

# SYSTEX



Enabling **DX** with **AI**



## Handbook for the 2019 Annual Meeting of Shareholders

**SYSTEX CORPORATION**

Stock Code: 6214

MEETING TIME: June 13, 2019

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# System Corporation

## 2019 Annual Shareholders' Meeting

Time: 9:00 a.m., Thursday, June 13, 2019

Place: Liberty Square Convention Center

(2F, 399, Rueiguang Rd., Neihu District, Taipei City.)

### I. Meeting Procedure:

- i. Call Meeting to Order
- ii. Chairman's Address
- iii. Report Items
- iv. Ratification Items
- v. Discussion Items (I)
- vi. Directors Election
- vii. Discussion Items (II)
- viii. Extemporaneous Motions
- ix. Meeting Adjourned

### II. Meeting Agenda:

- i. Report Items:
  1. 2018 Business report and Financial statements.
  2. Audit Committee's review report on 2018 Financial Statements.
  3. 2018 directors' and employees' compensation.
  4. 2018 execution status of Endorsements and Guarantees.
- ii. Ratification Items:
  1. 2018 Business report and Financial statements.
  2. 2018 retained earnings distribution.
- iii. Discussion Items (I):
  1. To discuss and approve the cash distribution from Capital Surplus.
  2. To revise the Articles of Incorporation.
  3. To revise the Procedures for Acquisition or Disposal of Assets.
  4. To revise the Procedures for Loaning of Funds.
  5. To revise the Procedures for Making of Endorsements and Guarantees.
- iv. Directors Election:
  1. To elect thirteen Directors (including three independent directors).
- v. Discussion Items (II):
  1. To release the non-competition restriction on directors.
- vi. Extemporaneous Motions
- vii. Meeting Adjourned

## Report Items

1. 2018 Business report and Financial statements

Explanatory Note:

- (1) Please refer to Attachment 1 (pages 08-11) for the Business Report.
- (2) Please refer to Attachment 2 (pages 12-22) for the Financial statements.

2. Audit Committee's review report on 2018 Financial Statements.

Explanatory Note: Please refer to Attachment 3 (page 23).

3. To report 2018 directors' and employees' compensation.

Explanatory Note:

The Company's 2018 employees' remuneration of NT\$34,055,828 and Directors remuneration of NT\$22,703,885 are issued entirely in cash in accordance with the Company's "Articles of Incorporation."

4. To report 2018 execution status of Endorsements and Guarantees.

Explanatory Note:

- (1) The Company's balance amount of endorsements and guarantees for subsidiaries as of December 31, 2018 is NT\$3,305,312,000.
- (2) The report on endorsements and guarantees is hereby submitted to the shareholders' meeting in accordance with the Company's Procedures for Making Endorsements and Guarantees.

## Ratification Items

1. Ratification of the 2018 Business report and Financial Statements. (Proposed by the Board of Directors)

Explanatory Note:

The Company's 2018 financial statements have been formulated in accordance with regulations. The statements have been audited by the CPA and reviewed by the Audit Committee; no inconsistencies have been found. Related information has been provided in Attachments 1-3 (pages 08-23).

Resolution:

2. Ratification of 2018 retained earnings distribution proposal. (Proposed by the Board of Directors)

Explanatory Note:

- (1) The Company's net income after taxes in 2018 of NT\$1,051,417,745(denomination same below), plus undistributed earnings from the previous year of \$1,528,807,507 , adjustments for adoption of IFRS 9 Financial Instruments \$1,068,262,489 and the retained earnings for long-term share investment adjustment of (\$2,676,652) , minus the actuarial (loss) gains listed in retained earnings of \$23,562,919 and reversal of special capital reserve \$69,484,498 equals the amount available for distribution of \$3,691,732,668. Excluding the legal reserve of \$105,141,774, the proposed cash dividend is \$3.8 per share. Calculated on the basis of the total number of 269,393,304 shares issued by the Company, the dividends total \$1,023,694,555.
- (2) In compliance with the calculation of the undistributed surplus earnings provided in Article 66-9 of the Income Tax Act, the earnings from 2018 are prioritized for distribution.
- (3) The shareholders' meeting is requested to authorize the Chairman to process related matters regarding the baseline date for cash dividends and the issuance of cash dividends following resolution in the general shareholders' meeting.
- (4) With regard to the preceding distribution proposal, the Chairman is authorized to process related matters if the Company transfers (or repurchases) the Company's shares or transfers, converts, or cancels the Company's treasury stocks and causes changes to the number of shares in external circulation and changes in the distributable dividends per share before the baseline date of the distribution of dividends in accordance with Article 28-2 of the Securities and Exchange Act.
- (5) The 2018 earning distribution table has been provided in Attachment 4 (page 24).

Resolution:

## Discussion Items (I)

1. Discussion of the distributing cash dividends from the Capital Surplus. (Proposed by the Board of Directors)

Explanatory Note:

- (1) The value of the capital reserve in the Company's 2018 Financial Report exceeding the income on premiums of stocks issued at values exceeding their nominal value was NT\$4,964,758,467 (denomination same below). The proposal, in accordance with Article 241 of the Company Act, includes setting aside cash of \$323,271,965 to be distributed to shareholders from the income on premiums of stocks issued at values exceeding their nominal value.
- (2) The Company has issued a total of 269,393,304 shares. The dividend from the capital reserve is proposed at \$1.2 per share for a total of \$323,271,965, which shall be distributed based on the number of shares held by each shareholder in accordance with the Company's shareholders list on the baseline date. The shareholders' meeting is requested to authorize the Chairman to process related matters regarding the baseline date for issuing the capital reserve and the issuance of capital reserve following resolution in the shareholders' meeting.
- (3) The Chairman is authorized to process related matters if the Company hereafter transfers (or repurchases) the Company's shares or transfers, converts, or cancels the Company's treasury stocks and causes changes to the number of shares in external circulation and changes the distribution of capital reserve before the baseline date of the distribution of capital reserve in accordance with Article 28-2 of the Securities and Exchange Act.
- (4) Regarding the current proposal to distribute cash dividend from the Company's capital reserve, income on premiums of stocks issued at values exceeding their nominal value in the capital reserve from before January 1, 2007 shall be prioritized for distribution.

Resolution:

2. Discussion of the amendment to the Articles of Incorporation. (Proposed by the Board of Directors)

Explanatory Note:

Amendments on the Articles of Incorporation according to the Company Act and the Company's practical operation. The comparison table of amended articles has been included in Attachment 5 (pages 25-36).

3. Discussion of the amendment to the Procedures for the Acquisition and Disposal of Assets. (Proposed by the Board of Directors)

Explanatory Note:

Amendments on the Procedures content and the Company's practical operation were made in response to the Financial Supervisory Commission order No. 1070341072 dated November 26, 2018. The comparison table of amended articles has been included in Attachment 6 (pages 37-75).

Resolution:

4. Discussion of the amendment to the Procedures for Loaning of Funds. (Proposed by the Board of Directors)

Explanatory Note:

Amendments on the Procedures content and the Company's practical operation were made in response to the Financial Supervisory Commission order No. 1080304826 dated March 7, 2019. The comparison table of amended articles has been included in Attachment 7 (pages 76-85).

Resolution:

5. Discussion of the amendment to the Procedures for Making of Endorsements and Guarantees. (Proposed by the Board of Directors)

Explanatory Note:

Amendments on the Procedures content and the Company's practical operation were made in response to the Financial Supervisory Commission order No. 1080304826 dated March 7, 2019. The comparison table of amended articles has been included in Attachment 8 (pages 86-97).

Resolution:

## **Directors Election**

1. To elect thirteen Directors (including three Independent Directors). (Proposed by the Board of Directors)

Explanatory Note:

- (1) Upon the expiration of the terms of all SYSTEX Directors, the Board of Directors resolved that thirteen Directors (including three Independent Directors) will be elected at this Annual Shareholders' Meeting. The tenure of newly elected directors shall be 3 years, commencing on June 13, 2019 and expiring on June 12, 2022.
- (2) The directors shall be elected by adopting candidates nomination system as specified in Article 192-1 of the Company Act. The directors shall be elected from the nominated candidates, whose education and professional qualifications, experience and relevant information, as well as the rationale for nomination of independent directors who have served for three or more consecutive terms, has been included in Attachment 9-10 (pages 98-100).

## **Discussion Items (II)**

1. To release the non-competition restriction on directors. (Proposed by the Board of Directors)

Explanatory Note:

- (1) According to Article 209 of the Company Act, a Director who does anything for himself or on behalf of another person that is within the scope of the company's business shall explain to the Shareholders' Meeting the essential contents of such an act and secure its approval.
- (2) If the Director candidate to be elected as the 9th Board of Directors actually does anything for themselves or on behalf of another person within the scope of the Company's business as follows, it is proposed to release the non-competition restriction for the would-be newly elected directors and their representatives at the annual Shareholders' Meeting of Year 2019. The list of other position of director & independent director candidates has been included in Attachment 11 (pages 101-102).

## **Extemporary Motions**

## **Meeting Adjourned**

# Attachment 1

## System Corporation 2018 Business report

### I. Foreword

In 2018, SYSTEX proposed "AI4IA, AI for Industry Applications" as a main theme to help corporate customers to enhance their operational efficiency or elevate marketing benefits by applying SYSTEX AI Applications. On the trend of new technology, corporations and organizations are gradually transforming into digital transformation. Since customer demands have increased significantly along with our correct strategy and the efforts of the operation team and employees, our turnover in 2018 has continued to grow and reach historic new heights.

### II. Summary of 2018 Operational Outcomes

In 2018, SYSTEX achieved an operating revenue of NT\$ (same below) 6,353,272,000, a 7.68% increase from 2017. Our net income after tax in 2018 was \$1,051,418,000. The consolidated revenue in 2018 was \$19,515,989,000, an increase of 15.66% from 2017. The consolidated net income after tax in 2018 (excluding non-controlling equities) was \$1,051,418,000 and earnings per share was \$4.27.

### III. Summary of 2018 Business Operations and Services

Under the main theme of "AI4IA, AI for Industry Applications", SYSTEX invested resources in the following three directions, which shows in the 2018 operational outcome:

#### ■ Make effort for the budget from corporate and government digital transformation

Actively make effort for the budget from the government prospective plan and acquire hardware facility resources from the Ministry of the Interior's Land Administration to expand and integrate improvements, reaching 90% of market shares in the field of land administration; The increasing demand from corporate digital transformation has driven an explosive growth of Microsoft cloud service market in China, which continues to maintain SYSTEX's position as the top Microsoft distributor across the Taiwan Straits; Extensively manage big clients, provide digital transformation strategy and planning consulting services, win benchmark projects from large corporate clients. All mentioned above are the reasons for SYSTEX to become a long-term strategic partner for corporations who are undergoing digital transformation.

- **Expand cross-border/cross-boundary/cross-domain collaboration opportunities**

The topic of smart manufacturing continues to take effect, SYSTEX integrates our specialties in IT (Information Technology) and OT (Operation Technology) to help customers in the manufacturing industry to lay the foundation for digital transformation and further grasp their opportunities in smart manufacturing; SYSTEX also grasp the demands of customers in the financial industry for AI in RegTech/InsurTech/FinTech, creating diverse applications including anti-money laundering, insurance payout, mobile insurance, and smart financial management.

- **Integration and expansion of cooperative alliances within the ecosystem**

Work with cross-border innovative partners and strategically cooperate with startup unicorns, enhancing the uniqueness of products and increasing the usage of software services; Create alliances with distributors/dealers, expand market channel collaboration, reset group resources to improve product combination, and create win-win opportunities with partners in the ecosystem; Connect and integrate finance/retail/payment innovation and channels, provide innovative application service, grasp data value for clients, such as smart billing management and integrated marketing services, integrating the full-view of financial CRM platform in the mobile financial management app, foreign exchange blockchain application platform, e-voucher "Seeker Voucher" service, automated equipment, and application of robots in the field of smart retail.

#### **IV. The effect of external competition, the legal environment, and the overall business environment**

The US-China trade war brought uncertainties to the global financial environment in 2019. Along with major international events such as the Fed interest rate decision, emerging market trend, and the UK hard Brexit, economic development in recent is full of variables; Domestically, telecommunications companies and OEMs have been transitioning towards SI, causing increased competition; However, the government has continued to push prospective plans and digital government policies, which are conducive to drive the digital transformation of the private sector and bring more business opportunities which are expected to benefit the cloud service market. Furthermore, the relaxing of finance laws coupled with the overall trend of FinTech and AI integration also increased the demand for digital transformation related applications in the finance, insurance, and retail industries.

#### **V. 2019 Operational Plan**

In order to follow the behaviors of different customers and undergo digital transformation within different industries, SYSTEX will demonstrate our leadership in the ecosystem and

help companies to use AI and other digital technologies to collect, analyze, and examine vast amounts of data, create data value, and adopt more macroscopic application strategies and decision-making, assisting corporate customers to create multi-faceted digital transformations for different industries, and making ourselves to become the AI digital transformation partner for corporations. The following is an overview of this year's strategic focus:

- Help corporations to transit to the cloud, creating a one-step full stack value chain

In the future, every corporation will transit to cloud services. SYSTEX will actively compete for business opportunities for cloud services across the Taiwan Strait by providing comprehensive cloud services from cloud installation, including planning, setup, and consultation for public or private cloud system structures, cloud usage, and covering all kinds of cloud application, cloud management, monitoring mechanisms like user fees reminder management and system monitoring, to cloud protection, backup, security maintenance, and disaster recovery preparation.

- Promote AI digital transformation for corporations with 5A capabilities

5A stands for AP, API, App, Appliance, and Algorithm. 5A is the foundation of corporate AI digital transformation. In order to assist customers in AI digital transformation, SYSTEX will invest resources to further train talents with 5A skills to meet corporations' needs for digital transformation. Furthermore, SYSTEX will redistribute group resources to increase the proportions of 5A services, especially for the five major areas of smart operation, smart combat, smart manufacturing, smart cloud, and smart information security to satisfy the growing demand of corporations and create more room for growth for SYSTEX.

- Continue to make alliances to expand the ecosystem

Continue to distribute/deal products and services of international AI partners and cooperate with AI startups, integrating one another's resources, deepening the core strengths of cross-domain operation, cross-industry integration, and cross-border development, including the growth of software capabilities, strengthening of human resources, and OP service alliances; At the same time, we will integrate finance/retail/payment industry ecosystems, expand cooperation and connection to cultivate the regional economy, lead the cross-domain/cross-industry/cross-border ecosystem to create opportunities for growth that would benefit all.

## VI. Future development strategy

We talked about "heterogeneous platform data integration" in 2016, "digital transformation" in 2017, to "AI4IA, AI for Industry Applications" in 2018. This year, we will focus on "Digital Transformation with AI". SYSTEX has always kept up with current

international IT trends. SYSTEX positions itself as a data company that sells software services, operates the market across the Taiwan Strait, provides customers with cloud services in the four main facets of cloud installation, cloud usage, cloud management, and cloud protection, and continues to strengthen core capabilities based on the 5A structure, using AP/API/ App/Appliance/Algorithm 5A cross-border software to integrate data and monetize data, and finally make ourselves become the best choice to all of our customers and partners in the field of Digital Transformation with AI.

Chairman                      Huang, Tsong-Jen

President                      Lin, Lung-Fen

Accounting Manager      Cheng, Yuan-Yih

## Attachment 2

### INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders  
Systex Corporation

#### **Opinion**

We have audited the accompanying consolidated financial statements of Systex Corporation and its subsidiaries (collectively referred to as the Group), which comprise the consolidated balance sheets as of December 31, 2018 and 2017, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the “consolidated financial statements”).

In our opinion, based on our audits and the reports of other independent auditors (refer to Other Matter paragraph), the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2018 and 2017, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

#### **Basis for Opinion**

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

#### **Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2018. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters of the Group's consolidated financial statements for the year ended December 31, 2018 are addressed as follows:

#### Valuation of Accounts Receivable

As of December 31, 2018, accounts receivable amounted to \$3,632,563 thousand. When evaluating impairment of accounts receivable, the management uses the expected credit loss model based on the lifetime expected credit loss. The valuation of accounts receivable involves accounting estimates and assumptions determined by the management. Therefore, we consider the valuation of accounts receivable as a key audit matter. For the disclosures related to accounts receivable, refer to Notes 5 and 13 to the consolidated financial statements.

Our audit procedures for the abovementioned key audit matter included the following:

1. We obtained the reports of accounts receivable impairment and assessed the reasonableness of the methodology and data used in the reports.
2. We tested the accounts receivable aging schedule and reviewed the calculation of expected credit loss for reasonableness of the recognized expected credit loss on accounts receivable.
3. We tested the recoverability of accounts receivables by analyzing overdue accounts and by verifying cash receipts in the subsequent period. For a receivable that was past due but not yet received, we assessed the reasonableness of the expected credit loss based on the customer's payment history, customer credit control and tracking of overdue accounts receivable.

#### **Other Matter**

We did not audit the financial statements as of and for the year ended December 31, 2017 of SoftMobile Technology Corporation, Rainbow Tech Information (HK) Limited and Systex Information (H.K.) Ltd., which are all consolidated subsidiaries. The aggregate assets of these subsidiaries as of December 31, 2017 amounted to \$468,683 thousand, or 2.42% of the consolidated assets. The aggregate net operating revenues of these subsidiaries in 2017 were \$1,183,995 thousand, or 7.02% of the consolidated net operating revenues. We also did not audit the financial statements as of and for the year ended December 31, 2017 of Sanfran Technologies, Mohist Web Technology Co., Limited and Forms Syntron Information (Shenzhen) Limited, the investments in which were accounted by the equity method in the accompanying consolidated financial statements. The aggregate carrying amounts of these investments accounted by equity method as of December 31, 2017, including those reclassified to noncurrent assets held for sale, were \$801,036 thousand, or 4.14% of the consolidated assets. The aggregate amount of the share in their profit and other comprehensive income in 2017 was \$40,158 thousand, or 5.34% of the consolidated comprehensive income. The financial statements of the abovementioned subsidiaries and investees were audited by other auditors whose reports have been provided to us and, our opinion, insofar as it relates to the amounts included for these subsidiaries and investees, is based solely on the reports of the other auditors.

We have also audited the parent company only financial statements of Systex Corporation as of and for the years ended December 31, 2018 and 2017 on which we have issued an unmodified report with other matter paragraph.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the auditing standards generally accepted in the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with the auditing standards generally accepted in the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the Group audit. We remain solely responsible for our audit opinion.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2018 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Shu-Wan Lin and Shiow-Ming Shue.

Deloitte & Touche  
Taipei, Taiwan  
Republic of China

March 21, 2019

Notice to Readers

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

*For the convenience of readers, the independent auditors' report and the accompanying consolidated financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' report and consolidated financial statements shall prevail.*

# SYSTEX CORPORATION AND SUBSIDIARIES

## CONSOLIDATED BALANCE SHEETS DECEMBER 31, 2018 AND 2017 (In Thousands of New Taiwan Dollars)

ASSETS	2018		2017	
	Amount	%	Amount	%
<b>CURRENT ASSETS</b>				
Cash and cash equivalents (Notes 4 and 6)	\$ 2,815,309	14	\$ 3,708,235	19
Financial assets at fair value through profit or loss - current (Notes 4 and 7)	3,079,485	15	3,222,285	17
Available-for-sale financial assets (Notes 4 and 11)	-	-	16,561	-
Debt investments with no active market - current (Notes 4 and 12)	-	-	357,120	2
Notes receivable, net (Notes 4 and 13)	70,881	-	64,837	1
Accounts receivable, net (Notes 4, 5, 13 and 29)	3,632,563	18	3,217,198	17
Other receivables (Notes 30 and 31)	264,386	1	204,277	1
Inventories (Notes 4 and 14)	2,894,176	15	2,910,565	15
Prepayments	934,370	5	836,115	4
Refundable deposits - current	320,128	2	220,715	1
Other current assets (Note 29)	50,868	-	63,149	-
Total current assets	<u>14,062,166</u>	<u>70</u>	<u>14,821,057</u>	<u>77</u>
<b>NON-CURRENT ASSETS</b>				
Financial assets at fair value through profit or loss - non-current (Notes 4 and 7)	1,679,823	8	-	-
Financial assets at fair value through other comprehensive income - non-current (Notes 4 and 8)	111,870	1	-	-
Financial assets at amortized cost - non-current (Notes 4 and 9)	500,000	3	-	-
Financial assets measured at cost - non-current (Notes 4 and 15)	-	-	509,150	3
Debt investments with no active market-non-current (Notes 4 and 12)	-	-	574,400	3
Investments accounted for using equity method (Notes 4 and 17)	1,240,816	6	1,153,527	6
Property, plant and equipment (Notes 4, 18 and 30)	1,913,330	10	1,940,525	10
Computer software (Note 4)	58,359	-	51,368	-
Goodwill (Notes 4 and 25)	26,703	-	-	-
Other intangible assets (Note 4)	31,012	-	-	-
Deferred tax assets (Notes 4 and 23)	75,600	-	54,870	-
Refundable deposits - non-current (Note 31)	189,310	1	162,086	1
Long-term receivables (Notes 4 and 13)	600	-	4,944	-
Other non-current assets (Notes 30 and 31)	89,874	1	92,243	-
Total non-current assets	<u>5,917,297</u>	<u>30</u>	<u>4,543,113</u>	<u>23</u>
<b>TOTAL</b>	<u>\$ 19,979,463</u>	<u>100</u>	<u>\$ 19,364,170</u>	<u>100</u>
<b>LIABILITIES AND EQUITY</b>				
<b>CURRENT LIABILITIES</b>				
Short-term loans (Notes 19 and 30)	\$ 815,925	4	\$ 1,460,053	7
Notes and accounts payable (Note 29)	3,193,059	16	3,100,522	16
Contract liabilities (Note 4)	1,071,102	5	1,081,130	6
Other payables	1,094,195	6	902,169	5
Current tax liabilities (Notes 4 and 23)	126,689	1	62,039	-
Other current liabilities	191,400	1	160,581	1
Total current liabilities	<u>6,492,370</u>	<u>33</u>	<u>6,766,494</u>	<u>35</u>
<b>NON-CURRENT LIABILITIES</b>				
Deferred tax liabilities (Notes 4 and 23)	5,938	-	5,023	-
Net defined benefit liabilities - non-current (Notes 4 and 20)	273,652	1	263,637	1
Other non-current liabilities	12,552	-	6,860	-
Total non-current liabilities	<u>292,142</u>	<u>1</u>	<u>275,520</u>	<u>1</u>
Total liabilities	<u>6,784,512</u>	<u>34</u>	<u>7,042,014</u>	<u>36</u>
<b>EQUITY ATTRIBUTABLE TO OWNERS OF THE CORPORATION (Notes 4 and 21)</b>				
Common shares	2,693,933	14	2,693,933	14
Capital surplus	6,729,035	34	7,363,072	38
Retained earnings				
Legal reserve	1,014,689	5	896,914	5
Special reserve	453,327	2	64,494	-
Unappropriated earnings	3,622,248	18	2,708,899	14
Total retained earnings	5,090,264	25	3,670,307	19
Other equity	(383,842)	(2)	(453,327)	(2)
Treasury shares	(1,003,629)	(5)	(1,003,629)	(5)
Total equity attributable to owners of the Corporation	13,125,761	66	12,270,356	64
<b>NON-CONTROLLING INTERESTS (Note 21)</b>	69,190	-	51,800	-
Total equity	<u>13,194,951</u>	<u>66</u>	<u>12,322,156</u>	<u>64</u>
<b>TOTAL</b>	<u>\$ 19,979,463</u>	<u>100</u>	<u>\$ 19,364,170</u>	<u>100</u>

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

(With Deloitte & Touche audit report dated March 21, 2019)

# SYSTEX CORPORATION AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2018		2017	
	Amount	%	Amount	%
OPERATING REVENUES (Notes 4 and 29)				
Sales	\$ 14,304,148	73	\$ 12,181,047	72
Less: Sales returns and allowances	<u>40,380</u>	<u>-</u>	<u>86,183</u>	<u>-</u>
Net sales	14,263,768	73	12,094,864	72
Service revenue	5,188,203	27	4,706,829	28
Other operating revenue	<u>64,018</u>	<u>-</u>	<u>72,586</u>	<u>-</u>
Total operating revenues	<u>19,515,989</u>	<u>100</u>	<u>16,874,279</u>	<u>100</u>
OPERATING COSTS (Notes 4, 22 and 29)				
Cost of goods sold	12,224,462	63	10,350,367	61
Service cost	2,246,078	11	1,967,169	12
Other operating cost	<u>11,238</u>	<u>-</u>	<u>23,015</u>	<u>-</u>
Total operating costs	<u>14,481,778</u>	<u>74</u>	<u>12,340,551</u>	<u>73</u>
GROSS PROFIT	<u>5,034,211</u>	<u>26</u>	<u>4,533,728</u>	<u>27</u>
OPERATING EXPENSES (Notes 20, 22 and 29)				
Selling expenses	3,524,984	18	3,194,696	19
General and administrative expenses	368,538	2	359,085	2
Research and development expenses	<u>452,967</u>	<u>2</u>	<u>440,821</u>	<u>3</u>
Total operating expenses	<u>4,346,489</u>	<u>22</u>	<u>3,994,602</u>	<u>24</u>
PROFIT FROM OPERATIONS	<u>687,722</u>	<u>4</u>	<u>539,126</u>	<u>3</u>
NON-OPERATING INCOME AND EXPENSES				
Share of profit of associates (Notes 4 and 17)	44,296	-	66,479	1
Interest income (Note 4)	40,237	-	48,528	-
Dividend income (Note 4)	76,717	1	47,243	-
Other income, net (Note 29)	48,087	-	56,818	-
Gain on sale of investments, net (Note 22)	601,223	3	478,622	3
Foreign exchange gain (loss), net (Note 4)	(10,379)	-	34,492	-
Gain (loss) on financial assets at fair value through profit or loss, net (Note 4)	(222,621)	(1)	98,992	1
Interest expense	(30,513)	-	(32,359)	-
Other expenses	(2,131)	-	(4,227)	-
Gain on disposal of property, plant and equipment, net (Note 4)	8,589	-	4,229	-
Impairment loss on assets (Notes 4 and 22)	<u>-</u>	<u>-</u>	<u>(37,783)</u>	<u>-</u>
Total non-operating income and expenses	<u>553,505</u>	<u>3</u>	<u>761,034</u>	<u>5</u>

