

Stock Code: 3708



Swancor Holding Company Limited

2021 Annual Shareholders' Meeting

Meeting Handbook

Date: May 28, 2021

Venue: No.21, Nangang Third Road, Nantou City  
(Nangang Hall, service center of Nangang Industrial Zone)

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# Swancor Holding Company Limited

## Agenda of the 2021 Annual Shareholders' Meeting

- I. Call the Meeting to Order
- II. Chairperson Remarks
- III. Report Items
- IV. Proposals
- V. Discussions
- VI. Extraordinary Motions
- VII. Adjournment

# Swancor Holding Company Limited

## 2021 Meeting Agenda

Time: May 28, 2021 (Friday), 9:00 am

Venue: No.21, Nangang Third Road, Nantou City  
(Nangang Hall, service center of Nangang Industrial Zone)

- I. Call the Meeting to Order (Reporting number of shares attending)
- II. Chairperson's Remarks
- III. Report Items
  - (1) 2020 Business Report
  - (2) 2020 Audit Committee's Audit Report
  - (3) 2020 Profit Distribution to Employees and Directors
  - (4) Repurchase of Treasury Shares
  - (5) Report on the equity dilution of the Company's investment in its subsidiary Sunwell Carbon Fiber Composite Corporation
- IV. Proposals
  - (1) 2020 Business Report and Financial Statements
  - (2) 2020 Earning Distribution Plan
- V. Discussions
  - (1) Amendment to the Company's "Procedures for Election of Directors".
  - (2) Amendment to the Company's "Rules of Procedure for Shareholders Meetings".
  - (3) Amendment to the Company's "Procedures for the Acquisition or Disposal of Assets".
  - (4) The Company may carry out stock dilution of the Sunwell Carbon Fiber Composite Corporation in installment and give up on the cash capital increase.
- VI. Extraordinary Motions
- VII. Adjournment

## Report Items

- I. Please see 2020 Business Report.  
Note: Please refer to attachment 1 on pages 7-8 for 2020 Business Report.
- II. Please check the 2020 Audit Committee's Audit Report.  
Note: For the 2020 Audit Committee's Audit Report, please refer to attachment 2 on page 9.
- III. Please refer to the report on 2020 Profit Distribution to Employees and Directors.  
Note: 1. According to Article 30 of the Articles of Incorporation of the Company, after deducting the accumulated losses according to the profit status of the current year (i.e. the pre-tax profit deducting the profit before the distribution of employees' and directors' remuneration), if there is any balance, the Company shall allocate no less than 1% of employees' remuneration and no more than 3% of directors' remuneration.  
2. After being deliberated by the Remuneration Committee and the Audit Committee on the same day on March 10, 2021 and approved by the Board of Directors, the employees' remuneration of NT\$7,021,825 and the directors' remuneration of NT\$14,009,709 are listed in accordance with the Articles of Incorporation. The amount of the allocation is in accordance with the provisions of the Articles of Incorporation, and are paid in cash, which is no difference from the estimated amount of the recognized expenses in 2020.
- IV. Repurchase of Treasury Shares.  
Note: For the Repurchase of Treasury Shares, please refer to attachment 3 on page 10.
- V. Please refer to the Equity Dilution of the Company's Investment in Its Subsidiary Sunwell Carbon Fiber Composite Corporation  
Note: Please refer to attachment 4 on page 11 for the Equity Dilution of the Company's Investment in Its Subsidiary Sunwell Carbon Fiber Composite Corporation.

## Proposals

Case 1 (Proposed by the Board of Directors)

Cause: 2020 Business Report and Financial Statement

- Notes:
1. The Company's stand-alone financial statements and consolidated financial statements (balance sheet, statement of comprehensive loss and profit, statement of changes in equity and cash flow) for 2020 were approved by the resolution of the Board of Directors on March 10, 2021, and audited by CPA Chen, Zheng-Xue and CPA Zhang, Zi-Xin of KPMG. The above-mentioned financial statements, together with the business report, are submitted to the Audit Committee for audit. The audit has been completed and a written audit report has been issued.
  2. Please refer to attachment 1 on pages 7-8 and attachment 5 on pages 12-28 for 2020 Business Report, the audit report of the CPAs and the above-mentioned forms and lists.
  3. The proposal is hereby submitted to the shareholders meeting for ratification.

Resolution:

Case 2 (Proposed by the Board of Directors)

Cause: Earning Distribution in 2020.

