

Taiwan Styrene Monomer Corporation
2019 ANNUAL SHAREHOLDERS' MEETING MINUTES
(Translation)

Time : AM 09:30 Jun.28, 2019

Place : No.7, Industry-1 Rd., Linyuan Dist., Kaohsiung City (Kaohsiung Plant)

Total outstanding TSMC shares: 527,869,764 shares

Total shares represented by shareholders present in person or by proxy: 438,602,336 shares

Percentage of shares held by shareholders present in person or by proxy: 83.08%

Directors present: Lin Wen-Yuan 、Liu Zhen-Yuan 、Wang Jun-Fen 、Lee Shen-Chen 、Huang Bo-Hao

Independent Director present: Hsu Kao-Wei 、Chang Kuo-Chin

Management present: Lin, Wen-Yuan 、Chen, Pro-Yuan 、Chon Chong-Kuo 、Chou, Tzu-Sheng

Present: KPMG – Wu Lin 、H&W LAW – Alex Weng

Chairperson: Lin, Wen-Yuan

Recorder: Chou, Tzu-Sheng

Chairperson's Address (omitted)

I 、 Report Items

(1)2018 Business Report

Explanatory Notes: Description: Please refer to Attachment 1

(2)2018 closing account

Explanatory Notes: Description: Financial Statements 2018 reviewed by the Audit Committee, please refer to Attachment 2

(3)2018 compensation infos

Explanatory Notes: This case shall be handled according to Sec. 1 and Sec. 2, Article 31 of the terms and conditions of the company. It is planned to take the income before tax in 2018 and draw 2.5% of it as the compensation for the directors and supervisors, and 2% of it as the compensation for the employees. All the compensation shall be distributed in cash as described in the following form:

| Item | Unit: NT\$ Amount |
|--|----------------------|
| Profit before tax and before the deduction of the compensation for employees, directors and supervisors (i.e. the profit consists of the profit before tax before the deduction of the compensation for employees, directors and supervisors) | 1,642,929,758 |
| 2.5% of it was allocated to the directors and supervisors as compensation | 41,073,000 |
| 2% of it was allocated to the employees as compensation | 33,086,131 |
| Net profit before tax | 1,568,770,627 |

(4)Ethical Procedure Report

Explanatory Notes:

- 1.The "Guidelines for Operation in Good Faith" of the Company is planned to be made according to related laws and regulations and by the audit committee established by the Company.
2. The comparison form for the revision of part of the provisions in the "Guidelines for Operation in Good Faith" is provided. Please refer to Attachment 3

II 、 Resolutions

Case 1: Proposed by the Board

Subject: Please review and approve the case for approval of the Operational Report and Financial Statements

2018.

Description: The financial statements 2018 of the Company were audited and approved by Baker Tilly Clock & CO, and the audit committee also reviewed them.

For the Operational Report, please refer to Attachment 1

For the Financial Statements, please refer to Attachment 4

Voting Results:

Shares represented at the time of voting: 438,069,106

| Voting Results (Including votes casted electronically) | | % of the total represented share present |
|--|-------------|--|
| Votes in favor | 382,649,437 | 87.34 |
| Votes against | 15,876 | 0.00 |
| Votes invalid | None | 0.00 |
| Votes abstained | 55,403,793 | 12.64 |

RESOLVED, that the above proposal be and hereby was approved as proposed.

Case 2: Proposal by the Board

Subject: Operational Procedures for Loaning Funds to Others Discussion, please review and approve.

Description: 1. The income after tax of the Company in 2018 was 1,216,400,943 TWD, and the distributable earnings were 2,127,643,174 TWD.

2. The abovementioned distributable earnings are planned to be distributed as follows:

(1) The legal reserve of 121,640,094 TWD and special capital reserve of 421,857,342 TWD were listed according to the Company Act.

(2) It is planned to distribute a cash dividend of 2.0 TWD for each shares held by shareholders, and the total of which will be 1,055,739,528 TWD. The number was calculated according to the share holding ration on the name book of shareholders by the basic day of interest removal.

3. The balance after the distribution will be 528,406,210 TWD, and it will be kept as the retained earnings to be distributed.

4. The distribution of earnings will be performed before the basic day of interest removal. If the share capital of the Company changes and affects the number of issued shares, causing the change in the dividend rate for shareholders and the need for revision, it is planned to have the general meeting authorize the chairperson to handle the problem according to the Company Act or other related regulations.

5. The smallest cash dividend shall be 1 TWD. The total of any dividend of an odd lot of less than 1 TWD will be returned to the retained earnings to be distributed.

6. For the Earnings Distribution Form of the Company 2018, please refer to Attachment 5

Voting Results:

Shares represented at the time of voting: 438,069,106

| Voting Results (Including votes casted electronically) | | % of the total represented share present |
|--|-------------|--|
| Votes in favor | 382,817,434 | 87.38 |
| Votes against | 15,884 | 0.00 |
| Votes invalid | None | 0.00 |
| Votes abstained | 55,235,788 | 12.60 |

RESOLVED, that the above proposal be and hereby was approved as proposed.

III 、 Discussion

Case 1: Procedures for Acquisition or Disposal of Assets Discussion

Subject: Discussion for the revisions of Operating Procedure for the Acquisition and Disposal of Assets, please discuss.

Description:

1.It is planned to revise part of the provisions of "Operating Procedure for the Acquisition and Disposal of Assets" of the Company according to related laws and regulations and by the audit committee established by the Company.

2.We attach the comparison form for the revisions of the "Operating Procedure for the Acquisition and Disposal of Assets", please refer to Attachment 6

Voting Results:

Shares represented at the time of voting: 438,069,106

| Voting Results (Including votes casted electronically) | | % of the total represented share present |
|--|-------------|--|
| Votes in favor | 382,813,375 | 87.38 |
| Votes against | 16,737 | 0.00 |
| Votes invalid | None | 0.00 |
| Votes abstained | 55,235,994 | 12.60 |

RESOLVED, that the above proposal be and hereby was approved as proposed.

Case 2: Proposal by the Board

Subject: Operational Procedures for Loaning Funds to Others Discussion, please review and approve.

Description:

- 1、Set up Auditor Committee and revise the Loan to Others Procedure.
- 2、Present Operational Procedures for Loaning Funds to Others amendment comparison, , please refer to Attachment 7

Voting Results:

Shares represented at the time of voting: 438,069,106

| Voting Results (Including votes casted electronically) | | % of the total represented share present |
|--|-------------|--|
| Votes in favor | 382,812,366 | 87.38 |
| Votes against | 17,758 | 0.00 |
| Votes invalid | None | 0.00 |
| Votes abstained | 55,238,982 | 12.00 |

RESOLVED, that the above proposal be and hereby was approved as proposed.

Case 3 By the Board

Subject: Management of Endorsement and Guarantees Discussion

Description:

- 1、Set up Auditor Committee and revise Management of Endorsement and Guarantees.
- 2、Present 「Management of Endorsement and Guarantees」 amendment comparison, , please refer to Attachment 8,

Voting Results:

Shares represented at the time of voting: 438,069,106

| Voting Results (Including votes casted electronically) | | % of the total represented share present |
|--|-------------|--|
| Votes in favor | 382,812,381 | 87.38 |
| Votes against | 17,747 | 0.00 |
| Votes invalid | None | 0.00 |
| Votes abstained | 55,238,978 | 12.60 |

RESOLVED, that the above proposal be and hereby was approved as proposed.

Case 4 By the Board

Subject: Procedures for Election of Directors and supervisors Discussion

Description:

1 · Set up Auditor Committee and revise Directors and Supervisors Election SOP.

2 · Present Procedures for Election of Directors Comparison, please refer to Attachment 9

Voting Results:

Shares represented at the time of voting: 438,069,106

| Voting Results (Including votes casted electronically) | | % of the total represented share present |
|--|-------------|--|
| Votes in favor | 382,813,398 | 87.38 |
| Votes against | 16,745 | 0.00 |
| Votes invalid | None | 0.00 |
| Votes abstained | 55,238,963 | 12.60 |

RESOLVED, that the above proposal be and hereby was approved as proposed.

IV · Proposal: None

V · Adjourn:(Time : AM10:05)

Attachment 1

Taiwan Styrene Monomer Corporation 2018 Business Report

(1) Result

The company produce Styren 358,636 tons this year and complete the sales of 355,708 tons, in a value of TWD: 13.9 billion and 90.99 million dollars, with the value added by side product, the sales reaches TWD 14.8 billion 6.54 million dollars. The net profit after tax is TWD 1.2 billion 16.4 million dollars.

(2) Budget implementation

Unit: NT\$ 10,000

| Item | Actual amount in 2018 | Budget amount in 2018 |
|-------------------------------|--------------------------|--------------------------|
| Net value of operating income | 1,480,654 | 1,250,683 |
| Gross profit | 197,697 | 115,198 |
| Operating profit | 169,572 | 91,854 |
| Income before tax | 156,877 | 87,484 |
| Income after tax | 121,640 | 72,040 |

(3) Earning power analysis

| Analysis item | 2018 |
|---|--------|
| Earning (loss) per share after tax/dollor | 2.30 |
| Rate of income after tax (%) | 8.22% |
| Return on total assets (%) | 12.56% |
| Return on equity for shareholders (%) | 16.49% |
| Ratio of income before tax in paid-in capital (%) | 29.72% |

(4) R&D

The core business of the company is the manufacturing and sales of Styrene and the aim of the company is to promote new application to ensure the add value and the business transformation.

Develop the material used on electronic products and medical equipment, develop the powder raw material used on professional coating machine. The company has applied the patents of the products in Taiwan, China, America, and Japan and our products has been tested by international companies with reputation.

Except for the development of the above-mentioned raw material, the company also probe into the processing of applied products. The products proposed in 2018 has met the requirement of the 2D flexible big size PCB companies and has been established sales contacts from them.

Develop the advanced material to be applied in the field of battery and heat dissipation for special industry and hi-end customer. We also focus on the market differentiating, devoting to the R&D on process refinement.

(5) Our vision

Looking ahead to this 2019 year, the International Monetary Fund (IMF) reported this spring that the tightening of financial regulation on shadow banks, the intensification of U.S.-China trade, the decline in Chinese economic growth, the less than expected economic momentum in the TWD region, and the impact of Japan's economic growth on natural disasters. The IMF expects global economic growth rate this year from 3.7% to 107 in October, to 3.3%. In addition, the expansion of SM capacity in mainland China is 2.5 million tons and 3.64 million tons respectively, which will also have an impact on the SM market.

To this end, the company will strengthen profession, the SM Bottleneck project, in order to reduce production costs. In conjunction with the new four-light expansion plan of CNOOC, the SM expansion assessment work was carried out to enhance the competitiveness. In addition, at the same time, the slimming program, will be rectified to invest in the business body, to strengthen the overall competitive. The SM market is expected to remain afloat this year as IHS predicts that global SM demand is still 2.5% that most of the mainland's SM expansion is in production by the end of this year, and that this year's focus in the SM plant in Northeast Asia is concentrated in the second quarter. Therefore, the company's production and marketing strategy this year is still to set "full-production full sales" as the goal, SM manufacturing target of 359,240 tons, sales target at 359,000 tons. Production management to "industrial and security first, environmental priority" as the goal.

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Chairperson: Wen-Yuan Lin

Manager: Rcq/[wcp'Ej gp

Accounting manager: Jason Chou

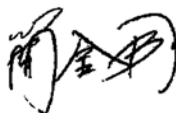
Attachment 2

Verification Report by Auditor Committee

The Board has prepared the 2018 Business Report, Financial Statement(separate and consolidated) and the earning distribution proposal. The financial statement has been verified by Baker Tilly Clock & CO. and the others has been reviewed by the Auditors Committee of the Company.They've concluded that the documents has been well prepared according to related Laws.

Taiwan Styrene Monomer Corporation

Convenor: Jin-Chen Chien

A handwritten signature in black ink, appearing to be 'Jin-Chen Chien', enclosed within a hand-drawn oval shape.

Attachment 3

Taiwan Styrene Monomer Corporation Ethical Corporate Management Best Practice Principles Amendment Comparison

Proposed on Jan.2,2019 on Board Meeting

| Article | Original | Amendment | Reason |
|---------|--|--|--|
| 2 | <p>Unethical conduct is prohibited When engaging in commercial activities, directors, supervisors, managers, employees of the Company or persons having substantial control over the Company (Substantial Controllers) shall not directly or indirectly offer, promise to offer, request or accept any improper benefits, nor commit unethical acts including breach of ethics, illegal acts, or breach of fiduciary duty (Unethical Conduct) for purposes of acquiring or maintaining benefits. Parties referred to in the preceding paragraph</p> | <p>Unethical conduct is prohibited When engaging in commercial activities, directors, managers, employees of the Company or persons having substantial control over the Company (Substantial Controllers) shall not directly or indirectly offer, promise to offer, request or accept any improper benefits, nor commit unethical acts including breach of ethics, illegal acts, or breach of fiduciary duty (Unethical Conduct) for purposes of acquiring or maintaining benefits. Parties referred to in the preceding paragraph</p> | <p>Cooperate with the 14 session of the company's board of directors to implement the Audit committee, delete the supervisor text.</p> |

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|----|--|---|---|
| | include civil servants, political candidates, political parties or members of political parties, state-run or private-owned businesses or institutions, and the directors, supervisors , managers, employees or substantial controllers or other interested parties. | include civil servants, political candidates, political parties or members of political parties, state-run or private-owned businesses or institutions, and the directors, managers, employees or substantial controllers or other interested parties. | |
| 10 | Bribery is prohibited When conducting business, the Company and its directors, supervisors , managers, employees and Substantial Controllers, shall not directly or indirectly offer, promise to offer, request or accept any improper benefits, including rebates, commissions, grease payments, or offer or accept improper benefits in other ways to or from clients, agents, contractors, suppliers, public servants, or other interested parties, unless the laws of the territories where the companies operate permit so. | Bribery is prohibited When conducting business, the Company and its directors, managers, employees and Substantial Controllers, shall not directly or indirectly offer, promise to offer, request or accept any improper benefits, including rebates, commissions, grease payments, or offer or accept improper benefits in other ways to or from clients, agents, contractors, suppliers, public servants, or other interested parties, unless the laws of the territories where the companies operate permit so. | Cooperate with the 14 session of the company's board of directors to implement the Audit committee, delete the supervisor text. |

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| | <p>However, if the local government of the business area regulates otherwise different than preceding articles, the local laws shall govern.</p> | <p>However, if the local government of the business area regulates otherwise different than preceding articles, the local laws shall govern.</p> | |
| 11 | <p>Illegal political donation is prohibited When directly or indirectly offering a donation to political parties or organizations or individuals participating in political activities, the Company and its directors, supervisors, managers, employees and Substantial Controllers, shall comply with the Political Donations Act and its own relevant internal operational procedures, and shall not make such donations in exchange for commercial gains or business advantages.</p> | <p>Illegal political donation is prohibited When directly or indirectly offering a donation to political parties or organizations or individuals participating in political activities, the Company and its directors, managers, employees and Substantial Controllers, shall comply with the Political Donations Act and its own relevant internal operational procedures, and shall not make such donations in exchange for commercial gains or business advantages.</p> | <p>Cooperate with the 14 session of the company's board of directors to implement the Audit committee, delete the supervisor text.</p> |
| 12 | <p>Improper donation or sponsorship is prohibited When making or offering donations and sponsorship, the</p> | <p>Improper donation or sponsorship is prohibited When making or offering donations and sponsorship, the</p> | <p>Cooperate with the 14 session of the company's board of</p> |

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| | <p>Company and their directors, <u>supervisor</u>, managers, employees, mandataries, and substantial controllers shall comply with relevant laws and regulations and internal operational procedures, and shall not surreptitiously engage in bribery.</p> | <p>Company and their directors, managers, employees, mandataries, and substantial controllers shall comply with relevant laws and regulations and internal operational procedures, and shall not surreptitiously engage in bribery.</p> | <p>directors to implement the Audit committee, delete the supervisor text.</p> |
| 13 | <p>Unreasonable presents, hospitality or other improper benefits are prohibited The Company and their directors, <u>supervisors</u>, managers, employees, mandataries, and substantial controllers shall not directly or indirectly offer or accept any unreasonable presents, hospitality or other improper benefits to establish business relationship or influence commercial transactions.</p> | <p>Unreasonable presents, hospitality or other improper benefits are prohibited The Company and their directors, managers, employees, mandataries, and substantial controllers shall not directly or indirectly offer or accept any unreasonable presents, hospitality or other improper benefits to establish business relationship or influence commercial transactions.</p> | <p>Cooperate with the 14 session of the company's board of directors to implement the Audit committee, delete the supervisor text.</p> |
| 15 | <p>Compliance requirement to conduct business The Company and its directors, <u>supervisors</u>,</p> | <p>Compliance requirement to conduct business The Company and its directors, managers,</p> | <p>Cooperate with the 14 session of the company's</p> |

| | | | |
|----|---|---|--|
| | managers, employees, mandataries, and substantial controllers shall comply with laws and regulations and the prevention programs when conducting business | employees, mandataries, and substantial controllers shall comply with laws and regulations and the prevention programs when conducting business | board of directors to implement the Audit committee, delete the supervisor text. |
| 16 | <p>Conflict of interest avoidance-Directors, Supervisors, and Managers</p> <p>When a proposal at a given board of directors meeting concerns the personal interest of, or the interest of the juristic person represented by, any of the directors, supervisors, managers, and other stakeholders attending or present at board meetings of the Company, the concerned person shall state the important aspects of the relationship of interest at the given board meeting. If his or her participation is likely to prejudice the interest of the company, the concerned person may not participate in</p> | <p>Conflict of interest avoidance-Directors, and Managers</p> <p>When a proposal at a given board of directors meeting concerns the personal interest of, or the interest of the juristic person represented by, any of the directors, managers, and other stakeholders attending or present at board meetings of the Company, the concerned person shall state the important aspects of the relationship of interest at the given board meeting. If his or her participation is likely to prejudice the interest of the company, the concerned person may not participate in discussion of or voting on the proposal and shall</p> | <p>Cooperate with the 14 session of the company's board of directors to implement the Audit committee, delete the supervisor text.</p> |

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| | <p>discussion of or voting on the proposal and shall recuse himself or herself from the discussion or the voting, and may not exercise voting rights as proxy for another director. The directors shall practice self-discipline and must not support one another in improper dealings.</p> <p>The Company's directors, managers, employees, mandataries, and substantial controllers shall not take advantage of their positions or influence in the company to obtain improper benefits for themselves, their spouses, parents, children or any other person.</p> | <p>recuse himself or herself from the discussion or the voting, and may not exercise voting rights as proxy for another director. The directors shall practice self-discipline and must not support one another in improper dealings.</p> <p>The Company's directors, managers, employees, mandataries, and substantial controllers shall not take advantage of their positions or influence in the company to obtain improper benefits for themselves, their spouses, parents, children or any other person.</p> | |
| 18 | <p>Procedures and guidelines</p> <p>The company shall establish operational procedures and guidelines in accordance with Article 6 hereof to guide directors, managers, employees, and substantial controllers</p> | <p>Procedures and guidelines</p> <p>The company shall establish operational procedures and guidelines in accordance with Article 6 hereof to guide directors, supervisor, managers, employees, and substantial controllers</p> | <p>Cooperate with the 14 session of the company's board of directors to implement</p> |

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| | <p>on how to conduct business. The procedures and guidelines should at least contain the following matters:</p> <ol style="list-style-type: none"> 1. Standards for determining whether improper benefits have been offered or accepted. 2. Rules for avoiding work-related conflicts of interests and how they should be reported and handled. 3. Rules for keeping confidential trade secrets and sensitive business information obtained in the ordinary course of business. 4. Regulations and procedures for dealing with suppliers, clients and business transaction counterparties suspected of unethical conduct. 5. Handling procedures for violations of these Principles. 6. Disciplinary measures on offenders. | <p>on how to conduct business. The procedures and guidelines should at least contain the following matters:</p> <ol style="list-style-type: none"> 1. Standards for determining whether improper benefits have been offered or accepted. 2. Rules for avoiding work-related conflicts of interests and how they should be reported and handled. 3. Rules for keeping confidential trade secrets and sensitive business information obtained in the ordinary course of business. 4. Regulations and procedures for dealing with suppliers, clients and business transaction counterparties suspected of unethical conduct. 5. Handling procedures for violations of these Principles. 6. Disciplinary measures on offenders. | <p>the Audit committee, delete the supervisor text.</p> |
|--|---|---|---|

| | | | |
|-----------|--|---|--|
| <p>19</p> | <p>Training and Performance appraisal system The Company shall periodically organize training and awareness programs for directors, supervisors, managers, employees, mandataries, and substantial controllers and invite the companies' commercial transaction counterparties so they understand the companies' resolve to implement ethical corporate management, the related policies, prevention programs and the consequences of committing unethical conduct. The Company shall apply the policies of ethical corporate management when creating its employee performance appraisal system and human resource policies to establish a clear and effective reward and discipline system.</p> | <p>Training and Performance appraisal system The Company shall periodically organize training and awareness programs for directors, supervisors, managers, employees, mandataries, and substantial controllers and invite the companies' commercial transaction counterparties so they understand the companies' resolve to implement ethical corporate management, the related policies, prevention programs and the consequences of committing unethical conduct. The Company shall apply the policies of ethical corporate management when creating its employee performance appraisal system and human resource policies to establish a clear and effective reward and discipline system.</p> | <p>Cooperate with the 14 session of the company's board of directors to implement the Audit committee, delete the supervisor text.</p> |
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| 22 | <p>Ethical corporate management policies and measure for better implementation</p> <p>The Company shall at all times monitor the development of relevant local and international regulations concerning ethical corporate management and encourage their directors, supervisors, managers, and employees to make suggestions, based on which the adopted ethical corporate management policies and measures taken will be reviewed and improved with a view to achieving better implementation of ethical management.</p> | <p>Ethical corporate management policies and measure for better implementation</p> <p>The Company shall at all times monitor the development of relevant local and international regulations concerning ethical corporate management and encourage their directors, managers, and employees to make suggestions, based on which the adopted ethical corporate management policies and measures taken will be reviewed and improved with a view to achieving better implementation of ethical management.</p> | <p>Cooperate with the 14 session of the company's board of directors to implement the Audit committee, delete the supervisor text.</p> |
| 23 | <p><u>Implement</u> <u>The code of Practice on good faith shall be implemented after the adoption of the Board of directors, and shall be sent to a supervisor and a report to the shareholders ' meeting, as amended.</u></p> | <p><u>Opinion of Independent Director</u> <u>When the company will report the code of good faith to the board for discussion, it shall give full consideration to the views of the independent directors and make its objections</u></p> | <p>New article. In cooperation with the competent authorities announced the "Listed cabinet company</p> |

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|----|--|--|--|
| | | <u>or reservations heard in the proceedings of the Board of Directors; if the independent director is unable to attend the board to express objections or reservations in person, he shall, unless justified, issue a written opinion in advance and set out.</u> | integrity Management Code" added this article. Reference has been taken to the versions of other listed companies. |
| 24 | <u>Establishment</u> <u>The procedure was established on Aug.11, 2014.</u> | Implement The code of Practice on good faith shall be implemented after the adoption of the Board of directors, and shall be sent to a supervisor and a report to the shareholders ' meeting, as amended. | Clause no. adjustment. |
| 25 | New article | Establishment The procedure was established on Aug.11, 2014. Revised on Jan.2, 2019 | Clause no. adjustment. Add revision history. |

Attachment 4



BAKER TILLY CLOCK & CO
正風聯合會計師事務所
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14th FL, 111 Sec. 2, Nanking E. Rd, Taipei 104, Taiwan, R.O.C.
電話: (02)2516-5255 傳真: (02)2516-0312

Accountant's Audit Report

No. 00101070A

To Taiwan Styrene Monomer Corporation:

Opinion

I have audited the separate financial statements of Taiwan Styrene Monomer Corporation, which comprise the separate statements of financial position as at 31 December 2018 and 31 December 2017, the separate statements of profit or loss and other comprehensive income from 1 January to 31 December 2018 and from 1 January to 31 December 2017, separate changes in equity and separate cash flows for the year then ended, and notes to the separate financial statements (including a summary of significant accounting policies).