(Continued)

## SYSTEX CORPORATION AND SUBSIDIARIES

### CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2018		2017	
	Amount	%	Amount	%
INCOME BEFORE INCOME TAX	1,241,227	7	1,300,160	8
INCOME TAX EXPENSE (Notes 4 and 23)	<u>191,055</u>	<u>1</u>	<u>127,042</u>	<u>1</u>
NET INCOME	<u>1,050,172</u>	<u>6</u>	<u>1,173,118</u>	<u>7</u>
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans (Notes 4 and 20)	(26,385)	-	(32,743)	-
Unrealized gain (loss) on equity instruments at fair value through other comprehensive income	860	-	-	-
Share of the other comprehensive income of associates accounted for using the equity method	5	-	-	-
Income tax relating to items that will not be reclassified subsequently to profit or loss (Notes 4 and 20)	<u>2</u>	<u>-</u>	<u>(151)</u>	<u>-</u>
	<u>(25,518)</u>	<u>-</u>	<u>(32,894)</u>	<u>-</u>
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating foreign operations	80,968	-	(434,475)	(3)
Unrealized loss on available-for-sale financial assets	-	-	(613)	-
Share of the other comprehensive gain (loss) of associates accounted for using the equity method	<u>(17,595)</u>	<u>-</u>	<u>47,070</u>	<u>-</u>
	<u>63,373</u>	<u>-</u>	<u>(388,018)</u>	<u>(3)</u>
Other comprehensive income (loss) for the year, net of income tax	<u>37,855</u>	<u>-</u>	<u>(420,912)</u>	<u>(3)</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 1,088,027</u>	<u>6</u>	<u>\$ 752,206</u>	<u>4</u>
NET INCOME (LOSS) ATTRIBUTABLE TO:				
Owners of the Corporation	\$ 1,051,418	5	\$ 1,177,749	7
Non-controlling interests	<u>(1,246)</u>	<u>-</u>	<u>(4,631)</u>	<u>-</u>

(Continued)

## SYSTEX CORPORATION AND SUBSIDIARIES

### CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2018		2017	
	Amount	%	Amount	%
	<u>\$ 1,050,172</u>	<u>5</u>	<u>\$ 1,173,118</u>	<u>7</u>
TOTAL COMPREHENSIVE INCOME (LOSS)				
ATTRIBUTABLE TO:				
Owners of the Corporation	\$ 1,089,408	6	\$ 756,949	4
Non-controlling interests	<u>(1,381)</u>	<u>-</u>	<u>(4,743)</u>	<u>-</u>
	<u>\$ 1,088,027</u>	<u>6</u>	<u>\$ 752,206</u>	<u>4</u>
EARNINGS PER SHARE (Note 21)				
Basic	<u>\$4.27</u>		<u>\$4.79</u>	
Diluted	<u>\$4.26</u>		<u>\$4.79</u>	

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

(With Deloitte & Touche audit report dated March 21, 2019)

(Concluded)

**SYSTEX CORPORATION AND SUBSIDIARIES**

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY  
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017  
(In Thousands of New Taiwan Dollars)

	Equity Attributable to Owners of the Corporation (Notes 4 and 21)						Other Equity				Non-Controlling Interests (Note 21)	Total Equity	
	Common Shares	Capital Surplus	Retained Earnings			Total	Exchange Differences on Translating Foreign Operations	Unrealized Gain (Loss) on Financial Instruments	Unrealized Gain on Financial Assets at Fair Value Through Other Comprehensive Income	Treasury Shares			Total
			Legal Reserve	Special Reserve	Unappropriated Earnings								
BALANCE AT JANUARY 1, 2017	\$ 2,693,933	\$ 7,634,980	\$ 786,087	\$ -	\$ 2,681,315	\$ 3,467,402	\$ (83,286)	\$ 18,792	\$ -	\$ (1,003,629)	\$ 12,728,192	\$ 31,003	\$ 12,759,195
Appropriation of 2016 earnings	-	-	110,827	-	(110,827)	-	-	-	-	-	-	-	-
Legal reserve	-	-	110,827	-	(110,827)	-	-	-	-	-	-	-	-
Special reserve	-	-	-	64,494	(64,494)	-	-	-	-	-	-	-	-
Cash dividends - NT\$3.5 per share	-	-	-	-	(942,877)	(942,877)	-	-	-	-	(942,877)	-	(942,877)
Change in capital surplus from investments in associates accounted for by using equity method	-	54,304	-	-	-	-	-	-	-	-	54,304	-	54,304
Distribution in cash of the capital surplus - NT\$1.5 per share	-	(404,090)	-	-	-	-	-	-	-	-	(404,090)	-	(404,090)
Net income (loss) for 2017	-	-	-	-	1,177,749	1,177,749	-	-	-	-	1,177,749	(4,631)	1,173,118
Other comprehensive income (loss) for 2017	-	-	-	-	(31,967)	(31,967)	(387,405)	(1,428)	-	-	(420,800)	(112)	(420,912)
Total comprehensive income (loss) for 2017	-	-	-	-	1,145,782	1,145,782	(387,405)	(1,428)	-	-	756,949	(4,743)	752,206
Cash dividends received by subsidiaries from the Corporation	-	117,049	-	-	-	-	-	-	-	-	117,049	-	117,049
Disposal of investments accounted for by using equity method	-	(39,171)	-	-	-	-	-	-	-	-	(39,171)	-	(39,171)
Increase in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	25,540	25,540
BALANCE AT DECEMBER 31, 2017	2,693,933	7,363,072	896,914	64,494	2,708,899	3,670,307	(470,691)	17,364	-	(1,003,629)	12,270,356	51,800	12,322,156
Effect of retrospective application	-	-	-	-	1,068,262	1,068,262	-	(17,364)	22,619	-	1,073,517	1,215	1,074,732
BALANCE AT JANUARY 1, 2018 AS RESTATED	2,693,933	7,363,072	896,914	64,494	3,777,161	4,738,569	(470,691)	-	22,619	(1,003,629)	13,343,873	53,015	13,396,888
Appropriation of 2017 earnings	-	-	117,775	-	(117,775)	-	-	-	-	-	-	-	-
Legal reserve	-	-	117,775	-	(117,775)	-	-	-	-	-	-	-	-
Special reserve	-	-	-	388,833	(388,833)	-	-	-	-	-	-	-	-
Cash dividends - NT\$2.5 per share	-	-	-	-	(673,483)	(673,483)	-	-	-	-	(673,483)	-	(673,483)
Distribution in cash of the capital surplus - NT\$2.5 per share	-	(673,483)	-	-	-	-	-	-	-	-	(673,483)	-	(673,483)
Net income (loss) for 2018	-	-	-	-	1,051,418	1,051,418	-	-	-	-	1,051,418	(1,246)	1,050,172
Other comprehensive income (loss) for 2018	-	-	-	-	(26,240)	(26,240)	63,365	-	865	-	37,990	(135)	37,855
Total comprehensive income (loss) for 2018	-	-	-	-	1,025,178	1,025,178	63,365	-	865	-	1,089,408	(1,381)	1,088,027
Cash dividends received by subsidiaries from the Corporation	-	117,049	-	-	-	-	-	-	-	-	117,049	-	117,049
Actual acquisitions of interests in subsidiaries	-	-	-	-	-	-	-	-	-	-	-	1,499	1,499
Disposal of investments accounted for by using equity method	-	(77,603)	-	-	-	-	-	-	-	-	(77,603)	-	(77,603)
Increase in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	16,057	16,057
BALANCE AT DECEMBER 31, 2018	<u>\$ 2,693,933</u>	<u>\$ 6,729,035</u>	<u>\$ 1,014,689</u>	<u>\$ 453,327</u>	<u>\$ 3,622,248</u>	<u>\$ 5,090,264</u>	<u>\$ (407,326)</u>	<u>\$ -</u>	<u>\$ 23,484</u>	<u>\$ (1,003,629)</u>	<u>\$ 13,125,761</u>	<u>\$ 69,190</u>	<u>\$ 13,194,951</u>

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

(With Deloitte & Touche audit report dated March 21, 2019)

# SYSTEX CORPORATION AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017 (In Thousands of New Taiwan Dollars)

	2018	2017
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Income before income tax	\$ 1,241,227	\$ 1,300,160
Adjustments for :		
Depreciation expenses	106,052	114,811
Amortization expenses	30,727	43,620
Expected credit loss recognized	4,084	-
Provision for allowance for doubtful accounts	-	6,057
Loss (gain) on financial assets at fair value through profit or loss, net	222,621	(98,992)
Interest expense	30,513	32,359
Interest income	(40,237)	(48,528)
Dividend income	(76,717)	(47,243)
Share of profit of associates	(44,296)	(66,479)
Gain on disposal of property, plant and equipment, net	(8,589)	(4,229)
Gain on sale of non-current assets held for sale	-	(193,003)
Gain on sale of investments accounted for using equity method	(401,599)	(257,467)
Impairment loss on financial assets	-	4,129
Impairment loss on non-financial assets	-	33,654
Write-down of inventories	58,245	12,731
Unrealized loss on foreign currency exchange, net	2,116	8,982
Changes in operating assets and liabilities		
Increase in financial assets held for trading	-	(328,122)
Increase in financial assets mandatorily classified as at fair value through profit or loss	(112,511)	-
(Increase) decrease in notes receivable	(3,791)	2,742
Increase in accounts receivable	(213,097)	(52,500)
(Increase) decrease in other receivables	(55,654)	17,889
Decrease (increase) in inventories	118,567	(504,184)
Increase in prepayments	(81,346)	(5,995)
Decrease (increase) in other current assets	12,545	(10,066)
(Decrease) increase in contract liabilities	(86,786)	208,421
(Decrease) increase in notes and accounts payable	(121,103)	253,029
Increase in other payables	144,988	13,227
Increase in other current liabilities	28,058	50,410
Decrease in net defined benefit liabilities	(40,011)	(15,485)
Cash generated from operations	714,006	469,928
Interest paid	(30,394)	(32,258)
Income tax paid	(127,657)	(218,027)
Net cash generated from operating activities	<u>555,955</u>	<u>219,643</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisition of financial assets at fair value through other comprehensive income	(47,520)	-
Return of capital from capital reduction of financial assets at fair value through other comprehensive income	1,008	-

(Continued)

# SYSTEX CORPORATION AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017 (In Thousands of New Taiwan Dollars)

	2018	2017
Proceeds on sale of financial assets at amortized cost	357,120	-
Acquisition of debt investments with no active market	-	(32,705)
Acquisition of financial assets measured at cost	-	(88,465)
Return of capital from capital reduction of financial assets measured at cost	-	7,064
Acquisition of investments accounted for using equity method	(324,840)	(33,600)
Proceeds on sale of investments accounted for using equity method	589,935	344,010
Acquisition of subsidiaries (Note 25)	(64,697)	-
Proceeds on sale of non-current assets held for sale	-	275,370
Payments for property, plant and equipment	(93,613)	(61,655)
Proceeds on disposal of property, plant and equipment	18,516	13,530
Increase in refundable deposits	(103,091)	(56,507)
Payments for intangible assets	(37,224)	(16,360)
Decrease in long-term receivables	4,344	49,251
Increase in pledged time deposits	(3,066)	(7,973)
Increase in time deposits with original maturities of more than 3 months	-	(268,614)
(Decrease) increase in other non-current assets	5,458	(4,732)
Interest received	44,272	45,024
Dividends received	76,717	47,341
Dividends received from associates	<u>23,558</u>	<u>31,057</u>
Net cash generated from investing activities	<u>446,877</u>	<u>242,036</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
(Decrease) increase in short-term loans	(696,043)	441,084
(Decrease) increase in guarantee deposits received	(3,586)	420
Dividends paid	(673,483)	(942,877)
Increase in non-controlling interests	16,057	25,540
Cash dividends received by subsidiaries from the Corporation	117,049	117,049
Distribution in cash from the capital surplus	<u>(673,483)</u>	<u>(404,090)</u>
Net cash used in financing activities	<u>(1,913,489)</u>	<u>(762,874)</u>
<b>EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS</b>		
	<u>17,731</u>	<u>(235,852)</u>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	(892,926)	(537,047)
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>		
	<u>3,708,235</u>	<u>4,245,282</u>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>	<u>\$ 2,815,309</u>	<u>\$ 3,708,235</u>

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

(With Deloitte & Touche audit report dated March 21, 2019)

(Concluded)

## Attachment 3

### Audit Committee's Review Report

The Board of Directors has prepared and submitted the 2018 business report, financial statements, and earnings distribution proposal, of which the financial statements have been audited by Deloitte. These have been reviewed by the Audit Committee as correctly portraying SYSTEX's business activities. In accordance with Article 14-4 of the Securities and Exchange Act and Article 219, 228 of the Company Act, this report is submitted for your examination.

System Corporation  
Audit Committee Convener:

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Huang, Jih-Tsan

March 21, 2019

## Attachment 4

Systemx Corporation  
Earnings Distribution Proposal  
December 31, 2018

Unit: NTD

Items	Amount	
	Subtotal	Total
Beginning unappropriated earnings		1,528,807,507
Adjustment for adoption of IFRS 9 Financial Instruments	1,068,262,489	
Adjustment for investments accounted for using equity method	(2,676,652)	
Remeasurement on net defined benefit plan	(23,562,919)	
Add: Net income of 2018	1,051,417,745	
Add: Reversal of special capital reserve	69,484,498	
Earnings available for distribution		3,691,732,668
Distribution items		
Legal reserve	(105,141,774)	
Cash dividends (NT\$3.8/per share)	(1,023,694,555)	
Total distribution		(1,128,836,329)
Ending unappropriated earnings		2,562,896,339

Chairman  
President  
Accounting Manager

Huang, Tsong-Jen  
Lin, Lung-Fen  
Cheng, Yuan-Yih

## Attachment 5

### System Corporation

Table of Comparison of Amendments to the Articles of Incorporation

Before Amendments	After Amendments	Remark
<p>Article 21: The Company's fiscal year begins on January 1 and ends on December 31 of every year. The fiscal year shall end on the last day of the Gregorian calendar and the Board shall prepare the following documents and submit them to the Audit Committee for review before ratification in the General Shareholders' Meeting.</p> <p>(I) Business report.            (II) Financial Statements.  <u>(III) Distribution of earnings or loss offsetting proposals.</u></p>	<p>Article 21: The Company's fiscal year begins on January 1 and ends on December 31 of every year. The fiscal year shall end on the last day of the Gregorian calendar and the Board shall prepare the following documents and submit them to the Audit Committee for review before ratification in the General Shareholders' Meeting.</p> <p>(I) Business report.            (II) Financial Statements.</p>	<p>According to the Company Act, after the board of directors is authorized to distribute the surplus in cash, the general shareholders' meeting only needs to recognize the business report and financial statements, so the third item is deleted.</p>
<p>Article 22: In response to the overall economy and the characteristics of industry growth and in compliance with the Company's long-term financial plans for sustainable operations and stable development, the Company adopts a residual dividend policy. The policy mainly assesses the annual funding requirements based on the Company's future capital budget plans and retains required funding from earnings before distributing remaining earnings as dividend. The distribution procedures are as follows:</p>	<p>Article 22: In response to the overall economy and the characteristics of industry growth and in compliance with the Company's long-term financial plans for sustainable operations and stable development, the Company adopts a residual dividend policy. The policy mainly assesses the annual funding requirements based on the Company's future capital budget plans and retains required funding from earnings before distributing remaining earnings as dividend. The distribution procedures are as follows:</p>	<p>According to the provisions of the Company Act, the statutory surplus reserve and capital reserve shall be distributed in cash or in cash, authorizing the board of directors to For this, and report to the</p>

Before Amendments	After Amendments	Remark
<p>(I) The optimal capital budget is determined.</p> <p>(II) The amount of capital required to satisfy the capital budget in paragraph (I) is determined.</p> <p>(III) The amount of funding required for financing to be supported by the retained earnings (the remaining can be supported through cash capital increase or corporate bonds etc.) is determined.</p> <p>(IV) An appropriate amount of the remaining earnings shall be retained in accordance with operational requirements before distributing dividends to shareholders.</p> <p>The Company distributes dividends through cash or stocks and cash dividends are prioritized. If dividends are distributed in stocks, the stock dividends shall not exceed 50% of the total dividends issued in the current year. The distribution of dividends may be dependent on the Company's current and future investment environment, funding requirements, domestic and foreign competition, and capital budgets while taking into consideration shareholder interests, balanced dividends, and the Company's long-term financial plans. <u>The Board of Directors shall formulate dividend distribution methods or related options in accordance with the law and submit them to the shareholders' meeting for discussion and resolution.</u></p>	<p>(I) The optimal capital budget is determined.</p> <p>(II) The amount of capital required to satisfy the capital budget in paragraph (I) is determined.</p> <p>(III) The amount of funding required for financing to be supported by the retained earnings (the remaining can be supported through cash capital increase or corporate bonds etc.) is determined.</p> <p>(IV) An appropriate amount of the remaining earnings shall be retained in accordance with operational requirements before distributing dividends to shareholders.</p> <p>The Company distributes dividends through cash or stocks and cash dividends are prioritized. If dividends are distributed in stocks, the stock dividends shall not exceed 50% of the total dividends issued in the current year. The distribution of dividends may be dependent on the Company's current and future investment environment, funding requirements, domestic and foreign competition, and capital budgets while taking into consideration shareholder interests, balanced dividends, and the Company's long-term financial plans. <u>Where a plan to distribute stock dividends is in place, the Board of Directors shall formulate relevant proposals in accordance with the law and report to the shareholders' meeting for discussion and resolution.</u></p>	<p>shareholders' meeting.</p>

Before Amendments	After Amendments	Remark
	<p>For the distribution of the preceding surplus, Legal Reserve, and Additional Paid-in Capital, if the distribution is in cash, the Board of Directors shall be authorized to resolve the proposal by at least half of the directors, provided the number of directors present shall be at least two-thirds of the entire Board of Directors, and report to the shareholders' meeting of the earnings distribution or loss appropriation.</p>	
<p>Article 23-1: Any net income after taxes at final accounting of the current period shall be used to compensate cumulative losses while 10% of net income after taxes shall be allocated as statutory reserve according to the law, except when the cumulative statutory reserve has reached the Company's paid-in capital. The balance shall then be allocated or reversed as special reserve in accordance with regulatory requirements. The remaining balance shall be retained or distributed in accordance with the resolution in the shareholders' meeting.</p>	<p>Article 23-1: Any net income after taxes at final accounting of the current period shall be used to compensate cumulative losses while 10% of net income after taxes shall be allocated as statutory reserve according to the law, except when the cumulative statutory reserve has reached the Company's paid-in capital. The balance shall then be allocated or reversed as special reserve in accordance with regulatory requirements, it shall be handled in accordance with relevant regulations.</p>	<p>Since Article 22 has revised the powers of dividend distribution, this article is adjusted to the procedures and basis for the distribution of dividends.</p>

Before Amendments	After Amendments	Remark
<p>Article 25: The Articles of Incorporation were established on Dec. 26, 1996.</p> <p>The 1st ~ the 17th omitted.</p> <p>The 18th Amendment on June 17, 2016.</p> <p>The Articles of Incorporation were implemented after approval in accordance with laws and regulations.</p>	<p>Article 25: The Articles of Incorporation were established on Dec. 26, 1996.</p> <p>The 1st ~ the 17th omitted.</p> <p>The 18th Amendment on June 17, 2016, <u>and the 19th Amendment on June 13, 2019.</u></p> <p>The Articles of Incorporation were implemented after approval in accordance with laws and regulations.</p>	<p>Addition of revision dates.</p>

**System Corporation**  
**Articles of Incorporation (Amended)**

Chapter I General Provisions

Article 1: The Company is constituted in accordance with the Company Act, and shall be known as System Corporation.

Article 2: The Company shall engage in the following businesses:

1. F113050 Wholesale of Computing and Business Machinery Equipment
2. F118010 Wholesale of Computer Software
3. F113070 Wholesale of Telecom Instruments
4. F113020 Wholesale of Household Appliance
5. F113110 Wholesale of Batteries
6. F119010 Wholesale of Electronic Materials
7. E605010 Computing Equipment Installation Construction
8. JA02010 Electric Appliance and Audiovisual Electric Products Repair Shops
9. J399010 Software Publication
10. IG02010 Research Development Service
11. I599990 Other Designing
12. JZ99050 Agency Services
13. F113030 Wholesale of Precision Instruments
14. E603050 Cybernation Equipment Construction
15. F401010 International Trade
16. I301010 Software Design Services
17. I301020 Data Processing Services
18. I301030 Digital Information Supply Services
19. F213030 Retail sale of Computing and Business Machinery Equipment
20. F218010 Retail Sale of Computer Software
21. F209060 Retail sale of Stationery Articles, Musical Instruments and Educational Entertainment Articles
22. G902011 Type II Telecommunications Enterprise
23. E701010 Telecommunications Construction
24. F213060 Retail Sale of Telecom Instruments
25. F399040 Retail Business Without Shop
26. F601010 Intellectual Property
27. IE01010 Telecommunications Number Agencies
28. I103060 Management Consulting Services
29. JE01010 Rental and Leasing Business
30. I401010 General Advertising Services
31. IZ99990 Other Industry and Commerce Services Not Elsewhere Classified
32. J304010 Book Publishers

33. F401021 Restrained Telecom Radio Frequency Equipment and Materials Import
34. J303010 Magazine and Periodical Publication
35. J305010 Audio Tape and Record Publishers
36. J201031 Technique and Performing Arts Training
37. I501010 Product Designing
38. I199990 Other Consultancy
39. CC01101 Restrained Telecom Radio Frequency Equipment and Materials  
Manufacturing
40. F108031 Wholesale of Drugs, Medical Goods
41. F208031 Retail sale of Medical Equipment
42. CC01110 Computers and Computing Peripheral Equipment Manufacturing
43. CC01120 Data Storage Media Manufacturing and Duplicating
44. CC01060 Wired Communication Equipment and Apparatus Manufacturing
45. CC01030 Electric Appliance and Audiovisual Electric Products Manufacturing
46. CC01080 Electronic Parts and Components Manufacturing
47. CB01010 Machinery and Equipment Manufacturing
48. C701010 Printing
49. C703010 Printings Bindery and Processing
50. F113010 Wholesale of Machinery
51. IZ13010 Internet Identify Services
52. EZ05010 Apparatus Installation Construction
53. E701030 Restrained Telecom Radio Frequency Equipment and Materials  
Construction
54. E601010 Electric Appliance Construction
55. F102170 Wholesale of Food and Grocery
56. F104110 Wholesale of Cloths, Clothes, Shoes, Hat, Umbrella and Apparel, Clothing  
Accessories and Other Textile Products
57. F105050 Wholesale of Furniture, Bedclothes Kitchen Equipment and Fixtures
58. F109070 Wholesale of Stationery Articles, Musical Instruments and Educational  
Entertainment Articles
59. F203010 Retail sale of Food and Grocery
60. F204110 Retail sale of Cloths, Clothes, Shoes, Hat, Umbrella and Apparel, Clothing  
Accessories and Other Textile Products
61. F205040 Retail sale of Furniture, Bedclothes, Kitchen Equipment and Fixtures
62. F208050 Retail Sale of the Second Type Patent Medicine
63. F102020 Wholesale of Edible Oil
64. F102040 Wholesale of Nonalcoholic Beverages
65. F102050 Wholesale of Tea
66. F102180 Wholesale of Ethanol
67. F103010 Wholesale of Animal Feeds

68. F106010 Wholesale of Ironware
69. F106020 Wholesale of Articles for Daily Use
70. F107030 Wholesale of Cleaning Preparations
71. F107070 Wholesale of Animal Medicines
72. F108040 Wholesale of Cosmetics
73. F110010 Wholesale of Clocks and Watches
74. F110020 Wholesale of Spectacles
75. F114030 Wholesale of Motor Vehicle Parts and Supplies
76. F116010 Wholesale of Photographic Equipment
77. F117010 Wholesale of Fire Fighting Equipment
78. F203030 Retail Sale of Ethanol
79. F206010 Retail Sale of Ironware
80. F206020 Retail Sale of Articles for Daily Use
81. F206050 Retail of pet food and appliances
82. F207030 Retail Sale of Cleaning Preparations
83. F207070 Retail Sale of Animal Medicine
84. F208040 Retail Sale of Cosmetics
85. F210010 Retail Sale of Watches and Clocks
86. F210020 Retail Sale of Spectacles
87. F213010 Retail Sale of Household Appliance
88. F213110 Retail Sale of Batteries
89. F216010 Retail Sale of Photographic Equipment
90. F219010 Retail Sale of Electronic Materials
91. F301010 Department Stores
92. I301040 The third party payment
93. ZZ99999 All business items that are not prohibited or restricted by law, except those that are subject to special approval.

