

Stock Code:9907



Ton Yi Industrial Corp.

**Handbook for the 2022 Annual Meeting of  
Shareholders**

**MEETING TIME: MAY 24, 2022**

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**Ton Yi Industrial Corp.**  
**Year 2022**  
**Agenda of Annual Meeting of Shareholders**

1. Time : 10:00 am, MAY 24 (Tuesday), 2022
2. Place : No. 837, Zhongzheng N.Rd., Yongkang Dist., Tainan City,  
Taiwan (R.O.C.) (Ton Yi Industrial Corp.)
3. Call the Meeting to order (report shareholdings of the attendances).
4. Chairman remarks
5. Company Reports
  - (1) Business Report for 2021.
  - (2) Audit Committee's review report on the 2021 financial statements .
  - (3) Report on the payment of employee compensation and director remuneration of 2021.
6. Proposals
  - (1) Adoption of the 2021 Business Report and Financial Statements
  - (2) Adoption of the Proposal for Distribution of 2021 Profits
7. Discussions
  - (1)Amendment to the Operational procedures for Acquisition and Disposal of Assets
8. Elections
  - (1) Election of the Company's 18<sup>th</sup> board of directors ( including independent directors).
- 9.Other Matters
  - (1) Adoption of the Proposal for Releasing the new Directors from Non-competition.
10. Questions and Motions
11. Adjournment

## Company Reports

### Motion 1

Business Report for 2021.

Explanation:

Reporting of the Company's 2021 Business Reports.

(Please refer to P8~P9 of the Conference Manual)

### Motion 2

Audit Committee's Review Report on the 2021 Financial Statements.

Explanation:

(1)The Company's 2021 financial statements have been audited by PricewaterhouseCoopers Taiwan and reviewed by the Audit Committee. An independent auditor's report and a review report were issued separately by the above two parties. (Please refer to P10~P33 of the Conference Manual)

(2)Read out of the review report. (Please refer to P10 of the Conference Manual)

### Motion 3

Reporting of proposed 2021 employee' and director' remuneration.

Explanation:

(1)Pursuant to Article 235-1 of the Company Law and Article 30 of the Company's Articles of Incorporation: The Company's net income, if any, should be an amount not less than 2% of the net income as the remuneration to employees and an amount not more than 2% of the net income as the remuneration to directors.

(2)The Company in accordance with the amend Articles of Incorporationand by taking the operating performance into account, The Company hereby allocates its profit for 2021., 5.06% or NT\$100,459,987 for employee' compensation and 1.65% or NT\$32,660,333 for directors' remuneration. The payment will be made in cash.

## Proposals

### Motion 1.

**Proposed by the Board**

Adoption of the 2021 Business Report and Financial Statements

Explanation:

- (1) The Company's 2021 Business Report and Financial Statements have been audited by PricewaterhouseCoopers Taiwan and are available for acknowledgment. (Please refer to P8~P33 of the Conference Manual)
- (2) This report was passed during the 18<sup>th</sup> meeting of the 17<sup>th</sup> board of directors and examined by Audit Committee.

Resolution:

### Motion 2

**Proposed by the Board**

Adoption of the Proposal for Distribution of 2021 Profits.

Explanation:

- (1) The earnings distribution stipulated in the Articles of Incorporation: The shareholder's dividend of the Company shall be 50%~100% of the accumulated distributable earnings; also, the cash dividend ratio shall not be less than 30% of the total dividend distribution for the year.
- (2) The Company's net profit after tax was NT\$1,852,147,654 in 2021. Less an effort to ascertain the amount of remeasuring of the fringe benefit programs, NT\$17,609,209. Legal reserve, NT\$ 183,453,845 was set aside pursuant to laws, and set aside of special reserve NT\$18,067,975, and unappropriated retained earnings of previous years, NT\$44,372,244, the total accumulated distributable earnings amounted was NT\$1,677,388,869.
- (3) The Company's 2021 profits is proposed to distribute Cash dividends of NT\$ 1 per share. Cash dividends paid to each individual shareholder will be rounded down to the nearest dollar. Fractional shares with a value less than one dollar are accumulated and reported as the Company's other income.  
Please refer to P34 of the Conference Manual.
- (4) Proposal to request shareholders' permission to authorize the board of directors for decisions such as the ex-dividend date and details concerning the cash dividend, which are to be announced in accordance with law.

Resolution:

## Discussion

Motion 1.

**Proposed by the Board**

Amendment to the Operational Procedures for Acquisition and Disposal of Assets. Please proceed to discuss.

Explanation:

(1) In response to “Regulations Governing the Acquisition and Disposal of Assets by Public Companies” amended by FSC’s order Jin-Guan-Zhen-Shen-Zi No. 1110380465 dated January 28, 2022, the Company amends its “Regulations Governing the Acquisition and Disposal of Assets” in part to conform to the needs of commercial practice.

(2) The company hereby proposes to amend the Articles of Operational Procedures for Acquisition and Disposal of Assets. Please refer to P35 ~P44 of the Conference Manual.

Resolution:

## Election Matters

Motion 1.

**Proposed by the Board**

Election of the Company's 18<sup>th</sup> board of directors ( including independent directors).

Explanation:

- (1)The term of service of the Company's 17<sup>th</sup> board 10 seats (including 3 independent directors)will end from June 20,2019 to June 19,2022. According to the Articles of Incorporation,a total of 10 directors (including 3 independent directors) shall be elected for the 18<sup>th</sup> board,and serve a term of three years.
- (2)The 18<sup>th</sup> board directors shall begin elected during the annual general meeting, and serve a term of three years from June 1, 2022 until May 31 , 2025.The 17<sup>th</sup> board directors hall be dismissed as soon as.
- (3)The Company plans to follow the Articles of Incorporation ,and assemble an Audit Committee comprising entirely of independent directors. The 4<sup>th</sup> Audit Committee shall be set up when the new independent directors are elected , subsequent Audit Committees shall be dismissed as soon as.
- (4)Please refer to P45-46 of the Conference Manual for a list of director( including independent directors) candidates for the 18<sup>th</sup> board.

Resolution:

## Other Matters

Motion 1.

**Proposed by the Board**

Adoption of the Proposal for Releasing the new Directors from Non-competition.

Explanation:

- (1) Pursuant to Article 209 of the Company Act, "Directors may obtain permission for engaging in business activities that coincide with those of the company's for directors' own benefits, or for the benefits of others, by disclosing material details during shareholder meeting."
- (2) Some of the newly elected directors are found to have simultaneously assumed directorship or managerial roles in other companies that engage in business activities similar to those of the Company's. Their activities should present no threat to the Company, and a proposal has been raised to remove restrictions against their involvements in competing businesses, provided that doing so would not compromise the Company's interests.
- (3) Details of the Duties Subject to Releasing the Candidates of Directors And Independent Directors from Non-competition. Please refer to P47~P49 of the Conference Manual.

Resolution:



## Questions and Motions

## Adjournment

# **Business Report 2021**

(Attachment 1)

## **Operational Performance 2021**

In 2021, business operations were under severe challenges caused by the ups and downs of COVID-19, supply chain unpredictability, and the escalating cost of marine transportation and raw materials. Thanks to the persistent effort of all employees, the mutual trust and assistance of partners, and the trust and support of all shareholders and the Board, the management team maintained steady progress through adapting to the market and macroenvironmental changes, timely adjusting the production-sales structure, and controlling various operational risks. As a result, a big progress was seen in the 2021 operational performance, with revenue increasing by 59.87% over the year to NT\$22.872 billion, net profit increasing by 101.05% over the year to NT\$1.852 billion, and consolidated revenue increasing by 39.94% over the year to NT\$41.89 billion.

### **Safety Protection**

### **Quality Assurance**

### **Building Trust**

### **Sustainable Operations**

Adhering to the management philosophy of “Integrity, Diligence, Innovation, and Progress to the Future”, we are committed to becoming the professional supplier of packaging materials including SPCC, PET bottle, and NBC (new bottle can) and the leader of beverages packaged them. Over the years, besides establishing various international certification systems including ISO14001 for environmental management, ISO9001 for quality management, ISO45001/TOSHMS occupational health and safety management, and ISO22000/HACCP for food safety and hygiene management, we have also established TAF-accredited laboratories to impose strict quality and safety controls for suppliers, ingredients and materials, manufacturing processes, and products.

Besides faithfully providing employees with a safe and health work environment and practicing various policies for energy conservation and consumption reduction and occupational safety and health, and constantly implementing green and safe operations, we spare no efforts in maintaining trust of customers, partners, and society in our food safety, environmental and safety, and industrial safety for them feel confident to use Uni-President products and become Uni-President partners, in order to build a robust foundation for sustainable operations.

In 2021, we won the bronze award in the traditional manufacturing category at the Corporate Sustainability Report Award from TCAS and the special award for traditional industry investment at the National Occupational Safety and Health Award. Besides recognizing our efforts, these awards encourage Uni-President to keep going!

## **Management Optimization**

## **Structure Adjustment**

## **Risk Mitigation**

## **Steady Growth**

Facing the vigorously changing macro environment and competitive environment, we seek progress through steady operations. Externally, we develop long-term partnership featuring mutual assistance, mutual trust, mutual existence, and mutual prosperity. Internally, we optimize management efficiency and timely adjust the protection-sale structure in quick response to external changes. Through persistent risk management, we maintain steady operations and growth. Specific business operations include:

### **I. Steel business**

1. Extend smelter cooperation to cultivate sales of downstream products (tin mill black plate (TMBP), general cold-rolled steel, and others).
2. Adjust the allocation of ingredients/materials and capacity, sales regions, and portfolios.
3. Implement strict stock control to lower the risk from loss on stock price.

### **II. Integrated packaging business**

1. Constantly retain existing quality major clients and proactively cultivate and develop potential clients.
2. Build the new bottle can (NBC) filling and carbonated drinks filling plants and deepen and expand to new domains in the beverage market.
3. Plan and manage sales regions and production bases and maximize profit through the smart use of group resources.

### **Business Outlook for 2022**

Looking ahead to 2022, besides persistently adapting to the co-existence with such uncertainties due to the pandemic, supply chain, global climate change, and others, we will quickly adjust the operational strategy, face risks while seeking opportunities at the same time, and maintain resilience and flexibility for sustainable operations, to achieve the 2022 sales targets: 751,000MT of TMBP (tin mill back plate) and tinplate, 699 million tin cans, beverage filling for 210 million cartons, 3932 million PET caps, 73 million NBCs (including filling 2 million cartons), in order to create better return on investment for shareholders. We welcome your suggestions and support.

**Ton Yi Industrial Corp.**  
**Audit Committee's Review Report**

(Attachment 2)

We have reviewed the Company's 2021 Business Report, Financial Statements, and Earnings Appropriation prepared by the Board of Directors. The standalone and consolidated financial statements have been audited by external auditors Lin, Yung-Chih and Liu, Tzu-Meng PricewaterhouseCoopers Taiwan, to which they issued an unqualified opinion. Business Report, Financial Statements, and Earnings Appropriation has reviewed the abovementioned reports and found no misstatements. We hereby issue this report in accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act.

For

The 2021 Annual General Meeting

Ton Yi Industrial Corp.

Audit  
Committee

Convener: Chin-Cheng  
Chien

Member: Ming-Long  
Wang

Member: Bing-Eng Wu

March 7, 2022

## INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE (Attachment 3)

To the Board of Directors and Shareholders of Ton Yi Industrial Corp.

### **Opinion**

We have audited the accompanying parent company only balance sheets of Ton Yi Industrial Corp. (the "Company") as of December 31, 2021 and 2020, and the related parent company only statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the parent company only financial statements, including a summary of significant accounting policies.

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

### **Basis for opinion**

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and generally accepted auditing standards in the Republic of China. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the parent company only financial statements section of our report. We are independent of the Company in accordance with the Norm of Professional Ethics for Certified Public Accountants of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that these audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Key audit matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Company's 2021 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, we do not provide a separate opinion on these matters.

## **Existence of sales revenues**

### Description

Refer to Note 4(25) for the accounting policy on revenue recognition.

The primary business of the Company is selling Tin Plate products. The Company has a large volume of transactions from sales of numerous kinds of products to a wide range of customers in many different locations such as Taiwan, Asia, Europe, America, etc. For the customers and dealers who are from remote districts, the sales revenue transactions need more time for verification. This matter also exists in the subsidiaries of the Company (investments accounted for using equity method). Thus, the existence of sales revenue has been identified as a key audit matter.

### How our audit addressed the matter

Our key audit procedures performed in respect of the above key audit matter included the following:

1. Inspecting whether approved additions to the merchandise master file data had been correctly entered in the merchandise master file which include basic information of customers, such as name of representative, location of company, amount of capital and scope of business for evaluating the creditworthiness of buyers.
2. Understanding, evaluating and validating management's controls in respect of the Company's sales transactions from customer order's approval, goods delivery, sales recording, reconciliation of cash receipts and customer's records to subsequent settlement of trade receivables. In addition, testing the effectiveness of internal control environment over revenue recognition.
3. Performing substantive test on selected sales transactions including confirming orders, shipping documents, invoices and cash receipts to verify the existence of sales revenues.

## **Inventory valuation**

### Description

Refer to Note 4(6) for accounting policy on inventory valuation, and Note 5(2) for the accounting estimates and assumption uncertainty in relation to inventory valuation and Note 6(3) for details of inventories. For the year ended December 31, 2021, inventory and allowance to reduce inventory to market amounted to NT\$3,899,088 thousand and NT\$32,000 thousand, respectively.

The Company's raw materials are often subject to fluctuations in the international steel prices. However, as the Tin Plate products are considered necessities, such price changes may not be immediately reflected in material costs. In addition, the competition landscape within the steel industry in China will continue to affect the price of raw materials that would impact the estimation of net

realizable value of inventory. This matter also applies to the subsidiaries of the Company (investments accounted for using equity method). Thus, the inventory valuation has been identified as a key audit matter.

#### How our audit addressed the matter

Our key audit procedures performed in respect of the above key audit matter included the following:

1. Evaluating the adequacy of allowance for inventory and the consistency of provision policy.
2. Assessing the reasonableness of the estimation of net realizable value of Tin Plate products and discussing with management and examining related documents to confirm the adequacy of allowance for price decline.

### **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 Regulations Governing the Preparation of Financial Reports by Securities Issuers, and for such internal control as management determines is necessary to enable the preparation of parent company only financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance, including audit committee, are responsible for overseeing the Company's financial reporting process.

### **Auditors' responsibilities for the audit of the parent company only financial statements**

Our objectives are to obtain reasonable assurance about whether the parent company only financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the generally accepted auditing standards 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 the generally accepted auditing standards in the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

1. Identify and assess the risks of material misstatement of the parent company only financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.



We communicate with those charged with governance, including audit committee, 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, including audit committee, 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, including audit committee, we determine those matters that were of most significance in the audit of the parent company only financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Lin, Yung-Chih

Independent Accountants

Liu, Tzu-Meng

PricewaterhouseCoopers, Taiwan

Republic of China

March 7, 2022

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The accompanying parent company only financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying parent company only financial statements and independent auditors' report are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.

As the financial statements are the responsibility of the management, PricewaterhouseCoopers cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

TON YI INDUSTRIAL CORP.  
PARENT COMPANY ONLY BALANCE SHEETS  
DECEMBER 31, 2021 AND 2020  
(Expressed in thousands of New Taiwan dollars)

Assets	Notes	December 31, 2021		December 31, 2020		
		AMOUNT	%	AMOUNT	%	
<b>Current assets</b>						
1100	Cash and cash equivalents	6(1)	\$ 13,038	-	\$ 69,298	-
1150	Notes receivable, net	6(2) and 12	152,088	-	74,372	-
1170	Accounts receivable, net	6(2) and 12	1,553,297	5	363,948	1
1180	Accounts receivable - related parties	6(2) and 7	832,788	3	355,484	1
1200	Other receivables		162,315	1	81,094	1
1220	Current income tax assets	6(25)	39,466	-	39,466	-
130X	Inventories	5(2) and 6(3)	3,867,088	12	1,874,852	7
1410	Prepayments		49,504	-	56,058	-
1476	Other current financial assets		-	-	942	-
11XX	<b>Total current assets</b>		<u>6,669,584</u>	<u>21</u>	<u>2,915,514</u>	<u>10</u>
<b>Non-current assets</b>						
1517	Non-current financial assets at fair value through other comprehensive income	6(4)	88,203	-	68,246	-
1550	Investments accounted for using equity method	6(5)	17,878,715	55	17,341,777	60
1600	Property, plant and equipment	6(6)	7,216,802	23	8,153,499	28
1755	Right-of-use assets	6(7) and 7	364,914	1	387,211	1
1760	Investment property, net	6(9)	1,066	-	1,066	-
1840	Deferred income tax assets	6(25)	125,981	-	161,418	1
1915	Prepayments for business facilities	6(6)	-	-	5,158	-
1920	Guarantee deposits paid		226	-	226	-
15XX	<b>Total non-current assets</b>		<u>25,675,907</u>	<u>79</u>	<u>26,118,601</u>	<u>90</u>
1XXX	<b>Total assets</b>		<u>\$ 32,345,491</u>	<u>100</u>	<u>\$ 29,034,115</u>	<u>100</u>

(Continued)

TON YI INDUSTRIAL CORP.  
PARENT COMPANY ONLY BALANCE SHEETS  
DECEMBER 31, 2021 AND 2020  
(Expressed in thousands of New Taiwan dollars)

Liabilities and Equity		Notes	December 31, 2021		December 31, 2020	
			AMOUNT	%	AMOUNT	%
<b>Current liabilities</b>						
2100	Short-term borrowings	6(10)	\$ 2,798,456	9	\$ 1,826,324	6
2110	Short-term notes and bills payable	6(11)	399,900	1	-	-
2130	Current contract liabilities	6(18)	169,878	-	42,760	-
2170	Accounts payable		239,483	1	377,521	1
2200	Other payables		724,116	2	522,713	2
2230	Current income tax liabilities	6(25)	235,949	1	-	-
2280	Lease liabilities, current	7	10,116	-	11,941	-
2305	Other current financial liabilities		17,088	-	5,320	-
2365	Current refund liabilities		15,085	-	10,712	-
21XX	<b>Total current liabilities</b>		<u>4,610,071</u>	<u>14</u>	<u>2,797,291</u>	<u>9</u>
<b>Non-current liabilities</b>						
2540	Long-term borrowings	6(12)	7,050,000	22	6,520,000	23
2550	Non-current provisions	6(13)	82,727	-	81,204	-
2570	Deferred income tax liabilities	6(25)	224,363	1	220,221	1
2580	Lease liabilities, non-current	7	300,001	1	310,917	1
2640	Net defined benefit liabilities, non-current	6(14)	311,034	1	316,693	1
2645	Guarantee deposits received		4,500	-	4,500	-
25XX	<b>Total non-current liabilities</b>		<u>7,972,625</u>	<u>25</u>	<u>7,453,535</u>	<u>26</u>
2XXX	<b>Total liabilities</b>		<u>12,582,696</u>	<u>39</u>	<u>10,250,826</u>	<u>35</u>
<b>Equity</b>						
Share capital						
3110	Common stock	6(15)	15,791,453	48	15,791,453	54
3200	Capital surplus	6(16)	231,673	1	231,690	1
Retained earnings						
3310	Legal reserve		1,878,827	6	1,793,153	6
3320	Special reserve		1,811,806	6	1,922,076	7
3350	Unappropriated retained earnings		1,878,911	6	856,723	3
3400	Other equity interest		( 1,829,875)	( 6)	( 1,811,806)	( 6)
3XXX	<b>Total equity</b>		<u>19,762,795</u>	<u>61</u>	<u>18,783,289</u>	<u>65</u>
Significant contingent liabilities and unrecognized contract commitments		9				
3X2X	<b>Total liabilities and equity</b>		<u>\$ 32,345,491</u>	<u>100</u>	<u>\$ 29,034,115</u>	<u>100</u>

The accompanying notes are an integral part of these parent company only financial statements.

