

Handbook for the 2019 Annual Regular Shareholders' Meeting

This English version is a translation based on the original Chinese version. Where any discrepancy arises between the two versions, the Chinese version shall prevail.

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Transcend Information, Inc.

2019 ANNUAL REGULAR SHAREHOLDERS' MEETING PROCEDURE

- 1. Call the Meeting to Order
- 2. Chairman's Remarks
- 3. Report Items
- 4. Proposed Items
- 5. Discussion Items
- 6. Other Business and Special Motion
- 7. Meeting Adjourned

Transcend Information, Inc.

2019 ANNUAL REGULAR SHAREHOLDERS' MEETING AGENDA (Translation)

Time: 9:00 a.m., Wednesday, June 12, 2019

Place: 1F, No. 70, XingZhong Rd., NeiHu Dist., Taipei 114, Taiwan (Transcend Information, Inc.)

Chairman's Remarks

I. Report Items

- (1) To report the business of 2018.
- (2) Audit Committee's review report.
- (3) To report 2018 employees' profit sharing bonus and directors' compensation.
- (4) The status of guarantees provided by the Company as of the end of 2018.

II. Proposed Items

- (1) Adoption of 2018 Business Report and Financial Statements.
- (2) Adoption of the proposal for distribution of 2018 earnings.

III. Discussion Items

- (1) To approve cash distribution from capital surplus.
- (2) To approve the amendments to "Articles of Incorporation"
- (3) To approve the amendments to "Procedures for Election of Director"
- (4) To approve the amendments to "Procedures for Acquisition and Disposal of Assets"
- IV. Other Business and Special Motion

I. Report Items

(1) To report the business of 2018.

Explanatory Notes:

Please refer to page 8 to 9 for Attachment I.

(2) Audit Committee's review report.

Explanatory Notes:

Please refer to page 10 for Attachment II.

(3) To report 2018 employees' profit sharing bonus and directors' compensation.

Explanatory Notes:

- A. The remuneration of 2018 profit to employees would be NT\$ 26,623,857 (distributed in cash); and that to directors would be NT\$ 3,411,000.
- B. The estimated remuneration to employees is NT\$ 27,572,285 and the different amount should be NT\$ 948,428; the estimated remuneration to directors is NT\$ 3,934,539 and the different amount should be NT\$ 523,539.
- C. The difference will be recognized as expense in the statement of income in 2019.

(4) The status of guarantees provided by the Company as of the end of 2018.

Explanatory Notes:

The Company provided a guarantee for Transcend Japan Inc. amounting to JPY 2,000,000 thousand, and the actual amount of guarantee draw down is JPY 0 by the end of 2018. Pursuant to the Company's "Procedures for Endorsement and Guarantee", the limit of guarantee was NT\$ 7,992,121 thousand (approximate JPY 28,700,000 thousand).

II. Proposed Items

(1) Adoption of 2018 Business Report and Financial Statements.

(Proposed by the Board of Directors)

Explanatory Notes:

- A. The parent company only financial statement and consolidated financial statement of the Company for the year of 2018 have been audited by independent auditors, Mr. Chun-Yao, Lin and Mr. Chien-Hung Chou, of the Pricewaterhouse Coopers.
- B. The Business Report, Independent Auditors' Report and Financial Statements are hereby also attached. (Please refer to page 8 to 9 for Attachment I, and page 11 to 30 for Attachment III and IV)
- C. It is submitted for ratification.

Resolution:

(2) Adoption of the proposal for distribution of 2018 earnings.

(Proposed by the Board of Directors)

Explanatory Notes:

- A. For appropriations of 2018 earnings, the Company will distribute cash dividend of NT\$ 1,895,351,370 (NT\$4.40 per share) from the available retained earnings of 2018 after setting aside legal reserve and special reserve.
- B. Please refer to page 5 for the chart of 2018 earnings distribution.
- C. Cash dividends will be distributed proportionately according to shareholders' shares ownership registered in the Common Stockholders' Roster as of the date of record. The dividend will be rounded down to NT\$1 (any amount under NT\$1 will be discarded), and the remaining fraction will be incorporated into other revenues of the Company.
- D. To avoid the change in the total amount of common shares outstanding resulting from buyback of company shares, or transfer or cancellation of treasury stock, it is proposed that the Chairman of the Board be authorized to adjust the cash to be distributed to each common share.
- E. It is submitted for ratification.

Resolution:

Transcend Information, Inc. The Chart of 2018 Earnings Distribution For the year ended December 31, 2018 (Expressed in New Taiwan dollar)

Item	Amount	Remarks
Unappropriated retained earnings at beginning	4,698,093,242	
Less: Adjustment on unappropriated earnings for 2018	(1,092,026)	
Adjusted unappropriated retained earnings	4,697,001,216	
Add: Net income for 2018	2,081,995,196	
Less: Legal reserve (10%)	(208,199,520)	
Less: Special reserve	(14,323,973)	
Retained earnings available for appropriation as of December 31, 2018	6,556,472,919	
Less: Items of distribution - Cash dividend to shareholders	(1,895,351,370)	Cash dividend (NT\$4.40 per share)
Unappropriated retained earnings at end	4,661,121,549	

Chairman : Shu, Chung-Wan

General Manager : Shu, Chung-Cheng

Accounting Supervisor : Chen, Hung-Jen

III. Discussion Items

(1) To approve cash distribution from capital surplus.

(Proposed by the Board of Directors)

Explanatory Notes:

- A. To comply with Article 241 of the Company Act.
- B. The capital surplus derived from the issuance of new shares at a premium totaling NT\$ 258,457,005 will be distributed in cash of NT\$0.60 per share.
- C. Cash distribution from capital surplus will be distributed proportionately according to shareholders' shares ownership registered in the Common Stockholders' Roster as of the date of record. The cash distribution will be rounded down to NT\$1 (any amount under NT\$1 will be discarded), and the remaining fraction will be incorporated into other revenues of the Company.
- D. To avoid the change in the total amount of common shares outstanding resulting from buyback of company shares, or transfer or cancellation of treasury stock, it is proposed that the Chairman of the Board be authorized to adjust the cash to be distributed to each common share.
- E. It is submitted for approval.

Resolution:

(2) To approve the amendments to "Articles of Incorporation".

(Proposed by the Board of Directors)

Explanatory Notes:

- A. Due to the amendment of "Company Act", and to fulfill the requirement of practical operation, the Company hereby proposes amendments to "Articles of Incorporation".
- B. Please refer to page 31 to 35 for Attachment V: the comparison table for the "Articles of Incorporation".
- C. It is submitted for approval.

Resolution:

(3) To approve the amendments to "Procedures for Election of Director".

(Proposed by the Board of Directors)

Explanatory Notes:

- A. Due to the amendment of "Company Act", the Company hereby proposes amendments to "Procedures for Election of Director".
- B. Please refer to page 36 for Attachment VI: the comparison table for the "Procedures for Election of Director"
- C. It is submitted for approval.

Resolution:

(4) To approve the amendments to "Procedures for Acquisition and Disposal of Assets". (Proposed by the Board of Directors)

Explanatory Notes:

- A. Due to the amendment of "Regulations Governing the Acquisition and Disposal of Assets by Public Companies" made on November 26, 2018 by Financial Supervisory Commission, and to fulfill the requirement of practical operation, the Company hereby proposes amendments to "Procedures for Acquisition and Disposal of Assets".
- B. Please refer to page 37 to 50 for Attachment VII: the comparison table for the "Procedures for Acquisition and Disposal of Assets".
- C. It is submitted for approval.

Resolution:

IV. Other Business and Special Motion

V. Meeting Adjourned

Attachment I

TRANSCEND INFORMATION INC. BUSINESS REPORT

In 2018, the memory market was divergent in the first half of the year. The prices of 3D NAND flash kept on dropping as the 3D NAND technology was mature with an improving yield rate, leading to an oversupply. On the other hand, DRAM price kept on the rise due to tight supply, reaching a climax in Q2. In the second half of the year, however, as key DRAM manufacturers began to have productive output and the end-user market demand decreased, supply gradually exceeded demand, leading to the price reversal in Q3. As a consequence, the prices of DRAM and NAND flash dropped in the second half of the year, and it was expected to keep on dropping in 2019. Transcend, not engaging in the price war, focuses on maximizing its brand value by deepening the embedded product market and expanding the strategic one. Meanwhile, Transcend endeavors to improve product quality and continues to increase customers' satisfaction by enhancing value-added services and increasing product differentiation in the market. Hereby, we would like to thank our valued shareholders, clients, suppliers and employees for your continued supports for Transcend.

Transcend's consolidated revenue totaled NT\$17.6 billion in 2018. Consolidated gross profit totaled NT\$3.53 billion. Gross profit rate is 20.0 percent. Operating income totaled 2.14 billion. Income before tax totaled 2.65 billion. Net income totaled 2.08 billion. EPS is NT\$4.83 calculated at the weighted average of outstanding share capital amounting to 4.3 billion.

With excellent brand management, Transcend has received many prestigious awards by its exceptional product design and brand image. For the twelfth year in a row, Transcend has been ranked as Interbrand's Top 20 Best Taiwan Global Brands. Transcend also won Taiwan Excellence Awards for the fifteenth consecutive year and Japan's Good Design Award for the fourth year, demonstrating that Transcend's outstanding product design is internationally recognized.

While keeping a consistent, stable business strategy in a quickly changing market, Transcend also actively seeks any potential chances. With our professional R&D expertise, we continue developing innovative products. We have successfully expanded into embedded market in recent years. For the first time, we adapted 3D TLC NAND flash into our embedded solutions, enhancing transfer speeds, performance, and reliability for use in various embedded applications. For the consumer market this year, we expanded our strategic products and successfully enlarged our dashcam and body camera series. In addition, Apple Solutions has been the pillar of the strategic product lines. We also released a range of innovative upgrade solutions this year for Apple users looking for greater performance and

reliability. Moreover, we aim to enhance our customers' user experience by satisfying their various needs.

Transcend focuses not only on sales performance, but also on corporate governance. We aim to disclose adequate information in order to provide comprehensive corporate information to our shareholders and investors. For cooperate social responsibility, we have sponsored sport activities in high school and universities, including the High School Basketball League (HBL), University Basketball Association (UBA) and the Black Panther High School Baseball Tournament. We continued to execute the long-term Baseball Mentoring Program aimed at underprivileged school baseball teams for the fourth year, expecting to serve as a platform for young promising athlete to fulfill their dreams. As a result, we received "Sports Activists Award" from the Sports Affairs Council this year as our continuing contribution to promote sports in Taiwan.

Looking to 2019, demand for memory market is expected to remain on a downward trend due to inventory pressure, decreased end-user demand, US-China Trade War, and unsure market trend. The estimated demand for the first half of year 2019 is relatively low; prices of DRAM and NAND flash will keep on dropping. In the face of price fluctuation, stable supply and effective inventory management are vital. In the past year, Transcend has worked on building an efficient inventory management system and reviewing overall inventory level. To enhance production capacity and product quality, we have implemented new manufacturing processes, optimized manufacturing systems, upgraded equipment, and expanded production capability. Transcend will continue to maintain a healthy inventory level, reinforce purchasing and sales management, keep long-term, collaborative relationship with our partners, integrate internal and external resources, and elevate overall corporate efficiency.

Here again we sincerely thank all of our shareholders for your continued support and for the confidence that you have placed in us. We will make every effort to keep Transcend operational excellence and look forward to sharing our progress with you.

Chairman : Shu, Chung-Wan

General Manager : Shu, Chung-Cheng

Accounting Supervisor : Chen, Hung-Jen

Attachment II

Audit Report of Audit Committee

The Board of Directors has prepared the Company's 2018 Business Report, Financial Statements and Earnings Distribution Proposal. Transcend Corporation's Financial Statements have been audited and certified by Mr. Chun-Yao, Lin and Mr. Chien-Hung Chou, the CPA of the Pricewaterhouse Coopers. The Business Report, Financial Statements and Earnings Distribution Proposal have been reviewed and considered to be complied with relevant rules by the undersigned, the audit committee of Transcend Corporation. Pursuant to Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act, we hereby submit this report.

The audit Committee of Transcend Corporation

Chairman of the audit Committee: Wang, Yi-Shin

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March 07, 2019

REPORT OF INDEPENDENT ACCOUNTANTS TRANSLATED FROM CHINESE

To the Board of Directors and Shareholders of Transcend Information, Inc.

Opinion

We have audited the accompanying balance sheets of Transcend Information, Inc. (the"Company") as at December 31, 2018 and 2017, and the related statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2018 and 2017, and its financial performance and its cash flows for the years then ended in accordance with the "Regulations Governing the Preparations of Financial Reports by Securities Issuers".

Basis for opinion

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

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

Key audit matters for the Company's financial statements of the current period are stated as follows:

Evaluation of inventories

Description

Refer to Notes 4(12), 5(2) and 6(4) to the financial statements for the information on the Company's inventory accounting policy, estimates and assumptions and allowance for inventory evaluation losses.

The percentage of the Company's inventories to total assets is material and the Company applies judgements and estimates in determing the net realizable value of inventories at balance sheet date. The Company mainly produces DRAM and flash memory. As these products have a short life cycle and belong to a highly competitive industry, the market prices change frequently. Since the Company's inventories and the allowance for inventory valuation losses are material to the financial statements, the evaluation of inventories has been identified as a key audit matter.

How our audit addressed the matter

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

- A. Obtained an understanding of the Company's operations and industry. Assessed the reasonableness of the policy and procedures to recognize allowance for inventory valuation losses.
- B. Obtained an understanding of the Company's inventory control procedures. Reviewed annual inventory count plan and observed the annual physical count of inventory in order to assess the effectiveness of internal controls over inventory.
- C. Obtained relevant evaluation reports of inventory and tested the logic and accuracy of information to assess the reasonableness of allowance for inventory valuation losses.

Estimation of allowance for sales discount

Description

In consideration of business volume, the Company provides a variety of business incentives to specific customers or products, and based on that, the Company can estimate the allowance for sales discount monthly. Refer to Note 4(23) and 6(3) to the financial statements for the information on the estimation of allowance for sales discount.

Since the contracts are numerous and the result could affect the net revenue in the financial statements, the estimation of allowance for sales discount has been identified as a key audit matter.

How our audit addressed the matter

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

- A. Obtained an understanding of the Company's operations, industry and the procedures to recognise allowance for sales discount.
- B. Obtained an understanding of the Company's sales procedures and interviewed management to assess the appropriateness of sales allowance contracts and internal control over estimation of allowance.
- C. Obtained the evaluation list of allowance for sales discount, and tested material sales allowance contracts and recalculated it to assess the reasonableness of allowance determined by the Company.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the "Regulations Governing the Preparations of Financial Reports by Securities Issuers", and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ROC GAAS 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 financial statements.

As part of an audit in accordance with ROC GAAS, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

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

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

March 7, 2019

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

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

TRANSCEND INFORMATION, INC BALANCE SHEETS (Expressed in thousands of New Taiwan Dollars)

		December 31, 2018	6		December 31, 2017	1
Assets		AMOUNT	%		AMOUNT	%
Current assets						
Cash and cash equivalents	\$	1,052,350	5	\$	3,241,924	14
Current financial assets at amortised cost,						
net		9,084,731	41		-	-
Investment in debt instrument without						
active market - current		-	-		738,877	3
Notes receivable, net		872	-		5,862	-
Accounts receivable, net		1,437,231	6		1,718,543	7
Accounts receivable - related parties, net		559,835	3		796,093	4
Other receivables		78,279	-		100,120	-
Inventories, net		3,045,740	14		5,050,568	22
Other current financial assets		-	-		6,840,736	30
Other current assets		10,675			9,960	
Total Current Assets		15,269,713	69	_	18,502,683	80
Non-current assets						
Non-current financial assets at fair value						
through other comprehensive income		163,155	1		-	-
Available-for-sale financial assets -						
non-current		-	-		68,874	-
Investments accounted for using equity						
method		2,374,787	11		2,427,143	11
Property, plant and equipment, net		1,712,699	8		1,724,494	7
Investment property, net		2,567,451	11		207,730	1
Deferred tax assets		73,670	-		120,018	1
Other non-current assets	_	50,895		_	103,636	
Total Non-current Assets		6,942,657	31		4,651,895	20
Total Assets	\$	22,212,370	100	\$	23,154,578	100

(Continued)

TRANSCEND INFORMATION, INC BALANCE SHEETS (Expressed in thousands of New Taiwan Dollars)

		December 31, 2018			December 31, 2017	
Liabilities and Equity		AMOUNT	%		AMOUNT	%
Current liabilities	ф	1 100 050	-	¢	1 22 4 9 10	_
Accounts payable	\$	1,180,956	5	\$	1,226,819	5
Accounts payable - related parties		461,306	2		537,129	2
Other payables		234,866	1		292,582	1
Other payables - related parties		16,875	-		3,641	-
Current tax liabilities		129,873	1		415,193	2
Other current liabilities		3,692			4,900	-
Total Current Liabilities		2,027,568	9		2,480,264	10
Non-current liabilities						
Deferred tax liabilities		179,600	1		158,072	1
Other non-current liabilities		24,900			17,947	
Total Non-current Liabilities		204,500	1		176,019	1
Total Liabilities		2,232,068	10		2,656,283	11
Equity attributable to owners of parent						
Share capital						
Common stock		4,307,617	19		4,307,617	19
Capital surplus						
Capital surplus		4,605,233	21		4,691,385	20
Retained earnings						
Legal reserve		4,302,782	19		4,037,210	17
Special reserve		47,247	-		145,689	1
Unappropriated retained earnings		6,778,995	31		7,363,641	32
Other equity interest						
Other equity interest	(61,572) (1)	(47,247)	-
Total Equity		19,980,302	90		20,498,295	89
Significant contingent liabilities and						
unrecognized contract commitments						
Significant events after the balance sheet						
date						
Total Liabilities and Equity	\$	22,212,370	100	\$	23,154,578	100

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

TRANSCEND INFORMATION, INC. STATEMENTS OF COMPREHENSIVE INCOME (Expressed in thousands of New Taiwan Dollars, except earnings per share) Years ended December 31 2018 2017 AMOUNT AMOUNT Items %