Note: 1. The Company's 2020 earning distribution table is as follows:

Earning distribution table  
of Swancor Holding Co., Ltd.  
2020

Unit: NT\$

Item	Amount	
	Sub-total	Total
Beginning balance of retained earnings		652,621,343
Difference in net profit		
Changes in actuarial gains and losses for the current period		3,858
Adjusted beginning balance of retained earnings		652,625,201
Plus (minus):		
Net Income for the current period	626,029,245	
Legal reserve	(62,602,925)	
Reversal of special reserve	3,641,344	
<b>Distributable earnings as at 2020</b>		<b><u>1,219,692,865</u></b>
Distribution items		
Shareholders' dividend - cash (NT\$3.5 per share)	323,766,114	
<b>Total distribution items:</b>		<b><u>323,766,114</u></b>
<b>Undistributed surplus at the end of the period</b>		<b><u>895,926,751</u></b>

Chairman of the board: Jau-Yang Tsai    General Manager: Ming-Ren Zhan    Accounting supervisor: Shu-Hsien Kan

2. For this period's motion to distribute cash dividends, the dividend will be calculated to the amount of one whole NTD, and any decimal point below one NTD will be rounded down. Shares below one dollar NTD will be adjusted from the largest decimal place, until the total amount of cash dividend has been distributed. After the approval of this shareholders' meeting, the Board of Directors shall be authorized to set the base date and payment date for dividend distribution.
3. If the change of the Company's share capital affects the number of outstanding shares and leads to the change and amendment of shareholder dividend ratio, Board of Directors shall be authorized to handle the changes.
4. The Company's 2020 earnings shall be distributed first.
5. The proposal is hereby submitted to the shareholders' meeting for ratification.

Resolution:

## Discussions

Case 1 (Proposed by the Board of Directors)

Cause: Amendment to the Company's "Procedures for Election of Directors".

- Notes:
1. The Company will revise some provisions of the Company's "Rules for Election of Directors" in line with the "Sample Template for XXX Co., Ltd. Procedures for Election of Directors" revised by Taiwan Stock Exchange on June 3, 2020.
  2. Please refer to attachment 6 on pages 29-30 for a comparison table of the provisions before and after the amendment of the Company's "Rules for Election of Directors".
  3. The proposal is hereby submitted to the shareholders' meeting for discussion.

Resolution:

Case 2 (Proposed by the Board of Directors)

Cause: Amendment to the Company's "Rules of Procedure for Shareholders Meetings".

- Notes:
1. The Company will amend some provisions of the Company's "Rules of Procedure for Shareholders Meetings" in line with the "Sample Template for XXX Co., Ltd. Rules of Procedure for Shareholders Meetings" revised on June 3, 2020 and January 28, 2021 by the Taiwan Stock Exchange.
  2. Please refer to attachment 7 on pages 31-32 for a comparison table of the provisions before and after the amendment of the Rules of Procedure for Shareholders Meetings of the Company.
  3. The proposal is hereby submitted to the shareholders' meeting for discussion.

Resolution:

Case 3 (Proposed by the Board of Directors)

Cause: Amendment to the Company's "Procedures for the Acquisition or Disposal of Assets".

- Note:
1. In line with the actual operation process of the Company, the provisions of the Company's "Procedures for the Acquisition or Disposal of Assets" will be revised.
  2. Please refer to attachment 8 on page 33 for a comparison table of the provisions before and after the amendment of the Company's "Procedures for the Acquisition or Disposal of Assets".
  3. The proposal is hereby submitted to the shareholders' meeting for discussion.

Resolution:

Case 4 (Proposed by the Board of Directors)

Cause: The Company may handle the release of shares of its subsidiary, Sunwell Carbon Fiber Composite Corporation for several times and given up participating in the cash capital increase plan

- Note:
1. In order to be in with the operation and development, attract and retain the required professionals of the subsidiary Sunwell Carbon Fiber Composite Corporation (hereinafter referred to as "Sunwell Carbon Fiber" or the company), and consider the future financing convenience, independent finance and equity value enhancement benefits of Sunwell Carbon Fiber, we will handle the listing planning of Sunwell Carbon Fiber.
  2. In order to comply with the provisions of Article 19, paragraph 1, subparagraph 3 of the Taiwan Stock Exchange Corporation Rules Governing Review of Securities Listings, the total shares held by the Company and its subsidiaries and related parties shall not exceed 70% of the issued shares at the time of listing. In accordance with the law, the Company plans to diversify the shares of Sunwell Carbon Fiber. The Company may dispose of the shares of Sunwell Carbon Fiber, and first ask the qualified shareholders of the Company to subscribe. If the shareholders of the Company give up the subscription or the insufficient subscription, the Chairman shall be authorized to invite specific parties for subscription. The specific parties shall be the employees of the

Company and related enterprises and the strategic investors or financial investors who are beneficial to the operation and development of the company.