**TON YI INDUSTRIAL CORP.**  
**PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME**  
**FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020**  
(Expressed in thousands of New Taiwan dollars, except earnings per share)

Items	Notes	Year ended December 31				
		2021		2020		
		AMOUNT	%	AMOUNT	%	
4000	Operating revenue	6(18) and 7	\$ 22,872,434	100	\$ 14,306,713	100
5000	Operating costs	6(3)(14)(23)(24) and 7	( 19,890,372)	( 87)	( 13,240,086)	( 92)
5900	Gross profit from operations		2,982,062	13	1,066,627	8
5910	Unrealized profit from sales	6(5) and 7	( 36,827)	-	( 19,673)	-
5920	Realized profit from sales	6(5) and 7	19,673	-	5,909	-
5950	Gross profit from operations		2,964,908	13	1,052,863	8
	Operating expenses	6(14)(23)(24), 7 and 12				
6100	Selling expenses		( 1,203,267)	( 5)	( 739,680)	( 5)
6200	Administrative expenses		( 522,648)	( 3)	( 365,663)	( 3)
6450	Expected credit (losses) gains		( 12,914)	-	3,798	-
6000	Total operating expenses		( 1,738,829)	( 8)	( 1,101,545)	( 8)
6900	Operating income (loss)		1,226,079	5	48,682	-
	Non-operating income and expenses					
7100	Interest income	6(19)	68	-	163	-
7010	Other income	6(4)(8)(20)	33,096	-	21,372	-
7020	Other gains and losses	6(7)(21) and 12	( 7,252)	-	( 41,812)	-
7050	Finance costs	6(6)(7)(13)(22) and 7	( 105,117)	-	( 109,652)	( 1)
7070	Share of profit of associates and joint ventures accounted for using equity method, net	6(5)	985,415	4	1,071,986	7
7000	Total non-operating income and expenses		906,210	4	942,057	6
7900	<b>Profit before income tax</b>		2,132,289	9	893,375	6
7950	Income tax (expense) benefit	6(25)	( 280,141)	( 1)	27,885	-
8200	<b>Profit for the year</b>		\$ 1,852,148	8	\$ 921,260	6
	<b>Other comprehensive income</b>					
	<b>Components of other comprehensive income that will not be reclassified to profit or loss</b>					
8311	Loss on remeasurements of defined benefit plan	6(14)	( \$ 22,011)	-	( \$ 80,671)	( 1)
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	6(4)	19,957	-	( 29,113)	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(25)	4,402	-	16,134	-
	<b>Components of other comprehensive income that will be reclassified to profit or loss</b>					
8361	Exchange differences on translation	6(5)	( 38,237)	-	213,148	2
8399	Income tax relating to the components of other comprehensive income that will be reclassified to profit or loss	6(25)	211	-	658	-
8300	<b>Other comprehensive (loss) income for the year</b>		( \$ 35,678)	-	\$ 120,156	1
8500	<b>Total comprehensive income for the year</b>		\$ 1,816,470	8	\$ 1,041,416	7
	Earnings per share (in dollars)	6(26)				
9750	Basic		\$ 1.17		\$ 0.58	
9850	Diluted		\$ 1.17		\$ 0.58	

The accompanying notes are an integral part of these parent company only financial statements.

**TON YI INDUSTRIAL CORP.**  
**PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY**  
**FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020**  
(Expressed in thousands of New Taiwan dollars)

	Notes	Share capital - common stock	Capital surplus	Retained earnings			Other equity interest		Total equity
				Legal reserve	Special reserve	Unappropriated retained earnings	Exchange differences on translation of foreign statements	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	
<b>2020</b>									
Balance at January 1, 2020		\$ 15,791,453	\$ 231,168	\$ 1,739,515	\$ 1,378,569	\$ 597,145	(\$ 1,714,941)	(\$ 281,558)	\$ 17,741,351
Profit for the year		-	-	-	-	921,260	-	-	921,260
Other comprehensive income (loss) for the year	6(4)	-	-	-	-	(64,537)	213,806	(29,113)	120,156
Total comprehensive income (loss)		-	-	-	-	856,723	213,806	(29,113)	1,041,416
Distribution of 2019 net income:									
Legal reserve		-	-	53,638	-	(53,638)	-	-	-
Special reserve	6(17)	-	-	-	543,507	(543,507)	-	-	-
Non-payment of expired cash dividends from previous year transferred to capital reserve	6(16)	-	522	-	-	-	-	-	522
Balance at December 31, 2020		\$ 15,791,453	\$ 231,690	\$ 1,793,153	\$ 1,922,076	\$ 856,723	(\$ 1,501,135)	(\$ 310,671)	\$ 18,783,289
<b>2021</b>									
Balance at January 1, 2021		\$ 15,791,453	\$ 231,690	\$ 1,793,153	\$ 1,922,076	\$ 856,723	(\$ 1,501,135)	(\$ 310,671)	\$ 18,783,289
Profit for the year		-	-	-	-	1,852,148	-	-	1,852,148
Other comprehensive income (loss) for the year	6(4)	-	-	-	-	(17,609)	(38,026)	19,957	(35,678)
Total comprehensive income (loss)		-	-	-	-	1,834,539	(38,026)	19,957	1,816,470
Distribution of 2020 net income:									
Legal reserve		-	-	85,674	-	(85,674)	-	-	-
Cash dividends	6(17)	-	-	-	-	(836,947)	-	-	(836,947)
Reveral of special reserve	6(17)	-	-	-	(110,270)	110,270	-	-	-
Non-payment of expired cash dividends from previous year transferred to capital reserve	6(16)	-	369	-	-	-	-	-	369
Payment of unpaid cash dividends from previous years transferred to capital reserve	6(16)	-	(386)	-	-	-	-	-	(386)
Balance at December 31, 2021		\$ 15,791,453	\$ 231,673	\$ 1,878,827	\$ 1,811,806	\$ 1,878,911	(\$ 1,539,161)	(\$ 290,714)	\$ 19,762,795

The accompanying notes are an integral part of these parent company only financial statements.

TON YI INDUSTRIAL CORP.  
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020  
(Expressed in thousands of New Taiwan dollars)

	Notes	2021	2020
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES</u></b>			
Profit before tax		\$ 2,132,289	\$ 893,375
Adjustments			
Adjustments to reconcile profit (loss)			
Expected credit losses (gains)	12	12,914	( 3,798 )
(Reverl of allowance) provision for inventory market price decline	6(3)	( 38,000 )	1,000
Share of profit of associates and joint ventures accounted using equity method	6(5)	( 985,415 )	( 1,071,986 )
Unrealized profit from sales	6(5)	36,827	19,673
Realized profit from sales	6(5)	( 19,673 )	( 5,909 )
Depreciation	6(6)(7)(23)	996,799	1,018,497
Gain on disposal of property, plant and equipment	6(21)	( 45 )	( 4,350 )
(Gain) loss from lease modifications	6(21)	( 1,319 )	2,235
Dividend income	6(4)(20)	( 3,607 )	-
Interest income	6(19)	( 68 )	( 163 )
Interest expense	6(22)	105,117	109,652
Changes in operating assets and liabilities			
Changes in operating assets			
Notes receivable		( 78,501 )	42,898
Accounts receivable		( 1,201,478 )	339,087
Accounts receivable - related parties		( 477,304 )	110,878
Other receivables		( 81,221 )	( 9,309 )
Inventories		( 1,954,236 )	124,450
Prepayments		6,554	3,773
Changes in operating liabilities			
Contract liabilities, current		127,118	15,099
Notes payable		-	( 2,095 )
Accounts payable		( 138,038 )	260,752
Other payables		206,568	5,313
Current refund liabilities		4,373	696
Net defined benefit liabilities, non-current		( 27,670 )	( 41,878 )
Cash (outflow) inflow generated from operations		( 1,378,016 )	1,807,890
Dividends received		396,693	-
Interest received		68	163
Interest paid		( 102,915 )	( 110,041 )
Income tax paid		-	( 1,811 )
Net cash flows (used in) from operating activities		( 1,084,170 )	1,696,201

(Continued)

TON YI INDUSTRIAL CORP.  
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020  
(Expressed in thousands of New Taiwan dollars)

	Notes	2021	2020
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES</u></b>			
Derease (increase) in other current financial assets		\$ 942	(\$ 420 )
Acquisition of property, plant and equipment	6(27)	( 31,132 )	( 7,066 )
Proceeds from disposal of property, plant and equipment		52	6,690
Increase in prepayments for business facilities		( 8,103 )	( 13,585 )
Interest paid for prepayments for business facilities	6(6)(22)	( 171 )	( 114 )
Decrease in refundable deposits		-	2,707
Net cash flows used in investing activities		( 38,412 )	( 11,788 )
<b><u>CASH FLOWS FROM FINANCING ACTIVITIES</u></b>			
Increase (decrease) in short-term borrowings	6(28)	972,132	( 748,670 )
Increase in short-term notes and bills payable	6(28)	400,000	-
Increase in other current financial liabilities	6(28)	11,768	-
Payments of lease liabilities	6(28)	( 10,614 )	( 36,907 )
Increase in long-term borrowings	6(28)	900,000	720,000
Decrease in long-term borrowings	6(28)	( 370,000 )	( 1,600,000 )
Decrease in guarantee deposits received	6(28)	-	( 1,000 )
Cash dividends paid	6(17)	( 836,947 )	-
Non-payment of expired cash dividends from previous year transferred to capital reserve	6(16)	369	522
Payment of unpaid cash dividends from previous years transferred to capital reserve		( 386 )	-
Net cash flows from (used in) financing activities		1,066,322	( 1,666,055 )
Net (decrease) increase in cash and cash equivalents		( 56,260 )	18,358
Cash and cash equivalents at beginning of year	6(1)	69,298	50,940
Cash and cash equivalents at end of year	6(1)	\$ 13,038	\$ 69,298

The accompanying notes are an integral part of these parent company only financial statements.

## INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE (Attachment 4)

To the Board of Directors and Shareholders of Ton Yi Industrial Corp.

### **Opinion**

We have audited the accompanying consolidated balance sheets of Ton Yi Industrial Corp. and its subsidiaries (the "Group") as of December 31, 2021 and 2020, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2021 and 2020, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory Commission.

### **Basis for opinion**

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

### **Key audit matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Group's 2021 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, we do not provide a separate opinion on these matters.



## **Existence of sales revenues of Tin Plate products**

### Description

Refer to Note 4(27) for the accounting policy on revenue recognition.

The Group has a large volume of transactions from sales of numerous kinds of products to a wide range of customers in many different locations such as Taiwan, Asia, Europe, America, etc. For the customers and dealers who are from remote districts, the sales revenue transactions need more time for verification. Thus, the existence of sales revenue of tin plate products has been identified as a key audit matter.

### How our audit addressed the matter

Our key audit procedures performed in respect of the above key audit matter included the following:

1. Inspecting whether approved additions to the merchandise master file data had been correctly entered in the merchandise master file which include basic information of customers, such as name of representative, location of company, amount of capital and scope of business for evaluating the creditworthiness of buyers.
2. Understanding, evaluating and validating management's controls in respect of the Group's sales transactions from customer order's approval, goods delivery, sales recording, reconciliation of cash receipts and customer's records to subsequent settlement of trade receivables. In addition, testing the effectiveness of internal control environment over revenue recognition.
3. Performing substantive test on selected sales transactions including confirming orders, shipping documents, invoices and cash receipts to verify the existence of sales revenues.

## **Inventory valuation of Tin Plate products**

### Description

Refer to Note 4(8) for accounting policy on inventory valuation, and Note 5(2) for the accounting estimates and assumption uncertainty in relation to inventory valuation.

The Group's raw materials are often subject to fluctuations in the international steel prices. However, as the Tin Plate products are considered necessities, such price changes may not be immediately reflected in material costs. In addition, the competition landscape within the steel industry in China will continue to affect the price of raw materials that would impact the estimation of net realizable value of inventory. Thus, the inventory valuation has been identified as a key audit matter.

### How our audit addressed the matter

Our key audit procedures performed in respect of the above key audit matter included the following:

1. Evaluating the adequacy of allowance for inventory and the consistency of provision policy.
2. Assessing the reasonableness of the estimation of net realizable value of Tin plate products and discussing with management and examining related documents to confirm the adequacy of allowance for price decline.

### **Other matter – Parent company only financial reports**

We have audited and expressed an unqualified opinion on the parent company only financial statements of Ton Yi Industrial Corp. as of and for the years ended December 31, 2021 and 2020.

### **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 Regulations Governing the Preparation of Financial Reports by Securities Issuers, and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory Commission and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance, including audit committee, are responsible for overseeing the Group's financial reporting process.

### **Auditors' responsibilities for the audit of the consolidated financial statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards 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 generally accepted auditing standards in the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance, including audit committee, 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, including audit committee, 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, including audit committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Lin, Yung-Chih

Independent Accountants

Liu, Tzu-Meng

PricewaterhouseCoopers, Taiwan

Republic of China

March 7, 2022

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The accompanying consolidated financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying consolidated financial statements and report of independent accountants are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.

As the financial statements are the responsibility of the management, PricewaterhouseCoopers cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

**TON YI INDUSTRIAL CORP. AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS**  
**DECEMBER 31, 2021 AND 2020**  
(Expressed in thousands of New Taiwan dollars)

Assets	Notes	December 31, 2021		December 31, 2020		
		AMOUNT	%	AMOUNT	%	
<b>Current assets</b>						
1100	Cash and cash equivalents	6(1)	\$ 2,664,025	7	\$ 2,478,435	7
1150	Notes receivable, net	6(2)(3), 8 and 12	845,273	2	600,422	2
1170	Accounts receivable, net	6(2) and 12	3,149,090	8	1,470,871	4
1180	Accounts receivable - related parties	6(2) and 7	1,345,104	4	1,137,375	4
1200	Other receivables		165,358	1	84,506	-
1220	Current income tax assets	6(27)	60,565	-	49,109	-
130X	Inventories	5(2) and 6(4)	5,657,333	15	3,264,307	10
1410	Prepayments		480,809	1	398,065	1
1476	Other current financial assets		35,144	-	6,553	-
11XX	<b>Total current assets</b>		<u>14,402,701</u>	<u>38</u>	<u>9,489,643</u>	<u>28</u>
<b>Non-current assets</b>						
1517	Non-current financial assets at fair value through other comprehensive income	6(5)	88,203	-	68,246	-
1600	Property, plant and equipment	6(6) and 7	19,903,177	53	21,172,439	62
1755	Right-of-use assets	6(7) and 7	2,257,043	6	2,508,192	7
1760	Investment property, net	6(9)	92,931	-	99,460	-
1780	Intangible assets	6(10)(11)	285,339	1	324,193	1
1840	Deferred income tax assets	6(27)	656,609	2	580,658	2
1915	Prepayments for business facilities		109,497	-	99,538	-
1920	Guarantee deposits paid	7	41,054	-	24,952	-
1990	Other non-current assets, others		11,769	-	14,871	-
15XX	<b>Total non-current assets</b>		<u>23,445,622</u>	<u>62</u>	<u>24,892,549</u>	<u>72</u>
1XXX	<b>Total assets</b>		<u>\$ 37,848,323</u>	<u>100</u>	<u>\$ 34,382,192</u>	<u>100</u>

(Continued)

**TON YI INDUSTRIAL CORP. AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS**  
**DECEMBER 31, 2021 AND 2020**  
(Expressed in thousands of New Taiwan dollars)

Liabilities and Equity		Notes	December 31, 2021		December 31, 2020	
			AMOUNT	%	AMOUNT	%
<b>Current liabilities</b>						
2100	Short-term borrowings	6(3)(12) and 8	\$ 2,798,456	7	\$ 1,848,141	5
2110	Short-term notes and bills payable	6(13)	399,900	1	-	-
2130	Current contract liabilities	6(20) and 7	187,357	1	62,930	-
2170	Accounts payable		1,289,212	3	1,181,043	4
2180	Accounts payable - related parties	7	273,426	1	158,989	1
2200	Other payables		1,627,554	4	1,407,532	4
2220	Other payables - related parties	7	88,643	-	83,527	-
2230	Current income tax liabilities	6(27)	271,989	1	8,280	-
2280	Lease liabilities, current	7	213,772	1	226,363	1
2305	Other current financial liabilities		34,462	-	25,711	-
2365	Current refund liabilities		15,085	-	10,712	-
21XX	<b>Total current liabilities</b>		<u>7,199,856</u>	<u>19</u>	<u>5,013,228</u>	<u>15</u>
<b>Non-current liabilities</b>						
2540	Long-term borrowings	6(14)	7,050,000	19	6,520,000	19
2550	Non-current provisions	6(15)	82,727	-	81,204	-
2570	Deferred income tax liabilities	6(27)	611,048	2	558,942	2
2580	Lease liabilities, non-current	7	1,591,394	4	1,812,504	5
2630	Long-term deferred revenue		26,129	-	30,543	-
2640	Net defined benefit liabilities, non-current	6(16)	311,034	1	316,693	1
2645	Guarantee deposits received		29,288	-	24,745	-
25XX	<b>Total non-current liabilities</b>		<u>9,701,620</u>	<u>26</u>	<u>9,344,631</u>	<u>27</u>
2XXX	<b>Total liabilities</b>		<u>16,901,476</u>	<u>45</u>	<u>14,357,859</u>	<u>42</u>
<b>Equity attributable to owners of parent</b>						
Share capital						
3110	Common stock		15,791,453	41	15,791,453	46
3200	Capital surplus		231,673	1	231,690	1
Retained earnings						
3310	Legal reserve	6(17)	1,878,827	5	1,793,153	5
3320	Special reserve	6(18)	1,811,806	5	1,922,076	6
3350	Unappropriated retained earnings	6(19)	1,878,911	5	856,723	2
3400	Other equity interest		(1,829,875)	(5)	(1,811,806)	(5)
31XX	<b>Equity attributable to owners of the parent</b>		<u>19,762,795</u>	<u>52</u>	<u>18,783,289</u>	<u>55</u>
36XX	<b>Non-controlling interests</b>		<u>1,184,052</u>	<u>3</u>	<u>1,241,044</u>	<u>3</u>
3XXX	<b>Total equity</b>		<u>20,946,847</u>	<u>55</u>	<u>20,024,333</u>	<u>58</u>
Significant contingent liabilities and unrecognized contract commitments		9				
3X2X	<b>Total liabilities and equity</b>		<u>\$ 37,848,323</u>	<u>100</u>	<u>\$ 34,382,192</u>	<u>100</u>

The accompanying notes are an integral part of these consolidated financial statements.