T.		2018		0/		2017	0/
Items	-	AMOUNT		%	-	AMOUNT	%
Operating Revenue	\$	16,809,530		100	\$	20,007,792	100
Operating Costs	(13,975,063)	(83)	(15,301,168) (76)
Gross Profit		2,834,467		17		4,706,624	24
Unrealized gross profit on sales to							
subsidiaries	(20,596)		-	(48,746)	-
Realized gross profit on sales to							
subsidiaries		48,746		-		94,548	-
Gross Profit, net		2,862,617		17		4,752,426	24
Operating Expenses							
Sales and marketing expenses	(373,788)	· ·	3)		446,113) (2)
Administrative expenses	(188,972)		1)	(179,009) (1)
Research and development expenses	(158,518)	(1)	(169,238) (1)
Impairment loss determined in accordance							
with IFRS 9	(599)		-			-
Total operating expenses	(721,877)	(5)	(794,360) (<u>4</u>)
Operating Profit		2,140,740		12		3,958,066	20
Non-operating Income and Expenses							
Other income		195,823		1		152,323	1
Other gains and losses		347,917		2	(734,243) (4)
Net gain from derecognizing financial							
assets measured at amortised cost		16,691		-		-	-
Finance costs		-		-	(297)	-
Share of loss of associates and joint							
ventures accounted for under equity							
method	(70,292)		-	()	87,619) (<u> </u>
Total non-operating income and							
expenses		490,139		3	()	669,836) (4)
Profit before Income Tax		2,630,879		15		3,288,230	16
Income tax expense	(548,884)	(3)	(632,513) (<u> </u>
Profit for the Year	\$	2,081,995		12	\$	2,655,717	13
Other Comprehensive Income (Loss)							
Components of other comprehensive							
income (loss) that will not be							
reclassified to profit or loss							
Gains (losses) on remeasurements of							
defined benefit plans	(\$	1,632)		-	\$	2,402	-
Unrealized loss on financial assets at fair							
value through other comprehensive							
income	(6,047)		-		-	-
Share of other comprehensive income							
(loss) of associates and joint ventures							
accounted for under equity method		2,164		-	(630)	-
Components of other comprehensive							
income (loss) that will be reclassified to							
profit or loss							
Exchange differences on translation of							
foreign financial statements	(12,378)		-	(30,179)	-
Unrealized gain on available-for-sale							
financial assets		-		-		123,490	1
Income tax related to components of other							
comprehensive income that will be							
reclassified to profit or loss		2,475		-		5,131	-
Other comprehensive (loss) income for the							
year	(\$	15,418)		-	\$	100,214	-
Total Comprehensive Income	\$	2,066,577	_	12	\$	2,755,931	1
Earnings Per Share							
Basic earnings per share	\$			4.83	\$		6.17
Diluted earnings per share	\$			4.83	\$		6.16

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

TRANSCEND INFORMATION, INC. STATEMENTS OF CHANGES IN EQUITY (Expressed in thousands of New Taiwan dollars)

									Equit	y attributable to	owne	s of the parei	ıt									
					Capit	tal Reserves					Retai	ned Earnings					Other	Equity Interest				
	Co	ommon stock	Add	litional paid-in capital		ated assets received		assets from merger	I	egal reserve	Spe	cial reserve		happropriated ained earnings	diffe trar forei	xchange erences on islation of gn financial atements	loss asset th	alized gain or on financial as at fair value rough other nprehensive income	avail	lized gain or loss on able-for-sale ncial assets	Т	otal equity
								0.		<u> </u>				<u> </u>								
Year ended December 31, 2017 Balance at January 1, 2017 Net income for the year Other comprehensive income (loss) Total comprehensive income	\$	4,307,617	\$	4,759,841	\$	4,106	\$	35,128	\$	3,748,946	\$	21,691	\$	7,595,294 2,655,717 1,772 2,657,489	(<u>\$</u> (<u>42,214</u>) <u>25,048</u>) <u>25,048</u>)	\$		(<u>\$</u>	<u>103,475</u>) <u>123,490</u> 123,490	\$	20,326,934 2,655,717 100,214 2,755,931
Appropriation and distribution of 2016 earnings														2,037,489	(23,048)				125,490		2,755,951
Legal reserve Special reserve Cash dividends		-		-				-		288,264		- 123,998 -	(288,264) 123,998) 2,476,880)		-		-		-	(- 2,476,880
Cash payment from capital surplus	¢.	-	(107,690)	¢.	-	¢.	-	<u>_</u>	-	<u></u>	-	·		(m)	-	<u>e</u>		<u>¢</u>	-	(107,690
Balance at December 31, 2017	\$	4,307,617	\$	4,652,151	\$	4,106	\$	35,128	\$	4,037,210	\$	145,689	\$	7,363,641	(\$	67,262)	\$	-	\$	20,015	\$	20,498,295
Year ended December 31, 2018	¢	1005 (15	¢		¢	1.105	¢	25.120	¢	4 005 010	¢	145 600	<i></i>	7 0 60 6 44	(†	(7.9.(9.)	<i></i>		<i>.</i>	20.015	<i>c</i>	
Balance at January 1, 2018 Effects of retrospective application and retrospective restatement	\$	4,307,617	\$	4,652,151	\$	4,106	\$	35,128	\$	4,037,210	\$	145,689	\$	7,363,641 30,000	(\$	67,262)	\$ (- 9,985)	\$ (20,015 20,015)	\$	20,498,295
Balance after adjustments at January 1, 2018		4,307,617		4,652,151		4,106		35,128		4,037,210		145,689		7,393,641	(67,262)	(9,985)	` <u> </u>			20,498,295
Net income for the year Other comprehensive income (loss)		-		-		-		-		-		-		2,081,995 532	(9,903)	(6,047)		-	(2,081,995 15,418
Total comprehensive income Appropriation and distribution of 2017 earnings		-		-		_		-	_	-		-	_	2,082,527	(9,903)	(6,047)			_	2,066,577
Legal reserve		-		-		-		-		265,572		-	(265,572)		-		-		-		-
Cash dividends		-		-		-		-		-		-	(2,498,418)		-		-		-	(2,498,418
Reversal of special reserve Cash payment from capital surplus		-	(86,152)		-		-		-	(98,442)		98,442		-		-		-	(86,152
Net loss on disposal of financial assets at fair value through other comprehensive income		-		-		-		-		-		-	(31,625)		-		31,625		-		-
Balance at December 31, 2018	\$	4,307,617	\$	4,565,999	\$	4,106	\$	35,128	\$	4,302,782	\$	47,247	\$	6,778,995	(\$	77,165)	\$	15,593	\$		\$	19,980,302

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

TRANSCEND INFORMATION, INC. STATEMENTS OF CASH FLOWS

$ \begin{array}{ c c c c c c c c c c c c c c c c c c c$			Years ended	l Decem	iber 31
Profit before tax\$ $2,630,879$ \$ $3,288,230$ Adjustmentsrecordile profit (loss)Unrealized gross profit on sales to subsidiaries $20,596$ $48,746$ Adjustmentsrecording gross profit on sales to subsidiaries $48,746$ $94,548$ Loss on disposal of investments $48,746$ $94,548$ $106,075$ Share of loss of associates and joint ventres accounted for using equity method $70,292$ $87,619$ Expected credit loss(Gain on reversal of had debts) 599 $9,974$ $9,974$ Depreciation $133,897$ $120,657$ 2977 Interest capcuse 2375 $(8,973)$ 2977 Dividend income $(133,118)$ $(143,570)$ $110,273$ Changes in operating assets $20,04,828$ $(231,642)$ Other cereviables $22,04,828$ $(231,642)$ Other current assets $21,2661$ $494,691$ Other querent liabilities $21,2661$ $494,691$ Accounts payable $(21,1686)$ $(585,83)$ Other querent liabilities $13,224$ $3,317$ Other one-current liabilities $13,224$ $3,317$ Other one-current liabilities $12,2520$ $238,227$ Cash inflow generated from operating assets $-12,8262$ Dividends neceived $3,558$ $8,9733$ Interest recived $19,9227$ $139,2257$ Interest recived $2,916,353$ $2,924,320$ Dividends neceived $3,558$ $8,9733$ Interest recived $19,9227$ $129,225$ <th></th> <th></th> <th></th> <th></th> <th></th>					
AdjustmentsAdjustments20.59648,746Adjustments to reconcile profit (loss)20.59648,746Realized gross profit on sales to subsidiaries(48,746Loss on disposal of investments-106,075Share of loss of associates and joint ventures accounted for using equity70,29287,619Expected credit loss/(Gain on reversal of bad debts)53,897120,657Interest income(173,118(143,570Interest expense297Dividend income(3558(8,973Changes in operating assets521,961494,691Other receivables22,048,282(231,642Other current tassets(7152,250Changes in operating inselities(121,686(Accounts payable(121,686(43,008Other quarbles-52,196,11(43,008Other quarbles(13,2343,317(43,008Other quarbles(121,686(43,008Other quarbles-169,527139,725146,559Dividends received169,527139,725119,725Interest received169,527139,725119,725Interest received-2,261,53-Proceeds from disposal of mogerating activities-2,31,642Other quarbles-169,527139,725Interest received2,31,432Dividends recei	CASH FLOWS FROM OPERATING ACTIVITIES				
AdjustmentsAdjustments20.59648,746Adjustments to reconcile profit (loss)20.59648,746Realized gross profit on sales to subsidiaries(48,746Loss on disposal of investments-106,075Share of loss of associates and joint ventures accounted for using equity70,29287,619Expected credit loss/(Gain on reversal of bad debts)53,897120,657Interest income(173,118(143,570Interest expense297Dividend income(3558(8,973Changes in operating assets521,961494,691Other receivables22,048,282(231,642Other current tassets(7152,250Changes in operating inselities(121,686(Accounts payable(121,686(43,008Other quarbles-52,196,11(43,008Other quarbles(13,2343,317(43,008Other quarbles(121,686(43,008Other quarbles-169,527139,725146,559Dividends received169,527139,725119,725Interest received169,527139,725119,725Interest received-2,261,53-Proceeds from disposal of mogerating activities-2,31,642Other quarbles-169,527139,725Interest received2,31,432Dividends recei	Profit before tax	\$	2.630.879	\$	3.288.230
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Realized gross profit on sales to subsidiaries (48,746) (94,548) Loss on disposal of investments - 106,075 Share of loss of associates and joint ventures accounted for using equity method 70,292 87,619 Expected credit loss/(Gain on reversal of bad debts) 599 (9,874) Depreciation (173,118) (143,570) Interest necome (173,118) (143,570) Other expense (775) (10,273) Changes in operating assets and liabilities (775) (10,273) Changes in operating assets (715) 2,520 (2,64,621 (44,64,611 (Other current tassets (715) 2,523 (44,969 (2,164,62 (2,164,62 (2,164,62 (2,164,62 (2,164,62 (2,164,62 (2,164,62 (2,164,62 (2,164,62 (2,164,62 (2,164,62 (2,164,62 (2,164,63 (6,83,83 3 (3,13 (3,13 (3,13 (3,13 (3,13 (3,13 (
Loss on disposal of investments $-$ 106.075 Share of loss of associates and joint ventures accounted for using equity method $-$ 2.87.619 Expected credit loss/(Gain on reversal of bad debts) $-$ 33.897 Depreciation $-$ 12.8.757 Interest income $-$ 13.3.897 Charges in operating assets and liabilities $-$ 2.118 Charges in operating assets and liabilities $-$ 2.757 Charges in operating assets and liabilities $-$ 2.004,828 - 2.004,828 $-$ 2.216,42 $+$ 0.0075 - 2.004,828 $-$ 2.216,42 $+$ 0.0075 - 2.004,828 $-$ 2.216,42 $+$ 0.0075 - 2.2004,828 $-$ 2.216,425 $-$ 2.004,828 $-$ 2.216,425 $-$ 2.004,828 $-$ 2.216,425 $-$ 2.004,828 $-$ 2.216,425 $-$ 2.004,828 $-$ 2.216,425 $-$ 2.004,828 $-$ 2.216,425 $-$ 2.2004,828 $-$ 2.216,425 $-$ 2.2004,828 $-$ 2.216,425 $-$ 2.2004,828 $-$ 2.216,425 $-$ 2.2004,828 $-$ 2.216,425 $-$ 2.2004,828 $-$ 2.216,425 $-$ 2.212,846 $-$ 2.216,455 $-$ 2.212,846 $-$ 2.216,455 $-$ 2.212,846 $-$ 2.216,455 $-$ 2.236,1738 $-$ 2.236,173			,		· · · · · · · · · · · · · · · · · · ·
Share of loss of associates and joint ventures accounted for using equity method $(5,1) = 10000000000000000000000000000000000$		(48,746)	(
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Gain on disposal of property, plant and equipment(775)(10,273)Changes in operating assetsNotes and accounts receivable $521,961$ $494,691$ Other receivable $25,432$ $44,959$ Inventories $2,004,828$ $(231,642$)Other current assets(715) 2.520 Changes in operating liabilities(715) 2.520 Changes in operating liabilities($121,686$)($506,583$)Other payables - related parties($12,086$)($43,008$)Other payables - related parties($12,086$)($43,008$)Other non-current liabilities($12,088$) 734 Other non-current liabilities($12,083$) 734 Other non-current liabilities($12,088$) 734 Income tax piad($763,883$) $378,327$)Income tax piad($763,883$) $378,327$)Net cash flows from operating activities- $128,121$ Acquisition of financial assets at anortised cost($6,631,733$)-Proceeds from disposal of financial assets at anortised cost($2,734,320$)Proceeds from disposal of financial assets at fair value through other- $2,361,738$ Acquisition of investment in debi instrument without active markets- $2,361,738$ Acquisition of investment in debi instrument without active markets- $2,361,738$ Acquisition of investment in debi instrument without active markets- <td< td=""><td></td><td>(</td><td>3,558)</td><td>(</td><td></td></td<>		(3,558)	(
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Net cash flows from operating activities4,428,7492,916,953CASH FLOWS FROM INVESTING ACTIVITIESProceeds from disposal of available-for-sale financial assets-128,121Acquisition of financial assets at amortised cost(6,631,733<)		(763 853)	$\left(\right)$	
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Net cash flows used in financing activities(2,584,570)(2,584,570)Net (decrease) increase in cash and cash equivalents(2,189,574)1,681,087Cash and cash equivalents at beginning of year3,241,9241,560,837	CASH FLOWS FROM FINANCING ACTIVITIES				
Net (decrease) increase in cash and cash equivalents(2,189,5741,681,087Cash and cash equivalents at beginning of year3,241,9241,560,837	Cash dividends paid (including cash payment from capital surplus)	((2,584,570)
Cash and cash equivalents at beginning of year 3,241,924 1,560,837	Net cash flows used in financing activities	(2,584,570)	(2,584,570)
		(1,681,087
Cash and cash equivalents at end of year \$ 1,052,350 \$ 3,241,924		<u> </u>			
	Cash and cash equivalents at end of year	\$	1,052,350	\$	3,241,924

REPORT OF INDEPENDENT ACCOUNTANTS TRANSLATED FROM CHINESE

PWCR18000374

To the Board of Directors and Shareholders of Transcend Information, Inc.

Opinion

We have audited the accompanying consolidated balance sheets of Transcend Information, Inc. and its subsidiaries (the "Group") as at December 31, 2018 and 2017, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 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 the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory Commission.

Basis for opinion

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

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

Key audit matters for the Group's consolidated financial statements of the current period are stated as follows:

Evaluation of inventories

Description

Refer to Notes 4(13), 5(2) and 6(5) to the consolidated financial statements for the information on the Group's inventory accounting policy, estimates and assumptions and allowance for inventory evaluation losses.

The percentage of the Group's inventories to total assets is material and the Group applies judgements and estimates in determining the net realisable value of inventories at balance sheet date. The Group mainly produces DRAM and flash memory. As these products have a short life cycle and belong to a highly competitive industry, the market prices change frequently. Since the Group's inventories and the allowance for inventory valuation losses are material to the financial statements, the evaluation of inventories has been identified as a key audit matter.

How our audit addressed the matter

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

- A. Obtained an understanding of the Group's operations and industry. Assessed the reasonableness of the policy and procedures to recognize allowance for inventory valuation losses.
- B. Obtained an understanding of the Group's inventory control procedures. Reviewed annual inventory count plan and observed the annual physical count of inventory in order to assess the effectiveness of internal controls over inventory.
- C. Obtained relevant evaluation reports of inventory and tested the logic and accuracy of information to assess the reasonableness of allowance for inventory valuation losses.

Estimation of allowance for sales discount

Description

In consideration of business volume, the Group provides a variety of business incentives to specific customers or products, and based on that, the Group can estimate the allowance for sales discount monthly. Refer to Notes 4(25) and 6(4) to the consolidated financial statements for the information on the estimation of allowance for sales discount.

Since the contracts are numerous and the result could affect the net revenue in the consolidated financial statements, the estimation of allowance for sales discount has been identified as a key audit matter.

How our audit addressed the matter

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

- A. Obtained an understanding of the Group's operations, industry and the procedures to recognize allowance for sales discount.
- B. Obtained an understanding of the Group's sales procedures and interviewed management to assess the appropriateness of sales allowance contracts and internal control over estimation of allowance.
- C. Obtained the evaluation list of allowance for sales discount, and tested material sales allowance contracts and recalculated it to assess the reasonableness of allowance determined by the Group.

Other matter –Parent company only financial reports

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

Responsibilities of management and those charged with governance for the consolidated financial statements

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

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going

concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

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

Auditor's responsibilities for the audit of the consolidated financial statements

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

- A. 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.
- B. 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.
- C. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- D. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- E. 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.

F. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

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kun Chou, Chien-Hung

For and on behalf of PricewaterhouseCoopers, Taiwan March 7, 2019

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

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

		December 31, 201	8	December 31, 2017	7
Assets	Notes	 AMOUNT	%	AMOUNT	%
Current assets					
Cash and cash equivalents	6(1)	\$ 1,429,737	7	\$ 3,645,914	16
Financial assets at fair value through profit	6(2)				
or loss - current		89,457	-	-	-
Current financial assets at amortised cost,	6(3)				
net		9,145,557	42	-	-
Investment in debt instrument without	12(4)				
active market - current		-	-	738,877	3
Notes receivable, net	6(4)	872	-	5,862	-
Accounts receivable, net	6(4) and 12(4)	2,147,556	10	2,499,773	11
Other receivables	7	87,295	-	114,346	1
Inventories, net	6(5)	3,184,188	15	5,241,150	23
Other current financial assets	12(4)	-	-	6,899,661	30
Other current assets		 31,121		44,210	
Total Current Assets		 16,115,783	74	19,189,793	84
Non-current assets					
Non-current financial assets at fair value	6(6)				
through other comprehensive income		163,155	1	-	-
Available-for-sale financial assets -	12(4)				
non-current		-	-	68,874	-
Investments accounted for using equity	6(7)				
method		105,322	-	173,122	1
Property, plant and equipment, net	6(8), 7 and 8	2,599,493	12	2,706,923	12
Investment property, net	6(9)	2,623,579	12	269,462	1
Deferred tax assets	6(20)	90,301	-	133,954	1
Other non-current assets	6(10)	 166,879	1	228,353	1
Total Non-current Assets		 5,748,729	26	3,580,688	16
Total Assets		\$ 21,864,512	100	\$ 22,770,481	100

TRANSCEND INFORMATION, INC. AND SUBSIDIARIES <u>CONSOLIDATED BALANCE SHEETS</u> (Expressed in thousands of New Taiwan Dollars)

(Continued)

Liabilities and Equity	Notes		December 31, 2018 AMOUNT	%		December 31, 2017 AMOUNT	%
Current liabilities							
Accounts payable		\$	1,187,300	6	\$	1,237,552	5
Accounts payable - related parties	7		39,874	-		37,454	-
Other payables			265,132	1		347,619	2
Other payables - related parties			97	-		233	-
Current tax liabilities			133,508	1		412,345	2
Other current liabilities			23,376	-		31,414	-
Total Current Liabilities			1,649,287	8		2,066,617	9
Non-current liabilities							
Deferred tax liabilities	6(20)		179,631	1		158,463	1
Other non-current liabilities	6(11)		55,292	-		47,106	-
Total Non-current Liabilities			234,923	1		205,569	1
Total Liabilities			1,884,210	9		2,272,186	10
Equity attributable to owners of parent							
Share capital	6(12)						
Common stock			4,307,617	20		4,307,617	19
Capital surplus	6(13)						
Capital surplus			4,605,233	21		4,691,385	20
Retained earnings	6(14)						
Legal reserve			4,302,782	20		4,037,210	18
Special reserve			47,247	-		145,689	1
Unappropriated retained earnings			6,778,995	31		7,363,641	32
Other equity interest	6(15)						
Other equity interest		(61,572) (1)	(47,247)	-
Total Equity			19,980,302	91		20,498,295	90
Significant contingent liabilities and	9						
unrecognized contract commitments							
Significant events after the balance sheet	11						
date							
Total Liabilities and Equity		\$	21,864,512	100	\$	22,770,481	100

TRANSCEND INFORMATION, INC. AND SUBSIDIARIES <u>CONSOLIDATED BALANCE SHEETS</u> (Expressed in thousands of New Taiwan Dollars)

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

<u>TRANSCEND INFORMATION, INC. AND SUBSIDIARIES</u> <u>CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME</u> (Expressed in thousands of New Taiwan Dollars, except earnings per share)

			·	· ·	D			
			2018 Yes	ars ended	Dece	<u>mber 31</u> 2017		
Items	Notes		AMOUNT	%		AMOUNT		%
Operating Revenue	1000000000000000000000000000000000000	\$	17,615,965	100	\$	20,964,853		100
Operating Costs	6(5)(19) and 7	φ (14,085,715)	(80)	φ (15,438,009)	(74)
Gross Profit	0(0)(1)) und /	\	3,530,250	20	` <u> </u>	5,526,844	<u> </u>	26
Operating Expenses	6(19)		3,530,230			5,520,011		
Sales and marketing expenses	0(1))	(844,708)	(5)	(945,861)	(4)
Administrative expenses		Ì	387,262)			414,097)		2)
Research and development expenses		Ì	158,518)			169,238)		1)
Impairment loss determined in accordance	6(4)			. ,				· · · · ·
with IFRS 9		(8)	-		-		-
Total operating expenses		(1,390,496)	(8)	(1,529,196)	(7)
Operating Profit			2,139,754	12		3,997,648	_	19
Non-operating Income and Expenses							_	
Other income	6(17)		208,041	1		163,495		1
Other gains and losses	6(18)		359,025	2	(739,406)	(4)
Net gain from derecognizing financial	6(3)							
assets measured at amortised cost			16,691	-		-		-
Finance costs			-	-	(297)		-
Share of loss of associates and joint	6(7)							
ventures accounted for under equity			10 0 1 0		,	100.070		
method		(69,964)		(108,858)		
Total non-operating income and			512 702	2	,	(05.0(4)	,	
expenses		·	513,793	3	(685,066)	(3)
Profit before Income Tax	((20))	(2,653,547	15	,	3,312,582	,	16
Income tax expense	6(20)	(<u> </u>	571,552)	(3)	(<u></u>	<u>656,865</u>) 2,655,717	(<u>3</u>)
Profit for the Year Other Comprehensive Income (Loss)		\$	2,081,995	12	\$	2,055,/17	_	13
Components of other comprehensive income (loss) that will not be reclassified to profit or loss Gains (losses) on remeasurements of defined benefit plans Unrealized loss on financial assets at fair value through other comprehensive	6(11) 6(6)(15)	(\$	1,632)	-	\$	2,402		-
income		(6,047)	-		-		-
Share of other comprehensive income (loss) of associates and joint ventures accounted for under equity method Components of other comprehensive income (loss) that will be reclassified to			2,164	-	(630)		-
profit or loss	(15)							
Exchange differences on translation of foreign financial statements	6(15)	(12,378)		(30,179)		_
Unrealized gain on available-for-sale	6(15) and 12(4)	(12,570)	_	(50,177)		_
financial assets Income tax related to components of other			-	-		123,490		-
comprehensive income that will be reclassified to profit or loss			2,475			5,131		
Other comprehensive (loss) income for the			2,475			5,151		
year		(\$	15,418)	_	\$	100,214		_
Total Comprehensive Income		\$	2,066,577	12	\$	2,755,931	_	13
Net profit attributable to:		Ψ	2,000,377	12	ψ	2,155,751		15
Owners of parent		\$	2,081,995	12	\$	2,655,717		13
Comprehensive income attributable to:		Ψ	2,001,775	12	Ψ	2,033,717	-	15
Owners of parent		\$	2,066,577	12	\$	2,755,931		13
Earnings Per Share	6(21)							
Basic earnings per share	0(21)	\$		4.83	\$			6.17
Diluted earnings per share		\$		4.83	<u>\$</u> \$			6.16
Diated carmings per silare		Ψ		+.05	ψ			0.10

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

TRANSCEND INFORMATION, INC. AND SUBSIDIARIES CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (Expressed in thousands of New Taiwan dollars)

Capital Reserves Retained Earnings Other Equity Interest Notes Common stock copital received received <t< th=""><th></th><th></th><th></th><th></th><th></th><th></th><th></th><th></th><th></th><th>Equit</th><th>y attributable t</th><th>o own</th><th>ers of the paren</th><th>nt</th><th></th><th></th><th></th><th></th><th></th><th></th><th></th><th></th><th></th></t<>										Equit	y attributable t	o own	ers of the paren	nt									
Note: Common stock Additional pair/s Net assets from received Net assets from merger Legal reserve Special reserve Fachage translation of translation of statements Interaction of through other statements Interaction other statements Interaction of through o		-				Capit	tal Reserves				·	Reta	ined Earnings					Other H	Equity Interes	t			
Balance at Jamary 1, 2017 § 4,307,617 § 4,406 § 3,51,28 § 4,037,210 § 145,689 § 7,363,641 § 6,7,222 § 5 5 20,408,295 [10,709) [10,709) [10,709) [10,709) [10,709) [10,709) [10,709) [10,709) [10,709) [10,709) [10,709) [10,709) [10,709) [10,709) [10,709) [10,709) [10,709) [10,709) [10,709) [10,709		Notes	Common stock	Ad						L	egal reserve	Sp	ecial reserve			diff tra fore	ferences on nslation of ign financial	loss assets thro com	on financial s at fair value ough other pprehensive	availa	loss on ible-for-sale	Tot	tal equity
Balance at Jamary 1, 2017 § 4,307,617 § 4,406 § 3,51,28 § 4,037,210 § 145,689 § 7,363,641 § 6,7,222 § 5 5 20,408,295 [10,709) [10,709) [10,709) [10,709) [10,709) [10,709) [10,709) [10,709) [10,709) [10,709) [10,709) [10,709) [10,709) [10,709) [10,709) [10,709) [10,709) [10,709) [10,709) [10,709																							
Net income for the year			¢ 1007.017	<i>•</i>	4 750 041	¢	1.105	¢	25 120	¢	2 7 40 0 4 5	¢	21 (0)	¢	7 505 20 5	(\$	42.21.4	¢		(†	102 475	ф с	0.226.024
Other comprehensive income (loss) - - - - - - - - - 123,490 100,214 Appropriation and distribution of 2016 6(14) - - - - - - - - 123,490 2,755,931 Legal reserve -	3		\$ 4,307,617	\$	4,759,841	\$	4,106	\$	35,128	\$	3,748,946	\$	21,691	\$, ,	(\$	42,214)	\$	-	(\$	103,475)	-	, ,
$ \begin{array}{c c c c c c c c c c c c c c c c c c c $			-		-		-		-		-		-				-		-		-	2	
Appropriation and distribution of 2016 6(14) carrings Legal reserve - - - 288,264 - (288,264) -	•			_	-		-		-		-		-			(-				
$\begin{array}{c c c c c c c c c c c c c c c c c c c $	1			_	-		-		-		-		-	_	2,657,489	(25,048)		-		123,490		2,755,931
Special reserve .		4)																					
$ \begin{array}{c} \hline Cash \ dividends & - & - & - & - & - & - & - & - & - & $	Legal reserve		-		-		-		-		288,264		-	(-		-		-		-
Cash payment from capital surplus $6(14)$. . <td>Special reserve</td> <td></td> <td>-</td> <td></td> <td>-</td> <td></td> <td>-</td> <td></td> <td>-</td> <td></td> <td>-</td> <td></td> <td>123,998</td> <td>(</td> <td>123,998)</td> <td></td> <td>-</td> <td></td> <td>-</td> <td></td> <td>-</td> <td></td> <td>-</td>	Special reserve		-		-		-		-		-		123,998	(123,998)		-		-		-		-
Balance at December 31, 2017 \$ 4,307,617 \$ 4,652,151 \$ 4,106 \$ 35,128 \$ 4,037,210 \$ 145,689 \$ 7,363,641 (\$ 67,262) \$ \$ 20,015 \$ 20,498,295 Balance at Dacember 31, 2018 Balance at Inaury 1, 2018 \$ 4,307,617 \$ 4,652,151 \$ 4,106 \$ 35,128 \$ 4,037,210 \$ 145,689 \$ 7,363,641 (\$ 67,262) \$ \$ 20,015 \$ 20,498,295 Effects of retrospective application and 12(4) retrospective restatement	Cash dividends		-		-		-		-		-		-	(2,476,880)		-		-		-	(2	2,476,880)
Year ended December 31, 2018 \$ 4,307,617 \$ 4,652,151 \$ 4,106 \$ 35,128 \$ 4,037,210 \$ 145,689 \$ 7,363,641 (\$ 67,262) \$ - \$ 20,015 \$ 20,498,295 Effects of retrospective restatement - - - - - 30,000 - (9,985) (20,015) - - - - 30,000 - (9,985) (20,015) - - - - 30,000 - (9,985) (20,015) - - - - 30,000 - (9,985) (20,015) - - - 20,498,295 Net income for the year - - - - - - 532 (9,903) (6,047) - (2,081,995) - 2,066,577 Other comprehensive income (loss) 6(15) - - - - - 532 (9,903) (6,047) - 2,066,577 Appropriation and distribution of 2017 6(14) - - - - - - - - - - - - 2,066,577 Legal res	Cash payment from capital surplus 6(1	4)	-	(107,690)		-		-		-		-		-		-		-		-	(107,690)
Balance at January 1, 2018 \$ 4,307,617 \$ 4,652,151 \$ 4,106 \$ 35,128 \$ 4,037,210 \$ 145,689 \$ 7,363,641 (\$ 67,262 \$ - \$ 20,015 \$ 20,498,295 Effects of retrospective application and 12(4) retrospective restatement - - - - - 30,000 - (9,985 (9,985) (20,015) - - 20,498,295 Balance after adjustments at January 1, 2018 4,307,617 4,652,151 4,106 35,128 4,037,210 145,689 7,393,641 (67,262) (9,985) - 20,498,295 Other comprehensive income (loss) 6(15) - - - - - 532 (9,903) (6,047) - (15,418) Total comprehensive income - - - 20,65,572 - - - 2,066,577 Legal reserve - 2,066,577 - - -	Balance at December 31, 2017		\$ 4,307,617	\$	4,652,151	\$	4,106	\$	35,128	\$	4,037,210	\$	145,689	\$	7,363,641	(\$	67,262)	\$	-	\$	20,015	\$ 20	0,498,295
Effects of retrospective application and 12(4) retrospective restatement	Year ended December 31, 2018			_										_									
Effects of retrospective application and 12(4) retrospective restatement	Balance at January 1, 2018		\$ 4,307,617	\$	4,652,151	\$	4,106	\$	35,128	\$	4,037,210	\$	145,689	\$	7,363,641	(\$	67,262)	\$	-	\$	20,015	\$ 20	0,498,295
Balance after adjustments at January 1, 2018 4,307,617 4,652,151 4,106 35,128 4,037,210 145,689 7,393,641 (67,262) (9,985) - 20,498,295 Net income for the year - - - - - 20,81,995 - 20,498,295 Other comprehensive income - - - 532 (9,903) (6,047) - (15,418) Total comprehensive income - - - 2,082,527 (9,903) (6,047) - 2,066,577 Appropriation and distribution of 2017 6(14) earnings - - 265,572 - (2,498,418) - - - - 2,049,492 - - - 2,066,577 Appropriation and distribution of 2017 6(14) earnings - - 265,572 - (2,498,418) - <td>Effects of retrospective application and 12(</td> <td>(4)</td> <td>-</td> <td></td> <td>-</td> <td></td> <td>-</td> <td></td> <td>-</td> <td></td> <td>-</td> <td></td> <td>-</td> <td></td> <td>30,000</td> <td></td> <td>-</td> <td>(</td> <td>9,985)</td> <td>(</td> <td>20,015)</td> <td></td> <td>-</td>	Effects of retrospective application and 12((4)	-		-		-		-		-		-		30,000		-	(9,985)	(20,015)		-
$\begin{array}{c c c c c c c c c c c c c c c c c c c $	•			_											,			`		`			
Other comprehensive income (loss) $6(15)$ 532(9,903)(6,047)-(15,418)Total comprehensive income2,082,5279,903(6,047)-(15,418)Appropriation and distribution of 2017 $6(14)$ earnings265,572-(265,572)Legal reserve265,572-(265,572)Cash dividends(98,442)98,442 <td< td=""><td></td><td></td><td>4,307,617</td><td></td><td>4,652,151</td><td></td><td>4,106</td><td></td><td>35,128</td><td></td><td>4,037,210</td><td></td><td>145,689</td><td></td><td>7,393,641</td><td>(</td><td>67,262)</td><td>(</td><td>9,985)</td><td></td><td>-</td><td>20</td><td>0,498,295</td></td<>			4,307,617		4,652,151		4,106		35,128		4,037,210		145,689		7,393,641	(67,262)	(9,985)		-	20	0,498,295
Total comprehensive income $2,082,527$ $9,903$ $(6,047)$ - $2,066,577$ Appropriation and distribution of 2017 6(14) earnings Legal reserve $265,572$ -(265,572)Cash dividends $265,572$ -(2498,418)Reversal of special reserve(2498,418)Cash payment from capital surplus $6(14)$ -(86,152) <td>Net income for the year</td> <td></td> <td>-</td> <td>_</td> <td>-</td> <td></td> <td>-</td> <td></td> <td>-</td> <td></td> <td>-</td> <td></td> <td>-</td> <td>_</td> <td>2,081,995</td> <td></td> <td>-</td> <td></td> <td>-</td> <td></td> <td>-</td> <td></td> <td>2,081,995</td>	Net income for the year		-	_	-		-		-		-		-	_	2,081,995		-		-		-		2,081,995
Appropriation and distribution of 2017 6(14) earningsLegal reserve265,572-(265,572)Cash dividends(2,498,418)(2,498,418)Reversal of special reserve(2,498,418)(2,498,418)Reversal of special reserve(2,498,418)Cash payment from capital surplus6(14)-(86,152) <td>Other comprehensive income (loss) 6(1</td> <td>.5)</td> <td>-</td> <td></td> <td>-</td> <td></td> <td>-</td> <td></td> <td>-</td> <td></td> <td>-</td> <td></td> <td>-</td> <td></td> <td>532</td> <td>(</td> <td>9,903)</td> <td>(</td> <td>6,047)</td> <td></td> <td>-</td> <td>(</td> <td>15,418)</td>	Other comprehensive income (loss) 6(1	.5)	-		-		-		-		-		-		532	(9,903)	(6,047)		-	(15,418)
Appropriation and distribution of 2017 6(14) earningsLegal reserve265,572-(265,572)Cash dividends(2,498,418)(2,498,418)Reversal of special reserve(2,498,418)(2,498,418)Reversal of special reserve(2,498,418)Cash payment from capital surplus6(14)-(86,152) <td>Total comprehensive income</td> <td></td> <td></td> <td></td> <td>-</td> <td></td> <td>-</td> <td></td> <td>-</td> <td></td> <td>-</td> <td></td> <td>-</td> <td></td> <td>2,082,527</td> <td>(</td> <td>9,903)</td> <td>Č</td> <td>6,047)</td> <td></td> <td>-</td> <td></td> <td>2,066,577</td>	Total comprehensive income				-		-		-		-		-		2,082,527	(9,903)	Č	6,047)		-		2,066,577
Cash dividends(2,498,418)(2,498,418)Reversal of special reserve(98,442)98,442	Appropriation and distribution of 2017 6(1	4)		_											<u> </u>	` <u> </u>		`					<u> </u>
Cash dividends(2,498,418)(2,498,418)Reversal of special reserve(98,442)98,442	6		-		-		-		-		265,572		-	(265,572)		-		-		-		-
Cash payment from capital surplus 6(14) - (86,152 - - - - - - - (86,152) Net loss on disposal of financial assets 6(6)(15) at fair value through other - - - - - - - - - (86,152) at fair value through other -			-		-		-		-		-		-	Ì			-		-		-	(2	2,498,418)
Cash payment from capital surplus 6(14) - (86,152 - - - - - - - (86,152) Net loss on disposal of financial assets 6(6)(15) at fair value through other - - - - - - - - - (86,152) at fair value through other -	Reversal of special reserve		-		-		-		-		-	(98,442)				-		-		-		-
Net loss on disposal of financial assets 6(6)(15) at fair value through other comprehensive income		4)	-	(86,152)		-		-		-	Ì					-		-		-	(86,152)
	Net loss on disposal of financial assets 6(6 at fair value through other	5)(15)												,	01 (07)				21.625				, ,
Balance at December 31, 2018 \$ 4,307,617 \$ 4,565,999 \$ 4,106 \$ 35,128 \$ 4,302,782 \$ 47,247 \$ 6,778,995 (\$ 77,165) \$ 15,593 \$ - \$ 19,980,302	-		-	-	-	*	-	-	-	-	-	-	-	(-		-	-		-
	Balance at December 31, 2018		\$ 4,307,617	\$	4,565,999	\$	4,106	\$	35,128	\$	4,302,782	\$	47,247	\$	6,778,995	(\$	77,165)	\$	15,593	\$	-	\$ 19	9,980,302