In my opinion and based on my audit results and the audit reports by other accountants (please refer to the section of Others), the accompanying financial statements are properly drawn up in accordance with the provisions of the Regulations Governing the Preparation of Financial Reports by Securities Issuers so as to give a true and fair view of the financial position of the Taiwan Styrene Monomer Corporation as at 31 December 2018 and 31 December 2017 and of the financial

performance, changes in equity and cash flows of Taiwan Styrene Monomer Corporation from 1 January to 31 December 2018 and from 1 January to 31 December 2017.

Basic for opinion

I conducted my audit in accordance with Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and Generally Accepted Auditing Standards. My responsibilities under those standards are further described in the 'Accountant's responsibilities for the audit of the financial statements' section of our report. I am independent of Taiwan Styrene Monomer Corporation in accordance with the Accounting and Corporate Regulatory Authority Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Key audit matters

The key audit matters refer to the most important matters in the audit of the 2018 separate financial statements of Taiwan Styrene Monomer Corporation based on professional accounting judgments. These matters have been dealt with in the process of checking the overall consolidated financial statements and forming a review opinion. The accountant does not express a separate opinion on these matters.

The key audit items of the 2018 separate financial statements of Taiwan Styrene Monomer Corporation are described as follows:

Impairment of Investments Accounted for Using Equity Method

Description for critical audit items

By Dec. 31, 2018, the net value of the Investments Accounted for Using Equity Method on the Separate Statement of Financial Position was 3,422,973,000 TWD. For related information, please refer to the Note 4, 5 and 14 of the Separate Financial Report. The management handled the process in accordance with Article 36 "Impairment of Assets" of IFRSs, and expects the collectible amount is more than the book value. Therefore, the recognized income from the reversal of impairment of Taiwan Styrene Monomer Corporation in 2018 was 19,834,000 TWD. When the management performs the evaluation of impairment, for that the amount of collectible accounts involved subjective judgment and belonged to accounting estimation of high uncertainty, they then have it be one of the critical items for review this year.

Correspondence to the Audit Procedure

The accountant mainly performs the following audit procedures:

1. To acquire the Asset Impairment Evaluation Form made by every cash generating unit in the Company;
2. To evaluate the reasonability of the traces of impairment identified by the management of Taiwan Styrene Monomer Corporation and consult them, and to review the sensibility of the assumption made by them, including the division of cash generating units, cash flow prediction and discount rate.

Impairment of Property, Plant and Equipment

Description for critical audit items

By Dec. 31, 2018, the Property, Plant and Equipment on the Separate Statement of Financial Position was 2,667,126,000 TWD. For related

information, please refer to Note 4, 5 and 15 of the Separate Financial Statements. For the large amount of the Property, Plant and Equipment and the industry which Taiwan Styrene Monomer Corporation belong to is easy to be affected by factors such as international oil market, so the evaluation of the impairment of Property, Plant and Equipment is very important. The process of evaluation includes the identification of cash generating units, decision on evaluation methods, selecting important assumption and calculating the collectible amount. As it involved the subjective judgement of the management and belonged to accounting estimation of high uncertainty, the management then have it be one of the critical item for review this year.

Other issue(s)

Responsibilities of management and directors for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition.

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

The responsibilities of the governing body (including supervisors) include overseeing Taiwan Styrene Monomer Corporation's financial reporting process.

Auditors' responsibilities for the audit of the financial statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with SSAs 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 in the basis of these financial statements.

As part of an audit in accordance with SSAs, I exercise professional judgement and maintain professional skepticism throughout the audit. I also:

1. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
2. Obtain an understanding of internal controls 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 Taiwan Styrene Monomer Corporation's internal controls.

3. Assess the appropriateness of management's use of accounting policies and the reasonability of the accounting estimate and relevant disclosure.
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 Taiwan Styrene Monomer Corporation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause Taiwan Styrene Monomer Corporation to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the financial statements (including the relevant notes), and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriated audit evidence of the financial information from the individual entity within Taiwan Styrene Monomer Corporation as well as express opinions towards financial statements. We are in charge of the directing, supervision, and execution on the audit cases for the group as well as concluding audit opinions on Taiwan Styrene Monomer Corporation.

We communicate with the governing body regarding, among other

matters, the planned scope and timing of the audit and significant audit findings (including any significant deficiencies in internal controls that we identify during our audit).

We determined the key audit matters that we would like to executed on Taiwan Styrene Monomer Corporation's consolidated financial statements in 2018 from the communication with the governing unit. We clearly stated the related matters on the audit report unless it is the specific matter that is not allowed to be disclosed to the public according to laws, or under a very rare situation that we decided not to communicate specific matters on the audit report because we can reasonably anticipate the negative influence generated by the communication will be greater than the public interests increased.

Baker Tilly Clock & CO

Accountant:



Yin-Lai Chou

Accountant:



Hsin-Liang Wu

Approval Document No.: (80) Tai Tsai Cheng (6) No.53585

Chin Kuan Cheng Liu Tzu No.09600000880

M a r c h 1 1 , 2 0 1 9

Taiwan Styrene Monomer Corporation

Separate Balance Sheet

Dec. 31, 2018 and Dec. 31, 2017

Unit: NT\$ 1,000

| Asset | | Note | Dec. 31, 2018 | | Dec. 31, 2017 | |
|-------|--|------|---------------|-----|---------------|-----|
| Code | Accounting items | | Amount | % | Amount | |
| | Current assets | | | | | |
| 1100 | Cash and cash equivalents | 6 | \$ 1,605,546 | 16 | \$ 443,681 | 5 |
| 1110 | Financial assets - current at Fair Value through Profit or Loss | 7 | 103,820 | 1 | - | - |
| 1125 | Available-for-sale financial assets - current | 8 | - | - | 84,725 | - |
| 1170 | Net accounts receivable | 9 | 900,261 | 9 | 1,240,864 | 13 |
| 1200 | Other accounts receivable | 29 | 47,947 | 1 | 1,410 | - |
| 130x | Inventory | 10 | 641,276 | 7 | 609,106 | 6 |
| 1410 | Payments in advance | 11 | 86,182 | 1 | 706,256 | 8 |
| 1478 | Construction refundable deposits | | - | - | 10,000 | - |
| 11xx | Total of current assets | | 3,385,032 | 35 | 3,096,042 | 32 |
| | Non-current assets | | | | | |
| 1517 | Financial assets measured at fair value through other comprehensive income - non-current | 12 | 181,577 | 2 | - | - |
| 1543 | Financial Assets Carried at Cost - non-current | 13 | - | - | 117,264 | 1 |
| 1550 | Investments Accounted for Using Equity Method | 14 | 3,430,836 | 35 | 3,709,567 | 38 |
| 1600 | Property, Plant and Equipment | 15 | 2,667,126 | 27 | 2,724,081 | 28 |
| 1780 | Intangible assets | 16 | 9,266 | - | 10,574 | - |
| 1840 | Deferred income tax assets | 27 | 18,560 | - | 18,622 | - |
| 1920 | Refundable deposits | | 3,962 | - | 3,962 | - |
| 1995 | Other non-current assets - Other | 17 | 38,183 | 1 | 51,246 | 1 |
| 15xx | Non-Total of current assets | | 6,349,510 | 65 | 6,635,316 | 68 |
| 1xxx | Total of assets | | \$ 9,734,542 | 100 | \$ 9,731,358 | 100 |

(The notes attached are part of the separate financial report.)

Taiwan Styrene Monomer Corporation

Separate Balance Sheet (continued)

Dec. 31, 2018 and Dec. 31, 2017

Unit: NT\$ 1,000

| Liabilities and equity | | Note | Dec. 31, 2018 | | Dec. 31, 2017 | |
|------------------------|--|--------|---------------|-----|---------------|-----|
| Code | Accounting items | | Amount | % | Amount | % |
| | Current liabilities | | | | | |
| 2130 | Contractual liability-current | | \$ 97,508 | 1 | \$ - | - |
| 2150 | Notes payable | | - | - | 5,834 | |
| 2170 | Accounts payable | | 1,204,490 | 12 | 1,104,735 | 11 |
| 2200 | Other accounts payable | 18 | 272,002 | 3 | 206,054 | 2 |
| 2230 | Income tax liability | | 238,236 | 2 | 186,856 | 2 |
| 2310 | Advance Receipts | | - | - | 7,830 | - |
| 2320 | Long term liabilities due within one year | 20 | 88,880 | 1 | 223,826 | 3 |
| 2399 | Other current liabilities- Other | 19 | 3,509 | - | 3,752 | - |
| 21xx | Total of current liabilities | | 1,904,625 | 19 | 1,738,887 | 18 |
| | Non-current liabilities | | | | | |
| 2540 | Long-term loan | 20 | 111,100 | 1 | 438,110 | 5 |
| 2570 | Deferred incom tax liabilities | 27 | 173,509 | 2 | 173,509 | 2 |
| 2640 | Net defined benefit liability - non-current | 21 | 74,126 | 1 | 92,921 | - |
| 2650 | Credit Balance of Investments Accounted for Using Equity Method | 14 | 7,863 | - | - | - |
| 25xx | Total of non-current liabilities | | 366,598 | 4 | 704,540 | 7 |
| 2xxx | Total of liabilities | | 2,271,223 | 23 | 2,443,427 | 25 |
| 3100 | Stock capital | 22 (1) | 5,278,698 | 54 | 5,278,698 | 54 |
| 3200 | Capital reserve | 22 (2) | 60,415 | 1 | 68,142 | 1 |
| 3300 | Retained earnings | | 2,546,063 | 26 | 1,843,580 | 19 |
| 3310 | Legal reserve | 22 (3) | 409,609 | 4 | 307,466 | 3 |
| 3320 | Special capital reserve | 22 (4) | 8,811 | - | 157,923 | 2 |
| 3350 | Retained earnings to be distributed | | 2,127,643 | 22 | 1,378,191 | 14 |
| 3400 | Other equity | 20 (6) | (421,857) | (4) | 97,511 | 1 |
| 3410 | Exchange differences on translating the financial statements of foreign operations | | (2,298) | - | (3,754) | - |
| 3420 | Unrealized Gain or Loss Measured at Fair Value through Profit or Loss | | (419,559) | (4) | - | - |
| 3425 | Unrealized Gain or Loss on Available-for-sale Financial Assets | | - | - | 101,265 | 1 |
| 3xxx | Total of Equity | | 7,463,319 | 77 | 7,287,931 | 75 |
| | Total of liabilities and equity | | \$ 9,734,542 | 100 | \$ 9,731,358 | 100 |

(The notes attached are part of the separate financial report.)

Chairperson: Yi-Ching Wu

Manager: Ching-tien Wu

Accounting manager: Jasom Chou

Taiwan Styrene Monomer Corporation

Separate Statement of Comprehensive Income

From Jan. 1 to Dec. 31, 2018 and from Jan. 1 to Dec. 31, 2017

Unit: NT\$ 1,000

| Code | Item | Note | 2018 | | 2017 | |
|------|--|------|---------------|------|---------------|------|
| | | | Amount | % | Amount | % |
| 4000 | Operating income | | \$ 14,806,544 | 100 | \$ 14,015,626 | 100 |
| 5000 | Operating cost | | (12,829,579) | (87) | (12,373,093) | (88) |
| 5950 | Net value of gross profit (loss) | | 1,976,965 | 13 | 1,642,533 | 12 |
| 6000 | Operating expenses | | (281,249) | (2) | (224,302) | (2) |
| 6100 | Marketing expenses | | (52,089) | – | (33,261) | – |
| 6200 | Administration expenses | | (185,250) | (2) | (160,863) | (2) |
| 6300 | R&D Expense | | (43,865) | – | (30,178) | – |
| 6450 | Expected credit impairment loss | | (45) | – | – | – |
| 6900 | Operating profit (loss) | | 1,695,716 | 11 | 1,418,231 | 10 |
| 7000 | Non-operating income and expenses | | (126,945) | – | (107,984) | (1) |
| 7010 | Other income | 24 | 22,274 | – | 18,781 | – |
| 7020 | Other profit and loss | 25 | (69,513) | – | 39,138 | – |
| 7050 | Financial costs | 26 | (7,508) | – | (13,207) | – |
| 7070 | Shares of the profit and loss of subsidiaries and affiliates recognized using equity method | | (72,198) | – | (152,696) | (1) |
| 7900 | Net profit before tax (net loss) | | 1,568,771 | 11 | 1,310,247 | 9 |
| 7950 | Income tax (expense) income | 27 | (352,370) | (2) | (254,498) | (2) |
| 8200 | Net income (loss) of this term | | 1,216,401 | 9 | 1,055,749 | 7 |
| | Other comprehensive income | | | | | |
| 8310 | Items which are not re-classified into profit or loss | | | | | |
| 8311 | Remeasurement of defined benefit plans | 21 | 20,931 | – | (34,989) | – |
| 8316 | Unrealized valuation of profit or loss of investment in equity instruments measured at fair value through other comprehensive income | | (5,050) | – | – | – |
| 8330 | Shares of other comprehensive income of subsidiaries and affiliates recognized using equity method—Items which are not re-classified into profit or loss | | (193,922) | (2) | 377 | – |
| 8349 | Income tax related to items which are not going to be re-classified. | | (3,249) | – | 5,948 | – |
| 8360 | Following items which might be reclassified into profit or loss | | | | | |
| 8361 | Exchange differences on translating the financial statements of foreign operations | | 1,453 | – | (3,588) | – |
| 8362 | Unrealized gains (losses) on available-for-sale financial assets | | – | – | 771 | – |
| 8380 | Shares of other comprehensive income of subsidiaries and affiliates recognized using equity method—Items which might be reclassified into profit or loss | | 3 | – | 249,441 | 2 |
| 8300 | Net value of other comprehensive income | | (179,834) | (2) | 217,960 | 2 |
| 8500 | Net value of the comprehensive income this term | | \$ 1,036,567 | 7 | \$ 1,273,709 | 9 |
| 9750 | Basic earnings per share (loss) | 28 | 2.30 TWD | | 2.00 TWD | |
| 9850 | Diluted earnings per share (loss) | 28 | 2.30 TWD | | 1.99 TWD | |

(The notes attached are part of the separate financial report.)

Chairperson: Yi-Ching Wu

Manager: Ching-tien Wu

Accounting manager: Jasom Chou

Taiwan Styrene Monomer Corporation
Separate Statement of Stockholders Equity

From Jan. 1 to Dec. 31, 2018 and from Jan. 1 to Dec. 31, 2017

Unit: NTS 1,000

| Item | Stock capital | Capital reserve | Retained earnings | | | Other equity items | | | Total |
|---|---------------|-----------------|-------------------|-------------------------|-------------------------------------|--|--|---|--------------|
| | | | Legal reserve | Special capital reserve | Retained earnings to be distributed | Exchange differences on translating the financial statements of foreign operations | Unrealized gains (losses) on available-for-sale financial assets | Unrealized valuation of profit (loss) of financial assets measured at fair value through other comprehensive income | |
| Balance on Jan. 1, 2017 | \$ 5,278,698 | \$ 70,339 | \$ 167,155 | \$ 284,751 | \$ 1,531,537 | \$ 8,967 | \$ (158,080) | \$ - | \$ 7,183,367 |
| Legal reserves | - | - | 140,311 | - | (140,311) | - | - | - | - |
| Common stock cash dividends | - | - | - | - | (1,161,314) | - | - | - | (1,161,314) |
| Special capital reserve allowance | - | - | - | (126,828) | 126,828 | - | - | - | - |
| Change in the affiliates and joint-ventures recognized using equity method | - | 357 | - | - | (5,655) | - | - | - | (5,298) |
| Difference between the share prices and book values of actually acquired or disposed subsidiaries | - | (296) | - | - | - | - | - | - | (296) |
| Change in the equity of the ownership of subsidiaries | - | (2,258) | - | - | - | - | - | - | (2,258) |
| Net income | - | - | - | - | 1,055,749 | - | - | - | 1,055,749 |
| Other comprehensive income | - | - | - | - | (28,664) | (12,721) | 259,345 | - | 217,960 |
| Total of comprehensive income | - | - | - | - | 1,027,085 | (12,721) | 259,345 | - | 1,273,709 |
| Other | - | - | - | - | 21 | - | - | - | 21 |
| Balance on Dec.31, 2017 | 5,278,698 | 68,142 | 307,466 | 157,923 | 1,378,191 | (3,754) | 101,265 | - | 7,287,931 |
| Amount affected by retrospective applications and re-classification | - | - | - | - | 281,392 | - | (101,265) | (190,286) | (10,159) |
| Balance after adjustment on Jan. 1, 2018 | 5,278,698 | 68,142 | 307,466 | 157,923 | 1,659,583 | (3,754) | - | (190,286) | 7,277,772 |
| Legal reserves | - | - | 102,143 | - | (102,143) | - | - | - | - |
| Common stock cash dividends | - | - | - | - | (844,592) | - | - | - | (844,592) |
| Special capital reserve allowance | - | - | - | (149,112) | 149,112 | - | - | - | - |
| Change in the affiliates and joint-ventures recognized using equity method | - | (1,073) | - | - | 1,272 | - | - | - | 199 |
| Difference between the share prices and book values of actually acquired or disposed subsidiaries | - | (6,654) | - | - | - | - | - | - | (6,654) |
| Disposal of equity instruments measured at fair value through other comprehensive income | - | - | - | - | 30,336 | - | - | (30,336) | - |
| Net income | - | - | - | - | 1,216,401 | - | - | - | 1,216,401 |
| Other comprehensive income | - | - | - | - | 17,647 | 1,456 | - | (198,937) | (179,834) |
| Total of comprehensive income | - | - | - | - | 1,234,048 | 1,456 | - | (198,937) | 1,036,567 |
| Other | - | - | - | - | 27 | - | - | - | 27 |
| Balance on Dec. 31, 2018 | \$ 5,278,698 | \$ 60,415 | \$ 409,609 | \$ 8,811 | \$ 2,127,643 | \$ (2,298) | \$ - | \$ (419,559) | \$ 7,463,319 |

Note: From Jan. 1 to Dec. 31, 2018 and from Jan. 1 to Dec. 31, 2017, a employee of the company respectively had the compensation of NTS 33,086 and NTS 27,440, and the compensation for directors and supervisors were respectively NTS 41,073 and 41,073 34,430. The compensations were respectively deducted from the consolidated income statement.

(The notes attached are part of the separate financial report.)

Chairperson: Yi-Ching Wu

Manager: Ching-tien Wu

Accounting manager: Jasom Chou

Taiwan Styrene Monomer Corporation

Separate Statement of Cash Flows

From Jan. 1 to Dec. 31, 2018 and from Jan. 1 to Dec. 31, 2017

Unit: NT\$ 1,000

| Item | 2018 | 2017 |
|--|--------------|--------------|
| | Amount | Amount |
| Net cash flow from operating activities: | | |
| Net profit before tax | \$ 1,568,771 | \$ 1,310,247 |
| Items of adjustment: | | |
| Depreciation expense | 193,468 | 182,874 |
| Amortization fee | 57,990 | 64,261 |
| Expected credit imparment loss | 45 | - |
| Net loss on financial asses measured at Fair Value through Profit or Loss | 49,084 | - |
| Interest expense | 7,508 | 13,207 |
| Interest income | (4,168) | (706) |
| Dividend income | (7,881) | (1,678) |
| Shares of the profit and loss of subsidiaries and affiliates recognized using equity method | 72,198 | 152,696 |
| Amount of Property, Plant and Equipment listed as expenses | - | 34,849 |
| Gain on disposal of investment | 21,204 | (6,757) |
| Impairment loss of financial assets | - | 16,000 |
| Loss which does not belong to the impairment loss of financial assets | (19,312) | 4,000 |
| Loss on inventory price falling, retirement and obsolescence (gain from price recovery) | 3,567 | (436) |
| Change in assets/liabilities related to operating activities | | |
| Increase/decrease of financial assets forced to be measured at Fair Value through Profit or Loss | (68,179) | - |
| Decrease (increase) in accounts receivable | 340,558 | (346,567) |
| Decrease (increase) in other accounts receivable | (28,897) | (407) |
| Decrease (increase) in inventory | (59,750) | (131,310) |
| Decrease (increase) in payments in advance | 605,461 | 48,547 |
| Decrease (increase) in other financial assets | - | (10,000) |
| Decrease (increase) in contract liabilities | 97,508 | - |
| Decrease (increase) in notes payable | (5,835) | 577 |
| Decrease (increase) in accounts payable | 99,757 | (581,204) |
| Other decrease (increase) in accounts payable | 66,508 | (62,073) |
| Decrease (increase) in Advance Receipts | (7,830) | - |
| Decrease (increase) in other current liabilities | (243) | (161) |
| Incese in net defined benefit liability | 2,137 | 2,049 |
| Cash in flow generated by operating activities | 2,983,669 | 688,008 |
| Interests received | 3,900 | 706 |
| Paid interests | (7,906) | (13,374) |
| Paid dividends | (162) | (145) |
| Income tex returned (paid) | (304,177) | (220,147) |
| Net cash outflow from operating activities | 2,675,324 | 455,048 |

Taiwan Styrene Monomer Corporation

Separate Statement of Cash Flows (continued)

From Jan. 1 to Dec. 31, 2018 and from Jan. 1 to Dec. 31, 2017

Unit: NT\$ 1,000

| Item | 2018 | 2017 |
|--|--------------|-------------|
| | Amount | Amount |
| Net cash flow in investing activities: | | |
| Acquired financial assets measured at fair value through other comprehensive income | \$ (71,690) | \$ – |
| Returned payment for shares due to capital reduction of financial assets measured at fair value through other comprehensive income | 6,273 | – |
| Acquisition of available-for-sale financial assets | – | (108,616) |
| Disposal of available-for-sale financial assets | – | 31,253 |
| Disposal of Financial Assets Carried at Cost | – | 2,653 |
| Acquisition of Investments Accounted for Using Equity Method | – | (86,716) |
| Payment for shares returned due to capital reduction of the invested company accounted for using equity method | – | 92,129 |
| Acquisition of real estate, plant and equipment | (127,191) | (94,809) |
| Refundable deposits (increase) | 10,000 | (2,000) |
| Other accounts receivable–decrease (increase) of related parties | (9,492) | – |
| Prepayment for equipment (increase) | (9,283) | (2,376) |
| Other payments in advance (increase) | (5,554) | (5,031) |
| Dividend received | – | 1,678 |
| Net cash inflow (outflow) in investing activities | (206,937) | (171,835) |
| Cash flows in fundraising activities: | | |
| Long-term loan repayment | (461,956) | (223,826) |
| Increase of guarantee deposits | – | 1,140 |
| Issuance of cash dividends | (844,592) | (1,161,314) |
| Other financing activities | 26 | 21 |
| Net cash inflow (outflow) in financing activities | (1,306,522) | (1,383,979) |
| Increase (decrease) of cash and cash equivalents | 1,161,865 | (1,100,766) |
| Balance of cash and cash equivalents at the beginning of the term | 443,681 | 1,544,447 |
| Balance of cash and cash equivalents at the end of the term | \$ 1,605,546 | \$ 443,681 |

(The notes attached are part of the separate financial report.)