Article 2-1: The Company may provide external guarantees.

Article 2-2: The Company's total external investment may exceed forty percent (40%) of its paid-in capital.

Article 3: The Company's head office is established in Taipei City. Where necessary the Company may establish branch companies domestically or overseas subject to the resolution by its Board of Directors and the approval of the competent authority.

## Chapter II Shares

Article 4: The total capital of the Company shall be in the amount of NT\$4 billion divided into 400 million shares to be raised in multiple issues at NT\$10 per share.

An additional NT\$200 million shall be reserved from the total capital as specified in Paragraph 1 for the issuance of employee stock options issuable in 20 million shares at NT\$10 per share over multiple installments in accordance with the Board of Directors

resolution.

Before issuing any employee stock options at a strike price lower than the closing price of the Company's stocks on the date of issuance, the Company shall first obtain the agreement of at least two-thirds of the voting rights present at the shareholders' meeting attended by shareholders representing a majority of total issued shares, and may issue the stock options in installments within a year of the date of resolution in the shareholders' meeting. Other conditions or restrictions on employee stock options issued in accordance with the provisions described above shall be processed in accordance with related laws and regulations.

Before transferring shares to employees at a price lower than the average of the actual repurchase price, the Company shall first obtain the agreement of at least two-thirds of the voting rights present at the most recent shareholders' meeting attended by shareholders representing a majority of total issued shares.

Article 5: Stocks of the Company shall be registered, signed or sealed by at least three Directors. The stocks shall be issued after proper certification by the competent authority or its authorized registration institutes. Stocks issued by the Company are not required to be printed. The Company, however, shall contact the centralized securities depository enterprise institution for registration or depository of the share certificates for the stocks or shares issued in accordance with this Paragraph.

Article 6: The Company shall administer all the stock-related operations in accordance with the "Regulations Governing the Administration of Shareholder Services of Public Companies" promulgated by the competent authority. The competent authority may request consolidated issuance of securities with large nominal value.

### Chapter III Shareholders' Meeting

Article 7: Registration for the transfer of shares shall be suspended for 60 days before a general shareholders' meeting, for 30 days before an extraordinary shareholders' meeting, and for 5 days before the baseline date for distributing dividends, bonus or other benefits. The above periods shall be calculated from the date of the meeting or the baseline date.

Article 8: The Company holds general and provisional shareholders' meetings. A general meeting is convened once a year within six months after the end of a fiscal year. Extraordinary meetings are convened when necessary in accordance with the law. The shareholders' meeting shall be held in accordance with the Company's "Rules and Procedures for Shareholders' Meetings."

Article 9: All shareholders shall be informed of the meeting and agenda 30 days before a general meeting or 15 days before an extraordinary meeting is convened.

Article 10: A shareholder, if unable to attend the shareholders' meeting, may appoint a proxy to attend on the shareholder's behalf by executing a power of attorney and stating therein the scope of power authorized to the proxy. The authorization shall be processed in accordance with Article 177 of the Company Act.

Article 11: A shareholders' meeting convened by the Board of Directors shall be chaired by the Chairman. If the Chairman is on leave or unable to exercise powers, the acting chair shall be selected in accordance with Article 208, Paragraph 3 of the Company Act. If a shareholders' meeting is convened by an individual with the right to convene a meeting but who is not a member of the Board of Directors, the said individual shall chair the meeting. If two or more individuals have the right to convene the meeting, one shall be elected from those eligible to chair the meeting.

Article 12: Unless otherwise regulated by the Company Act, a shareholders' meeting resolution shall be passed when more than 50% of all outstanding shares are represented in the meeting, and voted in favor by more than 50% of all voting rights represented at the meeting.

Article 12-1: A proposal to cancel the public issuance of the Company's shares shall be filed for a resolution in the shareholders' meeting.

Article 13: Each shareholder of the Company shall be entitled to one vote for each share. No voting power shall be granted, however, to Company shares prescribed in Article 179 of the Company Act.

Article 14: Shareholders' meeting resolutions shall be compiled into minutes with details including the date and place of the meeting, the name of Chairman, method of resolution, and a summary of the essential points of meeting proceedings and results. The minutes shall be signed or sealed by the Chair. The minutes described in the previous paragraph shall be retained by the Company along with the attendance cards and power of attorney letters for proxies of shareholders in attendance. The minutes shall be distributed to each shareholder within 20 days of the meeting. The minutes may be distributed in announcements.

#### Chapter IV Directors

Article 15: The Company shall appoint nine to thirteen Directors who shall be elected from among the shareholders with capacity at the shareholders' meeting in accordance with the provisions stipulated in Articles 198 and 227 of the Company Act to serve terms of three years each; directors may serve consecutive terms. The election of Directors is held by nomination in accordance with Article 192-1 of the Company Act, and the shareholders shall vote on the list of candidates. Unless otherwise approved by the competent authority, the following relations may not exist among more than half of the directors of the Company.

I. A spousal relationship.

II. Familial relationship within the second degree of kinship.

Article 15-1: The Company shall appoint three Independent Directors among the Directors of the Board in accordance with Article 14-2 of the Securities and Exchange Act and in compliance with Article 183 of the Securities and Exchange Act. The selection of Independent Directors shall be conducted in accordance with the candidate nomination

system prescribed in Article 192-1 of the Company Act.

The Company shall assemble an Audit Committee in accordance with Article 14-4 and Article 183 of the Securities and Exchange Act. The Committee shall be solely composed of Independent Directors.

Article 16: The Directors shall form a Board of Directors, under which functional committees with various duties and purposes may be established. The Chairman of the Board shall be elected from among those present by a majority vote at a Board meeting with more than two-thirds of the directors present. A Vice Chairman may be elected to assist the Chairman. The Chairman is the Chair of the Board of Directors and represents the Company in conducting all affairs. If the Chairman is on leave or unable to exercise his/her duties for whatever reason, a proxy shall be selected in accordance with Article 208, Paragraph 3 of the Company Act.

Article 17: A Board meeting may be convened through written, email or facsimile notification that states the reason for the meeting to each Director and Supervisor at least seven days before the meeting date. A meeting of the Board of Directors may be convened at any time in the event of an emergency. Directors who participate in meetings via video conferencing shall be deemed to have personally attended the meeting. The Board of Directors meeting shall be held in accordance with the Company's "Rules and Procedures for Board of Directors Meetings." If a Director is unable to attend a Board meeting, he/she may appoint a proxy to attend the meeting by completing the Company's proxy form and specifying the scope of delegation. Any proxy prescribed in the preceding paragraph, however, shall only represent one Director in the meeting.

Article 18: Unless otherwise provided for under the Company Act, resolutions of the Board of Directors shall be approved by majority vote at a meeting attended by a majority of the Directors.

Article 19: Remuneration for the Chairman and Directors shall be determined by their level of participation in the Company's operations and the value of their contribution as well as their personal performance and the Company's long-term operating performance while taking into account the Company's operating risks and the industry's prevailing rates in the domestic and international markets.

The Board of Directors is authorized to determine the remuneration. The Company may purchase liability insurance for Directors.

#### Chapter V Managers

Article 20: The Company may appoint a Chief Executive Officer following a resolution in the Board of Directors meeting to oversee the business operations and strategies of the Company and its subsidiaries. The Company shall also appoint a President whose appointment, dismissal, and remuneration shall be governed by Article 29 of the Company Act.

## Chapter VI Accounting

Article 21: The Company's fiscal year begins on January 1 and ends on December 31 of every year.

The fiscal year shall end on the last day of the Gregorian calendar and the Board shall prepare the following documents and submit them to the Audit Committee for review before ratification in the General Shareholders' Meeting.

(I) Business report.

(II) Financial Statements.

Article 22: In response to the overall economy and the characteristics of industry growth and in compliance with the Company's long-term financial plans for sustainable operations and stable development, the Company adopts a residual dividend policy. The policy mainly assesses the annual funding requirements based on the Company's future capital budget plans and retains required funding from earnings before distributing remaining earnings as dividend. The distribution procedures are as follows:

(I) The optimal capital budget is determined.

(II) The amount of capital required to satisfy the capital budget in paragraph (I) is determined.

(III) The amount of funding required for financing to be supported by the retained earnings (the remaining can be supported through cash capital increase or corporate bonds etc.) is determined.

(IV) An appropriate amount of the remaining earnings shall be retained in accordance with operational requirements before distributing dividends to shareholders.

The Company distributes dividends through cash or stocks and cash dividends are prioritized. If dividends are distributed in stocks, the stock dividends shall not exceed 50% of the total dividends issued in the current year. The distribution of dividends may be dependent on the Company's current and future investment environment, funding requirements, domestic and foreign competition, and capital budgets while taking into consideration shareholder interests, balanced dividends, and the Company's long-term financial plans. Where a plan to distribute stock dividends is in place, the Board of Directors shall formulate relevant proposals in accordance with the law and report to the shareholders' meeting for discussion and resolution.

For the distribution of the preceding surplus, Legal Reserve, and Additional Paid-in Capital, if the distribution is in cash, the Board of Directors shall be authorized to resolve the proposal by at least half of the directors, provided the number of directors present shall be at least two-thirds of the entire Board of Directors, and report to the shareholders' meeting of the earnings distribution or loss appropriation.

Article 23: In the event the Company makes a profit during the fiscal year it shall set aside no less than 0.1% of the profits for employee remuneration. The remuneration for Directors shall be no higher than 2%. However, priority shall be given to reservation of funds for compensation of cumulative losses, if any.

The preceding employee remuneration may be paid in cash or shares, and shall be

payable to employees of subsidiary companies who meet the requirements stipulated by the Board of Directors. Remuneration of directors as specified above may be distributed in cash only.

The procedures in the two preceding paragraphs shall be approved by the Board of Directors and reported to the shareholders' meeting.

Article 23-1: Any net income after taxes at final accounting of the current period shall be used to compensate cumulative losses while 10% of net income after taxes shall be allocated as statutory reserve according to the law, except when the cumulative statutory reserve has reached the Company's paid-in capital. The balance shall then be allocated or reversed as special reserve in accordance with regulatory requirements, it shall be handled in accordance with relevant regulations.

#### Chapter VII Supplementary Provisions

Article 24: Matters not addressed in these Articles shall be governed by the Company Act and other relevant laws and regulations.

Article 25: The Articles of Incorporation were established on Dec. 26, 1996.

The 1st Amendment was approved by the shareholders' meeting on June 23, 1998, the 2nd Amendment on May 6, 1999, the 3rd Amendment on April 18, 2000, the 4th Amendment on April 12, 2001, the 5th Amendment on October 2, 2001, the 6th Amendment on March 28, 2002, the 7th Amendment on April 22, 2003, the 8th Amendment on April 14, 2004, the 9th Amendment on June 24, 2004, the 10th Amendment on May 18, 2005, the 11th Amendment on June 15, 2006, the 12th Amendment on June 13, 2007, the 13th Amendment on June 13, 2008, the 14th Amendment on June 18, 2010, the 15th Amendment on June 24, 2011, the 16th Amendment on June 15, 2012, the 17th Amendment on June 17, 2015, the 18th Amendment on June 17, 2016, and the 19th Amendment on June 13, 2019.

The Articles of Incorporation were implemented after approval in accordance with laws and regulations.

## Attachment 6

### Systemx Corporation

Table of Comparison of Amendments to the Procedures for the Acquisition and Disposal of Assets

Before Amendments	After Amendments	Remark
<p>[Applicable Scope]</p> <p>Article 2: These Procedures apply to the following asset categories:</p> <p>I. Investments in stocks, government bonds, corporate bonds, financial bonds, securities representing interest in a fund, depositary receipts, call (put) warrants, beneficial interest securities, and asset-backed securities.</p> <p>II. Real property (including land, houses and buildings, investment property, <u>land use rights</u>, inventory in construction business) and equipment.</p> <p>III. Memberships.</p> <p>IV. Patents, copyrights, trademarks, licenses and other intangible assets.</p> <p>V. Claims of financial institutions (including receivables, bills purchased and discounted, loans, and overdue receivables).</p> <p>VI. Derivatives.</p> <p>VII. Assets acquired or disposed of in connection with mergers, demergers, acquisitions, or transfer of shares in accordance with the law.</p> <p>VIII. Other major assets.</p>	<p>[Applicable Scope]</p> <p>Article 2: These Procedures apply to the following asset categories:</p> <p>I. Investments in stocks, government bonds, corporate bonds, financial bonds, securities representing interest in a fund, depositary receipts, call (put) warrants, beneficial interest securities, and asset-backed securities.</p> <p>II. Real property (including land, houses and buildings, investment property, inventory in construction business) and equipment.</p> <p>III. Memberships.</p> <p>IV. Patents, copyrights, trademarks, licenses and other intangible assets.</p> <p>V. <u>Right-of-use assets.</u></p> <p><u>VI.</u> Claims of financial institutions (including receivables, bills purchased and discounted, loans, and overdue receivables).</p> <p><u>VII.</u> Derivatives.</p> <p><u>VIII.</u> Assets acquired or disposed of in connection with mergers, demergers, acquisitions, or transfer of shares in accordance with the law.</p> <p><u>IX.</u> Other major assets.</p>	<p>In accordance with the provisions of IFRSs 16 Lease, increase “right-of-use assets” and adjust the number of items.</p>

Before Amendments	After Amendments	Remark
<p>[Terms and Definitions]</p> <p>Article 3: Terms used in the Procedures are defined as follows:</p> <p>I. Derivatives: Refer to forward contracts, options contracts, futures contracts, leverage contracts, and swap contracts as well as any combination of the above whose value is derived from <u>assets, interest rates, foreign exchange rates, indices or other interests</u>. 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>II. Assets acquired or disposed of through mergers, demergers, acquisitions or transfer of shares: refer to assets that have been acquired or disposed of during a merger, demerger, or acquisition in accordance with the Business Mergers and Acquisitions Act or other relevant laws, or through an arrangement whereby new shares are issued in exchange for another company's shares under Article 156, <u>Paragraph 8</u> of the Company Act.</p> <p>Omitted.</p>	<p>[Terms and Definitions]</p> <p>Article 3 Terms used in the Procedures are defined as follows:</p> <p>I. Derivatives: Refer to forward contracts, options contracts, futures contracts, leverage contracts, and swap contracts as well as any combination of the above whose value is derived from <u>a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable; or hybrid contracts combining the above contracts; or hybrid contracts or structured products containing embedded derivatives</u>. 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>II. Assets acquired or disposed of through mergers, demergers, acquisitions or transfer of shares: refer to assets that have been acquired or disposed of during a merger, demerger, or acquisition in accordance with the Business Mergers and Acquisitions Act or other relevant laws, or through an arrangement whereby new shares are issued in exchange for another company's shares under Article 156-<u>3</u> of the Company Act.</p> <p>Omitted.</p>	<p>Revised wording to clarify definitions.</p>

Before Amendments	After Amendments	Remark
<p>[Specialists]</p> <p>Article 4: Professional appraisers and their officers, certified public accountants, attorneys, and securities underwriters that provide public companies with appraisal reports, certified public accountant's opinions, attorney's opinions, or underwriter's opinions shall <u>not be a related party of any party to the transaction.</u></p>	<p>[Specialists]</p> <p>Article 4: Professional appraisers and their officers, certified public accounts, attorneys, and securities underwriters that provide public companies with appraisal reports, certified public accountant's opinions, attorney's opinions, or underwriter's opinions shall <u>meet the following requirements:</u></p> <p>I. <u>May not have previously received a final and unappealable sentence to imprisonment for 1 year or longer for a violation of the Act, the Company Act, the Banking Act of The Republic of China, the Insurance Act, the Financial Holding Company Act, or the Business Entity Accounting Act, or for fraud, breach of trust, embezzlement, forgery of documents, or occupational crime. However, this provision does not apply if 3 years have already passed since completion of service of the sentence, since expiration of the period of a suspended sentence, or since a pardon was received.</u></p> <p>II. <u>May not be a related party or de facto related party of any party to the transaction.</u></p> <p>III. <u>If the company is required to obtain appraisal reports from two or more professional appraisers, the different professional appraisers or appraisal officers may not be related parties or de facto related parties of each other.</u></p> <p><u>When issuing an appraisal report or opinion, the personnel referred to in the preceding paragraph shall comply with the following:</u></p>	<p>Defining the negative qualifications of external experts and external experts to issue assessments, check and declarations of valuation reports or opinions to clarify external expert responsibilities.</p>

Before Amendments	After Amendments	Remark
	<p><u>I. Prior to accepting a case, they shall prudently assess their own professional capabilities, practical experience, and independence.</u></p> <p><u>II. When examining a case, they shall appropriately plan and execute adequate working procedures, in order to produce a conclusion and use the conclusion as the basis for issuing the report or opinion. The related working procedures, data collected, and conclusion shall be fully and accurately specified in the case working papers.</u></p> <p><u>III. 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.</u></p> <p><u>IV. They shall issue a statement attesting to the professional competence and independence of the personnel who prepared the report or opinion, and that they have evaluated and found that the information used is reasonable and accurate, and that they have complied with applicable laws and regulations.</u></p>	
<p>[Investment Amount]</p> <p>Article 5: Investments in various assets undertaken by the Company and its subsidiaries are restricted to investment amounts as specified below:</p> <p>I. Purchase of real property for non-business use may not exceed 10% of the Company's paid-in capital.</p>	<p>[Investment Amount]</p> <p>Article 5: Investments in various assets undertaken by the Company and its subsidiaries are restricted to investment amounts as specified below:</p> <p>I. Purchase of real property <u>and right-of-use assets</u> for non-business use may not exceed 10% of the Company's paid-in</p>	<p>In accordance with the provisions of IFRSs 16 Lease, increase "right-of-use assets".</p>

Before Amendments	After Amendments	Remark
<p>II. Total long-term investment in securities is not subject to the maximum amount of 40% of paid-in capital as stipulated in the Company's Articles of Incorporation. Unless otherwise approved in a shareholders' meeting, investment in a single security may not exceed 30% of the equities attributable to the owners of the parent company as specified in the latest financial statements of the Company.</p> <p>III. Total short-term investment in securities may not exceed 60% of the equities attributable to the owners of the parent company as specified in the latest financial statements of the Company and investment in a single security may not exceed 10% of the equities attributable to the owners of the parent company as specified in the latest financial statements of the Company.</p>	<p>capital.</p> <p>II. Total long-term investment in securities is not subject to the maximum amount of 40% of paid-in capital as stipulated in the Company's Articles of Incorporation. Unless otherwise approved in a shareholders' meeting, investment in a single security may not exceed 30% of the equities attributable to the owners of the parent company as specified in the latest financial statements of the Company.</p> <p>III. Total short-term investment in securities may not exceed 60% of the equities attributable to the owners of the parent company as specified in the latest financial statements of the Company and investment in a single security may not exceed 10% of the equities attributable to the owners of the parent company as specified in the latest financial statements of the Company.</p>	
<p>Article 10: Special Applicable Procedures:</p> <p>I. Appraisal:</p> <p>(I) In acquiring or disposing of real property <u>or</u> equipment where the transaction amount reaches 20% of the company's paid-in capital or NT\$300 million or more, the Company, unless transacting with a government authority, engaging others to build on its own land, engaging others to build on rented land, or acquiring or disposing of equipment for business use, shall appoint an objective and independent professional appraiser to formulate an</p>	<p>Article 10: Special Applicable Procedures:</p> <p>I. Appraisal:</p> <p>(I) In acquiring or disposing of real property, <u>equipment or its' right-of-use assets</u> where the transaction amount reaches 20% of the company's paid-in capital or NT\$300 million or more, the Company, unless transacting with a <u>domestic</u> government authority, engaging others to build on its own land, engaging others to build on rented land, or acquiring or disposing of equipment <u>or its' right-of-use assets</u> for business use, shall appoint an objective and independent</p>	<p>1. In accordance with the provisions of IFRSs 16 Lease, increases "right-of-use assets".</p> <p>2. Exemptions from transactions with domestic government agencies are exempt from the acquisition of expert opinions.</p>

Before Amendments	After Amendments	Remark
<p>appraisal report prior to the date of occurrence of the event and shall further comply with the following provisions:</p> <p>1. Where due to special circumstances it is necessary to establish a restrictive price, specified price, or special price as a reference basis for the transaction price, the transaction shall be submitted advance to the Board of Directors for approval; the same procedures shall <u>be complied with for any future changes to the terms and conditions of the transaction.</u></p> <p>2.~4.Omitted.</p> <p>(II) Omitted.</p> <p>(III) If the dollar amount of <u>memberships or</u> intangible assets to be acquired or disposed of by the Company is 20% or more of the Company's paid-in capital or NT\$300 million or more, except in transactions with a government authority, the Company shall 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; the certified public accountant shall comply with the provisions of Statement of Auditing Standards No. 20.</p> <p>(IV) Omitted.</p> <p>II. Reports to the Board of Directors:</p> <p>(I) ~(IV) Omitted.</p>	<p>professional appraiser to formulate an appraisal report prior to the date of occurrence of the event and shall further comply with the following provisions:</p> <p>1. Where due to special circumstances it is necessary to give a limited price, specified price, or special price as a reference basis for the transaction price, the transaction shall be submitted for approval in advance by the board of directors; the same procedure shall <u>also be followed whenever there is any subsequent change to the terms and conditions of the transaction.</u></p> <p>2.~4. Omitted.</p> <p>(II) Omitted.</p> <p>(III) If the dollar amount of intangible assets <u>or its' right-of-use assets or memberships</u> to be acquired or disposed of by the Company is 20% or more of the Company's paid-in capital or NT\$300 million or more, except in transactions with a <u>domestic</u> government authority, the Company shall 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; the certified public accountant shall comply with the provisions of Statement of Auditing Standards No. 20.</p> <p>(IV) Omitted.</p> <p>II. Reports to the Board of Directors:</p> <p>(I) ~(IV) Omitted.</p>	<p>3. Revised wording.</p>

Before Amendments	After Amendments	Remark
<p>Article 12: Evaluation of Transaction Cost:</p> <p>I. When the Company acquires real property from a related party, it shall evaluate the reasonableness of the transaction costs by means of the following methods: (I)~ (II) Omitted.</p> <p>II. Where land and buildings thereupon are combined as a single property purchased in one transaction, the transaction costs for the land and buildings may be separately appraised in accordance with either of the methods listed above.</p> <p>III. When acquiring real property from a related party, the Company shall appraise the cost of the real property in accordance with Paragraphs 1 and 2 above, and engage a CPA to review the appraisal and render an opinion.</p> <p>IV. Where the Company acquires real property from a related party under any of the following circumstances, the acquisition shall be conducted in accordance with Article 15 and the preceding three paragraphs shall not apply: (I) The real property was acquired in the first place by the related party as an inheritance or gift. (II) More than 5 years have elapsed from the time the related party signed the contract to obtain the real property to the signing date for the current transaction. (III) Omitted.</p>	<p>Article 12: Evaluation of Transaction Cost:</p> <p>I. When the Company acquires real property <u>or right-of-use assets thereof</u> from a related party, it shall evaluate the reasonableness of the transaction costs by means of the following methods: (I)~ (II) omitted.</p> <p>II. Where land and buildings thereupon are combined as a single property purchased <u>or leased</u> in one transaction, the transaction costs for the land and buildings may be separately appraised in accordance with either of the methods listed above.</p> <p>III. When acquiring real property <u>or right-of-use assets thereof</u> from a related party, the Company shall appraise the cost of the real property <u>or right-of-use assets thereof</u> in accordance with Paragraphs 1 and 2 above, and engage a CPA to review the appraisal and render an opinion.</p> <p>IV. Where the Company acquires real property <u>or right-of-use assets thereof</u> from a related party under any of the following circumstances, the acquisition shall be conducted in accordance with Article 15 and the preceding three paragraphs shall not apply: (I) The real property or right-of-use assets thereof was acquired in the first place by the related party as an inheritance or gift. (II) More than 5 years have elapsed from the time the</p>	<p>1. In accordance with the provisions of IFRSs 16 Lease, increases “right-of-use assets”.</p> <p>2. Exemption from the evaluation of the transaction cost of the real property or right-of-use assets for business use between the parent and subsidiary companies or directly and indirectly holding 100% of the subsidiaries.</p> <p>3. Revised wording.</p>