3. In order to meet the requirements of Article 19, paragraph 1, subparagraph 3 of the Taiwan Stock Exchange Corporation Rules Governing Review of Securities Listings, the total shares held by the Company and its subsidiaries and related persons shall not exceed 70% of the number of shares issued at the time of listing. In accordance with the law, the Company needs to plan for the decentralization of the equity of Sunwell Carbon Fiber. The Company may give up subscribing for all or part of the shares of the cash capital increase of Sunwell Carbon Fiber. Sunwell Carbon Fiber shall have the priority to consult the qualified shareholders of the Company. If the shareholders of the Company give up the subscription or the subscription is insufficient, the Chairman of Sunwell Carbon Fiber shall be authorized to contact specific parties for subscription. The specific parties shall be the employees of the Company and related enterprises and the strategic investors or financial investors who are beneficial to the operation and development of the company.
4. For the required release of shares for the application of Sunwell Carbon Fiber to be listed on the emerging market or TWSE, the Company shall, in accordance with relevant laws and regulations and relevant regulations, allocate shares for subscription and placement for over allotment to securities companies. The number and price of the shares allocated shall be agreed with the underwriters in accordance with relevant laws and regulations, relevant listing regulations, market conditions at that time and the operation of the company.
5. After the above-mentioned stock release and / or abandonment of cash capital increase subscription, the direct or indirect comprehensive shareholding ratio of the Company shall not be less than 50% at the time of listing, so as to maintain control and give full play to the comprehensive effect of the group.
6. Once the above plan is submitted to the shareholders' meeting for resolution, the shareholders' meeting shall authorize the board of directors to set a new subscription base date, the actual number of shares to be released, the actual price of shares to be released and other related matters, provided that the price of shares to be released shall not be lower than the net worth per share of the Company's latest financial statements audited, attested or reviewed by the CPAs before the resolution of the board of directors, and the independent expert shall be appointed to issue a reasonable price opinion.
7. The proposal is hereby submitted to the shareholders' meeting for discussion.

Resolution:

## **Extraordinary Motions**

## **Adjournment**



## 2021 Business Report

Swancor Holdings is an investment holding company. Its main subsidiaries are Swancor advanced materials Co., Ltd. (hereinafter referred to as Swancor Advanced Materials) and Sunwell carbon fiber composite Corporation. (hereinafter referred to as Sunwell Carbon Fiber). Its main products are special chemicals and carbon fiber composite materials.

Swancor Holdings established the integrated industrial structure and independent development policies by focusing on combining precision chemicals, composite materials and energy to enhance its overall operating performance and market competitiveness.

## I. Operating results in 2020:

The consolidated revenue of Swancor Holdings was NT\$9.868 billion, the net profit after tax (attributable to the parent company) was NT\$626 million, and the profit after tax per share (attributable to the parent company) was NT\$6.82.

## II. Business plan and strategy for 2021:

Swancor Holdings is an investment holding company. The following is a description of the plans and strategies for the major subsidiaries of Swancor Advanced Materials and Sunwell Carbon Fiber in 2021.

1. The main products of Swancor Advanced Materials are anti-corrosion resin and energy conservation materials.

### 1.1 Anti-corrosion resin:

**Taiwan Market:** Swancor has been keeping in line with emerging industries such as offshore wind power, and continue to look for opportunities to enter semiconductor chemicals, in order to maintain its market share and raise profits.

**China Market:** Actively seize business opportunities in various applications of environmental protection in accordance with China's environmental protection policies, look for access to semiconductors and upstream chemicals, focus on new products and new applications, and strengthen marketing in remote areas through distributors, in order to solidify its leading market position and achieve continuous sales growth.

**Global Market:** With our successful experience in Taiwan and China markets, we deepen the market penetration in cooperation with distributors, increasing our market share in major target regions including Southeast Asia, India and the Middle East, and establish production base in Europe to improve competitiveness, increase market share and enhance profitability.

The medium and long-term goal of anti-corrosion material business unit is to achieve the No. 1 market share in Asian market.

## 1.2 Energy conservation materials:

- China Market: Promote innovative new products to change the market and improve market share and profitability. Keep in line with market development and policy trends; continue to strengthen strategic alliance with the machine factory in China; improve technical services and the Company's brand influence; and actively develop new customers on the back of continuous market expansion.
- Global Market: By virtue of Swancor's product quality, technical capabilities and achievements in Taiwan offshore wind power, the wind power laminar resins have been certified by the international wind turbine manufacturers and have already obtained orders. We will actively explore new customers and establish production bases in Europe to improve competitiveness, increase market share and enhance profits.

The medium and long-term goal of wind blade material business unit is to become the leader of wind turbine blade materials.

## 2. The main products of Sunwell Carbon Fiber are pultruded plate and prepreg

- Pultruded Plates: Mainly used in the girder of wind turbine laminar. By virtue of Swancor's product quality, technical capabilities and achievements in Taiwan offshore wind power, its pultruded plates have obtained orders after being certified by the international wind turbine manufacturer. We will actively explore new customers to ensure the source of upstream carbon fiber, in order to accelerate sustainable growth.
- Prepreg Cloth: Mainly used in the girder of wind turbine laminar of China machine factory. We will actively explore new customers and ensure the source of upstream carbon fiber, so as to maintain the leading market share and accelerate the sustainable growth in the future.

In the coming year, on the basis of the business developed in the past few years, the new material business will continue the two main strategies of solidifying the primary business and developing new business, keep the market share ahead and continue to improve profits; carbon fiber composite materials have obtained orders from international wind turbine manufacturers and China machine manufacturers, we will ensure the source of upstream carbon fiber and continue to improve the yield of products, so as to ensure the continuous growth of revenue and increase profits. In addition to continuing to build new businesses, Swancor Holdings will integrate companies with excellent teams and products, so as to produce synergy, improve competitiveness, and build a broader foundation for the Company's sustainable development and profitability.