Chairperson: Yi-Ching Wu

Manager: Ching-tien Wu

Accounting manager: Jasom Chou



BAKER TILLY
CLOCK & CO
正風聯合

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14th FL, 111 Sec. 2, Nanking E. Rd, Taipei 104, Taiwan, R.O.C.
電話: (02)2516-5255 傳真: (02)2516-0312

Accountant's Audit Report

No. 00101070CA

To Taiwan Styrene Monomer Corporation:

Opinion

I have audited the financial statements of Taiwan Styrene Monomer Corporation, which comprise the statements of financial position as at 31 December 2018 and 31 December 2017, the statements of profit or loss and other comprehensive income from 1 January to 31 December 2018 and from 1 January to 31 December 2017, changes in equity and cash flows for the year then ended, and notes to the financial statements (including a summary of significant accounting policies).

In my opinion, the accompanying financial statements are properly drawn up in accordance with the provisions of the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards, International Accounting Standards, explanations and announcements of explanation approved and announced by the Financial Supervisory Commission so as to give a true and fair view of the financial position of Taiwan

Styrene Monomer Corporation as at 31 December 2018 and 31 December 2017 and of the financial performance, changes in equity and cash flows of Taiwan Styrene Monomer Corporation from 1 January to 31 December 2018 and from 1 January to 31 December 2017.

Basic for opinion

I conducted my audit in accordance with Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and Generally Accepted Auditing Standards. My responsibilities under those standards are further described in the 'Accountant's responsibilities for the audit of the financial statements' section of our report. I am independent of Taiwan Styrene Monomer Corporation in accordance with the Accounting and Corporate Regulatory Authority Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Key audit matters

The key audit matters refer to the most important matters in the audit of the 2018 consolidated financial statements of Taiwan Styrene Monomer Corporation and its subsidiaries based on professional accounting judgments. These matters have been dealt with in the process of checking the overall consolidated financial statements and forming a review opinion. The accountant does not express a separate opinion on these matters.

The accountant's audit procedures for the above-mentioned matters include:

Investments Accounted for Using Equity Method Impairment

Remark

As of the 2018 of the Republic of China, the Investments of Statement of Financial position were merged accounted for use Equity Method is 1,587,855 TWD, please refer to notes 4 or 5 and 16 of the consolidated financial report for information. Management in accordance with the international accounting quasi-36th financial "asset impairment" provisions, it is expected that its recoverable amount is greater than the book amount, so Taiwan styrene Monomer Corporation and its subsidiaries in 2018 identified a derogation from the rotary interests of 19,834 TWD. When management makes a derogation assessment, it is a key Check for the current year because its recyclable amount involves subjective judgement and is a highly uncertain accounting estimate.

Responsibilities of management and directors for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards, International Accounting Standards, explanations and announcements of explanation approved and announced by the Financial Supervisory Commission, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance

that assets are safeguarded against loss from unauthorised use or disposition.

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

The responsibilities of the governing body (including the audit committee) include overseeing Taiwan Styrene Monomer Corporation's financial reporting process.

Auditors' responsibilities for the audit of the financial statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with SSAs 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 in the basis of these financial statements.

As part of an audit in accordance with SSAs, I exercise professional judgement and maintain professional skepticism throughout the audit. I also:

1. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
2. Obtain an understanding of internal controls 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 internal control effectiveness of Taiwan Styrene Monomer Corporation and its subsidiaries.
3. Assess the appropriateness of management's use of accounting policies and the reasonability of the accounting estimate and relevant disclosure.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of Taiwan Styrene Monomer Corporation and its subsidiaries to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause Taiwan Styrene Monomer Corporation and its subsidiaries to cease to continue as a

going concern.

5. Evaluate the overall presentation, structure and content of the financial statements (including the relevant notes), and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriated audit evidence of the financial information from the individual entity within Taiwan Styrene Monomer Corporation and its subsidiaries as well as express opinions towards financial statements. We are in charge of the directing, supervision, and execution on the audit cases for Taiwan Styrene Monomer Corporation and its subsidiaries as well as concluding audit opinions on the group.

We communicate with the governing body regarding, among other matters, the planned scope and timing of the audit and significant audit findings (including any significant deficiencies in internal controls that we identify during our audit).

We determined the key audit matters that we would like to executed on the consolidated financial statements of Taiwan Styrene Monomer Corporation and its subsidiaries in 2018 from the communication with the governing unit. We clearly stated the related matters on the audit report unless it is the specific matter that is not allowed to be disclosed to the public according to laws, or under a very rare situation that we decided not to communicate specific matters on the audit report because we can reasonably anticipate the negative influence generated by the communication will be greater than the public interests increased.

Baker Tilly Clock & CO

Accountant:



Yin-Lai Chou

Accountant:



Hsin-Liang Wu

Approval Document No.: (80) Tai Tsai Cheng (6) No.53585

Chin Kuan Cheng Liu Tzu No.09600000880

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Taiwan Styrene Monomer Corporation and Its Subsidiaries

Consolidated Balance Sheet

Dec. 31, 2018 and Dec. 31, 2017

Unit: NT\$ 1,000

| Asset | | Note | Dec. 31, 2018 | | Dec. 31, 2017 | |
|-------|---|------|---------------|-----|---------------|-----|
| Code | Accounting Items | | Amount | % | Amount | % |
| | Current assets | | | | | |
| 1100 | Cash and cash equivalents | 6 | \$ 2,122,960 | 20 | \$ 1,030,344 | 9 |
| 1110 | Financial assets measured at Fair Value through Profit or Loss-current | 7 | 141,830 | 1 | 67,098 | 1 |
| 1125 | Available-for-sale financial assets-current | 8 | – | – | 211,805 | 2 |
| 1150 | Net value of notes receivable | | 21 | – | 2,308 | – |
| 1170 | Net accounts receivable | 9 | 947,584 | 9 | 1,329,487 | 12 |
| 1190 | Construction contract accounts receivable | 10 | – | – | 2,935 | – |
| 1200 | Other accounts receivable | | 35,647 | – | 3,852 | – |
| 130x | Inventory | 11 | 709,853 | 7 | 675,527 | 6 |
| 1410 | Payments in advance | 12 | 154,522 | 2 | 760,081 | 7 |
| 1470 | Other current assets | | 489 | – | 1,570 | – |
| 1476 | Other financial assets - current | 13 | 16,937 | – | 48,721 | 1 |
| 11xx | Total of current assets | | 4,129,843 | 39 | 4,133,728 | 38 |
| | Non-current assets | | | | | |
| 1510 | Financial assets measured at Fair Value through Profit or Loss - non-current | 7 | 17,144 | – | – | – |
| 1517 | Financial assets measured affair value through other comprehensive income - non-current | 14 | 304,917 | 3 | – | – |
| 1523 | Available-for-sale financial assets - non-current | 8 | – | – | 33,400 | – |
| 1543 | Financial Assets Carried at Cost - non-current | 15 | – | – | 304,956 | 3 |
| 1550 | Investments Accounted for Using Equity Method | 16 | 1,587,855 | 15 | 1,785,461 | 17 |
| 1600 | Property, Plant and Equipment | 17 | 4,133,895 | 40 | 4,185,851 | 38 |
| 1760 | Net value of investment property | 18 | 144,361 | 2 | 231,839 | 2 |
| 1780 | Intangible assets | 19 | 16,099 | – | 16,518 | – |
| 1840 | Deferred income tax assets | 33 | 33,172 | – | 32,886 | – |
| 1915 | Prepayment for equipment | | 20,439 | – | 16,402 | – |
| 1970 | Other long-term investments | 20 | 38,436 | – | 41,477 | 1 |
| 1980 | Other financial assets - non-current | 13 | 7,670 | – | 37,787 | – |
| 1995 | Other non-current assets - Other | 21 | 76,215 | 1 | 104,386 | 1 |
| 15xx | Non-Total of current assets | | 6,380,203 | 61 | 6,790,963 | 62 |
| 1xxx | Totoal of assets | | \$ 10,510,046 | 100 | \$ 10,924,691 | 100 |

(The notes attached are part of the consolidated financial report.)

Taiwan Styrene Monomer Corporation and Its Subsidiaries

Consolidated Balance Sheet (continued)

Dec. 31, 2018 and Dec. 31, 2017

Unit: NT\$ 1,000

| Liabilities and equity | | Note | Dec. 31, 2018 | | Dec. 31, 2017 | |
|------------------------|--|--------|---------------|-----|---------------|-----|
| Code | Accounting Items | | Amount | % | Amount | % |
| | Current liabilities | | | | | |
| 2100 | Short-term loans | 22 | \$ 312,885 | 3 | \$ 357,500 | 3 |
| 2130 | Contractual liability-current | | 128,851 | 1 | – | – |
| 2150 | Notes payable | | 9,678 | – | 22,177 | – |
| 2170 | Accounts payable | | 1,229,326 | 12 | 1,146,271 | 11 |
| 2200 | Other accounts payable | 23 | 344,116 | 4 | 291,528 | 3 |
| 2230 | Income tax liability | | 243,073 | 2 | 188,106 | 2 |
| 2310 | Advance Receipts | | – | – | 38,605 | – |
| 2320 | Long term liabilities due within one year | 25 | 115,164 | 1 | 278,443 | 3 |
| 2399 | Other current liabilities- Other | 24 | 10,270 | – | 20,869 | – |
| 21xx | Total of current liabilities | | 2,393,363 | 23 | 2,343,499 | 22 |
| | Non-current liabilities | | | | | |
| 2540 | Long-term loan | 25 | 140,902 | 1 | 731,921 | 7 |
| 2570 | Deferred income tax liabilities | 33 | 173,509 | 2 | 173,509 | 1 |
| 2640 | Net defined benefit liability - non-current | 26 | 74,126 | 1 | 92,921 | 1 |
| 2670 | Other non-current liabilities- Other | 24 | 10,732 | – | 10,579 | – |
| 25xx | Total of non-current liabilities | | 399,269 | 4 | 1,008,930 | 9 |
| 2xxx | Total of liabilities | | 2,792,632 | 27 | 3,352,429 | 31 |
| | Equity belongs to the owner of the parent company | | | | | |
| 3100 | Stock capital | 27 (1) | 5,278,698 | 50 | 5,278,698 | 48 |
| 3200 | Capital reserve | 27 (2) | 60,415 | 1 | 68,142 | 1 |
| 3300 | Retained earnings | | 2,546,063 | 24 | 1,843,580 | 17 |
| 3310 | Legal reserve | 27 (3) | 409,609 | 4 | 307,466 | 3 |
| 3320 | Special capital reserve | 27 (4) | 8,811 | – | 157,923 | 1 |
| 3350 | Retained earnings to be distributed | | 2,127,643 | 20 | 1,378,191 | 13 |
| 3400 | Other equity | 27 (6) | (421,857) | (4) | 97,511 | 1 |
| 3410 | Exchange differences on translating the financial statements of foreign operations | | (2,298) | – | (3,754) | – |
| 3420 | Unrealized gain or loss on financial assets measured at FVOCI | | (419,559) | (4) | – | – |
| 3425 | Unrealized Gain or Loss on Available-for-sale Financial Assets | | – | – | 101,265 | 1 |
| 31xx | Equity belongs to the owner of the parent company | | 7,463,319 | 71 | 7,287,931 | 67 |
| 36xx | Non-controlling interest | 27 (7) | 254,095 | 2 | 284,331 | 2 |
| 3xxx | Total of Equity | | 7,717,414 | 73 | 7,572,262 | 69 |
| | Total of liabilities and equity | | \$ 10,510,046 | 100 | \$ 10,924,691 | 100 |

(The notes attached are part of the consolidated financial report.)

Chairperson: Yi-Ching Wu

Manager: Ching-tien Wu

Accounting manager: Jasom Chou

Taiwan Styrene Monomer Corporation and Its Subsidiaries

Consolidated Statement of Comprehensive Income

From Jan. 1 to Dec. 31, 2018 and from Jan. 1 to Dec. 31, 2017

Unit: NT\$ 1,000

| Code | Item | Note | 2018 | | 2017 | |
|------|--|------|---------------|------|---------------|------|
| | | | Amount | % | Amount | % |
| 4000 | Operating income | 28 | \$ 15,382,654 | 100 | \$ 14,750,826 | 100 |
| 5000 | Operating cost | | (13,405,660) | (87) | (13,061,610) | (89) |
| 5950 | Net value of gross profit (loss) | | 1,976,994 | 13 | 1,689,216 | 11 |
| 6000 | Operating expenses | | (441,995) | (3) | (406,553) | (2) |
| 6100 | Marketing expenses | | (60,180) | – | (46,885) | – |
| 6200 | Administration expenses | | (345,196) | (3) | (329,941) | (2) |
| 6300 | R&D expenses | | (36,390) | – | (29,727) | – |
| 6450 | Expected credit impairment loss | | (229) | – | – | – |
| 6900 | Operating profit (loss) | | 1,534,999 | 10 | 1,282,663 | 9 |
| 7000 | Non-operating income and expenses | | 12,666 | – | (36,525) | – |
| 7010 | Other income | 30 | 48,808 | – | 57,437 | 1 |
| 7020 | Other profit and loss | 31 | (63,285) | – | (75,946) | (1) |
| 7050 | Financial costs | 32 | (18,516) | – | (28,823) | – |
| 7060 | Shares of profit (loss) of the affiliates accounted for using equity method | | 45,659 | – | 10,807 | – |
| 7900 | Net profit before tax (net loss) | | 1,547,665 | 10 | 1,246,138 | 9 |
| 7950 | Income tax (expense) income | 33 | (360,871) | (2) | (261,545) | (2) |
| 8200 | Net income (loss) of this term | | 1,186,794 | 8 | 984,593 | 7 |
| | Other comprehensive income | | | | | |
| 8310 | Items which are not re-classified into profit or loss | | | | | |
| 8311 | Remeasurement of defined benefit plan | 26 | 20,896 | – | (34,608) | (1) |
| 8316 | Unrealized gain or loss of investment in equity instruments measured at FVOCI | | 25,711 | – | – | – |
| 8320 | Shares of profit (loss) of the affiliates and shares of other comprehensive income of joint ventures accounted for using equity method | | (224,600) | (1) | – | – |
| 8349 | Income tax related to items which is not going to be re-classified | 33 | (3,250) | – | 5,948 | – |
| 8360 | Following items which might be reclassified into profit or loss | | | | | |
| 8361 | Exchange differences on translating the financial statements of foreign operations | | 1,183 | – | (15,716) | – |
| 8362 | Unrealized valuation loss on available-for-sale financial assets | | – | – | 273,410 | 2 |
| 8370 | Shares of profit (loss) of OCI of the affiliates accounted for using equity method | | (426) | – | (14,421) | – |
| 8300 | Net value of other comprehensive income | | (180,486) | (1) | 214,613 | 1 |
| 8500 | Net value of the comprehensive income this term | | \$ 1,006,308 | 7 | \$ 1,199,206 | 8 |
| 8600 | The net profits belong to the owner of the company | | | | | |
| 8610 | Owner of the parent company | | \$ 1,216,401 | 8 | \$ 1,055,749 | 7 |
| 8620 | Non-controlling interest | | (29,607) | – | (71,156) | – |
| | | | \$ 1,186,794 | 8 | \$ 984,593 | 7 |
| 8700 | The total amount of comprehensive income belongs to: | | | | | |
| 8710 | Owner of the parent company | | \$ 1,036,567 | 7 | \$ 1,273,709 | 9 |
| 8720 | Non-controlling interest | | (30,259) | – | (74,503) | (1) |
| | | | \$ 1,006,308 | 7 | \$ 1,199,206 | 8 |
| 9750 | Basic earnings per share (loss) | 34 | | | | |
| 9710 | Net income (loss) of continuing operations | | 2.30 TWD | | 2.00 TWD | |
| 9850 | Diluted earnings per share (loss) | 34 | | | | |
| 9810 | Net income (loss) of continuing operations | | 2.30 TWD | | 1.99 TWD | |

(The notes attached are part of the consolidated financial report.)

Chairperson: Yi-Ching Wu

Manager: Ching-tien Wu

Accounting manager: Jasom Chou

Taiwan Styrene Monomer Corporation and Its Subsidiaries

Consolidated Statement of Stockholders Equity

From Jan. 1 to Dec. 31, 2018 and from Jan. 1 to Dec. 31, 2017

Unit: NT\$ 1,000

| Item | The equity belongs to the owner of the parent company | | | | | | | | Total | Non-controlling equity | Total of equity |
|---|---|-----------------|-----------------------|-------------------------|-------------------|--|--|---|--------------|------------------------|-----------------|
| | Stock capital | Capital reserve | Retained earnings | | | Other equity items | | | | | |
| | | | Legal surplus reserve | Special surplus reserve | Retained earnings | Exchange differences on translating the financial statements of foreign operations | Unrealized gain or loss of available-for-sale financial assets | Unrealized gain or loss of Return payment for shares due to capital reduction of financial assets measured at fair value through other comprehensive income | | | |
| Balance on Jan. 1, 2017 | \$ 5,278,698 | \$ 70,339 | \$ 167,155 | \$ 284,751 | \$ 1,531,537 | \$ 8,967 | \$ (158,080) | \$ - | \$ 7,183,367 | \$ 366,766 | \$ 7,550,133 |
| Legal reserves | - | - | 140,311 | - | (140,311) | - | - | - | - | - | - |
| Common stock cash dividends | - | - | - | - | (1,161,314) | - | - | - | (1,161,314) | - | (1,161,314) |
| Special capital reserve allowance | - | - | - | (126,828) | 126,828 | - | - | - | - | - | - |
| Change in shares of profit (loss) of the affiliates accounted for using equity method | - | 357 | - | - | (5,655) | - | - | - | (5,298) | - | (5,298) |
| Total consolidated profit and loss | - | - | - | - | 1,055,749 | - | - | - | 1,055,749 | (71,156) | 984,593 |
| Other comprehensive income | - | - | - | - | (28,664) | (12,721) | 259,345 | - | 217,960 | (3,347) | 214,613 |
| Total of comprehensive income | - | - | - | - | 1,027,085 | (12,721) | 259,345 | - | 1,273,709 | (74,503) | 1,199,206 |
| Difference between the share prices and book values of actually acquired or disposed subsidiaries | - | (296) | - | - | - | - | - | - | (296) | 296 | - |
| Change in the equity of the ownership of subsidiaries | - | (2,258) | - | - | - | - | - | - | (2,258) | 2,258 | - |
| Increase or decrease of non-controlling interests | - | - | - | - | - | - | - | - | - | (10,486) | (10,486) |
| Other | - | - | - | - | 21 | - | - | - | 21 | - | 21 |
| Balance on Dec. 31, 2017 | 5,278,698 | 68,142 | 307,466 | 157,923 | 1,378,191 | (3,754) | 101,265 | - | 7,287,931 | 284,331 | 7,572,262 |
| Amount affected by retrospective applications and re-classification | - | - | - | - | 281,392 | - | (101,265) | - | (190,286) | 23 | (10,136) |
| Balance after adjustment on Jan. 1, 2018 | 5,278,698 | 68,142 | 307,466 | 157,923 | 1,659,583 | (3,754) | - | (190,286) | 7,277,722 | 284,354 | 7,562,126 |
| Legal reserves | - | - | 102,143 | - | (102,143) | - | - | - | - | - | - |
| Common stock cash dividends | - | - | - | - | (844,592) | - | - | - | (844,592) | - | (844,592) |
| Special capital reserve allowance | - | - | - | (149,112) | 149,112 | - | - | - | - | - | - |
| Change in the affiliates and joint-ventures recognized using equity method | - | (1,073) | - | - | 1,272 | - | - | - | 199 | - | 199 |
| Net income | - | - | - | - | 1,216,401 | - | - | - | 1,216,401 | (29,607) | 1,186,794 |
| Other comprehensive income | - | - | - | - | (17,647) | 1,456 | - | (198,937) | (179,834) | (652) | (180,486) |
| Total of comprehensive income | - | - | - | - | 1,234,048 | 1,456 | - | (198,937) | 1,036,567 | (30,259) | 1,006,308 |
| Difference between the share prices and book values of actually acquired or disposed subsidiaries | - | (6,654) | - | - | - | - | - | - | (6,654) | - | (6,654) |
| Disposal of equity instruments measured at fair value through other comprehensive income | - | - | - | - | 30,336 | - | - | (30,336) | - | - | - |
| Other | - | - | - | - | 27 | - | - | - | 27 | - | 27 |
| Balance on Dec. 31, 2018 | \$ 5,278,698 | \$ 60,415 | \$ 409,609 | \$ 8,811 | \$ 2,127,643 | \$ (2,298) | \$ - | \$ (419,559) | \$ 7,463,319 | \$ 254,095 | \$ 7,717,414 |

(The notes attached are part of the consolidated financial report.)

