% of the total assets or NT\$300 million. However, the sale and purchase of public debt, the purchase of bonds, the sale of bonds, the purchase or purchase of money market funds issued by domestic securities investment trusts are not limited.</p> <p>(2) Consolidation, division, acquisition or share transfer.</p> <p>(3) The amount of all or individual contractual losses specified in the processing procedures for the loss of derivative goods transactions.</p> <p>(4) The types of assets acquired or disposed of are equipment for</p>	Coordinate with the amendment

Article	Original	Amendment	Amendment Reason
	<p>business use, and the transaction objects are not related parties, and the transaction amount reaches one of the following:</p> <ol style="list-style-type: none"> 1. A public company whose paid-in capital is less than NT\$10 billion and the transaction amount is over NT\$500 million. 2. A publicly company with a paid-in capital of NT\$10 billion or more and has a transaction amount of NT\$1 billion or more. <p>(5) The company is expected to invest NT\$500 million in real estate by means of local construction, land lease construction, joint housing construction, joint construction, and joint construction.</p> <p>(6) In addition to the preceding five paragraphs of asset transactions, financial institutions to dispose of creditor's rights or engage in mainland investment, the transaction amount reaching 20% of the company's paid-in capital or NT\$300 million. However, the following situations are not limited to this:</p> <ol style="list-style-type: none"> 1. Buying and selling corporate bonds 2. Buying and selling bonds with repurchase and resale agreements, purchasing or buying back money market funds issued by domestic securities investment trusts. <p>The calculation of the aforementioned transaction amount is as follows, and “one year” referred to above is based retroactively for one year from the date on which the transaction takes place.</p> <ol style="list-style-type: none"> 1. The amount of each transaction. 2. The amount of transactions acquired or dispositioned by the same counterparty in the same nature within one year. 3. The amount of the same development plan real estate 	<p>business use or right-of-use assets, and the transaction objects are not related parties, and the transaction amount is one of the following:</p> <ol style="list-style-type: none"> 1. The amount of paid-up capital is less than NT\$10 billion in public offering companies, and the transaction amount is NT\$500 million. 2. The publicly-issued company with a paid-in capital of NT\$10 billion or more has a transaction amount of NT\$1 billion or more. <p>(5) The company is expected to invest NT\$500 million in real estate by means of local construction, land lease construction, joint housing construction, joint construction, and joint construction, and the transaction object is not a related.</p> <p>(6) In addition to the first five paragraphs of asset transactions, financial institutions to dispose of creditor's rights or engage in mainland investment, the transaction amount of the company's paid-in capital of 20% or NT\$300 million. However, the following situations are not limited to this:</p> <ol style="list-style-type: none"> 1. Buying and selling domestic public debt. 2. Buying and selling bonds with buy back, selling back conditions, buying or buying back money market funds issued by domestic securities investment trusts. <p>The calculation of the aforementioned transaction amount is as follows, and the alleged one year is based on the date on which the fact of the transaction occurred, and is retroactively calculated for one year.</p> <ol style="list-style-type: none"> 1. The amount of each transaction. 2. The amount of transactions acquired or dispositioned by the same counterpart in the same nature within one year. 	

Article	Original	Amendment	Amendment Reason
	<p>accumulated or acquired (accumulated and disbursed separately) within one year.</p> <p>4. The amount of the same marketable securities accumulated or disposed of (acquired and disposed of separately) within one year.</p> <p>2. Time limit for handling announcements and filings When a company obtains or disposes of assets and has items to be announced as provided in this procedure, and the transaction amount reaches the declared standard of this article, the company shall report and file such occurrence within two days from the date of the occurrence.</p> <p>3. Announcement procedure (1)The company shall report the relevant information to the designated website of the Financial Supervisory Commission for public announcement. (2)The Company shall, prior to the tenth day each month, enter into the information reporting website designated by the FSC, the derivatives product transactions engaged by the Company and its non-listed overseas subsidiaries in accordance with the prescribed format. (3)If the company makes corrections in accordance with the regulations for any mistakes or missing information in the announcement, it shall, within 2 days from the date of notification, re-issue the announcement in accordance with the relevant laws and regulations. (4)Where the company obtains or disposes of assets, it shall deposit the related contract, the proceedings, the record book, the valuation report, the opinions of accountant, lawyer or the securities underwriter in the company, and keep for at least</p>	<p>3. The amount of the same development plan real estate or its right-of-use assets accumulated or acquired (accumulated and disbursed separately) within one year.</p> <p>4. The amount of the same marketable securities accumulated or disbursed (acquired and disbursed separately) within one year.</p> <p>2. Time limit for handling announcements and filings The company obtains or disposes of assets, has the items to be announced in this procedure, and the transaction amount up to the declared standard of this article shall be reported within two days from the date of the fact.</p> <p>3. Announcement procedure (1)The company shall report the Relevant information to the designated website of the Financial Supervision and Administration Commission for public announcement. (2)The Company shall, on a monthly basis, enter into the information reporting website designated by the FSC by the Company and its non-domestic public offering subsidiaries in the form of derivative goods transactions as of the end of last month in accordance with the prescribed format. (3)If the company shall make corrections in accordance with the regulations, if it is wrong or missing during the announcement, it shall, within 2 days from the date of notification, re-issue the declaration in accordance with the relevant laws and regulations. (4) Where the company obtains or Disposes of assets, it shall deposit the relevant contract, the proceedings, the record book, the valuation report, the accountant, the lawyer or the securities underwriter's opinions</p>	

Article	Original	Amendment	Amendment Reason
	<p>five years, unless otherwise provided by laws.</p> <p>(5) After the company makes announcements in accordance with the preceding article, if any of the following circumstances occurs, the relevant information shall be reported on the designated website of the FCC within two days from the date of the occurrence:</p> <ol style="list-style-type: none"> 1. The original transaction related contract signed has been changed, terminated or cancelled. 2. Mergers, splits, acquisitions or share transfers are not completed on the contractual schedule. 3. The original announcement has changed. <p>4. Announcement format The company obtains or disposes of assets. If there are any of the following circumstances and meets the application criteria, it shall, according to the nature, the content, format and items to be recorded in accordance with the regulations of the competent authority, shall be notified within the prescribed time limit:</p> <p>(1) The company trades the securities of the parent company or related company at the centralized trading market or counter trading center at home and abroad.</p> <p>(2) Real estate will be acquired by means of self-employment construction, joint housing construction, joint construction, and joint construction.</p> <p>(3) Acquiring or disposing of immovable property and other fixed assets, and obtaining real estate from related parties.</p> <p>(4) It is not the securities market, the membership card, the sale of intangible assets and the financial institution's disposition of credits in the centralized trading market or the securities firm's business premises.</p> <p>(5) Investment in the mainland.</p>	<p>in the company, and save for at least five years, unless otherwise stipulated by other laws.</p> <p>(5) After the company announces the declared transaction in accordance with the provisions of the preceding article, if any of the following circumstances occurs, the relevant information shall be reported on the designated website of the FCC within two days from the date of the fact:</p> <ol style="list-style-type: none"> 1. The relevant contract signed by the original transaction has been changed, terminated or cancelled. 2. Mergers, splits, acquisitions or share transfers are not completed on the contractual schedule. 3. The original announcement has changed. <p>4. Announcement format The company obtains or disposes of assets. If there are any of the following circumstances and meets the application criteria, it shall, according to the nature, the content, format and items to be recorded in accordance with the regulations of the competent authority, shall be notified within the prescribed time limit:</p> <p>(1) The company trades the securities of the parent company or related company at the centralized trading market or counter trading center at home and abroad.</p> <p>(2) Real estate will be acquired by means of self-employment construction, joint housing construction, joint construction, and joint construction.</p> <p>(3) Acquiring or disposing of immovable property and other fixed assets, and obtaining real estate from related parties.</p> <p>(4) It is not the securities market, the membership card, the sale of intangible assets and the financial institution's disposition of credits in the centralized trading market or the</p>	

Article	Original	Amendment	Amendment Reason
	(6) Engaged in derivatives trading. (7) Consolidation, division, acquisition or share transfer.	securities firm's business premises. (5) Investment in the mainland. (6) Engaged in derivatives trading. (7) Consolidation, division, acquisition or share transfer.	
Article 16	<p>The subsidiaries of the company shall be handled in accordance with the following regulations:</p> <ol style="list-style-type: none"> 1. Subsidiaries should also stipulate and implement the “Acquisition or Disposal of Assets Processing Procedures” in accordance with the relevant provisions of the “Public Issuance or Disposal of Assets Handling Guidelines”. 2. If the subsidiary is not a publicly-issued company, the procedure shall be approved by the board of directors of the subsidiary, and the same shall apply to the amendment; in the case of a publicly-issued company, the procedure shall be determined in accordance with the “Guidelines for the Acquisition or Disposal of Assets by the Public Issuance Company”. The board of directors of the company passed and submitted to the shareholders' meeting for approval. The same applies to the amendment. 3. If the subsidiary is not a publicly-issued company, the company obtains or disposes of the assets to reach the announcement standard set by the “Public Issuance Company to Obtain or Dispose of Assets Management Guidelines”, and the parent company shall also handle the announcement and declaration on behalf of the subsidiary. 4. In the announcement standard of the subsidiary company, the so-called “20% of the company’s paid-up capital or 10% of the total assets” is based on the paid-in capital or total assets of the parent (the company). 	<p>The subsidiaries of the company shall be handled in accordance with the following regulations:</p> <ol style="list-style-type: none"> 1. Subsidiaries should also stipulate and implement the “Acquisition or Disposal of Assets Processing Procedures” in accordance with the relevant provisions of the “Public Issuance or Disposal of Assets Handling Guidelines”. 2. If the subsidiary is not a publicly-issued company, the procedure shall be approved by the board of directors of the subsidiary, and the same shall apply to the amendment; in the case of a publicly-issued company, the procedure shall be determined in accordance with the “Guidelines for the Acquisition or Disposal of Assets by the Public Issuance Company”. The board of directors of the company passed and submitted to the shareholders' meeting for approval. The same applies to the amendment. 3. If the subsidiary is not a publicly-issued company, the company obtains or disposes of the assets to reach the announcement standard set by the “Public Issuance Company to Obtain or Dispose of Assets Management Guidelines”, and the parent company shall also handle the announcement and declaration on behalf of the subsidiary. 4. In the announcement standard of the subsidiary company, the term “received capital or total assets” is defined as the paid-in capital or total assets of the parent (the company). 	Coordinate with the amendment

Article	Original	Amendment	Amendment Reason
Article 16-1	<p>For the calculation of 10 percent of total assets under these Regulations, the total assets stated in the most recent parent company only financial report or individual financial report prepared under the Regulations Governing the Preparation of Financial Reports by Securities Issuers shall be used.</p> <p>In the case of a company whose shares have no par value or a par value other than NT\$10-for the calculation of transaction amounts of 20 percent of paid-in capital under these Regulations, 10 percent of equity attributable to owners of the parent shall be substituted.</p>	<p>For the calculation of 10 percent of total assets under these Regulations, the total assets stated in the most recent parent company only financial report or individual financial report prepared under the Regulations Governing the Preparation of Financial Reports by Securities Issuers shall be used.</p> <p>In the case of a company whose shares have no par value or a par value other than NT\$10-for the calculation of transaction amounts of 20 percent of paid-in capital under these Regulations, 10 percent of equity attributable to owners of the parent shall be substituted; for calculations under the provisions of these Regulations regarding transaction amounts relative to paid-in capital of NT\$10 billion, NT\$20 billion of equity attributable to owners of the parent shall be substituted.</p>	Coordinate with the amendment

Zeng Hsing Corporation
Table Comparing the Amended Articles of the governing
Procedures for Loaning of Company Funds and Making of
Endorsements/Guarantees.

Article	Original	Amendment	Amendment Reason
Article 1	<p>Purpose</p> <p>A public company shall comply with these Regulations when making loans to and endorsements/guarantees for others; provided that where another act or regulation provides otherwise, the provisions of such act shall prevail.</p>	<p>Purpose</p> <p>A public company shall comply with these Regulations when making loans to and endorsements/guarantees for others; provided that where another act or regulation provides otherwise, the provisions of such act shall prevail.</p>	In compliance with the amendment
Article 3	<p>Scope</p> <p>1. Entities to which the company may loan funds :</p> <p>(1) Where an inter-company or inter-firm business transaction calls for a loan arrangement; or</p> <p>Where an inter-company or inter-firm short-term financing facility is necessary.</p> <p>(2) The company or inter-firm necessary for short-term financing is limited to the following:</p> <p>1. Companies with more than 20% of the company's shareholdings are required to meet the business needs.</p> <p>2. The company's board of directors agreed to the fund loan.</p> <p>2. The endorsements referred to in this procedure include financing endorsement guarantees, customs duty endorsement guarantees and other endorsement guarantees in three major categories:</p> <p>1. Financing endorsements/guarantees, including:</p> <p>(1) Bill discount financing.</p> <p>(2) Endorsement or guarantee made to meet the financing needs of another company.</p> <p>(3) Issuance of a separate negotiable instrument to a non-financial enterprise as security to meet the financing needs of the company itself.</p> <p>2. Customs duty endorsement/guarantee, meaning an endorsement or guarantee for the company itself or another company with respect to customs duty matters.</p> <p>3. Other endorsements/guarantees, meaning endorsements or guarantees</p>	<p>Scope</p> <p>1. Entities to which the company may loan funds :</p> <p>(1) Where an inter-company or inter-firm business transaction calls for a loan arrangement; or</p> <p>Where an inter-company or inter-firm short-term financing facility is necessary.</p> <p>(2) The company or inter-firm necessary for short-term financing is limited to the following:</p> <p>1. Companies with more than 20% of the company's shareholdings are required to meet the business needs.</p> <p>2. The company's board of directors agreed to the fund loan.</p> <p>2. The endorsements referred to in this procedure include financing endorsement guarantees, customs duty endorsement guarantees and other endorsement guarantees in three major categories:</p> <p>1. Financing endorsements/guarantees, including:</p> <p>(1) Bill discount financing.</p> <p>(2) Endorsement or guarantee made to meet the financing needs of another company.</p> <p>(3) Issuance of a separate negotiable instrument to a non-financial enterprise as security to meet the financing needs of the company itself.</p> <p>2. Customs duty endorsement/guarantee, meaning an endorsement or guarantee for the company itself or another company with respect to customs duty matters.</p> <p>3. Other endorsements/guarantees, meaning endorsements or guarantees</p>	Amendment in accordance with the Company's practice.