Before Amendments	After Amendments	Remark
	<p>related party signed the contract to obtain the real property <u>or right-of-use assets thereof</u> to the signing date for the current transaction.</p> <p>(III) Omitted.</p> <p><u>(IV.) The real property right-of-use assets for business use are acquired by the company with subsidiaries, or by its subsidiaries in which it directly or indirectly holds 100% of the issued shares or authorized capital.</u></p>	
<p>Article 13: Principles for Processing Non-Arm's Length Transactions:</p> <p>Where the Company acquires real property from a related party and the results of appraisals conducted in accordance with Article 12 and Article 14 are uniformly lower than the transaction price, the following steps shall be taken:</p> <p>I. A special reserve shall be set aside in accordance with Article 41, Paragraph 1 of the Securities and Exchange Act against the difference between the real property transaction price and the appraised cost, and may not be distributed or used for capital increase or issuance of bonus shares. Where the Company uses the equity method to account for its investment in the investee, a special reserve shall be set aside pro rata in a proportion consistent with the share of the equity stake in the investee.</p> <p>II. ~ III. Omitted.</p> <p>IV. If the Company has set aside a special reserve under</p>	<p>Article 13: Principles for Processing Non-Arm's Length Transactions:</p> <p>Where the Company acquires real property <u>or its' right-of-use assets</u> from a related party and the results of appraisals conducted in accordance with Article 12 and Article 14 are uniformly lower than the transaction price, the following steps shall be taken:</p> <p>I. A special reserve shall be set aside in accordance with Article 41, Paragraph 1 of the Securities and Exchange Act against the difference between the real property <u>or its' right-of-use assets</u> transaction price and the appraised cost, and may not be distributed or used for capital increase or issuance of bonus shares. Where the Company uses the equity method to account for its investment in the investee, a special reserve shall be set aside pro rata in a proportion consistent with the share of the equity stake in the investee.</p> <p>II. ~ III. Omitted.</p>	<p>In accordance with the provisions of IFRSs 16 Lease, increases "right-of-use assets" and revised wording.</p>

Before Amendments	After Amendments	Remark
<p>Paragraph 1, it shall not draw on the reserve unless it has recognized the loss on decline in market value of the assets it purchased at a premium; has disposed of the assets or made adequate compensation; or has restored the status quo ante; or there is other evidence confirming that there was nothing unreasonable regarding the transaction. Approval from the competent authority is also required.</p> <p>Omitted.</p>	<p>IV. If the Company has set aside a special reserve under Paragraph 1, it shall not draw on the reserve unless it has recognized the loss on decline in market value of the assets it purchased <u>or leased</u> at a premium; has disposed <u>or the leasing contract has been terminated</u> of the assets or made adequate compensation; or has restored the status quo ante; or there is other evidence confirming that there was nothing unreasonable regarding the transaction. Approval from the competent authority is also required.</p> <p>Omitted.</p>	
<p>Article 14: Standards for Determining Non-Arm's Length Transactions:</p> <p>Where the results of appraisals conducted by the Company in accordance with Article 12 are uniformly lower than the transaction price, the transaction shall be carried out in accordance with regulations in Article 13. However, under the following circumstances and where objective evidence has been submitted and specific opinions on reasonableness have been obtained from a professional real property appraiser and a CPA, this restriction shall not apply:</p> <p>I. Where the related party acquired undeveloped land or leased land for development, it may submit proof of compliance that fulfills one of the following conditions:</p> <p>(I) Where the sum of undeveloped land appraised in accordance with the means in the preceding Article and</p>	<p>Article 14: Standards for Determining Non-Arm's Length Transactions:</p> <p>Where the results of appraisals conducted by the Company in accordance with Article 12 are uniformly lower than the transaction price, the transaction shall be carried out in accordance with regulations in Article 13. However, under the following circumstances and where objective evidence has been submitted and specific opinions on reasonableness have been obtained from a professional real property appraiser and a CPA, this restriction shall not apply:</p> <p>I. Where the related party acquired undeveloped land or leased land for development, it may submit proof of compliance that fulfills one of the following conditions:</p> <p>(I) Where the sum of undeveloped land appraised in accordance with the means in the preceding Article and</p>	<p>Adjusted according to the Company practical operation.</p>

Before Amendments	After Amendments	Remark
<p>buildings appraised according to the related party's construction cost plus reasonable construction profit are valued in excess of the actual transaction price.</p> <p>(II) 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><u>(III) Completed leasing transactions by unrelated parties for other floors of the same property from within the preceding year, where the transaction terms are similar after calculation of reasonable price discrepancies among floors in accordance with standard property leasing market practices.</u></p> <p>II. Where the Company has provided evidence that the terms and conditions for purchasing the real property from the related party are equivalent to the terms of the transactions concluded in neighboring areas for similarly-sized parcels by other non-related parties within one year.</p>	<p>buildings appraised according to the related party's construction cost plus reasonable construction profit are valued in excess of the actual transaction price.</p> <p>(II) 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 <u>or leasing</u> terms are similar after calculation of reasonable price discrepancies in floor or area land prices in accordance with standard property market practices.</p> <p>II. Where the Company has provided evidence that the terms and conditions for purchasing <u>or leasing</u> the real property <u>or its' right-of-use assets</u> from the related party are equivalent to the terms of the transactions concluded in neighboring areas for similarly-sized parcels by other non-related parties within one year.</p>	
<p>Article 15: Approval by the Board of Directors: When the Company intends to acquire or dispose of real property from or to a related party, or when it intends to acquire or dispose of assets other than real property from or to a related</p>	<p>Article 15: Approval by the Board of Directors: When the Company intends to acquire or dispose of real property <u>or its' right-of-use assets</u> from or to a related party, or when it intends to acquire or dispose of assets other than real</p>	<p>1. In accordance with the provisions of IFRSs 16 Lease, increases "right-of-use assets".</p>

Before Amendments	After Amendments	Remark
<p>party and the transaction amount reaches 20% or more of paid-in capital, 10% of the company's total assets, or NT\$300 million or more, except in trading of government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by a domestic securities investment trust enterprise, the Company may not enter into a transaction contract or make a payment until the following matters have been approved by the Board of Directors and recognized by the Audit Committee:</p> <p>I. The purpose, necessity, and expected benefits for acquiring or disposing of the asset.</p> <p>II. The reason for choosing the related party as a trading counterparty.</p> <p>III. With respect to the acquisition of real property from a related party, information regarding appraisal of the reasonableness of the preliminary transaction terms in accordance Article 12 and Article 14.</p> <p>IV. The date and price at which the related party originally acquired the real property, the original trading counterparty, and that trading counterparty's relationship to the Company and the related party.</p> <p>V. Monthly cash flow forecasts for the year commencing from the anticipated month of signing of the contract, and evaluation of the necessity of the transaction, and reasonableness of the funds utilization.</p>	<p>property <u>or its' right-of-use assets</u> from or to a related party and the transaction amount reaches 20% or more of paid-in capital, 10% of the company's total assets, or NT\$300 million or more, except in trading of <u>domestic</u> government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by a domestic securities investment trust enterprise, the Company may not enter into a transaction contract or make a payment until the following matters have been approved by the Board of Directors and recognized by the Audit Committee:</p> <p>I. The purpose, necessity, and expected benefits for acquiring or disposing of the asset.</p> <p>II. The reason for choosing the related party as a trading counterparty.</p> <p>III. With respect to the acquisition of real property <u>or its' right-of-use assets</u> from a related party, information regarding appraisal of the reasonableness of the preliminary transaction terms in accordance Article 12 and Article 14.</p> <p>IV. The date and price at which the related party originally acquired the real property, the original trading counterparty, and that trading counterparty's relationship to the Company and the related party.</p> <p>V. Monthly cash flow forecasts for the year commencing from the anticipated month of signing of the contract, and evaluation of the necessity of the transaction, and</p>	<p>2. Revised wording to clarify definitions.</p> <p>3. Adjusted according to the Company practical operation and revised wording.</p>

Before Amendments	After Amendments	Remark
<p>VI. Professional value's report or CPA's opinion obtained according to the regulations.</p> <p>VII. Restrictive covenants and other important stipulations associated with the transaction.</p> <p>The calculation of the transaction amounts referred to in the preceding paragraph shall be conducted in accordance with Article 29, Paragraph 2 herein. In the meantime, "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items that have been approved by the Board of Directors and recognized by the Audit Committee in accordance with the Procedures need not be counted toward the transaction amount.</p> <p><u>With respect to the acquisition or disposal of business-use equipment</u> between the Company and its subsidiaries, the Company's Board of Directors authorizes the Chairman of the Board sole discretion to decide such matters in accordance with related regulations in the Procedures when the transaction is within NT\$500 million; the decisions shall be submitted to and retroactively ratified by the next Board of Directors meeting.</p>	<p>reasonableness of the funds utilization.</p> <p>VI. Professional value's report or CPA's opinion obtained according to the regulations.</p> <p>VII. Restrictive covenants and other important stipulations associated with the transaction.</p> <p>The calculation of the transaction amounts referred to in the preceding paragraph shall be conducted in accordance with Article 29, Paragraph 2 herein. In the meantime, "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items that have been approved by the Board of Directors and recognized by the Audit Committee in accordance with the Procedures need not be counted toward the transaction amount.</p> <p><u>With respect to the types of transactions listed below, when to be conducted between the company and its subsidiaries, or between its subsidiaries in which it directly or indirectly holds 100 percent of the issued shares or authorized capital,</u> the Company's Board of Directors authorizes the Chairman of the Board sole discretion to decide such matters in accordance with related regulations in the Procedures when the transaction is within NT\$500 million; the decisions shall be submitted to and retroactively ratified by the next Board of Directors meeting:</p> <p><u>I. Acquisition or disposal of equipment or right-of-use assets thereof held for business use.</u></p> <p><u>II. Acquisition or disposal of real property right-of-use assets</u></p>	

Before Amendments	After Amendments	Remark
	<u>held for business use.</u>	
<p>Article 16: Definitions of Terms for Acquisition of Real Property from Related Parties are as follows:</p> <p>I.~ II. Omitted.</p> <p>III. <u>Completed transactions</u> for neighboring parcels of land: The "<u>completed transactions</u> for neighboring parcels of land" specified in Article 14, Paragraph 1, Subparagraph 2 in principle refers to parcels on the same or an adjacent block and within a distance of no more than 500 meters or parcels close in publicly announced current value.</p> <p>IV. Similar land area: The "similar land area" specified in Article 14, Paragraph 1, Subparagraph 2 in principle refers to <u>transactions completed</u> by unrelated parties for parcels with a land area of no less than 50% of the property in the planned transaction.</p> <p>V. Within the preceding year: The "within the preceding year" specified in Article 14, Paragraph 2 refers to the year preceding the date of occurrence of the acquisition of the real property.</p>	<p>Article 16: Definitions of Terms for Acquisition of Real Property <u>or Its' Right-of-use Assets</u> from Related Parties are as follows:</p> <p>I.~ II. Omitted.</p> <p>III. <u>Transactions</u> for neighboring parcels of land: The "<u>transactions</u> for neighboring parcels of land" specified in Article 14, Paragraph 1, Subparagraph 2 in principle refers to parcels on the same or an adjacent block and within a distance of no more than 500 meters or parcels close in publicly announced current value.</p> <p>IV. Similar land area: The "similar land area" specified in Article 14, Paragraph 1, Subparagraph 2 in principle refers to <u>transactions</u> by unrelated parties for parcels with a land area of no less than 50% of the property in the planned transaction.</p> <p>V. Within the preceding year: The "within the preceding year" specified in Article 14, Paragraph 2 refers to the year preceding the date of occurrence of the acquisition of the real property <u>or its' right-of-use assets.</u></p>	<p>In accordance with the provisions of IFRSs 16 Lease, increases "right-of-use assets" and revised wording.</p>
<p>[Information Disclosure]</p> <p>Article 29: Under any of the following circumstances, the department undertaking the acquisition or disposal of assets shall immediately notify the Shareholder Service Department which shall, within 2 days from the date of occurrence of the event, publicly announce and report relevant information on the</p>	<p>[Information Disclosure]</p> <p>Article 29: Under any of the following circumstances, the department undertaking the acquisition or disposal of assets shall immediately notify the Shareholder Service Department which shall, within 2 days from the date of occurrence of the event, publicly announce and report relevant information on the</p>	<p>1. In accordance with the provisions of IFRSs 16 Lease, increases "right-of-use assets" and revised wording.</p> <p>2. Revised wording to</p>

Before Amendments	After Amendments	Remark
<p>acquisition or disposal of assets on the website designated by the competent authority using the specified format:</p> <p>I. When the Company intends to acquire or dispose of real property from or to a related party, or when it intends to acquire or dispose of assets other than real property from or to a related party and the transaction amount reaches 20% or more of paid-in capital, 10% or more of the company's total assets, or NT\$300 million or more. This however shall not apply to trading of government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises.</p> <p>II. Merger, demerger, acquisition, or transfer of shares.</p> <p>III. Losses from derivatives trading reaching the limits on aggregate losses or losses on individual contracts set out in the Procedures.</p> <p>IV. Where the type of asset acquired or disposed of is equipment for business use, the trading counterparty is not a related party, and the transaction amount is less than NT\$500 million.</p> <p><u>V. Acquisition or disposal by a public company in the construction business of real property for construction use, where the trading counterparty is not a related party, and the transaction amount is more than NT\$500 million.</u></p> <p><u>VI. Where real property is acquired under an arrangement on</u></p>	<p>acquisition or disposal of assets on the website designated by the competent authority using the specified format:</p> <p>I. When the Company intends to acquire or dispose of real property <u>or right-of-use assets thereof</u> from or to a related party, or when it intends to acquire or dispose of assets other than real property <u>or right-of-use assets thereof</u> from or to a related party and the transaction amount reaches 20% or more of paid-in capital, 10% or more of the company's total assets, or NT\$300 million or more. This however shall not apply to trading of <u>domestic</u> government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises.</p> <p>II. Merger, demerger, acquisition, or transfer of shares.</p> <p>III. Losses from derivatives trading reaching the limits on aggregate losses or losses on individual contracts set out in the Procedures.</p> <p>IV. Where the type of asset acquired or disposed of is equipment <u>or right-of-use assets thereof</u> for business use, the trading counterparty is not a related party, and the transaction amount is less than NT\$500 million.</p> <p><u>V. Where real property 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</u></p>	<p>clarify definitions.</p> <p>3. Since the company did not operate the construction business, the fifth item was deleted and the item was adjusted.</p>

Before Amendments	After Amendments	Remark
<p>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 amount the company expects to invest in the transaction is more than NT\$500 million.</p> <p><u>VII.</u> With the exception of the transaction of assets specified in the <u>six</u> preceding paragraphs or investment conducted in the China region, the amount of any individual transaction, the cumulative transaction amount of acquisitions and disposals of the same type of underlying asset with the same trading counterparty within the preceding year, the cumulative transaction amount of real property acquisitions and disposals (cumulative acquisitions and disposals, respectively) within the same development project within the preceding year, or the cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of the same security within the preceding year that reaches 20% of the Company's paid-in capital or NT\$300 million shall be included. This shall not apply to the following circumstances:</p> <p>(I) Trading of government bonds.</p> <p>(II) Trade of bonds under repurchase and resale agreements, or subscription or repurchase of money market funds issued by domestic securities</p>	<p>allocation of ownership percentages, or joint construction and separate sale, <u>and furthermore the transaction counterparty is not a related party</u>, and the amount the company expects to invest in the transaction is more than NT\$500 million.</p> <p><u>VI.</u> With the exception of the transaction of assets specified in the <u>five</u> preceding paragraphs or investment conducted in the China region, the amount of any individual transaction, the cumulative transaction amount of acquisitions and disposals of the same type of underlying asset with the same trading counterparty within the preceding year, the cumulative transaction amount of real property acquisitions and disposals (cumulative acquisitions and disposals, respectively) within the same development project within the preceding year, or the cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of the same security within the preceding year that reaches 20% of the Company's paid-in capital or NT\$300 million shall be included. This shall not apply to the following circumstances:</p> <p>(I) Trading of <u>domestic</u> government bonds.</p> <p>(II) Trade of bonds under repurchase and resale agreements, or subscription or repurchase of money market funds issued by domestic securities investment trust enterprises.</p>	

Before Amendments	After Amendments	Remark
<p>investment trust enterprises.</p> <p>The amount of transactions specified in the preceding paragraph shall be calculated as follows:</p> <p>I. The amount of any individual transaction.</p> <p>II. The cumulative transaction amount of acquisitions and disposals of the same type of underlying asset with the same trading counterparty within the preceding year.</p> <p>III. The cumulative transaction amount of real property acquisitions and disposals (cumulative acquisitions and disposals, respectively) within the same development project within the preceding year.</p> <p>IV. The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of the same security within the preceding year.</p> <p>Omitted.</p>	<p>The amount of transactions specified in the preceding paragraph shall be calculated as follows:</p> <p>I. The amount of any individual transaction.</p> <p>II. The cumulative transaction amount of acquisitions and disposals of the same type of underlying asset with the same trading counterparty within the preceding year.</p> <p>III. The cumulative transaction amount of real property <u>or right-of-use assets thereof</u> acquisitions and disposals (cumulative acquisitions and disposals, respectively) within the same development project within the preceding year.</p> <p>IV. The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of the same security within the preceding year.</p> <p>Omitted.</p>	
<p>[Other Matters]</p> <p>Article 34: Supplementary Provisions</p> <p>I.~ V. Omitted.</p> <p>VI. The Procedures was established in October 1999.</p> <p>The 1st ~ the 12th Amendment omitted.</p> <p>The 13th Amendment on June 16, 2017.</p>	<p>[Other Matters]</p> <p>Article 34: Supplementary Provisions</p> <p>I.~ V. Omitted.</p> <p>VI. The Procedures was established in October 1999.</p> <p>The 1st ~ the 12th Amendment omitted.</p> <p>The 13th Amendment on June 16, 2017, <u>and the 14th Amendment on June 13, 2019.</u></p>	<p>Addition of revision dates.</p>

SYSTEX Corporation  
Procedures for the Acquisition and Disposal of Assets (Amended)

[Purpose and Basis]

Article 1: To regulate the Company's operations in the acquisition and disposal of assets in compliance with Article 36-1 of the Securities and Exchange Act and in accordance with the Regulations Governing the Acquisition and Disposal of Assets by Public Companies and the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies promulgated by the competent authority, and for the purpose of protecting investors and fulfilling information disclosure, the Company's operations in the acquisition and disposal of assets shall be implemented in accordance with these Procedures.

[Applicable Scope]

Article 2: These Procedures apply to the following asset categories:

- I. Investments in stocks, government bonds, corporate bonds, financial bonds, securities representing interest in a fund, depositary receipts, call (put) warrants, beneficial interest securities, and asset-backed securities.
- II. Real property (including land, houses and buildings, investment property, land use rights, inventory in construction business) and equipment.
- III. Memberships.
- IV. Patents, copyrights, trademarks, licenses and other intangible assets.
- V. Claims of financial institutions (including receivables, bills purchased and discounted, loans, and overdue receivables).
- VI. Derivatives.
- VII. Assets acquired or disposed of in connection with mergers, demergers, acquisitions, or transfer of shares in accordance with the law.
- VIII. Other major assets.

[Terms and Definitions]

Article 3: Terms used in the Procedures are defined as follows:

- I. Derivatives: Refer to forward contracts, options contracts, futures contracts, leverage contracts, and swap contracts as well as any combination of the above whose value is derived from a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable; or hybrid contracts combining the above contracts; or hybrid contracts or structured products containing embedded derivatives. The term "forward contracts" does not include insurance contracts, performance contracts, after-sales service contracts, long-term leasing contracts, or long-term purchase (sales)

agreements.

- II. Assets acquired or disposed of through mergers, demergers, acquisitions or transfer of shares: refer to assets that have been acquired or disposed of during a merger, demerger, or acquisition in accordance with the Business Mergers and Acquisitions Act or other relevant laws, or through an arrangement whereby new shares are issued in exchange for another company's shares under Article 156-3 of the Company Act.
- III. Related party or subsidiary: As defined in the provisions of the Regulations Governing the Preparation of Financial Reports by Securities Issuers.
- IV. 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.
- V. Date of occurrence: Refers to the date of contract signing, date of payment, date of consignment trade, date of transfer, dates of Board of Directors meeting resolutions, or any other dates that serve to confirm the counterpart and monetary amount of the transaction, whichever date is earlier. However, for investments that require the approval of the competent authority, the date of occurrence shall be determined as the earlier between the above dates and the date approved by the competent authority.
- VI. Mainland China area investment: Refers to investments in the Mainland China area approved by the Ministry of Economic Affairs Investment Commission or conducted in accordance with the provisions of the Regulations Governing Permission for Investment or Technical Cooperation in the Mainland Area.
- VII. "Latest financial statements" refer to the audited or reviewed financial statements duly disclosed by the Company prior to the acquisition or disposal of assets.
- VIII. "Major assets or commodity derivative trades" refer to assets or derivative commodity trades approved by the Board of Directors pursuant to the provisions stipulated in the Company's procedures for the acquisition or disposal of assets or other laws and regulations.

[Specialists]

Article 4: Professional appraisers and their officers, certified public accounts, attorneys, and securities underwriters that provide public companies with appraisal reports, certified public accountant's opinions, attorney's opinions, or underwriter's opinions shall meet the following requirements:

- I. Prior to accepting a case, they shall prudently assess their own professional capabilities, practical experience, and independence.
- II. When examining a case, they shall appropriately plan and execute adequate

working procedures, in order to produce a conclusion and use the conclusion as the basis for issuing the report or opinion. The related working procedures, data collected, and conclusion shall be fully and accurately specified in the case working papers.

- III. 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.
- IV. They shall issue a statement attesting to the professional competence and independence of the personnel who prepared the report or opinion, and that they have evaluated and found that the information used is reasonable and accurate, and that they have complied with applicable laws and regulations.

[Investment Amount]

Article 5: Investments in various assets undertaken by the Company and its subsidiaries are restricted to investment amounts as specified below:

- I. Purchase of real property and right-of-use assets for non-business use may not exceed 10% of the Company's paid-in capital.
- II. Total long-term investment in securities is not subject to the maximum amount of 40% of paid-in capital as stipulated in the Company's Articles of Incorporation. Unless otherwise approved in a shareholders' meeting, investment in a single security may not exceed 30% of the equities attributable to the owners of the parent company as specified in the latest financial statements of the Company.
- III. Total short-term investment in securities may not exceed 60% of the equities attributable to the owners of the parent company as specified in the latest financial statements of the Company and investment in a single security may not exceed 10% of the equities attributable to the owners of the parent company as specified in the latest financial statements of the Company.

[Basis for Non-NTD Transactions]

Article 6: Where a transaction amount is not denominated in NTD, the basis of calculation shall be its equivalent value in USD or other foreign currency equivalents upon acquisition or disposal.

[Calculation of Transaction Amount]

Article 7: The transaction amount refers to the agreed price in acquisition or disposal. All other necessary expenses paid to improve the acquisition to a usable state shall be included in the cost of the asset with regard to transaction accounting but shall not be included in the basis of calculation within the scope of the Procedures.

[Transaction Assessment and Operating Procedures]

Article 8: The Company's assessment and operating procedures for the acquisition or disposal of assets shall be implemented in accordance with these Procedures in conjunction with the Company's authorization guidelines, related operating procedures of the internal control system, or other related procedures.

Article 9: General Applicable Procedures:

I. Application:

The department managing the asset shall evaluate the gains and losses incurred through the acquisition or disposal of assets using methods that ensure the investment interests of the Company. Where necessary, it shall report to related departments for approval before implementation.

II. Tender price comparison or negotiation:

After evaluation, the department managing the asset procurement shall formulate a base price and carry out procurement in accordance with the tender or price comparison procedures. If tendering or price comparison cannot be conducted due to practical limitations, the acquisition/disposal may be conducted through price negotiations.

III. Contract establishment:

The results of price comparison or negotiation shall be adopted to establish a transaction contract with the counterparty; efforts shall be duly made to ensure the Company's rights and interests.

IV. Acceptance or inventory:

Acceptance or inventory in the acquisition or disposal of assets shall be conducted in accordance with the content or terms and conditions of the contracts, their related documents, and the required procedures on an item by item basis. If any discrepancy is discovered, it shall be reported in an approval form.

V. Property right registration:

An acquisition of real property shall be registered with the competent authority within the statutory period. The same applies to all subsequent changes.

VI. The General Affairs Department shall purchase insurance for Company assets in accordance with their nature and actual status.

Article 10: Special Applicable Procedures:

I. Appraisal:

(I) In acquiring or disposing of real property, equipment or its' right-of-use assets where the transaction amount reaches 20% of the company's paid-

in capital or NT\$300 million or more, the Company, unless transacting with a domestic government authority, engaging others to build on its own land, engaging others to build on rented land, or acquiring or disposing of equipment or its' right-of-use assets for business use, shall appoint an objective and independent professional appraiser to formulate an appraisal report prior to the date of occurrence of the event and shall further comply with the following provisions:

1. Where due to special circumstances it is necessary to give a limited price, specified price, or special price as a reference basis for the transaction price, the transaction shall be submitted for approval in advance by the board of directors; the same procedure shall also be followed whenever there is any subsequent change to the terms and conditions of the transaction.
2. Where the transaction amount is NT\$1 billion or more, appraisals from two or more professional appraisers shall be obtained.
3. Where the difference between the professional appraiser's appraisal results and the transaction amount exceeds 20% of the transaction amount, or if the difference between two or more professional appraisers exceed 10% of the transaction amount, unless all appraisal results for the assets to be acquired are higher than the transaction amount, or all appraisal results for the assets to be disposed of are lower than the transaction amount, a certified public accountant shall be engaged to perform the appraisal in accordance with the provisions of Statement of Auditing Standards No. 20 and render a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price.
4. No more than 3 months may elapse between the date of the appraisal report issued by a professional appraiser and the contract execution date. However, where the publicly announced current value for the same period is used and not more than 6 months have elapsed, an opinion may still be issued by the original professional appraiser.