Chairperson: Yi-Ching Wu

Manager: Ching-tien Wu

Accounting manager: Jasom Chou

Taiwan Styrene Monomer Corporation and Its Subsidiaries

Consolidated Statement of Cash Flows

From Jan. 1 to Dec. 31, 2018 and from Jan. 1 to Dec. 31, 2017

Unit: NT\$ 1,000

| Item | 2018 | 2017 |
|--|--------------|--------------|
| | Amount | Amount |
| Net cash flow from operating activities: | | |
| Net profit before tax (net loss) | \$ 1,547,665 | \$ 1,246,138 |
| Items of adjustment: | | |
| Depreciation expense | 266,527 | 285,909 |
| Amortization fee | 78,876 | 85,484 |
| Expected credit impairment loss | 229 | - |
| Bad debt expenses recognized as income | - | 65 |
| Net loss (income) of financial assets and liabilities measured at FVPL | 83,736 | 5,811 |
| Interest expense | 18,516 | 28,823 |
| Interest income | (7,514) | (3,346) |
| Dividend income | (11,554) | (11,070) |
| Shares of loss (profit) of the affiliates accounted for using equity method | (39,280) | (16,729) |
| Loss (profit) on the disposal of Property, Plant and Equipment | (2,048) | 388 |
| Amount of Property, Plant and Equipment listed as expenses | - | 34,849 |
| Loss (profit) on the disposal of investment property | (7,440) | - |
| Gain on disposal of investment | 21,204 | (6,388) |
| Impairment loss of financial assets | - | 29,856 |
| Reversal of impairment loss of financial assets | (19,834) | - |
| Loss which does not belong to the impairment loss of financial assets | 3,858 | 86,305 |
| Losses on inventory price falling, retirement and obsolescence loss (gain from price recovery) | 29,238 | 12,515 |
| Other items | (10,116) | 13,689 |
| Change in assets/liabilities related to operating activities | | |
| Decrease (increase) of financial assets held for transactions | - | (68,120) |
| Increase/decrease of financial assets forced to be measured at Fair Value through Profit or Loss | 69,593 | - |
| Decrease (increase) in notes receivable | 2,286 | (1,743) |
| Decrease (increase) in accounts receivable | 381,928 | (313,418) |
| Decrease (increase) in construction contract accounts receivable | 2,935 | 12,180 |
| Decrease (increase) in other accounts receivable | (18,839) | 8,102 |
| Decrease (increase) in inventory | (86,730) | (144,301) |
| Decrease (increase) in payments in advance | 591,392 | 56,925 |
| Decrease (increase) in other current assets | 1,012 | (311) |
| Decrease (increase) in other financial assets | 21,786 | (5,505) |
| Decrease (increase) in contract liabilities | 128,851 | - |
| Decrease (increase) in notes payable | (12,499) | 643 |
| Decrease (increase) in accounts payable | 87,724 | (600,545) |
| Decrease (increase) in construction contract accounts payable | - | (28) |
| Other decrease (increase) in accounts payable | 52,277 | (85,343) |
| Increase (decrease) in Advance Receipts | (45,867) | (3,986) |
| Increase (decrease) in other current liabilities | (1,440) | (5,490) |
| Increase (decrease) in increase in net defined benefit liability | 2,137 | 2,049 |
| Cash inflow (outflow) generated by operating activities | 3,128,609 | 643,408 |
| Interests received | 8,099 | 3,424 |
| Dividend received | 2,618 | - |
| Paid interests | (19,665) | (29,131) |
| Paid dividends | (162) | (145) |
| Income tax returned (paid) | (309,370) | (227,841) |
| Net cash inflow (outflow) from operating activities | 2,810,129 | 389,715 |

Taiwan Styrene Monomer Corporation and Its Subsidiaries
Consolidated Statement of Cash Flows (continued)
From Jan. 1 to Dec. 31, 2018 and from Jan. 1 to Dec. 31, 2017
Unit: NT\$ 1,000

| Item | 2018 | 2017 |
|--|--------------|--------------|
| | Amount | Amount |
| Net cash flow in investing activities: | | |
| Acquisition of available-for-sale financial assets | \$ – | \$ (268,540) |
| Disposal of available-for-sale financial assets | – | 234,513 |
| Disposal of Financial Assets Carried at Cost | – | 1,188 |
| Payment for shares returned due to capital reduction of Financial Assets Carried at Cost | – | 3,740 |
| Acquired financial assets measured at fair value through other comprehensive income | (215) | – |
| Disposal of financial assets measured at fair value through other comprehensive income | 16,262 | – |
| Returned payment for shares due to capital reduction of financial assets measured at fair value through other comprehensive income | 6,273 | – |
| Returned payment for shares due to capital reduction of the invested company accounted for using equity method | – | 39,506 |
| Acquisition of real estate, plant and equipment | (200,158) | (150,468) |
| Disposition of real estate, plant and equipment | 2,175 | 36 |
| Decrease (increase) in refundable deposits | 38,997 | (1,838) |
| Decrease (increase) in other accounts receivable | – | 51,441 |
| Other accounts receivable–decrease (increase) of related parties | (4,934) | – |
| Acquisition of intangible assets | (1,905) | (5,829) |
| Acquisition of investment property | – | (248) |
| Disposal of investment property | 89,321 | – |
| Prepayment for equipment (increase) | (14,268) | (14,595) |
| Other payments in advance (increase) | (5,553) | (5,032) |
| Dividend received | 1,054 | 11,070 |
| Decease (increase) of other investing activities | (1,553) | (22,402) |
| Net cash outflow in investing activities | (74,504) | (127,458) |
| Cash flows in fundraising activities: | | |
| Increase (decrease) in short-term loans | (50,120) | 25,000 |
| Long-term loan repayment | (754,299) | (275,033) |
| Increase (decrease) in guarantee deposits | 1,120 | 7,333 |
| Other accounts payable–Increase (decrease) in related parties | – | (16,125) |
| Increase in other non-current liabilities | 190 | 1,334 |
| Issuance of cash dividends | (844,592) | (1,161,314) |
| Acquisition of the shares of subsidiaries | – | (12,492) |
| Change in non-controlling interest | – | 2,006 |
| Other financing activities | 27 | 21 |
| Net cash inflow (outflow) in financing activities | (1,647,674) | (1,429,270) |
| Impact of change in exchange rate on cash and cash equivalents | (841) | (2,598) |
| Increase (decrease) of cash and cash equivalents | 1,087,110 | (1,169,611) |
| Balance of cash and cash equivalents at the beginning of the term | 1,030,344 | 2,199,955 |
| Balance of cash and cash equivalents at the end of the term | 2,117,454 | 1,030,344 |
| Bank overdraft | 5,506 | – |
| Cash and cash equivalents recognized in Consolidated Statement of Financial Position | \$ 2,122,960 | \$ 1,030,344 |

(The notes attached are part of the consolidated financial report.)

Chairperson: Yi-Ching Wu

Manager: Ching-tien Wu

Accounting manager: Jasom Chou

Attachement 5

Taiwan Styrene Monomer Corporation Disposition of Net Earnings 2018

| Item | Amount | Unit: NT\$ |
|---|---------------|------------|
| Retained earnings to be distributed at the beginning of the term | 580,568,607 | |
| Amount affected by retained earnings accounted for using IFRSs9 | 281,392,499 | |
| Plus: Income after tax | 1,216,400,943 | |
| Other comprehensive income (actuarial gains and losses on defined benefit plan) | 17,646,616 | |
| Change in affiliates and joint ventures accounted for using equity method | 1,271,600 | |
| Disposal of financial assets measured at FVOCI | 30,336,532 | |
| Cash dividends on returned payment for odd lots | 26,377 | |
| Total of distributable earnings | 2,127,643,174 | |
| Legal reserves | (121,640,094) | |
| Recognized special capital reserve | (421,857,342) | |
| Deduction: distribution items | | |
| Shareholder bonus (Cash dividends 2 TWD per share) | 1,055,739,528 | |
| Retained earnings to be distributed at the end of the term | 528,406,210 | |

Note: 1. The smallest cash dividend shall be 1 TWD. The total of odd lots of which the dividends are respectively less than 1 TWD will be returned to retained earnings.

2. According to the provision of Chin-Kuan-Cheng-Fa-Tzu No. 1010012865, after you start to prepare financial statements with the adoption of International Financial Reporting Standards, you shall recognize a special capital reserve from the income and retained earnings to be distributed with the same amount as the net value of the deduction items of other recognized shareholder's equity generated in the fiscal year (e.g. the accumulated amount of exchange differences on translating the financial statements of foreign operations, unrealized gain or loss on available-for-sale financial assets, gain or loss on hedge instruments which are effective in cash flow hedges). For the deduction amount of other shareholders' equity accumulated in the last term, you shall recognize the same amount of special capital reserve without distribution from the distributable retained earnings in the last term. However, for a company that has recognized the special capital reserve following the former paragraph, it shall further draw a supplementary special capital reserve which equals to the difference between its recognized amount and the net value of the deduction items of other equity. Later when the balance of other shareholders' equity deduction items can be reversed, earnings can thus be distributed based on the part of reversal.

Chairperson: Wen-Yuan Lin

Manager: Pao Chen

Accounting manager: Jason Chou

Attachement 6

Taiwan Styrene Monomer Corporation Procedures for Acquisition or Disposal of Assets

Proposed on Jan.9,2019 at Board Meeting

| Article | Original | Amendment | Reason |
|---------|---|---|---|
| 2 | <p>Applicable Scope of Assets:</p> <p>(1) Investments in stocks, government bonds, corporate bonds, financial bonds, securities representing interest in a fund, depositary receipts, call (put) warrants, beneficial interest securities, asset-backed securities, etc.</p> <p>(2) Real property (including land, houses and buildings, investment properties, rights to use land, and inventories of construction enterprises) and equipment.</p> | <p>Applicable Scope of Assets:</p> <p>(1) Investments in stocks, government bonds, corporate bonds, financial bonds, securities representing interest in a fund, depositary receipts, call (put) warrants, beneficial interest securities, asset-backed securities, etc.</p> <p>(2) Real property (including land, houses and buildings, investment properties, rights to use land, and inventories of construction enterprises) and equipment.</p> | <p>1. Rephrase the phrasing regarding the assets of the right to use acquired by relevant person and included in the specification for the evaluation of the cost of the lower transaction price according to IFFSs no.16.</p> <p>2. Move paragraph 5-7 to 6-8.</p> |

| | | | |
|---|--|--|---|
| | <p>(3) Memberships.</p> <p>(4) Patents, copyrights, trademarks, franchise rights, and other intangible assets.</p> <p>(5) Derivatives.</p> <p>(6) Assets acquired or disposed of in connection with mergers, demergers, acquisitions, or transfer of shares in accordance with the applicable laws, rules, and regulations.</p> <p>(7) Other major assets.</p> | <p>(3) Memberships.</p> <p>(4) Patents, copyrights, trademarks, franchise rights, and other intangible assets.</p> <p>(5) Right of use</p> <p>(6) Derivatives.</p> <p>(7) Assets acquired or disposed of in connection with mergers, demergers, acquisitions, or transfer of shares in accordance with the applicable laws, rules, and regulations.</p> <p>(8) Other major assets.</p> | |
| 3 | <p>Terms used in the Regulations are defined as follows:</p> <p>(1) Derivatives: Forward contracts, options contracts, futures contracts, leverage contracts, and swap contracts, and compound contracts combining the above products, whose value is derived from assets,</p> | <p>Terms used in the Regulations are defined as follows:</p> <p>(1) Derivatives: Forward contracts, options contracts, futures contracts, leverage contracts, and swap contracts, and compound contracts combining the above products, whose value is derived from assets,</p> | <p>1. Revise the phrasing according to the regulation IFRSs no.9.</p> <p>2. According to the amendment of Company Act issued on Aug.1, 2018 and enforced on Nov.1, 2018. The article item of 156-8 is</p> |

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| | <p>interest rates, foreign exchange rates, indexes or other interests. 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.</p> <p>(2) Assets acquired or disposed through mergers, demergers, acquisitions, or transfer of shares in accordance with law: Refers to assets acquired or disposed through mergers, demergers, or acquisitions conducted under the Business Mergers and Acquisitions Act, Financial Holding Company Act, Financial Institution Merger Act and other acts,</p> | <p>interest rates, product value, instrument value, foreign exchange rates. 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.</p> <p>(2) Assets acquired or disposed through mergers, demergers, acquisitions, or transfer of shares in accordance with law: Refers to assets acquired or disposed through mergers, demergers, or acquisitions conducted under the Business Mergers and Acquisitions Act, Financial Holding Company Act, Financial Institution Merger Act and</p> | <p>amended as 156-3.</p> <p>3. Considering the business of Futures merchants, securities investment trusts and securities investment consultants who operate proprietary business, they may invest in securities based on the need for risk aversion or the use of their own funds, often by buying and selling securities, and invoking it into the scope of investment as a professional; the rule no. 0920001151 issued by MOF on Mar.21, 2003 was</p> |
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| | <p>or to transfer of shares from another company through issuance of new shares of its own as the consideration therefor (hereinafter "transfer of shares") under Article 156, paragraph 8 of the Company Act.</p> <p>(3) Related party and subsidiaries: As defined in the Regulations Governing the Preparation of Financial Reports by Securities Issuers.</p> <p>(4) Professional appraiser: Refers to a real property appraiser or other person duly authorized by law to engage in the value appraisal of real property or equipment.</p> <p>(5) Date of occurrence: Refers to the date of contract signing, date of payment, date of</p> | <p>other acts, or to transfer of shares from another company through issuance of new shares of its own as the consideration therefor (hereinafter "transfer of shares") under Article 156, paragraph 3 of the Company Act.</p> <p>(3) Related party and subsidiaries: As defined in the Regulations Governing the Preparation of Financial Reports by Securities Issuers.</p> <p>(4) Professional appraiser: Refers to a real property appraiser or other person duly authorized by law to engage in the value appraisal of real property or equipment.</p> <p>(5) Date of occurrence: Refers to the date of contract signing, date</p> | <p>followed and the regulation of foreign structural commodity dealing institution was included.</p> <p>4. In order to clearly define the domestic and foreign stock exchanges and securities business premises, to facilitate the company to follow, the article takes into view the securities merchants entrusted with the sale of foreign securities rules 5 and securities commercial premises trading securities</p> |
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| | <p>Reg No 289175 2 consignment trade, date of transfer, dates of boards of directors resolutions, or another date that can confirm the counterparty and monetary amount of the transaction, whichever date is the earliest, provided that, for investment for which approval of the competent authority is required, the earlier of the above date or the date of receipt of approval by the competent authority shall apply.</p> <p>(6) Mainland China area investment: Refers to investments in the mainland China area approved by the Ministry of Economic Affairs Investment Commission or conducted in accordance with the provisions of the</p> | <p>of payment, date of Reg No 289175 2 consignment trade, date of transfer, dates of boards of directors resolutions, or another date that can confirm the counterparty and monetary amount of the transaction, whichever date is the earliest, provided that, for investment for which approval of the competent authority is required, the earlier of the above date or the date of receipt of approval by the competent authority shall apply.</p> <p>(6) Mainland China area investment: Refers to investments in the mainland China area approved by the Ministry of Economic Affairs Investment Commission or conducted in accordance with</p> | <p>management measures of the second provisions, the scope of the stock exchange at home and abroad and securities dealers business premises.</p> |
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| | <p>Regulations Governing Permission for Investment or Technical Cooperation in the Mainland Area.</p> | <p>the provisions of the Regulations Governing Permission for Investment or Technical Cooperation in the Mainland Area.</p> <p><u>(7) Stock Exchange:</u> <u>A domestic stock exchange means a Taiwan Stock Exchange Limited Company; A foreign stock exchange means any securities trading market organized by the competent securities authority of that country.</u></p> <p><u>(8) Securities Merchants Business premises: Domestic securities dealers business premises, refers to the securities Merchants business premises trading Securities management measures to provide</u></p> | |
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| | | <p><u>for securities dealers dedicated counters to carry out transactions; foreign securities dealers business premises, refers to the foreign securities authorities managed and can operate securities business of the financial institutions business premises.</u></p> | |
| 4 | <p>(1) Where the Company acquires or disposes of investment in securities or engages in derivative trading, the accounting department shall analyze its related benefits and assess its potential risks. As regards the acquisition or disposal of real estate and other assets, each unit Appraisal Procedures shall draw up a capital</p> | <p>(1) Where the Company acquires or disposes of investment in securities or engages in derivative trading, the accounting department shall analyze its related benefits and assess its potential risks. As regards the acquisition or disposal of real estate and other assets, each unit shall draw up a capital expenditure plan in advance</p> | <p>1. The government referred in the article means Taiwan government. The transaction wit the government is highly regulated and free from manipulation. The article is not to exempt the transaction</p> |

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| | <p>expenditure plan in advance and carry out the feasibility evaluation on the purpose of acquisition or disposal and the expected benefits. In the case of acquiring real estate from related parties, the reasonableness of the transaction terms shall be appraised in accordance with the provisions of Chapter 2 hereof.</p> <p>(2) When acquiring or disposing of securities, the Company shall, prior to the date of occurrence of the event, obtain financial statements of the issuing company for the most recent period, certified or reviewed by a certified public accountant, for reference in appraising the</p> | <p>Appraisal Procedures and carry out the feasibility evaluation on the purpose of acquisition or disposal and the expected benefits. In the case of acquiring real estate from related parties, the reasonableness of the transaction terms shall be appraised in accordance with the provisions of Chapter 2 hereof.</p> <p>(2) When acquiring or disposing of securities, the Company shall, prior to the date of occurrence of the event, obtain financial statements of the issuing company for the most recent period, certified or reviewed by a certified public accountant, for reference in appraising the transaction price,</p> | <p>with foreign government for the related mechanism is not clear.</p> <p>2. Rephrase the phrasing regarding the assets of the right to use acquired by relevant person and included in the specification for the evaluation of the cost of the lower transaction price according to IFFSs no.16.</p> <p>3. Correct phrasing.</p> |
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| | <p>transaction price, and if the dollar amount of the transaction reaches 20 percent of the Company's paid-in capital or NT\$300 million or more, the Company shall additionally engage a certified public accountant prior to the date of occurrence of the event to provide an opinion regarding the reasonableness of the transaction price. If the certified public accountant needs to use the report of an expert as evidence, the certified public accountant shall do so in accordance with the provisions of Statement of Auditing Standards No. 20 published by the ARDF. This requirement does not apply, however, to publicly quoted prices of securities</p> | <p>and if the dollar amount of the transaction reaches 20 percent of the Company's paid-in capital or NT\$300 million or more, the Company shall additionally engage a certified public accountant prior to the date of occurrence of the event to provide an opinion regarding the reasonableness of the transaction price. If the certified public accountant needs to use the report of an expert as evidence, the certified public accountant shall do so in accordance with the provisions of Statement of Auditing Standards No. 20 published by the ARDF. This requirement does not apply, however, to publicly quoted prices of securities</p> | |
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| | <p>that have an active market, or where otherwise provided by regulations of then authority in charge.</p> <p>(3) Where the Company acquires or disposes of intangible assets and the transaction amount reaches 20% or more of the paid-in capital or NT\$300,000,000 or more, except in transactions with a 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 Statement of Auditing Standards No. 20 published by the ARDF.</p> <p>(4) The transaction amounts referred to in the preceding</p> | <p>that have an active market, or where otherwise provided by regulations of then authority in charge.</p> <p>(3) Where the Company acquires or disposes of membership or intangible assets and the transaction amount reaches 20% or more of the paid-in capital or NT\$300,000,000 or more, except in transactions with a 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 Statement of Auditing Standards No. 20 published by the ARDF.</p> <p>(4) The transaction amounts referred</p> | |
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| | <p>three articles shall be calculated in accordance with paragraph 2 of Article 30 herein, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the transaction. The amounts due to professional appraisers for the appraisal report and CPA for the CPA's opinions can be excluded from the calculation.</p> <p>(5) The Company that conducts a merger, demerger, acquisition, or transfer of shares, prior to convening the board of directors to resolve on the matter, shall engage a CPA, attorney, or securities underwriter to give an opinion on the reasonableness of the share exchange</p> | <p>to in the preceding three articles shall be calculated in accordance with paragraph 2 of Article 30 herein, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the transaction. The amounts due to professional appraisers for the appraisal report and CPA for the CPA's opinions can be excluded from the calculation.</p> <p>(5) The Company that conducts a merger, demerger, acquisition, or transfer of shares, prior to convening the board of directors to resolve on the matter, shall engage a CPA, attorney, or securities underwriter to give an opinion on the reasonableness</p> | |
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| | <p>ratio, acquisition price, or distribution of cash or other property to shareholders, and submit it to the board of directors for deliberation and passage.</p> <p>(6) In addition to taking into account the opinions of professional appraisers, CPAs and other relevant experts in accordance with the aforementioned provisions, the method and reference basis for determining the price of assets acquired or disposed of by the Company shall be handled in accordance with the following circumstances:</p> <p>a. The securities transacted on a centralized exchange market or OTC market, the prices shall be decided by</p> | <p>of the share exchange ratio, acquisition price, or distribution of cash or other property to shareholders, and submit it to the board of directors for deliberation and passage.</p> <p>(6) In addition to taking into account the opinions of professional appraisers, CPAs and other relevant experts in accordance with the aforementioned provisions, the method and reference basis for determining the price of assets acquired or disposed of by the Company shall be handled in accordance with the following circumstances:</p> <p>a. The securities transacted on a centralized exchange market or OTC market, the prices</p> | |
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| | <p>the listed price or market price at the time of transaction.</p> <p>b. The securities not transacted on a centralized exchange market or OTC market, the price decision shall refer to financial statements of the issuing company for the most recent period, certified or reviewed by a certified public accountant.</p> <p>c. The acquisition or disposal of memberships shall consider the benefits to be derived therefrom, with reference to the latest transaction price at that time. The acquisition or disposal of patent right, copyright, trademark right, franchise and other intangible assets shall refer to the international or</p> | <p>shall be decided by the listed price or market price at the time of transaction.</p> <p>b. The securities not transacted on a centralized exchange market or OTC market, the price decision shall refer to financial statements of the issuing company for the most recent period, certified or reviewed by a certified public accountant.</p> <p>c. The acquisition or disposal of memberships shall consider the benefits to be derived therefrom, with reference to the latest transaction price at that time. The acquisition or disposal of patent right, copyright, trademark right, franchise and other intangible assets shall refer to the</p> | |
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| | <p>market practices, the serviceable life and the impact on the Company's technology and business.</p> <p>d. The acquisition or disposal of real estate and other fixed assets shall refer to the publicly announced current value, appraised current value, the actual transaction price or book value of the adjacent real estate and the supplier's quotation. In the case of the purchase of real property from a related party, a calculation shall be made using the method prescribed in Chapter 2 hereof to evaluate whether the transaction price is reasonable.</p> <p>e. Derivatives trading shall take into account futures market trading</p> | <p>international or market practices, the serviceable life and the impact on the Company's technology and business.</p> <p>d. The acquisition or disposal of real estate and other fixed assets shall refer to the publicly announced current value, appraised current value, the actual transaction price or book value of the adjacent real estate and the supplier's quotation. In the case of the purchase of real property from a related party, a calculation shall be made using the method prescribed in Chapter 2 hereof to evaluate whether the transaction price is reasonable.</p> <p>e. Derivatives trading shall take into account futures</p> | |
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| | <p>conditions, exchange rates, and interest rate trends.</p> <p>f. zThe nature of business, net value per share, asset value, technology and profitability, productivity and future growth potential should be taken into account when conducting a merger, demerger, acquisition, or transfer of shares.</p> | <p>market trading conditions, exchange rates, and interest rate trends.</p> <p>f. zThe nature of business, net value per share, asset value, technology and profitability, productivity and future growth potential should be taken into account when conducting a merger, demerger, acquisition, or transfer of shares.</p> | |
| 5 | <p>Operating Procedures:</p> <p>(1) The degree of authority delegated and the levels to which authority is delegated</p> <p>a. Securities: The board of directors may authorize the chairman to approve the amount of a single or cumulative transaction of NT\$10 million or less in advance and subsequently report</p> | <p>Operating Procedures:</p> <p>(1) The degree of authority delegated and the levels to which authority is delegated</p> <p>a. Securities: The board of directors may authorize the chairman to approve the amount of a single or cumulative transaction of NT\$10 million or less in advance and subsequently report</p> | <p>2. Delete the text of supervisor according to the resolution of 14th board meeting on the establishment of auditor committee.</p> <p>2. Correct punctuation.</p> |