**TON YI INDUSTRIAL CORP. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**  
**FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020**  
(Expressed in thousands of New Taiwan dollars, except earnings per share)

Items	Notes	Year ended December 31				
		2021		2020		
		AMOUNT	%	AMOUNT	%	
4000	Operating revenue	6(20) and 7	\$ 41,889,726	100	\$ 29,934,966	100
5000	Operating costs	6(4)(9)(10)(16)(2)				
		5)(26) and 7	( 36,436,871)	( 87)	( 26,511,753)	( 89)
5900	Gross profit from operations		5,452,855	13	3,423,213	11
	Operating expenses	6(9)(10)(16)(25)(				
		26), 7 and 12				
6100	Selling expenses		( 1,639,383)	( 4)	( 1,112,902)	( 3)
6200	Administrative expenses		( 1,442,652)	( 3)	( 1,127,362)	( 4)
6450	Expected credit (losses) gains		( 16,734)	-	6,183	-
6000	Total operating expenses		( 3,098,769)	( 7)	( 2,234,081)	( 7)
6900	Operating income		2,354,086	6	1,189,132	4
	Non-operating income and expenses					
7100	Interest income	6(21)	42,117	-	26,081	-
7010	Other income	6(5)(8)(9)(22)	207,252	-	179,797	1
7020	Other gains and losses	6(7)(11)(23) and				
		12	( 26,443)	-	15,501	-
7050	Finance costs	6(3)(6)(7)(24)				
		and 7	( 174,661)	-	( 208,705)	( 1)
7000	Total non-operating income and expenses		48,265	-	12,674	-
7900	<b>Profit before income tax</b>		2,402,351	6	1,201,806	4
7950	Income tax expense	6(27)	( 603,755)	( 2)	( 312,641)	( 1)
8200	<b>Profit for the year</b>		\$ 1,798,596	4	\$ 889,165	3

(Continued)

**TON YI INDUSTRIAL CORP. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**  
**FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020**  
(Expressed in thousands of New Taiwan dollars, except earnings per share)

Items	Notes	Year ended December 31			
		2021		2020	
		AMOUNT	%	AMOUNT	%
<b>Other comprehensive income</b>					
<b>Components of other comprehensive income that will not be reclassified to profit or loss</b>					
8311	Loss on remeasurements of defined benefit plan	6(16)	(\$ 22,011)	-	(\$ 80,671) ( 1)
8316	Unrealized gain (loss) from investments in equity instruments measured at fair value through other comprehensive income	6(5)	19,957	-	( 29,113) -
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(27)	4,402	-	16,134 -
<b>Components of other comprehensive income that will be reclassified to profit or loss</b>					
8361	Exchange differences on translation		( 41,677)	-	225,427 1
8399	Income tax relating to components of other comprehensive income that will be reclassified to profit or loss	6(27)	211	-	658 -
8300	<b>Other comprehensive (loss) income for the year</b>		<u>(\$ 39,118)</u>	<u>-</u>	<u>\$ 132,435</u> <u>-</u>
8500	<b>Total comprehensive income for the year</b>		<u>\$ 1,759,478</u>	<u>4</u>	<u>\$ 1,021,600</u> <u>3</u>
Profit (loss), attributable to:					
8610	Owners of the parent		\$ 1,852,148	4	\$ 921,260 3
8620	Non-controlling interests		( 53,552)	-	( 32,095) -
			<u>\$ 1,798,596</u>	<u>4</u>	<u>\$ 889,165</u> <u>3</u>
Comprehensive income (loss) attributable to:					
8710	Owners of the parent		\$ 1,816,470	4	\$ 1,041,416 3
8720	Non-controlling interests		( 56,992)	-	( 19,816) -
			<u>\$ 1,759,478</u>	<u>4</u>	<u>\$ 1,021,600</u> <u>3</u>
Earnings per share (in dollars) 6(28)					
9750	Basic		\$ 1.17		\$ 0.58
9850	Diluted		\$ 1.17		\$ 0.58

The accompanying notes are an integral part of these consolidated financial statements.



TON YI INDUSTRIAL CORP. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY  
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020  
(Expressed in thousands of New Taiwan dollars)

	Notes	Equity attributable to owners of the parent								Non-controlling interest	Total equity
		Share capital - common stock	Capital surplus	Retained earnings			Other equity interest		Total		
				Legal reserve	Special reserve	Unappropriated retained earnings	Exchange differences on translation of foreign financial statements	Unrealized gain (loss) on financial assets measured at fair value through other comprehensive income			
<u>2020</u>											
Balance at January 1, 2020		\$ 15,791,453	\$ 231,168	\$ 1,739,515	\$ 1,378,569	\$ 597,145	(\$ 1,714,941)	(\$ 281,558)	\$ 17,741,351	\$ 1,260,860	\$ 19,002,211
Profit (loss) for the year		-	-	-	-	921,260	-	-	921,260	( 32,095 )	889,165
Other comprehensive income (loss) for the year	6(5)	-	-	-	-	( 64,537 )	213,806	( 29,113 )	120,156	12,279	132,435
Total comprehensive income (loss)		-	-	-	-	856,723	213,806	( 29,113 )	1,041,416	( 19,816 )	1,021,600
Distribution of 2019 net income:											
Legal reserve		-	-	53,638	-	( 53,638 )	-	-	-	-	-
Special reserve	6(19)	-	-	-	543,507	( 543,507 )	-	-	-	-	-
Non-payment of expired cash dividends from previous year transferred to capital reserve	6(18)	-	522	-	-	-	-	-	522	-	522
Balance at December 31, 2020		\$ 15,791,453	\$ 231,690	\$ 1,793,153	\$ 1,922,076	\$ 856,723	(\$ 1,501,135)	(\$ 310,671)	\$ 18,783,289	\$ 1,241,044	\$ 20,024,333
<u>2021</u>											
Balance at January 1, 2021		\$ 15,791,453	\$ 231,690	\$ 1,793,153	\$ 1,922,076	\$ 856,723	(\$ 1,501,135)	(\$ 310,671)	\$ 18,783,289	\$ 1,241,044	\$ 20,024,333
Profit (loss) for the year		-	-	-	-	1,852,148	-	-	1,852,148	( 53,552 )	1,798,596
Other comprehensive income (loss) for the year	6(5)	-	-	-	-	( 17,609 )	( 38,026 )	19,957	( 35,678 )	( 3,440 )	( 39,118 )
Total comprehensive income (loss)		-	-	-	-	1,834,539	( 38,026 )	19,957	1,816,470	( 56,992 )	1,759,478
Distribution of 2020 net income:											
Legal reserve		-	-	85,674	-	( 85,674 )	-	-	-	-	-
Cash dividends	6(19)	-	-	-	-	( 836,947 )	-	-	( 836,947 )	-	( 836,947 )
Reversal of special reserve	6(19)	-	-	-	( 110,270 )	110,270	-	-	-	-	-
Non-payment of expired cash dividends from previous year transferred to capital reserve	6(18)	-	369	-	-	-	-	-	369	-	369
Payment of unpaid cash dividends from previous years transferred to capital reserve	6(18)	-	( 386 )	-	-	-	-	-	( 386 )	-	( 386 )
Balance at December 31, 2021		\$ 15,791,453	\$ 231,673	\$ 1,878,827	\$ 1,811,806	\$ 1,878,911	(\$ 1,539,161)	(\$ 290,714)	\$ 19,762,795	\$ 1,184,052	\$ 20,946,847

The accompanying notes are an integral part of these consolidated financial statements.

TON YI INDUSTRIAL CORP. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020  
(Expressed in thousands of New Taiwan dollars)

	Notes	2021	2020
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES</u></b>			
Profit before tax		\$ 2,402,351	\$ 1,201,806
Adjustments			
Adjustments to reconcile profit (loss)			
Expected credit losses (gains)	12	16,734	( 6,183 )
Provision (reversal of allowance) for inventory market price decline	6(4)	4,411	( 14,431 )
Depreciation	6(6)(7)(8)	2,637,839	2,609,120
Loss (gain) on disposal of property, plant and equipment	6(23)	5,212	( 5,991 )
Gain from lease modifications	6(7)(23)	( 1,310 )	( 20,247 )
Amortization	6(10)(25)	9,661	9,448
Impairment loss on non-financial assets	6(10)(11)(23)	20,999	-
Interest income	6(21)	( 42,117 )	( 26,081 )
Dividend income	6(5)(22)	( 3,607 )	-
Interest expense	6(24)	174,661	208,705
Changes in operating assets and liabilities			
Changes in operating assets			
Notes receivable		( 245,875 )	( 2,239 )
Accounts receivable		( 1,693,792 )	288,868
Accounts receivable - related parties		( 207,729 )	167,676
Other receivables		( 80,852 )	( 7,306 )
Inventories		( 2,397,316 )	447,555
Prepayments		( 82,417 )	90,149
Changes in operating liabilities			
Contract liabilities, current		124,427	20,226
Notes payable		-	( 2,095 )
Accounts payable		108,169	173,017
Accounts payable - related parties		114,437	3,198
Other payables		282,162	118,947
Other payables - related parties		25,458	( 53,587 )
Current refund liabilities		4,373	696
Long-term deferred revenue		( 4,414 )	( 3,901 )
Net defined benefit liabilities, non-current		( 27,670 )	( 41,878 )
Cash inflow generated from operations		1,143,795	5,155,472
Interest received		42,117	26,081
Dividends received		3,607	-
Income tax refund		-	789
Interest paid		( 172,458 )	( 213,156 )
Income tax paid		( 370,744 )	( 313,696 )
Net cash flows from operating activities		646,317	4,655,490

(Continued)

**TON YI INDUSTRIAL CORP. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020**  
(Expressed in thousands of New Taiwan dollars)

	Notes	2021	2020
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES</u></b>			
Increase in other current financial assets		(\$ 28,591 )	(\$ 4,244 )
Acquisition of property, plant and equipment	6(29)	( 799,208 )	( 980,961 )
Interest paid for acquisition of property, plant and equipment	6(6)(24)(29)	-	( 3,161 )
Proceeds from disposal of property, plant and equipment		23,823	18,477
Acquisition of intangible assets	6(10)	-	( 1,309 )
Increase in prepayments for business facilities		( 454,653 )	( 293,100 )
Interest paid for prepayments for business facilities	6(6)(24)	( 171 )	( 114 )
(Increase) decrease in refundable deposits		( 16,102 )	149
Decrease (increase) in other non-current assets, others		3,102	( 2,247 )
Net cash flows used in investing activities		( 1,271,800 )	( 1,266,510 )
<b><u>CASH FLOWS FROM FINANCING ACTIVITIES</u></b>			
Increase (decrease) in short-term borrowings	6(30)	950,315	( 1,275,852 )
Increase in short-term notes and bills payable	6(30)	400,000	-
Increase in other current financial liabilities	6(30)	8,751	1,533
Payments of lease liabilities	6(30)	( 241,898 )	( 198,267 )
Increase in long-term borrowings	6(30)	900,000	873,153
Decrease in long-term borrowings	6(30)	( 370,000 )	( 1,753,153 )
Increase in guarantee deposits received	6(30)	4,543	1,776
Cash dividends paid	6(19)	( 836,947 )	-
Non-payment of expired cash dividends from previous year transferred to capital reserve	6(18)	369	522
Payment of unpaid cash dividends from previous years transferred to capital reserve	6(18)	( 386 )	-
Net cash flows from (used in) financing activities		814,747	( 2,350,288 )
Effect of foreign exchange rate changes on cash and cash equivalents		( 3,674 )	86,273
Net increase in cash and cash equivalents		185,590	1,124,965
Cash and cash equivalents at beginning of year	6(1)	2,478,435	1,353,470
Cash and cash equivalents at end of year	6(1)	<u>\$ 2,664,025</u>	<u>\$ 2,478,435</u>

The accompanying notes are an integral part of these consolidated financial statements.

Ton Yi Industrial Corp  
2021 Earnings Appropriation

(Attachment 5)

Unit : NT\$

Item	Amount
Net Income for 2021	1,852,147,654
Less : an effort to ascertain the amount of remeasuring benefit programs(Losses)	(17,609,209)
Unappropriated Retained Earnings of the 2021	1,834,538,445
Less : Legal Reserve	(183,453,845)
Less : Special reserve	(18,067,975)
2021 Earnings Available for Distribution	1,633,016,625
Retained earnings-unappropriated in previous year	44,372,444
Total distributable earnings	1,677,388,869
2021 Earnings appropriation:	
Cash dividend (NT\$1,000 per thousand shares)	(1,579,145,342)
Unappropriated Distribution	98,243,527

NOTE :

1. Net income for 2021 shall be preferred in the profit distribution.
2. Each common shareholder will be entitled to receive the cash dividends in dollar amount.  
The fractional parts would be classified as "other non-operation income"

**Chairman:** Chih-Hsien Lo    **Manager:** Chin-Cheng Hsu    Yu-Hsin Chang    **Chief Accountant:** Yi-Hsin Liu

The Comparison Table of Amendments of Regulations Governing the Acquisition and Disposal of Assets

Amended articles	Original articles	Description
<p>Article 4 Appraisal procedures:            1. Where the Company acquires or disposes of any securities investment or engages in any transaction of derivatives, the Planning Department or the Finance Department shall perform an analysis of relevant return and evaluate potential risks. For any acquisition or disposal of real property, equipment or its right-of-use assets, each division shall draft capital expenditure plan in advance and perform feasibility evaluation about the purpose and expected return of the acquisition or disposal. Where the Company envisages transacting with a related party, an evaluation of the reasonableness of the transactional terms and conditions shall be performed in accordance with Chapter two.            2. Where the Company envisages acquiring or disposing of securities, prior to the date of occurrence of the event, the Company shall obtain financial statements of the issuing company for the most recent period, certified or reviewed by a certified public accountant (hereinafter referred to as CPA), for reference in appraising the transaction price, and if the amount of the transaction reaches twenty percent (20%) of the Company's paid-in capital or NTD three hundred million (NTD 300,000,000) or more, the Company shall additionally engage a CPA prior to the date of occurrence of the event to provide an opinion regarding the reasonableness of the transaction price. This requirement does not apply, however, to publicly quoted prices of securities that have an active market, or where otherwise provided by regulations of the Financial Supervisory Commission (hereinafter referred to as FSC).             3. In acquiring or disposing of real property, equipment or its right-of-use assets where the transaction amount</p>	<p>Article 4 Appraisal procedures:            1. Where the Company acquires or disposes of any securities investment or engages in any transaction of derivatives, the Planning Department or the Finance Department shall perform an analysis of relevant return and evaluate potential risks. For any acquisition or disposal of real property, equipment or its right-of-use assets, each division shall draft capital expenditure plan in advance and perform feasibility evaluation about the purpose and expected return of the acquisition or disposal. Where the Company envisages transacting with a related party, an evaluation of the reasonableness of the transactional terms and conditions shall be performed in accordance with Chapter two.            2. Where the Company envisages acquiring or disposing of securities, prior to the date of occurrence of the event, the Company shall obtain financial statements of the issuing company for the most recent period, certified or reviewed by a certified public accountant (hereinafter referred to as CPA), for reference in appraising the transaction price, and if the amount of the transaction reaches twenty percent (20%) of the Company's paid-in capital or NTD three hundred million (NTD300,000,000) or more, the Company shall additionally engage a CPA prior to the date of occurrence of the event to provide an opinion regarding the reasonableness of the transaction price. <u>If the CPA needs to use the report of an expert as evidence, the CPA shall do so in accordance with the provisions of No. 20 of Statement of Auditing Standards published by the ROC Accounting Research and Development Foundation (hereinafter referred to as ARDF).</u> This requirement does not apply, however, to publicly quoted prices of securities that have an active market, or where otherwise provided by regulations of the Financial Supervisory Commission (hereinafter referred to as FSC).            3. In acquiring or disposing of real property, equipment or its right-of-use assets where the transaction amount</p>	<p>Revision made according to the amendment to Article9、article10 and article 11of the Regulations Governing the Acquisition and Disposal of Assets by Public Companies.</p>

Amended articles	Original articles	Description
<p>reaches twenty percent (20%) of the Company's paid-in capital or NTD three hundred million (NTD 300,000,000) 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, acquiring or disposing of equipment for business use or its right-of-use assets, shall obtain an appraisal report prior to the date of occurrence of the event from a professional appraiser and shall further comply with the following provisions:</p> <p>(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 price is NTD one billion (NTD 1,000,000,000) or more, appraisal results from two or more professional appraisers shall be required.</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 price, or all the appraisal results for the assets to be disposed of are lower than the transaction price, a CPA shall be engaged to perform the appraisal and render a specific opinion regarding the reason for the discrepancy and the fairness of the transaction price:</p> <p>(i) The discrepancy between one appraisal result and the transaction price reaches twenty percent (20%) or more of the transaction price.</p> <p>(ii) The discrepancy between the appraisal results of two or more professional appraisers reaches ten percent (10%) or more of the transaction price.</p>	<p>reaches twenty percent (20%) of the Company's paid-in capital or NTD three hundred million (NTD 300,000,000) 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, acquiring or disposing of equipment for business use or its right-of-use assets, shall obtain an appraisal report prior to the date of occurrence of the event from a professional appraiser and shall further comply with the following provisions:</p> <p>(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 price is NTD one billion (NTD 1,000,000,000) or more, appraisal results from two or more professional appraisers shall be required.</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 price, or all the appraisal results for the assets to be disposed of are lower than the transaction price, a CPA shall be engaged to perform the appraisal <u>in accordance with the provisions of No. 20 of the Statement of Auditing Standards published by the Accounting Research and Development Foundation</u> and render a specific opinion regarding the reason for the discrepancy and the fairness of the transaction price:</p> <p>(i) The discrepancy between one appraisal result and the transaction price reaches twenty percent (20%) or more of the transaction price.</p> <p>(ii) The discrepancy between the appraisal results of two or more professional appraisers reaches ten percent (10%) or more of the transaction price.</p>	

Amended articles	Original articles	Description
<p>(4) No more than three 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 applies and no more than six months have elapsed, an opinion may still be issued by the original professional appraiser.</p> <p>4. Where the Company acquires or disposes of memberships, intangible assets or its right-of-use assets and the transaction price reaches twenty percent (20%) or more of the paid-in capital of the Company or reaches NTD three hundred million (NTD 300,000,000) or more, unless transacting with a domestic government agency, the Company shall engage a CPA prior to the date of occurrence of the event to render an opinion on the reasonableness of the transaction price.</p> <p>5. The calculation of the transaction prices referred to in the preceding three subparagraphs shall be done in accordance with Article 6, subparagraph 2 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 in accordance with the Procedures need not be counted toward the transaction price.</p> <p>6. Where the company acquires or disposes of assets through court auction procedures, the evidentiary documentation issued by the court may be substituted for the appraisal report or CPA opinion.</p> <p>7. The price determination manner and the basis of reference for the Company's acquisition or disposal of assets shall, in addition to the professional price appraisal and opinions of relevant experts such as the accountant pursuant to the above provisions, be in compliance with the following:</p> <p>(1) For the acquisition or disposal of securities that are already traded on any centralized trading market or over-the-counter trading center, the price shall be determined based on the price of the stock or bond at the time of</p>	<p>(4) No more than three 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 applies and no more than six months have elapsed, an opinion may still be issued by the original professional appraiser.</p> <p>4. Where the Company acquires or disposes of memberships, intangible assets or its right-of-use assets and the transaction price reaches twenty percent (20%) or more of the paid-in capital of the Company or reaches NTD three hundred million (NTD 300,000,000) or more, unless transacting with a domestic government agency, the Company shall engage a CPA prior to the date of occurrence of the event to render an opinion on the reasonableness of the transaction price; <u>the CPA shall comply with the provisions of No. 20 of Statement of Auditing Standards by the Accounting Research and Development Foundation.</u></p> <p>5. The calculation of the transaction prices referred to in the preceding three subparagraphs shall be done in accordance with Article 6, subparagraph 2 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 in accordance with the Procedures need not be counted toward the transaction price.</p> <p>6. Where the company acquires or disposes of assets through court auction procedures, the evidentiary documentation issued by the court may be substituted for the appraisal report or CPA opinion.</p> <p>7. The price determination manner and the basis of reference for the Company's acquisition or disposal of assets shall, in addition to the professional price appraisal and opinions of relevant experts such as the accountant pursuant to the above provisions, be in compliance with the following:</p> <p>(1) For the acquisition or disposal of securities that are already traded on any centralized trading market or over-the-counter trading center, the price shall be determined based on the price of the stock or bond at the time of</p>	