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

TRANSCEND INFORMATION, INC. AND SUBSIDIARIES CONSOLIDATED STATEMENTS OF CASH FLOWS

(Expressed in thousands of New Taiwan dollars)

Notes 2018 2017 CASH FLOWS FROM OPERATING ACTIVITIES Profit before tax \$ 2,653,547 \$ 3,312,582 Adjustments Adjustments for reconcile profit (loss) \$ \$ 2,653,547 \$ 3,312,582 Share of loss of associates and joint ventures accounted for using equity method 6(7) 69,964 108,858 Expected credit loss/(Gain on reversal of bad debts) 6(19) 210,873 205,723 Casts on disposal of investments 12(4) 8 (6,6333) Depreciation 6(18) (1,204) (104,212) Depreciation 6(19) 210,873 205,723 Interest income 6(17) (175,210) (145,127) Interest income 6(18) (3,558) (8,973) Changes in operating assets 6(18) (3,558) (3,914,9976) Accounts receivable 30,0642 36,118 (7,4329) Other current tassets 13,089 (7,821) (7,821) Accounts payable (2,056,962 (7,822) (2,024,12) Other curent hassets 13,089 (Years ended December 31			
Product before tax Adjustments S 2.633.47 S 3.312.82 Adjustments Since of Disconcess in product on the service and produ		Notes			<u></u>		
Adjustments 0.9964 0.888. Adjustments 0.9964 0.888. Adjustments 0.9964 0.888. Expected oreal concolle for floxs) 0.401.412.0 8 (6.535.3 Loss on disposal of investments 12(4) - 100.075.3 200.737.3 200.747.4 200.747.4 200.747.4 200.747.4 200.747.4 200.747.4 200.747.4 200.747.4 200.747.4 200.747.4 200.747.4 200.747.4 200.747.4 200.747.4 200.747.4 200.747.4 200.747.4 200.747.4 200.747.4 200.757.1 200.757.1 200.757.1 200.757.1 200.757.1 200.777.4 200.777.4 200.777.4	CASH FLOWS FROM OPERATING ACTIVITIES						
Adjustments 0.9964 0.888. Adjustments 0.9964 0.888. Adjustments 0.9964 0.888. Expected oreal concolle for floxs) 0.401.412.0 8 (6.535.3 Loss on disposal of investments 12(4) - 100.075.3 200.737.3 200.747.4 200.747.4 200.747.4 200.747.4 200.747.4 200.747.4 200.747.4 200.747.4 200.747.4 200.747.4 200.747.4 200.747.4 200.747.4 200.747.4 200.747.4 200.747.4 200.747.4 200.747.4 200.747.4 200.757.1 200.757.1 200.757.1 200.757.1 200.757.1 200.777.4 200.777.4 200.777.4	Profit before tax		\$	2.653.547	\$	3.312.582	
Shore of loss of associates and joint ventures accounde for using equity method 6(7) 09.094 108.838 Expected certification (sociation on reventa) of tad dets) 6(19) 12.04.1 - 106.075 Gain on disposal of property, plant and equipment 6(18) (1.20.44.1) (1.61.24.12.1) Depreciation 6(19) 21.08.73 20.57.21 Interest income 6(17) (1.75.24.19.1) (1.61.82.12.7.1) Dividend income 6(18) (1.55.84.8) (1.67.82.7.1) Changes in operating assets and liabilities (1.69.9.1) 34.947.0 (1.71.82.10.1) Changes in operating assets (1.69.8.1) 34.947.0 (1.71.82.10.1) 34.947.0 Changes in operating assets (1.69.8.1) 34.947.0 (1.71.82.10.1) 34.947.0 Accounts precivable 2.05.642.0 (2.74.23.1) (2.62.4.2.1) (2.62.4.2.1) Other cover as assets 3.042.1 (3.01.10.1) (2.62.4.2.1) (1.62.4.2.1) Other cover as assets (2.62.4.2.1) (1.62.4.2.1) (2.72.2.2.1) (3.62.1.2.2.2.2.1) (3.62.1.2.2.2.2.1) (3.62.1.2.2.2.			Ŷ	2,000,017	Ŷ	5,512,002	
Expected credit loss(Gain on revenal of bad dets) 6(4) and 12(4) 8 (6.333 Loss on disposal of property, plant and equipment 6(18) (1.204) (106.075 Gain on disposal of property, plant and equipment 6(18) (1.75.210) (145.227 Interest sucone 6(17) (1.75.210 (145.273 Interest sucone 6(18) (5.558) (8.973 Changes in operating assets and liabilities - 2.277 Divided lineome 0 1.60 1.60 9.60 1.60 9.60 1.60 9.60 1.60 9.60 1.60 9.60 1.60 9.60 1.60 9.60 1.60 9.60 1.60 9.60 1.60 9.60 1.60 9.60 1.60 1.60 9.60 1.60 1.60 1.60 1.60 1.60 1.60 1.60 1.60 1.60 1.60 1.60 1.60 1.65 1.65 1.65 1.65 1.65 1.65 1	Adjustments to reconcile profit (loss)						
Los on disposal of investments 12(4) - 100,073 Gain on disposal of property, plant an equipment 6(18) (12,021 205,733 205,734 205,735 205,735	Share of loss of associates and joint ventures accounted for using equity method	6(7)		69,964		108,858	
Gain on disposed of property, plant and equipment 6(18) (1.204) (1.002) Depreciation 6(17) (1.215,210) (1.451,22) Interest snoome 6(17) (1.52,210) (1.451,22) Divided income 6(18) (1.528,8) (1.528,8) Changes in operating assets and liabilities (1.501,8) (1.528,8) (1.528,8) Financial assets mandatority measured at fair value through profit or loss (1.89,457) - Notes receivable 31,519 349,0976 - 21,369 Accounts receivable 31,612 34,818 - 21,369 (1.74,232) Other current asset 13,000 (7.321) - 21,369 (1.624,74,232) Other provides 13,000 (1.524,74,132,723) (1.624,74,232) (1.624,74,232) (1.624,74,232) (1.624,74,232) (1.624,74,232) (1.624,74,232) (1.624,74,232) (1.624,74,232) (1.624,74,232) (1.624,74,232) (1.624,74,232) (1.624,74,232) (1.624,74,232) (1.624,74,232) (1.624,74,232) (1.624,74,232) (1.624,74,232) (1.624,74,232)	Expected credit loss/(Gain on reversal of bad debts)	6(4) and 12(4)		8	(6,353)	
DepreciationC 100 x71210 x73200 x723Interest income6(17)(175,210)(145,127)Interest expense6(18)(3,558)(8,973)Changes in operating assets and liabilities(175,210)(175,210)(175,210)Changes in operating assets and liabilities(175,210)(175,210)(175,210)Changes in operating assets and andotrolly measured at fair value through profit or loss(189,457)-Notes receivable4,990(1514)-212,369Accounts receivable30,64230,118-121,369Changes in operating liabilities2,055,062(174,229)(107,641)Charnes in operating liabilities13,089(176,221)(107,641)Accounts psysble-121,269(116,36)2233Other quables(116,36)2233(107,641)Accounts psysble(116,36)(23,91,075)(116,36)Other payables-161,071(141,282)(116,30)Other quables(116,36)(23,310)(116,30)Other current liabilities(116,37)(112,320)(21,124,86)Cash Inflow generated from operating activities(116,281)(116,281)(116,281)Other current liabilities(116,281)(116,281)(12,124,86)Charles in other current liabilities(116,281)(116,281)(116,281)Charles in other current liabilities(116,281)(12,124,86)(116,281)Charles in other current liabilities(116,281)(12,124,86)(12	-	12(4)		-		· · ·	
Interest records 6(17) (175.20.) (175.20.) Interest records 6(18) (3.55.8.) (8.973.) Changes in operating assets and liabilities (8.973.) (5.973.) Changes in operating assets and liabilities (8.973.) (5.14.) Changes in operating assets and liabilities (8.9457.) - 2.13.09 Accounts receivable 3.05.15.19 3.94.976 - 2.13.09 Ober crecivables 2.056.96.2 (7.8.20.) - 7.8.20.0 - 7.8.20.0 - 7.8.20.0 - 7.8.20.0 - 7.8.20.0 - 7.8.20.0 - 7.8.20.0 - 7.8.20.0 - 7.8.20.0 - 7.8.20.0 - 7.8.20.0 - 7.8.20.0 - 7.8.20.0 - 7.8.20.0 - 7.8.20.0 - 7.8.20.0 - 7.8.20.0 - - 7.8.20.0 - - 7.8.20.0 - -			(, - ,	(10,421)	
Interest expense	1					· · ·	
Divideal factories 6(18) (3.558.) (8.973.) Changes in operating assets and liabilities -		6(17)	(175,210)	(
Changes in operating assets and liabilities (8,9457) - Changes in operating assets mendatorily measured at fair value through profit or loss (8,9457) - Notes receivable 315,19 349,976 Accounts receivable 30,642 30,189 Other receivables 20,66962 (7,339) Other receivables 20,66962 (7,339) Other current assets 13,089 (7,821) Changes in operating liabilities 2,026,092 (10,744) Accounts payable (8,2487) (42,2194) Other payables (8,2487) (42,2194) Other payables (8,2487) (42,2194) Other corrent liabilities (8,2487) (42,2194) Other corrent liabilities (4,302) (10,764) Cash indow genetical from operations 4,390,226 3,391,075 Dividend sreetived 17,1619 141,282 Interest received 17,1619 141,282 Interest paid - (2,212,840) 3,039,97 CAsh Indow genetical form operating activities - (2,212,840) 3,039,957 CAsh Indow genetical form opera	-			-			
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$\begin{array}{cccc} Other payables - related parties \\ (136) \\ Other non-current liabilities \\ (2313) \\ Other non-current liabilities \\ (2412) \\ (254) inflow generated from operations \\ (255) \\ (27225) \\ Other non-current liabilities \\ (250) \\ (27225) \\ Other non-current liabilities \\ (2733) \\ $			((· · ·	
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Attachment V

TRANSCEND INFORMATION INC. COMPARISON TABLE FOR THE "ARTICLES OF INCORPORATION"

Proposed Amendment	Currently in Effect	Explanation
Article 6-1:	Article 6-1:	To comply with amendments
If the Corporation issue employee stock options	If the Corporation issue employee stock options	to Company Act, widen the
on the exercise price under the market price, it	on the exercise price under the market price, it	application of employee
shall be issued after the resolution of the	shall be issued after the resolution of the	rewards.
Shareholders' meetings in accordance with	Shareholders' meetings in accordance with	
relevant rules and regulations of the Republic of	relevant rules and regulations of the Republic of	
China.	China.	
Employees, including the employees of parents		
or subsidiaries of the company meeting certain		
specific requirements, are entitled to receive		
employee stock options. Such specific		
requirements shall be prescribed by the board of		
directors.		
Article 13 :	Article 13:	1. Modify Chinese wording
The Corporation shall have seven to eleven	The Corporation shall have seven to eleven	to comply with Company
Directors. The Board of Directors is authorized	Directors. The Board of Directors is authorized	Act.
to determine the number of Directors, to be	to determine the number of Directors, to be	2. To comply with "Taiwan
elected by the shareholders meeting from	elected by the shareholders meeting from	Stock Exchange
among candidates with legal capacity. The term	among candidates with legal capacity. The term	Corporation Operation
of office for Directors shall be 3 years, and all	of office for Directors shall be 3 years, and all	Directions for the
Directors shall be eligible for re-election. Once	Directors shall be eligible for re-election. Once	Appointment of
the term of office is expired and it can't elect	the term of office is expired and it can't elect	Independent Directors by
directors immediately, directors can extend and	directors immediately, directors can extend and	TWSE Listed
continue the performance of their duties until	continue the performance of their duties until	Companies" and
the election of directors to take office. The	the election of directors to take office. The	"Corporate Governance
aggregate shareholding percentages of the entire	aggregate shareholding percentages of the entire	Best Practice Principles
bodies of directors shall comply with the	bodies of directors shall comply with the	for TWSE/TPEx Listed
regulations prescribed by the securities	regulations prescribed by the securities	Companies", stipulate the
supervisory authorities. The board of directors	supervisory authorities. The board of directors	Company should acquire
is authorized to resolve the rates of directors'	is authorized to resolve the rates of directors'	liability insurance for all
remuneration based on the extent of their	remuneration based on the extent of their	directors, and report to
participation in the Company's business	participation in the Company's business	Board instead of
operations or value of their contribution, at a	operations or value of their contribution, at a	resolution.

Proposed Amendment	Currently in Effect	Explanation
level consistent with general practices in the	level consistent with general practices in the	Laplanation
industry. The company <u>shall</u> acquire liability	industry. The company <u>may</u> acquire liability	
insurance for all directors within their term of	insurance for all directors within their term of	
office, and report to Board at the next board	office, and the board of directors is authorized	
meeting.	to resolute the scope of insurance.	
Article 15 :	Article 15 :	Modify wording to comply
Board of Directors Meetings shall be convened	Board of Directors Meetings shall be convened	with Company Act.
by the Chairman of the Board of Directors.	by the Chairman of the Board of Directors.	
Except as otherwise provided in the Company	Except as otherwise provided in the Company	
Act, resolutions of the Board of Directors shall	Law of the Republic of China, a meeting of the	
be adopted by a majority of the directors at a	Board of Directors may be held if attended by a	
meeting attended by a majority of the directors.	majority of total Directors and resolutions shall	
	be adopted with the concurrence of the majority	
	of the Directors present at the meeting.	
Article 17:	Article 17:	Modify wording to comply
Duties of the Board of the Directors are as	The Board of the Directors is organized by	with Company Act.
follows:	directors, the duties are as follows:	
1.To propose concerning appropriation of net	1.To propose concerning appropriation of net	
profits or covering of losses.	profits or covering of losses.	
2. To propose increasing or decreasing capital	2.To propose increasing or decreasing capital	
3. To establish or dissolve branches	3.To establish or dissolve branches	
4. To approve budget and final reports	4.To approve budget and final reports	
5. Other duties in accordance with Company Act	5. Other duties in accordance with Company Act	
or given by the resolution of shareholders'	or given by the resolution of shareholders'	
meeting	meeting	
Article 20:	Article 20:	Modify Chinese wording.
The Company may have managerial officers,	The Company may have managerial officers,	
whose appointment, dismissal, and	whose appointment, dismissal, and	
remuneration shall be handled in accordance	remuneration shall be handled in accordance	
with Article 29 of the Company Act.	with Article 29 of the Company Act.	
Article 22 :	Article 22 :	To comply with amendments
If the Company has earnings after the annual	If the Company has earnings after the annual	to Company Act, widen the
final accounting, it shall pay remuneration to	final accounting, it shall pay remuneration to	application of employee
employees at the minimum of 1% of the profit,	employees at the minimum of 1% of the profit,	rewards.