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| | <p>it at the latest board meeting. A single sum or accumulative sum exceeding NT\$10 million shall be submitted to the board of directors for approval and recognized by the supervisors. However, the acquisition or disposal of stocks, corporate bonds or privately placed securities that are not traded in the centralized securities exchange market or OTC market shall be subject to the resolution of the board of directors. In addition, investment in China shall be carried out by the chairmen with the consent of the board of directors or authorized by the board of directors, and shall be approved by the Investment</p> | <p>it at the latest board meeting. A single sum or accumulative sum exceeding NT\$10 million shall be submitted to the board of directors for approval and recognized by the supervisors. However, the acquisition or disposal of stocks, corporate bonds or privately placed securities that are not traded in the centralized securities exchange market or OTC market shall be subject to the resolution of the board of directors. In addition, investment in China shall be carried out by the chairmen with the consent of the board of directors or authorized by the board of directors, and shall be approved by the Investment</p> | |
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| | <p>Board of the Ministry of Economic Affairs.</p> <p>b. Derivatives trading</p> <p>(a) Hedge trades: According to the change of turnover and risk position of the Company, a person designated by the chairman may conduct transactions in a single or cumulative transaction of less than USD\$3 million (including equivalent currencies). For USD\$3 million or more, it shall be submitted to the chairman for approval before proceeding with the transaction.</p> <p>(b) Non-hedge trades: To reduce risk, a single or a cumulative transaction of less than USD\$1</p> | <p>Board of the Ministry of Economic Affairs.</p> <p>b. Derivatives trading</p> <p>(a) Hedge trades: According to the change of turnover and risk position of the Company, a person designated by the chairman may conduct transactions in a single or cumulative transaction of less than USD\$3 million (including equivalent currencies). For USD\$3 million or more, it shall be submitted to the chairman for approval before proceeding with the transaction.</p> <p>(b) Non-hedge trades: To reduce risk, a single or a cumulative transaction of less than USD\$1</p> | |
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| | <p>million (including equivalent currencies) shall be submitted to the chairman for approval, while that with USD\$1 million or more shall be approved by the board of directors before relevant transactions can be carried out.</p> <p>(c) In order for the authorization from the Company to cooperate with the bank's supervision and management, the authorized trader must inform the bank.</p> <p>(d) Derivatives trading under the aforementioned authorization shall be reported to the board of directors afterwards.</p> | <p>million (including equivalent currencies) shall be submitted to the chairman for approval, while that with USD\$1 million or more shall be approved by the board of directors before relevant transactions can be carried out.</p> <p>(c) In order for the authorization from the Company to cooperate with the bank's supervision and management, the authorized trader must inform the bank.</p> <p>(d) Derivatives trading under the aforementioned authorization shall be reported to the board of directors afterwards.</p> | |
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| | <p>c. Where the Company acquires real property from a related party, relevant information shall be prepared in accordance with the provisions of Chapter 2 hereof and shall be submitted to the board of directors for approval and recognized by the supervisors.</p> <p>d. Merger, demerger, acquisition, or transfer of shares: Relevant procedures and materials shall be prepared in accordance with Chapter 4 hereof, in which mergers, demergers and acquisitions are subject to the adoption of a resolution by the shareholders' meeting. Provided, where a provision of another act exempts a company from convening a</p> | <p>c. Where the Company acquires real property from a related party, relevant information shall be prepared in accordance with the provisions of Chapter 2 hereof and shall be submitted to the board of directors for approval and recognized by the supervisors.</p> <p>d. Merger, demerger, acquisition, or transfer of shares: Relevant procedures and materials shall be prepared in accordance with Chapter 4 hereof, in which mergers, demergers and acquisitions are subject to the adoption of a resolution by the shareholders' meeting. Provided, where a provision of another act exempts a company from convening a</p> | |
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| | <p>shareholders meeting to approve the merger, demerger, or acquisition, this restriction shall not apply. In addition, the transfer of shares shall be approved by the board of directors.</p> <p>e. Other: It shall be handled in accordance with the operating procedures prescribed by the internal control system and the decision-making authority. If the transaction amount reaches the public announcement and report standard set forth in Article 5, it shall be approved by the board of directors first. In case of any circumstance as set forth under Article 185 of the Company Act, it shall be adopted by a resolution of</p> | <p>shareholders meeting to approve the merger, demerger, or acquisition, this restriction shall not apply. In addition, the transfer of shares shall be approved by the board of directors.</p> <p>e. Other: It shall be handled in accordance with the operating procedures prescribed by the internal control system and the decision-making authority. If the transaction amount reaches the public announcement and report standard set forth in Article 5, it shall be approved by the board of directors first. In case of any circumstance as set forth under Article 185 of the Company Act, it shall be adopted by a resolution of</p> | |
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| | <p>the shareholders' meeting.</p> <p>(2) The units responsible for implementation, and transaction process The Company's units responsible for implementation of investment in long- and short-term securities and derivatives trading are the accounting department and personnel designated by the chairman, and are subject to the provisions of Chapter 3 hereof. The units responsible for implementation of real property and other assets are the use departments and responsible departments. The Company acquiring real property from a related party shall be subject to the provisions of Chapter 2 hereof.</p> | <p>the shareholders' meeting.</p> <p>(2) The units responsible for implementation, and transaction process The Company's units responsible for implementation of investment in long- and short-term securities and derivatives trading are the accounting department and personnel designated by the chairman, and are subject to the provisions of Chapter 3 hereof. The units responsible for implementation of real property and other assets are the use departments and responsible departments. The Company acquiring real property from a related party shall be subject to the provisions of Chapter 2 hereof.</p> | |
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| | <p>The unit in charge of mergers, demergers, acquisition, or transfers of shares is appointed by the chairman and governed by the provisions of Chapter 4 hereof.</p> <p>After the acquisition or disposal of assets is appraised and approved in accordance with the regulations, the unit in charge shall carry out the transaction process such as contracting, receipt and payment, delivery and acceptance, and shall follow the operation procedures related to the internal control system according to the nature of the assets.</p> | <p>The unit in charge of mergers, demergers, acquisition, or transfers of shares is appointed by the chairman and governed by the provisions of Chapter 4 hereof.</p> <p>After the acquisition or disposal of assets is appraised and approved in accordance with the regulations, the unit in charge shall carry out the transaction process such as contracting, receipt and payment, delivery and acceptance, and shall follow the operation procedures related to the internal control system according to the nature of the assets.</p> | |
| 6 | <p>Information disclosure: (1) Under any of the following circumstances, the</p> | <p>Information disclosure: (1) Under any of the following circumstances, the</p> | 1. The bods herein refers to domestic government |

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| | <p>Company acquiring or disposing of assets shall publicly announce and report the relevant information on the FSC's designated website in an appropriate format as prescribed by regulations within 2 days commencing immediately from the date of occurrence of the event:</p> <p>a. Acquisition or disposal of real estate from or to a related party, or acquisition or disposal of assets other than real estate from or to a related party where the transaction amount reaches 20% or more of the paid-in capital, or 10% or more of the Company's total assets, or NT\$300,000,000 or more; provided, this shall not apply to trading of</p> | <p>Company acquiring or disposing of assets shall publicly announce and report the relevant information on the FSC's designated website in an appropriate format as prescribed by regulations within 2 days commencing immediately from the date of occurrence of the event:</p> <p>a. Acquisition or disposal of real estate or right of use from or to a related party, or acquisition or disposal of assets other than real estate from or to a related party where the transaction amount reaches 20% or more of the paid-in capital, or 10% or more of the Company's total assets, or NT\$300,000,000 or more; provided, this shall not apply to</p> | <p>bond, which is exempted from the approval of the board and supervisor for with reasonable credit and easy to access. The foreign bond is not applicable. According to IFRSs no.16, the right of use shall be included.</p> <p>2. Rephrase the phrasing regarding the assets of the right to use acquired by relevant person and included in the specification for the evaluation of the cost of the lower transaction price according to IFFSs no.16.</p> |
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| | <p>government bonds or bonds under repurchase and resale agreements, or subscription or redemption of domestic money market funds.</p> <p>b. Merger, spin-off, acquisition, or transfer of shares.</p> <p>c. Losses from derivatives trading reaching the limits of aggregate losses or losses on individual contract set out in the procedures adopted by the Company</p> <p>d. Where equipment or right-of-use assets thereof for business use are acquired or disposed of, and furthermore the transaction counterparty is not a related party, and the transaction amount meets any of the following criteria: (a) For a public company whose</p> | <p>trading of government bonds or bonds under repurchase and resale agreements, or subscription or redemption of domestic money market funds.</p> <p>b. Merger, spin-off, acquisition, or transfer of shares.</p> <p>c. Losses from derivatives trading reaching the limits of aggregate losses or losses on individual contract set out in the procedures adopted by the Company.</p> <p>d. Where equipment or right-of-use assets thereof for business use are acquired or disposed of, and furthermore the transaction counterparty is not a related party, and the transaction amount meets any of the following criteria: (a) For a public</p> | <p>3. The article 1-5 of "Guidelines for the processing of assets acquired or disposed of by the public issuing company" issued by the competent authorities has been declared by the company on behalf of the subsidiary, with the discretion of amendments to the rule of law operation.</p> |
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| | <p>paid-in capital is less than NT\$10 billion, the transaction amount reaches NT\$500 million or more.</p> <p>(b) For a public company whose paid-in capital is NT\$10 billion or more, the transaction amount reaches NT\$1 billion or more.</p> <p>e. Where land is acquired under an arrangement on engaging others to build on the company's own land, engaging others to build on rented land, joint construction and allocation of housing units, joint construction and allocation of ownership percentages, or joint construction and separate sale, and the</p> | <p>company whose paid-in capital is less than NT\$10 billion, the transaction amount reaches NT\$500 million or more.</p> <p>(b) For a public company whose paid-in capital is NT\$10 billion or more, the transaction amount reaches NT\$1 billion or more.</p> <p>e. Where land is acquired under an arrangement on engaging others to build on the company's own land, engaging others to build on rented land, joint construction and allocation of housing units, joint construction and allocation of ownership percentages, or joint construction</p> | |
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| | <p>amount the company expects to invest in the transaction reaches NT\$500 million.</p> <p>f. Any asset transactions other than those referred to in the preceding three subparagraphs, or an investment in the mainland China area with amount reaching 20% or more of the paid-in capital or NT\$300,000,000 or more, excluding the following circumstances:</p> <p>(a) Trading of government bonds.</p> <p>(b) Securities trading by investment management companies on foreign or domestic securities exchanges or over-the-counter markets, or subscription of</p> | <p>and separate sale, and furthermore the transaction counterparty is not a related party, and the amount the company expects to invest in the transaction reaches NT\$500 million.</p> <p>f. Any asset or right of use transactions other than those referred to in the preceding three subparagraphs, or an investment in the mainland China area with amount reaching 20% or more of the paid-in capital or NT\$300,000,000 or more, excluding the following circumstances:</p> <p>(a) Trading of domestic government bonds.</p> <p>(b) Securities trading by investment management companies on foreign or</p> | |
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| | <p>securities by a securities firm, either in the primary market or in accordance with relevant regulations.</p> <p>(2) The Company shall compile monthly reports on its assets acquired or disposed of or derivatives trading reaching the standards for public announcement and report or the status of derivatives trading engaged in up to the end of the preceding month by the Company and any subsidiaries that are not domestic public companies and enter the information in the prescribed format into the information reporting website designated by the FSC by the 10th day of each month.</p> <p>(3) When the Company at the time of public</p> | <p>domestic securities exchanges or over-the-counter markets, or subscription of securities by a securities firm, either in the primary market or in accordance with relevant regulations.</p> <p>(2) The Company shall compile monthly reports on its assets acquired or disposed of or derivatives trading reaching the standards for public announcement and report or the status of derivatives trading engaged in up to the end of the preceding month by the Company and any subsidiaries that are not domestic public companies and enter the information in the prescribed format</p> | |
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| | <p>announcement makes an error or omission in an item required by regulations to be publicly announced and so is required to correct it, all the items shall be again publicly announced and reported in their entirety within two days counting inclusively from the date of knowing of such error or omission.</p> <p>(4) Any disclosure shall be updated within 2 days if the following event occurs:</p> <ul style="list-style-type: none"> a. The contract has been terminated. b. The merger or transfer is not completed on the due date. c. Original disclosure is changed. <p>(If the assets of the subsidiary is below 20% or 10% of the assets of the Company, the paid-in capital amount shall be provided.)</p> | <p>reporting website designated by the FSC by the 10th day of each month.</p> <p>(3) When the Company at the time of public announcement makes an error or omission in an item required by regulations to be publicly announced and so is required to correct it, all the items shall be again publicly announced and reported in their entirety within two days counting inclusively from the date of knowing of such error or omission.</p> <p>(4) Any disclosure shall be updated within 2 days if the following event occurs:</p> <ul style="list-style-type: none"> a. The contract has been terminated. b. The merger or transfer is not completed on the due date. c. Original disclosure is changed. | |
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| | | <p>(If the assets of the subsidiary is below 20% or 10% of the assets of the Company, the paid-in capital amount shall be provided.)</p> <p><u>(5) The company's subsidiary is not a domestic public offering company, the acquisition or disposition of assets should be announced in the case of the Declaration, by the corporation. Subsidiary declaration standards relating to the amount of capital received 20% or the total assets of 10% provisions, based on the company's paid-in capital or total assets shall prevail.</u></p> | |
| 7 | <p>Asset assessment: In acquiring or disposing of real estate or equipment where the transaction amount</p> | <p>Asset assessment: In acquiring or disposing of real estate or right of use or equipment where the transaction amount</p> | <p>1. The government referred in the article means Taiwan</p> |

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| | <p>reaches 20% of the Company's paid-in capital or NT\$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 leased land, or acquiring or disposing of equipment for business use, shall obtain an appraisal report prior to the date of the occurrence of the event from a professional appraiser and shall further comply with the following provisions: The transaction amounts referred to in the preceding three articles shall be calculated in accordance with paragraph 2 of Article 30 herein, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the transaction. The amounts due to professional</p> | <p>reaches 20% of the Company's paid-in capital or NT\$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 leased land, or acquiring or disposing of equipment for business use, shall obtain an appraisal report prior to the date of the occurrence of the event from a professional appraiser and shall further comply with the following provisions: The transaction amounts referred to in the preceding three articles shall be calculated in accordance with paragraph 2 of Article 30 herein, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the transaction. The amounts</p> | <p>government. The transaction with the government is highly regulated and free from manipulation. The article is not to exempt the transaction with foreign government for the related mechanism is not clear. According to IFRSs no.16, include the regulation of right of use in the article. 3. The article removes the text of machine because the "public offering company acquires or disposes of asset handling guidelines" issued by the</p> |
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| | <p>appraisers for the appraisal report and CPA for the CPA's opinions can be excluded from the calculation.</p> <p>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 the CPA opinion.</p> <p>(1) In the event that 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, and the same procedures shall apply to any future changes in the terms and conditions</p> | <p>due to professional appraisers for the appraisal report and CPA for the CPA's opinions can be excluded from the calculation.</p> <p>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 the CPA opinion.</p> <p>(1) In the event that 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, and the same procedures shall apply to any future changes in the</p> | <p>competent authority does not limit the equipment to machinery and equipment.</p> <p>4. Amend the text for compliance.</p> |
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| | <p>of the transaction</p> <p>(2) In the event that the transaction amount is NT\$1 billion or more, appraisals from two or more professional appraisers shall be obtained.</p> <p>(3) Any one of the following circumstances applies with respect to the professional appraisers' appraisal results, unless all the appraisal results for the assets to be acquired are higher than the transaction amount, or the appraisal results for the assets to be disposed of are lower than the transaction amount, a certified public accountant shall be engaged to perform the appraisal in accordance with the provisions of the Statement of Auditing Standards No. 20 published</p> | <p>terms and conditions of the transaction</p> <p>(2) In the event that the transaction amount is NT\$1 billion or more, appraisals from two or more professional appraisers shall be obtained.</p> <p>(3) Any one of the following circumstances applies with respect to the professional appraisers' appraisal results, unless all the appraisal results for the assets to be acquired are higher than the transaction amount, or the appraisal results for the assets to be disposed of are lower than the transaction amount, a certified public accountant shall be engaged to perform the appraisal in accordance with the provisions of the Statement of Auditing Standards</p> | |
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| | <p>by the foundation constituted as a juristic person in Taiwan -- Accounting Research and Development Foundation (ARDF) and render a specific opinion regarding the reasons for the discrepancy and the appropriateness of the transaction price:</p> <p>a. The discrepancy between the appraisal result and the transaction amount is 20% or more of the transaction amount.</p> <p>b. The discrepancy between the appraisal results of two or more professional appraisers is 10% or more of the transaction amount.</p> <p>(4) No more than 3 months may elapse between the date of the appraisal report issued by a professional appraiser and the</p> | <p>No. 20 published by the foundation constituted as a juristic person in Taiwan -- Accounting Research and Development Foundation (ARDF) and render a specific opinion regarding the reasons for the discrepancy and the appropriateness of the transaction price:</p> <p>a. The discrepancy between the appraisal result and the transaction amount is 20% or more of the transaction amount.</p> <p>b. The discrepancy between the appraisal results of two or more professional appraisers is 10% or more of the transaction amount.</p> <p>(4) No more than 3 months may elapse between the date of the appraisal report issued by a professional</p> | |
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| | <p>contract execution date; provided, where the current land value for the same period announced by Ministry of Interior is used and not more than 6 months have elapsed, an opinion may still be issued by the original professional appraiser.</p> | <p>appraiser and the contract execution date; provided, where the current land value for the same period announced by Ministry of Interior is used and not more than 6 months have elapsed, an opinion may still be issued by the original professional appraiser.</p> | |
| 8 | <p>Scope and Amount of Investment In addition to acquiring assets for business use, the Company and its subsidiaries may also invest in non-commercial real property and securities. The limits of their quotas are as follows. In the calculation under subparagraphs 4 and 5, those engaging in the investment and establishment or holding the position of director and intended to be long-</p> | <p>Scope and Amount of Investment In addition to acquiring assets or right of use for business use, the Company and its subsidiaries may also invest in non-commercial real property and securities. The limits of their quotas are as follows. In the calculation under subparagraphs 4 and 5, those engaging in the investment and establishment or holding the position of director or supervisor, and intended</p> | <p>1. Rephrase the phrasing regarding the assets of the right to use acquired by relevant person and included in the specification for the evaluation of the cost of the lower transaction price according to IFFSs no.16.</p> |

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| | <p>term holders may not be included.</p> <p>(1) The total amount of real estate not for business use shall not exceed 30 percent of the net value of the Company's latest financial statements, while its subsidiary shall not exceed 30 percent of the net value of its latest financial statements.</p> <p>(2) The total amount of securities may not exceed 120 percent of the net value of the Company's most recent financial statements. Its subsidiaries may not exceed 120 percent of the net value of its most recent financial statements.</p> <p>(3) The limit for investing in individual securities shall not exceed 60 percent of the net value of the Company's latest</p> | <p>to be long-term holders may not be included.</p> <p>(1) The total amount of real estate not for business use shall not exceed 30 percent of the net value of the Company's latest financial statements, while its subsidiary shall not exceed 30 percent of the net value of its latest financial statements.</p> <p>(2) The total amount of securities may not exceed 120 percent of the net value of the Company's most recent financial statements. Its subsidiaries may not exceed 120 percent of the net value of its most recent financial statements.</p> <p>(3) The limit for investing in individual securities shall not exceed 60 percent of the net value of the Company's latest</p> | <p>2. Delete the text of supervisor according to the resolution of 14th board meeting on the establishment of auditor committee.</p> |
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| | <p>financial statements, and 60 percent of the net value of its subsidiary's latest financial statements.</p> <p>(4) The net investment of the Company and its subsidiaries in a single listed or OTC company shall not exceed 10 percent of the net value of their respective latest financial statements.</p> <p>(5) The total investment and shareholding of the Company and its subsidiaries in a single listed or OTC company shall not exceed 10 percent of the total amount of shares issued by such single listed or OTC company.</p> | <p>financial statements, and 60 percent of the net value of its subsidiary's latest financial statements.</p> <p>(4) The net investment of the Company and its subsidiaries in a single listed or OTC company shall not exceed 10 percent of the net value of their respective latest financial statements.</p> <p>(5) The total investment and shareholding of the Company and its subsidiaries in a single listed or OTC company shall not exceed 10 percent of the total amount of shares issued by such single listed or OTC company.</p> | |
| 9 | <p>Control procedures for the Acquisition and Disposal of Assets by Subsidiaries</p> <p>(1) The subsidiaries of the Company shall also establish and implement the</p> | <p>Control procedures for the Acquisition and Disposal of Assets by Subsidiaries</p> <p>(1) The subsidiaries of the Company shall also establish and implement the</p> | <p>Delete the text of supervisor according to the resolution of 14th board meeting on the establishment of auditor committee.</p> |