(II) In the acquisition or disposal of securities, the Company shall, prior to the date of occurrence of the event, obtain the financial statements of the issuing company for the most recent period which have been certified or reviewed by a certified public accountant for reference in appraising the transaction price. In the event the dollar amount of the transaction reaches 20% of the Company's paid-in capital or NT\$300 million or more, the Company shall additionally engage a certified public accountant prior to the date of occurrence of the event to provide an opinion regarding the reasonableness of the transaction price. If the CPA requires the use of an

expert report as evidence, the CPA shall do so in accordance with the provisions of Statement of Auditing Standards No. 20. This requirement does not apply, however, to securities with publicly quoted prices from an active market, or where other regulations of the competent authority prevail.

(III) If the dollar amount of intangible assets or its' right-of-use assets or memberships to be acquired or disposed of by the Company is 20% or more of the Company's paid-in capital or NT\$300 million or more, except in transactions with a domestic government authority, the Company shall 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; the certified public accountant shall comply with the provisions of Statement of Auditing Standards No. 20.

(IV) Where the Company acquires or disposes of assets through court auction procedures, the evidentiary documentation issued by the court may be used as a substitute for the appraisal report or CPA opinion.

The calculation of the transaction amounts referred to in the preceding three paragraphs shall be conducted in accordance with Article 29, Paragraph 2 herein. In the meantime, "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. The basis for calculation, however, shall not include any transactions for which a professional appraisal report or CPA's opinion has been obtained according to the Procedures.

## II. Reports to the Board of Directors:

(I) The Company's acquisition or disposal of assets shall require the approval of the Board of Directors in accordance with the Company's authorization guidelines, other procedures, or other legal requirements. If a Director expresses objection and records or written statements are available, the Company shall submit information regarding the Director's objection to the Audit Committee.

(II) When the transactions in the acquisition or disposal of assets are proposed for discussion by the Board of Directors in accordance with the above regulations, Independent Directors' opinions must also be fully taken into consideration. Any objections or qualified opinions made by Independent Directors must be detailed in Board meeting minutes.

(III) Major asset transactions or other matters that require the approval of the Audit Committee in accordance with the law shall first be approved by more than half of all Audit Committee members and then submitted to the Board of Directors for resolution.

(IV) If approval of more than half of all Audit Committee members as required

in the preceding paragraph is not obtained, the procedures may be implemented if approved by more than two-thirds of all Directors, and the resolution of the Audit Committee shall be recorded in the minutes of the Board of Directors meeting.

[Related-Party Transactions]

Article 11: When engaged in the acquisition or disposal of assets from or to a related party, the Company shall, in accordance with the regulations, complete the relevant resolution procedures and appraisal of the reasonableness of the transaction terms. If the transaction amount reaches 10% of the Company's total assets, the Company shall also obtain an appraisal report from a professional appraiser or a CPA's opinion.

The calculation of the transaction amounts referred to in the preceding paragraph shall be conducted in accordance with Article 29, Paragraph 2 herein. In the meantime, "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. The basis for calculation, however, shall not include any transactions for which a professional appraisal report or CPA's opinion has been obtained according to the Procedures.

When determining whether the transaction counterparty is a related party, the Company shall take into account not only the legal formalities, but also the substance of the relationship.

Article 12: Evaluation of Transaction Cost:

- I. When the Company acquires real property or right-of-use assets thereof from a related party, it shall evaluate the reasonableness of the transaction costs by means of the following methods:
  - (I) Based upon the related party's transaction price plus necessary interest on funding and the costs to be borne by the buyer in accordance with the law.
  - (II) 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; the actual cumulative amount loaned 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.
- II. Where land and buildings thereupon are combined as a single property purchased or leased in one transaction, the transaction costs for the land and buildings may be separately appraised in accordance with either of the

methods listed above.

- III. When acquiring real property or right-of-use assets thereof from a related party, the Company shall appraise the cost of the real property or right-of-use assets thereof in accordance with Paragraphs 1 and 2 above, and engage a CPA to review the appraisal and render an opinion.
- IV. Where the Company acquires real property or right-of-use assets thereof from a related party under any of the following circumstances, the acquisition shall be conducted in accordance with Article 15 and the preceding three paragraphs shall not apply:
  - (I) The real property or right-of-use assets thereof was acquired in the first place by the related party as an inheritance or gift.
  - (II) More than 5 years have elapsed from the time the related party signed the contract to obtain the real property or right-of-use assets thereof to the signing date for the current transaction.
  - (III) 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.
  - (IV.) The real property right-of-use assets for business use are acquired by the company with subsidiaries, or by its subsidiaries in which it directly or indirectly holds 100 percent of the issued shares or authorized capital.

Article 13: Principles for Processing Non-Arm's Length Transactions:

Where the Company acquires real property or its' right-of-use assets from a related party and the results of appraisals conducted in accordance with Article 12 and Article 14 are uniformly lower than the transaction price, the following steps shall be taken:

- I. A special reserve shall be set aside in accordance with Article 41, Paragraph 1 of the Securities and Exchange Act against the difference between the real property or its' right-of-use assets transaction price and the appraised cost, and may not be distributed or used for capital increase or issuance of bonus shares. Where the Company uses the equity method to account for its investment in the investee, a special reserve shall be set aside pro rata in a proportion consistent with the share of the equity stake in the investee.
- II. The Audit Committee shall comply with Article 218 of the Company Act.
- III. Actions taken pursuant to Subparagraphs 1 and 2 above shall be reported to a shareholders' meeting, and the details of the transaction shall be disclosed in the annual report and investment prospectus.
- IV. If the Company has set aside a special reserve under Paragraph 1, it shall not draw on the reserve unless it has recognized the loss on decline in market value of the assets it purchased or leased at a premium; has disposed or the

leasing contract has been terminated of the assets or made adequate compensation; or has restored the status quo ante; or there is other evidence confirming that there was nothing unreasonable regarding the transaction. Approval from the competent authority is also required.

- V. The Company shall also comply with the preceding regulations if there is other evidence indicating that the acquisition was not an arm's length transaction.

Article 14: Standards for Determining Non-Arm's Length Transactions:

Where the results of appraisals conducted by the Company in accordance with Article 12 are uniformly lower than the transaction price, the transaction shall be carried out in accordance with regulations in Article 13. However, under the following circumstances and where objective evidence has been submitted and specific opinions on reasonableness have been obtained from a professional real property appraiser and a CPA, this restriction shall not apply:

- I. Where the related party acquired undeveloped land or leased land for development, it may submit proof of compliance that fulfills one of the following conditions:
- (I) Where the sum of undeveloped land appraised in accordance with the means in the preceding Article and buildings appraised according to the related party's construction cost plus reasonable construction profit are valued in excess of the actual transaction price.
  - (II) 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 or leasing terms are similar after calculation of reasonable price discrepancies in floor or area land prices in accordance with standard property market practices.
  - (III) Completed leasing transactions by unrelated parties for other floors of the same property from within the preceding year, where the transaction terms are similar after calculation of reasonable price discrepancies among floors in accordance with standard property leasing market practices.
- II. Where the Company has provided evidence that the terms and conditions for purchasing or leasing the real property or its' right-of-use assets from the related party are equivalent to the terms of the transactions concluded in neighboring areas for similarly-sized parcels by other non-related parties within one year.

Article 15: Approval by the Board of Directors:

When the Company intends to acquire or dispose of real property or its' right-

of-use assets from or to a related party, or when it intends to acquire or dispose of assets other than real property or its' right-of-use assets from or to a related party and the transaction amount reaches 20% or more of paid-in capital, 10% of the company's total assets, or NT\$300 million or more, except in trading of domestic government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by a domestic securities investment trust enterprise, the Company may not enter into a transaction contract or make a payment until the following matters have been approved by the Board of Directors and recognized by the Audit Committee:

- I. The purpose, necessity, and expected benefits for acquiring or disposing of the asset.
- II. The reason for choosing the related party as a trading counterparty.
- III. With respect to the acquisition of real property or its' right-of-use assets from a related party, information regarding appraisal of the reasonableness of the preliminary transaction terms in accordance Article 12 and Article 14.
- IV. The date and price at which the related party originally acquired the real property, the original trading counterparty, and that trading counterparty's relationship to the Company and the related party.
- V. Monthly cash flow forecasts for the year commencing from the anticipated month of signing of the contract, and evaluation of the necessity of the transaction, and reasonableness of the funds utilization.
- VI. Professional value's report or CPA's opinion obtained according to the regulations.
- VII. Restrictive covenants and other important stipulations associated with the transaction.

The calculation of the transaction amounts referred to in the preceding paragraph shall be conducted in accordance with Article 29, Paragraph 2 herein. In the meantime, "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items that have been approved by the Board of Directors and recognized by the Audit Committee in accordance with the Procedures need not be counted toward the transaction amount.

With respect to the types of transactions listed below, when to be conducted between the company and its subsidiaries, or between its subsidiaries in which it directly or indirectly holds 100 percent of the issued shares or authorized capital, the Company's Board of Directors authorizes the Chairman of the Board sole discretion to decide such matters in accordance with related regulations in the Procedures when the transaction is within NT\$500 million; the decisions shall be submitted to and retroactively ratified by the next Board of Directors meeting:

- I. Acquisition or disposal of equipment or right-of-use assets thereof held for business use.
- II. Acquisition or disposal of real property right-of-use assets held for business use.

Article 16: Definitions of Terms for Acquisition of Real Property or Its' Right-of-use Assets from Related Parties are as follows:

- I. Cost of funds: The "necessary cost of funds" specified in Article 12, Paragraph 1, Subparagraph 1 is imputed as the weighted average interest rate on borrowing in the year the Company purchases the property and may not be higher than the maximum non-financial industry lending rate announced by the Ministry of Finance.
- II. Reasonable construction profit: The "reasonable construction profit" specified in Article 14, Paragraph 1, Subparagraph 1 shall be deemed the average gross operating profit margin of the related party's construction division over the most recent 3 years or the gross profit margin for the construction industry for the most recent period as announced by the Ministry of Finance, whichever is lower.
- III. Transactions for neighboring parcels of land: The "transactions for neighboring parcels of land" specified in Article 14, Paragraph 1, Subparagraph 2 in principle refers to parcels on the same or an adjacent block and within a distance of no more than 500 meters or parcels close in publicly announced current value.
- IV. Similar land area: The "similar land area" specified in Article 14, Paragraph 1, Subparagraph 2 in principle refers to transactions by unrelated parties for parcels with a land area of no less than 50% of the property in the planned transaction.
- V. Within the preceding year: The "within the preceding year" specified in Article 14, Paragraph 2 refers to the year preceding the date of occurrence of the acquisition of the real property or its' right-of-use assets.

[Derivatives Transactions]

Article 17: The Company shall pay attention to the following principles and guidelines in derivatives transactions:

- I. Derivatives Categories Eligible for Transactions
  - (I) The "derivatives" specified in the Procedures refer to forward contracts, options contracts, futures contracts, leverage contracts, and swap contracts as well as any combination of the above whose value is derived from assets, interest rates, foreign exchange rates, indices or other interests.

(II) The term "forward contracts" specified in the Procedures does not include insurance contracts, performance contracts, after-sales service contracts, long-term leasing contracts, or long-term purchase (sales) agreements.

(III) Transactions in bond deposits shall also be conducted in accordance with the regulations of the Procedures.

## II. Management or Hedging Strategy

The difference between strategies for the purpose of transactions or and those for non-transaction purposes shall be clearly defined. The main purpose shall be the prevention of risks as well as the establishment of a sound internal control system. The transaction counterparties shall be financial institutions with healthy systems that regularly conduct business with the Company.

## III. Division of Powers and Responsibilities

### (I) Transaction Department

1. Collection of market information, familiarity with derivatives, laws and regulations, and risk assessment.
2. Undertaking of transactions and risk management within the authorized scope.
3. Provision of sufficient and timely information to senior managers authorized by the Board of Directors and undertaking of periodic assessment of profits and losses.

### (II) Accounting Department

1. Verification of transactions.
2. Understanding of the nature of products, agreements, and transaction format and provision of appropriate registration.
3. Assessment of the profit and loss of positions at the end of each month.

### (III) Settlement Department

Receipt of notification from the Transaction Department and verification with the Accounting Department before execution of settlement.

## IV. Performance Evaluation Guidelines

Periodic assessments and reviews shall be conducted based on a reliable assessment model and the principles of stability and consistency. Statements for reference and management by senior managers authorized by the Board of Directors shall be compiled.

## V. Total Contract Value of Derivative Eligible for Transactions

### (I) For non-transaction purposes

1. The total contract value of transactions undertaken to avoid foreign exchange risk may not exceed the total value of import/export in the current year.

2. The total contract value of transactions undertaken to avoid foreign exchange risk may not exceed the total value of assets or liabilities in the current year.
3. The total contract value of transactions undertaken to avoid foreign exchange and interest risks arising from project implementation may not exceed the total project budget.

(II) For transaction purposes: Traders shall conduct transactions within the authorized project amount.

#### VI. Maximum Limit on Loss

A stop-loss order shall be established for derivative transactions undertaken for transaction purposes. The maximum limit on loss under each contract shall be 5%. However, a transaction with a loss of under USD 50,000 shall be exempted from the 5% of contract value restriction specified above. The total net loss of all contracts may not exceed 1% of the paid-in capital of the Company.

Derivative transactions undertaken for non-transaction purposes must comply with the regulations on hedging and accounting specified in the accounting procedures for financial products in Statement of Accounting Standards No. 34. Formal written documents shall be required for related hedging relations, corporate risk management goals, and hedging strategies.

### Article 18: Procedures for Derivatives Transactions

#### I. Authorized Amount

(I) The authorized amounts for derivatives transactions undertaken for non-transaction purposes are specified below: Transactions undertaken in response to business development, market changes, or under special circumstances may be exempted from the restrictions on authorized amount upon the approval of the Board of Directors.

	Single Transaction Amount	Total Transaction Amount Per Day	Net Position Per Day
President	US\$10 million	US\$15 million	US\$10 million
Chief Financial Officer	US\$5 million	US\$7.5 million	US\$5 million

(II) A single derivatives transaction undertaken for transaction purposes with a total contract value of over US\$200,000 shall be submitted to the Board of Directors for approval before the transaction is conducted. A single transaction with a total contract value of less than US\$200,000 shall be submitted to the senior manager authorized by the Board of Directors for approval before the transaction is conducted.

- (III) Transactions performed by relevant authorized personnel in accordance with the Procedures for Engaging in Financial Derivative Transactions shall be reported to the next upcoming meeting of the Board of Directors.
- (IV) Derivatives transactions that require the approval of the Audit Committee shall first be approved by more than half of all Audit Committee members and then submitted to the Board of Directors for resolution.
- (V) If approval of more than half of all Audit Committee members as required in the preceding paragraph is not obtained, the procedures may be implemented if approved by more than two-thirds of all Directors, and the resolution of the Audit Committee shall be recorded in the minutes of the Board of Directors meeting.
- (VI) The term "major derivative transaction" refers to derivative trades approved by the Board of Directors pursuant to the provisions stipulated in the Company's Procedures for Engaging in Financial Derivative Transactions or other laws and regulations.

#### II. Implementation Unit

The Transaction Department shall conduct transactions within the authorization described above or within the amount authorized for the project.

#### Article 19: Accounting Methods for Derivatives Transactions

- I. Memo records for registering related information of derivatives transactions shall be established.
- II. Independent accounting items that clearly record profit or loss shall be established.

#### Article 20: Internal Control System:

##### I. Risk Management Measures:

###### (I) Credit risk management

Credit checks on the transaction target prior to transactions and periodic follow up on its credit status shall be conducted; avoid concentrating transactions with a single counterparty.

###### (II) Market price risk management

1. Authorized transaction personnel on each level shall adhere to the provisions specifying the authorized amount and maximum limit on loss in derivatives transactions.
2. The personnel shall assess the possible loss amount and the possibility of loss due to changes in market interest rate and exchange rates at appropriate times and take appropriate measures.

###### (III) Liquidity risk management

To maintain liquidity, transaction personnel must pay attention to the scale, depth, liquidity, and transaction capabilities of the financial institution.

(IV) Cash flow risk management

The Asset Management Department shall assess the cash collection and payment of transaction agreements.

(V) Operating risk management

1. Personnel engaged in derivatives trading may not serve concurrently in other operations such as verification and settlement.
2. Personnel responsible for risk measurement, monitoring and control shall be affiliated to department separate from the individuals specified in the preceding subparagraph, and shall report to the Board of Directors or other senior managers who are not engaged in decision making on transactions or trading positions.

(VI) Management of legal risks

1. The content of contracts shall firstly be filed to the Legal Affairs Department for approval.
2. Verify that the transaction counterparty has acquired the legality and authorization to operate derivatives.

II. Periodic assessment methods and processing of irregularities:

- (I) The Company 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 under Subparagraphs 2, 3, and 4 of the current Paragraph shall be recorded in detail in the log book.
- (II) The Company shall assess its derivative trading positions at least once a week. Hedging transactions conducted to meet business requirements shall be assessed at least twice a month. Assessment reports shall be submitted to the senior management level authorized by the Board of Directors.
- (III) The senior manager authorized by the Board of Directors shall periodically assess whether the risk management procedures currently in use are suitable and strictly carry out operations in accordance with the Procedures established by the Company. The senior manager is also required to supervise transactions, profits, and losses. In case any irregularities are found (such as a position with losses exceeding the maximum limit on loss), the senior manager shall report to the Board of Directors immediately and take all necessary response measures. If the Company has appointed Independent Directors, an Independent Director shall be present at the Board meeting to provide opinions.

(IV) The Board of Directors shall periodically assess whether the performance of derivatives transactions meet established management strategies and whether the risks undertaken are within the scope of the Company's risk tolerance.

Article 21: Internal Auditing System:

- I. The internal auditors shall, on a regular basis, check the adequacy of the company's internal control system for derivatives transactions and conduct monthly audits on the Transaction Department to ensure compliance with the Procedures. Audit reports shall be produced. The auditors are required to advise the Audit Committee in writing if any significant violations are found.
- II. The Company shall submit the Audit Report of the previous year along with the implementation status of the internal auditing procedures in the annual inspection plan to the competent authority before the end of February each year. The Company shall also file improvements for the irregularities to the competent authority for reference before the end of May at the latest.

[Corporate Merger, Demerger, Acquisition, or Transfer of Shares]

Article 22: Expert Opinion

When engaged in mergers, demergers, acquisitions or share transfers, the Company shall, before convening a Board meeting to approve such matter, engage a CPA, attorney or securities underwriter to provide opinions on the reasonableness of the share exchange ratio, acquisition price, the cash or other property to be distributed to shareholders, etc. The proposal shall be submitted to the Board of Directors for deliberation and passage.

However, where the Company merges subsidiaries whose issued shares or total capital are wholly owned by itself directly or indirectly, or subsidiaries whose issued shares or total capital are wholly owned by the Company directly or indirectly are merged together, the Company may be exempted from obtaining the aforementioned expert opinion on the reasonableness of the merger.

Article 23: Confidentiality Obligations

All personnel participating in or privy to the plan for the merger, demerger, acquisition, or transfer of shares shall be required to issue an undertaking of confidentiality in writing not to disclose the content of the plan prior to public disclosure of the information. Neither shall they, in their own name or under the name of a third person, trade in any stock or other equity securities of any company related to such plan.

Article 24: Provisions to be Included in Contracts:

- I. When participating in mergers, demergers, acquisitions, or transfer of shares, the Company shall state clearly in the relevant contracts the rights and obligations of the participating companies. The following provisions shall also be expressly stipulated:
  - (I) Handling of breach of contract.
  - (II) Principles for the handling of equity-type securities previously issued or treasury stock previously bought back by any company that is extinguished in a merger or that is demerged.
  - (III) The amount of treasury stock participating companies are permitted under law to buy back after the baseline date of calculation of the share exchange ratio, and the principles for handling thereof.
  - (IV) The manner of handling changes in the number of participating entities or companies.
  - (V) Timetable for project execution, and anticipated completion date.
  - (VI) Scheduled date for convening the legally mandated shareholders' meeting if project implementation has exceeded the proposed deadline as well as relevant procedures.
- II. If any of the participating companies of the merger, demerger, acquisition, or the company participating in the merger, demerger, acquisition, or transfer of shares is not a publicly listed company, the Company shall sign an agreement with such participating companies, while abiding by the provisions of Articles 23, 25 and 27 herein.

Article 25: Organizing Board of Directors and Shareholders' Meetings

- I. Unless otherwise regulated by law or approved in advance by the competent authority for any special reason, when the Company participates in a merger, demerger or acquisition, it must convene Board of Directors meetings and shareholders' meetings on the same day to resolve any details related to the merger/demerger/acquisition.
- II. Unless otherwise provided by law or agreed in advance by the competent authority for special reasons, the Company is required to convene a Board of Directors meeting on the same day when participating in share exchange.
- III. Before participating in a merger, demerger, or acquisition, the Company shall, before the shareholders' meeting, prepare a public report to the shareholders detailing important contractual content and matters relevant to the merger, demerger, or acquisition. The report shall be sent to the shareholders along with the notification for shareholders' meeting and the expert opinions referred to in the Article 22, so that it can be used as a reference for decision-making on the merger, demerger, or acquisition.

However, where other legal provisions exempt a company from convening a shareholders' meeting to approve the merger, demerger or acquisition, this restriction shall not apply.

IV. When participating in a merger, demerger or acquisition, if the shareholders' meeting of the Company fails to convene or pass a resolution due to lack of a quorum, insufficient votes, or other legal restrictions, or the proposal is rejected by the shareholders' meeting, the Company shall immediately explain publicly the reason, the follow-up measures and the proposed date of the next shareholders' meeting.

#### Article 26: Share Exchange Ratio or Acquisition Price shall not be Arbitrarily Modified

Except for the following circumstances, the Company shall not arbitrarily change the share exchange ratio or acquisition price when participating in the merger, demerger, acquisition or transfer of shares. The Company shall, in the meantime, stipulate in the relevant contracts for the merger, demerger, acquisition, or transfer of shares the conditions where such changes are allowed:

- I. The implementation of capital increase by cash, issue exchangeable corporate bonds, stock grants, equity warrant bonds, equity warrant special shares, stock option certificates, and other securities that involve shareholding rights.
- II. Actions for the disposal of major assets of the Company etc. that impact the finance and business of the Company.
- III. Incidents including major disasters or major technological breakthroughs that impact the interests of shareholders or stock price.
- IV. Adjustments by any party participating in the merger, demerger, acquisition, or transfer of shares for the repurchase of treasury stocks in accordance with regulations.
- V. Increase or decrease in the main entity or the number of parties participating in the merger, demerger, acquisition, or transfer of shares.
- VI. Changes in conditions that were specified in the contract and those that have been disclosed to the public.

#### Article 27: Disclosure of Information before a Merger, Demerger, Acquisition, or Transfer of Shares with Another Company

In the event that, after the public disclosure of the information for the merger, demerger, acquisition or transfer of shares participated in by the Company, one of the participating companies intends to engage another company (companies) in such activities, the participating company shall again go through all the procedures and legal actions which have already been

completed for the original merger, demerger, acquisition or transfer of shares. A participating company, however, may be exempted from calling another shareholders' meeting to reapprove the plan, if the number of participating companies has decreased and the Board of Directors of the Company have received approval and authorization from the shareholders' meeting to change the authority.

#### Article 28: Retention of Information

When participating in a merger, demerger, acquisition or transfer of shares, the Company shall prepare a full written record of the following information and retain it for five years for reference.

- I. Basic information of personnel: Including the job title, name and ID number (or passport number in the case of foreign nationals) of all personnel involved in the planning or implementation of the merger, demerger, acquisition, or transfer of shares prior to public disclosure of the information.
- II. Dates of important events: Including the dates of signing a letter of intent/memorandum of understanding, commissioning a financial or legal advisor, signing contracts or holding Board of Directors meetings.
- III. Important documents and meeting minutes: Including the plans for merger, demerger, acquisition or transfer of shares, letter of intent or memorandum of understanding, important contracts and minutes of the Board of Directors meetings.

#### [Information Disclosure]

Article 29: Under any of the following circumstances, the department undertaking the acquisition or disposal of assets shall immediately notify the Shareholder Service Department which shall, within 2 days from the date of occurrence of the event, publicly announce and report relevant information on the acquisition or disposal of assets on the website designated by the competent authority using the specified format:

- I. When the Company intends to acquire or dispose of real property or right-of-use assets thereof from or to a related party, or when it intends to acquire or dispose of assets other than real property or right-of-use assets thereof from or to a related party and the transaction amount reaches 20% or more of paid-in capital, 10% or more of the company's total assets, or NT\$300 million or more. This however shall not apply to trading of domestic government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises.
- II. Merger, demerger, acquisition, or transfer of shares.

- III. Losses from derivatives trading reaching the limits on aggregate losses or losses on individual contracts set out in the Procedures.
- IV. Where the type of asset acquired or disposed of is equipment or right-of-use assets thereof for business use, the trading counterparty is not a related party, and the transaction amount is less than NT\$500 million.
- V. Where real property 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 amount the company expects to invest in the transaction is more than NT\$500 million.
- VI. With the exception of the transaction of assets specified in the six preceding paragraphs or investment conducted in the China region, the amount of any individual transaction, the cumulative transaction amount of acquisitions and disposals of the same type of underlying asset with the same trading counterparty within the preceding year, the cumulative transaction amount of real property acquisitions and disposals (cumulative acquisitions and disposals, respectively) within the same development project within the preceding year, or the cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of the same security within the preceding year that reaches 20% of the Company's paid-in capital or NT\$300 million shall be included. This shall not apply to the following circumstances:
  - (I) Trading of domestic government bonds.
  - (II) Trade of bonds under repurchase and resale agreements, or subscription or repurchase of money market funds issued by domestic securities investment trust enterprises.