Proposed Amendment	Currently in Effect		Explanation
and pay remuneration to directors at the	and pay remuneration to directors at the		•
maximum of 0.2% of the profit. However, the	maximum of 0.2% of the profit. However, the		
Company's accumulated losses shall have been	Company's accumulated losses shall have been		
covered.	covered.		
Employees' remuneration could be paid by cash	Employees' remuneration could be paid by cash		
or stock. Employees shall mean the employees	or stock, and in the event of stock payment,		
of parents or subsidiaries of the company	employees shall mean the Company's		
meeting certain specific requirements. Such	employees and employees serving with		
specific requirements shall be prescribed by the	affiliates who meet specific requirements. Such		
board of directors.	specific requirements shall be prescribed by the		
	board of directors.		
Article 22-1:	Article 22-1 :	1.	To comply with
If the Company has earnings after the annual	If the Company has earnings after the annual		amendments to Company
final accounting, it shall be allocated in the	final accounting, it shall be allocated in the		Act, authorizing the
following order:	following order:		board of directors'
1.To pay taxes.	1.To pay taxes.		resolution to distribute
2.To cover accumulated losses, if any.	2.To cover accumulated losses, if any.		dividend in cash and
3.To appropriate 10% legal reserve unless the	3.To appropriate 10% legal reserve unless the		report to shareholders'
total legal reserve accumulated has already	total legal reserve accumulated has already		meeting.
reached the amount of the Company's	reached the amount of the Company's	2.	Modify Chinese wording.
authorized capital.	authorized capital.		
4.To appropriate or reverse special reserve in	4.To set aside special reserve in accordance		
accordance with the regulations	with the regulations		
5.To reserve certain amount, on the premise that	5.To reserve certain amount, on the premise that		
there is no effect on the Company's normal	there is no effect on the Company's normal		
operations and no violation of regulations, for	operations and no violation of regulations, for		
maintaining stability of dividends.	maintaining stability of dividends.		
6.For any remainder, adding on accumulated	6.For any remainder, the board of directors shall		
unappropriated retained earnings, the board of	propose allocation ratios and propose them at		
directors shall propose the earnings	the shareholders' meeting.		
distribution proposal and shall handle in	Regarding the special reserve under		
accordance with the following provision: the	subparagraphs 4, the Company shall set aside		
board of directors is authorized to distribute	special reserve, equal to the debit balance which		
dividends and bonuses or legal reserve and	happens at the current year on other equity		
capital reserve in whole or in part which be	items (including Unrealized loss on financial		
paid in cash after a resolution has been	instrument, cumulative translation adjustment,		
adopted by a majority vote at a meeting of the	and unrecognized pension cost, which can be		

Proposed Amendment	Currently in Effect	Explanation
board of directors attended by two-thirds of	combined if there are unrealized gain.), from	•
the total number of directors; and in addition	the current earnings after tax and	
thereto a report of such distribution shall be	unappropriated retained earnings prior year. If	
submitted to the shareholders' meeting in	the debit balance is cumulative before, the	
accordance with Section 5 of Article 240 and	Company shall set aside special reserve not to	
Article 241 of the Company Act. In case of	distribute it from the unappropriated retained	
the dividends and bonuses or legal reserve	earnings prior year. When debit balance on	
and capital reserve in whole or in part be	other equity items is reversed subsequently, the	
distributed in the form of new shares to be	reversed amount could be included in the	
issued by the company, shall be proposed to	distributable earnings.	
the shareholders' meeting for review and		
approval by a resolution in accordance with		
Article 240 of the Company Act.		
Regarding the special reserve under		
subparagraphs 4, the Company shall set aside		
special reserve, equal to the debit balance which		
happens at the current year on other equity		
items (including Unrealized loss on financial		
instrument, cumulative translation adjustment,		
and unrecognized pension cost, which can be		
combined if there are unrealized gain.), from		
the current earnings after tax and		
unappropriated retained earnings prior year. If		
the debit balance is cumulative before, the		
Company shall set aside special reserve not to		
distribute it from the unappropriated retained		
earnings prior year. When debit balance on		
other equity items is reversed subsequently, the		
reversed amount could be included in the		
distributable earnings.		
Article 24 :	Article 24 :	Added date and times of
These Articles of Incorporation were adopted	These Articles of Incorporation were adopted	amendment of Articles of
on August 23, 1989. The first amendment was	on August 23, 1989. The first amendment was	Incorporation.
made on January 28, 1991. The second	made on January 28, 1991. The second	
amendment was made on May 25, 1992. The	amendment was made on May 25, 1992. The	
third amendment was made on September 1,	third amendment was made on September 1,	
1992. The fourth amendment was made on July	1992. The fourth amendment was made on July	

Proposed Amendment	Currently in Effect	Explanation
30, 1994. The fifth amendment was made on	30, 1994. The fifth amendment was made on	
June 8, 1995. The sixth amendment was made	June 8, 1995. The sixth amendment was made	
on July 8, 1997. The seventh amendment was	on July 8, 1997. The seventh amendment was	
made on August 15, 1997. The eighth	made on August 15, 1997. The eighth	
amendment was made on September 12, 1997.	amendment was made on September 12, 1997.	
The ninth amendment was made on June 20,	The ninth amendment was made on June 20,	
1998. The 10th amendment was made on	1998. The 10th amendment was made on	
September 15, 1998. The 11th amendment was	September 15, 1998. The 11th amendment was	
made on June 12, 1999. The 12th amendment	made on June 12, 1999. The 12th amendment	
was made on April 15, 2000. The 13th	was made on April 15, 2000. The 13th	
amendment was made on April 9, 2001. The	amendment was made on April 9, 2001. The	
14th amendment was made on June 10, 2002.	14th amendment was made on June 10, 2002.	
The 15th amendment was made on June 3,	The 15th amendment was made on June 3,	
2003. The 16th amendment was made on June	2003. The 16th amendment was made on June	
11, 2004. The 17th amendment was made on	11, 2004. The 17th amendment was made on	
June 13, 2005. The 18th amendment was made	June 13, 2005. The 18th amendment was made	
on June 14, 2006. The 19th amendment was	on June 14, 2006. The 19th amendment was	
made on June 11, 2007. The 20th amendment	made on June 11, 2007. The 20th amendment	
was made on June 13, 2008. The 21th	was made on June 13, 2008. The 21th	
amendment was made on June 16, 2009. The	amendment was made on June 16, 2009. The	
22th amendment was made on June 17, 2010.	22th amendment was made on June 17, 2010.	
The 23th amendment was made on June 10,	The 23th amendment was made on June 10,	
2011. The 24th amendment was made on	2011. The 24th amendment was made on	
January 5, 2012. The 25th amendment was	January 5, 2012. The 25th amendment was	
made on June 13, 2013. The 26th amendment	made on June 13, 2013. The 26th amendment	
was made on June 12, 2014. The 27th	was made on June 12, 2014. The 27th	
amendment was made on June 14, 2016. The	amendment was made on June 14, 2016.	
28th amendment was made on June 12, 2019.		

TRANSCEND INFORMATION INC.

COMPARISON TABLE FOR THE "PROCEDURES FOR ELECTION OF DIRECTOR"

Proposed Amendment	Currently in Effect	Explanation
Article 1 : Elections of directors shall be	Article 1 : Elections of directors shall be	To comply with amendments
conducted in accordance with these Procedures.	conducted in accordance with these Procedures.	to Company Act, simplify
Elections of directors at this Corporation shall	Elections of <u>both</u> directors (including	nominate procedure and
be conducted in accordance with the candidate	independent directors) at this Corporation shall	modify wording as
nomination system, <u>carefully</u> review the	be conducted in accordance with the candidate	"Corporate Governance Best
qualifications of a nominated candidate and the	nomination system and procedures set out in	Practice Principles for TWSE/
existence of any other matters set forth in	Article 192-1 of the Company Act. This	TPEx Listed Companies".
Article 30 of the Company Act, and act in	Corporation shall review the qualifications,	
accordance with Article 192-1 of the Company	education, working experience, background,	
Act.	and the existence of any other matters set forth	
The professional qualifications, restrictions on	in Article 30 of the Company Act with respect	
both shareholding and concurrent positions	to nominee directors and may not arbitrarily add	
held, determination of independence, method of	requirements for documentation of other	
nomination and other requirements with regard	qualifications. It shall further provide the results	
to the independent directors shall be set forth in	of the review to shareholders for their reference,	
accordance with the Securities and Exchange	so that qualified directors will be elected.	
Act, the Regulations Governing Appointment of		
Independent Directors and Compliance Matter		
for Public Companies, and the rules and		
regulations of the Taiwan Stock Exchange.		

TRANSCEND INFORMATION INC.

COMPARISON TABLE FOR THE "PROCEDURES FOR ACQUISITION AND DISPOSAL OF ASSETS"

Proposed Amendment	OCEDURES FOR ACQUISITION AND I Currently in Effect	Explanation
Article 3 : Scope of assets	Article 3 : Scope of assets	Add right-of-use assets to
1.Investments in stocks, government bonds,	1.Investments in stocks, government bonds,	comply with "Regulations
corporate bonds, financial bonds, securities	corporate bonds, financial bonds, securities	Governing the Acquisition
representing interest in a fund, depositary	representing interest in a fund, depositary	and Disposal of Assets by
receipts, call (put) warrants, beneficial interest	receipts, call (put) warrants, beneficial interest	Public Companies".
securities, and asset-backed securities.	securities, and asset-backed securities.	r uone companies .
2.Real property (including land, houses and	2.Real property (including land, houses and	
buildings, investment property, and	buildings, investment property, rights to use	
construction enterprise inventory) and	land, and construction enterprise inventory)	
equipment.	and equipment.	
3.Memberships.	3.Memberships.	
4.Intangible assets: including Patents,	4.Intangible assets: including Patents,	
copyrights, trademarks, and franchise rights.	copyrights, trademarks, and franchise rights.	
5.Right-of-use assets.	<u>5.</u> Claims of financial institutions (including	
<u>6.</u> Claims of financial institutions (including	receivables, bills purchased and discounted,	
receivables, bills purchased and discounted,	loans, and overdue receivables).	
loans, and overdue receivables).	<u>6.Derivatives.</u>	
<u>7.</u> Derivatives.	<u>7.</u> Assets acquired or disposed of in connection	
8.Assets acquired or disposed of in connection	with mergers, demergers, acquisitions, or	
with mergers, demergers, acquisitions, or	transfer of shares in accordance with law.	
transfer of shares in accordance with law.	8.Other major assets.	
<u>9.</u> Other major assets.	<u>o.</u> other major assets.	
		Modify wording to comply
Article 4 : Definitions of Term1. Derivatives: Forward contracts, options	Article 4 : Definitions of Term 1.Derivatives: Forward contracts, options	with "Regulations Governing
contracts, futures contracts, leverage	contracts, futures contracts, leverage	the Acquisition and Disposal
contracts, <u>or</u> swap contracts, whose value is	contracts, and swap contracts, and compound	of Assets by Public
derived from a specified interest rate,	contracts combining the above products,	Companies".
financial instrument price, commodity price,	whose value is derived from <u>assets</u> , interest	compunes .
foreign exchange rate, index of prices or rates,	rates, foreign exchange rates, indexes or other	
credit rating or credit index, or other variable;	interests. The term "forward contracts" does	
or hybrid contracts combining the above	not include insurance contracts, performance	
contracts; or hybrid contracts or structured	contracts, after-sales service contracts,	
products containing embedded derivatives.	long-term leasing contracts, or long-term	
The term "forward contracts" does not include	purchase (sales) agreements.	
	r	

Proposed Amendment	Currently in Effect	Explanation
insurance contracts, performance contracts,	(omitting)	
after-sales service contracts, long-term leasing		
contracts, or long-term purchase (sales)		
contracts.		
(omitting)		
Article 5 : Limitation of investment amount	Article 5 : Limitation of investment amount	Add right-of-use assets to
The acquisition of real estate and right-of-use	The acquisition of real estate by this Company	comply with "Regulations
assets thereof by this Company for	for non-operating purpose should not exceed	Governing the Acquisition
non-operating purpose should not exceed 30%	30% of this Company's net worth. The total	and Disposal of Assets by
of this Company's net worth. The total amount	amount of security investments by this	Public Companies".
of security investments by this Company should	Company should not exceed 20% of this	
not exceed 20% of this Company's net worth.	Company's net worth. The amount of	
The amount of investment by this Company in	investment by this Company in each respective	
each respective security should not exceed 10%	security should not exceed 10% of this	
of this Company's net worth.	Company's net worth.	
<u>Article 6</u> : Authority to approve	Article 9 : Authority to approve	1. Add right-of-use assets
<u>1.</u> In acquiring and disposing of assets, except in	In acquiring and disposing of assets, except in	and clarify the exemption
trading of domestic government bonds, bonds	trading of bonds under repurchase and resale	to domestic government
under repurchase and resale agreements, or	agreements, or subscription or redemption of	bonds to comply with
subscription or redemption of money market	money market funds issued by domestic	"Regulations Governing
funds issued by domestic securities	securities investment trust enterprises, which	the Acquisition and
investment trust enterprises, which should be	should be approved by financial supervisor, the	Disposal of Assets by
approved by financial supervisor, the	Company shall submit the transaction to	Public Companies".
Company shall submit the transaction to	President or Chairman for approval. In	2. Arrange the article to
President or Chairman for approval.	acquiring or disposing of real property from or	fulfill the requirement of
2. Following transactions shall be submitted to	to a related party, or assets other than real	practical operation.
Audit Committee and Board of directors for	property from or to a related party and the	
approval:	transaction amount reaches 20 percent or more	
(1) In acquiring or disposing of real property	of paid-in capital or NT\$300 million or more,	
and right-of-use assets thereof from or to a	except in trading of bonds under repurchase and	
related party.	resale agreements, or subscription or	
(2) In acquiring assets and right-of-use assets	redemption of money market funds issued by	
thereof other than real property from or to	domestic securities investment trust enterprises,	
a related party and the transaction amount	the Company shall submit the transaction to	
reaches 20 percent or more of paid-in	Audit Committee and Board for approval.	
capital or NT\$300 million or more.		

Proposed Amendment	Currently in Effect	Explanation
(3) In acquiring assets from or to a non-related		Explanation
party and the transaction amount reaches		
20 percent or more of paid-in capital or		
NT\$300 million or more.		
Article 7 : The procedures for acquisition or	Article 7 : Appraisal procedures	1. Arrange the article to
disposal of Investments in Securities	1.For acquisition or disposal of securities not	fulfill the requirement of
1.Appraisal procedures	traded on the centralized securities exchange	practical operation.
(1) For acquisition or disposal of securities	market or an OTC market, the price shall be	2. Add right-of-use assets
not traded on the centralized securities	determined through negotiation after	and clarify the exemption
exchange market or an OTC market, the	consideration of net worth per share,	to domestic government
price shall be determined through	profitability, and future development	agency to comply with
negotiation after consideration of net	potential, taking current market prices as a	"Regulations Governing
worth per share, profitability, and future	reference, or by negotiation after reference to	the Acquisition and
development potential, taking current	current market interest rates, bond coupon	Disposal of Assets by
market prices as a reference, or by	rates, and debtor creditworthiness.	Public Companies".
negotiation after reference to current	2.For acquisition or disposal of securities traded	3. Reference operating
market interest rates, bond coupon rates,	on the centralized securities exchange market	procedures to internal
and debtor creditworthiness.	or an OTC market, the price shall be	control of the Company.
(2)For acquisition or disposal of securities	determined according to the current trading	4. Stipulate the appraisal
traded on the centralized securities	price.	procedure for intangible
exchange market or an OTC market, the	<u>3.</u> To acquire or dispose of <u>other fixed assets</u> , the	assets and right-of-use
price shall be determined according to the	Company shall make a price determination	assets thereof,
current trading price.	through one of three methods, either price	membership, and other
2.Operating procedures	enquiry, price comparison, price negotiation,	assets.
The operating procedures for acquisition or	or call for tenders. Prices for the acquisition	5. Modify wording.
disposal of securities shall be implemented in	or disposal of real property shall be	
accordance with investment cycle of internal	determined through negotiation, with	
control system of the Company.	reference to the announced current value and	
3. Responsible unit	assessed value of the property and the actual	
The responsible unit for implementation of	transaction prices of neighboring real	
security investments is financial department.	properties. If the transaction amount reaches	
4.Professional opinion	the amount required to publicly announce in	
In acquiring or disposing of Securities, shall,	accordance with this procedures, it shall refer	
prior to the date of occurrence of the event,	to an appraisal report from a professional	
obtain financial statements of the issuing	appraiser	
company for the most recent period, certified		
or reviewed by a certified public accountant,	Article 8 : Operating procedures	

Proposed Amendment	Currently in Effect	Explanation
for reference in appraising the transaction	1.Acquisition or disposition of all assets shall be	•
price, and if the transaction amount reaches 20	approved in accordance with the "approval	
percent of the company's paid-in capital or	authority table for Purchase Requisition and	
NT\$300 million or more, the company shall	Procurement". If the asset is real estate or	
additionally engage a certified public	other fixed asset, registration, management	
accountant prior to the date of occurrence of	and use shall be in accordance with	
the event to provide an opinion regarding the	"Guideline for Assets management".	
reasonableness of the transaction price. If the	2.For acquisition or disposition of all assets, the	
CPA needs to use the report of an expert as	host department shall evaluate feasibility	
evidence, the CPA shall do so in accordance	based on the reason, subject item,	
with the provisions of Statement of Auditing	counterparty, transfer price, payment terms	
Standards No. 20 published by the ARDF.	and price basis, and send the report to	
This requirement does not apply, however, to	authority unit for approval. The acquisition or	
publicly quoted prices of securities that have	disposition of all assets will be implemented	
an active market, or where otherwise provided	by management department after approval.	
by regulations of the Financial Supervisory	All matter will be in accordance with the rules	
Commission (FSC).	of company's internal control and this	
	procedure.	
Article 8 : The procedures for acquisition or	3. The responsible unit for implementation of	
disposal of assets other than investments in	Long-term and Short-term investments in	
securities	securities is financial department; and of Real	
1.Appraisal procedures	property and other fixed assets is the unit	
(1) To acquire or dispose of real property,	specifically responsible for such matters.	
equipments, and right-of-use assets	Other assets should be appraised by the	
thereof, the Company shall make a price	responsible unit before implement.	
determination through one of three	4.For the acquisition of the real estate, it should	
methods, either price enquiry, price	immediately apply for insurance.	
comparison, price negotiation, or call for	5. Acquisition or disposition of all assets will be	
tenders. Prices for the acquisition or	in accordance with the rules of company's	
disposal of real property shall be	internal control. If there is a detection of	
determined through negotiation, with	material violation, the Company will penalize	
reference to the announced current value	the related personnel based on the situation of	
and assessed value of the property and the	violation.	
actual transaction prices of neighboring		
real properties. If the transaction amount	Article 10 : In acquiring or disposing of real	
reaches the amount required to publicly	property or equipment where the transaction	
announce in accordance with this	amount reaches 20 percent of the company's	
procedures, it shall refer to an appraisal	paid-in capital or NT\$300 million or more, the	