Article	Original	Amendment	Amendment Reason
	<p>beyond the scope of the above two subparagraphs.</p> <p>3. The object of the company's endorsement guarantee:</p> <p>(1) A company with which it does business.</p> <p>(2) A company in which the public company directly and indirectly holds more than 50 percent of the voting shares.</p> <p>(3) A company that directly and indirectly holds more than 50 percent of the voting shares in the public company. Companies in which the public company holds, directly or indirectly, 90% or more of the voting shares may make endorsements/guarantees for each other, and the amount of endorsements/guarantees may not exceed 10% of the net worth of the public company, provided that this restriction shall not apply to endorsements/guarantees made between companies in which the public company holds, directly or indirectly, 100% of the voting shares.</p> <p>The capital contribution referred to in the preceding paragraph refers to the direct capital contribution of the company or the capital contribution of the company with 100% of the voting shares.</p> <p>4. The subsidiaries and parent companies referred to in this procedure shall be determined in accordance with the provisions of the financial issuer's financial reporting standards. The Company's financial report is prepared in accordance with the International Financial Reporting Standards. The net value referred to in this procedure refers to the equity of the securities issuer's financial report preparation standards attributable to the owners of the parent company.</p>	<p>beyond the scope of the above two subparagraphs.</p> <p>3. The object of the company's endorsement guarantee:</p> <p>(1) A company with which it does business.</p> <p>(2) A company in which the public company directly and indirectly holds more than 50 percent of the voting shares.</p> <p>(3) A company that directly and indirectly holds more than 50 percent of the voting shares in the public company. Companies in which the public company holds, directly or indirectly, 90% or more of the voting shares may make endorsements/guarantees for each other, and the amount of endorsements/guarantees may not exceed 10% of the net worth of the public company, provided that this restriction shall not apply to endorsements/guarantees made between companies in which the public company holds, directly or indirectly, 100% of the voting shares.</p> <p>4. The subsidiaries and parent companies referred to in this procedure shall be determined in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers. The Company's financial report is prepared in accordance with the International Financial Reporting Standards. The net value referred to in this procedure refers to the equity of the securities issuer's financial report preparation standards attributable to the owners of the parent company.</p>	

Article	Original	Amendment	Amendment Reason
Article 4	<p>The ceilings on the amounts a public company is permitted to make in endorsements/guarantees</p> <ol style="list-style-type: none"> 1. If the company's fund loans and targets are companies or inter firm that have business dealings with the company, the individual loans and amounts must not exceed the highest amount of purchase or sales between the two parties in the previous year. 2. The company's fund loans and objects are necessary for business transactions or short-term financing, the limit for individual objects shall not exceed 20% of the total loanable funds of the company; the financing amount shall not exceed the net value of the company. Forty. 3. The total amount of the company's external endorsement guarantee shall not exceed 40% of the current net value. The limit for endorsement of a single enterprise is limited to 20% of the net value of the current period, but only for a single overseas affiliate company that does not exceed 30% of the net value of the current period. It shall not exceed the total amount of transactions with the Company in the most recent year (the amount of goods purchased or sold between the two parties is higher). 4. The total amount of the endorsement guarantees of the Company and its subsidiaries shall not exceed the net value of the current period of 45% and the amount guaranteed for the endorsement of a single enterprise shall not exceed 30% of the current net value. <p>The term "short-term" as used in the preceding paragraph means one year. ; The term "financing amount" means the cumulative balance of the public company's short-term financing.</p> <p>The restriction in paragraph 1, subparagraph 2 and 3 shall not apply to inter-company loans of funds and Endorsement guarantee between foreign companies in which the public company holds, directly or indirectly, 100% of the voting shares.</p>	<p>The ceilings on the amounts a public company is permitted to make in endorsements/guarantees</p> <ol style="list-style-type: none"> 1. If the company's fund loans and targets are companies or inter firm that have business dealings with the company, the individual loans and amounts must not exceed the highest amount of purchase or sales between the two parties in the previous year. 2. The company's fund loans and objects are necessary for business transactions or short-term financing, the limit for individual objects shall not exceed 20% of the total loanable funds of the company; the financing amount shall not exceed the net value of the company. Forty. 3. The total amount of the company's external endorsement guarantee shall not exceed 40% of the current net value. The limit for endorsement of a single enterprise is limited to 20% of the net value of the current period, but only for a single overseas affiliate company that does not exceed 30% of the net value of the current period. It shall not exceed the total amount of transactions with the Company in the most recent year (the amount of goods purchased or sold between the two parties is higher). 4. The total amount of the endorsement guarantees of the Company and its subsidiaries shall not exceed the net value of the current period of 45% and the amount guaranteed for the endorsement of a single enterprise shall not exceed 30% of the current net value. <p>The term "short-term" as used in the preceding paragraph means one year. ; The term "financing amount" means the cumulative balance of the public company's short-term financing.</p> <p>The restriction in paragraph 1, subparagraph 2 shall not apply to inter-company loans of funds between foreign companies in which the public company holds, directly or indirectly, 100% of the voting shares.</p> <p>The company guarantees endorsements between 100% of foreign companies that directly and indirectly hold voting shares, and is not subject to the paragraph 1, subparagraph 3.</p>	In compliance with the amendment

Article	Original	Amendment	Amendment Reason
Article 5	<p>Hierarchy of decision-making authority and delegation thereof.</p> <p>1. The board of directors is the company's fund lending and other people's approval resolutions. Any matters relating to the company's fund lending and others shall not be approved by the board of directors. The loan of funds between the Company and its subsidiaries or subsidiaries shall be subject to the resolutions of the Board of Directors in accordance with the foregoing provisions, and may authorize the Chairman to allocate the same amount of credits and the resolutions of the board of directors within a certain period of not less than one year.</p> <p>The amount of the credits referred to in the preceding paragraph shall not exceed 10% of the net value of the latest financial statements of the Company, except for those that meet the requirements of Article 4, paragraph 3.</p> <p>2. The company's endorsement guarantees should be approved by the board of directors. However, in order to meet the statute of limitations, the board of directors shall authorize the chairman to make a decision within 30% of the current period's net worth, and report to the board of directors for follow-up after the event, and report the relevant situation to the shareholders' meeting for future reference. However, the company directly and indirectly holds more than 90% of the voting shares of the company in accordance with the provisions of the third paragraph of Article 3, before the endorsement of the guarantee, and should be reported to the board of directors of the company after the resolution. However, the Company shall directly and indirectly hold 100% of the inter-company endorsement guarantees of voting shares, except for this.</p> <p>When the company has set up independent directors, it should fully consider the opinions of each independent director when it applies for a loan for funds or makes endorsement for others, and includes the consent or objection and the reasons for objection in the records of the board of directors.</p>	<p>Hierarchy of decision-making authority and delegation thereof.</p> <p>1. The board of directors is the company's fund lending and other people's approval resolutions. Any matters relating to the company's fund lending and others shall not be approved by the board of directors. The loan of funds between the Company and its subsidiaries or subsidiaries shall be subject to the resolutions of the Board of Directors in accordance with the foregoing provisions, and may authorize the Chairman to allocate the same amount of credits and the resolutions of the board of directors within a certain period of not less than one year.</p> <p>The amount of the credits referred to in the preceding paragraph shall not exceed 10% of the net value of the latest financial statements of the Company, except for those that meet the requirements of Article 4, paragraph 3.</p> <p>2. The company's endorsement guarantees should be approved by the board of directors. However, in order to meet the statute of limitations, the board of directors shall authorize the chairman to make a decision within 30% of the current period's net worth, and report to the board of directors for follow-up after the event, and report the relevant situation to the shareholders' meeting for future reference. However, the company directly and indirectly holds more than 90% of the voting shares of the company in accordance with the provisions of the third paragraph of Article 3, before the endorsement of the guarantee, and should be reported to the board of directors of the company after the resolution. However, the Company shall directly and indirectly hold 100% of the inter-company endorsement guarantees of voting shares, except for this.</p> <p>When the company has set up independent directors, it should fully consider the opinions of the independent directors when it is a loan for funds or endorsement for others. If the independent directors have objections or reservations, they should be stated in the minutes of the board of directors.</p>	

Article	Original	Amendment	Amendment Reason
Article 6	<p>Procedures of operating</p> <p>1. Operational Procedures for Lending</p> <p>(1) When lending money to others, the finance department is responsible for reviewing the borrower and formulating the maximum loanable amount and amount, term, interest-bearing method, and presentation and contracting operations, and is responsible for setting up the special person to keep the fund loan and other people's homework registration information and related file.</p> <p>(2) After the fund loan and others' cases are approved by the board of directors, the finance department is responsible for appropriating the payment operation and the repayment of principal and interest.</p> <p>(3) The finance department shall, in accordance with the time limit and report format prescribed by the Executive Yuan's Financial Supervisory Committee, report the funds and other persons' information to the relevant authorities on schedule.</p> <p>(4) The Executive Director's Office is responsible for the investigation of the funds and other people's case investigations and the unit responsible for the evaluation. °</p> <p>2. Operational Procedures for Endorsements/Guarantees:</p> <p>(1) When the endorsement guarantees that the enterprise needs to use the endorsement guarantee amount within the quota, it shall provide basic information and financial information, and fill in the application form to submit an application to the financial department of the company. The financial department shall conduct detailed evaluation and handle the credit investigation work. The assessment includes its necessity and reasonableness, the endorsement guarantee for its business relationship, the amount of the endorsement guarantee amount and the business transaction amount, the impact on the Company's operational risk, financial</p>	<p>Procedures of operating</p> <p>1. Operational Procedures for Lending</p> <p>(1) When lending money to others, the finance department is responsible for reviewing the borrower and formulating the maximum lending amount, term, interest-bearing method, and approvals and contracting procedures, and is responsible for setting up a dedicated staff to keep the lending registration information and related documents.</p> <p>(2) After the lending cases are approved by the board of directors, the finance department is responsible for appropriating the payment and the collection of principal and interest upon expiration.</p> <p>(3) The finance department shall, in accordance with the time limit and report format prescribed by the Executive Yuan's Financial Supervisory Committee, report the lending information to the relevant authorities according to the required schedule.</p> <p>(4) The strategy development department is responsible for the due diligence and appraisal for lending cases.</p> <p>2. Operational Procedures for Endorsements/Guarantees:</p> <p>(1) When the endorsed enterprise needs to use the endorsement guarantee amount within the quota, it shall provide basic information and financial information, and fill in the application form to submit an application to the financial department of the company. The financial department shall conduct detailed evaluation and proceed with the due diligence work. The assessment includes its necessity and reasonableness; if the endorsement guarantee is for its business operation, is the amount of the endorsement guarantee commensurate with the business transaction; the impact on the Company's operational risk, financial position and shareholders' equity; and whether collateral and valuation of the value of collateral, should be obtained.</p> <p>(2) The financial department of the</p>	Amend the company's internal organization name

Article	Original	Amendment	Amendment Reason
	<p>position and shareholders' equity, and whether collateral should be obtained and Valuation of the value of collateral, etc.</p> <p>(2) The financial department of the Company will collect the relevant information and assessment results of the preceding paragraph. If the accumulative balance at the time of the endorsement has not exceeded 30% of the net value of the current period, it will be submitted to the chairman of the board for review and then submitted to the board of directors. If the endorsement guarantees that the accumulated balance has exceeded 30% of the net value of the current period, it shall be submitted to the board of directors for approval and shall be handled in accordance with the resolution of the board of directors. The Company and its subsidiaries have determined that the total amount of endorsement guarantees is more than 50% of the net value of the Company and should be explained at the shareholders' meeting for its necessity and reasonableness.</p> <p>(3) The endorsement guarantee book established by the finance department shall guarantee the object of the endorsement, the amount, the date of the approval of the board of directors or the chairman of the board of directors, the date of endorsement guarantee, the matters that should be carefully evaluated in accordance with these provisions, the content of the collateral and its evaluation value, and the endorsement guarantee The conditions and dates of the responsibilities are detailed for future reference.</p> <p>(4) When the endorsement guarantees the repayment of the enterprise, the company shall pay the repayment information to the company in order to release the responsibility of the company and publish it in the endorsement guarantee checklist.</p> <p>(5) A public company shall evaluate or record the contingent loss for</p>	<p>Company will collect the relevant information and assessment results of the preceding paragraph. If the accumulative balance at the time of the endorsement has not exceeded 30% of the net value of the current period, the information will be submitted to the chairman of the board for review and then submitted to the board of directors. If the accumulated balance of the endorsement guarantees has exceeded 30% of the net value of the current period, it shall be submitted to the board of directors for approval and shall be handled in accordance with the resolution of the board of directors. The Company and its subsidiaries have determined that when the total amount of endorsement guarantees is more than 50% of the net value of the Company, it should be explained at the shareholders' meeting for its necessity and reasonableness.</p> <p>(3) The endorsement guarantee checklist established by the finance department shall state the object of the endorsement, the guarantee amount, the date of the approval of the board of directors or the chairman of the board of directors, the date of endorsement guarantee, the matters that should be carefully evaluated in accordance with these provisions, the content of the collateral and its evaluation value, and the terms and dates to release the endorsement guarantee shall be detailed for future reference.</p> <p>(4) When paying back the endorsement guarantees, the Company shall be notified to release the responsibility of the company and record it in the endorsement guarantee checklist.</p> <p>(5) The finance department shall regularly evaluate and recognize the contingent loss of the endorsements/guarantees, and shall adequately disclose information on endorsements/guarantees in its financial reports and provide certified public accountants with related information for implementation of necessary audit procedures.</p>	

Article	Original	Amendment	Amendment Reason
	endorsements/guarantees, and shall adequately disclose information on endorsements/guarantees in its financial reports and provide certified public accountants with relevant information for implementation of necessary audit procedures.		
Article 9	<p>The time and content of the declaration should be announced</p> <ol style="list-style-type: none"> 1. The Company shall, on the 10th of each month, submit the endorsement guarantee and the fund loan and the balance of others of the Company and its subsidiaries to the designated website of the FSC for public announcement. The date of occurrence of the alleged facts referred to in this procedure refers to the date on which the transaction signing date, payment date, board resolution date, or other date on which the transaction object and transaction amount are fully determined 2. The company's fund loan and one of the following standards shall be announced within two days from the date of the fact: <ol style="list-style-type: none"> (1) The aggregate balance of loans to others by the public company and its subsidiaries reaches 20 percent or more of the public company's net worth as stated in its latest financial statement. (2) The balance of loans by the public company and its subsidiaries to a single enterprise reaches 10 percent or more of the public company's net worth as stated in its latest financial statement. (3) The amount of new loans of funds by the public company or its subsidiaries reaches NT\$10 million or more, and reaches 2 percent or more of the public company's net worth as stated in its latest financial statement. 3. If the endorsement of the company is guaranteed to meet one of the following standards, it shall be announced within two days from the date of the fact: <ol style="list-style-type: none"> (1) The aggregate balance of endorsements/guarantees by the public company and its subsidiaries reaches 50 percent or more of the public company's net worth as stated in its latest financial statement. (2) The balance of 	<p>The time and content of the declaration should be announced</p> <ol style="list-style-type: none"> 1. The Company shall, on the 10th day of each month, submit the endorsement guarantee and the lending of the Company and its subsidiaries to the designated website of the FSC for public announcement. The date of the facts referred to in this procedure refers to the day before the date of the transaction contract signing, the payment date, the resolution date of the board of directors, or other information to determine the earlier of the lending or endorsement counterparties and dates of the transactions. 2. The company's lending, if meeting one of the following standards, shall be announced within two days from the date of the occurrence: <ol style="list-style-type: none"> (1) The aggregate balance of loans to others by the Company and its subsidiaries reaches 20 percent or more of the Company's net worth as stated in its latest financial statement. (2) The balance of the lending by the Company and its subsidiaries to a single enterprise reaches 10 percent or more of the Company's net worth as stated in its latest financial statement. (3) The amount of new lending by the Company or its subsidiaries reaches NT\$10 million or more, and reaches 2 percent or more of the Company's net worth as stated in its latest financial statement. 3. If the endorsement of the Company meets one of the following standards, it shall be announced within two days from the date of the occurrence: <ol style="list-style-type: none"> (1) The aggregate balance of endorsements/guarantees by the Company and its subsidiaries reaches 50 percent or more of the Company's net worth as stated in its latest financial statement. 	In compliance with the amendment