Chairman: Jau-Yang Tsai

General Manager: Ming-Ren Zhan

Accounting supervisor: Shu-Hsien Kan

## Audit Committee's Audit Report

We have audited the Company's 2020 financial statements (including consolidated financial statements), business report and earnings distribution proposal submitted by the board of directors, of which the 2020 financial statements (including consolidated financial statements) have been audited by CPAs Cheng-Hsueh Chen and Tsi-Hsin Chang of KPMG, and the audit report was presented. The above financial statements (including consolidated financial statements), business report and earnings distribution statement for 2020 have been audited by the Audit Committee, and it is found that there is no discrepancy. Therefore, the report shall be prepared in accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act for your review.

Sincerely,

Swancor Holding Co., Ltd. 2020 General Shareholders' Meeting

Swancor Holding Company Limited

Convener of the Audit Committee: Sheng-Chung Lin

March 10, 2021

Swancor Holding Company Limited  
Repurchase of Treasury Shares

Number of share buyback	2nd issuance	3rd issuance	4th issuance
Purpose of share buyback	Shares Transferred to Employees	Shares Transferred to Employees	Shares Transferred to Employees
Buyback Period	2017.6.8~2017.7.31	2018.2.9~2018.3.22	2020.3.25~2020.4.28
Price Range of Share Buybacks	NT\$52-98	NT\$64-126	NT\$37-106
Type and Amount of Share Buybacks	957,000 shares of common stock	544,000 shares of common stock	1,000,000 shares of common stock
Amount of Share Buybacks	NT\$69,152,088	NT\$44,794,354	NT\$6,634,128
Average buyback price per share	NT\$72.26	NT\$82.34	NT\$66.34
Number of Retired and Transferred Shares	957,000 shares	544,000 shares	0 shares
Cumulative Number of Shares of the Company	1,000,000 shares		
Proportion of Cumulative Number of Shares Held to Total Number of Shares Issued (%)	1.07%		
Subsequent Treatment	On July 9, 2020, all 957,000 shares were transferred to employees.	On January 19, 2021, all 544,000 shares were transferred to employees.	Not yet transferred.

## Equity Dilution of the Company's Investment in Its Subsidiary Sunwell Carbon Fiber Composite Corporation

Date of share release	2020 /10 /16
Reasons for equity dilution	Cash capital increase
Issue (transfer) price	NT\$10
Date of approval by the Audit Committee of the Company	2020/9/24
Date of approval by the board of directors of the Company	2020/9/24
Date of approval of the shareholders' meeting of the Company	N/A
Counterparty of equity transfer	N/A
Issue (transfer) Total number of shares	48,000,000 shares
Shareholding ratio of the Company before issue (transfer)	100%
Shareholding ratio of the Company after issue (transfer)	86.42%
Price of share release Evaluation basis	The board of directors resolves the net worth of each share in the latest financial statements, which shall not be less than the par value of each share
Impact on shareholders' equity of the Company	Non damage to the original shareholders' equity
Description	The Company has reduced its shareholding in subsidiary Sunwell Carbon Fiber Composite Corporation (hereinafter referred to as "Sunwell Carbon Fiber") by more than 10%, mainly due to the cash capital increase of this issue by Sunwell Carbon Fiber with retained 15% of the total number of new shares for employees' subscription, and the rest was subscribed by the Company in full, without damage to the original shareholders' equity. In this cash capital increase of Sunwell Carbon Fiber, we have appointed independent experts to issue opinions on the rationality of the issue price and the impact on the shareholders' equity of the Company.

## Independent Auditors' Report

To the Board of Directors of Swancor Holding Company Limited:

### Opinion

We have audited the financial statements of Swancor Holding Company Limited (the “Company” ) which comprise the balance sheets of December 31, 2020 and 2019, the statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the parent company only financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying parent company only financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2020 and 2019, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

### Basis for Opinion

We conducted our audit of the parent company only financial statements as of and for the year ended December 31, 2020 in accordance with the Regulations Governing Auditing and Certification of Financial Statements by Certified Public Accountants, and the auditing standards generally accepted in the Republic of China. Furthermore, we conducted our audit of the parent company only financial statements as of and for the year ended December 31, 2019 in accordance with the Regulations Governing Auditing and Certification of Financial Statements by Certified Public Accountants, Rule No.1090360805 issued by the Financial Supervisory Commission, and the auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors’ Responsibilities for the Audit of the parent Company only Financial Statements section of our report. We are independent of the Company in accordance with the Certified Public Accountants Code of Professional Ethics in 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 of our opinion.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the parent company only financial statements of the current period. These matters were addressed in the context of our audit of the parent company only financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

Evaluation of investments accounted for using the equity method

- Please refer to Note 4(h) “Investment in associates” and Note 6(e) “Investments accounted for using the equity method” to the parent company only financial statements.
- Description of key audit matter:

- The Company holds 100% ownership interest of its subsidiary, Swancor Industrial Co., Ltd., and 86.42% of its subsidiary Swancor (Jiangsu) Carbon Composites Co., Ltd., which are accounted for using the equity method. The investments in its subsidiaries accounted for using the equity method constitute 64% of the total assets of the Company and the amount is material. As a result, the evaluation of investments accounted for using the equity method is our key audit matters.