The amount of transactions specified in the preceding paragraph shall be calculated as follows:

- I. The amount of any individual transaction.
- II. The cumulative transaction amount of acquisitions and disposals of the same type of underlying asset with the same trading counterparty within the preceding year.
- III. The cumulative transaction amount of real property or right-of-use assets thereof acquisitions and disposals (cumulative acquisitions and disposals, respectively) within the same development project within the preceding year.
- IV. The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of the same security within the preceding year.

"Within the preceding year" as used in the preceding paragraph refers to the year preceding the date of occurrence of the current transaction. Items duly announced in accordance with the provisions herein need not be counted toward the transaction amount.

The Company shall compile monthly reports on the status of derivative transactions (including those conducted for transaction purposes and otherwise) conducted up to the end of the preceding month by itself and any of its subsidiaries that are not publicly-listed companies in Taiwan. The information shall be disclosed along with the status of monthly operations on the information reporting website specified by the competent authority before the 10th of each month using the required format.

When the Company makes an error or omission in an item required by regulations to be publicly announced, all the items shall be properly corrected and publicly announced in entirety within 2 days upon knowledge of its error or omission.

When acquiring or disposing of assets, the Company shall keep all relevant contracts, meeting minutes, log books, appraisal reports and opinions of the certified public accountant, attorney and securities underwriter at the Company headquarters, where they shall be retained for five years, except where otherwise provided by laws and regulations.

Article 30: If the following situations arise after the Company has announced or reported transactions according to the preceding article on information disclosure, the Company shall announce and report such matters within two days on the website specified by the competent authority:

- I. Change, termination or rescission of a contract signed in regard to the original transaction.
- II. The merger, demerger, acquisition, or transfer of shares is not completed by the scheduled date set forth in the contract.
- III. Change to the originally publicly announced and reported information.

[Control Procedures for the Acquisition and Disposal of Assets by Subsidiaries]

Article 31: The subsidiaries of the Company shall establish "Procedures for the Acquisition or Disposal of Assets" and submit them to the highest ranking supervisor in the Company's finance department and the President for approval. The Procedures shall then be sent to the Board of Directors and the shareholders' meeting of the subsidiary for approval before implementation. The same procedures shall apply for revisions.

- I. The subsidiaries shall establish their own "Procedures for the Acquisition or Disposal of Assets" based on these Procedures. They shall reference the

Company's authorization methods, the guidelines on parent-subsidary financial operations, and other related investment regulations to establish their own procedures for implementation.

- II. The assets acquired or disposed by subsidiaries may not exceed the regulated amount specified in Article 5 herein.
- III. For the calculation of 10% of total assets under the Procedures, the total assets stated in the most recent parent company only financial report or individual financial report prepared under the Regulations Governing the Preparation of Financial Reports by Securities Issuers shall be used.

For subsidiaries whose shares are issued without face value or where the face value does not equal to NT\$10, the 20% requirement on paid-up capital, as specified in these Procedures, shall be calculated instead at 10% of equity attributable to parent company owners.

#### [Information Disclosure of Subsidiaries]

Article 32: For a subsidiary in which the Company directly holds shares or indirectly holds shares through a subsidiary amounting to over 50% of issued shares with voting rights and that which is not publicly listed, if assets it has acquired or disposed of reach announcement and reporting standards, the subsidiary shall immediately notify the Company on the date of occurrence of the event. The Company shall, within two days of receiving notification from the subsidiary, announce and report such matters on the website specified by the competent authority in accordance with the Procedures.

#### [Penalties for Violation of the Procedures]

Article 33: The Board of Directors shall impose penalties on related personnel who are in violation of the Company's Procedures for the Acquisition or Disposal of Assets.

#### [Other Matters]

Article 34: Supplementary Provisions

- I. The Procedures shall be delivered to the Audit Committee and submitted to the shareholders' meeting for approval following approval in the Board of Directors meeting. The same shall apply to any revision. If a Director expresses objection and records or written statements are available, the Company shall submit information regarding the Director's objection to the Audit Committee.
- II. When the Procedures are proposed for discussion by the Board of Directors, Independent Directors' opinions must also be fully taken into consideration. Any objections or qualified opinions made by Independent Directors must be detailed in Board meeting minutes.

- III. The establishment and revision of the Procedures must be approved by at least one half of all members of the Audit Committee and submitted to the Board of Directors for resolution.
- IV. If approval of more than half of all Audit Committee members as required in the preceding paragraph is not obtained, the procedures may be implemented if approved by more than two-thirds of all Directors, and the resolution of the Audit Committee shall be recorded in the minutes of the Board of Directors meeting.
- V. The terms "all Audit Committee members" and "all Directors" in Article 10, Paragraph 2, Article 18 Paragraph 1, Paragraph 3 of this Article, and the preceding paragraph shall refer to the actual number of persons currently holding those positions.
- VI. The Procedures was established in October 1999.  
The 1st Amendment on Mar. 9, 2000, the 2nd Amendment on Feb. 27, 2001, the 3rd Amendment on Jan. 23, 2002, the 4th Amendment on Jan.28, 2003, the 5th Amendment on May 18, 2005, the 6th Amendment on Feb. 15, 2006, the 7th Amendment on June 15, 2006, the 8th Amendment on June 13, 2007, the 9th Amendment June 19, 2009, the 10th Amendment on June 18, 2010, the 11th Amendment on June 15, 2012, the 12th Amendment on June 20, 2014, the 13th Amendment on June 16, 2017,and the 14th Amendment on June 13, 2019.

## Attachment 7

### System Corporation

Table of Comparison of Amendments to the Procedures for Loaning of Funds

Before Amendments	After Amendments	Remark
<p>[Scope] Article 2 The Company shall not loan funds to any of its shareholders or any other person except under the following circumstances: (1) Companies or firms with which the Company does business. (2) Companies or firms where short-term financing facility is necessary. Short-term refers to one year or one business cycle (whichever is longer). The restriction in the Subparagraph 2 of the preceding paragraph shall not apply to inter-company loans of funds between overseas companies in which the Company directly or indirectly holds 100% of the voting shares <u>where short-term financing facility is necessary.</u></p>	<p>[Scope] Article 2 The Company shall not loan funds to any of its shareholders or any other person except under the following circumstances: (1) Companies or firms with which the Company does business. (2) Companies or firms where short-term financing facility is necessary. Short-term refers to one year or one business cycle (whichever is longer). The restriction in the Subparagraph 2 of the preceding paragraph shall not apply to inter-company loans of funds between overseas companies in which the Company directly or indirectly holds 100% of the voting shares, <u>or when overseas companies in which the Company directly or indirectly holds 100% of the voting shares conduct fund lending with the Company.</u></p>	<p>Increase the flexibility of the internal fund allocation and use of the Group's enterprises, and increase the number of foreign companies that directly and indirectly hold voting rights of the Company to engage in capital lending to the Company, which is not subject to the one-year limit.</p>

Before Amendments	After Amendments	Remark
<p>[Total amount of fund loans and limit for individual subjects]</p> <p>Article 4</p> <p>Total amount of fund loans and limit for individual subjects</p> <p>(1) The total amount of fund loans the Company gives to others are limited to no more than 40% of the Company's net worth.</p> <p>(2) For companies and firms that have business dealings with the Company, the amount of individual loans should not exceed the fund loan between the two parties and the business transaction amount during the past 12 months. Business transaction amount refers to the higher value of goods purchased or sold between the two parties.</p> <p>(3) For companies or firms with short-term financing needs, individual loans and amount should not exceed 20% of the Company's net worth.</p> <p>Fund loans between foreign companies in which the Company directly or indirectly holds 100% of voting share <u>where short-term financing facility is necessary</u> are not subject to the loan cap that is 40% of the company's net worth, the amount of individual loans are also not subject to the limit of 20% of the company's net worth, but the total amount of the fund loan should not exceed 40% of the Company's net worth, while the amount of individual loans must not exceed 20% of the Company's net worth.</p>	<p>[Total amount of fund loans and limit for individual subjects]</p> <p>Article 4</p> <p>Total amount of fund loans and limit for individual subjects</p> <p>(1) The total amount of fund loans the Company gives to others are limited to no more than 40% of the Company's net worth.</p> <p>(2) For companies and firms that have business dealings with the Company, the amount of individual loans should not exceed the fund loan between the two parties and the business transaction amount during the past 12 months. Business transaction amount refers to the higher value of goods purchased or sold between the two parties.</p> <p>(3) For companies or firms with short-term financing needs, individual loans and amount should not exceed 20% of the Company's net worth.</p> <p>Fund loans between foreign companies in which the Company directly or indirectly holds 100% of voting shares, <u>or fund loans directly conducted with the Company by foreign companies in which the Company directly or indirectly holds 100% of voting shares</u> are not subject to the loan cap that is 40% of the company's net worth, the amount of individual loans are also not subject to the limit of 20% of the company's net worth, but the total amount of the fund loan should not exceed 40% of the</p>	<p>1. Increase the flexibility of the internal fund allocation and use of the Group's enterprises, and increase the number of foreign companies that directly and indirectly hold voting rights of the Company to engage in capital lending to the Company, which is not subject to the loan cap that is 40% of the company's net worth</p> <p>2. When the financial communication exceeds the prescribed limit, the person in charge of the company shall be jointly responsible for the return of damages.</p>

Before Amendments	After Amendments	Remark
	<p>Company's net worth, while the amount of individual loans must not exceed 20% of the Company's net worth.</p> <p><u>If the person in charge of the Company violates the limits stipulated in the preceding paragraph, he shall be responsible for repaying the loan along with the borrower; If there are damages to the Company, he shall also be responsible for compensation.</u></p>	
<p>[Duration of financing and interest calculation] Article 5 Duration of financing and interest calculation (1) Term: The maximum loan period of the Company and its subsidiaries is one year, with the exception of loans between foreign companies in which the Company directly or indirectly holds 100% of voting shares, which have loan periods of up to 5 years, but can be extended by the Board of Directors if necessary. (2) Interest calculation method: The loan interest is calculated based on the market interest rate or the cost of capital. The capital loan and interest rate shall be no lower than the maximum interest rate of the Company's short-term loans from financial institutions. The loan interest rate of the Company should be calculated and collected monthly in principle. Under special circumstances, it can be adjusted with the approval of the Board of Directors.</p>	<p>[Duration of financing and interest calculation] Article 5 Duration of financing and interest calculation (1) Term: The maximum loan period of the Company and its subsidiaries is one year, with the exception of loans between foreign companies in which the Company directly or indirectly holds 100% of voting shares, <u>or fund loans directly conducted with the Company by foreign companies in which the Company directly or indirectly holds 100% of voting shares</u>, which have loan periods of up to 5 years, but can be extended by the Board of Directors if necessary. (2) Interest calculation method: The loan interest is calculated based on the market interest rate or the cost of capital. The capital loan and interest rate shall be no lower than the maximum interest rate of the Company's short-term loans from financial institutions. The loan interest rate of the Company should be calculated and collected monthly in</p>	<p>Increase the fund loans directly conducted with the Company by foreign companies in which the Company directly or indirectly holds 100% of voting shares, which have loan periods of up to 5 years.</p>

Before Amendments	After Amendments	Remark
	principle. Under special circumstances, it can be adjusted with the approval of the Board of Directors.	
[Supplemental Provisions] Article 11: Supplemental Provisions (1)~(5) Omitted. (6) The 1st ~ the 10th amendment omitted. The 11th amendment on June 17, 2015.	[Supplemental Provisions] Article 11: Supplemental Provisions (1)~(5) Omitted. (6) The 1st ~ the 10th amendment omitted. The 11th amendment on June 17, 2015 <u>and the 12th amendment on June 13, 2019.</u>	Addition of revision dates.

**System Corporation**  
**Procedures for Loaning of Funds (Amended)**

[Purpose]

Article 1: In order to have a guideline for the Company's fund lending practices with others, these Procedures were drawn up according to Article 15 of the Company Act, and the "Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies" and "Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies" announced by the competent authorities. To ensure all loans and capital are safely recovered, the Company and its subsidiaries shall follow these Procedures for all fund lending operations.

[Scope]

Article 2: The Company shall not loan funds to any of its shareholders or any other person except under the following circumstances:

- (1) Companies or firms with which the Company does business.
- (2) Companies or firms where short-term financing facility is necessary. Short-term refers to one year or one business cycle (whichever is longer).

The restriction in the Subparagraph 2 of the preceding paragraph shall not apply to inter-company loans of funds between overseas companies in which the Company directly or indirectly holds 100% of the voting shares, or when overseas companies in which the Company directly or indirectly holds 100% of the voting shares conduct fund lending with the Company.

[The reason and necessity of extending fund loans to others]

Article 3: The reason and necessity of extending fund loans to others

Those in the Company engaging in fund loans with other companies or firms due to business interactions shall follow the regulations stipulated in Article 4, Paragraph 1, Subparagraph 2; Those that engage in fund loans where short term financing is needed are limited to the following situations:

- (1) Companies that the Company directly or indirectly hold over 50% of shares that are in need of short-term financing due to business dealings.
- (2) Companies of firms in need of short-term financing due to procurement or operational turnover.
- (3) Other fund loan taker approved by the Company's Board of Directors.

[Total amount of fund loans and limit for individual subjects]

Article 4: Total amount of fund loans and limit for individual subjects

- (1) The total amount of fund loans the Company gives to others are limited to no more than 40% of the Company's net worth.

(2) For companies and firms that have business dealings with the Company, the amount of individual loans should not exceed the fund loan between the two parties and the business transaction amount during the past 12 months. Business transaction amount refers to the higher value of goods purchased or sold between the two parties.

(3) For companies or firms with short-term financing needs, individual loans and amount should not exceed 20% of the Company's net worth.

Fund loans between foreign companies in which the Company directly or indirectly holds 100% of voting shares, or fund loans directly conducted with the Company by foreign companies in which the Company directly or indirectly holds 100% of voting shares are not subject to the loan cap that is 40% of the company's net worth, the amount of individual loans are also not subject to the limit of 20% of the company's net worth, but the total amount of the fund loan should not exceed 40% of the Company's net worth, while the amount of individual loans must not exceed 20% of the Company's net worth.

If the person in charge of the Company violates the limits stipulated in the preceding paragraph, he shall be responsible for repaying the loan along with the borrower; If there are damages to the Company, he shall also be responsible for compensation.

[Duration of financing and interest calculation]

Article 5: Duration of financing and interest calculation

(1) Term: The maximum loan period of the Company and its subsidiaries is one year, with the exception of loans between foreign companies in which the Company directly or indirectly holds 100% of voting shares, or fund loans directly conducted with the Company by foreign companies in which the Company directly or indirectly holds 100% of voting shares, which have loan periods of up to 5 years, but can be extended by the Board of Directors if necessary.

(2) Interest calculation method: The loan interest is calculated based on the market interest rate or the cost of capital. The capital loan and interest rate shall be no lower than the maximum interest rate of the Company's short-term loans from financial institutions. The loan interest rate of the Company should be calculated and collected monthly in principle. Under special circumstances, it can be adjusted with the approval of the Board of Directors.

[Auditing process]

Article 6: The detailed process of the Company's handling of fund loans and matters are as follows:

- (1) The necessity of and reasonableness of extending loans to others.
- (2) Borrower credit status and risk assessment.
- (3) The Company's operational risks, financial situation, and impact on shareholders' equity.
- (4) Collateral should be obtained and its value appraised.

[Operating procedures]

Article 7: The Company's procedures for handing fund loans and matters are as follows:

(1) Credit check

For the Company to handle fund loans and relevant matters, the borrower should first provide necessary company information and financial information and apply for financing in writing.

After accepting the application, the finance division shall investigate and evaluate the business, financial status, solvency and credit, profitability, and use of the loan, then prepare a report.

(2) Security

When handling fund loans and matters, the Company should obtain promissory notes of the same value, even organize mortgages setting for movable property or real estate if necessary. Regarding debt security in the previous paragraph, if the debtor can produce individuals or companies with enough capital and credit as a guarantee in place of collateral, the Board of Director will proceed based on the credit report of the finance division. If the guarantor is a company, whether the company has provisions allowing it to give guarantee should be noted.

[Fund loans to others]

Article 8: Before making a fund loan to others, the Company shall carefully evaluate whether the loan is in compliance with its Operating Procedures for Fund Lending. After the application is submitted by the applicant, it shall be evaluated in advance by the finance division. The loan can only be issued after the application is signed by the supervisor of the Company's finance division, approved by the President, then submitted to the Board of Directors for approval. No other person may be authorized to make this decision; The Company shall carefully take into account the opinions of all independent directors. If there is any objection or reservation from an independent director, it should be clearly recorded in the minutes of the board of directors meeting.

Major fund loans and matters must be approved by at least one half of all members of the Audit Committee and submitted to the Board of Directors for resolution.

If approval of more than half of all Audit Committee members as required in the preceding paragraph is not obtained, the procedures may be implemented if approved by more than two-thirds of all Directors, and the resolution of the Audit Committee shall be recorded in the minutes of the Board of Directors meeting. The so-called "Major fund loans" refer to the Company giving fund loans to others, approved by the Board of Directors pursuant to the provisions stipulated in the Company's procedures for the acquisition or disposal of assets or other laws and regulations.

Subsidiaries handling fund loans must get a signed note from the Company's finance division, get approval from the Company Chairman, and report to the Company's Board

of Directors for them to pass a vote before the funds can be mobilized. Where a subsidiary of a public company intends to fund loans to others, it shall formulate its own Operating Procedures for Fund Lending and comply with such Procedures.

Loans of funds between the Company and its subsidiaries, or between subsidiaries, shall be submitted for a resolution by the board of directors pursuant to the preceding paragraph, and the Chairman may be authorized, for a specific borrowing counterparty, within a certain monetary limit resolved by the board of directors, and within a period not to exceed one year, to give loans in installments or to make a revolving credit line available for the counterparty to draw down.

Loans extended by the Company or any of its subsidiaries to any single entity shall not exceed 10% of the net worth on the most current financial statements of the Company. However, the regulations do not apply to inter-company loans of funds between overseas companies in which the Company holds, directly or indirectly, 100% of the voting shares.

[Subsequent measures for control, procedures for handling delinquent creditor's rights]

Article 9: Subsequent measures for control, procedures for handling delinquent creditor's rights

- (1) After the loan is processed, the Company should pay close attention to the debtor and guarantor's financial, business and related credit status. If collateral is provided, attention should be paid to whether its value fluctuates. Any major changes should be immediately reported to the President and Chairman and handled according to directions.
- (2) When the borrower repays the loan before its expiration, they should first calculate the interest payable and settle it with the principal before the promissory note can be written off or collateral mortgage returned.
- (3) When the loan expires, the borrower should pay off the loan and interests. If the borrower is not able to pay off the loan in time and needs an extension, they need to make a request in advance, which will be reported to the Board of Directors for approval. Each loan is limited to two extension periods of no longer than 6 months. Violations will lead to the Company seeking legal action and compensation with the collateral or guarantor provided by the borrower.
- (4) If the fund loans taken out according to these procedures do not meet the requirements of these Regulations or the loan balance exceeds the limit due to a change in circumstances, relevant units will create a rectification plan and submit it to the Audit Committee, and complete the rectification according to the timeframe set out in the plan.
- (5) The Company shall prepare a memorandum book for its fund-lending activities and truthfully record the following information: borrower, amount, date of approval by the board of directors, lending/borrowing date, and matters to be carefully evaluated.
- (6) The Company's internal auditors shall audit the fund loans and implementation

- status at least once every quarter and prepare written records accordingly. They shall promptly notify the Audit Committee in writing of any material violation found.
- (7) The penalty for managers or personnel in charge violating these Operating Procedures for Fund Lending will be decided by the Board of Directors.
  - (8) The Company shall follow the regulations of general accounting principles, evaluate the status of its loans of funds and reserve sufficient allowance for bad debts, and shall adequately disclose relevant information in its financial reports and provide certified public accountants with relevant information for implementation of necessary auditing procedures.

[Public announcement]

Article 10: The Company shall announce and report the previous month's loan balances of its head office and subsidiaries by the 10th day of each month. Aside from announcing Company turnover each month, those whose loans of funds reach one of the following levels shall announce and report such event within two days commencing immediately from the date of occurrence:

- (1) The aggregate balance of loans to others by the Company and its subsidiaries reaches 20 percent or more of the Company's net worth as stated in its latest financial statement.
- (2) The balance of loans by the Company and its subsidiaries to a single enterprise reaches 10 percent or more of the Company's net worth as stated in its latest financial statement.
- (3) The amount of new loans of funds by the Company or its subsidiaries reaches NT\$10 million or more, and reaches 2 percent or more of the Company's net worth as stated in its latest financial statement.

The Company shall announce and report on behalf of any subsidiary thereof that is not a public company of the Republic of China any matters that such subsidiary is required to announce and report pursuant to Subparagraph 3 of the preceding paragraph.

If subsidiaries also engage in fund loans, the accounting department of said subsidiaries shall send relevant information to the Company's stock affairs unit for public announcement before the 5th day of the month following said transaction.

[Supplemental Provisions]

Article 11: Supplemental Provisions

- (1) The Procedures shall be delivered to the Audit Committee and submitted to the shareholders' meeting for approval following approval in the Board of Directors meeting. The same shall apply to any revision. If a Director expresses objection and records or written statements are available, the Company shall submit information regarding the Director's objection to the Audit Committee.
- (2) When the Procedures are proposed for discussion by the Board of Directors, the

opinions of the Independent Directors must also be fully taken into consideration. Any objections or qualified opinions made by Independent Directors must be detailed in Board meeting minutes.

- (3) The establishment and revision of the Procedures must be approved by at least one half of all members of the Audit Committee and submitted to the Board of Directors for resolution.
- (4) If approval of more than half of all Audit Committee members as required in the preceding paragraph is not obtained, the procedures may be implemented if approved by more than two-thirds of all Directors, and the resolution of the Audit Committee shall be recorded in the minutes of the Board of Directors meeting.
- (5) The terms "all Audit Committee members" in Article 8 and Paragraph 3 of this Article and "all Directors" in the preceding paragraph shall refer to the actual number of persons currently holding those positions.
- (6) The 1st amendment on March 9, 2000, the 2nd amendment on January 23, 2002, the 3rd amendment on February 27, 2002, the 4th amendment on January 28, 2003, the 5th amendment on May 18, 2005, the 6th amendment on June 15, 2006, the 7th amendment on June 13, 2007, the 8th amendment on June 19, 2009, the 9th amendment on June 18, 2010, the 10th amendment on June 15, 2012, the 11th amendment on June 17, 2015 and the 12th amendment on June 13, 2019.

## Attachment 8

### System Corporation

Table of Comparison of Amendments to the Procedures for Making of Endorsement and Guarantee

Before Amendments	After Amendments	Remark
<p>[Procedures for making endorsements/guarantees]</p> <p>Article 13: All external endorsements/guarantees made by the Company should be officially recorded by the accounting division, and the original application records should be retained for future review and evaluation. The Company shall evaluate or record the contingent loss for endorsements/guarantees <u>by GAAP No.9</u>, and shall adequately disclose information on endorsements/guarantees in its financial reports and provide certified public accountants with relevant information for implementation of necessary audit procedures.</p>	<p>[Procedures for making endorsements/guarantees]</p> <p>Article 13: All external endorsements/guarantees made by the Company should be officially recorded by the accounting division, and the original application records should be retained for future review and evaluation. The Company shall evaluate or record the contingent loss for endorsements/guarantees, and shall adequately disclose information on endorsements/guarantees in its financial reports and provide certified public accountants with relevant information for implementation of necessary audit procedures.</p>	<p>Revised wording.</p>
<p>[Endorsement/Guarantee Amount]</p> <p>Article 19: The Company shall announce and report the previous month's balance of endorsements/guarantees of itself and its subsidiaries by the 10th day of each month. Along with monthly turnover announcement, if the amount of</p>	<p>[Endorsement/Guarantee Amount]</p> <p>Article 19: The Company shall announce and report the previous month's balance of endorsements/guarantees of itself and its subsidiaries by the 10th day of each month. Along with monthly turnover announcement, if the amount of</p>	<p>Revised wording to clarify definitions.</p>

Before Amendments	After Amendments	Remark
<p>endorsements/guarantees meets one of the following criteria, the Company shall announce and report such event within two days commencing immediately from the date of occurrence:</p> <ol style="list-style-type: none"> <li>1. The aggregate balance of endorsements/guarantees by the Company and its subsidiaries reaches 50 percent or more of the Company's net worth as stated in its latest financial statement.</li> <li>2. The balance of endorsements/guarantees by the Company and its subsidiaries for a single enterprise reaches 20 percent or more of the Company's net worth as stated in its latest financial statement.</li> <li>3. The balance of endorsements/guarantees by the Company and its subsidiaries for a single enterprise reaches NT\$10 million or more, and the aggregate amount of all endorsements/guarantees, <u>long-term investments</u>, loan funds, and balance reaches over 30% of the Company's net worth as stated in its latest financial statement.</li> </ol> <p>Omitted.</p>	<p>endorsements/guarantees meets one of the following criteria, the Company shall announce and report such event within two days commencing immediately from the date of occurrence:</p> <ol style="list-style-type: none"> <li>1. The aggregate balance of endorsements/guarantees by the Company and its subsidiaries reaches 50 percent or more of the Company's net worth as stated in its latest financial statement.</li> <li>2. The balance of endorsements/guarantees by the Company and its subsidiaries for a single enterprise reaches 20 percent or more of the Company's net worth as stated in its latest financial statement.</li> <li>3. The balance of endorsements/guarantees by the Company and its subsidiaries for a single enterprise reaches NT\$10 million or more, and the aggregate amount of all endorsements/guarantees, <u>investments accounted for using the equity method</u>, loan funds, and balance reaches over 30% of the Company's net worth as stated in its latest financial statement.</li> </ol> <p>Omitted.</p>	

Before Amendments	After Amendments	Remark
[Supplemental Provisions] Article 26: The Procedures were established in October 1999. The 1st ~ the 7th amendment omitted. The 8th amendment on June 17, 2015.	[Supplemental Provisions] Article 26: The Procedures were established in October 1999. The 1st ~ the 7th amendment omitted. The 8th amendment on June 17, 2015 <u>and the 9th amendment on June 13, 2019.</u>	Addition of revision dates.