Article	Original	Amendment	Amendment Reason
	<p>endorsements/guarantees by the public company and its subsidiaries for a single enterprise reaches 20 percent or more of the public company's net worth as stated in its latest financial statement.</p> <p>(3) The balance of endorsements/guarantees by the public company and its subsidiaries for a single enterprise reaches NT\$10 millions or more and the aggregate amount of all endorsements/guarantees for, long-term , and balance of loans to, such enterprise reaches 30 percent or more of public company's net worth as stated in its latest financial statement.</p> <p>(4) The amount of new endorsements/guarantees made by the public company or its subsidiaries reaches NT\$30 million or more, and reaches 5 percent or more of the public company's net worth as stated in its latest financial statement.</p> <p>4. The public company shall announce and report on behalf of any subsidiary thereof that is not a public company of the Republic of China any matters that such subsidiary is required to announce and report pursuant to subparagraph 3 of the paragraph 2 and subparagraph 4 of the paragraph 3.</p> <p>5. A public company shall evaluate the status of its loans of funds and reserve sufficient allowance for bad debts, and shall adequately disclose relevant information in its financial reports and provide certified public accountants with relevant information for implementation of necessary auditing procedures.</p> <p>6. A public company shall evaluate or record the contingent loss for endorsements/guarantees, and shall adequately disclose information on endorsements/guarantees in its financial reports and provide certified public accountants with relevant information for implementation of necessary audit procedures.</p> <p>7. The term "announce and report" as used in these Regulations means the process of entering data to the information reporting website designated by the Financial Supervisory Commission (FSC).</p>	<p>(2) The balance of endorsements/guarantees by the Company and its subsidiaries for a single enterprise reaches 20 percent or more of the Company's net worth as stated in its latest financial statement.</p> <p>(3) The balance of endorsements/guarantees by the Company and its subsidiaries for a single enterprise reaches NT\$10 millions or more and the aggregate amount of all endorsements/guarantees for investment using the equity method, and balance of loans to such enterprise reaches 30 percent or more of the Company's net worth as stated in its latest financial statement.</p> <p>(4) The amount of new endorsements/guarantees made by the Company or its subsidiaries reaches NT\$30 million or more, and reaches 5 percent or more of the Company's net worth as stated in its latest financial statement.</p> <p>4. The Company shall announce and report on behalf of any subsidiary thereof that is not a public company of the Republic of China any matters that such subsidiary is required to announce and report pursuant to subparagraph 3 of paragraph 2 and subparagraph 4 of paragraph 3.</p> <p>5. A public company shall evaluate the status of its loans of funds and reserve sufficient allowance for bad debts, and shall adequately disclose relevant information in its financial reports and provide certified public accountants with relevant information for implementation of necessary auditing procedures.</p> <p>6. A public company shall evaluate or record the contingent loss for endorsements/guarantees, and shall adequately disclose information on endorsements/guarantees in its financial reports and provide certified public accountants with relevant information for implementation of necessary audit procedures.</p> <p>7. The term "announce and report" as used in these Regulations means the process of entering data to the information reporting website designated by the Financial Supervisory Commission (FSC).</p>	

Appendix 1

(Translation)

Articles of Incorporation of Zeng Hsing Corporation

Section I General

Provisions

- Article 1 The Company shall be incorporated as a company limited by shares under the Company Act and its name shall be "Zeng Hsing Corporation."
- Article 2 The scope of business of the Company shall be as follow:
1. CBO1010 Machinery and Equipment Manufacturing
 2. CB01990Other machinery manufacturing
 3. CC01030 electrical and audio-visual electronic products manufacturing
 4. CD01050 bicycle and its parts manufacturing
 5. CH01010 Sporting Goods Manufacturing
 6. CQ01010 Mold Manufacturing
 7. C805990Other plastic products manufacturing
 8. F401010 International Trade
 9. ZZ99999 In addition to the licensing business, it is a business that is not prohibited or restricted by the business law.
- Article 3 The Company may act as a guarantor
- Article 4 The Company may transfer the investment to the company as necessary, and may be a limited liability shareholder of the company through the resolution of the board of directors. The total investment shall not be subject to the restrictions on the amount of investment transferred under Article 13 of the Company Act.
- Article 5 The Company shall have its head-office in TAICHUNG and, if necessary, may set up branches or business offices in and out of this country upon a resolution of its Board of Directors and approval from the competent government authority.
- Article 6 delete

Section II Shares

- Article 7 The total capital amount of the Company shall be NT\$850 million accounting for 85 million shares, at a par value of Dollars (NT\$10) per share. The Board of Directors is authorized to issue the unissued shares in installments. Among them, 5 million shares of the reserved share certificate are attached to the special stock option or the shareholding company bond is used for exercise of the stock option.
- Article 8 The share certificate of the Company can be all name-bearing share certificates and shall be signed by, and affixed with the seals or by signature of, at least three directors of the Company, and issued after duly authentication pursuant to the law. The Company can also deliver shares by wiring into account books based on related regulations, rather printing physical shares. When issuing other securities, the same rule applies.

Article 9 The shareholders of the company handle the transfer of stock transfer and transfer of ownership, loss of inheritance gift and seal loss or change of address, etc., in addition to the provisions of the law and securities regulations, according to the public offering company's share treatment guidelines

Article 10 delete

Article 11 delete

Article 12 delete

Article 13 Registration for transfer of shares shall all be suspended 60 days before the convocation of any ordinary shareholders' meeting, 30 days before the convocation of extraordinary shareholders' meeting, or 5 days before the record day for distribution of dividend, interest and bonus or any other benefit as scheduled by the Company.

Section III Shareholders' Meeting

Article 14 Shareholders' meeting shall be of two types, namely general and extraordinary shareholders' meeting; the former shall be convened once a year by the Board of Directors in accordance with laws within six months after the close of each accounting fiscal year and the latter shall be convened in accordance with laws whenever necessary

Article 15 The convening of shareholders shall be announced in accordance with the Company Law Securities Comparative Law and the securities authorities promulgating relevant laws and regulations.

Article 16 In case a shareholder is unable to attend a shareholders' meeting, he/she may issue proxy printed by the Company setting forth the scope of authorization by signing or affixing his/her seal on the proxy form for the representative to be present on his/her behalf.

Article 17 When the shareholders meeting is held, the chairman of the board of directors is the chairman: when the chairman is absent, the chairman of the board of directors appoints a director; if not appointed, the directors push one agent

Article 18 Unless otherwise provided in the laws, a shareholder of the Company shall have one vote for each share held by him or her.

Article 19 Unless otherwise provided in the Company Act, Securities and Exchange Act or other Laws, resolution(s) shall be made at the meeting attended by shareholders holding and representing a majority of the total number of issued and outstanding shares and at which meeting a majority of the shareholders shall vote in favor of the resolution.

Article 20 The shareholders' resolutions shall contain detailed information, signed by the chairman, and announced within 20 days after the meeting. The proceedings of the proceedings in the shareholder's signature book and the proxy letter of attendance are kept in the company.

Section IV Directors and Supervisors

- Article 21 The Company shall have five (5) to ten (10) directors and two (2) to three (3) supervisors to be elected at a shareholders' meeting through a nominating system from persons of legal capacity to serve a term of three years. A director may be re-elected. At least two (2) directors or one-fifth of all directors, whichever the higher number, shall be the independent directors. The qualification, shareholding percentage and the limitations of concurrently serving other positions, the methods of nomination and election and other related matters shall be subject to the applicable laws.
- Article 22 When the director's vacancy exceeds one-third, the temporary shareholders' meeting shall be convened within 60 days to fill the term of the term to cover the original term.
- Article 23 When the supervisor's term ends and it is too late to re-elect, he or she will be extended to perform his duties until the supervisor is re-elected.
- Article 24 The Board of Directors shall be organized by directors. The Chairman of the Board shall be elected by the majority of directors present at a meeting attended by more than two thirds of directors. The directors may also elect a vice Chairman of the Board whenever they may deem necessary to carry out the Company's activities. The Chairman of the Board shall internally be the Chairman of the meeting of shareholders, Board of Directors and managing directors' meeting and externally represent the Company.
- Article 25 In case the Chairman of the Board of Directors is on leave or unable to perform his duties for cause, the vice Chairman of the Board of Directors, if any, shall act as the Chairman. If there is no vice Chairman of the Board or the vice Chairman of the Board is also on leave or unable to perform his duties for cause, the Chairman of the Board shall designate a director to act as the chairman. If there is no such designation, the directors shall elect one from amongst themselves.
- Article 26 In case a board member is unable to attend the Board of Directors' meeting, he/she may issue proxy setting forth the scope of authorization by signing or affixing his/her seal on the proxy form for another board member to present on his/her behalf. The representative shall serve as the proxy for one director only. Other than what is demanded by ROC Company Act, Securities and Exchange Act or other Laws, the resolution of the board of directors shall be adopted by a majority of the directors present at the meeting attended by more than half of the directors.
- Article 27 The deliberations of the board of directors shall be recorded as a deliberation, with detailed information, signed or sealed by the chairman, and distributed to the directors within 20 days after the meeting. The proceedings shall be accompanied by the signature book of the directors and the proxy letter of appointment. Saved in the company
- Article 28 The supervisor may attend the board meeting but not join the meeting in addition to performing his duties according to law.
- Article 29 Remunerations for all directors and supervisors shall be decided by the Board of Directors authorized by a meeting of shareholders according to involvements and contributions to the Companies' operation and at the normal rate adopted by other firms of the same industry.

Section V Managers

Article 30 The company has one general manager and its appointment and dismissal is decided by the board of directors. The general manager accepts the order of the chairman and handles all business of the company.

Article 31 In addition to the competent authority or the statute, the general manager may hire a consultant as required by the business and report to the board of directors for verification.

Article 32 delete

Section VI Accounting

Article 33 The company's fiscal year starts from January 1 to December 31 of each year.

Article 34 The Board of Directors shall prepare at the close of each accounting fiscal year for the Company (1) Business Report, (2) Financial Statements, (3) Proposal of Distribution of Earnings or Making Up of Loss, etc. and submit the same to the general shareholders meeting for acceptance.

Article 35 The Company shall allocate 2% to 6% of profit as employees' compensation and no more than 4% of profit as directors' compensation for each profitable fiscal year after offsetting any cumulative losses. The aforementioned employees' compensation will be distributed in shares or cash. The employees of the Company's subsidiaries who fulfill specific requirements stipulated by the Board of Directors may be granted such compensation. Directors may only receive compensation in cash.

The Company may, by a resolution adopted by a majority vote at a meeting of the Board of Directors attended by two-thirds of the total number of directors, distribute the aforementioned employees' and director's compensation and report to the shareholders' meeting for such distribution.

Article 36 If the company has a surplus every year, in addition to the tax paid according to the law, it should first make up for the loss in previous years, and the next 10% is the statutory surplus reserve, but the statutory surplus accumulation has reached the paid-up capital of the company. The statutory surplus reserve shall not be included; and the special surplus reserve shall be paid or renewed in accordance with the regulations of the competent authority. After the accumulated undistributed surplus is added to the balance, the resolution of the chairman of the board of directors is distributed by the shareholders' meeting.

The company is a traditional industry, the company is mature, profitable and financial structure is sound, so the surplus distribution, in addition to the company law and the company's articles of association, will regard the company's capital planning and operating results, determine the annual dividend distribution. However, the principle of dividend stability and balance is adopted in principle. Before the annual shareholders' meeting, the board of directors formulates the method of surplus distribution based on the financial situation. The cash dividend ratio is not less than 30% of the total dividend. However, the ratio of the cash dividend of this shareholder is adjusted for the actual profit and the demand for funds in the current year.

Section VII Additional Rules

- Article 37 The organization by-law of the Company shall be provided otherwise.
- Article 37-1 If the company has plans to revoke the public offering, it should report it to the shareholders' meeting
- Article 38 In regard to all matters not provided for in these Articles of Incorporation, the Company Act, Securities and Exchange Act or other Laws shall govern.
- Article 39 These Articles of Incorporation were enacted on Dec. 11, 1974 Amended on Dec. 20, 1976 for the first time
Amended on Sep. 27, 1977 for the second time
Amended on Jun. 20, 1978 for the third time
Amended on Jan. 10, 1981 for the fourth time
Amended on Nov. 2, 1981 for the fifth time
Amended on Sep. 14, 1982 for the sixth time
Amended on Sep. 5, 1983 for the seventh time
Amended on Oct. 21, 1983 for the eighth time
Amended on Jan. 5, 1984 for the ninth time
Amended on Jul. 16, 1985 for the tenth time
Amended on Oct 8, 1988 for the eleventh time
Amended on May. 25, 1989 for the twelfth time
Amended on Feb. 2, 1990 for the thirteenth time
Amended on Nov. 15, 1991 for the fourteenth time
Amended on Jan. 6, 1993 for the fifteenth time
Amended on Jun. 25, 1994 for the sixteenth time,
Amended on Dec 3, 1994 for the seventeenth time
Amended on May. 10, 1995 for the eighteenth time
Amended on Jul. 9 , 1997 for the nineteenth time
Amended on Jun.10, 1998 for the twentieth time
Amended on Jun. 16, 1999 for the twenty-first time
Amended on Jun. 28, 2002 for the twenty-second time
Amended on Jun.10, 2003 for the twenty-third time
Amended on Jun.10, 2003 for twenty-fourth time
Amended on Jun. 29, 2004 for twenty-fifth time
Amended on Jun. 29, 2004 for twenty-sixth time
Amended on Jun. 30, 2005 for the twenty-seventh time
Amended on June. 14, 2006 for the twenty-eighth time
Amended on Mar. 9, 2007 for the twenty-ninth time
Amended on Jun. 13, 2007 for the thirtieth time
Amended on Jun. 13, 2008 for the thirty-first time

Amended on Jun. 19, 2009 for the thirty-second time
Amended on Jun. 15, 2011 for the thirty-third time
Amended on Jun. 27, 2012 for the thirty-fourth time
Amended on Jun. 11, 2013 for the thirty-fifth time
Amended on Jun. 20, 2014 for the thirty-sixth time
Amended on Jun. 15, 2016 for the thirty-seventh time.
Amended on Jun. 14, 2017 for the thirty- eighth time.
Amended on Jun. 13, 2018 for the thirty- nine time.

Zeng Hsing Corporation
Chairman: Lin,Chih-Cheng

Appendix 2

Zeng Hsing Corporation Rules for Shareholders' Meetings

- Article 1. The company has established a good shareholder governance system, improved supervision functions and strengthened management functions, and has established the rules in accordance with Article 5 of the Code of Practice for Corporate Governance of Listed Companies.
- Article 2. The rules of procedures for the Company's shareholders meetings, except as otherwise provided by law, regulation, or the Corporate Charter, shall be as provided in these Rules.
- Article 3. Unless otherwise provided by law or regulation, the Company's shareholders meetings shall be convened by the board of directors.