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| | <p>"Procedures for the Acquisition or Disposal of Assets," which shall be passed by the board of directors of the subsidiaries, sent to the supervisors (otherwise the process can be waived) and submitted to the shareholders' meeting (approval from only the board meeting is allowed for a sole shareholder) for approval, and the same procedures shall apply whenever subsequent amendments are made.</p> <p>(2) The acquisition or disposal of assets by subsidiaries of the Company shall be governed by the respective provisions of the "internal control system" and the Procedure for the Acquisition or Disposal of Assets.</p> | <p>"Procedures for the Acquisition or Disposal of Assets," which shall be passed by the board of directors of the subsidiaries, sent to the supervisors (otherwise the process can be waived) and submitted to the shareholders' meeting (approval from only the board meeting is allowed for a sole shareholder) for approval, and the same procedures shall apply whenever subsequent amendments are made.</p> <p>(2) The acquisition or disposal of assets by subsidiaries of the Company shall be governed by the respective provisions of the "internal control system" and the Procedure for the Acquisition or Disposal of Assets.</p> | |
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| | <p>They shall notify the Company within the day of occurrence of the event and shall, by the 5th day of each month, submit monthly reports in writing to the Company on where the amount of a single or accumulated transaction of the same nature of assets acquired or disposed of the preceding month reached NT\$10 million or more and on the status of derivatives trading engaged in up to the end of the preceding month.</p> <p>(3) If the subsidiary is not a public company, the Company shall disclose the related information.</p> | <p>They shall notify the Company within the day of occurrence of the event and shall, by the 5th day of each month, submit monthly reports in writing to the Company on where the amount of a single or accumulated transaction of the same nature of assets acquired or disposed of the preceding month reached NT\$10 million or more and on the status of derivatives trading engaged in up to the end of the preceding month.</p> <p>(3) If the subsidiary is not a public company, the Company shall disclose the related information.</p> | |
| 12 | <p>Resolution: When the Company intends to acquire or dispose of real estate</p> | <p>Resolution: When the Company intends to acquire or dispose of real estate</p> | <p>1. The bods herein refers to domestic government</p> |

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| | <p>from or to a related party, or when it intends to acquire or dispose of assets other than real estate from or to a related party and the transaction amount reaches 20% or more of the paid-in capital, 10% or more of the Company's total assets, or NT\$300,000,000 or more, except in the trading of government bonds or bonds under repurchase and resale agreements, or subscription or redemption of domestic money market funds, subject to mutatis mutandis application of paragraphs 2, 3 and 4 of Article 6, the Company may not proceed to enter into a transaction contract or make a payment until the following matters have been approved by the board:</p> <p>(1) The purpose, necessity and estimated benefit of</p> | <p>from or to a related party, or when it intends to acquire or dispose of assets other than real estate from or to a related party and the transaction amount reaches 20% or more of the paid-in capital, 10% or more of the Company's total assets, or NT\$300,000,000 or more, except in the trading of government bonds or bonds under repurchase and resale agreements, or subscription or redemption of domestic money market funds, subject to mutatis mutandis application of paragraphs 2, 3 and 4 of Article 6, the Company may not proceed to enter into a transaction contract or make a payment until the following matters have been approved by more than half of all Audit Committee members, and then submitted to the board of</p> | <p>bond, which is exempted from the approval of the board and supervisor for with reasonable credit and easy to access. The foreign bond is not applicable. According to IFRSs no.16, the right of use shall be included.</p> <p>2. Consider that the company and its mother company, subsidiary, or its subsidiaries directly or indirectly owned by each other may with overall plan of the business and may have collective procurement or leasing for business, the article hereby</p> |
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| | <p>the acquisition or disposal of assets.</p> <p>(2) The reason for choosing the related party as a trading counterparty.</p> <p>(3) With respect to the acquisition of real estate from a related party, information regarding evaluation of the reasonableness of the pre-determined transaction terms in accordance with Articles 15 and 16.</p> <p>(4) The date and price at which the related party originally acquired the real estate, the original trading counterparty, and that trading counterparty's relationship to the Company and the related party.</p> <p>(5) Monthly cash flow forecasts for the year commencing from the anticipated month of signing of the contract, and</p> | <p>directors for a resolution:</p> <p>(1) The purpose, necessity and estimated benefit of the acquisition or disposal of assets.</p> <p>(2) The reason for choosing the related party as a trading counterparty.</p> <p>(3) With respect to the acquisition of real estate from a related party, information regarding evaluation of the reasonableness of the pre-determined transaction terms in accordance with Articles 15 and 16.</p> <p>(4) The date and price at which the related party originally acquired the real estate, the original trading counterparty, and that trading counterparty's relationship to the Company and the related party.</p> <p>(5) Monthly cash flow forecasts for the</p> | <p>simplify the procedure of acquiring the equipment of business and the related acquisition shall be approved by the chairman.</p> <p>3. In accordance with the provisions of article sixth, paragraph 8, of the "Organization of audit Committee of the public offering companies" issued by the FSC, which provides that transactions of major stakeholders are the terms of reference of the Board of Auditors and shall be</p> |
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| | <p>evaluation of the necessity of the transaction, and reasonableness of the funds utilization.</p> <p>(6) An appraisal report from a professional appraiser or a CPA's opinion obtained in compliance with the preceding article.</p> <p>(7) Restrictive covenants and other major terms associated with the transaction.</p> <p>The calculation of the transaction amounts referred to in the preceding paragraph shall be made in accordance with paragraph 2 of Article 30 herein, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the transaction. The amounts approved by the board of directors and ratified by the Audit Committee can be excluded from the calculation.</p> | <p>year commencing from the anticipated month of signing of the contract, and evaluation of the necessity of the transaction, and reasonableness of the funds utilization.</p> <p>(6) An appraisal report from a professional appraiser or a CPA's opinion obtained in compliance with the preceding article.</p> <p>(7) Restrictive covenants and other major terms associated with the transaction.</p> <p>The calculation of the transaction amounts referred to in the preceding paragraph shall be made in accordance with paragraph 2 of Article 30 herein, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the transaction. The amounts</p> | <p>preceded by the approval of the Board of Directors to send a resolution to the board.</p> |
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| | <p>With respect to the acquisition or disposal of business-use equipment between the Company and its subsidiaries, the Company's board of directors may pursuant to subparagraph 3, paragraph 1 of Article 7, delegate the chairman to decide such matters and have the decisions subsequently ratified at the next board of directors meeting.</p> | <p>approved by the board of directors and ratified by the Audit Committee can be excluded from the calculation.</p> <p>With respect to the acquisition or disposal of business-use equipment between the Company and its subsidiaries, the Company's board of directors may pursuant to subparagraph 3, paragraph 1 of Article 7, delegate the chairman to decide such matters and have the decisions subsequently ratified at the next board of directors meeting.</p> <p><u>The company engages in the following transactions between the parent company, the subsidiary, or its subsidiaries that directly or indirectly hold 100% of the issued shares or total capital, and the Board Shall, in accordance with the first paragraph fifth of article fifth, authorize</u></p> | |
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the Chairman to make a firm decision within a certain amount, and then report to the most recent confirmation of the board of Directors:

(1) Acquire or dispose of equipment for business use or the assets for which it is used.

(2) Obtain or dispose of assets used for the use of real estate for business.

The calculation of the amount of the first two transactions shall be governed by the first provision of regulation sixth and, within the said year, by the date on which the facts of the transaction occurred as the basis, a year of retrospective calculation, which has been submitted to the Board of Auditors and the Board of directors through partial exemption in accordance with this operating procedure. When

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| | | reporting on the Board's discussions in accordance with the first provision, full consideration shall be given to the views of the independent directors, who may, if they have objections or reservations, be made clear in the proceedings of the Board of Directors. | |
| 13 | Evaluation of the Reasonableness of Trading Conditions: The Company that acquires real property from a related party shall appraise the reasonableness of transaction costs by taking the following approaches and engage a CPA to check the appraisal and render a specific opinion, except in the following three situations: 1) The related party acquired the real property through inheritance or as a gift; 2) More than 5 years will have elapsed from | Evaluation of the Reasonableness of Trading Conditions: The Company that acquires real property or right of use from a related party shall appraise the reasonableness of transaction costs by taking the following approaches and engage a CPA to check the appraisal and render a specific opinion, except in the following three situations: 1) The related party acquired the real property through inheritance or as a gift; 2) More than 5 years will have elapsed from | 1. Rephrase the phrasing regarding the assets of the right to use acquired by relevant person and included in the specification for the evaluation of the cost of the lower transaction price according to IFFSs no.16. 2. Considering that the public offering |

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| | <p>the time the related party signed the contract to obtain the real property to the signing date for the current transaction; and 3) The real property is acquired through signing of a joint development contract with the related party, or through engaging a related party to build real property, either on the Company's own land or on rented land.</p> <p>(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</p> | <p>the time the related party signed the contract to obtain the real property to the signing date for the current transaction; and 3) The real property is acquired through signing of a joint development contract with the related party, or through engaging a related party to build real property, either on the Company's own land or on rented land.</p> <p>(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</p> | <p>company and its parent company, subsidiary, or its subsidiaries held directly or indirectly by each other, because of the overall planning of the business, have the possibility of co-leasing real estate, re-subletting, and the risk of unconventional transactions involved. The exclusion of such transactions shall be subject to the provisions of this article to assess the reasonableness of transaction costs (the</p> |
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| | <p>industry lending rate announced by the Ministry of Finance.</p> <p>(2) Total loan value appraisal from a financial institution where the related party has previously created a mortgage on the property as security for a loan; provided, the actual cumulative amount loaned by the financial institution shall have been 70% or more of the financial institution's appraised loan value of the property and the period of the loan shall have been 1 year or more. However, this shall not apply where the financial institution is a related party of one of the trading counterparties.</p> <p>(3) Where land and structures thereupon are combined as a single property</p> | <p>industry lending rate announced by the Ministry of Finance.</p> <p>(2) Total loan value appraisal from a financial institution where the related party has previously created a mortgage on the property as security for a loan; provided, the actual cumulative amount loaned by the financial institution shall have been 70% or more of the financial institution's appraised loan value of the property and the period of the loan shall have been 1 year or more. However, this shall not apply where the financial institution is a related party of one of the trading counterparties.</p> <p>(3) Where land and structures thereupon are combined as a single property</p> | <p>price at which the person obtains the real estate transaction, or the price paid by the leased real estate).</p> |
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| | <p>purchased in one transaction, the transaction costs for the land and the structures may be separately appraised in accordance with either of the means listed in the preceding paragraph.</p> | <p>purchased in one transaction, the transaction costs for the land and the structures may be separately appraised in accordance with either of the means listed in the preceding paragraph.</p> | |
| 14 | <p>Items to be Done when Transaction Cost is lower than Transaction Price When the results of the Company's appraisal conducted in accordance with the preceding Article reveal that the transaction cost is uniformly lower than the transaction price, the provisions of article 15 shall apply, with the exception of where the following circumstances exist and where objective evidence has been submitted and specific opinions on reasonableness have been obtained from a professional real property appraiser and a CPA.</p> | <p>Items to be Done when Transaction Cost is lower than Transaction Price When the results of the Company's appraisal conducted in accordance with the preceding Article reveal that the transaction cost is uniformly lower than the transaction price, the provisions of article 15 shall apply, with the exception of where the following circumstances exist and where objective evidence has been submitted and specific opinions on reasonableness have been obtained from a professional real property appraiser and a CPA.</p> | <ol style="list-style-type: none"> 1. To facilitate the operation of the lease of plant, this is to simplify the procedure of the acquisition of the right of use from related party. The reasonable price can refer to the transaction price within 1 year of nearby area. 2. Incorporate the content of 1-1-2 into 1-1-3 and add the transaction |

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| | <p>(1) Where the related party acquired undeveloped land or leased land for development, it may submit proof of compliance with one of the following conditions:</p> <p>a. Where undeveloped land is appraised in accordance with the means in the preceding Article, and structures according to the related party's construction cost plus reasonable construction profit are valued in excess of the actual transaction price. The "Reasonable construction profit" shall be deemed the average gross operating profit margin of the related party's construction division over the most recent 3 years or the gross profit</p> | <p>(1) Where the related party acquired undeveloped land or right of use or leased land for development, it may submit proof of compliance with one of the following conditions:</p> <p>a. Where undeveloped land is appraised in accordance with the means in the preceding Article, and structures according to the related party's construction cost plus reasonable construction profit are valued in excess of the actual transaction price. The "Reasonable construction profit" shall be deemed the average gross operating profit margin of the related party's construction division over the most recent 3 years</p> | <p>reference according to 1-1-2, 1-2, and 2.</p> |
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| | <p>margin for the construction industry for the most recent period as announced by the Ministry of Finance, whichever is lower.</p> <p>b. Completed transactions by unrelated parties within the preceding year involving other floors of the same property or neighboring or closely valued parcels of land, where the land area and transaction terms are similar after calculation of reasonable price discrepancies in floor or area land prices in accordance with standard property market practices.</p> <p>c. Completed leasing transactions by unrelated parties for other floors of the same property from within the preceding</p> | <p>or the gross profit margin for the construction industry for the most recent period as announced by the Ministry of Finance, whichever is lower.</p> <p>b. Completed transactions by unrelated parties within the preceding year involving other floors of the same property or neighboring or closely valued parcels of land, where the land area and transaction terms are similar after calculation of reasonable price discrepancies in floor or area land prices in accordance with standard property market practices.</p> <p>(2) Where the Company acquiring real estate from a related party provides evidence that the terms of</p> | |
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| | <p>year, where the transaction terms are similar after calculation of reasonable price discrepancies among floors in accordance with standard property leasing market practices.</p> <p>(2) Where the Company acquiring real estate 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.</p> <p>Completed transactions for neighboring or closely valued parcels of land in the preceding paragraph in principle refers to</p> | <p>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.</p> <p>The use of similar area means comparing to other cases, no less than 50% of that; the use of within 1 year means as of</p> | |
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| | <p>parcels on the same or an adjacent block and within a distance of no more than 500 meters or parcels close in publicly announced current value; transaction for similarly sized parcels in principle refers to transactions completed by unrelated parties for parcels with a land area of no less than 50% of the property in the planned transaction; within the preceding year refers to the year preceding the date of occurrence of the acquisition of the real estate.</p> | <p>the date acquiring the asset and traced back for 1 year.</p> | |
| 15 | <p>Where the Company acquires real estate from a related party and the results of appraisals conducted in accordance with Articles 13 and 14 are uniformly lower than the transaction price, the following steps shall be taken: (1) A special reserve shall be set aside in accordance with</p> | <p>Where the Company acquires real estate or right of use from a related party and the results of appraisals conducted in accordance with Articles 13 and 14 are uniformly lower than the transaction price, the following steps shall be taken: (1) A special reserve shall be set aside in accordance with</p> | <p>1. Rephrase the phrasing regarding the assets of the right to use acquired by relevant person and included in the specification for the evaluation of the cost</p> |

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| | <p>Article 41, paragraph 1 of the Securities and Exchange Act against the difference between the real estate transaction price and the appraised cost, and may not be distributed or used for capital increase or issuance of bonus shares.</p> <p>(2) The Supervisors shall comply with Article 218 of the Company Act.</p> <p>(3) Actions taken pursuant to subparagraphs 1 and 2 shall be reported to a shareholders meeting, and the details of the transaction shall be disclosed in the annual report and any investment prospectus.</p> <p>The Company that has set aside a special reserve under the preceding</p> | <p>Article 41, paragraph 1 of the Securities and Exchange Act against the difference between the real estate or right of use transaction price and the appraised cost, and may not be distributed or used for capital increase or issuance of bonus shares.</p> <p>(2) The Supervisors shall comply with Article 218 of the Company Act.</p> <p>(3) Actions taken pursuant to subparagraphs 1 and 2 shall be reported to a shareholders meeting, and the details of the transaction shall be disclosed in the annual report and any investment prospectus.</p> <p>The Company that has set aside a special reserve under the preceding</p> | <p>of the lower transaction price according to IFFSs no.16.</p> <p>2. Cooperate with the board of directors of the company's 14 session to implement the Audit committee and delete the supervisor text.</p> <p>3. Phrasing correction.</p> |
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| | <p>paragraph may not utilize the special reserve until it has recognized a loss on decline in market value of the assets it purchased at a premium, or they have been disposed of, or adequate compensation has been made, or the status quo ante has been restored, or there is other evidence confirming that there was nothing unreasonable about the transaction, and the Financial Supervisory Commission (FSC) has given its consent.</p> <p>When the Company obtains real estate from a related party, it shall also comply with the preceding two paragraphs if there is other evidence indicating that the acquisition was not an arm's length transaction.</p> | <p>paragraph may not utilize the special reserve until it has recognized a loss on decline in market value of the assets it purchased at a premium, or they have been disposed of, or adequate compensation has been made, or the status quo ante has been restored, or there is other evidence confirming that there was nothing unreasonable about the transaction, and the Financial Supervisory Commission (FSC) has given its consent.</p> <p>When the Company obtains real estate or right of use from a related party, it shall also comply with the preceding two paragraphs if there is other evidence indicating that the acquisition was not an arm's length transaction.</p> | |
| 17 | <p>Risk management: The Company engaging in derivatives trading shall adopt the following risk management</p> | <p>Risk management: The Company engaging in derivatives trading shall adopt the following risk management</p> | |

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| | <p>measures:</p> <p>(1) Consideration of credit risk: the counterparty of derivatives trading shall be the bank which has a business relationship with the Company or a prominent international financial institution which may provide professional information.</p> <p>(2) Market risk: As the potential loss of derivatives due to future market price fluctuations is uncertain, the stop-loss point should be set strictly after the position is established</p> <p>(3) Liquidity risk: In order to ensure the liquidity of the commodities traded, the trading institutions must have sufficient equipment, information and trading capacity and</p> | <p>measures:</p> <p>(1) Consideration of credit risk: the counterparty of derivatives trading shall be the bank which has a business relationship with the Company or a prominent international financial institution which may provide professional information.</p> <p>(2) Market risk: As the potential loss of derivatives due to future market price fluctuations is uncertain, the stop-loss point should be set strictly after the position is established</p> <p>(3) Liquidity risk: In order to ensure the liquidity of the commodities traded, the trading institutions must have sufficient equipment, information and trading capacity and</p> | <p>Phrasing correction.</p> |
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| | <p>be able to trade in any market.</p> <p>(4) Cash flow management: Only invested by self-owned fund and shall consider the currency need in the future.</p> <p>(5) Operational risk: The degree of authority delegated and process must be observed to avoid operational risk.</p> <p>(6) Legal risk: Any contractual documents signed with financial institutions shall use international standardization documents as far as possible to avoid legal risks.</p> <p>(7) Commodity risk: Internal traders shall have complete and correct expertise in dealing with derivatives in order to avoid losses caused by misuse of derivatives.</p> | <p>be able to trade in any market.</p> <p>(4) Cash flow management: Only invested by self-owned fund and shall consider the currency need in the future.</p> <p>(5) Operational risk: The degree of authority delegated and process must be observed to avoid operational risk.</p> <p>(6) Legal risk: Any contractual documents signed with financial institutions shall use international standardization documents as far as possible to avoid legal risks.</p> <p>(7) Commodity risk: Internal traders shall have complete and correct expertise in dealing with derivatives in order to avoid losses caused by misuse of derivatives.</p> | |
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| | <p>(8) Cash delivery risk: The authorized trader shall strictly abide by the provisions within the authorized limit, and pay attention to the company's cash flow at ordinary times to ensure that there is sufficient cash payment for delivery.</p> <p>(9) Personnel engaged in derivatives trading may not serve concurrently in other operations such as confirmation and settlement.</p> <p>(10)Confirmation personnel shall regularly check accounts with or send a written confirmation request to correspondent banks and check from time to time whether the total amount of transactions exceeds the upper limit stipulated herein.</p> | <p>(8) Cash delivery risk: The authorized trader shall strictly abide by the provisions within the authorized limit, and pay attention to the company's cash flow at ordinary times to ensure that there is sufficient cash payment for delivery.</p> <p>(9) Personnel engaged in derivatives trading may not serve concurrently in other operations such as confirmation and settlement.</p> <p>(10)Confirmation personnel shall regularly check accounts with or send a written confirmation request to correspondent banks and check from time to time whether the total amount of transactions exceeds the upper limit stipulated herein.</p> | |
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| | <p>(11) Risk measurement, monitoring, and control personnel shall be assigned to a different department from the personnel as noted in subparagraph 1) and shall report to the board of directors or senior management personnel with no responsibility for trading or position decision-making.</p> <p>(12) Derivatives trading positions held shall be evaluated at least once per week; however, positions for hedge trades required by business shall be evaluated at least twice per month. Evaluation reports shall be submitted to senior management personnel authorized by the board of directors.</p> | <p>(11) Risk measurement, monitoring, and control personnel shall be assigned to a different department from the personnel as noted in subparagraph 1) and shall report to the board of directors or senior management personnel with no responsibility for trading or position decision-making.</p> <p>(12) Derivatives trading positions held shall be evaluated at least once per week; however, positions for hedge trades required by business shall be evaluated at least twice per month. Evaluation reports shall be submitted to senior management personnel authorized by the board of directors.</p> | |
| 18 | <p>Internal audit:</p> <p>(1) The Company's internal audit</p> | <p>Internal audit:</p> <p>(1) The Company's internal audit</p> | <p>Cooperate with the 14th session of the</p> |