Amended articles	Original articles	Description
<p>trading as appreciate.</p> <p>(2) For the acquisition or disposal of securities that are not traded on any centralized trading market or over-the-counter trading center, the price shall be determined in consideration of the net value per share, technical and profit-making capabilities, future development potential, market interest rate, face value interest rate of the bond and debtor's creditworthiness, etc. and also in reference to the latest closing price at that time.</p> <p>(3) For the acquisition or disposal of membership, the price shall be determined in consideration of the return that may be generated and in reference to the latest closing price at the time. For the acquisition or disposal of intangible assets such as patent right, copyright, trademark right and license right or its right-of-use assets, the price shall be determined in reference to international or market practice, remaining life and the impact on the Company's technology and business.</p> <p>(4) For the acquisition or disposal of real property, equipment or its right-of-use assets, the price shall be determined in reference to the current value under public announcement, appraised current value, actual closing price or book value of real property in the vicinity and suppliers' price proposals. Where the Company transacts with a related party, calculation shall first be made in accordance with Chapter two hereof in order to evaluate whether the transaction price is reasonable.</p> <p>(5) Company business requirements shall be taken into consideration for the engagement of transactions of derivatives. Then reference shall be made to the trading situation of the relevant product and the trading situation of Taiwanese stocks and the stock markets in South Eastern Asian countries and European and American markets, as well as evaluation reports by reputable financial institutions or securities firms that has dealt with the Company about the future trend of the stock market, foreign exchange rate and interest rate. The above-mentioned information shall be consolidated before a decision can be made about the appropriate undertaking timing, undertaken products and</p>	<p>trading as appreciate.</p> <p>(2) For the acquisition or disposal of securities that are not traded on any centralized trading market or over-the-counter trading center, the price shall be determined in consideration of the net value per share, technical and profit-making capabilities, future development potential, market interest rate, face value interest rate of the bond and debtor's creditworthiness, etc. and also in reference to the latest closing price at that time.</p> <p>(3) For the acquisition or disposal of membership, the price shall be determined in consideration of the return that may be generated and in reference to the latest closing price at the time. For the acquisition or disposal of intangible assets such as patent right, copyright, trademark right and license right or its right-of-use assets, the price shall be determined in reference to international or market practice, remaining life and the impact on the Company's technology and business.</p> <p>(4) For the acquisition or disposal of real property, equipment or its right-of-use assets, the price shall be determined in reference to the current value under public announcement, appraised current value, actual closing price or book value of real property in the vicinity and suppliers' price proposals. Where the Company transacts with a related party, calculation shall first be made in accordance with Chapter two hereof in order to evaluate whether the transaction price is reasonable.</p> <p>(5) Company business requirements shall be taken into consideration for the engagement of transactions of derivatives. Then reference shall be made to the trading situation of the relevant product and the trading situation of Taiwanese stocks and the stock markets in South Eastern Asian countries and European and American markets, as well as evaluation reports by reputable financial institutions or securities firms that has dealt with the Company about the future trend of the stock market, foreign exchange rate and interest rate. The above-mentioned information shall be consolidated before a decision can be made about the appropriate undertaking timing, undertaken products and</p>	



Amended articles	Original articles	Description
<p>undertaken amounts.</p> <p>(6) In performing a merger, spin-off, acquisition or transfer of shares, the nature of business, net value per share, asset value, technical and profit-making capabilities, production capacity and future growth potential shall be taken into consideration.</p> <p>8. When the Company performs a merger, spin-off, acquisition, or transfer of shares, prior to convening the board of directors to pass a resolution, a CPA, an attorney, or a securities underwriter shall be engaged to provide opinions on the reasonableness of the share swap proportion, acquisition price, or cash or other property distributed to shareholders and such opinions shall be submitted to the Board of Directors for discussion and approval. However, the requirement of obtaining an aforesaid opinion on reasonableness issued by an expert may be exempted in the case of a merger by a public company of a subsidiary in which it directly or indirectly holds 100 percent of the issued shares or authorized capital, and in the case of a merger between subsidiaries in which the public company directly or indirectly holds 100 percent of the respective subsidiaries' issued shares or authorized capital.</p>	<p>undertaken amounts.</p> <p>(6) In performing a merger, spin-off, acquisition or transfer of shares, the nature of business, net value per share, asset value, technical and profit-making capabilities, production capacity and future growth potential shall be taken into consideration.</p> <p>8. When the Company performs a merger, spin-off, acquisition, or transfer of shares, prior to convening the board of directors to pass a resolution, a CPA, an attorney, or a securities underwriter shall be engaged to provide opinions on the reasonableness of the share swap proportion, acquisition price, or cash or other property distributed to shareholders and such opinions shall be submitted to the Board of Directors for discussion and approval. However, the requirement of obtaining an aforesaid opinion on reasonableness issued by an expert may be exempted in the case of a merger by a public company of a subsidiary in which it directly or indirectly holds 100 percent of the issued shares or authorized capital, and in the case of a merger between subsidiaries in which the public company directly or indirectly holds 100 percent of the respective subsidiaries' issued shares or authorized capital.</p>	
<p>Article 6 Procedures of Public Announcement and Reporting:</p> <p>1. Under any of the following circumstances, the Company acquiring or disposing of assets shall publicly announce and report the relevant information on the FSC's designated website in the appropriate format by regulations within two (2) days commencing immediately from the date of occurrence of the event:</p> <p>(1) For the acquisition or disposal of real property or its right-of-use assets with the related party, or, for the acquisition or disposal of assets other than the real property or its right-of-use assets with the related party for an amount over 20% of the paid-in capital of the Company, 10% of the total assets, or NT\$300 million. Except for the purchase and sale of the domestic bonds, repurchase/reverse repurchase bonds, and requisition or repurchase of the money market fund issued by the domestic securities investment and trust industry.</p> <p>(2) Engage in merger, spin-off,</p>	<p>Article 6 Procedures of Public Announcement and Reporting:</p> <p>1. Under any of the following circumstances, the Company acquiring or disposing of assets shall publicly announce and report the relevant information on the FSC's designated website in the appropriate format by regulations within two (2) days commencing immediately from the date of occurrence of the event:</p> <p>(1) For the acquisition or disposal of real property or its right-of-use assets with the related party, or, for the acquisition or disposal of assets other than the real property or its right-of-use assets with the related party for an amount over 20% of the paid-in capital of the Company, 10% of the total assets, or NT\$300 million. Except for the purchase and sale of the domestic bonds, repurchase/reverse repurchase bonds, and requisition or repurchase of the money market fund issued by the domestic securities investment and trust industry.</p> <p>(2) Engage in merger, spin-off,</p>	<p>Revision made according to the amendment to Article 21 of the Regulations Governing the Acquisition and Disposal of Assets by Public Companies.</p>

Amended articles	Original articles	Description
<p>acquisition or transfer of shares.</p> <p>(3) Engage in transactions of derivatives where the loss thereof reaches the limits on aggregate loss of all or individual contracts as specified in the Procedures.</p> <p>(4) The acquisition or disposal of assets that refer to equipment used for business operation or its right-of-use assets, traded with a non-related party for an amount more than NT\$1 billion.</p> <p>(5) For the acquisition of real property by the proprietary land construction, leased land construction, joint construction - unit sharing program, joint construction - ratio sharing program, and joint construction - sales sharing program and the transaction object is not a related party. The Company is expected to invest for an amount over NT\$500 million.</p> <p>(6) For asset trades, or investment in Mainland China, other than the practices stated in the five preceding paragraphs, for an amount over 20% of the paid-in capital or NT\$300 million. However, the following matters are not subject to such requirements:</p> <p>(i) <u>Trading of domestic government bonds or overseas government bonds with credit ratings not lower than Taiwan's sovereign rating.</u></p> <p>(ii) The trade of repurchase/reverse repurchase of bonds, and requisition or repurchase of domestic money market funds issued by the domestic securities investment and trust industry.</p> <p>2. The amount of transactions above shall be calculated as follows:</p> <p>(1) The amount of any individual transaction.</p> <p>(2) The cumulative transaction amount of acquisitions and disposals of the same type of underlying asset with the same trading counterparty within the preceding year.</p> <p>(3) The cumulative transaction amount of real property or its right-of-use assets acquisitions and disposals (cumulative acquisitions and disposals, respectively) within the same development project within the preceding year.</p> <p>(4) The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of the same security within the preceding year.</p> <p>The aforesaid "within the preceding year" refers to the year preceding the</p>	<p>acquisition or transfer of shares.</p> <p>(3) Engage in transactions of derivatives where the loss thereof reaches the limits on aggregate loss of all or individual contracts as specified in the Procedures.</p> <p>(4) The acquisition or disposal of assets that refer to equipment used for business operation or its right-of-use assets, traded with a non-related party for an amount more than NT\$1 billion.</p> <p>(5) For the acquisition of real property by the proprietary land construction, leased land construction, joint construction - unit sharing program, joint construction - ratio sharing program, and joint construction - sales sharing program and the transaction object is not a related party. The Company is expected to invest for an amount over NT\$500 million.</p> <p>(6) For asset trades, or investment in Mainland China, other than the practices stated in the five preceding paragraphs, for an amount over 20% of the paid-in capital or NT\$300 million. However, the following matters are not subject to such requirements:</p> <p>(i) Trading of domestic government bonds.</p> <p>(ii) The trade of repurchase/reverse repurchase of bonds, and requisition or repurchase of domestic money market funds issued by the domestic securities investment and trust industry.</p> <p>2. The amount of transactions above shall be calculated as follows:</p> <p>(1) The amount of any individual transaction.</p> <p>(2) The cumulative transaction amount of acquisitions and disposals of the same type of underlying asset with the same trading counterparty within the preceding year.</p> <p>(3) The cumulative transaction amount of real property or its right-of-use assets acquisitions and disposals (cumulative acquisitions and disposals, respectively) within the same development project within the preceding year.</p> <p>(4) The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of the same security within the preceding year.</p> <p>The aforesaid "within the preceding year" refers to the year preceding the date of occurrence of the current transaction. Items duly announced in</p>	

Amended articles	Original articles	Description
<p>date of occurrence of the current transaction. Items duly announced in accordance with these Regulations need not be counted toward the transaction amount.</p> <p>3.The Company shall compile monthly reports on the status of derivatives trading engaged in up to the end of the preceding month by itself and any subsidiaries that are not publicly listed companies in the R.O.C. and enter the information in the format shown in the attachment into the information reporting website designated by the FSC by the tenth (10th) day of each month.</p> <p>4.The mandatory disclosures with any error or omission found at the time of announcement should be announced and reported again within 2 days from the event date.</p> <p>5.After the transaction of announcement in accordance with the provisions of this Article, in any of the following circumstances,a public report of relevant information shall be made on the information reporting website designated by the FSC within two days commencing immediately from the date of occurrence of the event:</p> <p>(1) Change, termination, or rescission of a contract signed in regard to the original transaction.</p> <p>(2) The merger, spin-off, acquisition, or transfer of shares is not completed by the scheduled date set forth in the contract.</p> <p>(3) Change to the originally publicly announced and reported information.</p>	<p>accordance with these Regulations need not be counted toward the transaction amount.</p> <p>3.The Company shall compile monthly reports on the status of derivatives trading engaged in up to the end of the preceding month by itself and any subsidiaries that are not publicly listed companies in the R.O.C. and enter the information in the format shown in the attachment into the information reporting website designated by the FSC by the tenth (10th) day of each month.</p> <p>4.The mandatory disclosures with any error or omission found at the time of announcement should be announced and reported again within 2 days from the event date.</p> <p>5.After the transaction of announcement in accordance with the provisions of this Article, in any of the following circumstances,a public report of relevant information shall be made on the information reporting website designated by the FSC within two days commencing immediately from the date of occurrence of the event:</p> <p>(1) Change, termination, or rescission of a contract signed in regard to the original transaction.</p> <p>(2) The merger, spin-off, acquisition, or transfer of shares is not completed by the scheduled date set forth in the contract.</p> <p>(3) Change to the originally publicly announced and reported information.</p>	
<p>Article 11: Resolution Procedures : When the Company intends to acquire or dispose of real property or its right-of-use assets to a related party, or when it intends to acquire or dispose of assets other than real property or its right-of-use assets from or to a related party and the transaction amount reaches twenty percent (20%) or more of paid-in capital, ten percent (10%) or more of the company's total assets, or NTD three hundred million (NTD 300,000,000) or more. Except for the purchase and sale of the bonds, repurchase/reverse repurchase bonds, and requisition or repurchase of money market funds issued by the domestic security investment and trust industry, the unit responsible for implementation may not proceed to enter into a transaction contract or make a</p>	<p>Article 11: Resolution Procedures : When the Company intends to acquire or dispose of real property or its right-of-use assets to a related party, or when it intends to acquire or dispose of assets other than real property or its right-of-use assets from or to a related party and the transaction amount reaches twenty percent (20%) or more of paid-in capital, ten percent (10%) or more of the company's total assets, or NTD three hundred million (NTD 300,000,000) or more. Except for the purchase and sale of the bonds, repurchase/reverse repurchase bonds, and requisition or repurchase of money market funds issued by the domestic security investment and trust industry, the unit responsible for implementation may not proceed to enter into a transaction contract or make a</p>	<p>Revision made according to the amendment to Article 15 of the Regulations Governing the Acquisition and Disposal of Assets by Public Companies.</p>

Amended articles	Original articles	Description
<p>payment until the following matters have been submitted to the Audit Committee and obtain the consent of more than one-half of all members and proposed to the Board of Directors for a resolution:</p> <ol style="list-style-type: none"> <li>1.The purpose, necessity and anticipated benefit of the acquisition or disposal of assets.</li> <li>2.The reason for choosing the related party as a trading counterparty.</li> <li>3.With respect to the acquisition of real property or its right-of-use assets from a related party, information regarding appraisal of the reasonableness of the preliminary transaction terms in accordance with Article12 and Article 13.</li> <li>4.The date and price at which the related party originally acquired the real property, the original trading counterparty, and that trading counterparty's relationship to the company and the related party.</li> <li>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.</li> <li>6.An appraisal report from a professional appraiser or a CPA's opinion obtained in compliance with the preceding article.</li> <li>7.Restrictive covenants and other important stipulations associated with the transaction.</li> </ol> <p><u>For the said transactions at an amount over 10% of the Company's total assets between this Company and subsidiaries, this Company shall submit all transaction data to the meeting of shareholders to apply for permission prior to concluding any transaction contracts and making payments, except for transactions between this Company and the parent, subsidiaries, or transactions among subsidiaries.</u></p> <p>The calculation of the transaction amounts referred to in the preceding paragraph shall be made in accordance with Article 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 Shareholders' meeting ; the board of directors and recognized by the audit committee in accordance with the Procedures need not be counted toward the transaction</p>	<p>payment until the following matters have been submitted to the Audit Committee and obtain the consent of more than one-half of all members and proposed to the Board of Directors for a resolution:</p> <ol style="list-style-type: none"> <li>1.The purpose, necessity and anticipated benefit of the acquisition or disposal of assets.</li> <li>2.The reason for choosing the related party as a trading counterparty.</li> <li>3.With respect to the acquisition of real property or its right-of-use assets from a related party, information regarding appraisal of the reasonableness of the preliminary transaction terms in accordance with Article12 and Article 13.</li> <li>4.The date and price at which the related party originally acquired the real property, the original trading counterparty, and that trading counterparty's relationship to the company and the related party.</li> <li>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.</li> <li>6.An appraisal report from a professional appraiser or a CPA's opinion obtained in compliance with the preceding article.</li> <li>7.Restrictive covenants and other important stipulations associated with the transaction.</li> </ol> <p>The calculation of the transaction amounts referred to in the preceding paragraph shall be made in accordance with Article 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 audit committee in accordance with the Procedures need not be counted toward the transaction amount.</p>	

Amended articles	Original articles	Description
<p>amount. The Company engages in the following transactions with its parent company, subsidiaries, or subsidiaries that directly or indirectly hold 100% of the issued shares or total capital, the Board of Directors shall authorize the chairman to make a decision within NT\$1 billion and then report to the Board of Directors for the most recent period: (1) For the acquisition or disposal of equipment for business use or its right-of-use assets (2) For the acquisition or disposal of real property for business use or its right-of-use assets</p>	<p>The Company engages in the following transactions with its parent company, subsidiaries, or subsidiaries that directly or indirectly hold 100% of the issued shares or total capital, the Board of Directors shall authorize the chairman to make a decision within NT\$1 billion and then report to the Board of Directors for the most recent period: (1) For the acquisition or disposal of equipment for business use or its right-of-use assets (2) For the acquisition or disposal of real property for business use or its right-of-use assets</p>	
<p>Article 25 Professional appraisers and their officers, certified public accounts, attorneys, and securities underwriters that provide to the Company with appraisal reports, certified public accountant's opinions, attorney's opinions, or underwriter's opinions shall meet the following requirements: 1. May not have previously received a final and unappealable sentence to imprisonment for 1 year or longer for a violation of the Securities and Exchange Act, the Company 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. When presenting a valuation report or opinion letter, the said personnel shall comply with <u>the self-discipline regulations of their own business associations and</u> the following requirements: 1. Prior to accepting a case, they shall</p>	<p>Article 25 Professional appraisers and their officers, certified public accounts, attorneys, and securities underwriters that provide to the Company with appraisal reports, certified public accountant's opinions, attorney's opinions, or underwriter's opinions shall meet the following requirements: 1. May not have previously received a final and unappealable sentence to imprisonment for 1 year or longer for a violation of the Securities and Exchange Act, the Company 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. When issuing an appraisal report or opinion, the personnel referred to in the preceding paragraph shall comply with the following: 1. Prior to accepting a case, they shall</p>	<p>Revision made according to the amendment to Article 5 of the Regulations Governing the Acquisition and Disposal of Assets by Public Companies.,and discrete revision on wording.</p>

Amended articles	Original articles	Description
<p>prudently assess their own professional capabilities, practical experience, and independence.</p> <p>2. When <u>executing</u> 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 <u>the appropriateness</u>, 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 <u>appropriate and</u> dreasonable, <u>and</u> that they have complied with applicable laws and regulations.</p>	<p>prudently assess their own professional capabilities, practical experience, and independence.</p> <p>2. When <u>examining</u> 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 <u>the comprehensiveness, accuracy</u>, 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 <u>and accurate</u>, and that they have complied with applicable laws and regulations.</p>	

Ton Yi Industrial CORP  
Candidates of Directors

(Attachment 7)

Items	Candidates	Education, Major Experience and Current position
DIRECTOR	Chih-Hsien Lo (represent: Uni-President Enterprises CORP.)	Education : University of California, Los Angeles Qi Yansuo Experience : The Chairman of Uni-President Enterprises CO., Ltd. Current position : The Chairman of Uni-President Enterprises CO., Ltd. , The Chairman of Ton Yi Industrial CO. , Ltd.
DIRECTOR	Chao- Kai Huang (represent: Uni-President Enterprises CORP.)	Education : Practice Specialist Accounting Experience : The Vice President of Dairy & Beverage Group of Uni-President Enterprises Co., Ltd. Current position : The Chairman of Uni-President Enterprises CO., Ltd. Director of Ton Yi Industrial Corp.
DIRECTOR	Chun-Fu Chen (represent: Uni-President Enterprises CORP.)	Education : Master, Dept. of Mechanucal Engineering, National Cheng Kung University Experience : Head of OEM & ODM Management Team of Uni-President Enterprises CO., Ltd., Chief Factory of Shinshih Main Plants. Current position : Head of Technical Group of Uni-President Enterprises CO., Ltd.
DIRECTOR	Feng-Fu Chen (represent: Uni-President Enterprises CORP.)	Education : Master of Advanced Management at National Cheng Kung University Experience : Chairman, Executive vice president, Head of offinance and accounting of Ton Yi Industrial Corp. Current position : Direct of Ton Yi Industrial Corp.
DIRECTOR	Xiu-Ling Kao (representatives: Kao Chyuan Inv. Co., Ltd )	Education : Marymount College U.S.A Experience : Chairman of Kao Chyuan Inv. Co., Ltd., the Director of Uni-President Enterprises CO. , Ltd. & President Chain Store Corp. Current position : Chairman of Kao Chyuan Inv. Co., Ltd., President Being Corp. , President Fair Development Corp. , Uni-President Department Store Corp. President Pharmaceutical Corp. , President Drugstore Business Corp. Director of Uni-President Enterprises CO. , Ltd., Director of President Chain Store Corp. , Director of Ton Yi Industrial Corp.
DIRECTOR	Shing-Chi Liang	Education : Nation Changhua Senion High School Experience : President of Ton Yi Industrial Corp. ; Vice Chairman of Ton Yi Industrial Corp. Current position : Director of Ton Yi Industrial Corp.
DIRECTOR	Kuo-Keng Chen	Education : Graduated from National Taipei College of Technology Technology , majoring in Textile Experience : Supervisor of Uni-President Enterprises Co., Ltd. and Tainan Spinning Corp. Current position : Director of Ton Yi Industrial Corp.