The Company shall prepare electronic versions of the shareholders meeting notice and proxy forms, and the origins of and explanatory materials relating to all proposals, including proposals for ratification, matters for deliberation, or the election or dismissal of directors, and upload them to the Market Observation Post System (MOPS) before 30 days before the date of a regular shareholders meeting or before 15 days before the date of a extraordinary shareholders meeting. The Company shall prepare electronic versions of the shareholders meeting agenda and supplemental meeting materials and upload them to the MOPS before 21 days before the date of the regular shareholders meeting or before 15 days before the date of the extraordinary shareholders meeting. In addition, before 15 days before the date of the shareholders meeting, the Company shall also have prepared the shareholders meeting agenda and supplemental meeting materials and made them available for review by shareholders at any time. The meeting agenda and supplemental materials shall also be displayed at the Company and the professional shareholder services agent designated thereby as well as being distributed on-site at the meeting place. The reasons for convening a shareholders meeting shall be specified in the meeting notice and public announcement. With the consent of the addressee, the meeting notice may be given in electronic form. Election or dismissal of directors, amendments to the Corporate Charter, the dissolution, merger, or demerger of the corporation, or any matter under Article 185, paragraph 1 of The Company Law or Articles 26-1 and 43-6 of the Securities and Exchange Act , or Articles 56-1 and 60-2 of the Regulations Governing the Offering and Issuance of Securities by Securities Issuers shall be set out in the notice of the reasons for

convening the shareholders meeting. None of the above matters may be raised by an extraordinary motion. A Shareholder who hold more than 1% of the issued shares are entitled to submit a limit of one motion to a regular shareholders' meeting in writ. pursuant to Article 172-1 of The Company Law.

The company shall announce the acceptance of the shareholders' proposal, the acceptance of the premises and the acceptance period before the suspension of the stock transfer before the shareholders' meeting. The period of acceptance shall not be less than ten days.

Shareholders' proposal is limited to three hundred words. Those who exceed 300 words will not be included in the proposal; the proposal shareholders should attend the shareholders' meeting in person or in person and participate in the discussion of the proposal.

The company shall notify the proponents of the results of the processing before the date of the notice of the meeting of the shareholders' meeting, and the proposal stipulated in this article shall be included in the notice of the meeting. For shareholders' proposals not included in the proposal, the board of directors shall explain the reasons for not included in the shareholders' meeting.

Article 4. Entrusted to attend the shareholder authorization:

Shareholders may, at each shareholder meeting, issue a letter of appointment issued by the company, register the scope of authorization, entrust an agent, attend the shareholders' meeting.

The shareholder shall issue a power of attorney and have entrusted one person to the extent that it shall be delivered to the company five days before the meeting of the shareholders. If the power of attorney is repeated, the first person to serve shall prevail. However, the statement is revoked before the commissioner, no longer this limit.

After the power of attorney has been delivered to the Company, the Shareholders wishing to attend the Shareholders' Meeting in person, or wish to exercise their voting rights in writing or electronically, shall notify the Company in writing of the cancellation of the entrustment in writing two days before the meeting of the Shareholders' Meeting; The voting right to attend the trip shall prevail.

Article 5. The venue for a shareholders meeting shall be the premises of this Corporation, or a place easily accessible to shareholders and suitable for a shareholders meeting. The meeting may begin no earlier than 9 a.m. and no later than 3 p.m. Full consideration shall be given to the opinions of the independent directors with respect to the place and time of the meeting

Article 6. The Company shall furnish the shareholders meeting notice with the time and venue for signing in. The aforementioned time for signing in shall be at least 30 minutes before the shareholder meeting starts. There shall be signs to direct shareholders to proceed to the venue for signing in and personnel who are suitable in charge. The Company shall prepare an attendance book for the shareholders or the proxies appointed by other shareholders (hereafter referred to as the shareholders) attending the meeting to sign in, or have the attending shareholders turn in the attendance card to replace the signature. Shareholders shall attend a shareholders' meeting by presenting their attendance identification, attendance card or other attendance documents. This Corporation may not arbitrarily add requirements for other documents beyond those showing eligibility to attend presented by shareholders. Solicitors soliciting proxy forms shall also bring identification documents for verification.

The company shall set up a signature book to attend the signing of the shareholders, or the attending shareholders shall pay the signing card to sign on behalf of the shareholders. The company shall deliver the proceedings, annual reports, attendance certificates, speeches, votes and other meeting materials to the shareholders attending the shareholders' meeting; if there are election directors or supervisors, they shall attach a ballot paper. When a government or legal person is a shareholder, the representative of the attending shareholders is not limited to one person. When a legal person is entrusted to attend a shareholder meeting, only one representative must be appointed to attend.

Article 7. If the shareholders' meeting is convened by the board of directors, the chairman of the board of directors shall be the chairman of the board of directors. If the chairman of the board of directors asks for leave or fails to exercise his powers for any reason, the chairman of the board of directors shall appoint one person to act; The chairman of the preceding paragraph is a director of the board of directors, who is employed by the company for more than six months and who understands the company's business conditions. If the chairman is a representative of a legal director, the same is true. If a shareholders' meeting is convened by the board of directors, the meeting shall be chaired by the chairperson of

the board. It is advisable that shareholders meetings convened by the board of directors be attended by a majority of the directors, at least one independent director in person, and at least one member of each functional committee on behalf of the committee. The attendance shall be recorded in the meeting minutes. If the shareholders' meeting is convened by other convener parties other than the board of directors, the chairman shall be the convener, and if

there are more than two convener holders, one person shall be pushed each other. The company may assign lawyers, accountants or related personnel appointed to attend the shareholders' meeting.

Article 8. The Company shall record the proceedings of a shareholders meeting in their entirety in audio or video and retain the recording for at least 1 year. If, however, a shareholder files a lawsuit pursuant to Article 189 of The Company Law, the recording shall be retained until the conclusion of the litigation.

Article 9. Shareholders' attendance shall be based on shares. The number of attendances is calculated based on the signature book or the signed card.

If the attending shareholders represent a majority of the total number of issued shares, the chairperson shall call the meeting to order at the appointed meeting time. However, when the attending shareholders do not represent a majority of the total number of issued shares, the chairperson 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 chairperson shall declare the meeting adjourned.

Article 10. If the shareholders' meeting is convened by the board of directors, its agenda shall be determined by the board of directors. The meeting shall be conducted according to the scheduled agenda and may not be changed without the resolution of the shareholders' meeting. If the shareholders' meeting is convened by other parties other than the board of directors, the provisions of the preceding paragraph shall apply. Before the agenda of the first two agendas (including the provisional motion) is not finalized, the chairman may not announce the meeting without a resolution; if the chairman violates the provisions, the other members of the board shall promptly assist the attending shareholders in accordance with the law to attend the meeting. More than half of the shareholders' voting rights agreed to elect one person to serve as the chairman and continue to hold the meeting. The Chairman shall give full explanation and discussion to the proposal and the amendments or temporary motions proposed by the shareholders. If it is considered to have reached the level of voting, the chairman may be declared to stop discussing and vote.

Article 11. Before speaking, an attending shareholder must specify on a speaker's slip the subject of the speech, his/her shareholder account number (or attendance card number), and account name. The order in which shareholders speak will be set by the chairperson. Those who attended the meeting only provided speeches

but did not speak were considered as not speaking. If the content of the speech is inconsistent with the record of the speech, the content of the speech shall prevail. Each shareholder of the same proposal shall not speak more than twice without the consent of the chairman, and may not exceed five minutes at a time. However, if the shareholder speaks in violation of the regulations or exceeds the issue, the chairman shall stop it. When attending a shareholder's speech, other shareholders shall not intervene unless the chairman and the speaking shareholder agree, and the violators shall stop it. When a legal person shareholder appoints two or more representatives to attend the shareholders meeting, the same motion may only be made by one person. After attending the shareholders' speech, the chairman may personally or designate the relevant personnel to reply.

Article 12. Voting at a shareholders meeting shall be calculated based the number of shares. With respect to resolutions of shareholders meetings, the number of shares held by a shareholder with no voting rights shall not be calculated as part of the total number of issued shares. When a shareholder is an interested party in relation to an agenda item, and there is the likelihood that such a relationship would prejudice the interests of the Company, that shareholder may not vote on that item, and may not exercise voting rights as proxy for any other shareholder.

The number of shares for which voting rights may not be exercised under the preceding paragraph shall not be calculated as part of the voting rights represented by attending shareholders. Except for the trust business or the stock agency approved by the securities regulatory authority, when one person is entrusted by two or more shareholders at the same time, the voting right of the agent shall not exceed 3 %of the voting rights of the total number of issued shares, and the voting rights exceeding the period shall not be counted

Article 13. Except as otherwise provided in The Company Law and in the Company's Corporate Charter, the passage of a proposal shall require an affirmative vote of a majority of the voting rights represented by the attending shareholders. Shareholders' voting rights have one vote per share, except as otherwise provided by the company law and relevant regulations. In addition to the provisions of the Company Law, the method of entrusting the attendance of the shareholders shall be handled in accordance with the "Public Issuance of Stock Companies in the Use of Power of Attorney Rules by the Public Shareholders" issued by the competent authority. The counting operation of the shareholders' meeting election proposal shall be made public at the shareholders' meeting, and after the completion of the counting of votes, the voting results shall be

announced on the spot, including the weights of the statistics, and shall be recorded.

- Article 14. The election of directors and supervisors at a shareholders meeting shall be held in accordance with the applicable election and appointment rules adopted by this Corporation, and the voting results shall be announced on-site immediately.

The ballots for the election referred to in the preceding paragraph shall be sealed with the signatures 18 of the monitoring personnel and kept in proper custody for at least 1 year. If, however, a shareholder files a lawsuit pursuant to Article 189 of The Company Law, the ballots shall be retained until the conclusion of the litigation.

- Article 15. The resolutions of the shareholders' meeting shall be made into a deliberation, signed or sealed by the chairman, and the minutes shall be distributed to the shareholders within 20 days. For the distribution of the proceedings, you must enter a public information station announcement. The minutes of the proceedings should be confirmed, such as the time, place and name of the chairman. They should be kept forever during the company's existence. The method of resolution is to seek the opinions of the shareholders through the chairman. The shareholders have no objection to the proposal. They should be named by the chairman to consult all the shareholders who have no objection. If the shareholders disagree with the proposal, they should vote for the lottery.

- Article 16. The number of shares sought by the solicitor and the number of shares of the entrusted agent shall be compiled by the company on the day of the meeting of the shareholders' meeting, in accordance with the prescribed format, and shall be clearly disclosed in the shareholders' meeting. In the resolutions of the shareholders' meeting, if there is a major message stipulated by the law and the Taiwan Stock Exchange Co., Ltd. (the Republic of China Securities Counter Buying Center), the company shall transmit the contents to the public observatory within the specified time.

- Article 17. The chairman may direct the picket or security personnel to help maintain the order of the venue. When pickets or security personnel are present to assist in maintaining order, they should wear a picket badge or identification card.

The venue has sound-amplifying equipment. When the shareholders do not speak on the equipment configured by the company, the chairman must stop it. If the shareholder violates the rules of procedure and does not obey the chairman's correction, it will hinder the meeting from being stopped. If the chairman conducts the picket or the security personnel, he or she must leave the venue.

- Article 18. When a meeting is in progress, the chairperson may announce a break based on time considerations. If a force majeure event occurs, the chairperson may rule the meeting temporarily suspended and announce a time when, in view of the circumstances, the meeting will be resumed. The agenda set by the shareholders' meeting cannot be used until the end of the awareness (including the provisional motion). The meeting of the shareholders meeting may find another venue to continue the meeting. The shareholders' meeting shall, in accordance with Article 182 of the Company Law, defer or extend the assembly within five days.
- Article 19. These rules are implemented after the approval of the shareholders' meeting.

Zeng Hsing Corporation

Rules for Election of Directors and Supervisors

Article 1. To ensure a just, fair, and open election of directors and supervisors, these Rules are adopted pursuant to Articles 21 and 44 of the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies.

Article 2. Except as otherwise provided by law and regulation or by the Company's Corporate Charter, elections of directors shall be conducted in accordance with these Rules.

Article 3. The overall composition of the board of directors shall be taken into consideration in the selection of the Company's directors. The composition of the board of directors shall be determined by taking diversity into consideration and formulating an appropriate policy on diversity based on the company's business operations, operating dynamics, and development needs. It is advisable that the policy include, without being limited to, the following two general standards:

1. Basic requirements and values: Gender, age, nationality, and culture.
2. Professional knowledge and skills: A professional background (e.g., law, accounting, industry, finance, marketing, technology), professional skills, and industry experience.

Each board member shall have the necessary knowledge, skill, and experience to perform their duties; the abilities that must be present in the board as a whole are as follows:

1. The ability to make judgments about operations.
2. Accounting and financial analysis ability.
3. Business management ability.
4. Crisis management ability.
5. Knowledge of the industry.
6. An international market perspective.
7. Leadership ability.
8. Decision-making ability.

More than half of the directors shall be persons who have neither a spousal relationship nor a relationship within the second degree of kinship with any other director. The board of directors of the Company shall consider adjusting its composition based on the results of performance evaluation.

Article 4. The Supervisor of the company shall meet the following conditions:

1. Integrity and practicality.
2. Just judgment.
3. Expertise.
4. Rich experience.
5. The ability to read financial statements.

In addition to the above conditions, the supervisor of the company shall have at least one person who is an accountant or financial professional.

The establishment of the supervisor should refer to the independent directors of the public offering company, that is, the independence of the matters to be followed, and the appropriate supervisors should be selected to strengthen the company's risk management and financial and operational control. There shall be at least one or more between the supervisors or between the supervisors and the directors, and shall not have kinship within the spouse or second-degree relatives.

Article 5. The qualifications for the independent directors of the Company shall comply with Articles 2, 3, and 4 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies.

The election of independent directors of the Company shall comply with Articles 5, 6, 7, 8, and 9 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies, and shall be conducted in accordance with Article 24 of the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies.

Article 6. Elections of directors and supervisors at the Company shall be conducted in accordance with the candidate nomination system and procedures set out in Article 192-1 of the Company Act. The Company shall review the qualifications, education, working experience, background, and the existence of any other matters set forth in Article 30 of the Company Act with respect to nominee directors and may not arbitrarily add requirements for documentation of other qualifications. It shall further provide the results of the review to shareholders for their reference, so that qualified directors will be elected. When the number of directors falls below five due to the dismissal of a director for any reason, the Company shall hold a by-election to fill the vacancy at its next shareholders meeting. When the number of directors falls short by one third of the total number prescribed in the Company's Corporate Charter, the Company shall call a special shareholders meeting within 60 days from the date of occurrence to hold a by-election to fill the vacancies.

When the number of independent directors falls below that required under the proviso of Article 14-2, paragraph 1 of the Securities and Exchange Act, or the related provisions of the Taiwan Stock Exchange Corporation rules governing the review of listings, or subparagraph 8 of the Standards for Determining Unsuitability for TPEX Listing under Article 10, Paragraph 1 of the GreTai Securities Market Rules Governing the Review of Securities for Trading on the TPEX, a by-election shall be held at the next shareholders meeting to fill the vacancy. When the independent directors are dismissed en masse, a special shareholders meeting shall be called within 60 days from the date of occurrence to hold a by-election to fill the vacancies.

Article 7. The cumulative voting method shall be used for election of the directors at the Company. Each share will have voting rights in number equal to the directors to be elected, and may be cast for a single candidate or split among multiple candidates.