## System Corporation

### Procedures for Making of Endorsement and Guarantee (Amended)

#### [General Principles]

Article 1: In principle, the Company and its subsidiaries do not make endorsements, promises, or guarantees to other companies, but any guarantees and endorsements made under business necessities should be handled according to these provisions.

#### [Scope]

Article 2: To apply to this procedure, the subject of external guarantees and negotiable instrument endorsements must be company organizations and limited to the following conditions:

1. A company with which it does business.
2. A subsidiary in which the Company directly or indirectly holds more than 50 percent of the voting shares.
3. A parent company that directly or indirectly holds more than 50 percent of the voting shares in this Company.

Subsidiaries in which the Company directly or indirectly holds 90% or more of the voting shares may make endorsements/guarantees for one another, provided that the amount does not exceed 10% of the Company's net worth. These restrictions shall not apply to endorsements/guarantees made between companies in which the Company directly or indirectly holds 100% of the voting shares.

Where companies fulfill contractual obligations by providing mutual endorsements/guarantees for another company in the same industry, or where all capital contributing shareholders make endorsements/guarantees for their jointly invested company in proportion to their shareholding percentages, such endorsements/guarantees may be made free of the restriction of the preceding two paragraphs.

Capital contribution referred to in the preceding paragraph shall mean capital contribution directly by the Company, or through a subsidiary in which the Company holds 100% of the voting shares.

#### [Applicable Scope]

Article 3: The scope of the external guarantees and negotiable instrument endorsements are:

1. Financing endorsements/guarantees, including:
  - (1) Bill discount financing.
  - (2) Endorsement or guarantee made to meet the financing needs of another company.
  - (3) Issuance of a separate negotiable instrument to a non-financial enterprise as security to meet the financing needs of the Company or its subsidiaries.
2. Customs duty endorsement/guarantee, meaning an endorsement or guarantee for

the Company, its subsidiaries, or another company with respect to customs duty matters.

3. Other endorsements/guarantees, or endorsements or guarantees beyond the scope of the above two paragraphs.

Any creation of a pledge or mortgage or real property as security for the loans of another company shall also comply with the regulations of this procedure.

#### [Use and Custody of Corporate Chops]

Article 4: External guarantees shall be made using Company chops registered with the Ministry of Economics. The Company chops should be in the custody of a designated person, while blank negotiable instruments should be in the custody of the cashiers. Endorsements/guarantees made by the Company and its subsidiaries must be approved following standard procedure before negotiable instruments can be sealed or issued. The person designated to have custody of the endorsement/guarantee chops should be approved by the Board of Directors; The same applies to all subsequent changes.

#### [Issuing Guarantee Agreements]

Article 5: When making a guarantee for an overseas company, the Company and its subsidiaries shall have the Guarantee Agreement signed by a person authorized by the board of directors.

#### [Memorandum records]

Article 6: The Company and its subsidiaries shall prepare a memorandum book for its endorsement/guarantee activities; The entity for which the endorsement/guarantee is made, the amount, the date of passage by the Board of Directors, the date the endorsement/guarantee is made, and the matters to be carefully evaluated should be recorded in detail.

#### [Internal audit]

Article 7: The Company's internal auditors shall audit the Procedures for Making Endorsements and Guarantees and the implementation thereof no less frequently than quarterly and prepare written records accordingly. They shall promptly notify the Audit Committee in writing of any material violation found.

#### [Entities for which the Company made endorsements/guarantees]

Article 8: All external endorsements/guarantees made by the Company must be made through the Head Office and must not be handled by the branches.

#### [Procedures for controlling and managing endorsements/guarantees by subsidiaries]

Article 9: Aside from bill financing, all endorsements/guarantees made by subsidiaries must be submitted by the person in charge of the subsidiary company to the Company's investment unit and approved by the Company's Board of Directors. Subsidiaries should notify the Company's investment division in writing after handling endorsements/guarantees or write-offs. Subsidiaries intending to make endorsements/guarantees for others shall formulate its own Procedures for Making Endorsements and Guarantees and comply with the Procedures when making endorsements/guarantees.

[Procedures for making endorsements/guarantees]

Article 10: Units that need to issue promissory notes for external guarantees should fill out the "guarantee promissory note application form". After it is approved, it will be sent to the accounting division, which will draft a voucher for the cashiers to issue. When invalidated or canceled, the promissory note issued should be retrieved, written off, and recoded as a closed case.

Article 11: Those handling the Company's bill discount financing (existing discount amount) should fill out the "bill financing (discount) notice". After it is approved, it will be sent to the accounting division to draft a voucher for the cashier and financing unit to handle.

Article 12: Units making external guarantees/endorsements without promissory notes should fill out the "external guarantee/endorsement application form". After it is approved, it will be sent to the accounting division to be officially recorded and transferred to custody holder of the Company chops to make the guarantee.

Article 13: All external endorsements/guarantees made by the Company should be officially recorded by the accounting division, and the original application records should be retained for future review and evaluation. The Company shall evaluate or record the contingent loss for endorsements/guarantees, and shall adequately disclose information on endorsements/guarantees in its financial reports and provide certified public accountants with relevant information for implementation of necessary audit procedures.

Article 14: When external guarantee/endorsement responsibilities are lifted, the unit that filed the original application should fill out the "external guarantee/endorsement cancellation notice" and include relevant documents to apply for cancellation and record the matter as closed.

[Detailed review procedures]

Article 15: Before making endorsements/guarantees, the Company and subsidiaries should make careful assessments according to the following points:

1. Whether doing so is necessary and reasonable.
2. Credit status and risk assessment of the entity for which the endorsement/guarantee is made should be conducted.
3. Evaluate the impact this endorsement/guarantee have on the Company's operational risks, financial condition, and shareholders' equity.
4. The risk should be assessed and an assessment record should be prepared. If necessary, collateral should be obtained and the value of the collateral obtained should be assessed.

Article 15-1: If the object of endorsements/guarantees made by the Company or its subsidiaries is a subsidiary whose net worth is lower than half of its paid-in capital, relevant follow-up monitoring and control measures shall be expressly prescribed.

1. The object of endorsements/guarantees shall prepare an operations rectification plan and submit it to the Company's operations team.
2. The Company shall supervise the implementation of this rectification plan and provide necessary assistance so that the subject can improve according to plan.
3. The subject of endorsements/guarantees should constantly review the implementation status of the rectification plan, propose amendments if necessary, and regularly report the actual implementation status to the Company.

[Endorsement/Guarantee Amount]

Article 16: The total amount of endorsements/guarantees made by the Company and the amount of endorsements/guarantees made to a single company is as follows:

1. Margin trading endorsement/guarantee is limited to no more than 50% of the Company's net worth as stated in its recent financial report.
2. Customs duties endorsement/guarantee is limited to no more than the total capital of the Company as stated in its recent financial report.
3. Other endorsements/guarantees are limited to no more than 50 percent of the Company's net worth as stated in its latest financial statement.
4. Endorsements/guarantees made to a single enterprise are limited to no more than 25 percent of the Company's net worth as stated in its latest financial statement.

The total amount of endorsements/guarantees made by the Company and its subsidiaries shall not exceed 50% of the Company's net worth. The total amount of endorsements/guarantees made by the Company and its subsidiaries shall not

exceed 25% of the Company's net worth. If the aggregate amount of endorsements/guarantees made by the Company or its subsidiaries were to be adjusted to over 50% of the Company's net worth, an explanation of the necessity and reasonableness thereof shall be given at the shareholders meeting.

When the Company and its subsidiaries handle endorsements/guarantees, they shall first be approved by the Board of Directors of the Company. In the case of necessities, the Company Chairman is authorized first to make endorsements/guarantees under the amount of 300 million NTD according to the regulations of these procedures, then report it to the Board of Directors for ratification after the fact, and report the situation and relevant matters to the shareholders' meeting.

Before making any endorsement/guarantee pursuant to Article 2, Paragraph 2, a subsidiary in which the Company holds, directly or indirectly, 90% or more of the voting shares shall submit the proposed endorsement/guarantee to the Company's board of directors for a resolution. These restrictions shall not apply to endorsements/guarantees made between companies in which the Company directly or indirectly holds 100% of the voting shares.

When the Board of Directors holds a discussion as described in the preceding paragraph, the opinions of the Independent Directors must also be fully taken into consideration. Any objections or qualified opinions made by Independent Directors must be detailed in Board meeting minutes.

Major endorsement/guarantee matters must be approved by at least one half of all members of the Audit Committee and submitted to the Board of Directors for resolution.

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

"Major endorsements/guarantees" refer to endorsements or guarantees made by the Company to others that are approved by the Board of Directors pursuant to the provisions stipulated in the Company's procedures for the acquisition or disposal of assets or other laws and regulations.

Article 17: Where the Company needs to exceed the limits set out in the preceding article to satisfy its business requirements, it shall obtain approval from the Board of Directors and over half of the directors shall act as joint guarantors for any loss that may be caused to the Company by the excess endorsement/guarantee. The Procedures should also be amended accordingly and submitted to the shareholders' meeting for ratification after the fact. If the shareholders' meeting does not give consent, the Company shall adopt a plan to discharge the amount in excess within a given time

limit.

When making endorsements/guarantees for others, the Company shall carefully take into account the opinions of all independent directors. If there is any objection or reservation from an independent director, it should be clearly recorded in the minutes of the board of directors meeting.

Article 18: When the subject of endorsements/guarantees made by the Company used to comply with the regulations in Article 2 but did not subsequently comply with regulations, or when the amount of endorsement/guarantees exceed the limit due to changes in the basis of the calculation of the limit, an rectification plan should be made, with the details sent to the Audit Committee. Rectifications should be made according to the plan, and the endorsement/guarantee amount or amount that exceeded the limit should expire at a time limit stipulated in the contract or later fixed by a plan, then reporter to the Board of Directors.

Article 19: The Company shall announce and report the previous month's balance of endorsements/guarantees of itself and its subsidiaries by the 10th day of each month. Along with monthly turnover announcement, if the amount of endorsements/guarantees meets one of the following criteria, the Company shall announce and report such event within two days commencing immediately from the date of occurrence:

1. The aggregate balance of endorsements/guarantees by the Company and its subsidiaries reaches 50 percent or more of the Company's net worth as stated in its latest financial statement.
2. The balance of endorsements/guarantees by the Company and its subsidiaries for a single enterprise reaches 20 percent or more of the Company's net worth as stated in its latest financial statement.
3. The balance of endorsements/guarantees by the Company and its subsidiaries for a single enterprise reaches NT\$10 million or more, and the aggregate amount of all endorsements/guarantees, investments accounted for using the equity method, loan funds, and balance reaches over 30% of the Company's net worth as stated in its latest financial statement.
4. The amount of new endorsements/guarantees made by the Company or its subsidiaries reaches NT\$30 million or more, and reaches 5 percent or more of the Company's net worth as stated in its latest financial statement.

The so-called net worth refers to a public company's asset balance after deducting total liabilities from total assets in the most recent financial statement audited by accountants. The Company shall announce and report on behalf of any subsidiary thereof that is not a public company of the Republic of China any matters that such subsidiary is required to announce and report pursuant to Subparagraph 4 of the

preceding paragraph.

[Publicly announced and reported information]

Article 20: The following should be announced if the total amount of endorsements/guarantees reached standards stipulated by Article 19, Paragraph 1, Subparagraph 1:

1. The name of the company being endorsed/guaranteed, its relations with the company making the endorsement/guarantee, the endorsement/guarantee limit, endorsement/guarantee balance and reasons up to the date of the event, additional endorsement/guarantee amount and reason, the balance of the original endorsement/guarantee, and the amount the company being endorsed/guaranteed actually used.
2. The percentage that the endorsement/guarantee balance account for in the Company's net worth as stated in the latest financial report up to the date of the event.

Any changes to the content of the announcements shall be handled by the competent authority according to regulations.

Article 21: The following should be announced when endorsement/guarantee amount for a single company reaches standards stipulated by Article 19, Subparagraphs 2, 3, and 4:

1. The name of the company being endorsed/guaranteed, its relations with the company making the endorsement/guarantee, the endorsement/guarantee limit, original endorsement/guarantee balance, additional endorsement/guarantee balance reasons, endorsement/guarantee balance up to the date of the event, and the amount the company being endorsed/guaranteed actually used.
2. The content and value of the collateral provided by the company being endorsed/guaranteed.
3. The capital and accumulated profit (loss) in the latest financial report of the company being endorsed/guaranteed.
4. The conditions or date for the termination of endorsement/guarantee responsibility.
5. The percentage that the endorsement/guarantee balance account for in the Company's net worth as stated in the latest financial report up to the date of the event.
6. The percentage long-term investment amount, endorsement/guarantee amount and loan funds and total balance accounted for in the Company's net worth as stated in the latest financial report up to the date of the event.

Any changes to the content of the announcements shall be handled by the competent authority according to regulations.

[Announcing and reporting unit]

Article 22: According to the provisions of these Procedures, when the Company is handling endorsements/guarantees, the stock affairs unit should announce and report the matter, which refers to reporting the information onto websites designated by the competent authorities.

[Information Disclosure and Report of Subsidiaries]

Article 23: In the event subsidiaries make external endorsements/guarantees, the accounting division of the subsidiary should provide the Company's stock affairs units with the relevant information for the Company's stock affairs unit to handle the announcement according to regulations. Endorsements/guarantees made by subsidiaries must follow these Procedures as well as the subsidiary's own regulations.

[Penalties for Violation of the Procedures]

Article 24: The Board of Directors will decide the penalty for managers and personnel in charge that violated the Procedures for Making Endorsements and Guarantees.

[Supplemental Provisions]

Article 25: The Procedures shall be delivered to the Audit Committee and submitted to the shareholders' meeting for approval following approval in the Board of Directors meeting. The same shall apply to any revision. If a Director expresses objection and records or written statements are available, the Company shall submit information regarding the objection to the Audit Committee.

When the Procedures are proposed for discussion by the Board of Directors, the opinions of the Independent Directors must also be fully taken into consideration. Any objections or qualified opinions made by Independent Directors must be detailed in Board meeting minutes.

The establishment and revision of the Procedures must be approved by at least one half of all members of the Audit Committee and submitted to the Board of Directors for resolution.

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

The terms "all Audit Committee members" in Article 16 and Paragraph 3 of this Article and "all Directors" in the preceding paragraph shall refer to the actual number of persons currently holding those positions.

Article 26: The Procedures were established in October 1999.

The 1st amendment on March 9, 2000, the 2nd amendment on January 28, 2003, the 3rd amendment on May 18, 2005, the 4th amendment on June 15, 2006, the 5th amendment on June 13, 2007, the 6th amendment on June 19, 2009, the 7th amendment on June 18, 2010, the 8th amendment on June 17, 2015 and the 9th amendment on June 13, 2019.

## Attachment 9

System Corporation  
The 2019 Annual Shareholders' Meeting  
List of Director Candidates

Name	Shareholdings (shares)	Education & Major Past Positions	Current Positions
Huang, Tsong-Jen	20,755,750	Ph.D. in Computer Science, University of Wisconsin Chairman, Systex Corp.	Chairman, Systex Corp. Chairman, Asiavest Capital Co., Ltd.
Lin, Lung-Fen	1,324,762	EMBA, CEIBS Master's degree in Computer Science, University of the Pacific President of SYSEX Corp.	President of Systex Corp.
Cheng, Deng-Yuan	168,152	EMBA, Fudan University Fu Jen University, Dept. of Accounting Chief Strategy Officer of SYSEX Corp.	Chief Strategy Officer of Systex Corp.
Lu, Ta-Wei	415,656	Tunghai University, Dept. of Chemistry Chairman, Firstweb Limited	Chairman, Firstweb Limited
Shaw, Shung-Ho	945,475	MBA, National Chengchi University Chairman, Liang Hsin Finance Corp.	Chairman, Liang Hsin Finance Corp. Director, Scientech Corp. / WPG Holdings Limited / Sundia Meditech Group

Hsieh, Chin-Ho	20,000	Master Degree in Graduate of East Asian Studies, NCCU Chairman, representative of Wealth Media Corp.	Chairman, representative of Wealth Media Corp. / Investment Media Ltd., Genetinfo Inc. / Wealth Magazine Co., Ltd. / Business Today Publisher Chairman, Business Today Co., Ltd. Director, representative of Cashbox Partyworld Co., Ltd. / Business Today Marketing Corp., Director, Diancan Art & Collection Ltd.
Huang, Ting-Rong	242,152	MBA, Waseda University Independent Director, Chipbond Technology Corp.	Independent Director, Chipbond Technology Corp. Executive Director, Asiavest Capital Co., Ltd. Director, Sundia Meditech Group
Huang, Chi-Rong	633,780	Wharton School of the University of Pennsylvania, Dept. of Economics Director, representative of Taiwan Hopax Chems. Mfg. Co., Ltd.	Executive Director, Asiavest Capital Co., Ltd. Director, representative of Taiwan Hopax Chems. Mfg. Co., Ltd.
Lin, Chih-Min (Representative of Joway Investment Co., Ltd.)	482,309	National Taiwan University, Dept. of Law Director, representative of Hanmore Investment Corp.	Director, representative of Hanmore Investment Corp.
Wu, Cheng-Huan (Representative of Joway Investment Co., Ltd.)	482,309	Fu Jen University, Dept. of Business Administration Chairman, representative of Hanmore Investment Corp.	Chairman, representative of Hanmore Investment Corp.

## Attachment 10

System Corporation  
The 2019 Annual Shareholders' Meeting  
List of Independent Director Candidates

Name	Shareholdings (shares)	Education & Major Past Positions	Current Positions
Huang, Jih-Tsan (Note)	0	Ph.D. in Law, Harvard University Partner lawyer, Jones Day	Partner lawyer, Jones Day Independent Director, WPG Holdings Limited. / Taiwan Mobile Co., Ltd. / CTCL Corp. Director, representative of Yulod Motor Co., Ltd. / Taiwan Capital Buffalo Fund Co, Ltd. / Taiwan Capital Biotech Co., Ltd. Director, Taiwan Capital Management Corp.
Cheng, Wen-Feng	0	Master Degree in Chemical Engineering, National Tsing Hua University Chairman & President, Boardtek Electronics Corp.	Chairman, Boardtek Electronics Corp. Director, Sundia Meditech Group Director, representative of Chipboard Technology Corp.
Lai, Chien-Hua	6,000	Feng Chia University, Dept. of Business Administration Assistant director of GM office, Foong Yu Paper Mfg. Co., Ltd. Senior Assistant Vice President, System Corp.(Before Merge) CFO & Vice President, System Corp.(August, 2008~ May, 2014)	Consultant, LoreMaster Tech Inc. Consultant, Jades Integrate Co., Ltd.

Note: Mr. Huang, Jih-Tsan is the Ph.D. in Law, Harvard University. He is qualified as a lawyer in Taiwan and the United States. He is good at legal affairs, has practiced for many years, and has rich practical experience. Expertise in corporate mergers and acquisitions, cross-border investment, securities finance, corporate governance and other fields, has a clear benefit to SYSTEX in business planning and decision-making. And in accordance with the relevant conditions of Article 3 of the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies", Mr. Huang, Jih-Tsan has been nominated as an independent director candidate.

## Attachment 11

### System Corporation Other Position of Director & Independent Director Candidates

Name	Position of other companies
Huang, Tsong-Jen	Chairman, Asiavest Capital Co., Ltd.
Lin, Lung-Fen	Chairman, representative of Etu Corp. / Taiwan Electronic Data Processing Corp. Director, representative of Syspower Corp. / Shenzhen Forms Syntron Information Co., Ltd. / Forms Syntron Information (HK) Limited
Cheng, Deng-Yuan	Director, Shenzhen Sunlight Technology Co., Ltd.
Lu, Ta-Wei	Chairman, Firstweb Limited
Shaw, Shung-Ho	Chairman, Liang Hsin Finance Corp. Director, Scientech Corp. / WPG Holdings Limited / Sundia Meditech Group
Hsieh, Chin-Ho	Chairman, representative of Wealth Media Corp. / Investment Media Ltd. / Genetinfo Inc. / Wealth Magazine Co., Ltd. / Business Today Publisher Chairman, Business Today Co., Ltd. Director, representative of Cashbox Partyworld Co., Ltd. / Business Today Marketing Corp. Director, Diancan Art & Collection Ltd.
Huang, Ting-Rong	Independent Director, Chipbond Technology Corp. Executive Director, Asiavest Capital Co., Ltd. Director, Sundia Meditech Group
Huang, Chi-Rong	Executive Director, Asiavest Capital Co., Ltd. Director, representative of Taiwan Hopax Chems. Mfg. Co., Ltd.
Lin, Chih-Min (Representative of Joway Investment Co., Ltd.)	Director, representative of Hanmore Investment Corp.
Wu, Cheng-Huan (Representative of Joway Investment Co., Ltd.)	Chairman, representative of Hanmore Investment Corp.

Name	Position of other companies
Huang, Jih-Tsan	Partner lawyer, Jones Day Independent Director, WPG Holdings Limited. / Taiwan Mobile Co., Ltd. / CTCI Corp. Director, representative of Yulod Motor Co., Ltd. / Taiwan Capital Buffalo Fund Co, Ltd. / Taiwan Capital Biotech Co., Ltd. Director, Taiwan Capital Management Corp.
Cheng, Wen-Feng	Chairman, Boardtek Electronics Corp. Director, Sundia Meditech Group Director, representative of Chipboard Technology Corp.
Lai, Chien-Hua	Consultant, LoreMaster Tech Inc. Consultant, Jades Integrate Co., Ltd.

## Appendix 1

### Systemx Corporation Rules and Procedures for Shareholders' Meetings

Article 1: Unless otherwise stipulated by law, shareholders' meetings of the Company shall proceed according to these Rules and Procedures.

Article 2: The Company shall specify in its shareholders meeting notices the time during which shareholder attendance registrations will be accepted, the place to register for attendance, and other matters of attention.

The time period during which attendance registration of shareholders shall be accepted as specified in the preceding paragraph shall be implemented in accordance with the regulations of the competent authority. The place at which attendance registrations are accepted shall be clearly marked and a sufficient number of suitable personnel shall be assigned to handle the registrations.

Shareholders and their proxies (hereinafter collectively referred to as "shareholders") shall attend shareholders meetings upon presentation of attendance cards, sign-in cards, or other certifications. Solicitors soliciting proxy forms shall also bring identification documents for verification.

Attendance books shall be provided at the shareholders' meetings of the Company and shall be signed by the shareholders (or proxies) present. Alternatively, shareholders (or proxies) attending the meeting shall submit an attendance card for the purpose of signing in.

The number of shares in attendance shall be calculated according to the shares registered in the attendance book and attendance cards handed in.

Article 3: The attendance and votes of a shareholders' meeting shall be calculated based on the number of shares represented by shareholders present at the meeting.

Article 4: Shareholders' meetings of the Company shall take place in a location suitable for convening a shareholders' meeting within the county or city of the head office and convenient for shareholders to attend. The commencement time for the meeting shall not be earlier than 9:00 AM or later than 3:00 PM.

Article 5: Unless otherwise provided in the Company Act, the Chairman of the Board shall chair shareholders' meetings. In the event the Chairman is on leave or unable to exercise his/her authority, the Vice Chairman, if available, shall act on his/her behalf. In the absence of a Vice Chairman or the Vice Chairman is also on leave or unable to exercise his/her authority, the Chairman shall designate a Managing Director to act on his/her behalf. In the absence of Managing Directors, a Director shall be designated. If none has been designated by the Chairman, a Managing Director or Director shall be elected to act on the Chairman's behalf from among all Managing Directors and Directors of the

Company.

When a Managing Director or a Director serves as chair as referred to in the preceding paragraph, the Managing Director or Director shall be an individual who has held said position for a period specified by the competent authority and who possesses adequate knowledge of the Company's financial and business conditions. The same shall apply to representatives of corporate directors serving as chair.

Article 6: The Company may appoint lawyers, certified public accountants, or relevant personnel retained by the Company to be present at shareholders' meetings.

Staff handling administrative affairs of the shareholders' meeting shall wear identification badges or arm-bands.

Article 7: The Company, starting from the time it begins accepting shareholder attendance registrations, shall undertake audio and video recordings of the registration procedure, the proceedings of the shareholders meeting, and the voting and vote counting procedures.

The recorded materials as specified the preceding paragraph shall be retained for at least 1 year.