Proposed Amendment Currently in Effect Explanation (2) To acquire or dispose of imangible assess or right-of-use assets thereof, memberships, or other assets, thereof, memberships, or other assets, measing provisions: Ind, engaging others to build on rented land, or acquisition or disposition of assets with measing provisions: Ind, engaging others to build on rented land, or acquisition or disposition of assets with the facishility based on the reason, subject item, counterparty, transfer price, payment terms and orice basis, and cand the report to authority unit for approval. The acquisition or disposition of all assets will be in accordance with the rules of generative approval. All matter will be in accordance with the rules of generative approval. All matter will be in accordance with the rules of generative approval. All matter will be in accordance with the rules of generative approval. All matter will be in accordance with the rules of generative approval. If there is a detection of material violation, the company's internal control. If there is a detection of material violation, the company will penalize the related personnel based on the situation of		Commentation Eff.	E 1
 (2) To acquire or dispose of intangible assets thereof metherships, or other assets, the company shall take the future expected benefit into consideration. 2) Orerating mocedures (1) The operating procedures for acquisition or disposition of all assets view of the content from a professional appraiser and shall further comply with the following provisions: (2) For acquisition or disposition of all assets with the host department shall evaluate feasibility based on the reason, subject its indicertate approxial. The acquisition or disposition of all assets with the noise of approxial in advance by the board of directors, and the same procedure shall be followed for any future changes to the transaction amount is NTS1 billion or more, appraisals from two or more professional appraiser's appraisal results for the assets to be acquired are higher than the transaction amount, a certified public acquired are higher than the transaction amount, a certified public acquired are higher than the transaction amount, a certified public acquired are higher than the transaction for a lower than the transaction for a lower than the transaction amount, a certified public acquired are higher than the transaction for a lower than the transaction amount, a certified public acquired are higher than the transaction for the discrepancy between the appraisal results for the assets to be appropriate assets to be disposed of are lower than the transaction for the discrepancy between the appropriateness of the transaction (ARDF) and red assets with the reason for the discrepancy between the appraisat 	Proposed Amendment	Currently in Effect	Explanation
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 item, counterparty, transfer price, payment terms and price basis, and send the report to authority unit for approval. The acquisition or disposition of all assets will be followed for any future changes 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 any one of the following circumstances applies with respect to the professional appraiser's appraisal results, unless all the appraisal results for the assets to be acquired are higher than the transaction amount, or all the appraisal results for the assets to be disposed of are lower than the transaction amount, or all the appraisal results for the assets to be disposed of are lower than the transaction amount, or all the appraisal results for the assets to be disposed of are lower than the transaction amount, a certified public accountant shall be engaged to perform the appraisal in accordance with the rules of company will penalize the related personnel based on the situation of violation. 3.Responsible unit The responsible unit for implementation of Real property and other fixed assets is the unit specifically responsible for such matters. Other assets should be appraised by the Where any one of the following circumstances applies with respect to the professional appraiser's appraisal results for the assets to be disposed of are lower than the transaction amount, a certified public accountant shall be engaged to perform the appraisal in accordance with the provisions of Statement of Auditing Standards No. 20 published by the ROC Accounting Research and Development Foundation (ARDF) and render a specific opinion regarding the reason for the discrepancy between the appraisal 	the host department shall evaluate	the transaction price, the transaction shall be	
terms and price basis, and send the report to authority unit for approval. The acquisition or disposition of all assets will be implemented by management department after approval. All matter will be in accordance with the rules of company's internal control and this procedure.shall be followed for any future changes to the terms and conditions of the transaction(3) For the acquisition of the real estate, it should immediately apply for insurance.(4) Acquisition of disposition of all assets will be in accordance with the rules of company's internal control. If there is a detection of material violation, the Company will penalize the related personnel based on the situation of violation.Shall be followed for any future changes to the terms and conditions of the transaction appraisals from two or more professional appraiser's appraisal results to be acquired are higher than the transaction amount, or all the appraisal results for the assets to be disposed of are lower than the transaction amount, a certified public accountant shall be engaged to perform the appraisal in accordance with the provisions of Statement of Auditing Standards No. 20 published by the ROC Accounting Research and Development Foundation (ARDF) and render a specific opinion regarding the reason for the discrepancy and the approjateness of the transaction price: 	feasibility based on the reason, subject	submitted for approval in advance by the	
to authority unit for approval. The acquisition or disposition of all assets will be implemented by management department after approval. All matter will be in accordance with the rules of company's internal control and this procedure.terms and conditions of the transaction amount is NT\$1 billion or more, appraisals from two or more professional appraisers shall be obtained. 3. Where any one of the following circumstances applies with respect to the professional appraiser's appraisal results, unless all the appraisal results for the assets to be acquired are higher than the transaction amount, or all the appraisal results for the assets to be disposed of are lower than the transaction amount, a certified public accountant shall be engaged to perform the appraisal in accordance with the rules of to material violation, the Company will penalize the related personnel based on the situation of violation.terms and conditions of the transaction amount, or all the appraisal results for the assets to be disposed of are lower than the transaction amount, a certified public accountant shall be engaged to perform the appraisal in accordance with the provisions of Statement of Auditing Standards No. 20 published by the ROC Accounting Research and Development Foundation (ARDF) and render a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price: Arthe discrepancy between the appraisal	item, counterparty, transfer price, payment	board of directors, and the same procedure	
acquisition or disposition of all assets will be implemented by management department after approval. All matter will be in accordance with the rules of company's internal control and this procedure.2. Where the transaction amount is NT\$1 billion or more, appraisals from two or more professional appraisers shall be obtained. 3. Where any one of the following circumstances applies with respect to the professional appraiser's appraisal results, unless all the appraisal results for the assets to be acquired are higher than the transaction amount, or all the appraisal results for the assets to be disposed of are lower than the transaction amount, a certified public accountant shall be engaged to perform the appraisal in accordance with the rules of company will penalize the related personnel based on the situation of kolation.3. Responsible unit specifically responsible for such matters. Other assets should be appraised by theS. Where the transaction amount is NT\$1 billion or more, appraisals from two or more professional appraiser's appraisal results for the assets to be acquired are higher than the transaction amount, or all the appraisal results for the assets to be disposed of are lower than the transaction amount, a certified public accountant shall be engaged to perform the appraisal in accordance with the provisions of Statement of Auditing Standards No. 20 published by the ROC Accounting Research and Development Foundation (ARDF) and render a specific opinion regarding the reason for the discrepancy between the appraisal	terms and price basis, and send the report	shall be followed for any future changes to the	
beimplementedbymanagement department after approval. All matter will beormore, appraisals from two or more professional appraisers shall be obtained.bein accordance with the rules of company's internal control and this procedure.3. Where any one of the following circumstances applies with respect to the professional appraiser's appraisal results, unless all the appraisal results for the assets to be acquired are higher than the transaction amount, or all the appraisal results for the assets to be disposed of are lower than the transaction amount, a certified public accountant shall be engaged to perform the appraisal in accordance with the rules of violation.3. Responsible unit specifically responsible for such matters. Other assets should be appraised by theor more, appraisals from two or more professional appraiser's appraisal results, unless all the appraisal results for the assets to be acquired are higher than the transaction amount, or all the appraisal results for the assets to be disposed of are lower than the transaction amount, a certified public accountant shall be engaged to perform the appraisal in accordance with the provisions of Statement of Auditing Standards No. 20 published by the ROC Accounting Research and Development Foundation (ARDF) and render a specific opinion regarding the reason for the discrepancy and the appraisal the transaction price: Other assets should be appraised by the	to authority unit for approval. The	terms and conditions of the transaction.	
department after approval. All matter will be in accordance with the rules of company's internal control and this procedure.professional appraisers shall be obtained.(3) For the acquisition of the real estate, it should immediately apply for insurance3.Where any one of the following circumstances applies with respect to the professional appraiser's appraisal results, unless all the appraisal results for the assets to be acquired are higher than the transaction amount, or all the appraisal results for the assets to be disposed of are lower than the transaction amount, a certified public accountant shall be engaged to perform the appraisal in accordance with the related personnel based on the situation of violation.3.Responsible unit The responsible unit for implementation of Real property and other fixed assets is the unit specifically responsible for such matters.matter will of the transaction price: A_The discrepancy between the appraisal	acquisition or disposition of all assets will	2. Where the transaction amount is NT\$1 billion	
be in accordance with the rules of company's internal control and this procedure.3. Where any one of the following circumstances applies with respect to the professional appraiser's appraisal results, unless all the appraisal results for the assets to be acquired are higher than the transaction amount, or all the appraisal results for the assets to be disposed of are lower than the transaction amount, a certified public accountant shall be engaged to perform the appraisal in accordance with the rules of tompany's internal control. If there is a detection of material violation, the Company will penalize the related personnel based on the situation of violation.3. Responsible unit for implementation of Real property and other fixed assets is the unit specifically responsible for such matters.Mere any one of the following circumstances applies with respect to the professional appraiser's appraisal results for the discrepancy and the appraisalWhere any one of the following circumstances applies with respect to the professional appraiser's appraisal results for the assets to be acquired are higher than the transaction amount, or all the appraisal results for the assets to be disposed of are lower than the transaction amount, a certified public accountant shall be engaged to perform the appraisal in accordance with the provisions of Statement of Auditing Standards No. 20 published by the ROC Accounting Research and Development Foundation (ARDF) and render a specific opinion regarding the reason for the discrepancy and the appraisal the transaction price: A. The discrepancy between the appraisal	be implemented by management	or more, appraisals from two or more	
company's internal control and this procedure.circumstances applies with respect to the professional appraisal results, unless all the appraisal results, unless all the appraisal results for the assets to be acquired are higher than the transaction amount, or all the appraisal results for the assets to be disposed of are lower than the transaction amount, a certified public accountant shall be engaged to perform the appraisal in accordance with the rules of violation.3.Responsible unit The responsible unit for implementation of Real property and other fixed assets is the unit specifically responsible for such matters.circumstances applies with respect to the professional appraised by theOther assets should be appraised by thecircumstances applies with respect to the professional appraiser's appraisal results, unless all the appraisal results for the assets to be acquired are higher than the transaction amount, or all the appraisal results for the assets to be disposed of are lower than the transaction amount, a certified public accountant shall be engaged to perform the appraisal in accordance with the provisions of Statement of Auditing Standards No. 20 published by the ROC Accounting Research and Development Foundation (ARDF) and render a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price:Other assets should be appraised by theA_The discrepancy between the appraisal	department after approval. All matter will	professional appraisers shall be obtained.	
procedure.professional appraiser's appraisal results, unless all the appraisal results for the assets to be acquired are higher than the transaction amount, or all the appraisal results for the assets to be disposed of are lower than the transaction amount, a certified public accountant shall be engaged to perform the apraisal in accordance with the related personnel based on the situation of violation.professional appraiser's appraisal results, unless all the appraisal results for the assets to be acquired are higher than the transaction amount, or all the appraisal results for the assets to be disposed of are lower than the transaction amount, a certified public accountant shall be engaged to perform the appraisal in accordance with the provisions of Statement of Auditing Standards No. 20 published by the ROC Accounting Research and Development Foundation (ARDF) and render a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price: A.The discrepancy between the appraisal	be in accordance with the rules of	<u>3.</u> Where any one of the following	
 (3) For the acquisition of the real estate, it should immediately apply for insurance. (4) Acquisition or disposition of all assets will be in accordance with the rules of company's internal control. If there is a detection of material violation, the Company will penalize the related personnel based on the situation of violation. 3.Responsible unit The responsible unit for implementation of Real property and other fixed assets is the unit specifically responsible for such matters. When a control is the transaction arount, a certified public accountant shall be engaged to perform the appraisal in accordance with the provisions of Statement of Auditing Standards No. 20 published by the ROC Accounting Research and Development Foundation (ARDF) and render a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price: Other assets should be appraised by the 	company's internal control and this	circumstances applies with respect to the	
should immediately apply for insurance.be acquired are higher than the transaction(4) Acquisition or disposition of all assets will be in accordance with the rules of company's internal control. If there is a detection of material violation, the Company will penalize the related personnel based on the situation of violation.be acquired are higher than the transaction amount, or all the appraisal results for the assets to be disposed of are lower than the transaction amount, a certified public accountant shall be engaged to perform the appraisal in accordance with the provisions of Statement of Auditing Standards No. 20 published by the ROC Accounting Research and Development Foundation (ARDF) and render a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price: A.The discrepancy between the appraisal	procedure.	professional appraiser's appraisal results,	
(4) Acquisition or disposition of all assets will be in accordance with the rules of company's internal control. If there is a detection of material violation, the Company will penalize the related personnel based on the situation of violation.amount, or all the appraisal results for the assets to be disposed of are lower than the transaction amount, a certified public accountant shall be engaged to perform the appraisal in accordance with the provisions of Statement of Auditing Standards No. 20 published by the ROC Accounting Research and Development Foundation (ARDF) and render a specific opinion regarding the reason for the discrepancy and the appraisal3.Responsible unit specifically responsible for such matters. Other assets should be appraised by theA.The discrepancy between the appraisal	(3) For the acquisition of the real estate, it	unless all the appraisal results for the assets to	
be in accordance with the rules of company's internal control. If there is a detection of material violation, the Company will penalize the related personnel based on the situation of violation.assets to be disposed of are lower than the transaction amount, a certified public accountant shall be engaged to perform the appraisal in accordance with the provisions of Statement of Auditing Standards No. 20 published by the ROC Accounting Research and Development Foundation (ARDF) and render a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price: A.The discrepancy between the appraisal	should immediately apply for insurance.	be acquired are higher than the transaction	
company's internal control. If there is a detection of material violation, the Company will penalize the related personnel based on the situation of violation.transaction amount, a certified public accountant shall be engaged to perform the appraisal in accordance with the provisions of Statement of Auditing Standards No. 20 published by the ROC Accounting Research and Development Foundation (ARDF) and render a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price:Other assets should be appraised by theA.The discrepancy between the appraisal	(4) Acquisition or disposition of all assets will	amount, or all the appraisal results for the	
detection of material violation, the Company will penalize the related personnel based on the situation of violation.accountant shall be engaged to perform the appraisal in accordance with the provisions of Statement of Auditing Standards No. 20 published by the ROC Accounting Research and Development Foundation (ARDF) and render a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price:The responsible unit specifically responsible for such matters. Other assets should be appraised by theA. The discrepancy between the appraisal	be in accordance with the rules of	assets to be disposed of are lower than the	
Company will penalize the related personnel based on the situation of violation.appraisal in accordance with the provisions of Statement of Auditing Standards No. 20 published by the ROC Accounting Research and Development Foundation (ARDF) and render a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price:Other assets should be appraised by theA.The discrepancy between the appraisal	company's internal control. If there is a	transaction amount, a certified public	
personnel based on the situation of violation.Statement of Auditing Standards No. 20 published by the ROC Accounting Research and Development Foundation (ARDF) and render a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price: Other assets should be appraised by theStatement of Auditing Standards No. 20 published by the ROC Accounting Research and Development Foundation (ARDF) and render a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price:	detection of material violation, the	accountant shall be engaged to perform the	
violation.published by the ROC Accounting Research3.Responsible unitand Development Foundation (ARDF) andThe responsible unit for implementation of Real property and other fixed assets is the unit specifically responsible for such matters.for the discrepancy and the appropriateness of the transaction price:Other assets should be appraised by the <u>A.</u> The discrepancy between the appraisal	Company will penalize the related	appraisal in accordance with the provisions of	
3.Responsible unitand Development Foundation (ARDF) and render a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price:Other assets should be appraised by the <u>A.</u> The discrepancy between the appraisal	personnel based on the situation of	Statement of Auditing Standards No. 20	
3.Responsible unitand Development Foundation (ARDF) and render a specific opinion regarding the reasonThe responsible unit for implementation of Real property and other fixed assets is the unit specifically responsible for such matters. Other assets should be appraised by theand Development Foundation (ARDF) and render a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price:Other assets should be appraised by the <u>A.</u> The discrepancy between the appraisal	violation.	published by the ROC Accounting Research	
The responsible unit for implementation of Real property and other fixed assets is the unit specifically responsible for such matters.render a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price:Other assets should be appraised by the <u>A.</u> The discrepancy between the appraisal	3.Responsible unit	and Development Foundation (ARDF) and	
Real property and other fixed assets is the unit specifically responsible for such matters.for the discrepancy and the appropriateness of the transaction price:Other assets should be appraised by the <u>A.</u> The discrepancy between the appraisal	The responsible unit for implementation of	_	
specifically responsible for such matters.the transaction price:Other assets should be appraised by the <u>A.</u> The discrepancy between the appraisal			
Other assets should be appraised by the <u>A.</u> The discrepancy between the appraisal			
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Proposed Amendment	Currently in Effect	Explanation
4.Professional opinion	percent or more of the transaction amount.	•
In acquiring or disposing of real property,	<u>B.</u> The discrepancy between the appraisal	
equipment, or right-of-use assets thereof,	results of two or more professional	
where the transaction amount reaches 20	appraisers is 10 percent or more of the	
percent of the company's paid-in capital or	transaction amount.	
NT\$300 million or more, the company, except	4.No more than 3 months may elapse between	
transacting with a domestic government	the date of the appraisal report issued by a	
agency, engaging others to build on its own	professional appraiser and the contract	
land, engaging others to build on rented land,	execution date; provided, where the publicly	
or acquiring or disposing of equipment or	announced current value for the same period	
right-of-use assets thereof for business use,	is used and not more than 6 months have	
shall obtain an appraisal report prior to the	elapsed, an opinion may still be issued by the	
date of occurrence of the event from a	original professional appraiser.	
professional appraiser and shall further		
comply with the following provisions:	Article 11 : The procedures for Acquisition or	
(1)Where due to special circumstances it is	Disposal of Investments in Securities	
necessary to give a limited price, specified	In acquiring or disposing of Securities, shall,	
price, or special price as a reference basis	prior to the date of occurrence of the event,	
for the transaction price, the transaction	obtain financial statements of the issuing	
shall be submitted for approval in advance	company for the most recent period, certified or	
by the board of directors, and the same	reviewed by a certified public accountant, for	
procedure shall be followed for any future	reference in appraising the transaction price,	
changes to the terms and conditions of the	and if the transaction amount reaches 20 percent	
transaction.	of the company's paid-in capital or NT\$300	
(2) Where the transaction amount is NT\$1	million or more, the company shall additionally	
billion or more, appraisals from two or	engage a certified public accountant prior to the	
more professional appraisers shall be	date of occurrence of the event to provide an	
obtained.	opinion regarding the reasonableness of the	
(3) Where any one of the following	transaction price. If the CPA needs to use the	
circumstances applies with respect to the	report of an expert as evidence, the CPA shall	
professional appraiser's appraisal results,	do so in accordance with the provisions of	
unless all the appraisal results for the	Statement of Auditing Standards No. 20	
assets to be acquired are higher than the	published by the ARDF. This requirement does	
transaction amount, or all the appraisal	not apply, however, to publicly quoted prices of	
results for the assets to be disposed of are	securities that have an active market, or where	
lower than the transaction amount, a	otherwise provided by regulations of the	
certified public accountant shall be	Financial Supervisory Commission (FSC).	
engaged to perform the appraisal in		