Ton Yi Industrial CORP  
Candidates of Independent Directors

Items	Candidates	Education, Major Experience and Current position
Independent DIRECTOR	Lih-Chyun Shu	<p>Education : Ph. D., Information Science of Purdue University.</p> <p>Experience :</p> <ol style="list-style-type: none"> <li>1. The dean of College of Computer Science and Information Engineering , Chang Jung Christain University .</li> <li>2. Head, Department of Information Management , Chang Jung Christain University.</li> <li>3. Director, Computer Centre of Chang Jung Christain University.</li> </ol> <p>Current position :</p> <ol style="list-style-type: none"> <li>1. Professor, Department of Accountancy and Graduate Institute of Finance ; NCKU.</li> </ol>
Independent DIRECTOR	Yi-Chang Lin	<p>Education : Department of Accounting, Soochow University. 、EMBA, National Sun Yat-Sen University.</p> <p>Experience :</p> <ol style="list-style-type: none"> <li>1. Auditor of PricewaterhouseCoopers Taiwan.</li> <li>2. Pass the accountant entrance examination.</li> <li>3. Auditor , Branch of Kaohsiung PricewaterhouseCoopers Taiwan.</li> <li>4. Instructor, Taiwancorporate Governance Association.</li> <li>5. Instructor, Securities &amp; Futures Institute.</li> </ol>
Independent DIRECTOR	Huey-Cherng Tsai	<p>Education : Ph. D, Department of Bussiness Management, National Sun Yatsen University .</p> <p>Experience :</p> <ol style="list-style-type: none"> <li>1. Instructor, Department of Finance, STUST.</li> <li>2. Assist , Entie Bank.</li> </ol> <p>Current position :</p> <ol style="list-style-type: none"> <li>1. Accistant Professor, Department of Finance, STUST.</li> <li>2. Group leader and Acting Director of the Center for Institutional Development.</li> </ol>



## Ton Yi Industrial Corporation

(Attachment 8)

Details of the Duties Subject to Releasing the Candidates  
of Directors(Independent Directors) from Non-competition

As of 03/31/2022

Name	Current position with other company
<p><b>Chih-Hsien Lo</b> (represent: Uni-President Enterprises CORP.)</p>	<p><b>Chairman :</b> Uni-President Enterprises corp. ∙ President Natural Industrial Corp. ∙ TTET Union Corp. ∙ Prince Housing &amp; Development Corp. ∙ President Packaging Corp. ∙ Woongjin Foods Co. Ltd. ∙ Daeyoung Foods Co. Ltd. ∙ President International Development Corp. ∙ Uni-President (Thailand) Ltd. ∙ Changjiagang President Nisshin Food Co. ∙ Scino Pharm Taiwan Ltd. ∙ Uni-President (Philippines) Corp. ∙ Uni-President (Thailand) Ltd. ∙ Uni-President (Vietnam) Co., Ltd. ∙ Uni-President Enterprises (China) Investment Co., Ltd. ∙ President Chain Store Corp. Uni-President Cold-Chain Corp. ∙ Presco Netmarketing Inc. Uni-President Dream Parks Corp. ∙ President Century Corp. ∙ President Property Corporation ∙ Daeyoung Foods Co. Ltd. ∙ Prince Property Management Consulting Co. ∙ Time Square International Holding Co. ∙ Time Square International Hotel Co. ∙ Time Square International Stays Co. ∙ Uni-President Express Corp. ∙ Cheng-Shi Investment Holding Co.</p> <p><b>Vice Chairman :</b> President Nisshin Corp.</p> <p><b>Director :</b> President Baseball Team Corp. ∙ Nanlien International Corp. ∙ Tone Sang Construction Corp. ∙ Retail Support International Corp. ∙ Presicarre Corp. ∙ President Fair Development Corp. ∙ President Starbucks Coffee Corp. ∙ Uni-President Organics Corp. ∙ Uni-President Glass Industrial Co. ∙ Kuang Chuan Dairy Co. ∙ Kuang Chuan Foods Co. ∙ Uni-President Development Corp. ∙ Tait Marketing &amp; Distribution Co. ∙ Weilih Food Corp. ∙ Keng Ting Enterprises Co. ∙ Prince Property Management Consulting Co. ∙ Kao Chyuan Inv. Corp. ∙ PCS (BVI) Holdings Ltd. ∙ PCS (Labuan) Holdings Ltd. ∙ Cayman President Holdings Ltd. ∙ Kai Yu (BVI) Investment Co., Ltd. ∙ Uni-President Southeast Asia Holdings Ltd. ∙ President Packaging Holdings Ltd. ∙ President Energy Development (Cayman Islands) Ltd. ∙ Uni-President Asia Holdings Ltd. ∙ Uni-President International (HK) Co., Ltd. ∙ Hefei President Enterprises Co., Ltd. ∙ Zhenzhou President Enterprises Co., Ltd. ∙ Nanchang President Enterprises Co., Ltd. ∙ Guangzhou President Enterprises Co., Ltd. ∙ Fuzhou President Enterprises Co., Ltd. ∙ Shenyang President Enterprises Co., Ltd. ∙ Changsha President Enterprises Co., Ltd. ∙ Nanning President Enterprises Co., Ltd. ∙ Zhanjiang President Enterprises Co., Ltd. ∙ Chongqing President Enterprises Co., Ltd. ∙ Taizhou President Enterprises Co., Ltd. ∙ Changchun President Enterprises Co., Ltd. ∙ Baiyin President Enterprises Co., Ltd. ∙ Hainan President Enterprises Co., Ltd. ∙ Guiyang President Enterprises Co., Ltd. ∙ Jinan President Enterprises Co., Ltd. ∙ Hangzhou President Enterprises Co., Ltd. ∙ Xuzhou President Enterprises Co., Ltd. ∙ Henan President Enterprises Co., Ltd. ∙ Shaanxi President Enterprises Co., Ltd. ∙ Jiangsu President Enterprises Co., Ltd. ∙ Ningxia President Enterprises Co., Ltd. ∙ President Enterprises (Shanghai) Co., Ltd. ∙ Shaanxi President Enterprises Co., Ltd. ∙ Uni-President Enterprises (Tianjin) Co., Ltd. ∙ Hunan President Enterprises Co., Ltd. ∙ Harbin President Enterprises Co., Ltd. ∙ Akesu President Enterprises Co., Ltd. ∙ President Enterprises (Inner Mongolia) Co., Ltd. ∙ Shijiazhuang President Enterprises Co., Ltd. ∙ Xinjiang President Enterprises Food Co., Ltd. ∙ Wuhan President Enterprises Food Co., Ltd. ∙ Kunshan President Enterprises Food Co., Ltd. ∙ Chengdu President Enterprises Food Co., Ltd. ∙ Kunming President Enterprises Food Co., Ltd. ∙ Beijing</p>

	<p>President Enterprises Drinks Co., Ltd. ∙ Uni-President Enterprises (Shanghai) Drink &amp; Food Co., Ltd. ∙ Uni-President Enterprises (Kunshan) Food Technology Co., Ltd. ∙ Uni-President Trading (Hubei) Co., Ltd. ∙ President (Kunshan) Trading Co.,Ltd. ∙ President (Shanghai) Trading Co., Ltd. ∙ Yantai Tongli Beverage Industries Co., Ltd. ∙ Bama President Mineral Water Co. ∙ Wuyuan President Enterprises Mineral Water Co., Ltd. ∙ Changbaishan Mountain President Enterprises (Jilin) Mineral Water Co., Ltd. ∙ Champ Green Capital Limited ∙ Champ Green (Shanghai) Consulting Co. Ltd. ∙ Uni-President (Shanghai) Pearly Century Co., Ltd. ∙ Uni-President Enterprise (Hutubi) Tomato Products Technology Co. ∙ Uni-President Assets Holding Ltd. ∙ Uni-OAO Travel Service Corp</p> <p><b>Supervisor:</b> Infinity Holdings Ltd. ∙ Eternity Holdings Ltd. ∙ Celestial Prosperities Holdings Ltd.</p> <p><b>President</b> Presco Netmarketing Inc. ∙ Uni-President Express Corp.</p>
<p><b>Shiow-Ling Kao</b> (represent: Kao Chyuan Inv. Corp.)</p>	<p><b>Chairman :</b> Infinity Holdings Ltd. ∙ Eternity Holdings Ltd. ∙ Celestial Prosperities Holdings Ltd. ∙ President Fair Development Corp. ∙ Uni-President Department Store Corp. ∙ President Being Corp. ∙ President Pharmaceutical Corp. ∙ President Drugstore Business Corp. ∙ Kao Chuan Inv. Co., Ltd.</p> <p><b>Director :</b> Uni-President Enterprises Corp. ∙ Uni-Wonder Corporation ∙ Prince Housing &amp; Development Corp. ∙ GRAPE KING BIO LTD ∙ President International Development Corp. ∙ ScinoPharm Taiwan, Ltd. ∙ President Chain Store Corporation ∙ President Century Corp. ∙ Uni-President Development Corp. ∙ President (Shanghai) Health Product Trading Company Ltd ∙ Beauty Wonder (Zhejiang) Trading Co.,Ltd. ∙ Times Square International Holding Co. ∙ Times Square International Hotel Co.</p> <p><b>President :</b> President Fair Development Corp. ∙ Kao Chyuan Inv. Corp.</p>
<p><b>Jau- Kai Hwang</b> (represent: Uni-President Enterprises CORP.)</p>	<p><b>Chairman :</b> Uni-President Vender corp.</p> <p><b>Director :</b> Uni-president Marketing Co., Ltd. ∙ Uni-President (Vietnam) Co., Ltd. ∙ President Chain Store Corp. ∙ Uni-President Cold-Chain Corp. ∙ Uni-President Express Corp.</p> <p><b>President:</b> Uni-President Enterprises Corp</p>
<p><b>Chun-Fu Chen</b> (represent: Uni-President Enterprises CORP.)</p>	<p><b>Director :</b> Uni- president Glass Industrial CO., Ltd. ∙ President Packaging Industrial Corp. Kai Ya Food Co., Ltd.</p>
<p><b>Feng-Fu Chen</b> (represent: Uni-President Enterprises CORP.)</p>	<p><b>Chairman :</b> Ton Yi (China) Investment Co., Ltd. ∙ Taizhou Ton Yi Industrial Co., Ltd. ∙ Zhangzhou Ton Yi Industrial Co., Ltd. ∙ Chengdu Ton Yi Industrial Co., Ltd. ∙ Huizhou Ton Yi Industrial Co., Ltd. ∙ Beijing Ton Yi Industrial Co., Ltd. ∙ Kunshan Ton Yi Industrial Co., Ltd ∙ Sichuan Ton Yi Industrial Co., Ltd ∙ Zhanjiang Ton Yi Industrial Co., Ltd ∙ Tianjin Ton Yi Industrial Co., Ltd.</p> <p><b>Director :</b> Cayman Ton Yi Holdings Limited. ∙ Cayman Ton Yi (China) Holdings Limited. ∙ Wuxi Ton Yi Industrial Packing Co., Ltd. ∙ Chengdu Ton Yi Industrial Packing Co., Ltd. ∙ Changsha Ton Yi Industrial Co., Ltd. ∙</p>

	<p><b>Supervisor:</b> Fujian Ton Yi Tinplate Co., Ltd. 、 Jiangsu Ton Yi Tinplate Co., Ltd.</p>
<p><b>Shing-Chi Liang</b></p>	<p><b>Chairman :</b> Tovecan Corporation Ltd. 、 Wuxi Ton Yi Industrial Packing Co., Ltd. 、 Chengdu Ton Yi Industrial Packing Co., Ltd. 、 Changsha Ton Yi Industrial Co., Ltd. Jiangsu Ton Yi Tinplate Co., Ltd. 、 Fujian Ton Yi Tinplate Co., Ltd. Wuxi Ton Yi Daiwa Industrial Co., Ltd.</p> <p><b>Director :</b> Cayman Ton Yi Holdings Ltd. 、 Cayman Fujian Ton Yi Holdings Ltd. 、 Cayman Jiangsu Ton Yi Holdings Ltd.</p>

**Rules of Procedures for Shareholders' Meeting**

Amemd on July 26, 2021

1. Shareholders' meetings of the Company shall proceed according to the Rules of Procedures for Shareholders' Meeting (the "Rules").
2. The term "shareholder" as set forth in the Rules shall mean a shareholder himself and any proxy authorized by a shareholder.
3. The Company shall state the time for accepting registration for the meeting and the location where the registration will take place as well as other special notes in the meeting notice. Registration by shareholders shall start at least 30 minutes prior to the commencement of the meeting. The registration location shall be clearly identified and there shall be an adequate number of qualified staff to assist with the registration procedure. A shareholder wishing to attend a shareholders' meeting shall present an attendance card, sign-in card or other supporting attendance documents. A proxy solicitor shall provide such identification documents for verification as well. A shareholder shall submit the sign-in card as a substitute for sign-in to represent its attendance of the meeting. The total number of shares present at the meeting shall be calculated based on the sign-in cards plus the number of shares exercising their voting power in writing or through electronic transmission.
4. The attendance and vote of a shareholders' meeting shall be computed on the basis of the number of shares.
5. A shareholders' meeting shall be held on the premises of the Company or a place that is convenient for shareholders to attend. A shareholders' meeting shall start no earlier than 9 a.m. or no later than 3 p.m.
6. Unless otherwise stipulated by laws, a shareholders' meeting shall be called by the Board of Directors (the "Board") and be chaired by the Chairman of the Board. Where the Chairman is on leave or unable to exercise his authority for

any reason, the Vice Chairman shall act on his behalf. Where the Vice Chairman is on leave or unable to exercise his authority for any reason, the Chairman shall designate one of the Directors to act on his behalf. Where no such designee is designated, the Chairperson shall be elected from the directors. In the event where the shareholders' meeting is convened by a convener entitled to hold the meeting other than the Board, the convener shall be the Chairperson. In the event where there are more than two conveners, the Chairperson shall be elected from the conveners.

If one of the Directors is appointed to act as the Chairperson of the meeting in accordance with the preceding paragraph, he or she shall have served as a Director for more than 6 months and have a sound knowledge of the Company's financial and business status. The same shall apply to the situation where the Chairperson is the representative of a legal-entity director.

7. The Company may appoint lawyers, accountants or other relevant personnel to attend the shareholders' meeting. All staff members assisting the procedure of the shareholders' meeting shall wear an identification badge.
8. The Company shall record, in audio or video, the meeting in its entirety on a continuous and uninterrupted basis from the time that any shareholders register for attendance, including the registration process, proceedings of the meeting and the voting and vote counting process.

The aforementioned recordings shall be retained for at least one year. However, in the event any shareholder files a lawsuit in accordance with Article 189 of the Company Act, such recordings shall be kept until the conclusion of litigation.

9. The chairperson shall call the meeting to order at the appointed meeting time and announce the number of shares without voting rights, the number of shares present and other relevant information.

Where the number of shares represented by the attending shareholders has not reached the required quorum of one-half of total issued shares, the Chairman may

announce a postponement of the meeting. The total postponements shall be limited to two instances and the total time any such delays shall not exceed one hour. If after two postponements, the number of shares represented by the shareholders present does not reach the specified quorum but represents more than one-third of the total issued shares, a tentative-resolution may be adopted according to Section 1 of Article 175 of the Company Act.

Should the number of shares represented by shareholders in attendance constitute more than one-half of the total issued shares before the shareholders' meeting adjourns, the Chairman may offer the tentative-resolution to the meeting for resolution again in accordance to Article 174 of the Company Act.

10. If a shareholders meeting is convened by the board of directors, the meeting agenda shall be set by the board of directors. The proposals (including the extraordinary motions and the amendment to the original proposal) shall be voted one by one. The meeting shall proceed in the order set by the agenda, which may not be changed without a resolution of the shareholders meeting.

In the event where the shareholders' meeting is convened by a person with convening rights other than the Board, the provision set forth in the preceding paragraph shall apply.

Unless duly resolved at the meeting, where the meeting agenda (including extemporaneous motions) set forth in the two preceding paragraphs has not been completed, the Chairman shall not announce to adjourn the meeting. After the adjournment of the meeting, shareholders shall not elect a chairman and resume the meeting at the same or an alternative venue. If the Chairman adjourns the meeting in violation of the Rules, the present shareholders may elect another Chairperson by a majority vote to continue the meeting accordingly.

The chair shall allow ample opportunity during the meeting for explanation and discussion of proposals and of amendments or extraordinary motions put

forward by the shareholders; when the chair is of the opinion that a proposal has been discussed sufficiently to put it to a vote, the chair may announce the discussion closed, call for a vote, and arrange enough time for voting.

11. Prior to addressing the meeting, a shareholder shall fill out a speech note, to summarize the key subjects of his speech, the shareholder's account number (or the code of the attendance card) and the name of the shareholder. The sequence of speakers shall be determined by the Chairman.