Article 8. The board of directors shall prepare separate ballots for directors in numbers corresponding to the directors to be elected. The number of voting rights associated with each ballot shall be specified on the ballots, which shall then be distributed to the attending shareholders at the shareholders meeting. Attendance card numbers printed on the ballots may be used instead of recording the names of voting shareholders.

Article 9. The number of directors will be as specified in the Company's Corporate Charter, with voting rights separately calculated for independent and non-independent director positions. Those receiving ballots representing the highest numbers of voting rights will be elected sequentially according to their respective numbers of votes. When two or more persons receive the same number of votes, thus exceeding the specified number of positions, they shall draw lots to determine the winner, with the chair drawing lots on behalf of any person not in attendance.

Article 10. Before the election begins, the chair shall appoint a number of persons with shareholder status to perform the respective duties of vote monitoring and counting personnel. The ballot boxes shall be prepared by the board of directors and publicly checked by the vote monitoring personnel before voting commences.

Article 11. If a candidate is a shareholder, a voter must enter the candidate's account name and shareholder account number in the "candidate" column of the ballot; for a non-shareholder, the voter shall enter the candidate's full name and identity card number. However, when the candidate is a governmental organization or juristic-person shareholder, the name of the governmental organization or

juristic-person shareholder shall be entered in the column for the candidate's account name in the ballot paper, or both the name of the governmental organization or juristic-person shareholder and the name of its representative may be entered. When there are multiple representatives, the names of each respective representative shall be entered.

Article 12. A ballot is invalid under any of the following circumstances:

1. The ballot was not prepared by the board of directors.
2. A blank ballot is placed in the ballot box.
3. The writing is unclear and indecipherable or has been altered.
4. The candidate whose name is entered in the ballot is a shareholder, but the candidate's account name and shareholder account number do not conform with those given in the shareholder register, or the candidate whose name is entered in the ballot is a non-shareholder, and a cross-check shows that the candidate's name and identity card number do not match.
5. Other words or marks are entered in addition to the candidate's account name or shareholder account number (or identity card number) and the number of voting rights allotted.
6. The name of the candidate entered in the ballot is identical to that of another shareholder, but no shareholder account number or identity card number is provided in the ballot to identify such individual.

Article 13. The voting rights shall be calculated on site immediately after the end of the poll, and the results of the calculation, including the list of persons elected as directors and the numbers of votes with which they were elected, shall be announced by the chair on the site.

The ballots for the election referred to in the preceding paragraph shall be sealed with the signatures of the monitoring personnel and kept in proper custody for at least one year. If, however, a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the ballots shall be retained until the conclusion of the litigation.

Article 14. The board of directors of the Company shall issue notifications to the persons elected as directors.

Article 15. These Rules, and any amendments hereto, shall be implemented after approval by a shareholders meeting.

Zeng Hsing Corporation

Regulations Governing the Acquisition and Disposal of Assets by Public Companies(Before Amendments)

Article 1. In order to protect assets and implement information disclosure, this processing procedure is specially formulated.

Article 2. These Regulations are adopted in accordance with Article 36-1 of the Securities and Exchange Act ("the Act"). Public companies shall handle the acquisition or disposal of assets in compliance with these Regulations; unless where other law or regulation provides otherwise, such provisions shall govern.

Article 3. The term "assets" as used in these Regulations includes the following:

1. Investments in stocks, government bonds, corporate bonds, financial bonds, securities representing interest in a fund, depositary receipts, call (put) warrants, beneficial interest securities, and asset-backed securities.
2. Real estate (including land, housing and construction, Land use rights, investment real estate, land use rights, inventory of the construction industry) and its equipment.
3. Membership card.
4. Intangible assets: including intangible assets such as patents, copyrights, trademarks, and concessions.
5. Claims of financial institutions (including receivables, discounted bills and loans, collections).
6. Derivative goods.
7. Assets acquired or disposed of in accordance with legal mergers, divisions, acquisitions or transfer of shares.
8. Other important assets.

Article 4. Terms used in these Regulations are defined as follows:

1. Derivatives: Forward contracts, options contracts, futures contracts, leverage contracts, or swap contracts, whose value is derived from assets, interest rate, foreign exchange rate, index or other interests or hybrid contracts combining the above contracts; or hybrid contracts or structured products containing embedded derivatives. The term "forward contracts" does not include insurance contracts, performance contracts, after-sales service contracts, long-term leasing contracts, or long-term purchase (sales) contracts.
2. Assets acquired or disposed through mergers, demergers, acquisitions, or transfer of shares in accordance with law: Refers to assets acquired or disposed through mergers, demergers, or acquisitions conducted under the Business Mergers and Acquisitions Act, Financial Holding Company Act, Financial Institution Merger Act and other acts, or to transfer of shares from another company through issuance of new shares of its own as the consideration therefor (hereinafter "transfer of shares") under Article 156 paragraph 6 of the Company Act.

3. Related party or subsidiary: As defined in the Regulations Governing the Preparation of Financial Reports by Securities Issuers.
4. Professional appraiser: Refers to a real property appraiser or other person duly authorized by law to engage in the value appraisal of real property or equipment.
5. Date of occurrence: Refers to the date of contract signing, date of payment, date of consignment trade, date of transfer, dates of boards of directors resolutions, or other date that can confirm the counterpart and monetary amount of the transaction, whichever date is earlier; provided, for investment for which approval of the competent authority is required, the earlier of the above date or the date of receipt of approval by the competent authority shall apply.
6. Mainland China area investment: Refers to investments in the mainland China area approved by the Ministry of Economic Affairs Investment Commission or conducted in accordance with the provisions of the Regulations Governing Permission for Investment or Technical Cooperation in the Mainland Area.
7. "Within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items for which an appraisal report from a professional appraiser or a CPA's opinion has been obtained need not be counted toward the transaction amount.
8. "Latest Financial Statements" used in the procedure is the financial statements of this company audited or reviewed by a certified public accountant which has been published in accordance with applicable regulations before the subject acquisition or disposal of assets.

Article 5. Investment for non-business real estate and securities

The amount of the above assets obtained by the Company and each subsidiary individually is as follows:

1. The total amount of immovable property not for business use shall not exceed the net value of the company.
2. The total amount of long-term investment and short-term securities shall not exceed the net value of the company.
3. The amount of investment in individual securities may not exceed 40% of the company's net value.

Article 6. Professional appraisers and their officers, certified public accounts, attorneys, and securities underwriters that provide public companies with appraisal reports, certified public accountant's opinions, attorney's opinions, or underwriter's opinions and a party to the transaction may not be a related person.

Article 7. Where a public company acquires or disposes of assets through court auction procedures, the evidentiary documentation issued by the court may be substituted for the appraisal report or CPA opinion.

Article 8. Procedure for acquiring or disposing real estate property or equipment.

1. Appraisal and operational procedure

Our Company's acquisition or disposal of real estate property or equipment shall comply with our Company's internal control system and fixed asset rules.

2. Trade terms and conditions and credit limit decision-making procedure

(1) To obtain or dispose of immovable property, reference shall be made to the present value of the announcement, the assessed value, the actual transaction price of the adjacent real estate, etc., and the transaction conditions and transaction price shall be determined, and an analysis report shall be submitted to the chairman of the board, and the amount shall be less than NT\$10,000 (inclusive). It should be submitted to the chairman of the board for approval. The amount of NT\$10 million (inclusive) or above should be reported in the latest board meeting after the event; if it exceeds NT\$10 million, it must be approved by the board of directors. It.

(2) The acquisition or disposition of other fixed assets shall be made by way of inquiry, price comparison, bargaining or bidding. If the amount is less than NT\$10,000 (inclusive), it shall be approved step by step according to the authorization method; Those who have received 10,000 yuan should be submitted to the general manager for approval and must be approved by the board of directors.

3. Execution unit

When the company obtains or disposes of real property or other fixed assets, it shall be executed by the user department and the management department after the verification of the authority of the previous paragraph is submitted.

4. Appraisal report for real estate property or other fixed assets

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

(1) Where due to special circumstances it is necessary to give a limited price, specified price, or special price as a reference basis for the transaction price, the transaction shall be submitted for approval in advance by the board of directors; Those who change the trading conditions in the future should also follow the above procedures.

(2) Where the transaction amount is NT\$1 billion or more, appraisals from two or more professional appraisers shall be obtained.

(3) Where any one of the following circumstances applies with respect to the professional appraiser's appraisal results, unless all the appraisal results for the assets to be acquired are higher than the transaction amount, or all the appraisal results for the assets to be disposed of are lower than the transaction amount, a certified public accountant shall be engaged to perform the appraisal in accordance with the provisions of Statement of Auditing Standards No. 20 published by the ROC Accounting Research and

Development Foundation (ARDF) and render a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price:

1. The discrepancy between the appraisal result and the transaction amount is 20 percent or more of the transaction amount.
2. The discrepancy between the appraisal results of two or more professional appraisers is 10 percent or more of the transaction amount.
- (4) No more than 3 months may elapse between the date of the appraisal report issued by a professional appraiser and the contract execution date; provided, where the publicly announced current value for the same period is used and not more than 6 months have elapsed, an opinion may still be issued by the original professional appraiser.

Article 9. Procedure for acquiring or disposing securities

1. The purchase and sale of the company's long-term and short-term securities are handled in accordance with the company's internal control system.
2. Trade terms and conditions and credit limit decision-making procedure
 - (1) The trading of securities in the centralized trading market or the securities firm's business premises shall be decided by the responsible unit according to the market conditions. The amount of the securities below NT\$30 million (inclusive) shall be approved by the chairman and the latest boarding meeting held afterwards. The board of directors will file a report and submit a report on the analysis of the unrealized interest or loss of long-term and short-term securities; if the amount exceeds NT\$30 million, it must be approved by the board of directors.
 - (2) Not for the trading of securities in the centralized trading market or the securities firm's business premises, in the case of lower investment risk, such as government bonds, treasury bonds, guaranteed corporate bonds, bond funds, etc., the amount of individual financial assets invested in a single investment. In the case of NT\$100 million (including), the chairman of the board of directors approves and submits the report in the latest board meeting afterwards. At the same time, it also submits analytical reports of the long-term and short-term securities that have unrealized profit or loss; the amount of individual financial assets invested in a single investment. If the amount exceeds NT\$100 million, it must be approved by the board of directors.
 - (3) For long-term investment in securities trading, the company should first obtain the financial statements of the company with the most recent account audit or review as the reference for evaluating the transaction price, taking into account its net value per share, profitability and future development potential, to be approved by the chairman and will be reported in the latest board meeting after the event, and present the analytical reports of the long-term and short-term securities that have unrealized profit or loss at the same time.
3. Execution unit

When the company invests in long-term and short-term securities, it shall be executed by the accounting unit after it has been submitted for verification according to the pre-existing authority.

4. Obtain an accountant's opinion

A public company acquiring or disposing of securities shall, prior to the date of occurrence of the event, obtain financial statements of the issuing company for the most recent period, certified or reviewed by a certified public accountant, for reference in appraising the transaction price, and if the dollar amount of the transaction is 20 percent of the company's paid-in capital or NT\$300 million or more, the company shall additionally engage a certified public accountant prior to the date of occurrence of the event to provide an opinion regarding the reasonableness of the transaction price. If the CPA needs to use the report of an expert as evidence, the CPA shall do so in accordance with Statement of Auditing Standards No. 20 published by the ARDF. This requirement does not apply, however, to publicly quoted prices of securities that have an active market, or where otherwise provided by the Financial Supervisory Commission (FSC).

Article 10. Procedures of Related Party Transactions

1. The Company and its related parties obtain or dispose of assets. Except for the handling of the Article 8 processing procedures and the relevant resolution procedures and the assessment of the reasonableness of the trading conditions, the transaction amount shall be more than 10% of the company's total assets. The valuation report or accountant's opinion issued by the professional valuer shall also be obtained in accordance with Article 8. The calculation of the transaction amount of the preceding paragraph shall be handled in accordance with one of the provisions of Article 11. In addition, when judging whether the transaction object is a related person, in addition to paying attention to its legal form, the substantive relationship should be considered.

2. Procedures of Assessment and operation

When a public company intends to acquire or dispose of real property or thereof from or to a related party, or when it intends to acquire or dispose of assets other than real property or thereof from or to a related party and the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the company's total assets, or NT\$300 million or more, except in trading of government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises, the company may not proceed to enter into a transaction contract or make a payment until the following matters have been approved by the board of directors and recognized by the supervisors:

- (1) The purpose, necessity and anticipated benefit of the acquisition or disposal of real estate
- (2) The reason for choosing the related party as a transaction counterparty.
- (3) With respect to the acquisition of real property thereof from a related party, information regarding appraisal of the reasonableness of the preliminary transaction terms in accordance with Article 3 paragraph 1 to 4 and 6.

- (4) The date and price at which the related party originally acquired the real property, the original transaction counterparty, and that transaction counterparty's relationship to the company and the related party.
- (5) Monthly cash flow forecasts for the year commencing from the anticipated month of signing of the contract, and evaluation of the necessity of the transaction, and reasonableness of the funds utilization.
- (6) An appraisal report from a professional appraiser or a CPA's opinion obtained in compliance with the preceding article.
- (7) Restrictive covenants and other important stipulations associated with the transaction.

The calculation of the transaction amounts referred to in the preceding paragraph shall be made in accordance with Article 15, paragraph 6 herein, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items that have been approved by the board of directors and recognized by the supervisors need not be counted toward the transaction amount.

With respect to the types of transactions listed below, when to be conducted between a public company and its parent or subsidiaries, the company's board of directors may pursuant to Article 8, paragraph 1, subparagraph 2 delegate the board chairman to decide such matters when the transaction is within a certain amount and have the decisions subsequently submitted to and ratified by the next board of directors meeting.

Where the position of independent director has been created in accordance with the provisions of the Act, when a matter is submitted for discussion by the board of directors pursuant to paragraph 1, the board of directors shall take into full consideration each independent director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the board of directors meeting.

3. Rationality of transaction costs

- (1) A public company that acquires real property thereof from a related party shall evaluate the reasonableness of the transaction costs by the following means:
 1. Based upon the related party's transaction price plus necessary interest on funding and the costs to be duly borne by the buyer. "Necessary interest on funding" is imputed as the weighted average interest rate on borrowing in the year the company purchases the property; provided, it may not be higher than the maximum non-financial industry lending rate announced by the Ministry of Finance.
 2. Total loan value appraisal from a financial institution where the related party has previously created a mortgage on the property as security for a loan; provided, the actual cumulative amount loaned by the financial institution shall have been 70 percent or more of the financial institution's appraised loan value of the property and the

period of the loan shall have been 1 year or more. However, this shall not apply where the financial institution is a related party of one of the transaction counterparties.