Proposed Amendment	Currently in Effect	Explanation
accordance with the provisions of	Article 13 : The procedures for acquisition or	
Statement of Auditing Standards No. 20	disposition of memberships and intangible	
published by the ROC Accounting	assets	
Research and Development Foundation	In acquiring or disposing of memberships or	
(ARDF) and render a specific opinion	intangible assets where the transaction amount	
regarding the reason for the discrepancy	reaches 20 percent of the company's paid-in	
and the appropriateness of the transaction	capital or NT\$300 million or more, the	
price:	company, except transacting with a government	
<u>A.</u> The discrepancy between the appraisal	agency, the company shall additionally engage	
result and the transaction amount is 20	a certified public accountant prior to the date of	
percent or more of the transaction	occurrence of the event to provide an opinion	
amount.	regarding the reasonableness of the transaction	
B. The discrepancy between the appraisal	price. CPA shall do so in accordance with the	
results of two or more professional	provisions of Statement of Auditing Standards	
appraisers is 10 percent or more of the	No. 20 published by the ARDF.	
transaction amount.		
(4) No more than 3 months may elapse		
between the date of the appraisal report		
issued by a professional appraiser and the		
contract execution date; provided, where		
the publicly announced current value for		
the same period is used and not more than		
6 months have elapsed, an opinion may		
still be issued by the original professional		
appraiser.		
In acquiring or disposing of intangible assets		
or right-of-use assets thereof, memberships, or		
other assets, where the transaction amount		
reaches 20 percent of the company's paid-in		
capital or NT\$300 million or more, the		
company, except transacting with a domestic		
government agency, 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. CPA		
shall do so in accordance with the provisions		
of Statement of Auditing Standards No. 20		

Proposed Amendment	Currently in Effect		Explanation
published by the ARDF.			
Article 9: The amount of transactions shall be	Article 13-1 : The calculation of the transaction	1.	Arrange the article to
calculated as follows:	amounts referred to in the preceding four		fulfill the requirement of
1.The amount of any individual transaction.	articles shall be done in accordance with Article		practical operation.
2.The cumulative transaction amount of	19 herein, and "within the preceding year" as	2.	Describe the calculation
acquisitions and disposals of the same type of	used herein refers to the year preceding the date		of amount of transactions
underlying asset with the same transaction	of occurrence of the current transaction. Items		clearly in accordance
counterparty within the preceding year.	for which an appraisal report from a		with " Regulations
<u>3.The cumulative transaction amount of</u>	professional appraiser or a CPA's opinion has		Governing the
acquisitions and disposals (cumulative	been obtained need not be counted toward the		Acquisition and Disposal
acquisitions and disposals, respectively) of	transaction amount.		of Assets by Public
real property or right-of-use assets thereof			Companies".
within the same development project within			
the preceding year.			
4.The cumulative transaction amount of			
acquisitions and disposals (cumulative			
acquisitions and disposals, respectively) of the			
same security within the preceding year.			
"Within the preceding year" as used in the			
preceding paragraph refers to the year preceding			
the date of occurrence of the current transaction.			
Items for which an appraisal report from a			
professional appraiser or a CPA's opinion has			
been obtained need not be counted toward the			
transaction amount.			
Article 10 : Professional appraisers and their	<u>Article 6</u> : Professional appraisers and their	1.	Arrange the article to
officers, certified public accounts, attorneys,	officers, certified public accounts, attorneys,		fulfill the requirement of
and securities underwriters that provide the	and securities underwriters that provide the		practical operation.
companies with appraisal reports, certified	companies with appraisal reports, certified	2.	Stipulate the qualification
public accountants' opinions, attorney's	public accountants ' opinions, attorney's		of external experts in
opinions, or underwriter's opinions shall meet	opinions, or underwriter's opinions shall not be		accordance with
the requirements in accordance with Article 5 of	a related party of any party to the transaction.		"Regulations Governing
"Regulations Governing the Acquisition and			the Acquisition and
Disposal of Assets by Public Companies"			Disposal of Assets by
			Public Companies".

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Proposed Amendment Article 11 : Where the Company acquires or	Currently in Effect Article 14 : Where the Company acquires or	Explanation Arrange the article to fulfill
disposes of assets through court auction	disposes of assets through court auction	the requirement of practical
procedures, the evidentiary documentation	procedures, the evidentiary documentation	operation.
issued by the court may be substituted for the	issued by the court may be substituted for the	
appraisal report or CPA opinion.	appraisal report or CPA opinion.	
Article 12 : The procedures for Related Party	Article 12 : The procedures for Related Party	1. Arrange the article to
Transactions	Transactions	fulfill the requirement of
<u>1.Appraisal procedures</u>	<u>1.</u> When the Company engages in any	practical operation.
When the Company engages in any	acquisition or disposal of assets from or to a	2. Add right-of-use assets
acquisition or disposal of assets from or to a	related party, in addition to ensuring that the	and clarify the exemption
related party, in addition to ensuring that the	necessary resolutions are adopted and the	to domestic government
necessary resolutions are adopted and the	reasonableness of the transaction terms is	agency to comply with
reasonableness of the transaction terms is	appraised, if the transaction amount reaches	"Regulations Governing
appraised, if the transaction amount reaches	10 percent or more of the company's total	the Acquisition and
10 percent or more of the company's total	assets, the company shall also obtain an	Disposal of Assets by
assets, the company shall also obtain an	appraisal report from a professional appraiser	Public Companies".
appraisal report from a professional appraiser	or a CPA's opinion in compliance with the	3. Widen the transaction for
or a CPA's opinion in compliance with the	provisions of Article 10 and this Article.	acquisition of property
provisions of Article 8 and this Article. When	When judging whether a trading counterparty	held for business use
judging whether a trading counterparty is a	is a related party, in addition to legal	between parent or
related party, in addition to legal formalities,	formalities, the substance of the relationship	subsidiaries, or between
the substance of the relationship shall also be	shall also be considered.	its subsidiaries in which
considered.	2. The Company that acquires real property from	it directly or indirectly
2.Operating procedures	a related party shall evaluate the	holds 100 percent of the
In acquiring or disposing of real property and	reasonableness of the transaction costs based	issued shares or
right-of-use assets thereof from or to a related	the related requirement. When the following	authorized capital, to be
party, or assets and right-of-use assets thereof	conditions happens, the company shall	approved first with
other than real property from or to a related	additionally engage a certified public	specific limitation by the
party and the transaction amount reaches 20	accountant to review the reasonableness and	chairman to comply with
percent or more of paid-in capital or NT\$300	to provide an opinion:	"Regulations Governing
million or more, except in trading of domestic	A.The related party acquired the real property	the Acquisition and
government bonds, bonds under repurchase	through inheritance or as a gift.	Disposal of Assets by
and resale agreements, or subscription or	B.More than 5 years will have elapsed from	Public Companies".
redemption of money market funds issued by	the time the related party signed the	4. Modify wording.
domestic securities investment trust	contract to obtain the real property to the	
enterprises, the company may not proceed to	signing date for the current transaction.	
enter into a transaction contract or make a	C.The real property is acquired through	

Dronogod Amondaget	Cumontly in Effect	Evalonation
Proposed Amendment payment until the following matters have been	Currently in Effect signing of a joint development contract	Explanation
approved by the Audit Committee and the	with the related party, or through engaging	
Board:	the related party to develop the real	
(1)The purpose, necessity and anticipated	property, either on the Company's own	
benefit of the acquisition or disposal of	land or on rented land.	
assets.	3. Appraisal and Operating procedures	
(2)The reason for choosing the related party	In acquiring or disposing of real property	
as a trading counterparty.	from or to a related party, or assets other than	
(3)With respect to the acquisition of real	real property from or to a related party and the	
property from a related party, information	transaction amount reaches 20 percent or	
regarding appraisal of the reasonableness	more of paid-in capital or NT\$300 million or	
of the preliminary transaction terms in	more, except in trading of bonds under	
accordance with Article 15 and Article 16.	repurchase and resale agreements, or	
(4)The date and price at which the related	subscription or redemption of money market	
party originally acquired the real property,	funds issued by domestic securities	
the original trading counterparty, and that	investment trust enterprises, the company may	
trading counterparty's relationship to the	not proceed to enter into a transaction contract	
company and the related party.	or make a payment until the following matters	
(5)Monthly cash flow forecasts for the year	have been approved by the Audit Committee	
commencing from the anticipated month	and the Board:	
of signing of the contract, and evaluation	A.The purpose, necessity and anticipated	
of the necessity of the transaction, and	benefit of the acquisition or disposal of	
reasonableness of the funds utilization.	assets.	
(6)An appraisal report from a professional	<u>B.</u> The reason for choosing the related party as	
appraiser or a CPA's opinion obtained in	a trading counterparty.	
compliance with the preceding article.	C.With respect to the acquisition of real	
(7)Restrictive covenants and other important	property from a related party, information	
stipulations associated with the	regarding appraisal of the reasonableness	
transaction.	of the preliminary transaction terms in	
For acquisition or disposition of equipment or	accordance with Article 15 and Article 16.	
right-of-use assets thereof and real property	D.The date and price at which the related	
right-of-use assets held for business use	party originally acquired the real property,	
between the Company and its parent or	the original trading counterparty, and that	
subsidiaries, <u>or between its subsidiaries in</u>	trading counterparty's relationship to the	
which it directly or indirectly holds 100	company and the related party.	
percent of the issued shares or authorized	<u>E.</u> Monthly cash flow forecasts for the year	
capital, it is permissible to be approved first	commencing from the anticipated month of	
with specific limitation by the chairman and	signing of the contract, and evaluation of	

Proposed Amendment	Currently in Effect	Explanation
then ratified at the next board of directors	the necessity of the transaction, and	
meeting by submitting the proposal.	reasonableness of the funds utilization.	
3. Evaluation on the reasonableness of the	<u>F.</u> An appraisal report from a professional	
transaction cost	appraiser or a CPA's opinion obtained in	
(1)The Company that acquires real property	compliance with the preceding article.	
or right-of-use assets thereof from a related	G.Restrictive covenants and other important	
party shall evaluate the reasonableness of	stipulations associated with the transaction.	
the transaction costs based the related	For acquisition or disposition of equipment	
requirement. When the following	between the Company and its subsidiaries, it	
conditions happens, the company shall	is permissible to be approved first with	
additionally engage a certified public	specific limitation by the chairman and then	
accountant to review the reasonableness	ratified at the next board of directors meeting	
and to provide an opinion:	by submitting the proposal.	
A. The related party acquired the real	4.Evaluation on the reasonableness of the	
property or right-of-use assets thereof	transaction cost	
through inheritance or as a gift.	Where the Company acquires real property	
B. More than 5 years will have elapsed	from a related party and the results of	
from the time the related party signed	appraisals conducted in accordance with the	
the contract to obtain the real property	procedures are uniformly lower than the	
or right-of-use assets thereof to the	transaction price, the following steps shall be	
signing date for the current transaction.	taken:	
C. The real property is acquired through	A.A special reserve shall be set aside in	
signing of a joint development contract	accordance with the regulations against the	
with the related party, or through	difference between the real property	
engaging the related party to build the	transaction price and the appraised cost,	
real property, either on the Company's	and may not be distributed or used for	
own land or on rented land.	capital increase or issuance of bonus	
D. The real property right-of-use assets for	shares. Where a public company uses the	
business use are acquired by the	equity method to account for its	
Company with its parent or	investment in another company, then the	
subsidiaries, or by its subsidiaries in	special reserve called for under the	
which it directly or indirectly holds	regulations shall be set aside pro rata in a	
100 percent of the issued shares or	proportion consistent with the share of	
authorized capital.	public company's equity stake in the other	
(2)Where the Company acquires real property	company.	
or right-of-use assets thereof from a related	B.Audit Committee shall comply with Article	
party and the results of appraisals	218 of the Company Act.	
conducted in accordance with the	C.Actions taken pursuant to subparagraph 1	

D		
Proposed Amendment	Currently in Effect	Explanation
procedures are uniformly lower than the	and subparagraph 2 shall be reported to a	
transaction price, the following steps shall	shareholders meeting, and the details of the	
be taken:	transaction shall be disclosed in the annual	
A.A special reserve shall be set aside in	report and any investment prospectus.	
accordance with the regulations against	The Company that has set aside a special	
the difference between the real	reserve under the preceding paragraph may	
property or right-of-use assets thereof	not utilize the special reserve until it has	
transaction price and the appraised	recognized a loss on decline in market value	
cost, and may not be distributed or	of the assets it purchased at a premium, or	
used for capital increase or issuance of	they have been disposed of, or adequate	
bonus shares. Where a public company	compensation has been made, or the status	
uses the equity method to account for	quo ante has been restored, or there is other	
its investment in another company,	evidence confirming that there was nothing	
then the special reserve called for	unreasonable about the transaction, and the	
under the regulations shall be set aside	FSC has given its consent.	
pro rata in a proportion consistent with	When the Company obtains real property	
the share of public company's equity	from a related party, it shall also comply with	
stake in the other company.	the preceding two paragraphs if there is other	
B.Audit Committee shall comply with	evidence indicating that the acquisition was	
Article 218 of the Company Act.	not an arm length transaction.	
C.Actions taken pursuant to preceding 2		
subparagraphs shall be reported to a		
shareholders meeting, and the details		
of the transaction shall be disclosed in		
the annual report and any investment		
prospectus.		
(3)The Company that has set aside a special		
reserve under the preceding paragraph may		
not utilize the special reserve until it has		
recognized a loss on decline in market		
value of the assets it purchased or leased at		
a premium, or they have been disposed of,		
or the leasing contract has been terminated.		
or adequate compensation has been made,		
or the status quo ante has been restored, or		
there is other evidence confirming that		
there was nothing unreasonable about the		
transaction, and the FSC has given its		
-		

consent. (4)When the Company obtains real property		Explanation
or right-of-use assets thereof from a related		
party, it shall also comply with the		
preceding subparagraphs if there is other		
evidence indicating that the acquisition		
was not an arm length transaction.		
Article 13 : The procedures for acquisition or	Article 15 : The procedures for acquisition or	Arrange the article to fulfill
disposition of Derivatives	disposition of Derivatives	the requirement of practical
(omitting)	(omitting)	operation.
		-
Article 14 : The procedures for assets in	Article 16 : The procedures for assets in	Arrange the article to fulfill
connection with mergers, demergers,	connection with mergers, demergers,	the requirement of practical
acquisitions, or transfer of shares	acquisitions, or transfer of shares	operation.
(omitting)	(omitting)	
_		
Article 15 : The Company participating in a	Article 17 : The Company participating in a	Arrange the article to fulfill
merger, demerger, acquisition, or transfer of	merger, demerger, acquisition, or transfer of	the requirement of practical
shares may not arbitrarily alter the share	shares may not arbitrarily alter the share	operation.
exchange ratio or acquisition price unless under	exchange ratio or acquisition price unless under	
the below-listed circumstances, and shall	the below-listed circumstances, and shall	
stipulate the circumstances permitting alteration	stipulate the circumstances permitting alteration	
in the contract for the merger, demerger,	in the contract for the merger, demerger,	
acquisition, or transfer of shares:	acquisition, or transfer of shares:	
(omitting)	(omitting)	
((
Article 16 : Subsidiaries of the Company shall	Article 18 : Subsidiaries of the Company shall	1. Arrange the article to
behave according to following regulations:	behave according to following regulations:	fulfill the requirement of
(omitting)	(omitting)	practical operation.
3.The paid-in capital or total assets of the	3. The paid-in capital or total assets of the public	2. Modify wording to
Company shall be the standard for	company shall be the standard for	comply with
determining whether or not a subsidiary	determining whether or not a subsidiary	"Regulations Governing
requiring a public announcement and	requiring a public announcement and	the Acquisition and
regulatory filing.	regulatory filing in the event the type of	Disposal of Assets by
(omitting)	transaction specified therein reaches 20	Public Companies".
	percent of paid-in capital or 10 percent of the	-
	total assets.	

Proposed Amendment	Currently in Effect	Explanation
	(omitting)	
Article 17 : Information Disclosure Procedures	Article 19 : Information Disclosure Procedures	Arrange the article to fulfill
(omitting)	(omitting)	the requirement of practical
		operation.
Article 18 : Penalty	Article 20 : Penalty	Arrange the article to fulfill
(omitting)	(omitting)	the requirement of practical
		operation.
Article 19 : Implementation and Revision	Article 21 : Implementation and Revision	Arrange the article to fulfill
(omitting)	(omitting)	the requirement of practical
		operation.