Article 8: The chair shall announce the commencement of the meeting at the stipulated time. However, if shareholders (or proxies) representing more than one-half of the total number of issued shares are not present at the meeting, the chair may postpone the meeting. The postponements shall be limited to two times at maximum and total aggregate delay shall be no longer than 1 hour. If after two postponements the number of shareholders (or proxies) present is still insufficient, whereas at least one third of total issued shares are represented at the meeting, tentative resolutions may be adopted in accordance with Article 175, Paragraph 1 of the Company Act. If during the process of the meeting the number of issued shares represented by the shareholders (or proxies) present are sufficient to constitute the quorum, the chair may submit the tentative resolutions to the meeting for approval in accordance with Article 174 of the Company Act.

Article 9: The agenda of the meeting shall be formulated by the Board of Directors. Unless otherwise resolved at the meeting by shareholders, the meeting shall proceed in accordance with the agenda.

Unless by the resolution of the shareholders' meeting, the chair may not declare the meeting ended until all items on the agenda (including extempore motions) stipulated in the preceding paragraph have been completed.

If the chair violates the rules of procedure and declares the adjournment of the shareholders' meeting, one person may be elected chair with the consent of one half of the votes represented by shareholders present to resume the meeting.

The shareholders cannot designate any other person as chair and resume the

meeting in the same or another place after the meeting is adjourned.

Article 10: When a shareholder (or proxy) present at the meeting wishes to speak, a speech note shall be filled out specifying the summary of the statement, the shareholder's account number (or the number on their attendance card) and the name of the shareholder. The sequence of shareholder statements shall be decided by the chair.

A shareholder (or proxy) present at the meeting that merely submits a speech note without speaking is considered not to have spoken. If the shareholder's actual comments differ from those stated on the speech note, only the actual comments expressed shall be recorded.

Unless consent has been given by the chair and the speaking shareholder, other shareholders may not speak to interrupt when a shareholder is speaking; otherwise the chair shall prohibit the interruption.

Article 11: Unless permitted by the chairperson, no shareholder (or proxy) may speak more than twice regarding the same proposal, and shall not speak for more than five minutes each time.

If a shareholder violates the rules outlined in the preceding paragraph or goes beyond the scope of proposals in speaking, the chair may prohibit him/her from making further statements.

Article 12: If a corporate shareholder is commissioned to attend a shareholders' meeting, the corporate shareholder may only designate one representative to attend the meeting.

In the event a corporate shareholder assigns two or more representatives to attend the shareholders' meeting, only one of the representatives may speak on any single agenda item.

Article 13: Upon the speech of a shareholder, the chairman may respond in person or appoint an appropriate person to respond.

Article 14: When the chairman considers that a matter has been sufficiently discussed to qualify for a vote, the chairman may announce the discussion closed and bring the matter to a vote.

Article 15: The Chairman shall appoint ballot examiners, ballot counters another members of staff for processing proposal votes; ballot examiners must however be shareholders.

Vote counting for shareholders meeting proposals or elections shall be conducted in public at the venue where the shareholders' meeting is being held. Immediately after vote counting has been completed, the results of the voting, including the statistical tallies of numbers of votes, shall be announced on-site at the meeting, and a record shall be made of the vote.

The election of Directors at a shareholders meeting shall be held in accordance with the applicable election and appointment rules adopted by the Company,

and the voting results shall be announced on-site immediately, including the names of those elected as Directors and the numbers of votes with which they were elected.

Article 16: During the meeting, the chair may, at his/her discretion, allocate and announce intermissions.

Article 17: Unless otherwise specified in the Company Act or the Articles of Incorporation of the Company, a resolution shall be adopted by a majority of the votes represented by the shareholders (or proxies) present at the meeting.

In voting, a proposal is considered approved if the chair receives no dissenting opinions after requesting, which has the same effect as voting by ballot.

Article 18: Where there is an amendment or an alternative to a proposal, the chairperson shall determine the order in which they are to be voted on with the original proposal. If any resolution has been reached, alternative proposals shall be treated as rejected and not be voted on separately.

Article 19: The chairman may direct the proctors (or security guards) to assist in maintaining order of the meeting venue. While maintaining order in the meeting, all proctors or security staff shall wear arm bands reading "Proctor."

Article 20: These Rules and Procedures shall come into force after the approval of the Board of Directors and ratification in the shareholders' meeting. The same procedures shall apply for future amendments.

These Rules and Procedures were established on April 12, 2001, the 1st Amendment on March 28, 2002, and the 2nd Amendment on June 21, 2013.

## Appendix 2

### Systemx Corporation Articles of Incorporation (Before Amendments)

#### Chapter I General Provisions

Article 1: The Company is constituted in accordance with the Company Act, and shall be known as Systemx Corporation.

Article 2: The Company shall engage in the following businesses:

1. F113050 Wholesale of Computing and Business Machinery Equipment
2. F118010 Wholesale of Computer Software
3. F113070 Wholesale of Telecom Instruments
4. F113020 Wholesale of Household Appliance
5. F113110 Wholesale of Batteries
6. F119010 Wholesale of Electronic Materials
7. E605010 Computing Equipment Installation Construction
8. JA02010 Electric Appliance and Audiovisual Electric Products Repair Shops
9. J399010 Software Publication
10. IG02010 Research Development Service
11. I599990 Other Designing
12. JZ99050 Agency Services
13. F113030 Wholesale of Precision Instruments
14. E603050 Cybernation Equipment Construction
15. F401010 International Trade
16. I301010 Software Design Services
17. I301020 Data Processing Services
18. I301030 Digital Information Supply Services
19. F213030 Retail sale of Computing and Business Machinery Equipment
20. F218010 Retail Sale of Computer Software
21. F209060 Retail sale of Stationery Articles, Musical Instruments and Educational Entertainment Articles
22. G902011 Type II Telecommunications Enterprise
23. E701010 Telecommunications Construction
24. F213060 Retail Sale of Telecom Instruments
25. F399040 Retail Business Without Shop
26. F601010 Intellectual Property
27. IE01010 Telecommunications Number Agencies
28. I103060 Management Consulting Services
29. JE01010 Rental and Leasing Business
30. I401010 General Advertising Services

31. IZ99990 Other Industry and Commerce Services Not Elsewhere Classified
32. J304010 Book Publishers
33. F401021 Restrained Telecom Radio Frequency Equipment and Materials  
Import
34. J303010 Magazine and Periodical Publication
35. J305010 Audio Tape and Record Publishers
36. J201031 Technique and Performing Arts Training
37. I501010 Product Designing
38. I199990 Other Consultancy
39. CC01101 Restrained Telecom Radio Frequency Equipment and Materials  
Manufacturing
40. F108031 Wholesale of Drugs, Medical Goods
41. F208031 Retail sale of Medical Equipment
42. CC01110 Computers and Computing Peripheral Equipment Manufacturing
43. CC01120 Data Storage Media Manufacturing and Duplicating
44. CC01060 Wired Communication Equipment and Apparatus Manufacturing
45. CC01030 Electric Appliance and Audiovisual Electric Products Manufacturing
46. CC01080 Electronic Parts and Components Manufacturing
47. CB01010 Machinery and Equipment Manufacturing
48. C701010 Printing
49. C703010 Printings Bindery and Processing
50. F113010 Wholesale of Machinery
51. IZ13010 Internet Identify Services
52. EZ05010 Apparatus Installation Construction
53. E701030 Restrained Telecom Radio Frequency Equipment and Materials  
Construction
54. E601010 Electric Appliance Construction
55. F102170 Wholesale of Food and Grocery
56. F104110 Wholesale of Cloths, Clothes, Shoes, Hat, Umbrella and Apparel,  
Clothing Accessories and Other Textile Products
57. F105050 Wholesale of Furniture, Bedclothes Kitchen Equipment and Fixtures
58. F109070 Wholesale of Stationery Articles, Musical Instruments and  
Educational Entertainment Articles
59. F203010 Retail sale of Food and Grocery
60. F204110 Retail sale of Cloths, Clothes, Shoes, Hat, Umbrella and Apparel,  
Clothing Accessories and Other Textile Products
61. F205040 Retail sale of Furniture, Bedclothes, Kitchen Equipment and Fixtures
62. F208050 Retail Sale of the Second Type Patent Medicine
63. F102020 Wholesale of Edible Oil
64. F102040 Wholesale of Nonalcoholic Beverages

65. F102050 Wholesale of Tea
66. F102180 Wholesale of Ethanol
67. F103010 Wholesale of Animal Feeds
68. F106010 Wholesale of Ironware
69. F106020 Wholesale of Articles for Daily Use
70. F107030 Wholesale of Cleaning Preparations
71. F107070 Wholesale of Animal Medicines
72. F108040 Wholesale of Cosmetics
73. F110010 Wholesale of Clocks and Watches
74. F110020 Wholesale of Spectacles
75. F114030 Wholesale of Motor Vehicle Parts and Supplies
76. F116010 Wholesale of Photographic Equipment
77. F117010 Wholesale of Fire Fighting Equipment
78. F203030 Retail Sale of Ethanol
79. F206010 Retail Sale of Ironware
80. F206020 Retail Sale of Articles for Daily Use
81. F206050 Retail of pet food and appliances
82. F207030 Retail Sale of Cleaning Preparations
83. F207070 Retail Sale of Animal Medicine
84. F208040 Retail Sale of Cosmetics
85. F210010 Retail Sale of Watches and Clocks
86. F210020 Retail Sale of Spectacles
87. F213010 Retail Sale of Household Appliance
88. F213110 Retail Sale of Batteries
89. F216010 Retail Sale of Photographic Equipment
90. F219010 Retail Sale of Electronic Materials
91. F301010 Department Stores
92. I301040 The third party payment
93. ZZ99999 All business items that are not prohibited or restricted by law, except those that are subject to special approval.

Article 2-1: The Company may provide external guarantees.

Article 2-2: The Company's total external investment may exceed forty percent (40%) of its paid-in capital.

Article 3: The Company's head office is established in Taipei City. Where necessary the Company may establish branch companies domestically or overseas subject to the resolution by its Board of Directors and the approval of the competent authority.

## Chapter II Shares

Article 4: The total capital of the Company shall be in the amount of NT\$4 billion divided into 400 million shares to be raised in multiple issues at NT\$10 per share.

An additional NT\$200 million shall be reserved from the total capital as specified in Paragraph 1 for the issuance of employee stock options issuable in 20 million shares at NT\$10 per share over multiple installments in accordance with the Board of Directors resolution.

Before issuing any employee stock options at a strike price lower than the closing price of the Company's stocks on the date of issuance, the Company shall first obtain the agreement of at least two-thirds of the voting rights present at the shareholders' meeting attended by shareholders representing a majority of total issued shares, and may issue the stock options in installments within a year of the date of resolution in the shareholders' meeting. Other conditions or restrictions on employee stock options issued in accordance with the provisions described above shall be processed in accordance with related laws and regulations.

Before transferring shares to employees at a price lower than the average of the actual repurchase price, the Company shall first obtain the agreement of at least two-thirds of the voting rights present at the most recent shareholders' meeting attended by shareholders representing a majority of total issued shares.

Article 5: Stocks of the Company shall be registered, signed or sealed by at least three Directors. The stocks shall be issued after proper certification by the competent authority or its authorized registration institutes. Stocks issued by the Company are not required to be printed. The Company, however, shall contact the centralized securities depository enterprise institution for registration or depository of the share certificates for the stocks or shares issued in accordance with this Paragraph.

Article 6: The Company shall administer all the stock-related operations in accordance with the "Regulations Governing the Administration of Shareholder Services of Public Companies" promulgated by the competent authority. The competent authority may request consolidated issuance of securities with large nominal value.

## Chapter III Shareholders' Meeting

Article 7: Registration for the transfer of shares shall be suspended for 60 days before a general shareholders' meeting, for 30 days before an extraordinary shareholders' meeting, and for 5 days before the baseline date for distributing dividends, bonus or other benefits. The above periods shall be calculated from the date of the meeting or the baseline date.

Article 8: The Company holds general and provisional shareholders' meetings. A general meeting is convened once a year within six months after the end of a fiscal year.

Extraordinary meetings are convened when necessary in accordance with the law. The shareholders' meeting shall be held in accordance with the Company's "Rules and Procedures for Shareholders' Meetings."

Article 9: All shareholders shall be informed of the meeting and agenda 30 days before a general meeting or 15 days before an extraordinary meeting is convened.

Article 10: A shareholder, if unable to attend the shareholders' meeting, may appoint a proxy to attend on the shareholder's behalf by executing a power of attorney and stating therein the scope of power authorized to the proxy. The authorization shall be processed in accordance with Article 177 of the Company Act.

Article 11: A shareholders' meeting convened by the Board of Directors shall be chaired by the Chairman. If the Chairman is on leave or unable to exercise powers, the acting chair shall be selected in accordance with Article 208, Paragraph 3 of the Company Act. If a shareholders' meeting is convened by an individual with the right to convene a meeting but who is not a member of the Board of Directors, the said individual shall chair the meeting. If two or more individuals have the right to convene the meeting, one shall be elected from those eligible to chair the meeting.

Article 12: Unless otherwise regulated by the Company Act, a shareholders' meeting resolution shall be passed when more than 50% of all outstanding shares are represented in the meeting, and voted in favor by more than 50% of all voting rights represented at the meeting.

Article 12-1: A proposal to cancel the public issuance of the Company's shares shall be filed for a resolution in the shareholders' meeting.

Article 13: Each shareholder of the Company shall be entitled to one vote for each share. No voting power shall be granted, however, to Company shares prescribed in Article 179 of the Company Act.

Article 14: Shareholders' meeting resolutions shall be compiled into minutes with details including the date and place of the meeting, the name of Chairman, method of resolution, and a summary of the essential points of meeting proceedings and results. The minutes shall be signed or sealed by the Chair. The minutes described in the previous paragraph shall be retained by the Company along with the attendance cards and power of attorney letters for proxies of shareholders in attendance. The minutes shall be distributed to each shareholder within 20 days of the meeting. The minutes may be distributed in announcements.

## Chapter IV Directors

Article 15: The Company shall appoint nine to thirteen Directors who shall be elected from among the shareholders with capacity at the shareholders' meeting in accordance with the provisions stipulated in Articles 198 and 227 of the Company Act to serve terms of three years each; directors may serve consecutive terms. The election of Directors is held by nomination in accordance with Article 192-1 of the Company Act, and the shareholders shall vote on the list of candidates. Unless otherwise approved by the competent authority, the following relations may not exist among more than half of the directors of the Company.

I. A spousal relationship.

II. Familial relationship within the second degree of kinship.

Article 15-1: The Company shall appoint three Independent Directors among the Directors of the Board in accordance with Article 14-2 of the Securities and Exchange Act and in compliance with Article 183 of the Securities and Exchange Act. The selection of Independent Directors shall be conducted in accordance with the candidate nomination system prescribed in Article 192-1 of the Company Act. The Company shall assemble an Audit Committee in accordance with Article 14-4 and Article 183 of the Securities and Exchange Act. The Committee shall be solely composed of Independent Directors.

Article 16: The Directors shall form a Board of Directors, under which functional committees with various duties and purposes may be established. The Chairman of the Board shall be elected from among those present by a majority vote at a Board meeting with more than two-thirds of the directors present. A Vice Chairman may be elected to assist the Chairman. The Chairman is the Chair of the Board of Directors and represents the Company in conducting all affairs. If the Chairman is on leave or unable to exercise his/her duties for whatever reason, a proxy shall be selected in accordance with Article 208, Paragraph 3 of the Company Act.

Article 17: A Board meeting may be convened through written, email or facsimile notification that states the reason for the meeting to each Director and Supervisor at least seven days before the meeting date. A meeting of the Board of Directors may be convened at any time in the event of an emergency. Directors who participate in meetings via video conferencing shall be deemed to have personally attended the meeting. The Board of Directors meeting shall be held in accordance with the Company's "Rules and Procedures for Board of Directors Meetings." If a Director is unable to attend a Board meeting, he/she may appoint a proxy to attend the meeting by completing the Company's proxy form and specifying the scope of delegation. Any proxy prescribed in the preceding paragraph, however, shall only represent one Director in the meeting.

Article 18: Unless otherwise provided for under the Company Act, resolutions of the Board

of Directors shall be approved by majority vote at a meeting attended by a majority of the Directors.

Article 19: Remuneration for the Chairman and Directors shall be determined by their level of participation in the Company's operations and the value of their contribution as well as their personal performance and the Company's long-term operating performance while taking into account the Company's operating risks and the industry's prevailing rates in the domestic and international markets.

The Board of Directors is authorized to determine the remuneration. The Company may purchase liability insurance for Directors.

#### Chapter V Managers

Article 20: The Company may appoint a Chief Executive Officer following a resolution in the Board of Directors meeting to oversee the business operations and strategies of the Company and its subsidiaries. The Company shall also appoint a President whose appointment, dismissal, and remuneration shall be governed by Article 29 of the Company Act.

#### Chapter VI Accounting

Article 21: The Company's fiscal year begins on January 1 and ends on December 31 of every year. The fiscal year shall end on the last day of the Gregorian calendar and the Board shall prepare the following documents and submit them to the Audit Committee for review before ratification in the General Shareholders' Meeting.

(I) Business report.

(II) Financial Statements.

(III) Distribution of earnings or loss offsetting proposals.

Article 22: In response to the overall economy and the characteristics of industry growth and in compliance with the Company's long-term financial plans for sustainable operations and stable development, the Company adopts a residual dividend policy. The policy mainly assesses the annual funding requirements based on the Company's future capital budget plans and retains required funding from earnings before distributing remaining earnings as dividend. The distribution procedures are as follows:

(I) The optimal capital budget is determined.

(II) The amount of capital required to satisfy the capital budget in paragraph (I) is determined.

(III) The amount of funding required for financing to be supported by the retained earnings (the remaining can be supported through cash capital increase or corporate bonds etc.) is determined.

(IV) An appropriate amount of the remaining earnings shall be retained in accordance with operational requirements before distributing dividends to

shareholders.

The Company distributes dividends through cash or stocks and cash dividends are prioritized. If dividends are distributed in stocks, the stock dividends shall not exceed 50% of the total dividends issued in the current year. The distribution of dividends may be dependent on the Company's current and future investment environment, funding requirements, domestic and foreign competition, and capital budgets while taking into consideration shareholder interests, balanced dividends, and the Company's long-term financial plans. The Board of Directors shall formulate dividend distribution methods or related options in accordance with the law and submit them to the shareholders' meeting for discussion and resolution.

Article 23: In the event the Company makes a profit during the fiscal year it shall set aside no less than 0.1% of the profits for employee remuneration. The remuneration for Directors shall be no higher than 2%. However, priority shall be given to reservation of funds for compensation of cumulative losses, if any.

The preceding employee remuneration may be paid in cash or shares, and shall be payable to employees of subsidiary companies who meet the requirements stipulated by the Board of Directors. Remuneration of directors as specified above may be distributed in cash only.

The procedures in the two preceding paragraphs shall be approved by the Board of Directors and reported to the shareholders' meeting.

Article 23-1: Any net income after taxes at final accounting of the current period shall be used to compensate cumulative losses while 10% of net income after taxes shall be allocated as statutory reserve according to the law, except when the cumulative statutory reserve has reached the Company's paid-in capital. The balance shall then be allocated or reversed as special reserve in accordance with regulatory requirements. The remaining balance shall be retained or distributed in accordance with the resolution in the shareholders' meeting.

#### Chapter VII Supplementary Provisions

Article 24: Matters not addressed in these Articles shall be governed by the Company Act and other relevant laws and regulations.

Article 25: The Articles of Incorporation were established on Dec. 26, 1996.

The 1st Amendment was approved by the shareholders' meeting on June 23, 1998, the 2nd Amendment on May 6, 1999, the 3rd Amendment on April 18, 2000, the 4th Amendment on April 12, 2001, the 5th Amendment on October 2, 2001, the 6th Amendment on March 28, 2002, the 7th Amendment on April 22, 2003, the 8th Amendment on April 14, 2004, the 9th Amendment on June 24, 2004, the 10th Amendment on May 18, 2005, the 11th Amendment on June 15, 2006, the 12th Amendment on June 13, 2007, the 13th Amendment on June 13, 2008, the

14th Amendment on June 18, 2010, the 15th Amendment on June 24, 2011, the 16th Amendment on June 15, 2012, the 17th Amendment on June 17, 2015, and the 18th Amendment on June 17, 2016.

The Articles of Incorporation were implemented after approval in accordance with laws and regulations.

## Appendix 3

### Systemex Corporation Rules for Election of Directors

1. The directors of the Company shall be elected in accordance with the rules specified herein.
2. The directors of the Company shall be elected by adopting the candidate nomination system specified in Article 192-1 of the Company Act and the cumulative voting method, each share shall have voting rights equivalent to the number of seats to be elected and such voting rights can be combined to vote for one person or divided to vote for several persons. the names of voters may be represented by shareholders' numbers.
3. The directors of the Company shall be elected by the shareholders' meeting from among the persons with disposing capacity. The election of independent directors and non-independent directors shall be held together; provided, however, that the number of independent directors and non-independent directors elected shall be calculated separately. According to the quotas stipulated in the Articles of Incorporation, those who have more voting rights are elected as independent directors and non-independent directors. If two or more persons acquire the same number of votes and the number of such persons exceeds the specified seats available, such persons acquiring the same votes shall draw lots to decide who should win the seats available, and the Chairman shall draw lots on behalf of the candidate who is not present.
  - 3-1. The directors of the company shall have more than half of the seats elected and shall not have one of the following relationships.
    - (1) Spousal.
    - (2) The second degree of kinship.
  - 3-2. If the elected director of the company does not comply with Article 3-1, the elected director shall be determined in accordance with the following provisions.
    - (1) If the directors do not meet the requirements, if the votes of the directors who do not meet the requirements are lower, the election will be invalid.
4. At the beginning of the election, the Chairman shall appoint several persons each to check and record the ballots.
5. The Board of Directors shall prepare ballots and note the number of voting rights at the number of attendance card.
6. The ballot box used for voting shall be prepared by this Company and checked in public by the person to check the ballots before voting.
7. Voters shall fill in the "candidate" column the candidate's name and shareholder's number or ID number. If the candidate is a legal entity, the name of the legal entity or the name(s) of their representative(s) should be filled in the column.

8. Ballots shall be deemed void under the following conditions:
- (1) Ballots not prepared by this Company;
  - (2) Blank ballots not completed by the voter;
  - (3) Illegible writing;
  - (4) Ballots with other written characters or symbols in addition to candidate's name, shareholder's number (ID number) for the candidate;
  - (5) The name of the candidates filled in the ballots being the same as another candidate's name and the respective shareholder's numbers (ID numbers) not being indicated to distinguish them;
  - (6) If the candidate is a shareholder of this Company, the name or shareholder's number of the candidate filled in the ballot inconsistent with the shareholders' register. If the candidate is not a shareholder of this Company, the name or ID number of the candidate filled in the ballot is incorrect;
  - (7) The same ballot is filled in with more than two electors.
9. The ballots should be calculated during the meeting right after the vote casting and the results of the election should be announced by the Chairman at the meeting.
10. The Company shall issue notifications to the directors elected.
11. These Rules and any revision thereof shall become effective after approval at the shareholders' meeting.

The Procedures was established in April 12, 2001.

The 1st Amendment on Mar. 28, 2002, the 2nd Amendment on June 15, 2006, the 3rd Amendment on June 13, 2007, the 4th Amendment on June 17, 2015.

The Rules for Election of Directors were implemented after approval in accordance with laws and regulations.

## Appendix 4

### System Corporation Shareholdings of Directors

1. The Company discloses the shares held by Directors in the shareholder's register as of April 15, 2019 as the table shown below.
2. Legal holding of all directors in number of shares: 12,000,000 shares

Title	Name	Date Elected	Term (Years)	Shareholdings when Elected		Current Shareholdings	
				Shares	%	Shares	%
Chairman	Huang, Tsong-Jen	2016.06.17	3	20,755,750	7.70	20,755,750	7.70
Director	Lin, Lung-Fen	2016.06.17	3	1,374,762	0.51	1,324,762	0.49
Director	Cheng, Deng-Yuan	2016.06.17	3	263,152	0.10	168,152	0.06
Director	Lu, Ta-Wei	2016.06.17	3	765,656	0.28	415,656	0.15
Director	Shaw, Shung-Ho	2016.06.17	3	861,475	0.32	945,475	0.35
Director	Hsieh, Chin-Ho	2016.06.17	3	20,000	0.01	20,000	0.01
Director	Huang, Ting-Rong	2016.06.17	3	242,152	0.09	242,152	0.09
Director	Huang, Chi-Rong	2016.06.17	3	633,780	0.24	633,780	0.24
Director	Huang, Yi-Shiung (Representative of Joway Investment Co., Ltd.)	2016.06.17	3	482,309	0.18	482,309	0.18
Director	Lin, Chih-Min (Representative of Joway Investment Co., Ltd.)	2016.06.17	3	482,309	0.18	482,309	0.18
Independent Director	Huang, Jih-Tsan	2016.06.17	3	0	0	0	0
Independent Director	Cheng, Huang-Yen	2016.06.17	3	0	0	0	0
Independent Director	Cheng, Wen-Feng	2016.06.17	3	0	0	0	0
Total				25,399,036	9.43	24,988,036	9.27



**SYSTEX CORPORATION**

No.318, Ruiguang Rd., Neihu Dist., Taipei City 114, Taiwan  
Tel +886-2-7720-1888  
[www.systemex.com](http://www.systemex.com)