Should any shareholder in attendance submit a speech but not actually speak at the meeting, it shall be deemed that the speech has not been made by the shareholder. In case of a discrepancy between what was summarized on the floor note and what was actually spoken, the contents actually spoken shall prevail.

When a shareholder is properly addressing the meeting, no other shareholder shall speak to interrupt unless otherwise permitted by the Chairman and the speaking shareholder. The Chairman shall stop such interruption of any violating shareholder.

12. Each shareholder is entitled to speak no more than twice on the same discussion proposal, unless agreed to otherwise by the Chairman. Each speech is limited to five minutes, and the Chairman may stop any speech of any shareholder that is in violation of the aforementioned time limit or the content of which is beyond the scope of the discussion proposal.

13. Where a legal entity is entrusted to attend a shareholders' meeting on someone else's behalf, such legal entity may appoint only one representative to attend the meeting. Where a legal entity shareholder has appointed two or more representatives to attend the meeting, only one representative can speak for the same discussion proposal.

14. The Chairman may respond in person or through an appropriate appointee after the speech of a shareholder.

15. In the event where the Chairman considers the discussion of a proposal has reach the extent necessary for a resolution to be reached, the Chairman may announce discontinuation of the discussion and proceed to the voting process.
16. Voting counting for a resolution or election shall be conducted in public at the place of the shareholders meeting. The Chairman shall appoint persons responsible for supervising and counting of ballots. However, the persons responsible for supervising the ballots must be appointed from the shareholders. The voting results, including the numbers of votes, shall be announced on-site immediately at the meeting and recorded in writing.

The election of Directors at a shareholders' meeting shall be held in accordance with the applicable election and appointment rules adopted by the Company and the voting results shall be announced on-site immediately, including the names of those elected as Directors and the numbers of votes they received and the names of those not elected as Directors and the numbers of votes they received.
17. The Chairman may announce a recess as deemed appropriate during the proceeding of a shareholders' meeting.
18. A proposal shall be deemed duly resolved should there be no objection raised by any shareholder present in response to such an inquiry by the Chairman. Unless otherwise provided for under the Company Act or Articles of Association, a proposal for vote shall be resolved by a majority of the presenting shareholders.

Upon voting process, where there is no objection raised by any shareholders, the proposal shall be deemed resolved and has equal validity as a resolution resolved through voting process.
19. In the event of an amendment proposal or substitute proposal to an original proposal, the Chairman shall decide on the order of the vote of the amendment or substitute proposal together with the original proposal. However, if one of



the proposals has been approved, the others shall be deemed overruled and no further voting shall be required.

20. The Chairman may direct disciplinary personnel (or security guards) to assist in safeguarding the order of the meeting venue. The Chairman may direct the disciplinary personnel (or security guards) to remove shareholders from the venue if the shareholders have violated the Rules and refused to obey the instructions of the Chairman, impeded the proceedings of the meeting and furthermore does not comply after having being asked to stop. The disciplinary personnel (or security guards) shall, while helping safeguard the order of the meeting venue, wear an arm-band with the words “Disciplinary Personnel.”
21. All matters not specified in the Rules shall be subject to the Company Act, Articles of Association and other relevant laws and regulations.
22. The Rules and any amendments hereof, shall be implemented after adoption by shareholders meeting.

**Ton Yi Industrial Corp.**                      Appendix (2)  
**Articles of Association**

Amended on Jun 20, 2019

**Chapter 1    General Provisions**

- Article 1:        The Company was named "統一實業股份有限公司" in accordance with the provisions of the Company Act for company limited and the English name was named "TON YI INDUSTRIAL CORP."
- Article 2:        The businesses operated by the Company are as follows:
1.        Domestic and export sales of processed and manufactured various types of metal sheets, printed sheets and other processed materials.
  2.        Domestic and export sales of processed and manufactured tinted steel plates and raw steel plates.
  3.        Domestic and export sales of manufactured cans and tinplate machinery.
  4.        Provide processing and manufacturing technology for tin cans, tinted steel plate and other raw steel plate.
  5.        F199990 other wholesale business (oxidized metal, aliphatic acid, tin products and oxidized tin).
  6.        ZZ99999 other businesses not prohibited or restricted by law except any business requiring special approval.
- Article 3:        When the Company needs to invest in other businesses due to its business needs, it will not be restricted by the over 40% of the paid in capital which is stipulated in Article 13 of the Company Act. Any re-investment matters shall be decided by the resolution of the Board of Directors.
- Article 4:        The Company may make external endorsement/guarantee due to the business.
- Article 5:        The Company's head office is based in Tainan, and may establish branches and representative offices domestically or overseas through the decision of the Board of Director if necessary.

## **Chapter 2 Shares**

- Article 6: The total capital stock of the Company shall be in the amount of NTD 17,847,009,180 divided into 1,784,700,918 shares at a par value of NTD 10 each, and may be paid-up in installments. The Company may issue preferred shares within the amount of aforementioned shares, and the unissued shares are authorized to be issued by the Board of Directors when deemed necessary for the business.
- Article 7: The shares shall be registered and shall be numbered and signed or sealed by a director who is a representative of the Company and issued by a stock issuer of a bank in accordance with the law, the registered stocks issued by the Company may not be printed, but the shares issued shall be registered in Governing Centralized Securities Depository Enterprises and processed in accordance with the regulations of the institution.
- Article 8: If the company handles shareholder operation services such as shareholders transfer, mortgage setting, registering loss, inheritance, gift, seal change and address change, except as otherwise provided by the Act and the Securities Exchange Act, it shall be handled in accordance with the “Regulations Governing the Administration of Shareholder Services of Public Companies”.
- Article 9: No transfer of shares shall be handled within sixty days prior to a shareholders' regular meeting, or within thirty days prior to a shareholders' extraordinary meeting, or within five days prior to allocation of dividend' bonus or any other benefits.

## **Chapter 3 Shareholders' Meeting**

- Article 10: The shareholders' meeting hereof consists of two categories—the shareholders' regular meeting and shareholders' extraordinary meeting. The shareholders' regular meeting shall be convened by the Board of Directors once per annum within six months from the closing of each fiscal year, with notices for the shareholders' meeting to be sent to all shareholders at least thirty days in advance. A shareholders' extraordinary meeting may be called whenever it is deemed necessary with notices for the shareholders' meeting to be sent to all shareholders fifteen days in advance. An issuer to shareholders who own less than 1,000 shares of nominal stocks may be given in the form of a public

announcement;for a regular shareholders meeting.

Article 11: In the event where a shareholder is unable to attend a shareholders' meeting for any cause, the shareholder may appoint a proxy to attend the meeting on behalf of the shareholder by executing a power of attorney printed by Company,or participate by ways of electronic transmission. Other than measures specified in Article 177 of the Company Act,a shareholder may also appoint a proxy in accordance with the provisions set forth in the“Rules Governing Appointment of Proxy by the Power of Attorney to Attend a Shareholders Meeting of Public Companies”published by the competent authority.

Article 12: If the shareholders' meeting is convened by the Board of Directors, it shall be chaired by the Chairman of Board. If the Chairman is absent or fails to perform the duty with justified reasons, the chairperson may be assumed by Vice-Chairman of the Board. If the Vice-Chairman is absent or fails to perform the duty with justified reasons, the chairperson shall be assumed by a Director designated by the Chairman. If no such designee is appointed, the chairperson shall be elected out of the Directors. If the shareholders' meeting is called by any convener other than the Board of Directors, the chairperson shall be assumed by the convener. If there are more than two conveners, the chairperson shall be elected out of the conveners. In the event where the chairman adjourns the meeting and is in violation of the rules, another person shall be nominated to be the chairperson and be elected by a majority of shareholder votes to continue with the meeting accordingly.

Article 13: Unless otherwise provided for in the Companies Act, decisions in the shareholders' meeting shall be resolved by a majority vote in the meeting attended by shareholders representing a majority of the total issued shares. When the number of shareholders present does not constitute the quorum prescribed in the preceding article, but those present represent one-third or more of the total number of issued shares, a tentative resolution may be passed by a majority of those present. A notice of such tentative resolution shall be given to each of the shareholders, and reconvene a Shareholders' meeting within one month. In the aforesaid meeting of shareholders, if the tentative resolution is again adopted by a majority of those present who represent one-third or more of the total number of issued shares, such tentative resolution shall be deemed to be a resolution under the preceding article.

Article 14: Unless otherwise provided in laws, a shareholder shall be entitled to one voting right for each share held by him and he may exercise the voting power in writing or by ways of electronic transmission.

Article 15: Meeting minutes shall be kept for meeting, specifying the date, month, year and location of the meeting, the name of the Chairman, the method of adopting resolutions, a summary of the essential points of the proceedings and the results of the meeting, and bearing the signature or seal of the Chairman of the meeting. The minutes shall be distributed to all shareholders of the Company within twenty (20) days after the close of the meeting and the distribution of the minutes may be effected by means of a public notice in accordance with the Company Act. The aforesaid minutes shall be kept persistently throughout the life of the Company and processed in accordance with Article 183 of the Company Act.

Article 16: The Directors' meeting is authorized to agree on the remuneration of Directors according to the contribution of the Director toward business operations and also the standard generally prevailing in the same trade.

#### **Chapter 4 Board of Directors**

Article 17: The Company shall establish the Board of Directors constituted by seven (7) to ten (10) Directors, for whom the election thereof adopts the candidates nomination system and on the shareholders' meeting votes shall be cast on the candidates list based on the cumulative ballot system specified in Article 198 of the Company Act; provided that the total number of registered shares held by all of the Directors shall not be less than a certain percentage of the total number of the Company's outstanding shares. The rules governing the aforesaid shareholding percentage and the verification and execution thereof shall be established in compliance with orders of the competent authority. The rules governing the election of the Board of Directors shall be passed by a shareholder's meeting.

In order to abide by Article 14-2 of the Securities and Exchange Act, the number of independent Directors shall not be less than 2 persons, and shall not be lower than one-fifth of the overall directorships on the board. The matters of qualifications, shareholdings, non-compete limitations, impartiality and nomination and selection of independent

Directors shall be in accordance with related law and regulation.

The election of all Directors of the Company shall adopt a nomination approach, and the nomination process shall be in accordance to Article 192-1 of the Companies Act.

Article 18: The Company shall establish an Audit Committee in accordance with Articles 14-4 and 181-2 of the Securities and Exchange Act. The exercise of powers of supervisors under the Company Act and Securities and Exchange Act shall now be carried out by members of the Audit Committee.

The Audit Committee shall include all of the independent Directors of the Company. It shall not be fewer than three persons in number, one of whom shall be committee convenor, and at least one of whom shall have accounting or financial expertise.

The Company's Board of Directors may establish other functional committees of which the committee charter may be stipulated by the Board of Directors.

Article 19: The Directors constitute the Board of Directors and shall elect one Chairman from among the Directors by a majority vote at a meeting attended by over two-thirds of the Directors and one Vice-Chairman may be elected from among the Directors to assist the chairman. The Chairman shall represent the Company externally and shall take charge of the Company's business operation internally pursuant to laws, these Articles and resolutions of shareholders' meetings and Directors' meetings.

Article 20: The Board of Director shall be chaired by the Chairman of the Board. If the Chairman is absent or fails to perform the duty with justified reasons, the chairperson may be assumed by the Vice-Chairman of the Board. If the Vice-Chairman is absent or fails to perform such duty for any reason, the chairperson shall be assumed by a Director designated by the Chairman. If no such designee is appointed, the chairperson shall be elected from remaining Directors.

Article 21: The Directors have a three-year tenure of office and are eligible for reelection. In the event where the period of tenure is reached and the election has not taken place, the duties and tenure of the Directors shall be extended to such time that the election has taken place, however the competent authority may, ex officio, order that the Company complete

the reelection within the specified time limit. If reelection is not held within the specified time limit, the Directors shall be discharged automatically ex officio upon expiry of the specified time limit. Where one third or more of the seats of the Directors are vacant, a special (extraordinary) meeting of shareholders shall be duly held by the Board of Directors within sixty days to elect supplemental Directors.

Article 22: The Board of Directors is organized by directors and hold the following responsibilities and powers: (1) Review the company's operating plan. (2) Appoint and remove the manager of the Company. (3) Review budgets and final account closing. (4) Propose the motion for the ratio of profit allocation or loss offsetting. (5) Propose the motion for the increase/decrease of capital. (6) Branch setting and dissolving. (7) Enforce the decisions resolved in the shareholders' meeting. (8) Exercise other responsibilities and Powers conferred by the resolution in accordance with the provisions of the Company Act and the shareholders' meeting.

Article 23: The Company may purchase liability insurance for Directors and important officers to insure their business performance during the tenure of office. The Board of Directors is authorized with full power to implement this policy.

Article 24: The Board of Directors Meeting shall be convened at least once per quarter, in case of urgent matters or a request for more than half of the directors, a temporary meeting may be held. The Board of Directors shall be convened by the chairman, except as otherwise provided in the Company Act. The notice of the Board of Directors shall be notified in writing, by fax or an electronic way.

Article 25: All business of the Company will be carried out by the Chairman after it is resolved by the Board of Directors. Except otherwise specified in the Company Act, the resolutions of the Board of Directors shall be passed by the majority of Directors present at the board meeting. In the event where a Director is unable to attend a meeting, he/she may appoint another Director on his behalf by issuing a written proxy, stating therein the scope of authorization with reference to the subjects to be discussed at the meeting. However, each Director may accept the appointment to act as the proxy of only one other Director. The resolutions of a Board meeting shall be recorded in the minutes with the signature or seal of the Chairman of the meeting and kept in the

Company.

#### **Chapter 5 Managerial officers and Consultants**

- Article 26: The Company may appoint one or more managerial personnel who shall manage all affairs of the Company in accordance with the Board resolutions. The managerial personnel and the employment, discharge and remuneration thereof shall be decided by a resolution to be adopted by a majority vote of the Directors at a meeting of the Board of Directors attended by at least a majority of the entire Directors of the Company.
- Article 27: The Company may retain a certain number of consultants as resolved by the Board of Directors.

#### **Chapter 6 Accounting**

- Article 28: The Company's fiscal year starts from January 1 and runs until December 31 of every calendar year. The final account closing shall be conducted at end of every fiscal year.
- Article 29: The Company takes the calendar year as its fiscal year. Upon closing of each fiscal year, the Board of Directors shall produce the following documents and proposals to the shareholders' meeting in accordance with the legal procedures for adoption: (I) Business report; (II) Financial statements and (III) Proposals of profit allocation or loss coverage.
- Article 30: Annual profits concluded by the Company shall be subject to employee remuneration of no lesser than 2% and director remuneration of no higher than 2%. However, profits must first be taken to offset against cumulative losses if any.
- The annual profit mentioned in Paragraph 1 shall refer to pre-tax profit before employees' and directors' remuneration.  
Employees' remuneration can be paid to employees of affiliated companies that satisfy certain criteria.
- Article 31: The Company operates in a rapidly changing environment and is currently in the growing stage of its life cycle. Distribution of earnings should depend on the Company's future budgeted capital spending and capital requirements, and weighed against the source



of capital in order to decide the amount of earnings to be retained or distributed in cash to shareholders.

Annual surpluses concluded by the Company are first subject to taxation and reimbursement of previous losses; any balances remaining will then be subject to a 10% provision for statutory reserves followed by a provision or reversal of special reserves. The residual balance plus undistributed earnings carried from the previous year will be available for distribution. 50% to 100% of distributable earnings shall be distributed as shareholders' dividends, with cash dividends amounting to no lesser than 30% of total dividends proposed for the year. Earnings appropriation plans shall be proposed by the board of directors and are subject to shareholders' consent to no lesser than 30% of total.

#### **Chapter 7                      Supplementary Provisions**

Article 32: The organizational rules and operational rules shall be separately worked out by the Board of Directors.

Article 33: Any matters inadequately provided for herein shall be subject to Company Act and other laws and regulations concerned.

Article 34: These Articles were duly enacted on Mar 20, 1969 and duly amended on:

- (1).Oct 7, 1970    (2). Mar 1, 1974    (3).May 15, 1974    (4).Jun 12, 1974
- (5).Mar 1, 1975    (6).Dec 28, 1975    (7).Oct 2, 1976    (8). Jan 11, 1977
- (9).May 10, 1977 (10).Mar 1, 1978 (11).May 15, 1981(12).Aug 15, 1981
- (13).Mar 5, 1985(14).Sep 18, 1985(15).Apr 20, 1986 (16).Jul 14, 1986
- (17).Jun 3, 1987(18).Aug 12, 1988(19).Jun 28, 1989(20).Sep 12, 1990
- (21).Jun 20, 1991(22).Jun 8, 1992(23).Jun 30, 1993(24).May 26, 1994
- (25).Jun 23, 1995(26).Jun 22, 1996(27).Jun 14, 1997(28).Jun 22, 1998
- (29).Jun 14, 1999(30).Jun 16, 2000(31).Jun 22, 2001(32).Jun 24, 2002
- (33).Jun 19, 2003(34).Jun 4, 2004(35).Jun 17, 2005(36).Jun 12, 2007
- (37).Jun 19, 2008(38).Jun 12, 2009(39).Jun 21, 2011(40).Jun 20, 2012
- (41).Jun 20, 2013(42).Jun 23, 2016(43).Jun 23, 2017(44).Jun 20, 2019

This Articles of Association will be implemented after approved by a shareholders meeting. The same shall apply for any amendment.

**Ton Yi Industrial Corp.**      Appendix (3)  
**Procedure for Election of Directors**

Amend on July 26, 2021

Article 1. To ensure a just, fair, and open election of directors and supervisors, this Procedure is adopted pursuant to Articles 21 and 41 of the Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies.

Article 2. Except as otherwise provided by the law and regulations, the election of Directors of the Company shall be conducted in accordance with these Procedures for Elections of Directors. The previous Regulations for Elections of Directors are terminated for use.

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. It is advisable that the policy include but is not 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. 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.

Article 4. 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/GTSM Listed Companies.

Article 5. Elections of both 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 Law.

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 Articles of Association, 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 the Securities and Exchange Act, Article 14-2, Paragraph 1, a by-election shall be held at the next annual general 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 6. 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 7. 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 8. The number of directors will be as specified in the Company's Articles of Association, 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 9. 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 10. A ballot is invalid under any of the following circumstances:

1. The ballot not prepared by the convener.
2. A blank ballot that is cast into the ballot box.
3. The writing of the ballot is unclear and indecipherable or has been altered.
4. The particulars of candidate entered in the ballot do not correspond to the director's candidate list.
5. Other words or markings are written on the ballot in addition to the number of voting rights allotted.

Article 11. 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 or supervisors 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 Law, the ballots shall be retained until the conclusion of the litigation.

Article 12. The board of directors of the Company shall issue notifications to the persons elected as directors.

Article 13. The Procedure, and any amendments hereto, shall be implemented after approval by a shareholders meeting.

These Procedures were duly enacted on June 30, 2015.

First	amendment	June 20, 2019
Second	amendment	July 26, 2021

**Ton Yi Industrial Corp.** **Appendix (4)**  
**Operational Procedures for Acquisition and Disposal of Assets**

Amended on June 20, 201

**Chapter 1 General Provisions**

Article 1: The acquisition or disposal of assets by the Company shall be done in accordance with this operational procedures in addition to the “Regulations Governing the Acquisition and Disposal of Assets by Public Companies” promulgated by the Financial Supervisory Commission of the Executive Yuan (hereinafter the “FSC”) and any other laws and regulations.