How the matter was addressed in our audit:

- Our principal audit procedures included: Recalculating the shares of profit or loss of associates and subsidiaries in accordance with ownership percentage of shares; confirming the information of long-term equity investments by confirmation letter; discussing with the management about the evaluation of subsidiary-related significant matters, as well as understanding the reasonableness of the subsidiary's revenue recognition, valuation of impairment for accounts receivable and inventories; considering the adequacy of the Company's disclosures on its accounts.

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

Management is responsible for the preparation and fair presentation of the parent company only financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the IFRSs, IASs, IFRC, SIC endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of parent company only financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance (including the Audit Committee) are responsible for overseeing the Company's financial reporting process.

### **Auditor's Responsibilities for the Audit of the Parent Company Only Financial Statements**

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

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

1. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtained an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Concluded 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.
5. 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.
6. Obtain sufficient and appropriate audit evidence regarding the financial information on the investment in other entities accounted for using the equity method in order to express an opinion on this financial statement. 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 parent company only financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Cheng-Hsueh, Chen and Tsu-Hsin, Chang.

KPMG

Taipei, Taiwan (Republic of China)

March 10, 2021

#### Notes to Readers

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

The independent auditors' audit report and the accompanying parent company only financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' audit report and parent company only financial statements, the Chinese version shall prevail.



## (English Translation of Parent Company Only Financial Statements and Report Originally Issued in Chinese)

## Swancor Holding Company Limited

## Balance Sheets

December 31, 2020 and 2019

(Expressed in Thousands of New Taiwan Dollars)

Assets	December 31, 2020		December 31, 2019			Liabilities and Equity	December 31, 2020		December 31, 2019	
	Amount	%	Amount	%			Amount	%	Amount	%
<b>Current assets:</b>						<b>Current liabilities:</b>				
1100 Cash and cash equivalents (note 6(a))	\$ 455,723	7	1,322,820	22	2130	Current contract liabilities	250	-	-	-
1110 Current financial assets at fair value through profit or loss(note 6(b))	2,012	-	-	-	2200	Other payables (note 6(l) and (p))	82,148	1	124,867	2
1200 Other receivables (note 6(d))	84,066	2	83,800	2	2230	Current tax liabilities	112,929	2	87,103	1
1210 Other receivables due from related parties (note 6(d) and 7)	263,475	4	610,482	10	2300	Other current liabilities	282	-	306	-
1410 Prepayments	4,881	-	212	-	2322	Long-term borrowings, current portion (note 6(m) and 8)	236,800	4	105,600	2
1470 Other current assets (note 8)	3,803	-	1,144	-	2355	Current lease liabilities (note 6(o))	2,380	-	1,531	-
	<u>813,960</u>	<u>13</u>	<u>2,018,458</u>	<u>34</u>			<u>434,789</u>	<u>7</u>	<u>319,407</u>	<u>5</u>
<b>Non-current assets:</b>						<b>Non-Current liabilities:</b>				
1510 Non-current financial assets at fair value through profit or loss (note 6(b))	536,642	9	26,102	1	2541	Long-term borrowings (note 6(m) and 8)	426,000	7	501,075	9
1517 Non-current financial assets at fair value through other comprehensive income(note 6(c))	117,544	2	-	-	2572	Deferred income tax liabilities (note 6(q))	100,322	1	23	-
1550 Investments accounted for using the equity method (note 6 (e))	4,022,150	64	3,873,484	65	2613	Non-current lease liabilities (note 6(o))	2,779	-	3,143	-
1600 Property, plant and equipment (note 6(i) 、 7 and 8)	680,548	11	1,616	-	2600	Other non-current liabilities	583	-	-	-
1755 Right-of-use asset (note 6(j))	5,103	-	4,674	-			<u>529,684</u>	<u>8</u>	<u>504,241</u>	<u>9</u>
1780 Intangible assets(note 6(k))	6,053	-	-	-		<b>Total liabilities</b>	<u>964,473</u>	<u>15</u>	<u>823,648</u>	<u>14</u>
1840 Deferred income tax assets (note 6(q))	21,590	-	299	-	3100	<b>Equity attributable to owners of parent (note 6(r)):</b>				
1980 Other non-current financial assets (note 8)	5,423	-	2,898	-	3200	Ordinary shares	935,046	15	935,046	16
1981 Cash surrender value of life insurance(note 6(h))	55,235	1	-	-	3300	Capital surplus	2,940,776	47	3,051,684	51
1990 Other non-current assets	2,877	-	421	-	3400	Retained earnings	1,912,006	31	1,653,996	28
	<u>5,453,165</u>	<u>87</u>	<u>3,909,494</u>	<u>66</u>	3500	Other equity	(418,835)	(7)	(422,477)	(7)
						Treasury shares	(66,341)	(1)	(113,945)	(2)
						<b>Total equity</b>	<u>5,302,652</u>	<u>85</u>	<u>5,104,304</u>	<u>86</u>
<b>Total assets</b>	<b>\$ 6,267,125</b>	<b>100</b>	<b>5,927,952</b>	<b>100</b>		<b>Total liabilities and equity</b>	<b>\$ 6,267,125</b>	<b>100</b>	<b>5,927,952</b>	<b>100</b>

See accompanying notes to parent company only financial statements.