- (2) Where land and structures thereupon are combined as a single property purchased in one transaction, the transaction costs for the land and the structures may be separately appraised in accordance with either of the means listed in the preceding paragraph.
- (3) A public company that acquires real property thereof from a related party and appraises the cost of the real property thereof in accordance with the preceding two paragraphs shall also engage a CPA to check the appraisal and render a specific opinion.
- (4) When the Company obtains the real property from the related party in accordance with paragraph 1 and paragraph 2 of the Article 3 are uniformly lower than the transaction price, the matter shall be handled in compliance with Article 3 paragraph 5. However, where the following circumstances exist, objective evidence has been submitted and specific opinions on reasonableness have been obtained from a professional real property appraiser and a CPA have been obtained, this restriction shall not apply:
 1. Where the related party acquired undeveloped land or leased land for development, it may submit proof of compliance with one of the following conditions:
 - (A) Where undeveloped land is appraised in accordance with the means in the preceding Article, and structures according to the related party's construction cost plus reasonable construction profit are valued in excess of the actual transaction price. The "Reasonable construction profit" shall be deemed the average gross operating profit margin of the related party's construction division over the most recent 3 years or the gross profit margin for the construction industry for the most recent period as announced by the Ministry of Finance, whichever is lower.
 - (B) Completed transactions by unrelated parties within the preceding year involving other floors of the same property or neighboring or closely valued parcels of land, where the land area and transaction terms are similar after calculation of reasonable price discrepancies in floor or area land prices in accordance with standard property market sale or leasing practices.
 - (C) For other non-relevant lease cases within one year of the same floor of the same subject, the transaction conditions shall be estimated based on the reasonable floor price difference according to the real estate leasing practice.
 2. Where a public company acquiring real property, from a related party provides evidence that the terms of the transaction are similar to the terms of completed transactions involving neighboring or closely valued parcels of land of a similar size by unrelated parties within the preceding year.
Completed transactions involving neighboring or closely valued parcels

of land in the preceding paragraph in principle refers to parcels on the same or an adjacent block and within a distance of no more than 500 meters or parcels close in publicly announced current value; transactions involving similarly sized parcels in principle refers to transactions completed by unrelated parties for parcels with a land area of no less than 50 percent of the property in the planned transaction; within the preceding year refers to the year preceding the date of occurrence of the acquisition of the real property.

- (5) Where a public company acquires real property from a related party and the results of appraisals conducted in accordance with the preceding two articles are uniformly lower than the transaction price, the following steps shall be taken:

1.A special reserve shall be set aside in accordance with Article 41, paragraph 1 of the Act against the difference between the real property transaction price and the appraised cost, and may not be distributed or used for capital increase or issuance of bonus shares. Where a public company uses the equity method to account for its investment in another company, then the special reserve called for under Article 41, paragraph of the Act shall be set aside pro rata in a proportion consistent with the share of public company's equity stake in the other company.

2.Supervisors shall comply with Article 218 of the Company Act. Where an audit committee has been established in accordance with the provisions of the Act, the preceding part of this subparagraph shall apply mutatis mutandis to the independent director members of the audit committee.

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

A public company that has set aside a special reserve under the preceding paragraph may not utilize the special reserve until it has recognized a loss on decline in market value of the assets it purchased or leased at a premium, or they have been disposed of, or the leasing contract has been terminated, or adequate compensation has been made, or the status quo ante has been restored, or there is other evidence confirming that there was nothing unreasonable about the transaction, and the FSC has given its consent.

- (6) The company obtains real estate from related parties. In any of the following circumstances, it shall be handled in accordance with the provisions of the first and second items of this Article. The assessment requirements for the reasonableness of transaction costs in paragraphs (1), (2) and (3) of Article 3 of this Article are not applicable:

1.The related party acquired the real property through inheritance or as a gift.

2.More than 5 years will have elapsed from the time the related party signed the contract to obtain the real property to the signing date for the current transaction.

3. The real property is acquired through signing of a joint development contract with the related party, or through engaging a related party to build real property, either on the company's own land or on rented land.

(7) When a public company obtains real property from a related party, it shall also comply with the Article 3 paragraphs (5) if there is other evidence indicating that the acquisition was not an arms length transaction.

Article 11. Procedures for Acquisition or Disposal of Memberships or Intangible Assets

1. Appraisal and Operating Procedures

Acquisition or disposal of memberships or intangible assets by the Company shall follow the fixed assets cycle under the Company's internal control system.

2. Decision procedure for trading conditions and authorization amount

If the company obtains or disposes of the assets according to the prescribed processing procedures or other legal provisions, it shall be approved by the board of directors. If any directors express objection and have a record or written statement, the company shall send the directors' dissent materials to the supervisors. In addition, if the company has set up independent directors and will obtain or dispose of the asset transactions to the board of directors for discussion, it should fully consider the opinions of the independent directors. If the independent directors have any objections or reservations, they should be stated in the minutes of the board of directors.

3. Division Responsible for Implementation

The division responsible for implementation of acquisition or disposal of real property and equipment in the Company is the User Department and related authorized divisions.

4. Member card or intangible asset expert assessment report

Where a public company acquires or disposes of intangible assets or right-of-use assets thereof or memberships and the transaction amount reaches 20 percent or more of paid-in capital or NT\$300 million or more, except in transactions with government agency, the company shall engage a certified public accountant prior to the date of occurrence of the event to render an opinion on the reasonableness of the transaction price; the CPA shall comply with the provisions of Statement of Auditing Standards No. 20 published by the ARDF.

Article 11-1. The calculation of the transaction amounts referred to in the preceding three articles shall be done in accordance with Article 15, paragraph 1 herein, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items for which an appraisal report from a professional appraiser or a CPA's opinion has been obtained need not be counted toward the transaction amount.

Article 12. Procedure for obtaining or disposing of claims of financial institutions

In principle, the Company does not engage in the transaction of obtaining or disposing of the creditor's rights of the financial institution. If it is to engage in the transaction of obtaining or disposing of the financial institution's claim, it will report it to the Board of Directors for approval before finalizing its assessment and operating procedures.

Article 13. Procedures for Acquisition or Disposal of Derivatives products

1. Trading principles and guidelines

(1) Type of transaction

A. Derivative financial products engaged by the company refer to transaction contracts whose value is derived from commodities such as assets, interest rates, exchange rates, indices or other interests (such as forward contracts, options, futures, interest rates or exchange rates, exchanges, and the above commodities combined composite contract, etc.)

B. Matters relating to bond margin transactions shall be handled in accordance with the relevant provisions of this procedure. The trading of bonds with repurchase conditions does not apply to the provisions of this procedure.

(2) Management (hedging) strategy

The Company engages in derivative financial products trading, and should aim at hedging. The trading commodities should be selected to avoid the risks arising from the business operations of the company. The currency held must match the foreign currency demand of the company's actual import and export transactions. The company's overall internal positions (referring to foreign currency income and expenses) are self-financing, thereby reducing the company's overall foreign exchange risk and saving foreign exchange operating costs. Other specific use transactions must be carefully evaluated and submitted to the Board for approval before proceeding.

(3) Division of powers and responsibilities

1. financial department

(A) Trader

a. Responsible for the formulation of the company's financial commodity trading strategy.

b. Traders should regularly calculate the position every two weeks, collect market information, conduct trend determination and risk assessments, and formulate operational strategies. After obtaining approval by the approval authority, they should be used as the basis for trading.

c. The transaction is executed in accordance with the authorization authority and the established strategy.

d. When there is a major change in the financial market and the trader judges that the established strategy is not applicable, the assessment report is submitted at any time, and the strategy is re-planned. After approval by the general manager, it is used as the basis for trading.

(B) Accountant

- a. Execute the transaction.
- b. Review whether the transaction is based on authorization rights and established policies.
- c. The evaluation is carried out monthly and the evaluation report is presented to the general manager.
- d. Accounting and accounting processing.
- e. Declaration and announcement in accordance with the regulations of the Financial Supervisory Commission of the Executive Yuan.

(C) Settlement staff: to perform settlement

(D) Derivative commodity authorization

- a. The approval authority of the hedging transaction for the hedging transaction must be approved by the chairman of the board of directors and submitted to the board meeting that immediately follows the transaction.
- b. Specific-purpose transactions can be carried out after being submitted to the Board of Directors for approval.
- c. If the Company obtains or disposes of the assets according to the prescribed processing procedures or other legal provisions, it shall be approved by the board of directors. If any directors express objection and have a record or written statement, the company shall send the directors' dissent materials to the supervisors. In addition, if the company has set up independent directors and will obtain or dispose of the asset transactions to the board of directors for discussion, it should fully consider the opinions of the independent directors. If the independent directors have any objections or reservations, they should be stated in the minutes of the board of directors.

(4) Performance evaluation

1. Hedging transaction

- (1) The performance is evaluated based on the profit and loss generated between the carrying value of the exchange rate cost of the company and the derivatives transactions it undertakes.
- (2) In order to fully disclose the evaluation risk of the transaction, the Company evaluates the profit and loss by the monthly evaluation method.
- (3) The financial department shall provide foreign exchange position evaluation and foreign exchange market trends and market analysis to the management for reference.

2. Specific transaction

The actual profit and loss is used as the performance evaluation basis, and the accounting staff must regularly report the positions to management for reference.

(5) Total contract amount and maximum loss limit

1. Total contract

(1) Hedging limit

The finance department should master the overall position of the company to avoid trading risks. The amount of hedging transactions shall not exceed two-thirds of the company's overall net position, if exceeding two-thirds of the total, it should be reported to the general manager for approval.

(2) Specific transaction

Based on the projected market changes, the finance department may formulate strategies according to demands and report it to the general manager and the chairman of the board for approval. The Company's specific-purpose transactions are subject to a total contractual amount of the company's net accumulative position, which is limited to US\$ 3,000,000. If the amount exceeds the above amount, it must be approved by the board of directors, and it can be obtained according to the policy directive.

2. Setting of the upper limit of loss

(1) Hedging transaction avoids risks. The individual contract loss limit is 50% of the individual contract amount; the total contract loss limit is 50% of the total contract amount.

(2) For a special purpose transaction contract, after the position is established, a stop loss point should be set to prevent excess losses. The stop loss point is set at a limit of 15% of the transaction contract amount, and the amount of the individual contract loss is the lower of not more than US\$100 million or 15% of the transaction contract amount. The maximum annual loss for the company's specific purpose of trading operations is US\$ 300,000. If the amount of the loss exceeds 10% of the transaction amount, it shall be reported to the general manager immediately and to the board of directors to discuss the responsive measures.

2. Risk management measures

(1) Credit risk management:

Changes due to various factors in the market are prone to cause operational risks of derivatives products. Therefore, market risk management shall be handled according to the following principles:

1. Counterparties: shall be mainly well known domestic and foreign financial institutions.
2. Trading commodity: It is limited to the products provided by well known domestic and foreign financial institutions.
3. Amount of the transaction: The transaction amount that is not offset of the same transaction counterparty shall not exceed 10% of the total authorized amount, unless approved by the general manager.

(2) Market risk management:

The Company mainly trade in the foreign exchange market provided by banks, the futures market will not be considered for the time being.

- (3) Liquidity risk management:
In order to ensure market liquidity, financial products with higher liquidity are preferred when making selections, and financial institutions engaged to make transactions must have sufficient information and the ability to conduct transactions in the market at any time.
- (4) Cash flow risk management
To ensure the stability of the Company's operating capital, the Company engages in derivatives products transactions limited to its own funds, and its operation should consider the funding needs of future cash payment forecast.
- (5) Operational risk management
 - 1. The Company's authorization quota and operating procedures shall be include in the internal audits to avoid operational risks.
 - 2. Traders engaged in derivatives products and operators such as confirmation and settlement shall not concurrently serve these positions.
 - 3. The risk measurement, supervision and control personnel shall be in different departments from the preceding paragraph, and shall report to the board of directors or senior executives who are not responsible for the decision-making of the transactions or positions.
 - 4. Derivatives position held should be evaluated at least once a week, but hedging transactions conducted to meet business demand shall be evaluated at least twice per month and its assessment report shall be forwarded to the executives who are authorized by the board of directors.
- (6) Commodity risk management
Internal traders should have comprehensive and accurate professional knowledge of financial products, and banks are required to fully disclose risks to avoid mishandling of financial products.
- (7) Legal risk management:
Documents to be signed with financial institutions should be formally reviewed by professionals of foreign exchange and legal affairs or legal counsel before they can be formally entered into to avoid legal risks.
- 3. Internal audit system
 - (1) Internal auditors should regularly verify the appropriateness of the internal control of derivatives transactions, and check the compliance of the trading department regarding the transaction procedures for derivatives transactions and analyze the trading cycle on a monthly basis to make an audit report. If major violations are found, the supervisor shall be notified in writing and report to the board of directors.
 - (2) The internal auditor shall file the audit report and the annual audit of the internal audit work to the FSC by the end of February of the following year, and report the improvement of the abnormal matters to the FSC by the end of May of the following year.

4. Regular assessment

- (1) The board of directors shall authorize the senior executives to regularly supervise and evaluate whether the derivatives transactions are actually handled in accordance with the Company's trading procedures, and whether the risks assumed are within the scope allowed and the market price assessment report is immediately reported to the board of directors in the event of any abnormal occurrences (such as position held exceeded limit) and appropriate measures are taken.
- (2) Derivatives position held should be evaluated at least once a week, but hedging transactions conducted to meet business demand shall be evaluated at least twice per month and its assessment report shall be forwarded to the executives who are authorized by the board of directors.

5. The supervision and management principles of the board of directors when engaging in derivatives transactions

- (1) The board of directors shall appoint high-level supervisors to monitor the supervision and control of the risk of derivatives trading at any time. The management principles are as follows:
Regularly assess whether the current risk management measures are appropriate and handled in accordance with the principle and the company's procedures when dealing with derivatives products.
Supervise the transaction and the gain/loss status, if any abnormality is found, necessary countermeasures shall be taken and immediately report the occurrence to the board of directors.
If the company has set up independent directors, the independent directors shall attend the board meeting to express their opinions.
- (2) Regularly assess whether the performance of the derivatives transactions meets the standards established in the business strategy and whether the risks assumed are within the Company's permissible scope.
- (3) When the Company engages in derivatives trading, if the transactions are undertaken by persons authorized according to the derivatives product transactions procedures, such occurrence shall be reported to the most recent board meeting.
- (4) When the Company engages in derivatives transactions, it shall establish a checklist to state the type and amount of the derivatives transactions, the date the board approves the proposal, and items that should be carefully assessed required by Paragraphs 4-2, 5-1 and 5-2 of the Article herein.

Article 14. Procedures for mergers, divisions, acquisitions or share transfers

1. Assessment and operation procedures

- (1) When the company handles mergers, divisions, acquisitions or share transfers, it is advisable to invite lawyers, accountants and underwriters to jointly study the estimated timetable for the statutory procedures and organize the ad hoc group to implement them in accordance with legal procedures. Before convening a resolution of the board of directors, the accountant, lawyer or securities underwriter is invited to express opinions

on the proportion of the conversion, the purchase price or the reasonableness of the cash or other property of the allotment to the board of directors for discussion and approval. However, the merger of the subsidiaries of the Company, which directly or indirectly holds 100% of the issued shares or capital, or the subsidiaries that directly or indirectly hold 100% of the issued shares or total capital, may be exempted from the reasonable offer of the former experts. Sexual opinion.

- (2) The Company shall merge, divide or acquire the important agreed contents and related matters, and make public documents to the shareholders before the meeting of the shareholders' meeting, and deliver the expert opinions of the first paragraph (1) of this Article and the notice of the meeting of the shareholders' meeting. Shareholders, as a reference for whether or not to agree to the merger, division or acquisition. However, except for those who are exempt from the merger, division or acquisition of the shareholders' meeting in accordance with other laws, this is not the case. In addition, the shareholders participating in the merger, division or acquisition, due to the number of attendees, insufficient voting rights or other legal restrictions, may not be convened, resolved, or the proposal will be rejected by the shareholders, the company involved in the merger, division or acquisition should immediately disclose the reasons for the occurrence, the subsequent processing operations and the date of the expected shareholders meeting.