Article 2: Assets referred to in the Procedures include 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 property (including land, houses and buildings, investment property, and rights to use land) and equipment.
3. Memberships.
4. Patents, copyrights, trademarks, franchise rights and other intangible assets.
5. Right-of-use asset.
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 merger, spin-offs, acquisitions or transfer of shares in accordance with the law.
9. Other important assets.

Article 3: Terms under the Procedures are defined as follows:

1. Derivatives: Forward contracts, options contracts, futures contracts, leverage contracts, and swap contracts, and compound contracts combining the above products, or a combination contract or structured product in which a derivative product is embedded whose value is derived from specific interest rate, financial instrument price, commodity price, interest rates, price or rate index, credit rating, or credit index, or other variables. The term "forward contracts" does not include insurance contracts, performance contracts, after-sales service contracts, long-term leasing contracts, or long-term purchase (sales) agreements.
2. Assets acquired or disposed through mergers, spin-offs, acquisitions, or transfer of shares in accordance with law: Refers to assets acquired or disposed through mergers, spin-offs, or acquisitions conducted under the Business Mergers and Acquisitions Act, Financial Holding

Company Act, Financial Institution Merger Act or other laws, or to transfer of shares from another company through issuance of new shares of its own as the consideration thereof under Article 156-3 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 engaging 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, date of board of directors resolution or other date that can confirm the identity of the counterpart and the monetary amount of the transaction, whichever date is earlier; provided, for investment for which approval of the competent authority is required, the date of occurrence shall be the above applicable date or the date of receipt of approval from the competent authority, whichever is earlier.
6. Mainland China area investment: Refers to investments in the mainland China conducted in accordance with the provisions of the Regulations Governing Permission for Investment or Technical Cooperation in the Mainland China Area promulgated by the Investment Commission of the Ministry of Economic Affairs.
7. Investment professional: Refers to financial holding companies, banks, insurance companies, bill finance companies, trust enterprises, securities firms operating proprietary trading or underwriting business, futures commission merchants operating proprietary trading business, securities investment trust enterprises, securities investment consulting enterprises, and fund management companies, that are lawfully incorporated and are regulated by the competent financial authorities of the jurisdiction where they are located.
8. Securities exchange: "Domestic securities exchange" refers to the Taiwan Stock Exchange Corporation; "foreign securities exchange" refers to any organized securities exchange market that is regulated by the competent securities authorities of the jurisdiction where it is located.
9. Over-the-counter venue ("OTC venue", "OTC"): "Domestic OTC venue" refers to a venue for OTC trading provided by a securities firm in accordance with the Regulations Governing Securities Trading on the Taipei Exchange; "foreign OTC venue" refers to a venue at a financial institution that is regulated by the foreign competent authority and that is permitted to conduct securities business.

#### Article 4: Appraisal Procedures :

1. Where the Company acquires or disposes of any securities investment or engages in any transaction of derivatives, the Planning Department or the Finance Department shall perform an analysis of relevant return and evaluate possible risks. For any acquisition or disposal of real property, equipment or its right-of-use assets, each division shall draft capital expenditure plan in advance and perform feasibility evaluation

about the purpose and expected return of the acquisition or disposal. Where the Company envisages transacting with a related party, an evaluation of the reasonableness of the transactional terms and conditions shall be performed in accordance with Chapter two.

2. Where the Company envisages acquiring or disposing of securities, prior to the date of occurrence of the event, the Company shall obtain financial statements of the issuing company for the most recent period, certified or reviewed by a certified public accountant (hereinafter referred to as CPA), for reference in appraising the transaction price, and if the amount of the transaction reaches twenty percent (20%) of the Company's paid-in capital or NTD three hundred million (NTD 300,000,000) or more, the Company shall additionally engage a CPA 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 the provisions of No. 20 of Statement of Auditing Standards published by the ROC Accounting Research and Development Foundation (hereinafter referred to as ARDF). This requirement does not apply, however, to publicly quoted prices of securities that have an active market, or where otherwise provided by regulations of the Financial Supervisory Commission (hereinafter referred to as FSC).
3. In acquiring or disposing of real property, equipment or its right-of-use assets where the transaction amount reaches twenty percent (20%) of the Company's paid-in capital or NTD three hundred million (NTD 300,000,000) 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 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; the same procedure shall also be followed whenever there is any subsequent change to the terms and conditions of the transaction.
  - (2) Where the transaction price is NTD one billion (NTD 1,000,000,000) or more, appraisal results from two or more professional appraisers shall be required.
  - (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 price, or all the appraisal results for the assets to be disposed of are lower than the transaction price, a CPA shall be engaged to perform the appraisal in accordance with the provisions of No. 20 of the Statement of Auditing Standards published by the Accounting Research and Development Foundation and render a specific opinion regarding the



- reason for the discrepancy and the fairness of the transaction price:
- (i) The discrepancy between one appraisal result and the transaction price reaches twenty percent (20%) or more of the transaction price.
  - (ii) The discrepancy between the appraisal results of two or more professional appraisers reaches ten percent (10%) or more of the transaction price.
- (4) No more than three 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 applies and no more than six months have elapsed, an opinion may still be issued by the original professional appraiser.
  - 4. Where the Company acquires or disposes of memberships, intangible assets or its right-of-use assets and the transaction price reaches twenty percent (20%) or more of the paid-in capital of the Company or reaches NTD three hundred million (NTD 300,000,000) or more, unless transacting with a domestic government agency, the Company shall engage a CPA 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 No. 20 of Statement of Auditing Standards by the Accounting Research and Development Foundation.
  - 5. The calculation of the transaction prices referred to in the preceding three subparagraphs shall be done in accordance with Article 6, subparagraph 2 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 in accordance with the Procedures need not be counted toward the transaction price.
  - 6. Where the company acquires or disposes of assets through court auction procedures, the evidentiary documentation issued by the court may be substituted for the appraisal report or CPA opinion.
  - 7. The price determination manner and the basis of reference for the Company's acquisition or disposal of assets shall, in addition to the professional price appraisal and opinions of relevant experts such as the accountant pursuant to the above provisions, be in compliance with the following:
    - (1) For the acquisition or disposal of securities that are already traded on any centralized trading market or over-the-counter trading center, the price shall be determined based on the price of the stock or bond at the time of trading.
    - (2) For the acquisition or disposal of securities that are not traded on any centralized trading market or over-the-counter trading center, the price shall be determined in consideration of the net value per share, technical and profit-making capabilities, future development potential, market interest rate, face value interest rate of the bond and debtor's creditworthiness, etc. and also in reference to the latest closing price at that time.
    - (3) For the acquisition or disposal of membership, the price shall be

determined in consideration of the return that may be generated and in reference to the latest closing price at the time. For the acquisition or disposal of intangible assets such as patent right, copyright, trademark right and license right or its right-of-use assets, the price shall be determined in reference to international or market practice, remaining life and the impact on the Company's technology and business.

- (4) For the acquisition or disposal of real property or equipment or its right-of-use assets, the price shall be determined in reference to the current value under public announcement, appraised current value, actual closing price or book value of real property in the vicinity and suppliers' price proposals. Where the Company transacts with a related party, calculation shall first be made in accordance with Chapter two hereof in order to evaluate whether the transaction price is reasonable.
- (5) Company business requirements shall be taken into consideration for the engagement of transactions of derivatives. Then reference shall be made to the trading situation of the relevant product and the trading situation of Taiwanese stocks and the stock markets in South Eastern Asian countries and European and American markets, as well as evaluation reports by reputable financial institutions or securities firms that has dealt with the Company about the future trend of the stock market, foreign exchange rate and interest rate. The above-mentioned information shall be consolidated before a decision can be made about the appropriate undertaking timing, undertaken products and undertaken amounts.
- (6) In performing a merger, spin-off, acquisition or transfer of shares, the nature of business, net value per share, asset value, technical and profit-making capabilities, production capacity and future growth potential shall be taken into consideration.
8. When the Company performs a merger, spin-off, acquisition, or transfer of shares, prior to convening the board of directors to pass a resolution, a CPA, an attorney, or a securities underwriter shall be engaged to provide opinions on the reasonableness of the share swap proportion, acquisition price, or cash or other property distributed to shareholders and such opinions shall be submitted to the board of directors for discussion and approval. However, the requirement of obtaining an aforesaid opinion on reasonableness issued by an expert may be exempted in the case of a merger by a public company of a subsidiary in which it directly or indirectly holds 100 percent of the issued shares or authorized capital, and in the case of a merger between subsidiaries in which the public company directly or indirectly holds 100 percent of the respective subsidiaries' issued shares or authorized capital.

#### Article 5: Processing Procedure :

1. The Company shall proceed with the acquisition or disposal of assets specified in Article 2 of the Procedures in accordance with the following rules:
  - (1) Securities :

- (i) For the acquisition or disposal of securities that are not traded on the centralized trading market or over-the-counter trading center with the sale or purchase price of NTD ten million (NTD 10,000,000) or lower, the chairman shall be authorized to make decisions. For any price exceeding NTD ten million (NTD 10,000,000) (inclusive), the chairman shall submit the proposal to the Board of Directors for a discussion or a ratification. The relevant procedure shall be carried out by the Planning Department.
  - (ii) For the acquisition or disposal of securities that are traded through a stock exchange or over-the-counter market, the chairman shall decide to authorize the Planning Department to carry out the transaction through a stock exchange or over-the-counter market based on the market value of the securities at that time and submit the proposal to the Board of Directors for a ratification.
- (2) Real property, equipment or its right-of-use assets: The acquisition or disposal of real property, equipment or its right-of-use assets for an amount more than NT\$300 million must be presented to the Board of Directors for a discussion or a ratification. The land shall be investigated and evaluated by the Planning Department in accordance with the market conditions, and the acquisition shall be handled by each unit in accordance with the method of Rules Governing the Capital Expenditure Budget, shall be approved by the directors at all levels according to the checking authority, and then handled through the procurement procedures; for the disposal of the assets, the using department is to fill out the Transaction Notice or Project Form for the disposal of the assets shall be approved according to the checking authority in advance.
- (3) Transaction with a related party:  
It should be handled in accordance with the provisions of Chapter two.
- (4) Derivatives :  
It should be handled in accordance with the provisions of Chapter three.
- (5) Merger, spin-off, acquisition or transfer of shares: It should be handled in accordance with the provisions of Chapter four. Any merger, spin-off or acquisition shall be subject to prior approval by resolution of shareholders meeting. However, if other laws provide that no shareholder resolution is necessary, it may be waived. Any transfer of shares shall be subject to prior approval by the board of directors.
- (6) Others: The transaction shall be carried out in accordance with internal control system and decision making authorization. For any of the circumstances under Article 185 of the Company Act, prior approval by resolution of shareholders meeting shall be obtained.
2. The execution department of the Company for acquiring or disposing of securities and transactions regarding derivatives is the Planning Department and the person approved by the chairman; the execution department for real property and other assets is the departments using such real property or assets and other relevant departments with authorization; the execution department for merger, spin-off, acquisition, or transfer of shares shall be the departments assigned by

the chairman. After the acquisition or disposal of an asset is evaluated and approved in accordance with relevant rules, the execution department shall proceed with the transaction procedures, including making contracts, collecting and paying, deliver and inspection and acceptance, and handle the same based on the nature of the asset in accordance with procedures regarding internal control related matters. Furthermore, transactions involving a related party, engaging in transactions of derivatives and merger, spin-off, acquisition or transfer of shares shall also be proceeded with in accordance with Chapter two to Chapter four of the Procedures.

Article 6: Procedures of Public Announcement and Reporting :

1. Under any of the following circumstances, the Company acquiring or disposing of assets shall publicly announce and report the relevant information on the FSC's designated website in the appropriate format and with contents by regulations within two (2) days commencing immediately from the date of occurrence of the event:
  - (1) For the acquisition or disposal of real property or its right-of-use assets with the related party, or, for the acquisition or disposal of assets other than the real property or its right-of-use assets with the related party for an amount over 20% of the paid-in capital of the Company, 10% of the total assets, or NT\$300 million. Except for the purchase and sale of the bonds, repurchase/reverse repurchase bonds, and requisition or repurchase of the money market fund issued by the domestic securities investment and trust industry.
  - (2) Engage in merger, spin-off, acquisition or transfer of shares.
  - (3) Engage in transactions of derivatives where the loss thereof reaches the limits on aggregate lose of all or individual contracts as specified in the Procedures.
  - (4) The acquisition or disposal of assets that refer to equipment used for business operation or its right-of-use assets, traded with a non-related party for an amount more than NT\$1 billion
  - (5) For the acquisition of real property by the proprietary land construction, leased land construction, joint construction - unit sharing program, joint construction – ratio sharing program, and joint construction – sales sharing program and the transaction object is not a related party. The Company is expected to invest for an amount over NT\$500 million.
  - (6) For asset trades, or investment in Mainland China, other than the practices stated in the five preceding paragraphs, for an amount over 20% of the paid-in capital or NT\$300 million; however, the following matters are not subject to such requirements:
    - (i) Trading of domestic government bonds.
    - (ii) The trade of repurchase/reverse repurchase of bonds, and requisition or repurchase of domestic money market funds issued by the domestic securities investment and trust industry.
2. The amount of transactions above shall be calculated as follows:

- (1) The amount of any individual transaction.
- (2) The cumulative transaction amount of acquisitions and disposals of the same type of underlying asset with the same trading counterparty within the preceding year.
- (3) The cumulative transaction amount of real property or its right-of-use assets acquisitions and disposals (cumulative acquisitions and disposals, respectively) within the same development project within the preceding year.
- (4) The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of the same security within the preceding year.

The aforesaid "within the preceding year" refers to the year preceding the date of occurrence of the current transaction. Items duly announced in accordance with these Regulations need not be counted toward the transaction amount.

3. The Company shall compile monthly reports on the status of derivatives trading engaged in up to the end of the preceding month by itself and any subsidiaries that are not publicly listed companies in the R.O.C. and enter the information in the format shown in the attachment into the information reporting website designated by the FSC by the tenth (10th) day of each month.
4. The mandatory disclosures with any error or omission found at the time of announcement should be announced and reported again within 2 days from the event date.
5. After the transaction of announcement in accordance with the provisions of this Article, in any of the following circumstances, a public report of relevant information shall be made on the information reporting website designated by the FSC within two days commencing immediately from the date of occurrence of the event:
  - (1) Change, termination, or rescission of a contract signed in regard to the original transaction.
  - (2) The merger, spin-off, acquisition, or transfer of shares is not completed by the scheduled date set forth in the contract.
  - (3) Change to the originally publicly announced and reported information.

Article 7: Investment Scope and Limit :

1. The total amount of real property or its right-of-use assets acquired by the Company for non-operational use shall not exceed fifty percent (50%) of shareholder's equity. The total amount of securities acquired shall not exceed one hundred and fifty percent (150%) of shareholder's equity. Acquisition of any individual security shall not exceed thirty percent (30%) of shareholder's equity. This provision shall not be applicable if there is approval by resolution of shareholders meeting.
2. The total amount of acquisition of real property or its right-of-use assets for non-operational use by any subsidiary shall not exceed fifty percent (50%) of its capital amount or shareholder's equity (whichever is higher), the total amount of acquisition of securities shall not exceed one hundred and fifty percent (150%) of its capital amount or shareholder's equity (whichever is higher), but the provision shall not

be applicable if there is approval by the board of directors of such company and ratification by the board of directors of the Company.

Article 8: Control Procedures for the Acquisition and Disposal of Assets by Subsidiaries:

1. Subsidiaries of the Company shall establish the “Processing Procedure for Acquisition and Disposal of Assets” in accordance with the “Regulations Governing the Acquisition and Disposal of Assets by Public Companies” promulgated by the Financial Supervisory Commission and the Procedures. Following approval by the board of directors, such procedures shall be submitted to each supervisor and submitted to the shareholders meeting for approval. The same shall be applicable to any amendment thereof. Article 26 should be applied if the Company has instituted an Audit Committee.
2. If any subsidiary of the Company is not a publicly listed company and if the assets acquired or disposed of reaches the threshold for public announcement filing, the Company shall be notified on the date of occurrence and the Company shall make filing for public announcement on the designated website in accordance with the rules. The public announcement and reporting standard is based on the Company's paid-in capital or total assets.

Article 9: Penalty :

If the related personnel of the Company responsible for acquisition or disposal of assets violates the “Regulations Governing the Acquisition and Disposal of Assets by Public Companies” promulgated by the FSA or the Procedures, a oral warning shall be rendered for first violation, following by written warning for continual violation. Persons who violate the aforesaid repeatedly or materially shall be transferred from the original position.

## Chapter 2 Related Party Transactions

Article 10: When the Company engages in any acquisition or disposal of assets from or to a related party, in addition to ensuring that the necessary resolutions are adopted in accordance with both previous Chapter and this Chapter and the reasonableness of the transaction terms is appraised, if the transaction amount reaches ten percent (10%) or more of the Company's total assets, the Company shall also obtain an appraisal report from a professional appraiser or a CPA's opinion in compliance with the provisions of the preceding Chapter. The calculation of the transaction amount shall be made in accordance with Article 4, paragraph 1, subparagraph 5 herein. When judging whether a trading counterparty is a related party, in addition to legal formalities, the substance of the relationship shall also be considered.

Article 11: Resolution Procedures :

When the Company intends to acquire or dispose of real property or its right-of-use assets to a related party, or when it intends to acquire or dispose of assets other than real property or its right-of-use assets from or to a related party and the transaction amount reaches twenty percent (20%) or more of paid-in capital, ten percent (10%) or more of the company's total assets, or NTD three hundred million (NTD 300,000,000) or more. Except for the purchase and sale of the bonds, repurchase/reverse repurchase bonds, and requisition or repurchase of money market funds issued by the domestic security investment and trust industry, the unit responsible for implementation may not proceed to enter into a transaction contract or make a payment until the following matters have been submitted to the Audit Committee and obtain the consent of more than one-half of all members and proposed to the Board of Directors for a resolution:

1. The purpose, necessity and anticipated benefit of the acquisition or disposal of assets.
2. The reason for choosing the related party as a trading counterparty.
3. With respect to the acquisition of real property or its right-of-use assets from a related party, information regarding appraisal of the reasonableness of the preliminary transaction terms in accordance with Article 12 and Article 13.
4. The date and price at which the related party originally acquired the real property, the original trading counterparty, and that trading 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 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 audit committee in accordance with the Procedures need not be counted toward the transaction amount.

The Company engages in the following transactions with its parent company, subsidiaries, or subsidiaries that directly or indirectly hold 100% of the issued shares or total capital, the Board of Directors shall authorize the chairman to make a decision within NT\$1 billion and then report to the Board of Directors for the most recent period:

- (1) For the acquisition or disposal of equipment for business use or its right-of-use assets
- (2) For the acquisition or disposal of real property for business use or its right-of-use assets

Article 12: Assessment on Reasonableness of Transaction Conditions:

When the Company acquires real property or its right-of-use assets from a related party, the reasonableness of the transaction costs shall be evaluated 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 seventy percent (70%) or more of the financial institution's appraised loan value of the property and the period of the loan shall have been one (1) year or more. However, this shall not apply where the financial institution is a related party of one of the trading counterparties.

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.