TRANSCEND INFORMATION INC. RULES AND PROCEDURES OF SHAREHOLDERS' MEETING

- Article 1 : Except for the regulation, regular Shareholders' Meeting of the Company (the "Meeting") shall be conducted in accordance with these Rules and Procedures.
- Article 2 : An attendance book shall be prepared for signing in of the attended shareholders in the Shareholders' Meeting, or attended shareholders shall submit the attendance card for the purpose of signing in. The number of shares represented by attended shareholders shall be calculated in accordance with the attendance book signing by the shareholders and the attendance cards submitted by the shareholders.
- Article 3 : The attendance and voting of Shareholders' Meeting shall be calculated based on the shares.
- Article 4 : The Meeting shall be held at the head office of the Company or at any other appropriate place that is convenient for the shareholders to attend. The time to start the Meeting shall not be earlier than 9:00 a.m. or later than 3:00 p.m.
- Article 5 : The Chairman of the Board of Directors shall be the chairman presiding at the Meeting in the case that the Meeting is convened by the Board of Directors. If, for any reason, the Chairman of the Board of Directors cannot preside at the Meeting, the Vice Chairman of the Board of Directors shall preside at the Meeting. If, no Vice Chairman or for any reason, the Vice Chairman of the Board of Directors cannot preside at the Meeting, the chairman may designate one managing director to do so on the chairman's behalf. If there is no managing director, the chairman may designate one director to preside at the Meeting. If the chairman does not designate a representative, the managing directors or directors shall mutually select a chair from among themselves..

If the Meeting is convened by any other person entitled to convene the Meeting, such person shall be the chairman to preside at the Meeting. When two or more parties meet this description, they shall mutually select a chair from among themselves.

- Article 6 : The Company may appoint designated counsel, CPA or other related persons to attend the Meeting. Persons handling affairs of the Meeting shall wear identification cards or badges.
- Article 7: The process of the Meeting shall be tape-recorded or videotaped and these tapes shall be preserved for at least one year.
- Article 8 : Chairman shall call the Meeting to order at the time scheduled for the Meeting. If the number of shares represented by the shareholders present at the Meeting has not yet constituted the quorum at the time scheduled for the Meeting, the chairman may postpone the time for the Meeting. The postponements shall be limited to two times at the most and Meeting shall not be postponed for longer than one hour in the aggregate. If after two postponements no quorum can yet be constituted but the shareholders present at the Meeting represent more than one third of the total outstanding shares, tentative resolutions may be made in accordance with Section 1 of Article 175 of the Company Law of the Republic of

China.

If during the process of the Meeting the number of outstanding shares represented by the shareholders present becomes sufficient to constitute the quorum, the chairman may submit the tentative resolutions to the Meeting for approval in accordance with Article 174 of the Company Law of the Republic of China.

Article 9 : The agenda of the Meeting shall be set by the Board of Directors if the Meeting is convened by the Board of Directors. Unless otherwise resolved at the Meeting, the Meeting shall proceed in accordance with the agenda.

The above provision applies mutatis mutandis to cases where the Meeting is convened by any person, other than the Board of Directors, entitled to convene such Meeting.

Unless otherwise resolved at the Meeting, the chairman cannot announce adjournment of the Meeting before all the discussion items (including special motions) listed in the agenda are resolved.

The shareholders cannot designate any other person as chairman and continue the Meeting in the same or other place after the Meeting is adjourned. However, in the event that the Chairman adjourns the Meeting in violation of these Rules and Procedures, the shareholders may designate, by a majority of votes represented by attended shareholders, one person as chairman to continue the Meeting.

Article 10 : When a shareholder present at the Meeting wishes to speak, a Speech Note should be filled out with summary of the speech, the shareholder's number (or the number of Attendance Card) and the name of the shareholder. The sequence of speeches by shareholders should be decided by the chairman.

If any shareholder present at the Meeting submits a Speech Note but does not speak, no speech should be deemed to have been made by such shareholder. In case the contents of the speech of a shareholder are inconsistent with the contents of the Speech Note, the contents of actual speech shall prevail.

Unless otherwise permitted by the chairman and the shareholder in speaking, no shareholder shall interrupt the speeches of the other shareholders, otherwise the chairman shall stop such interruption.

- Article 11 : Unless otherwise permitted by the chairman, each shareholder shall not, for each discussion item, speak more than two times (each time not exceeding 5 minutes). In case the speech of any shareholder violates the above provision or exceeds the scope of the discussion item, the chairman may stop the speech of such shareholder.
- Article 12 : Any legal entity designated as proxy by a shareholder(s) to be present at the Meeting may appoint only one representative to attend the Meeting.If a corporate shareholder designates two or more representatives to attend the Meeting, only one representative can speak for each discussion item.
- Article 13: After the speech of a shareholder, the chairman may respond himself/herself or appoint an appropriate person to respond.
- Article 14 : The chairman may announce to end the discussion of any resolution and go into voting if the Chairman deems it appropriate.

- Article 15 : The person(s) to check and the person(s) to record the ballots during a vote by casting ballots shall be appointed by the chairman. The person(s) checking the ballots shall be a shareholder(s).The result of voting shall be announced at the Meeting and placed on record.
- Article 16 : During the Meeting, the chairman may, at his discretion, set time for intermission.
- Article 17 : Except otherwise specified in the Company Law or the Articles of Incorporation of the Company, a resolution shall be adopted by a majority of the votes represented by the shareholders present at the Meeting. The resolution shall be deemed adopted and shall have the same effect as if it was voted by casting ballots if no objection is voiced after solicitation by the chairman.
- Article 18 : If there is amendment to or substitute for a discussion item, the chairman shall decide the sequence of voting for such discussion item, the amendment or the substitute. If any one of them has been adopted, the others shall be deemed vetoed and no further voting is necessary.
- Article 19 : The chairman may conduct the disciplinary officers or the security guard to assist in keeping order of the Meeting place. Such disciplinary officers or security guards shall wear badges marked "Disciplinary Officers" for identification purpose.
- Article 20 : These Rules and Procedures shall be effective from the date it is approved by the Shareholders' Meeting. The same applies in case of revision.

TRANSCEND INFORMATION INC. ARTICLES OF INCORPORATION (Before amendment)

Section I - General Provisions

Article 1: The Corporation shall be incorporated, as a company limited by shares, under the Company Law of the Republic of China, and its name shall be 創見資訊股份有限公司 in the Chinese language, and Transcend Information, Inc. in the English language.

Article 2 : The scope of business of the Corporation shall be as follows:

- 1. CC01110 Computers and Computing Peripheral Equipments Manufacturing
- 2. CC01120 Data Storage Media Manufacturing and Duplicating
- 3. F113050 Wholesale of Computing and Business Machinery Equipment
- 4. F118010 Wholesale of Computer Software
- 5. F119010 Wholesale of Electronic Materials
- 6. F401010 International Trade
- 7. I301010 Software Design Services
- 8. CC01080 Electronic Parts and Components Manufacturing
- 9. F401021 Restrained Telecom Radio Frequency Equipments and Materials Import
- 10. CC01101 Restrained Telecom Radio Frequency Equipments and Materials Manufacturing
- 11. ZZ99999 In addition to licensing business, business law may prohibit or restrict non-business.
- Article 3 : The Corporation shall have its head office in Taipei City, Taiwan, Republic of China, and shall be free, upon the resolutions of Board of Directors to set up branch offices in Republic of China and abroad wherever and whenever the Corporation deems it necessary or advisable to carry out any or all of its activities.
- Article 4 : The total amount of the Corporation's reinvestment shall not be subject to the restriction of not more than forty percent of the Corporation's paid-up capital as provided in the Company Law but shall not be more than the Corporation's paid-up capital. The Corporation may provide endorsement and guarantee and act as a guarantor. Any matters regarding the reinvestment shall be resolved in accordance with the resolutions of the Board of Directors.
- Article 5 : Public announcements of the Corporation shall be made in accordance with the Article 28 of the Company Act.

Section II - Capital Stock

Article 6 : The total capital stock of the Corporation shall be in the amount of 5,000,000,000 New Taiwan Dollars, divided into 500,000,000 shares, at ten New Taiwan Dollars each. The Board of directors is authorized to issue the shares in separate installments as required. A total of 25,000,000 shares among the above total capital stock should be reserved for issuing employee stock options. The Board of directors is authorized to issue employee stock options from time to time.

- Article 6-1 : If the Corporation issue employee stock options on the exercise price under the market price, it shall be issued after the resolution of the Shareholders' meetings in accordance with relevant rules and regulations of the Republic of China.
- Article 6-2 : The Corporation may issue shares without printing share certificate(s), but shares issued shall be registered with a securities depository enterprise.
- Article 7 : All stock transaction conducted by shareholders of the Corporation shall follow the "Guidelines for Stock Operations for Public Companies".
- Article 8 : Registration for transfer of shares shall be suspended 60 days immediately before the date of regular meeting of shareholders, and 30 days immediately before the date of any special meeting of shareholders, or within 5 days before the day on which dividend, bonus, or any other benefit is scheduled to be paid by the Corporation.

Section III - Shareholders' meetings

- Article 9 : Shareholders' meetings of the Corporation are of two types, namely: (1) regular meetings and (2) special meetings.
 Regular meetings shall be convened at least once a year, and within 6 months after the close of each fiscal year.
 Special meetings shall be convened in accordance with applicable laws and regulations whenever necessary. Written notices shall be sent to all shareholders, at least 30 days in advance; and at least 15 days in advance, in case of special meetings.
- Article 10 : If a shareholder is unable to attend a meeting, he/she may appoint a proxy to attend it by using the proxy form issued by the Company and specifying the scope of proxy. Shareholder attendance by proxy shall be subject to the Company Law and also to the Regulations Governing the Use of Proxies for Attendance at Shareholder Meetings of Public Companies issued by the competent authority.
- Article 11 : Each share of stock shall be entitled to one vote.
- Article 12 : Except as provided in the Company Law of the Republic of China, shareholders' meetings may be held if attended by shareholders more than one half of the total issued and outstanding capital stock of the Corporation, and resolutions shall be adopted at the meeting with the concurrence of a majority of the votes held by shareholders present at the meeting. Pursuant to Article 177-1 of the Company Act, the shareholders may vote via written form or an electronic voting system, and the manner or voting shall be clearly stated in each meeting notice.

Section IV - Directors

Article 13 : The Corporation shall have seven to eleven Directors. The Board of Directors is authorized to determine the number of Directors, to be elected by the shareholders meeting from among candidates with legal capacity. The term of office for Directors shall be 3 years, and all Directors shall be eligible for re-election. Once the term of office is expired and it can't elect directors immediately, directors can extend and continue the performance of their duties until the election of directors to take office. The aggregate shareholding percentages of the entire bodies of directors shall comply with the regulations prescribed by the securities supervisory authorities. The board of directors is authorized to resolve the rates of directors' remuneration based on the extent of their participation in the Company's business operations or value of their contribution, at a level consistent with general practices in the industry. The company may acquire liability insurance for all directors within their term of office, and the board of directors is authorized to resolute the scope of insurance.

- Article 13-1 : To harmonize with Article 14-2 of the Securities and Exchange Act, there shall be at least three independent directors among the Company's directors. A candidate nomination system shall be adopted, and the shareholders meeting shall elect all directors (including independent directors) from among those listed on the slate of director candidates. The relevant regulations of the competent securities authority shall be followed regarding the professional qualifications, shareholding, moonlighting restrictions, nomination and election, and other compliance requirements regarding independent directors.
- Article 13-2 : In compliance with Articles 14-4 of the ROC Securities and Exchange Law, the Corporation shall establish an Audit Committee, which shall consist of all independent directors. The Audit Committee shall exercise their functions in accordance with the ROC Company Law, Securities and Exchange Law, other relevant regulations and the procedure of corporation.

Article 13-3 : (Deleted)

- Article 14 : The board of directors shall consist of the directors of the company, and the chairman of the board of directors shall be elected from among the directors by a majority of directors in attendance at a meeting attended by at least two-thirds of the directors. The chairman of the board of directors shall represent the Company in external matters. The board of director may set up any functional committee.
- Article 15 : Board of Directors Meetings shall be convened by the Chairman of the Board of Directors. Except as otherwise provided in the Company Law of the Republic of China, a meeting of the Board of Directors may be held if attended by a majority of total Directors and resolutions shall be adopted with the concurrence of the majority of the Directors present at the meeting.
- Article 15-1 : Each director shall be given at least 7 days advance notice of the convening of a board of directors meeting of the Corporation. In emergency circumstances, however, a meeting may be convinced on shorter notice. The meeting notice referred to in the preceding paragraph shall specify the reasons for convening the meeting, and shall be made in writing, by e-mail, or by facsimile.
- Article 16 : The Chairman of the Board of Directors shall preside over all meetings of the Board of Directors. If the Chairman of the Board of Directors is on leave or cannot exercise powers or perform duties for any reason, an acting chairman shall be designated in accordance with Article 208 of the Company Act. Directors shall attend meetings of the board of directors

in person. If a director is unavailable to attend a meeting in person, the director may appoint a proxy for the given meeting specifying the scope of the authorized powers to authorize another director to attend the meeting on the director's behalf, provided that a director may represent only one other director at a meeting.

Article 17 : The Board of the Directors is organized by directors, the duties are as follows:

- 1. To propose concerning appropriation of net profits or covering of losses.
- 2. To propose increasing or decreasing capital
- 3. To establish or dissolve branches
- 4. To approve budget and final reports
- 5. Other duties in accordance with Company Act or given by the resolution of shareholders' meeting

Article 18: (Deleted)

Article 19: (Deleted)

Section V - Managerial Officers

Article 20: The Company may have managerial officers, whose appointment, dismissal, and remuneration shall be handled in accordance with Article 29 of the Company Act.

Section VI - Accounting

- Article 21 : After the close of each fiscal year, the Board of Directors shall prepare 1.Business Report 2. Financial Statements and 3.Proposal Concerning Appropriation of Net Profits or Covering of Losses, and submitted to the regular shareholders' meeting for acceptance:
- Article 22 : If the Company has earnings after the annual final accounting, it shall pay remuneration to employees at the minimum of 1% of the profit, and pay remuneration to directors at the maximum of 0.2% of the profit. However, the Company's accumulated losses shall have been covered.

Employees' remuneration could be paid by cash or stock, and in the event of stock payment, employees shall mean the Company's employees and employees serving with affiliates who meet specific requirements. Such specific requirements shall be prescribed by the board of directors.

Article 22-1 : If the Company has earnings after the annual final accounting, it shall be allocated in the following order:

- 1. To pay taxes.
- 2. To cover accumulated losses, if any.
- 3. To appropriate 10% legal reserve unless the total legal reserve accumulated has already reached the amount of the Company's authorized capital.
- 4. To set aside special reserve in accordance with the regulations
- 5. To reserve certain amount, on the premise that there is no effect on the Company's normal operations and no

violation of regulations, for maintaining stability of dividends.

6. For any remainder, the board of directors shall propose allocation ratios and propose them at the shareholders' meeting.

Regarding the special reserve under subparagraphs 4, the Company shall set aside special reserve, equal to the debit balance which happens at the current year on other equity items (including Unrealized loss on financial instrument, cumulative translation adjustment, and unrecognized pension cost, which can be combined if there are unrealized gain.), from the current earnings after tax and unappropriated retained earnings prior year. If the debit balance is cumulative before, the Company shall set aside special reserve not to distribute it from the unappropriated retained earnings prior year. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.

Article 22-2: The Company distributes dividends taking into consideration the Company's economic environment and growth phases, future demands of funds, long-term financial planning, and the cash flows that the stockholders desire. Cash dividends shall account for at least 5% of the total dividend distributed.

Section VII - Supplementary Provisions

- Article 23 : In regard to all matters not provided for in these Articles of Incorporation, the Company Act of the Republic of China shall govern.
- Article 24 : These Articles of Incorporation were adopted on August 23, 1989.

The first amendment was made on January 28, 1991.

The second amendment was made on May 25, 1992.

The third amendment was made on September 1, 1992.

The fourth amendment was made on July 30, 1994.

The fifth amendment was made on June 8, 1995.

The sixth amendment was made on July 8, 1997.

The seventh amendment was made on August 15, 1997.

The eighth amendment was made on September 12, 1997.

The ninth amendment was made on June 20, 1998.

The 10th amendment was made on September 15, 1998.

The 11th amendment was made on June 12, 1999.

The 12th amendment was made on April 15, 2000.

The 13th amendment was made on April 9, 2001.

The 14th amendment was made on June 10, 2002.

The 15th amendment was made on June 3, 2003.

The 16th amendment was made on June 11, 2004.

The 17th amendment was made on June 13, 2005.

The 18th amendment was made on June 14, 2006.

The 19th amendment was made on June 11, 2007.

The 20th amendment was made on June 13, 2008. The 21th amendment was made on June 16, 2009. The 22th amendment was made on June 17, 2010. The 23th amendment was made on June 10, 2011. The 24th amendment was made on January 5, 2012. The 25th amendment was made on June 13, 2013. The 26th amendment was made on June 12, 2014. The 27th amendment was made on June 14, 2016.

> Transcend Information Inc. Chairman: Shu, Chung-Wan

TRANSCEND INFORMATION INC. SHAREHOLDINGS OF ALL DIRECTORS

1. Minimum Required Shareholding and Shareholding of all Directors:

Title	Minimum Required Shareholding by all Directors	Current Shareholding (Shares)
Directors	16,000,000	16,828,795

Note 1: The period of Book closure is from April 14, 2019 to June 12, 2019.

Note 2: The Company has three independent directors, and the minimum required shareholding by all Directors except for independent directors is downsized to 80% of the minimum required based on Article 2, paragraph 2 of "Rules and Review Procedures for Director and Supervisor Share Ownership Ratios at Public Companies".

2. Company's current Directors' shareholding are as follows on April 14, 2019:

Title	Name	Current Shareholding (Shares)
Chairman	SHU,CHUNG-WAN	9,990,453
Director	SHU,CHUNG-CHENG	6,244,098
Director	CHUI, LI-CHU	0
Director	HSU, CHIA-HSIAN	594,244
Director	WANG JEN-MING	0
Director	LI TSENG-HO	0
Independent Director	CHEN, YI-LIANG	0
Independent Director	CHEN,LO-MIN	0
Independent Director	WANG, YI-HSIN	0
	Total	16,828,795