(English Translation of Parent Company Only Financial Statements and Report Originally Issued in Chinese)  
**Swancor Holding Company Limited**  
**Statements of Comprehensive Income**  
**For the years ended December 31, 2020 and 2019**  
**(Expressed in Thousands of New Taiwan Dollars, Except for Earnings Per Common Share)**

		2020		2019	
		Amount	%	Amount	%
4000	<b>Operating revenues</b> (note 6(t))	\$ 559,978	100	526,373	100
5000	<b>Operating costs</b> (note 6(t))	-	-	-	-
	<b>Gross profit (loss) from operations</b>	<u>559,978</u>	<u>100</u>	<u>526,373</u>	<u>100</u>
	<b>Operating expenses</b> (note 6(k)、(p)、(u) and 7):				
6200	Administrative expenses	80,684	15	164,950	31
6300	Research and development expenses	6,291	1	-	-
		<u>86,975</u>	<u>16</u>	<u>164,950</u>	<u>31</u>
	<b>Net operating income</b>	<u>473,003</u>	<u>84</u>	<u>361,423</u>	<u>69</u>
	<b>Non-operating income and expenses</b> (note 6(r)):				
7100	Interest income (note 7)	9,923	2	447	-
7010	Other income (note 7)	229,264	41	41,378	8
7020	Other gains and losses (note 6(n))	(11,566)	(2)	7,907	2
7050	Finance costs (note 6(n) and 7)	(19,474)	(3)	(14,381)	(3)
		<u>208,147</u>	<u>38</u>	<u>35,351</u>	<u>7</u>
7900	<b>Profit before income tax</b>	681,150	122	396,774	76
7950	Income tax expenses (note 6(q))	55,126	10	21,089	4
	<b>Profit from continuing operations</b>	<u>626,024</u>	<u>112</u>	<u>375,685</u>	<u>72</u>
	<b>Profit from discontinued operations:</b>				
8101	Profit from discontinued operations, net of tax (note 12(b))	-	-	449,165	85
	<b>Profit</b>	<u>626,024</u>	<u>112</u>	<u>824,850</u>	<u>157</u>
	<b>Other comprehensive income</b> (note 6(v)):				
8310	<b>Components of other comprehensive income that will not be reclassified to profit or loss</b>				
8330	Share of other comprehensive income of associates and joint ventures accounted for using the equity method, components of other comprehensive income that will not be reclassified to profit or loss	-	-	4	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	-	-	-	-
		<u>-</u>	<u>-</u>	<u>4</u>	<u>-</u>
8360	<b>Components of other comprehensive income (loss) that will be reclassified to profit or loss</b>				
8361	Exchange differences on translation of foreign financial statements	2,913	-	(124,544)	(24)
8367	Unrealized gains from investments measured at fair value through other comprehensive income	729	-	-	-
8370	Share of other comprehensive income of associates and joint ventures accounted for using the equity method, components of other comprehensive income that will be reclassified to profit or loss	-	-	39,467	8
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss	-	-	-	-
		<u>3,642</u>	<u>-</u>	<u>(85,077)</u>	<u>(16)</u>
8300	<b>Other comprehensive income for the year, net of tax</b>	3,642	-	(85,073)	(16)
8500	<b>Total comprehensive income for the year</b>	<u>\$ 629,666</u>	<u>112</u>	<u>739,777</u>	<u>141</u>

See accompanying notes to parent company only financial statements.

(English Translation of Parent Company Only Financial Statements and Report Originally Issued in Chinese)  
**Swancor Holding Company Limited**  
**Statements of Comprehensive Income**  
**For the years ended December 31, 2020 and 2019**  
(Expressed in Thousands of New Taiwan Dollars, Except for Earnings Per Common Share)

		<u>2020</u>		<u>2019</u>	
		<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
<b>Earnings per share (NT Dollars) (note 6(s))</b>					
9750	<b>Basic earnings per share</b>				
	Basic earnings per share from continuing operations	\$	6.82		4.09
	Basic earnings per share from discontinued operations		-		4.88
		<b>\$</b>	<b>6.82</b>		<b>8.97</b>
9850	<b>Diluted earnings per share</b>				
	Diluted earnings per share from continuing operations	\$	6.81		4.05
	Diluted earnings per share from discontinued operations		-		4.85
		<b>\$</b>	<b>6.81</b>		<b>8.90</b>

See accompanying notes to parent company only financial statements.