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| | <p>personnel shall periodically examine the appropriateness of internal controls over derivatives trading and conduct a monthly audit of the compliance of derivatives trading by the trading department with the procedures, and prepare an audit report. In the event of any material violations, the supervisors and officer designated by Chairman shall be notified in writing.</p> <p>(2) The auditors of the Company shall include derivatives trading in the audit plan and report the implementation of the annual audit plan of the previous year to the Securities and Futures Bureau before the end of February of the next year, and submit</p> | <p>personnel shall periodically examine the appropriateness of internal controls over derivatives trading and conduct a monthly audit of the compliance of derivatives trading by the trading department with the procedures, and prepare an audit report. In the event of any material violations, the auditor committee and officer designated by Chairman shall be notified in writing.</p> <p>(2) The auditors of the Company shall include derivatives trading in the audit plan and report the implementation of the annual audit plan of the previous year to the Securities and Futures Bureau before the end of February of the next year, and submit</p> | <p>company board to implement the deletion of supervisor.</p> |
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| | the improvement of irregular circumstances to the Bureau for reference no later than the end of May of the next year. | the improvement of irregular circumstances to the Bureau for reference no later than the end of May of the next year. | |
| 19 | <p>Regular Evaluation Methods and Handling of Irregular Circumstances</p> <p>(1) Regular monthly or weekly evaluation of derivatives trading and summary of the current month or week's profits and losses and non-hedging trading open positions shall be presented to senior management personnel and chairmen authorized by the board of directors as a reference for management performance evaluation and risk measurement.</p> <p>(2) Designate senior management personnel to pay</p> | <p>Regular Evaluation Methods and Handling of Irregular Circumstances</p> <p>(1) Regular monthly or weekly evaluation of derivatives trading and summary of the current month or week's profits and losses and non-hedging trading open positions shall be presented to senior management personnel and chairmen authorized by the board of directors as a reference for management performance evaluation and risk measurement.</p> <p>(2) Designate senior management personnel to pay</p> | <p>1. The company has set up an independent director, so amend the second text of the third paragraph.</p> <p>2. The provisions of the "open issuing company acquisition or disposition of assets disposal Guidelines" issued by the competent authorities have been added to paragraph fourth, and the current paragraph 4 has been moved to paragraph 5.</p> |

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| | <p>continuous attention to monitoring and controlling derivatives trading risk. Periodically evaluate whether derivatives trading performance is consistent with established operational strategy and whether the risk undertaken is within the company's permitted scope of tolerance.</p> <p>(3) Senior management personnel authorized by the board of directors shall manage derivatives trading in accordance with the following principles:</p> <p>a. Periodically evaluate the risk management measures currently employed are appropriate and are faithfully conducted in accordance with these Regulations issued by competent</p> | <p>continuous attention to monitoring and controlling derivatives trading risk. Periodically evaluate whether derivatives trading performance is consistent with established operational strategy and whether the risk undertaken is within the company's permitted scope of tolerance.</p> <p>(3) Senior management personnel authorized by the board of directors shall manage derivatives trading in accordance with the following principles:</p> <p>a. Periodically evaluate the risk management measures currently employed are appropriate and are faithfully conducted in accordance with these Regulations issued by competent</p> | |
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| | <p>authority and the procedures for engaging in derivatives trading formulated by the company.</p> <p>b. When irregular circumstances are found in the course of supervising trading and profit-loss circumstances, appropriate measures shall be adopted and a report immediately made to the board of directors; where a company has independent directors, an independent director shall be present at the meeting and express an opinion.</p> <p>(4) The company engaging in derivatives trading shall establish a log book in which details of the types and amounts of derivatives trading engaged in, board of</p> | <p>authority and the procedures for engaging in derivatives trading formulated by the company.</p> <p>b. When irregular circumstances are found in the course of supervising trading and profit-loss circumstances, appropriate measures shall be adopted and a report immediately made to the board of directors; where a company has independent directors, an independent director shall be present at the meeting and express an opinion.</p> <p><u>(4) A public offering company engaged in the trading of derivative commodities shall, in accordance with the provisions of the procedures for processing</u></p> | |
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| | <p>directors approval dates, and the matters required to be carefully evaluated in the log book.</p> | <p><u>derivative commodity transactions, authorize the relevant personnel to be referred to the most recent board of directors</u> afterwards. (5) The company engaging in derivatives trading shall establish a log book in which details of the types and amounts of derivatives trading engaged in, board of directors approval dates, and the matters required to be carefully evaluated in the log book.</p> | |
| 21 | <p>In the event that the Company conducting in a merger, spin-off, acquisition, or transfer of shares shall prepare a public report to shareholders detailing important contractual content and matters relevant to the merger,</p> | <p>In the event that the Company participating in a merger, spin-off, acquisition, or transfer of shares shall prepare a public report to shareholders detailing important contractual content and matters relevant to the merger,</p> | <p>Word rephrasing.</p> |

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| | <p>spin-off, or acquisition prior to the shareholders meeting and include it along with the expert opinion referred to in paragraph 1 of 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 act 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,</p> | <p>spin-off, or acquisition prior to the shareholders meeting and include it along with the expert opinion referred to in paragraph 1 of 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 act 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,</p> | |
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| | 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. | 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. | |
| 27 | Professional appraisers and their officers, certified public accounts, attorneys, and securities underwriters that provide the Company with appraisal reports, certified public accountant's opinions, attorney's opinions, or underwriter's opinions shall not be a related party of any party to the transaction. | Professional appraisers and their officers, certified public accounts, attorneys, and securities underwriters that provide the Company with appraisal reports, certified public accountant's opinions, attorney's opinions, or underwriter's opinions shall not be a related party of any party to the transaction: <u>(1) May not have previously received a final and unappealable sentence to imprisonment for 1 year or longer for a violation of the Act, the Company Act, the Banking</u> | 1. To simplify related laws, the competent authority issued order no. 0920001151 on Mar.21, 2003 to supplement the qualification requirement for assessment officer, accountant, lawyer, and security dealer. In addition, related laws are considered to define |

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| | | <p><u>Act of The Republic of China, the Insurance Act, the Financial Holding Company Act, or the Business Entity Accounting Act, or for fraud, breach of trust, embezzlement, forgery of documents, or occupational crime. However, this provision does not apply if 3 years have already passed since completion of service of the sentence, since expiration of the period of a suspended sentence, or since a pardon was received.</u></p> <p><u>(2) May not be a related party or de facto related party of any party to the transaction.</u></p> <p><u>(3) If the company is required to obtain appraisal reports</u></p> | <p>the passive qualification related.</p> <p>2. Clarify the responsibilities of external experts and make consideration of the relevant assessment, verification and declaration of the reasonable opinion of the accountant on the valuation report by the financial reporting criteria of the issuer..</p> |
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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:

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

b. When examining a case, they shall appropriately plan and execute adequate working procedures, in

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| | | <p><u>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.</u></p> <p>c. <u>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. The declaration shall include such matters as the professionalism and independence of the person concerned, the reasonableness</u></p> | |
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| | | <u>and correctness of the information used in the assessment and compliance with the relevant laws and regulations.</u> | |
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| 28 | <p>After the Operational Procedures have been approved by the board of directors, they shall be submitted to each supervisor, and then to a shareholders' meeting for approval before being enforced. If any director expresses dissent and it is contained in the minutes or a written statement, the Company shall submit the director's dissenting opinion to each supervisor and the shareholders' meeting for a deliberation. The same applies when the Operational Procedures are amended. Where the Company has established the position of independent director, when it submits the</p> | <p>The company shall obtain or dispose of significant assets or derivative commodities transactions, with the consent of all 1/2 members of the Board of Auditors, and refer to the resolutions of the Board of directors who, without the consent of all the 1/2 members of the Board of Auditors, have the consent of more than 2/3 of all directors. The resolution of the Board of Auditors shall also be included in the proceedings of the Board of Trustees. The company shall give full consideration to the opinions of independent directors when Uti the board of Directors</p> | <p>A significant asset or derivative commodity transaction is provided for in article six, paragraph fifth, of the "Open Issuance Company Audit Committee Organization Code" issued by the FSC. The terms of reference of the audit shall be preceded by the approval of the Board to send a resolution to the board of directors.</p> |

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| | Operational Procedures to the board of directors for deliberation in accordance with the preceding paragraph, it shall take into full consideration each independent director's opinions; independent directors' opinions specifically expressing assent or dissent and their reasons for dissent shall be included in the minutes of the board of directors' meeting. | shall be set out in the proceedings of the Board of Directors if they have objections or reservations. | |
| 29 | After the Operational Procedures have been approved by the board of directors, they shall be submitted to each supervisor, and then to a shareholders' meeting for approval before being enforced. If any director expresses dissent and it is contained in the minutes or a written statement, the Company shall submit the director's dissenting opinion to each supervisor and the shareholders' meeting | After the Operational Procedures have been approved by the board of directors, they shall be submitted to each supervisor, and then to a shareholders' meeting for approval before being enforced. If any director expresses dissent and it is contained in the minutes or a written statement, the Company shall submit the director's dissenting opinion to each supervisor and the shareholders' meeting | 1. In accordance with the provisions of article six, the first paragraph, of the "Organization of audit Committee of the public offering companies" issued by the FSC, we set out or amend the procedures |

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| | <p>for a deliberation. The same applies when the Operational Procedures are amended. Where the Company has established the position of independent director, when it submits the Operational Procedures to the board of directors for deliberation in accordance with the preceding paragraph, it shall take into full consideration each independent director's opinions; independent directors' opinions specifically expressing assent or dissent and their reasons for dissent shall be included in the minutes of the board of directors' meeting.</p> | <p>for a deliberation. The same applies when the Operational Procedures are amended. Where the Company has established the position of independent director, when it submits the Operational Procedures to the board of directors for deliberation in accordance with the preceding paragraph, it shall take into full consideration each independent director's opinions; independent directors' opinions specifically expressing assent or dissent and their reasons for dissent shall be included in the minutes of the board of directors' meeting. Those who have set up audit committees in accordance with the provisions of this law and have established or amended the procedures for the processing of the acquisition or disposition of assets shall be subject</p> | <p>for the acquisition or disposition of assets, the trading of derivative commodities, the loan of funds to others, the endorsement of others or the provision of guarantees of significant financial business conduct. The terms of reference of the audit shall be preceded by the approval of the Board to send a resolution to the board of directors.</p> <p>2. Amended to cooperate with the stock Exchange's "Guidelines on</p> |
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| | | <p>If the preceding paragraph does not agree with more than one-second per cent of all members of the Board of Auditors, it shall be agreed by more than two-thirds per cent of all directors, and the Board's resolution should be included in the proceedings of the Board. In the third term, all members of the Board of Auditors and all the directors referred to in the preceding paragraph are calculated in the actual incumbent.</p> | <p>the disposal of assets obtained or disposed of by public offering companies".</p> |
| <p>30</p> | <p>The auditors shall be responsible for the management of the endorsement case by the regulation of Public Company Internal Control Procedure. After the audit report is completed, it shall be verified by the supervisors monthly.</p> | <p>to the consent of all One-second members of the Board of Auditors and a resolution of the Board of Trustees. The auditors shall be responsible for the management of the endorsement case by the regulation of Public Company Internal Control Procedure. After the audit report</p> | <p>Cooperate with the 14th session of the company board to implement the deletion of supervisor.</p> |

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| | | is completed, it shall be verified by the independent and auditor committee monthly. | |
| 31 | New article | Revised on Jun.22, 2007. Revised on Jun.19, 2008. Revised on Jun.19, 2009. Revised on Jun.23, 2010. Revised on Jun.24, 2011. Revised on Jun.28, 2012. Revised on Jun.18, 2014. Revised on Jun.11, 2015. Revised on Jun.26, 2018. Revised on Jun.28, 2019. | Revision History |

Attachement 7

Taiwan Styrene Monomer Corporation Operational Procedures for Loaning Funds to Others amendment comparison

Proposed on Jan.9,2019 on board meeting

| Article | Original | Amendment | Reason |
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| 2 | <p>Entities to which the Company may Loan Funds</p> <p>The Company shall not loan funds to any of its shareholders or any other person except the following:</p> <p>a. a company which has a business relationship with the Company; or</p> <p>b. company which has short-term capital needs.</p> <p>“Short-term” of the preceding article paragraph 2 means the period within one-year.</p> <p>In the event that the period of business cycle is longer than one year, that period shall prevail.</p> <p>Financing is the</p> | <p>Entities to which the Company may Loan Funds</p> <p>The Company shall not loan funds to any of its shareholders or any other person except the following:</p> <p>a. a company which has a business relationship with the Company; or</p> <p>b. company which has short-term capital needs.</p> <p>“Short-term” means the period within one-year. In the event that the period of business cycle is longer than one year, that period shall prevail. Financing is the accumulating balance of the short-term loan</p> | Wordiness |

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| | accumulating balance of the short-term loan provided by the Company. | provided by the Company. | |
| 4 | <p>(1)Operating Procedures In processing matters for loaning funds or short-term loans, upon review by the department in charge, loans may be granted after approval by the Chairman or the director authorized by the Chairman or General Manager, and subsequently submission to and approval by the Board of Directors through resolution. Material loans to others shall be approved by the Audit Committee and be submitted to the Board of Directors for approval. When funds are loaned between the Company and its subsidiary or among subsidiaries of the Company, the Chairman may be authorized to proceed with multiple releases of funds or</p> | <p>(1)Operating Procedures In processing matters for loaning funds or short-term loans, upon review by the department in charge, loans may be granted after approval by the Chairman or the director authorized by the Chairman or General Manager, and subsequently submission to and approval by the Board of Directors through resolution. Major fund loans shall be reported to the board for resolution. Material loans to others shall be approved by the Audit Committee and be submitted to the Board of Directors for approval. When funds are loaned between the Company and its subsidiary or among subsidiaries of the Company, the Chairman</p> | <ol style="list-style-type: none"> 1. Cooperate with the 14th session of the company's board of directors to implement the Audit committee, delete the supervisor text. 2. Cooperate with the "Public offering company funds loan and endorsement guarantee processing guidelines" issued by the competent authorities to remove the complicated provisions. 3. According to article six of the reference |

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| | <p>revolving drawdowns with regard to the same borrower within a certain amount authorized by resolution of the Board of Directors and within a one year period. The certain amount mentioned above shall be in compliance with Article 4, paragraph 2. In addition, the authorized amount extended by the Company or its subsidiaries to any single entity shall not exceed 10% of the net worth on the latest financial statements of the Company.</p> <p>(2)Review Procedures a. Application For the loans given by the Company, the company or enterprise applying for the loan shall file a written application and attach relevant</p> | <p>may be authorized to proceed with multiple releases of funds or revolving drawdowns with regard to the same borrower within a certain amount authorized by resolution of the Board of Directors and within a one year period. The certain amount mentioned above shall be in compliance with Article 4, paragraph 2. In addition, the authorized amount extended by the Company or its subsidiaries to any single entity shall not exceed 10% of the net worth on the latest financial statements of the Company.</p> <p>(2)Review Procedures a. Application For the loans given by the Company, the company or enterprise applying for the loan shall file a written application and attach relevant</p> | <p>example of the "Organization of audit Committee of a limited company" issued by the competent authority, significant funds are credited to the matters of competence of the Board of Auditors, and the resolution on the matter is agreed upon by more than 1/2 of all members of the board.</p> <p>4. As the order no. 1020053112, issued by Dec.31, 2013, and article14-2 of Security Trade Act, financial holding companies, banks, vouchers, insurance, securities</p> |
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| | <p>financial information and statements detailing the purpose of the borrowing.</p> <p>b. Credit assessment</p> <p>(a) Once the Company accepts the application, the department in charge shall prepare a related written report to be submitted to the Board of Directors for review and approval after it investigates and evaluates the necessity and reasonableness of the funds loaned to others, whether the borrower has any direct or indirect business relationship with the Company, the financial status of the business operated, the ability to repay the debt,</p> | <p>financial information and statements detailing the purpose of the borrowing.</p> <p>b. Credit assessment</p> <p>(a) Once the Company accepts the application, the department in charge shall prepare a related written report to be submitted to the Board of Directors for review and approval after it investigates and evaluates the necessity and reasonableness of the funds loaned to others, whether the borrower has any direct or indirect business relationship with the Company, the financial status of the business operated, the ability to repay the debt,</p> | <p>investment trusts, integrated securities dealers and listed Futures traders who issue shares under the Securities Exchange Act, and all listed companies that are not part of the financial industry, shall set up independent directors in the provisions of the Articles of association, the number of which shall not be less than 2, and shall not be less than the company has set up independent directors in accordance with the regulations.</p> <p>5. Correct punctuation.</p> |
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| | <p>credibility, profitability, and the purpose of the funds, and consider the impact of the total amount of the loan given by the Company on the Company's operational risk, financial status and shareholders equity.</p> <p>(b) The assessment shall be conducted every 12 months and if the loan is with greater amount, 6 months.</p> <p>c. Approval After confirming the credit and usage, the board may discuss about the loan; if not, the clerk shall reply the borrower immediately that the Company disagree to provide the loan.</p> | <p>credibility, profitability, and the purpose of the funds, and consider the impact of the total amount of the loan given by the Company on the Company's operational risk, financial status and shareholders equity.</p> <p>(b) The assessment shall be conducted every 12 months and if the loan is with greater amount, 6 months.</p> <p>c. Approval After confirming the credit and usage, the board and the auditor committee may discuss about the loan; if not, the clerk shall reply the borrower immediately that the Company disagree to provide the loan.</p> | |
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| | <p>d. Collateral rights setting</p> <p>When processing the loaning of funds or short-term financing facility, the Company shall obtain guarantee notes of equivalent amount, shall create a pledge or mortgage over personal property or real property when necessary, shall evaluate on a quarterly basis if the value of the collateral is equivalent to the balance of the loan, and shall request for additional collateral when 4 necessary. Pertaining to the aforementioned debt guarantee, should the debtor provide personal or corporate guarantee with sufficient financial capability and credibility to replace provision of collateral, the Board</p> | <p>d. Collateral rights setting</p> <p>When processing the loaning of funds or short-term financing facility, the Company shall obtain guarantee notes of equivalent amount, shall create a pledge or mortgage over personal property or real property when necessary, shall evaluate on a quarterly basis if the value of the collateral is equivalent to the balance of the loan, and shall request for additional collateral when 4 necessary. Pertaining to the aforementioned debt guarantee, should the debtor provide personal or corporate guarantee with sufficient financial capability and credibility to replace provision of collateral, the Board</p> | |
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| | <p>of Directors may refer to the review report prepared by the department in charge; where corporate guarantee is provided, it should be noted if the Articles of Incorporation of the borrowing company has stipulated any provision that guarantees may be made.</p> <p>e. Notification As the loan is approved, the financial department shall notify the borrower related information and arrange the contract. After the setting of collateral is ready, the loan may be allocated.</p> <p>f. Contract (a) The contract signing shall be conducted after the approval of the Board.</p> | <p>of Directors may refer to the review report prepared by the department in charge; where corporate guarantee is provided, it should be noted if the Articles of Incorporation of the borrowing company has stipulated any provision that guarantees may be made.</p> <p>e. Notification As the loan is approved, the financial department shall notify the borrower related information and arrange the contract. After the setting of collateral is ready, the loan may be allocated.</p> <p>6. Contract (a) The contract signing shall be conducted after the approval of the Board.</p> | |
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| | <p>(b) After the signing is completed, the clerk may notify the bank to allocate the loan.</p> <p>g. Insurance</p> <p>(a) Collateral except for the land and security, shall be insured by borrower, and the coverage shall not be lower than the loan amount.</p> <p>(b) The clerk shall notify the borrower to extend the insurance as the overdue.</p> <p>h. Allocation</p> <p>After the contract is fully signed, and the collateral is prepared, the loan may be allocated.</p> | <p>(b) After the signing is completed, the clerk may notify the bank to allocate the loan.</p> <p>g. Insurance</p> <p>(a) Collateral except for the land and security, shall be insured by borrower, and the coverage shall not be lower than the loan amount.</p> <p>(b) The clerk shall notify the borrower to extend the insurance as the overdue.</p> <p>h. Allocation</p> <p>After the contract is fully signed, and the collateral is prepared, the loan may be allocated.</p> | |
| 7 | <p>Consequent management</p> <p>(1) The financial department shall prepare record for the information of borrower, amount, and due date</p> | <p>Consequent management</p> <p>(1) The financial department shall prepare record for the information of borrower, amount, and due date</p> | <p>Cooperate with the 14th session of the company's board of directors to implement the Audit committee, delete the</p> |

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| | <p>according to the procedure.</p> <p>(2) The financial department shall prepare the record for tracing back and prepare for the allowance for bad debt. Such record shall be provided to certified accountant for certification.</p> <p>(3) In order to strengthen the internal control of the Company, if a loan made by the Company to an entity no longer meets the requirements of the Procedures or the loan balance exceeds the limit as a result of a change in circumstances, the Company shall adopt rectification plans and submit the rectification plans to the Board of Directors (once the Company establishes the Audit Committee, the plans should</p> | <p>according to the procedure.</p> <p>(2) The financial department shall prepare the record for tracing back and prepare for the allowance for bad debt. Such record shall be provided to certified accountant for certification.</p> <p>(3) In order to strengthen the internal control of the Company, if a loan made by the Company to an entity no longer meets the requirements of the Procedures or the loan balance exceeds the limit as a result of a change in circumstances, the Company shall adopt rectification plans and submit the rectification plans to the Board of Directors and auditor committee and shall complete the rectification</p> | <p>supervisor text.</p> |
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| | <p>be submitted to the Audit Committee instead) and shall complete the rectification according to the timeframe set out in the plans.</p> <p>(4) After the disbursement of each loan, the finance department shall regularly monitor the variation in the financial status, business and relevant credit status of the borrower and its guarantors, and any fluctuation in value of the collateral, and shall make written records. In the event that any major changes occur, the Finance Department shall immediately report to the General Manager and relevant departments in charge for rapid handling.</p> <p>(5) The executive</p> | <p>according to the timeframe set out in the plans.</p> <p>(4) After the disbursement of each loan, the finance department shall regularly monitor the variation in the financial status, business and relevant credit status of the borrower and its guarantors, and any fluctuation in value of the collateral, and shall make written records. In the event that any major changes occur, the Finance Department shall immediately report to the General Manager and relevant departments in charge for rapid handling.</p> <p>(5) The executive personnel shall notify the borrower 2 months prior to the due date.</p> <p>(6) When the loan is</p> | |
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| | <p>personnel shall notify the borrower 2 months prior to the due date.</p> <p>(6) When the loan is due or the borrower repays the loan before the due date, the accrued interest should be calculated and repaid with the principal, prior to the returning of promissory notes or mortgages to the borrower or cancelling the mortgage registrations.</p> <p>(7) The borrower shall apply for extension in advance in the event the loan cannot be repaid when the loan matures and such extension may be permitted after such application is reported to, and approved by, the Board of Directors. If the borrower fails to get such extension,</p> | <p>due or the borrower repays the loan before the due date, the accrued interest should be calculated and repaid with the principal, prior to the returning of promissory notes or mortgages to the borrower or cancelling the mortgage registrations.</p> <p>(7) The borrower shall apply for extension in advance in the event the loan cannot be repaid when the loan matures and such extension may be permitted after such application is reported to, and approved by, the Board of Directors. If the borrower fails to get such extension, the Company may exercise its rights on the collateral or guarantor and seek compensation.</p> | |
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| | <p>the Company may exercise its rights on the collateral or guarantor and seek compensation.</p> <p>(8) When the auditors of the Company conduct a check on the subsidiary according to the annual audit plan, they shall make a determination of the Operational Procedures for and implementation of loans of funds to others by subsidiaries. If any defect is discovered, they shall keep track of its improvement and report it as a follow-up report to the general supervisor.</p> | <p>(8) When the auditors of the Company conduct a check on the subsidiary according to the annual audit plan, they shall make a determination of the Operational Procedures for and implementation of loans of funds to others by subsidiaries. If any defect is discovered, they shall keep track of its improvement and report it as a follow-up report to the general auditor committee.</p> | |
| 9 | Subsidiary management | Subsidiary management | Rephrasing. |
| 11 | After the Operational Procedures have been approved by the board of directors, they shall be submitted to each supervisor, and then to a | After the Operational Procedures have been approved by the board of directors, they shall be submitted to auditor committee, and then to | Cooperate with the 14th session of the company's board of directors to implement the Audit committee, |