When the Company acquires real property or its 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.

Where the Company acquires real property or its right-of-use assets thereof from a related party and one of the following circumstances exists, the acquisition shall be conducted in accordance with the preceding article, and the preceding three paragraphs do not apply:

1. The related party acquired the real property or its right-of-use assets thereof 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 or its right-of-use assets thereof 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.
4. The real property right-of-use assets for business use are acquired by the 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.

Article 13: Matters to be processed where the Calculated Transaction Cost is lower than the Transaction Price:

1. If the transaction cost calculated from the results of an evaluation in accordance with paragraph 1 and paragraph 2 of the previous articles



- is lower than the transaction price, shall be applicable in accordance with the provisions of the third subparagraph, unless any of the following circumstances exist and objective evidence has been submitted and specific opinions on reasonableness have been obtained from a professional real property appraiser and accountant.
- (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:
    - (i) 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 three (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.
    - (ii) Concluded a transaction 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 or rental market practices.
  - (2) The Company acquiring real property or rent acquisition right-of-use assets of real property from a related party provides evidence that the terms of the transaction are similar to the terms of transactions completed for the acquisition of neighboring or closely valued parcels of land of a similar size by unrelated parties within the preceding year.
  2. Concluded a transaction for neighboring or closely valued parcels of land in the preceding paragraph in principle refers to parcels on the same or an adjacent block and within a distance of no more than five hundred (500) meters or parcels close in publicly announced current value; transaction for similarly sized parcels in principle refers to conclude a transaction by unrelated parties for parcels with a land area of no less than fifty percent (50%) of the property in the planned transaction; within the preceding year refers to the year preceding the date of occurrence of the acquisition of the real property or its right-of-use assets.
  3. Where the Company acquires real property or its right-of-use assets from a related party and the results of appraisals conducted in accordance with aforementioned 2 subparagraphs are uniformly lower than the transaction price, the following steps shall be processed:
    - (1) A special reserve shall be set aside in accordance with Article 41, paragraph 1 of the Securities and Exchange Act against the difference between the real property or its right-of-use assets transaction price and the appraised cost, and may not be distributed or used for capital increase or issuance of bonus shares.
    - (2) Independent directors of the Audit Committee shall comply with Article 218 of the Company Act.

- (3) The processing situation of the previous 2 subparagraphs shall be reported to the shareholders meeting, and the details of the transaction shall be disclosed in the annual report and any investment prospectus.
4. The Company has set aside a special reserve under the provision of the third 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.
5. When the Company acquires real property or its right-of-use assets thereof from a related party, it shall also comply with the preceding two paragraphs if there is other evidence indicating that the acquisition was not an arm's length transaction.

### Chapter 3 Monitoring of Transactions of Derivative Products

#### Article 14: Transaction Principles and Guidelines :

1. Types of Transactions : The types of transactions in which the Company may engage include forward contracts, options, interest rate and foreign exchange rate swaps, futures and compound contracts combining any of the above products. Any required transaction in any other product may only be carried out following approval by resolution of the board of directors.
2. Operational or Hedging Strategies: Transactions in derivative products carried out by the Company are divided into transactions for trading purpose and transactions that are not for trading purpose. In the transactions not for trading purpose, the strategy shall be to focus on the main purpose of hedging. The main selection of transaction products shall be for avoiding the risk of foreign exchange income, expense, asset or indebtedness incurred from the operation of the Company's business. In case of any change of objective environment, "trading transactions" in derivative products may be engaged at appropriate timing in the market in order to increase additional non-operational income or reduce non-operational loss. Further, to the extent possible, the selected transaction counterparties shall be financial institutions that have business dealings with the Company in order to decrease credit risk.
3. Transaction Amount Limits:
  - (1) Non-Trading Transactions: The maximum hedging limit shall be the net positions of foreign exchange (including net positions expected to incur in the future) after individual assets and debt.
  - (2) Trading Transactions: Limit on unsettled transactions shall not exceed USD 2 million. The personnel executing the trade shall first submit an analysis report on foreign exchange trends, its details must clearly analyze the trends in the foreign exchange market and recommend operating mode, and may proceed only upon getting the approval from

the chairman.

4. Global and Individual Contract Loss Limit Amount :
  - (1) Non-Trading Transactions: After a position is established, in case of any of the following, recommendations of corresponding measures shall be proposed immediately to the chairman for a decision:
    - (i) Evaluated loss amount for any single contract exceeds twenty percent (20%) of the transaction contract amount for consecutive two months.
    - (ii) Evaluated loss amount for all contracts exceed ten percent of the total transaction contract amount for consecutive two months.
  - (2) Trading Transactions: After a position is established, in case of any of the following, recommendations of corresponding measures shall be proposed immediately to the chairman, the director authorized by the chairman or general manager for decision:
    - (i) Evaluated loss amount for any single contract exceeds twenty percent of the transaction contract amount.
    - (ii) Evaluated loss amount for all contracts exceed ten percent of the total transaction contract amount.
5. Authorization Amount :
  - (1) Non-Trading Transactions: Based on the changes of company revenue and risk position, and the trading personnel shall be approved by the general manager and shall be traded within USD 30 million of the accumulated trading position not exceeding the existing hedge part or the accumulated trading position. The relevant transaction must be carried out after approval by the chairman if the above amount is exceeded.
  - (2) Trading Transactions: To reduce risks, all transactions must be approved by the chairman, the director authorized by the chairman or general manager before proceeding.
6. Division of powers and responsibilities:
  - (1) Finance Department:
    - (i) An executive department of a derivative commodity transaction of the Company, it is responsible for the formulation of the trading strategy within the scope of authorization, the execution of the trade command, the disclosure of future transaction risks, and providing information to the relevant departments for reference promptly. The confirmation of the transaction and the settlement of the transaction are the responsibility of other non-trading transaction executives of the Finance Department.
    - (ii) Responsible for the confirmation of the transaction, reserve the transaction records, regularly initiating the assessment of the fair value of the position held and the settlement of the derivatives.
  - (2) Accounting Department: Responsible for making vouchers based on various documents, completing relevant accounting statements according to accounting cycle and disclosing relevant information in financial reports.
  - (3) Audit Office:
    - (i) Regularly to supervise whether the assessment meets the already set business strategy and whether the risks assumed are within the company's tolerance.

(ii) Regularly to assess whether the currently used risk management procedures are appropriate and conduct in accordance with the company's "Policies and Procedures for Financial Derivatives Transactions".

7. Principles for Performance Evaluation:

- (1) Non-Trading Transactions: Performance evaluation shall be based on the foreign exchange (interest) rate cost on the Company's books and the profit and loss incurred from derivative financial transactions. There shall be at least two evaluations every month and the performance shall be submitted to management for reference.
- (2) Trading Transactions: Performance evaluation shall be based on the profit and loss actually incurred. There shall be at least one evaluation every week and the performance shall be submitted to management for reference.

Article 15: Risk Management Measures:

In engaging in transactions of derivative products, the Company's risk management scope and the risk management measures to be taken are as follows:

1. Credit Risk Consideration: In principle, the selected transaction counterparties shall be financial institutions or brokerage agents that have dealings with the Company, with a good reputation and the ability to provide professional information.
2. Market Price Risk Consideration: The future market price fluctuation of derivative products may incur uncertain losses. Therefore after positions are established, the profit and loss shall continue to be followed. When the loss exceeds the preset loss stop point, report shall be made immediately to the chairman for a decision.
3. Liquidity Risk Consideration: In order to ensure the liquidity of transaction products, the transaction institution must have sufficient equipment, information and transaction capability to perform transactions in any market.
4. Processing Risk Consideration: The authorization amount and processing flow shall be strictly complied with in order to avoid any processing risk
5. Legal Risk Consideration: As far as possible, when signing any agreements with financial institutions, it shall be carefully reviewed by the organizer and assisted by the legal department or the professional legal counsel to avoid legal risks.
6. Product Risk Consideration: The internal transaction person shall possess complete and correct professional knowledge about the transacted derivative product in order to avoid loss from misuse of derivative products.
7. Cash Settlement Risk Consideration: The authorized transaction person shall strictly comply with the rules of authorization amount and shall also pay attention to the cash flow of the Company in order to ensure that there is sufficient cash for settlement.
8. Transaction personnel may not also serve as confirmation and

settlement personnel.

9. Verification personnel shall regularly verify accounts with banks or through confirmation letters and shall verify whether the total amount of transaction has exceeded the limit provided under this Procedure at all times.
10. Weighing Risk. In accordance to Paragraph 8 herein, the supervising personnel and administering personnel shall not belong to the same department, and report to the board of directors or a senior executive from a different department.
11. All positions shall be evaluated at least once every week. In case of hedging transactions pursuant to business requirement, evaluation shall be performed at least twice every month. The evaluation report shall be submitted to the general manager.

#### Article 16: Internal Audit System:

The internal audit staff of the Company shall regularly understand the appropriateness of internal control for transactions of derivative products, perform monthly audit on the circumstances of trading department engages in derivative commodity trading procedures and prepare audit reports. If any significant breach of this rule is discovered, an immediate report shall be submitted to chairman, the director authorized by the chairman manager and the audit committee shall be informed in writing.

#### Article 17: Regular Evaluation Method and Handling of Abnormal Situations:

1. Transactions of derivative products shall be regularly evaluated on monthly or weekly basis and profit and loss as well as open positions of transactions during the current month or current week shall be listed and submitted to general manager as reference for management performance evaluation and risk consideration.
2. The senior executive authorized by the Board of Directors of the Company shall pay attention to the monitoring and control of risk for transactions of derivative products at all times. The board of directors shall evaluate whether the performance of transactions of derivative products complies with the fixed operational strategies and whether the risk undertaken is within the Company's scope of tolerance.
3. The senior executive authorized by the board of directors shall manage transactions of derivative products based on the following principles:
  - (1) Regularly evaluate whether the risk management measures currently used are appropriate and ensure to handle under the "Rules Governing the Acquisition and Disposal of Asset" established by the Financial Supervisory Commission and the Procedures.
  - (2) To supervise transaction and profit and loss situations. Take necessary corresponding measures if any anomaly is discovered and report immediately to the board of directors, and the Board of Directors shall have independent directors present and give their opinions.

4. The Company shall establish a record book for transactions of derivative products, detailing the types and amounts of transactions of derivative products, the dates of approval by the board of directors, monthly or weekly regularly evaluation reports and matters subject to regular evaluations by the board of directors and senior executive authorized by the board of directors.

## Chapter 4 Mergers and Consolidations, Splits, Acquisitions, and Assignment of Shares

Article 18: When processing mergers, settlements, acquisitions, or share transfers, the Company shall appoint an accountant, attorney, or securities underwriter to express an opinion on the reasonableness of the stock conversion ratio, the purchase price, or the allotment of the cash dividend or other properties to shareholders before convening the board meeting and then presented in the board meeting for discussion and approval. If the Company merged with a subsidiary that has 100% stock shares or total capital directly or indirectly held by the Company; or for a merger between subsidiaries with 100% stock share or capital directly or indirectly held by the Company, it is not necessary to obtain the opinion of the aforementioned specialists on the reasonableness of such merger, settlement, acquisition, or share transfer.

Article 19: The Company that conducts a merger, spin-off or acquisition shall prepare a public report to shareholders detailing important contractual content and matters relevant to the merger, spin-off, or acquisition prior to the shareholders meeting and include it along with the expert opinion referred to the preceding Article when sending shareholders notification of the shareholders meeting for reference in deciding whether to approve the merger, spin-off, or acquisition. Provided, where a provision of another law exempts a company from convening a shareholders meeting to approve the merger, spin-off or acquisition, this restriction shall not apply. Where the shareholders meeting of any one of the companies participating in a merger, spin-off, or acquisition fails to convene or pass a resolution due to lack of a quorum, insufficient votes, or other legal restriction, or the proposal is rejected by the shareholders meeting, the companies participating in the merger, spin-off or acquisition shall immediately publicly explain the reason, the follow-up measures, and the preliminary date of the next shareholders meeting.

Article 20: Unless specified by other laws or have special factors are notified of the FSC in advance, when the Company participates in any merger, split or acquisition, it shall convene the board meeting and the shareholders meeting on the same day as the other participating companies to resolve on matters of merger, split or acquisition. Unless specified by other laws or have special factors are notified of the FSC in advance, when the Company participates in transfer of shares, it

shall convene the board meeting on the same day.

When participating in a merger, spin-off, acquisition, or transfer of another company's shares, a company that is listed on an exchange or has its shares traded on an OTC market shall prepare a full written record of the following information and retain it for five 5 years for reference:

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

When participating in a merger, spin-off, acquisition, or transfer of another company's shares, a company that is listed on an exchange or has its shares traded on an OTC market shall, within two (2) days commencing immediately from the date of passage of a resolution by the board of directors, report (in the prescribed format and via the Internet-based information system) the information set out in subparagraphs 1 and 2 of the preceding paragraph to the FSC for recordation.

Where any of the companies participating in a merger, spin-off, acquisition, or transfer of another company's shares is neither listed on an exchange nor has its shares traded on an OTC market, the company(s) so listed or traded shall sign an agreement with such company whereby the latter is required to abide and conduct in accordance with the preceding two paragraphs.

Article 21: The proportion of the shares or the purchase price of the company participating in the merger, division, acquisition or share transfer shall not be arbitrarily changed except in the following cases, and shall be changed in the merger, division, acquisition or share transfer contract:

1. Capital increase in cash, issuance of convertible corporate bonds, issuance of shares without consideration, issuance of corporate bonds with warrants attached, special shares with warrants attached, stock warrants and other securities of the nature of equity.
2. Disposal of the Company's major assets or any other action which impacts the financial or business well-being of the Company.
3. Occurrence of major disaster, evolutionary change in technology or any other event which affects shareholders' interest or stock price.
4. Any one party of the companies involved in a merger, split, acquisition or share transfer, making an adjustment through treasury shares buyback in accordance with law.
5. Change of entity, or increase or decrease of the number of entities participating in a merger, split, acquisition or share transfer.
6. Change of any other condition that may be changed under the

agreement and for which public disclosure has been made.

Article 22: Where the Company participates in a merger, split, acquisition or transfer of shares, the deal agreement shall specify the rights and obligations of the participating companies merger, split, acquisition or transfer of shares, and shall state the following matters:

1. The handling for breach of contract.
2. The principles for handling securities of equity nature issued or treasury shares repurchased by the distinguished company or the split company before the consummation of a merger or a split.
3. The quantity of and the principles for handling treasury shares which may be repurchased in accordance with law by the participating company after the record date for calculation of share exchange ratio.
4. The manner in which increase or decrease in number of participating entities is to be handled.
5. The estimated progress schedule for executing the project and the estimated completion date.
6. The relevant handling procedures related to the expected date for convening the shareholders meeting in accordance with law, where completion of the project becomes delayed.

Article 23: Other noted matters for the Company's participating in a merger, split, acquisition or share transfer:

1. For all persons participating in or knowing the Company merger, split, acquisition or share transfer to enter into a written non-disclosure undertaking. Before announcement of the information, all persons involved shall neither reveal the project nor engage in buying, selling or merger, split, acquisition or transfer of shares of any share or other securities of equity nature of any company which is related to the transaction either in his own name or in the name of any other person.
2. Subsequent to the announcement of any party that participates in the merger, split, acquisition or share transfer, if a further merger, split, acquisition or share transfer is contemplated with another company, unless the number of participating entities is decreased and the shareholders meeting has resolved and authorized the board of directors to make changes, in addition to the resolution of the shareholder meeting, the participation in the company's merger, division, acquisition or share transfer case, the completion of the procedures or legal acts, should be carried out by all participating companies.
3. Where a company participating in the merger, split, acquisition or share transfer is not a public reporting company, the Company shall enter into an agreement with such company and proceed in accordance with Article 20 hereunder and the two preceding subparagraphs of this article.

## Chapter 5 Other Important Matters

Article 24: Where the Company acquires or disposes of assets, relevant contracts,



meeting minutes, record books, price appraisal reports and opinions of accountants, attorneys or securities underwriters shall be maintained for at least 5 years at the Company unless otherwise stipulated by law.

Article 25: Professional appraisers and their officers, certified public accounts, attorneys, and securities underwriters that provide to the Company with appraisal reports, certified public accountant's opinions, attorney's opinions, or underwriter's opinions shall meet the following requirements:

1. May not have previously received a final and unappealable sentence to imprisonment for 1 year or longer for a violation of the Securities and Exchange Act, the Company 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.

When issuing an appraisal report or opinion, the personnel referred to in the preceding paragraph shall comply with the following:

1. Prior to accepting a case, they shall prudently assess their own professional capabilities, practical experience, and independence.
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.
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.
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.

Article 26: When the procedures for the acquisition and disposal of assets of the Company are adopted or amended they shall be approved by more than half of all audit committee members and submitted to the board of directors for a resolution, and where the director voices objection which is recorded or stated in writing, such director objection information shall be submitted to the audit committee.

If approval of more than half of all audit committee members as required in

the preceding paragraph is not obtained, the procedures may be implemented if approved by more than two-thirds of all directors, and the resolution of the audit committee shall be recorded in the minutes of the board of directors meeting.

The terms "all audit committee members" in paragraph 1 and "all directors" in the preceding paragraph shall be counted as the actual number of persons currently holding those positions.

Article 27: The Company shall establish its procedures for the acquisition or disposal of assets in accordance with the provisions of "Regulations Governing the Acquisition and Disposal of Assets by Public Companies", and be agreed by more than one-half of all the members of the Audit Committee, after the procedures have been approved by the Board of Directors, and then to a shareholders' meeting for approval; the same applies when the procedures are amended. If any director expresses dissent and such dissent has been recorded in the minutes or substantiated by a written declaration, the Company shall submit the director's dissenting opinion to the audit committee.

If approval of more than half of all audit committee members as required in the preceding paragraph is not obtained, the procedures may be implemented if approved by more than two-thirds of all directors, and the resolution of the audit committee shall be recorded in the minutes of the board of directors meeting.

The terms "all audit committee members" in paragraph 1 and "all directors" in the preceding paragraph shall be counted as the actual number of persons currently holding those positions.

## The Minimum Number of Shares

Appendix (5)

### All Directors Are Required to Hold and the Number of Shares Actually Held by Individual and All Directors

1. According to Article 26 of Securities and Exchange Act and Rules and Review Procedures for Director and Supervisor Share Ownership Ratios at Public Companies, directors must aggregately hold at least 2.4% of the Company's outstanding shares (37,899,488) in their own names.
2. Paid-up capital of the Company: NT\$15,791,453,420 in 1,579,145,342 outstanding shares.
3. Minimum shareholding required from all directors: 37,899,488 shares.
4. Directors' individual and aggregate shareholding as at the book closure date prior to this annual general meeting:

Title	Name		No. of shares held
Chairman	Chih-Hsien Lo	Representative of Uni-President Enterprises Corporation	719,357,425
Director	Jau- Kai Hwang		
Director	Jui-Sheng Wang		
Director	Feng-Fu Chen		
Director	Shiow -Ling Kao	Representative of Kao Chyuan Investment Co., Ltd.	25,700,700
Director	Shing-Chi Liang		6,000,028
Director	Kuo-Keng Chen		7,859,222
Independent Director	Ming-Long Wang		0
Independent Director	Chin-Cheng Chien		0
Independent Director	Bing-Eng Wu		0
Shareholding of all directors (including independent directors)			758,917,375