(English Translation of Parent Company Only Financial Statements and Report Originally Issued in Chinese)  
Swancor Holding Company Limited

Statements of Changes in Equity  
For the years ended December 31, 2020 and 2019  
(Expressed in Thousands of New Taiwan Dollars)

	Retained earnings					Other equity interest					Total equity	
	Ordinary shares	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Total	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	Gains (losses) on hedging instruments	Treasury shares		
<b>Balance at January 1, 2019</b>	\$ 935,046	3,047,829	27,061	242,257	1,019,842	1,289,160	(293,442)	(4,491)	(39,467)	(337,400)	(113,945)	4,820,690
Profit for the year	-	-	-	-	824,850	824,850	-	-	-	-	-	824,850
Other comprehensive income for the year	-	-	-	-	4	4	(124,544)	-	39,467	(85,077)	-	(85,073)
Total comprehensive income for the year	-	-	-	-	824,854	824,854	(124,544)	-	39,467	(85,077)	-	739,777
Appropriation and distribution of retained earnings:												
Legal reserve	-	-	101,332	-	(101,332)	-	-	-	-	-	-	-
Special reserve	-	-	-	87,700	(87,700)	-	-	-	-	-	-	-
Cash dividends of ordinary shares	-	-	-	-	(460,018)	(460,018)	-	-	-	-	-	(460,018)
Changes in ownership interests in subsidiaries	-	3,855	-	-	-	-	-	-	-	-	-	3,855
<b>Balance at December 31, 2019</b>	\$ 935,046	3,051,684	128,393	329,957	1,195,646	1,653,996	(417,986)	(4,491)	-	(422,477)	(113,945)	5,104,304
<b>Balance at January 1, 2020</b>	\$ 935,046	3,051,684	128,393	329,957	1,195,646	1,653,996	(417,986)	(4,491)	-	(422,477)	(113,945)	5,104,304
Profit for the year	-	-	-	-	626,024	626,024	-	-	-	-	-	626,024
Other comprehensive income for the year	-	-	-	-	-	-	2,913	729	-	3,642	-	3,642
Total comprehensive income for the year	-	-	-	-	626,024	626,024	2,913	729	-	3,642	-	629,666
Appropriation and distribution of retained earnings:												
Legal reserve	-	-	82,485	-	(82,485)	-	-	-	-	-	-	-
Special reserve	-	-	-	92,520	(92,520)	-	-	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(368,014)	(368,014)	-	-	-	-	-	(368,014)
Retirement of treasury stock	-	-	-	-	-	-	-	-	-	-	(66,341)	(66,341)
Share-based payments	-	42,548	-	-	-	-	-	-	-	-	113,945	156,493
Transactions	-	(153,456)	-	-	-	-	-	-	-	-	-	(153,456)
<b>Balance at December 31, 2020</b>	\$ 935,046	2,940,776	210,878	422,477	1,278,651	1,912,006	(415,073)	(3,762)	-	(418,835)	(66,341)	5,302,652

See accompanying notes to parent company only financial statements.

(English Translation of Parent Company Only Financial Statements and Report Originally Issued in Chinese)

**Swancor Holding Company Limited**  
**Statements of Cash Flows**  
**For the years ended December 31, 2020 and 2019**  
**(Expressed in Thousands of New Taiwan Dollars)**