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| <p>shareholders' meeting for approval before being enforced. If any director expresses dissent and it is contained in the minutes or a written statement, the Company shall submit the director's dissenting opinion to each supervisor and the shareholders' meeting for a deliberation. The same applies when the Operational Procedures are amended. Where the Company has established the position of independent director, when it submits the Operational Procedures to the board of directors for deliberation in accordance with the preceding paragraph, it shall take into full consideration each independent director's opinions; independent directors' opinions specifically expressing assent or dissent and their reasons for dissent shall be included in the minutes of the board of directors' meeting.</p> | <p>a shareholders' meeting for approval before being enforced. If any director expresses dissent and it is contained in the minutes or a written statement, the Company shall submit the director's dissenting opinion to each supervisor and the shareholders' meeting for a deliberation. The same applies when the Operational Procedures are amended. Where the Company has established the position of independent director, when it submits the Operational Procedures to auditor committee for deliberation in accordance with the preceding paragraph, it shall take into full consideration each independent director's opinions; independent directors' opinions specifically expressing assent or dissent and their reasons for dissent shall be included in the minutes of the board of directors' meeting.</p> | <p>delete the supervisor text. As the order no. 1020053112, issued by Dec.31, 2013, and article14-2 of Security Trade Act, financial holding companies, banks, vouchers, insurance, securities investment trusts, integrated securities dealers and listed Futures traders who issue shares under the Securities Exchange Act, and all listed companies that are not part of the financial industry, shall set up independent directors in the provisions of the Articles of association, the number of which</p> |
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| | | | shall not be less than 2, and shall not be less than the company has set up independent directors in accordance with the regulations. |
| 12 | Others The auditors shall be responsible for the management of the endorsement case by the regulation of Public Company Internal Control Procedure. After the audit report is completed, it shall be verified by the supervisors monthly. | Others The auditors shall be responsible for the management of the endorsement case by the regulation of Public Company Internal Control Procedure. After the audit report is completed, it shall be verified by the auditor committee monthly. | Cooperate with the 14th session of the company's board of directors to implement the Audit committee, delete the supervisor text. |
| 13 | New article | <u>Established on Jun.24, 2003.</u> <u>Revised on Jun.19, 2009.</u> <u>Revised on Jun.19, 2009.</u> <u>Revised on Jun.23, 2010.</u> <u>Revised on Jun.25, 2013.</u> <u>Revised on Jun.28, 2019.</u> | Revision history |

Attachement 8

Management of Endorsement and Guarantees Amendment Comparison

Propose on Jan.9,2019 on Board Meeting

| Article | Original | Amendment | Reason |
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| 5 | <p>Procedures for handling endorsement/ guarantee</p> <p>(1) As conducting the endorsement, the responsible unit shall verify the qualification and submit the application to the chairman for approval. If the quota does not exceed the amount authorized by the board to the chairman. The approval can be made after the endorsement is completed.</p> | <p>Procedures for handling endorsement/ guarantee</p> <p>(1) As conducting the endorsement, the responsible unit shall verify the qualification and submit the application to the chairman for approval. If the quota does not exceed the amount authorized by the board. The approval can be made after the endorsement is completed. As the major endorsement, the case shall be reported to auditor</p> | <p>1. In conjunction with the issued by the competent authority” Guidelines for the handling of funds and endorsement guarantees for publicly issued companies, removing the complicated rules and modify some of the text. Also in accordance with the “Limited Company audit Committee organizational procedures” issued by the competent authorities, the reference example sixth, a significant endorsement, guarantee for the</p> |

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| | <p>(2) The Finance Unit shall establish and maintain a memorandum book for its endorsement/ guarantee activities and record in detail the following information for the record: the entity for which the endorsement/ guarantee is made, the amount, the date of passage by the Board of Directors or of authorization by the Chairperson of the board, the date the endorsement/ guarantee is made,</p> | <p>committee and the Board for approval.</p> <p>(2) The Finance Unit shall establish and maintain a memorandum book for its endorsement/ guarantee activities and record in detail the following information for the record: the entity for which the endorsement/ guarantee is made, the amount, the auditor committee approval date, the date of passage by the Board of Directors or of authorization by the Chairperson of the board, the date</p> | <p>Audit Committee's terms of reference, the resolution of the matter must be agreed by more than one-second of the Board of Auditors, and refer to the Board resolution, so add a new paragraph.</p> <p>2. The endorsement guarantee shall be subject to the approval of the Board of Auditors, thus increasing the date of consent of the Board of Auditors in the memorandum book.</p> |
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| | <p>and the matters to be carefully evaluated under Article 6.</p> <p>(3) The Company’s internal auditors shall audit the Procedures for Endorsement and Guarantee and the implementation thereof at least every quarter and prepare written records accordingly. They shall promptly notify the supervisors immediately in writing of any major violation found.</p> <p>(4) The financial officer shall prepare the record of the endorsement and completion matters monthly and shall reveal related information</p> | <p>the endorsement/ guarantee is made, and the matters to be carefully evaluated under Article 6.</p> <p>(3) The Company’s internal auditors shall audit the Procedures for Endorsement and Guarantee and the implementation thereof at least everyquarter and prepare written records accordingly. They shall promptly notify the supervisors immediately in writing of any major violation found.</p> <p>(4) The financial officer shall prepare the record of the endorsement and completion matters monthly and shall reveal related information</p> | <p>3. Cooperate with the 14 session of the company board to implement the Audit Committee to remove the supervisor text.</p> |
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| | <p>every quarter for the verification conducted by certified accountants.</p> <p>(5) If, due to changes of circumstances, the party to whom the Company provides endorsement and/or guarantee no longer satisfies the criteria, a corrective plan shall be provided to the supervisors and the proposed correction actions should be implemented within the period specified in the plan.</p> <p>(6) The financial officer shall retrieve the endorsed note on the due date and cancelled the endorsement.</p> | <p>every quarter for the verification conducted by certified accountants.</p> <p>(5) If, due to changes of circumstances, the party to whom the Company provides endorsement and/or guarantee no longer satisfies the criteria, a corrective plan shall be provided to the supervisors and the proposed correction actions should be implemented within the period specified in the plan.</p> <p>(6) The financial officer shall retrieve the endorsed note on the due date and cancelled the endorsement.</p> | <p>5. Cooperate with the 14 session of the company board to implement the Audit Committee to remove the supervisor text.</p> |
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| | <p>(7) Where the company has established the position of independent director, when it makes endorsements/ guarantees for others, it shall take into full consideration the opinions of each independent director; independent directors' opinions specifically expressing assent or dissent and the reasons for dissent shall be included in the minutes of the board of directors' meeting.)</p> | <p>(7) When the company makes endorsements/ guarantees for others, it shall take into full consideration the opinions of each independent director; independent directors' opinions specifically expressing assent or dissent and the reasons for dissent shall be included in the minutes of the board of directors' meeting.</p> | <p>7. Under article 2 of the Securities Trading Act and the No.1020053112 orders stipulating that financial holding companies, banks and tickets that have issued shares in accordance with the Securities Exchange Act. The Company shall set up independent directors in the provisions of the Constitution, the number of which shall not be less than 2 person, and not less than the director. The company has set up independent directors in accordance with the regulations, so it is revised in accordance with the current situation.</p> |
| <p>7</p> | <p>Procedures for managing endorsement or guarantee by subsidiaries.</p> | <p>Procedures for managing endorsement or guarantee by subsidiaries.</p> | <p>Correcting the phrasing.</p> |

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| <p>8</p> | <p>Hierarchy of decision-making authority and delegation thereof (1) When the Company makes any endorsement and/or guarantee, the Finance Unit shall submit the evaluation results made in accordance with Article 5 and 6, along with comments and opinions provided by other related units, to the Board of Directors for approval. A pre-determined limit of 100 million dollars may be delegated to the Chairperson by the Board of Directors to facilitate execution and such endorsement /guarantee shall be reported to the most coming Board of</p> | <p>Hierarchy of decision-making authority and delegation thereof (1) When the Company makes any endorsement and/or guarantee, the Finance Unit shall submit the evaluation results made in accordance with Article 5 and 6, along with comments and opinions provided by other related units, to the Board of Directors for approval after 1/2 of the members of auditor committee agree to propose. A pre-determined limit of 100 million dollars may be delegated to the Chairperson by the Board of Directors to facilitate execution and such endorsement / guarantee shall</p> | <p>1. According to article 6 of the reference example of the “Organization of audit Committee of a limited company” issued by the competent authority, the significant endorsement and guarantee is the competence of the Audit Committee, the resolution of the matter is agreed upon by more than One-second of all members of the Board of Auditors, and the Board of Directors shall decide. So as to make an amendment. And cooperate with the company’s ninth session of the Board of Directors to implement the Audit Committee to remove the supervisor text.</p> |
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| | <p>Directors' Meeting for ratification. The limit shall not exceed the amount that set forth in Article 5 of endorsement/ guarantee provided by the Company.</p> <p>(2) In case the above limits have to be exceeded to accommodate business needs, a resolution of the Board of Directors should be obtained and over half of all the directors should jointly endorse the potential loss that may be brought about by the excess of limits. The Board of Directors should also revise the Procedures and has it ratified at the Shareholders' Meeting. If the revised Procedures are not ratified at</p> | <p>be reported to the most coming Board of Directors' Meeting for ratification. The limit shall not exceed the amount that set forth in Article 5 of endorsement/ guarantee provided by the Company.</p> <p>(2) In case the above limits have to be exceeded to accommodate business needs, a resolution of the Board of Directors should be obtained and over half of all the directors should jointly endorse the potential loss that may be brought about by the excess of limits. The Board of Directors should also revise the Procedures and has it ratified at the Shareholders'</p> | <p>2. Under article 2 of the Securities Trading Act and the No.1020053112 orders stipulating that financial holding companies, banks and tickets that have issued shares in accordance with the Securities Exchange Act. The Company shall set up independent directors in the provisions of the Constitution, the number of which shall not be less than 2 Person, and not less than the director. The company has set up independent directors in accordance with the regulations, so it is revised in accordance with the current situation.</p> |
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| | <p>the Shareholders’ Meeting, the Board of Directors should furnish a plan containing a timetable to withdraw the excess portion. When it makes endorsements / guarantees for others, it shall take into full consideration the opinions of each independent director; independent directors’ opinions specifically expressing assent or dissent and the reasons for dissent shall be included in the minutes of the Board of Directors’ meeting.</p> | <p>Meeting. If the revised Procedures are not ratified at the Shareholders’ Meeting, the Board of Directors should furnish a plan containing a timetable to withdraw the excess portion. When it makes endorsements / guarantees for others, it shall take into full consideration the opinions of each independent director; independent directors’ opinions specifically expressing assent or dissent and the reasons for dissent shall be included in the minutes of the Board of Directors’ meeting.</p> | |
| 9 | Procedures for Custody of Corporate Chops | Procedures for Custody of Corporate Chops | In accordance with the “Limited Company |

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| | <p>(1) The Company shall use the corporate chop registered with the Ministry of Economic Affairs as the dedicated chop for endorsements/ guarantees. The chop shall be kept in the custody of a designated person approved by the board of directors, and the same applies when any changes are made.</p> <p>(2) After the endorsement/ guarantee is decided by the board of directors or approved by the chairman, the Application for Chop Use shall be filled in and submitted, together with the approval records and the endorsement/ guarantee contract or guaranteed</p> | <p>(1) The Company shall use the corporate chop registered with the Ministry of Economic Affairs as the dedicated chop for endorsements/ guarantees. The chop shall be kept in the custody of a designated person approved by the board of directors, and the same applies when any changes are made.</p> <p>(2) After the endorsement/ guarantee is decided by the board of directors and the auditor committee or approved by the chairman, the Application for Chop Use shall be filled in and submitted, together with the approval records and the endorsement/</p> | <p>audit Committee organizational procedures” issued by the competent authorities, as stipulated in article six of the reference example, a significant endorsement, guarantee of the terms of reference of the Audit Committee, the resolution of the matter by more than one-second of the members of the Board of Auditors agreed to, and referred to the Board resolution, so make amendments.</p> |
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| | <p>bill and other documentation before negotiable instruments can be sealed or issued.</p> <p>(3) The manager shall impress the seal after verifying the approval record.</p> <p>(4) When making a guarantee for a foreign company, the Company shall have the Guarantee Agreement signed by a person authorized by the board of directors.</p> | <p>guarantee contract or guaranteed bill and other documentation before negotiable instruments can be sealed or issued.</p> <p>(2) The manager shall impress the seal after verifying the approval record.</p> <p>(4) When making a guarantee for a foreign company, the Company shall have the Guarantee Agreement signed by a person authorized by the board of directors.</p> | |
| 12 | <p>Other regulations</p> <p>(1) After the Operational Procedures have been approved by the board of directors, they shall be submitted to each supervisor, and then to a shareholders' meeting for</p> | <p>Other regulations</p> <p>(1) After the Operational Procedures have been approved by the board of directors and the auditor committee, they shall be submitted to each supervisor, and then to a</p> | <p>In accordance with article six of the reference example of the "Organization of the Audit Committee of a limited company" issued by the competent authority, the establishment or amendment of the internal control system in accordance with</p> |

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| | <p>approval before being enforced. If any director expresses dissent and it is contained in the minutes or a written statement, the Company shall submit the director's dissenting opinion to each supervisor and the shareholders' meeting for a deliberation. The same applies when the Operational Procedures are amended. Where the Company has established the position of independent director, when it submits the Operational Procedures to the board of directors for deliberation in accordance with the preceding paragraph, it</p> | <p>shareholders' meeting for approval before being enforced. If any director expresses dissent and it is contained in the minutes or a written statement, the Company shall submit the director's dissenting opinion to each supervisor and the shareholders' meeting for a deliberation. The same applies when the Operational Procedures are amended. Where the Company has established the position of independent director, when it submits the Operational Procedures to the board of directors for deliberation in accordance with</p> | <p>article 14 of the Certificate of Law provides for the competence of the Board of Auditors, which is agreed upon by more than One-second of all members of the Board of Auditors, And refer to the Board of Directors resolution, so make amendments. In accordance with regulation 14 of the Securities Trading Act, the financial holding companies, banks, vouchers, insurance, securities investment trusts, integrated securities dealers and listed (cabinets) Futures traders who have issued shares in accordance with the Securities Exchange Law, And all listed (cabinets) companies that are not part of the financial industry shall set up independent directors in the</p> |
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| | <p>shall take into full consideration each independent director's opinions; independent directors' opinions specifically expressing assent or dissent and their reasons for dissent shall be included in the minutes of the board of directors' meeting.</p> <p>(2) The auditors shall be responsible for the management of the endorsement case by the regulation of Public Company Internal Control Procedure. After the audit report is completed, it shall be verified by the supervisors monthly.</p> | <p>the preceding paragraph, it shall take into full consideration each independent director's opinions; independent directors' opinions specifically expressing assent or dissent and their reasons for dissent shall be included in the minutes of the board of directors' meeting.</p> <p>(2) The auditors shall be responsible for the management of the endorsement case by the regulation of Public Company Internal Control Procedure. After the audit report is completed, it shall be verified by the supervisors monthly.</p> | <p>provisions of the Articles of association, the number of which shall not be less than 2, and shall not be less than directors. The company has set up independent directors in accordance with the regulations, so it is revised in accordance with the current situation.</p> |
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| 13 | (New article) | The procedure was established on Jun.24, 2003. Revised on Jun.22, 2006. Revised on Jun.19, 2019. Revised on Jun.23, 2010. Revised on Jun.25, 2013. Revised on Jun.28, 2019. | Add in revision history. |
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Attachement 9

Taiwan Styrene Monomer Corporation Procedures for Election of Directors

Proposed on the Board Meeting on Jan.9, 2019

| Title | Procedures for Election of Directors and Supervisors | Procedures for Election of Directors | |
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| Article | Original | Amendment | Reason |
| 1 | The election of the directors and supervisors shall follow this rule | The election of the directors shall follow this rule | The company law requires the director to elect from a candidate nomination system, as set out in the Articles of association. The 21st article of the Articles of Association stipulates that the directors of the company elect the nomination system for candidates, so this paragraph is added. And cooperate with the 14th session of the company 's board of directors to implement the audit Committee, delete the supervisor text. |

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| 2 | The election of directors and supervisors shall be conducted at the shareholders meeting. | The election of directors shall be conducted at the shareholders meeting. | Cooperate with the 14 session of the company's board of directors to implement the Audit committee, delete the supervisor text. |
| 3 | The elected to be a director or supervisor shall be a qualified or capable person for the position. | Deleted | Article 192 of the company law already expressly provides that: "the Board of Directors shall have no fewer than three directors, and the shareholders ' meeting will anything the person who has the capacity to act ", and therefore delete it. |
| 4 | The seats of directors and supervisors to be elected shall be determined according to the article of the Company. | The seats of directors to be elected shall be determined according to the article of the Company. | Cooperate with the 14 session of the company's board of directors to implement the Audit committee, delete the supervisor text. |
| 5 | Elections of the Company directors and supervisors shall be conducted in accordance with the candidate nomination system and procedures set out in Article 192- | Elections of the Company directors shall be conducted in accordance with the candidate nomination system and procedures set out in Article 192-1 of the Company Act. | Cooperate with the 14 session of the company's board of directors to implement the Audit committee, delete the supervisor text. Article 21 of the Articles of association |

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| <p>1 of the Company Act. The Company shall review the qualifications, educational background, and work experience, and the existence of any other matters set forth in Article 30 of the Company Act with respect to nominee directors, and may not arbitrarily add requirements of other credentials. It shall further provide the results of the review to shareholders for their reference, so that qualified directors will be elected. The Cumulative Voting System shall be applied to the voting. Every share has notes as the number of director or supervisors to be elected. The votes can be casted on one person or to be divided into multiple candidates. The</p> | <p>The Company shall review the qualifications, educational background, and work experience, and the existence of any other matters set forth in Article 30 of the Company Act with respect to nominee directors, and may not arbitrarily add requirements of other credentials. It shall further provide the results of the review to shareholders for their reference, so that qualified directors will be elected. The Cumulative Voting System shall be applied to the voting. Every share has notes as the number of director or supervisors to be elected. The votes can be casted on one person or to be divided into multiple candidates. The independent directors shall be elected either.</p> | <p>has stipulated that the election of candidates should adopt the nomination system, so the requirement of repetition should be deleted. The Articles of association: There are 11 to 13 directors of the company, and the number of directors is authorized to be agreed by the Board of directors, who will be anything by the shareholders ' meeting on the competent candidates. The term of office of a director is three years and is re-elected. The nomination system of candidates for the election of one of the 192 companies in the board of directors. The preceding directorship includes three independent directors, the acceptance and announcement of</p> |
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| | independent directors shall be elected either. | | the nomination of directors and independent directors, and the provisions of the relevant laws of the company law and securities trading law. Independent directors and non-independent directors shall conduct elections together to calculate the number of elected places respectively. |
| 6 | The number of directors and supervisors will be as specified in the Company's Articles of Incorporation. The candidates to whom the ballots cast represent a prevailing number of voting rights shall be elected as independent directors or non-independent directors, respectively, based on the results of the election, in descending order. When two or more candidates receive the same | The number of directors and will be as specified in the Company's Articles of Incorporation. The candidates to whom the ballots cast represent a prevailing number of voting rights shall be elected as independent directors or non-independent directors, respectively, based on the results of the election, in descending order. When two or more candidates receive the same number of voting | Cooperate with the 14 session of the company's board of directors to implement the Audit committee, delete the supervisor text. Refer to the related procedure issued by authority. |

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| | number of voting rights, thus exceeding the specified number of positions, they shall draw lots to determine the winner, with the chair drawing lots on behalf of any candidate not present. | rights, thus exceeding the specified number of positions, they shall draw lots to determine the winner, with the chair drawing lots on behalf of any candidate not present. | |
| 8 | At the beginning of the election, the Chairman shall appoint several persons each to check and record the ballots. | At the beginning of the election, the Chairman shall appoint several persons each to check and record the ballots. | Cooperate with the 14 session of the company's board of directors to implement the Audit committee, delete the supervisor text. Refer to the related procedure issued by authority. |
| 13 | The ballots should be calculated during the meeting right after the vote casting and the results of the election of directors and supervisors should be announced by the Chairman at the meeting. If litigation occurs regarding any matter | The ballots should be calculated during the meeting right after the vote casting and the results of the election of directors should be announced by the Chairman at the meeting. If litigation occurs regarding any matter resolved by the Board | Cooperate with the 14 session of the company's board of directors to implement the Audit committee, delete the supervisor text. |

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| | resolved by the Board of Directors before the above retention period expires, the relevant audio or video recordings shall continue to be retained until the litigation is concluded. | of Directors before the above retention period expires, the relevant audio or video recordings shall continue to be retained until the litigation is concluded. | |
| 14 | This Company shall issue notifications to the directors and supervisors elected. | This Company shall issue notifications to the directors elected. | Cooperate with the 14 session of the company's board of directors to implement the Audit committee, delete the supervisor text. |
| 16 | These Rules and any revision thereof shall become effective after approval at the shareholders' meeting. | These Rules and any revision thereof shall become effective after approval at the shareholders' meeting. <u>The procedure was established on Jun.3, 2002.</u> <u>Revised on Jun.15,2006.</u> <u>Revised on Jun.11,2015.</u> <u>Revised on Jun.28,2019.</u> | Revision History |