2. Other precautions

- (1) The companies participating in the merger, division or acquisition shall, in addition to other laws or special factors, submit to the board of directors and the shareholders' meeting on the same day to resolve the merger, division or acquisition of the relevant matters.

The company participating in the transfer of shares shall, on the same day, convene the board of directors unless otherwise stipulated by other laws or with special factors in advance. Companies that participate in mergers, divisions, acquisitions or share transfers or stocks traded in securities dealers' offices shall make the following written records in full and keep them for five years for verification:

1. Basic personnel information: including the person who participated in the merger, division, acquisition or share transfer plan or plan execution before the news is published, its title, name, and identity card number (if it is a foreigner, the passport number).
2. Important Date: Includes dates such as signing a letter of intent or memorandum, entrusting financial or legal counsel, signing a contract, and the board of directors.
3. Important books and proceedings: including mergers, divisions, acquisitions or share transfer plans, letters of intent or memoranda, important contracts and minutes of directors' meetings.

A company that participates in a merger, division, acquisition or transfer of shares or shares in a securities firm's business premises shall, within

two days from the date of the resolution of the board of directors, use the first and second paragraphs of the preceding paragraph in accordance with the prescribed format. Network information system declaration.

A company that participates in a merger, division, acquisition or transfer of shares has a company that is not listed or whose shares are traded in the securities firm's business premises. Companies that are listed or traded in the securities firm's business premises should sign an agreement with them and comply with the third paragraph and The fourth rule is handled.

- (2) Prior confidentiality commitment: All persons who participate in or know the company's merger, division, acquisition or share transfer plan shall issue a written confidentiality commitment, and the contents of the plan shall not be disclosed to the public before the information is disclosed, nor may they use the name of others themselves or Trading in shares of all companies related to mergers, divisions, acquisitions or share transfer cases and other securities of an equity nature.
- (3) The principle of change and change of the share conversion ratio or the purchase price: the company participating in the merger, division, acquisition or share transfer shall, before the board of directors of both parties, appoint an accountant, lawyer or securities underwriter for the share conversion ratio, purchase price or allotment shareholder Express the opinion on the reasonableness of the cash or other property and report it to the shareholders' meeting. In principle, the conversion ratio or the purchase price shall not be arbitrarily changed, but the conditions for the change in the contract have been fixed and disclosed to the public. The conversion ratio or purchase price may be changed as follows:
 1. Handling cash capital increase, issuing conversion corporate bonds, unpaid share allotment, issuing warranted corporate bonds, special stocks with warrants, warrants and other securities of equity nature.
 2. Disciplining the company's major assets and other activities that affect the company's financial business.
 3. Major disasters, major technological changes, etc. affect the company's shareholders' equity or securities prices.
 4. The adjustment of the treasury shares purchased by one of the companies involved in the merger, division, acquisition or share transfer.
 5. The number of entities or households involved in the merger, division, acquisition or share transfer has increased or decreased.
 6. Other conditions that have been changed in the contract have been disclosed to the public.
- (4) The contents of the contract shall include: the merger, division, acquisition or transfer of the company of the share transfer company shall be subject to the following matters, in addition to the provisions of Article 317 of the Company Act and Article 22 of the Business Mergers And Acquisitions Act.
 1. Default treatment.

2. The company that has been eliminated or divided by the merger has previously issued the principle of dealing with equity securities or treasury shares that have been bought back.
 3. After participating in the calculation of the base date of the conversion ratio, the participating companies may legally buy back the number of treasury shares and how to deal with them.
 4. The way in which the number of participating entities or households is increased or decreased.
 5. The progress of the project is expected to be completed and the schedule is expected to be completed.
 6. When the plan is not completed within the time limit, the relevant processing procedures such as the scheduled date of the shareholders' meeting shall be convened in accordance with the law.
- (5) When a company that participates in a merger, division, acquisition or transfer of shares is subject to change: Any party that participates in a merger, division, acquisition or transfer of shares may, after disclosure of information, intend to merge, divide, acquire or otherwise merge with other companies. The transfer of shares, except for the decrease in the number of participating households, and the shareholders' meeting has resolved and authorized the board of directors to change the authority, the participation in the company is exempted from convening the shareholders' meeting to re-issue the resolution, the original merger, division, acquisition or share transfer case has been completed. The procedures or legal acts should be followed by all participating companies.
- (6) If the company participating in the merger, division, acquisition or share transfer has a non-public offering company, the company shall sign an agreement with it and convene the date of the board of directors and the second paragraph (2) in accordance with paragraph (1) of this article. Paragraph (5) shall be dealt with in accordance with the provisions of the merger, division, acquisition or transfer of shares of the company.

Article 15. Information disclosure procedure

1. The project should be announced and the reporting standard should be announced.
 - (1) Obtain or dispose of immovable property from the related party, or acquire or dispose of other assets other than the real property with the related person and the transaction amount shall reach 20% of the company's paid-in capital, 10% of the total assets or NT\$300 million. However, the sale and purchase of public debt, the purchase of bonds, the sale of bonds, the purchase or purchase of money market funds issued by domestic securities investment trusts are not limited.
 - (2) Consolidation, division, acquisition or share transfer.
 - (3) The amount of all or individual contractual losses specified in the processing procedures for the loss of derivative goods transactions.

- (4) The types of assets acquired or disposed of are equipment for business use, and the transaction objects are not related parties, and the transaction amount is one of the following:
 1. The amount of paid-up capital is less than NT\$10 billion in public offering companies, and the transaction amount is NT\$500 million.
 2. The publicly-issued company with a paid-in capital of NT\$10 billion or more has a transaction amount of NT\$1 billion or more.
- (5) The company is expected to invest NT\$500 million in real estate by means of local construction, land lease construction, joint housing construction, joint construction, and joint construction.
- (6) In addition to the first five paragraphs of asset transactions, financial institutions to dispose of creditor's rights or engage in mainland investment, the transaction amount of the company's paid-in capital of 20% or NT\$300 million. However, the following situations are not limited to this:
 1. Buying and selling public debt.
 2. Buying and selling bonds with buy back, selling back conditions, buying or buying back money market funds issued by domestic securities investment trusts.

The calculation of the aforementioned transaction amount is as follows, and the alleged one year is based on the date on which the fact of the transaction occurred, and is retroactively calculated for one year.

 1. The amount of each transaction.
 2. The amount of transactions acquired or dispositioned by the same counterpart in the same nature within one year.
 3. The amount of the same development plan real estate accumulated or acquired (accumulated and disbursed separately) within one year.
 4. The amount of the same marketable securities accumulated or disbursed (acquired and disbursed separately) within one year.
2. Time limit for handling announcements and filings

The company obtains or disposes of assets, has the items to be announced in this procedure, and the transaction amount up to the declared standard of this article shall be reported within two days from the date of the fact.
3. Announcement procedure
 - (1) The company shall report the relevant information to the designated website of the Financial Supervision and Administration Commission for public announcement.
 - (2) The Company shall, on a monthly basis, enter into the information reporting website designated by the FSC by the Company and its non-domestic public offering subsidiaries in the form of derivative goods transactions as of the end of last month in accordance with the prescribed format.
 - (3) If the company shall make corrections in accordance with the regulations, if it is wrong or missing during the announcement, it shall, within 2 days from the date of notification, re-issue the declaration in accordance with the relevant laws and regulations.

(4) Where the company obtains or

Disposes of assets, it shall deposit the relevant contract, the proceedings, the record book, the valuation report, the accountant, the lawyer or the securities underwriter's opinions in the company, and save for at least five years, unless otherwise stipulated by other laws.

(5) After the company announces the declared transaction in accordance with the provisions of the preceding article, if any of the following circumstances occurs, the relevant information shall be reported on the designated website of the FCC within two days from the date of the fact:

1. The relevant contract signed by the original transaction has been changed, terminated or cancelled.
2. Mergers, splits, acquisitions or share transfers are not completed on the contractual schedule.
3. The original announcement has changed.

4. Announcement format

The company obtains or disposes of assets. If there are any of the following circumstances and meets the application criteria, it shall, according to the nature, the content, format and items to be recorded in accordance with the regulations of the competent authority, shall be notified within the prescribed time limit:

- (1) The company trades the securities of the parent company or related company at the centralized trading market or counter trading center at home and abroad.
- (2) Real estate will be acquired by means of self-employment construction, joint housing construction, joint construction, and joint construction.
- (3) Acquiring or disposing of immovable property and other fixed assets, and obtaining real estate from related parties.
- (4) It is not the securities market, the membership card, the sale of intangible assets and the financial institution's disposition of credits in the centralized trading market or the securities firm's business premises.
- (5) Investment in the mainland.
- (6) Engaged in derivatives trading.
- (7) Consolidation, division, acquisition or share transfer.

Article 16. The subsidiaries of the company shall be handled in accordance with the following regulations:

1. Subsidiaries should also stipulate and implement the "Acquisition or Disposal of Assets Processing Procedures" in accordance with the relevant provisions of the "Public Issuance or Disposal of Assets Handling Guidelines".
2. If the subsidiary is not a publicly-issued company, the procedure shall be approved by the board of directors of the subsidiary, and the same shall apply to the amendment; in the case of a publicly-issued company, the procedure shall be determined in accordance with the "Guidelines for the Acquisition or Disposal of Assets by the Public Issuance Company" and the board of directors of the company shall pass and submit the proposal to the shareholders' meeting for approval. The same shall apply to amendments.

3. If the subsidiary is not a publicly-issued company which obtains or disposes of the assets reaching the standard set by the “Public Issuance Company to Obtain or Dispose of Assets Management Guidelines”, its parent company shall handle the announcement and declaration on behalf of the subsidiary.
4. In the announcement standard of the subsidiary company, the so-called “20% of the company’s paid-up capital or 10% of the total assets” is based on the paid-in capital or total assets of the parent (the company).

Article 16-1. For the calculation of 10 percent of total assets under these Regulations, the total assets stated in the most recent parent company only financial report or individual financial report prepared under the Regulations Governing the Preparation of Financial Reports by Securities Issuers shall be used. In the case of a company whose shares have no par value or a par value other than NT\$10-for the calculation of transaction amounts of 20 percent of paid-in capital under these Regulations, 10 percent of equity attributable to owners of the parent shall be substituted.

Article 17. Penalty

If the employee of the company undertakes to obtain and dispose of the assets in violation of the provisions of this procedure, it shall submit the assessment in accordance with the relevant provisions of the company, and shall be punished according to the circumstances.

Article 18. Implementation and revision

The company shall establish its procedures for the acquisition or disposal of assets in accordance with the provisions of these Regulations. After the procedures have been approved by the board of directors, they shall be submitted to each supervisor, and then to a shareholders' meeting for approval; the same applies when the procedures are amended. If any director expresses dissent and it is contained in the minutes or a written statement, the company shall submit the director's dissenting opinion to each supervisor.

Where the position of independent director has been created in accordance with the provisions of the Act, when the procedures for the acquisition and disposal of assets are submitted for discussion by the board of directors pursuant to the preceding paragraph, the board of directors shall take into full consideration each independent director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the board of directors meeting.

Article 19. Supplementary

If there are any outstanding issues in this processing procedure, it shall be handled in accordance with the relevant laws and regulations.

Zeng Hsing Corporation

Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees (Before Amendments)

Article 1 Purpose

A public company shall comply with these Regulations when making loans to and endorsements/guarantees for others; provided that where another act or regulation provides otherwise, the provisions of such act shall prevail.

Article 2 Legal

These Regulations are promulgated pursuant to Article 36-1 of the Securities and Exchange Act ("the Act") and relevant regulations promulgated by FSC are set.

Article 3 Scope

1. Entities to which the company may loan funds :

- (1) Where an inter-company or inter-firm business transaction calls for a loan arrangement; or Where an inter-company or inter-firm short-term financing facility is necessary.
- (2) The company or inter-firm necessary for short-term financing is limited to the following:
 1. Companies with more than 20% of the company's shareholdings are required to meet the business needs.
 2. The company's board of directors agreed to the fund loan.

2. The endorsements referred to in this procedure include financing endorsement guarantees, customs duty endorsement guarantees and other endorsement guarantees in three major categories:

- (1) Financing endorsements/guarantees, including:
 - (a) Bill discount financing.
 - (b) Endorsement or guarantee made to meet the financing needs of another company.
 - (c) Issuance of a separate negotiable instrument to a non-financial enterprise as security to meet the financing needs of the company itself.
- (2) Customs duty endorsement/guarantee, meaning an endorsement or guarantee for the company itself or another company with respect to customs duty matters.
- (3) Other endorsements/guarantees, meaning endorsements or guarantees beyond the scope of the above two subparagraphs.

3. The object of the company's endorsement guarantee:

- (1) A company with which it does business.
- (2) A company in which the public company directly and indirectly holds more than 50 percent of the voting shares.

(3) A company that directly and indirectly holds more than 50 percent of the voting shares in the public company.

Companies in which the public company holds, directly or indirectly, 90% or more of the voting shares may make endorsements/guarantees for each other, and the amount of endorsements/guarantees may not exceed 10% of the net worth of the public company, provided that this restriction shall not apply to endorsements/guarantees made between companies in which the public company holds, directly or indirectly, 100% of the voting shares.

The capital contribution referred to in the preceding paragraph refers to the direct capital contribution of the company or the capital contribution of the company with 100% of the voting shares.

4. The subsidiaries and parent companies referred to in this procedure shall be determined in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers. The Company's financial report is prepared in accordance with the International Financial Reporting Standards. The net value referred to in this procedure refers to the equity of the securities issuer's financial report preparation standards attributable to the owners of the parent company.

Article 4 The ceilings on the amounts permitted to make in endorsements/guarantees

1. If the company's fund loans and targets are companies or inter firm that have business dealings with the company, the individual loans and amounts must not exceed the highest amount of purchase or sales between the two parties in the previous year.
2. The company's fund loans and objects are necessary for business transactions or short-term financing, the limit for individual objects shall not exceed 20% of the total loanable funds of the company; the financing amount shall not exceed the net value of the company. Forty.
3. The total amount of the company's external endorsement guarantee shall not exceed 40% of the current net value. The limit for endorsement of a single enterprise is limited to 20% of the net value of the current period, but only for a single overseas affiliate company that does not exceed 30% of the net value of the current period. It shall not exceed the total amount of transactions with the Company in the most recent year (the amount of goods purchased or sold between the two parties is higher).
4. The total amount of the endorsement guarantees of the Company and its subsidiaries shall not exceed the net value of the current period of 45% and the amount guaranteed for the endorsement of a single enterprise shall not exceed 30% of the current net value.

The term "short-term" as used in the preceding paragraph means one year. ; The term "financing amount" means the cumulative balance of the public company's short-term financing. The restriction in paragraph 1, subparagraph 2 and 3 shall not apply to inter-company loans of funds and Endorsement guarantee between foreign companies in which the public company holds, directly or indirectly, 100% of the voting shares.

Article 5 Hierarchy of decision-making authority and delegation thereof.

1. The board of directors is the company's fund lending and other people's approval resolutions. Any matters relating to the company's fund lending and others shall not be approved by the board of directors. The loan of funds between the Company and its subsidiaries or subsidiaries shall be subject to the resolutions of the Board of Directors in accordance with the foregoing provisions, and may authorize the Chairman to allocate the same amount of credits and the resolutions of the board of directors within a certain period of not less than one year.

The amount of the credits referred to in the preceding paragraph shall not exceed 10% of the net value of the latest financial statements of the Company, except for those that meet the requirements of Article 4, paragraph 3.

2. The company's endorsement guarantees should be approved by the board of directors. However, in order to meet the statute of limitations, the board of directors shall authorize the chairman to make a decision within 30% of the current period's net worth, and report to the board of directors for follow-up after the event, and report the relevant situation to the shareholders' meeting for future reference. However, the company directly and indirectly holds more than 90% of the voting shares of the company in accordance with the provisions of the third paragraph of Article 3, before the endorsement of the guarantee, and should be reported to the board of directors of the company after the resolution. However, the Company shall directly and indirectly hold 100% of the inter-company endorsement guarantees of voting shares, except for this.

When the company has set up independent directors, it should fully consider the opinions of each independent director when it is a loan for funds or endorsement for others, and include the reasons for its consent or objection and the reasons for objection in the records of the board of directors.

Article 6 Procedures of operating

1. Operational Procedures for Loaning Funds

- (1) When lending money to others, the finance department is responsible for reviewing the borrower and formulating the maximum loanable amount and amount, term, interest-bearing method, and presentation and contracting operations, and is responsible for setting up the special person to keep the fund loan and other people's homework registration information and related file.
- (2) After the fund loan and others' cases are approved by the board of directors, the finance department is responsible for appropriating the payment operation and the repayment of principal and interest.
- (3) The finance department shall, in accordance with the time limit and report format prescribed by the Executive Yuan's Financial Supervisory Committee, report the funds and other persons' information to the relevant authorities on schedule.
- (4) The Executive Director's Office is responsible for the investigation of the funds and other people's case investigations and the unit responsible for the evaluation.

2. Operational Procedures for Endorsements/Guarantees :

- (1) When the endorsement guarantees that the enterprise needs to use the endorsement guarantee amount within the quota, it shall provide basic information and financial information, and fill in the application form to submit an application to the financial department of the company. The financial department shall conduct detailed evaluation and handle the credit investigation work. The assessment includes its necessity and reasonableness, the endorsement guarantee for its business relationship, the amount of the endorsement guarantee amount and the business transaction amount, the impact on the Company's operational risk, financial position and shareholders' equity, and whether collateral should be obtained and Valuation of the value of collateral, etc.
- (2) The financial department of the Company will collect the relevant information and assessment results of the preceding paragraph. If the accumulative balance at the time of the endorsement has not exceeded 30% of the net value of the current period, it will be submitted to the chairman of the board for review and then submitted to the board of directors. If the endorsement guarantees that the accumulated balance has exceeded 30% of the net value of the current period, it shall be submitted to the board of directors for approval and shall be handled in accordance with the resolution of the board of directors. The Company and its subsidiaries have determined that the total amount of endorsement guarantees is more than 50% of the net value of the Company and should be explained at the shareholders' meeting for its necessity and reasonableness.
- (3) The endorsement guarantee book established by the finance department shall guarantee the object of the endorsement, the amount, the date of the approval of the board of directors or the chairman of the board of directors, the date of endorsement guarantee, the matters that should be carefully evaluated in accordance with these provisions, the content of the collateral and its evaluation value, and the endorsement guarantee The conditions and dates of the responsibilities are detailed for future reference.
- (4) When the endorsement guarantees the repayment of the enterprise, the company shall pay the repayment information to the company in order to release the responsibility of the company and publish it in the endorsement guarantee checklist.
- (5) A public company shall evaluate or record the contingent loss for endorsements/guarantees, and shall adequately disclose information on endorsements/guarantees in its financial reports and provide certified public accountants with relevant information for implementation of necessary audit procedures.

Article 7 The chop custody and procedures

The Company shall use the corporate chop registered with the Ministry of Economic Affairs as the dedicated chop for endorsements/guarantees. The chop shall be kept in the custody of a designated person approved by the board of directors and may be used to seal or issue negotiable instruments only in prescribed procedures.

When making a guarantee for a foreign company, a public company shall have the Guarantee Agreement signed by a person authorized by the board of directors.

Article 8 Operation control

1. Loans to Others

- (1) When the Company applies for loans to others, the finance department shall complete the detailed examination of the borrower's purpose, guarantee terms and the impact on the Company's operational risks, financial status and shareholders' rights. After formulating the maximum loanable amount, time limit, interest-bearing method, or reaching the decision of not extending the loan, it will submit the report to the CEO for due diligence and appraisal, and after confirming the consent, the general manager and the chairman of the board of directors shall approve the agreement, before report it to the board of directors for approval.
- (2) Regarding the renewal case, in addition to the above-mentioned review and due diligence operations, the due diligence operation shall be conducted every six months or one year during the loan term, and the results of the due diligence shall be reported to the responsible department heads for approval according to the approval and reporting procedure.
- (3) The borrower shall provide a collateral of considerable value. The collateral may provide real estate, movable property or a certain number of deposit certificates (the number of which is subject to approval), but regardless the nature of the collateral provided, the amount of the collateral shall be the same as the liability. The guarantee note (whether the guarantee note is subject to other company or legal person endorsement depends on whether the approval conditions are required). The collateral must be valued by the legal staff of the company. If the collateral is more than RMB 100 million, and if the collateral is real property and should be valued by an external professional appraisal unit, and regardless of whether the loan is finally extended, the appraisal fee will be borne by the borrower. After the completion of the evaluation of the collateral, the collateral must be entrusted by the financial department to a scrivener to handle the mortgage creation procedure or go to the bank for time deposit pledge work other related collateral preservation operations.
- (4) After the loan has been approved by the board of directors, the finance department shall sign the contract with the borrower within its function and responsibilities, and shall submit the application according to the regulations. After signing the contract, the finance department may consider the borrower's capital requirements. The borrower may also repay the loan once or in multiples, but the loan balance shall not exceed the maximum amount of the repayment period approved by the board of directors.
- (5) The company's maximum loan period is limited to one year, and the interest rate shall not be lower than the highest interest rate of the company's short-term loans from financial institutions.

- (6) If the collateral arising from the loan is not land or securities, it shall be covered by fire insurance, and the company shall be the beneficiary.
- (7) When the loan is due, the financial department shall notify the borrower to handle the repayment operation according to the contract. When the borrower has to cancel the collateral and pledge right after repaying the loan, the financial department shall handle the settlement and cancellation of the operation, and shall execute the cancellation after obtaining approval from the supervisor.
- (8) The loan operations should be recorded in the record book to state the borrower of the loan, the amount, the date of the board meeting approved the loan, the date the fund is drawn and the items that should be carefully evaluated in accordance with the first paragraph of the preceding article. The finance department shall designate staff responsible for keeping the record book.
- (9) After the loan is drawn, the financials, business and related credit status of the borrower and the guarantor should be constantly monitored. If there is any collateral, attention should be paid to the change of the guarantee value. In case of major changes, the board should be notified immediately and take appropriate measures follow the instructions.
- (10) When the borrower repays the loan before the expiration of the loan, the interest payable shall be calculated first and repaid together with the principal before the promissory note and the borrowings can be cancelled and returned to the borrower or the mortgage can be withdrawn.
- (11) When the loan matures, the borrower shall pay off the principal and interest immediately. If the loan is not repaid and needs to be extended, the applicant must submit an application in advance and report it to the board of directors for approval. If the board of directors does not approve the extension, the borrower shall immediately pay off the principal and interest, otherwise the company should collect the payments according to law.
- (12) If the company incurs any changes so the loan and the borrower do not meet the requirements of the operating procedures or the balance exceeds the limit, the improvement plan shall be formulated, and the relevant improvement plan shall be sent to the supervisors, and the improvement shall be completed according to the planning schedule and reported to the board of directors.

2. Endorsement guarantees:

- (1) If the company changes due to the circumstances, the endorsement guarantee object does not meet the requirements of the operating procedures, or the amount exceeds the limit, the improvement plan should be set, the relevant improvement plan should be sent to the supervisors, and the improvement and reporting should be completed according to the planning schedule. On the board of directors.
- (2) The Company's endorsement guarantees that due to business needs, and if it exceeds the amount specified in these Measures and meets the conditions stipulated in the present Measures, it shall be approved by the Board of

Directors and more than half of the directors shall name the joint loss of the company's losses. And amend these measures and report them to the shareholders' meeting for confirmation; when the shareholders' meeting disagrees, they should fix the plan to sell the overrun limit within a certain period of time. The Company has set up independent directors. In the discussion of the board of directors of the preceding paragraph, the opinions of the independent directors should be fully considered and the reasons for their express or dissenting opinions and objections should be included in the records of the board of directors.

- (3) If the endorsement guarantee object is a subsidiary whose net value is less than one-half of the paid-in capital, the relevant management and control measures shall be determined.
 - (4) If the subsidiary's stock has no denomination or the denomination of each share is NT\$10, the amount of paid-in capital calculated in accordance with the provisions of the preceding (iii) shall be the sum of the capital reserve plus the issue premium.
3. The internal auditors of the Company shall, at least quarterly, audit the funds and other people's and endorsements to ensure the operating procedures and their implementation, and make written records. If any major violations are found, they shall notify the supervisors in writing.

Article 9 The time and content of the declaration should be announced

1. The Company shall, on the 10th of each month, submit the endorsement guarantee and the loan to others of the Company and its subsidiaries to the designated website of the FSC for public announcement. The date of occurrence of the alleged facts referred to in this procedure refers to the date on which the transaction is signed, payment date, board resolution date, or information sufficient to determine the earlier of the transaction counterparty or the date of the transaction amount can be fully determined
2. The company's loans that meet one of the following standards shall be announced within two days from the date of the occurrence:
 - (1) The aggregate balance of loans to others by the Company and its subsidiaries reaches 20 percent or more of the Company's net worth as stated in its latest financial statement.
 - (2) The balance of loans by the Company and its subsidiaries to a single enterprise reaches 10 percent or more of the Company's net worth as stated in its latest financial statement.
 - (3) The amount of new loans by the Company or its subsidiaries reaches NT\$10 million or more, and reaches 2 percent or more of the Company's net worth as stated in its latest financial statement.
3. If the endorsement of the company meets one of the following standards, it shall be announced within two days from the date of the occurrence:
 - (1) The aggregate balance of endorsements/guarantees by the Company and its subsidiaries reaches 50 percent or more of the Company's net worth as stated in its latest financial statement.
 - (2) The balance of endorsements/guarantees by the Company and its subsidiaries for a single enterprise reaches 20 percent or more of the Company's net worth as stated in its latest financial statement.

- (3)The balance of endorsements/guarantees by the Company and its subsidiaries for a single enterprise reaches NT\$10 millions or more and the aggregate amount of all endorsements/guarantees, long-term investment and loans to such enterprise reaches 30 percent or more of the Company's net worth as stated in its latest financial statement.
- (4)The amount of new endorsements/guarantees made by the Company or its subsidiaries reaches NT\$30 million or more, and reaches 5 percent or more of the Company's net worth as stated in its latest financial statement.
- 4. The Company shall announce and report on behalf of any of its subsidiary which is not a public company of the Republic of China with respect to any matters that such subsidiary is required to announce and report pursuant to subparagraph 3 of paragraph 2 and subparagraph 4 of paragraph 3.
- 5. A public company shall evaluate the status of its loans of funds and reserve sufficient allowance for bad debts, and shall adequately disclose relevant information in its financial reports and provide certified public accountants with relevant information for implementation of necessary auditing procedures.
- 6. A public company shall evaluate or record the contingent loss for endorsements/guarantees, and shall adequately disclose information on endorsements/guarantees in its financial reports and provide certified public accountants with relevant information for implementation of necessary audit procedures.
- 7. The term "announce and report" as used in these Regulations means the process of entering data to the information reporting website designated by the Financial Supervisory Commission (FSC).

Article 10 Procedures for controlling and managing the loan and endorsements/guarantees by subsidiaries.

- 1. Where a subsidiary of the Company intends to making loans to and endorsements/guarantees for others , the Company shall instruct it to formulate its own the governing Procedures for Loaning of Company Funds and Making of Endorsements/Guarantees.
- 2. Subsidiaries shall prepare a list of the previous month's loans to others or endorsements for others and submit them to the company before the 10th (excluding) day of each month.
- 3. The company's internal auditors shall audit the Operational Procedures for Endorsements/Guarantees and the Operational Procedures for Loans to Others and the implementation thereof no less frequently than quarterly and prepare written records accordingly. They shall promptly notify all the supervisors in writing of any material violation found.
- 4. When the audit personnel of the company check the subsidiaries according to the annual audit plan, they should also investigate how the subsidiaries endorse the operating procedures, loans and other people's operating procedures. If any deficiencies are found, they should continue to track the improvement and prepare a tracking report to the general manager.

Article 11 Penalty

When the manager and the organizer of the company violate this operating procedure, they shall submit the assessment in accordance with the relevant regulations of the company, and shall be punished according to their circumstances. Those who violate the law shall be prosecuted according to law.

Article 12 Implementation and revision

The Procedures after passage by the board of directors, submit the Procedures to each supervisor and submit them for approval by the shareholders' meeting; where any director expresses dissent and it is contained in the minutes or a written statement, the company shall submit the dissenting opinion to each supervisor and for discussion by the shareholders' meeting. The same shall apply to any amendments to the Procedures.

Where the Company has established the position of independent director, when it loans funds to others, it shall take into full consideration each independent director's opinions; independent directors' opinions specifically expressing assent or dissent and their reasons for dissent shall be included in the minutes of the board of directors' meeting.

Appendix 6

Zeng Hsing Corporation Shareholdings of All Directors and Supervisors

1. The company's paid-in capital is NT\$605,356,310 , and the number of issued shares is 60,535,631 shares.
2. Article 26 of the Securities and Exchange Act that all Directors shall hold a minimum of 4,842,850 shares, and all Supervisors shall hold a minimum of 484,285 shares.
3. The number of shares held by the individual and all directors and supervisors recorded in the shareholder list of the shareholders' meeting at the current meeting are as follows:

Title	Name	Number of shares held	Remarks
Chairman	Lin Chih Cheng	937,000	
Director	Liao Shu Cheng	876,610	
Director	Hong Ruiz Hen	1,945,760	
Director	Tsai Chong Guang	655,527	
Director	Li Fen Gji	1,065,628	
Independent Director	Wu Zhi Sheng	0	
Independent Director	Tang Ming Liang	0	
Independent Director	Xu Jun Ming	0	
Total shareholding of all Directors		5,480,525	

Title	Name	Number of shares held	Remarks
Supervisor	Zhang Bo Song	200,984	
Supervisor	Huang Hui Yu	0	
Total shareholding of all Supervisors		200,984	

Thank you for joining the shareholders' meeting,
Any suggestions and insights are welcome!



TAIWAN :ZENG HSING INDUSTRIAL CO., LTD.

CHINA :ZHANGJIAGANG ZENGHSING M.& E. CO.,LTD.

VIETNAM :ZENG HSING INDUSTRIAL CO.,LTD.

SHINCO TECHNOLOGIES CO., LTD.