	2020	2019
<b>Cash flows from (used in) operating activities:</b>		
Profit from continuing operations before tax	\$ 681,150	396,774
Profit from discontinued department before tax	-	515,373
<b>Profit before tax</b>	<b>681,150</b>	<b>912,147</b>
<b>Adjustments:</b>		
Adjustments to reconcile profit (loss):		
Depreciation expense	15,899	682
Amortization expense	3,337	-
Interest expense	19,474	14,381
Interest income	(9,923)	(447)
Dividend income	(157)	-
Share-based payment transactions	12,157	-
Net gain on financial assets or liabilities at fair value through profit or loss	(198)	(172)
Share of gain of associates and joint ventures accounted for using the equity method	(559,978)	(559,692)
Gain on disposal of property, plant and equipment	(78)	-
Gain on disposal of intangible assets	(5,979)	-
Gain on disposal of investments	-	(495,752)
Loss on bond redemption	-	36
Decrease in cash surrender value of life insurance	2,016	-
<b>Total adjustments to reconcile profit</b>	<b>(523,430)</b>	<b>(1,040,964)</b>
<b>Changes in operating assets and liabilities:</b>		
<b>Changes in operating assets:</b>		
Decrease (increase) in other receivable	7,371	(147)
Decrease in other receivable—related parties	414,799	56,265
(Increase) decrease in prepayments	(2,258)	21
Decrease in non-current prepaid pension cost	141	-
Decrease (increase) in operating assets	16,652	(1,064)
Increase in other financial assets	(1,783)	(1,974)
<b>Total changes in operating assets</b>	<b>434,922</b>	<b>53,101</b>
<b>Changes in operating liabilities:</b>		
(Decrease) increase in other payables	(54,726)	48,787
(Decrease) increase in other operating liabilities	(43)	43
<b>Total changes in operating liabilities</b>	<b>(54,769)</b>	<b>48,830</b>
<b>Total changes in operating assets and liabilities</b>	<b>(143,277)</b>	<b>(939,033)</b>
Cash inflow (outflow) generated from operations	537,873	(26,886)
Interest received	9,923	447
Interest paid	(19,618)	(14,249)
Dividends received	157	1,043,887
Income taxes paid	(25,287)	(90)
<b>Net cash flows from operating activities</b>	<b>503,048</b>	<b>1,003,109</b>
<b>Cash flows from (used in) investing activities:</b>		
Acquisition of current financial assets at fair value through profit or loss	(3,176)	-
Acquisition of non-current financial assets at fair value through other comprehensive income	(91,784)	-
Acquisition of non-current financial assets at fair value through profit or loss	(106,153)	-
Proceeds from disposal of current financial assets at fair value through profit or loss	2,181	-
Acquisition of investments accounted for using the equity method	(408,000)	(50,000)
Proceeds from disposal of investments accounted for using the equity method	296,240	634,068
Acquisition of property, plant and equipment	(249,387)	(1,712)
Proceeds from disposal of property, plant and equipment	5,602	-
Acquisition of intangible assets	(675)	-
Proceeds from disposal of intangible assets	4,948	-
Increase in refundable deposits	(980)	(421)
Net cash inflows from business combination	91,445	-
Increase in prepayments for business facilities	(198)	-
<b>Net cash from (used in) investing activities</b>	<b>(459,937)</b>	<b>581,935</b>
<b>Cash flows from (used in) financing activities:</b>		
Decrease in short-term borrowings	-	(30,000)
Repayments of bonds payable	-	(2,837)
Proceeds from long-term borrowings	-	470,000
Repayments of long-term borrowings	(588,400)	(52,800)
Repayment of lease liabilities	(1,981)	(586)
Increase in guarantee deposits received	583	-
Decrease in other payables to related parties	-	(221,321)
Cash dividends paid	(368,014)	(460,018)
Payments to acquire treasury shares	(66,341)	-
Proceeds from sale of treasury shares	113,945	-
<b>Net cash (used in) from financing activities</b>	<b>(910,208)</b>	<b>(297,562)</b>
<b>Net increase in cash and cash equivalents</b>	<b>(867,097)</b>	<b>1,287,482</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>1,322,820</b>	<b>35,338</b>
<b>Cash and cash equivalents at end of period</b>	<b>\$ 455,723</b>	<b>1,322,820</b>

See accompanying notes to parent company only financial statements.

## Independent Auditors' Report

To the Board of Directors of Swancor Holding Company Limited:

### Opinion

We have audited the consolidated financial statements of Swancor Holding Company Limited (the "Company") and its subsidiaries ("the Group"), which comprise the consolidated balance sheets of December 31, 2020 and 2019, the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2020 and 2019, 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 with the International Financial Reporting Standards ("IFRSs"), International Accounting Standards ("IASs"), Interpretations developed by the International Financial Reporting Interpretations Committee ("IFRIC") or the former Standing Interpretations Committee ("SIC") endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

### Basis for Opinion

We conducted our audit of the consolidated financial statements as of and for the year ended December 31, 2020 in accordance with the Regulations Governing Auditing and Certification of Financial Statements by Certified Public Accountants, and the auditing standards generally accepted in the Republic of China. Furthermore, we conducted our audit of the consolidated financial statements as of and for the year ended December 31, 2019 in accordance with the Regulations Governing Auditing and Certification of Financial Statements by Certified Public Accountants, Rule No.1090360805 issued by the Financial Supervisory Commission, and the auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Certified Public Accountants Code of Professional Ethics in 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 of our opinion.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements 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, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

#### 1. Revenue Recognition

Please refer to Note 4(o) "Revenue" and Note 6(aa) "Revenue from contracts with customers" to the consolidated financial statements.

See accompanying notes to parent company only financial statements.

Description of key audit matter:

Revenue is recognized when the control in each individual contract with customers is transferred. The Company recognizes revenue depending on the various sales terms in each individual contract with customers to ensure the significant risks and rewards of ownership have been transferred and involves judgment of the Group's management. In addition, since the Company is a listed company, it takes responsibility to maintain stable revenue in order to meet investors' expectation; therefore, sales revenue has been identified as one of our key audit matters.

How the matter was addressed in our audit:

In relation to the key audit matter above, our principal audit procedures included testing the Company's internal controls surrounding revenue recognition; assessing whether appropriate revenue recognition policies are applied through comparison with accounting standards, and understanding the Company's main revenue types, its related sales agreements, and sales terms; on a sample basis, inspecting contracts with customers or customers' orders, and assessing whether the accounting treatment of the related contracts (including sales terms) is applied appropriately; performing a test regarding the details on sales revenue, and understanding the rationale for any identified significant sales fluctuations and any significant reversals of revenue through sales discounts and sales returns, which incurred within a certain period before, or after, the balance sheet date; and evaluating the adequacy of the Company's disclosures of its revenue recognition policy and other related disclosures.

## 2. Evaluation of Accounts receivable

Please refer to Note 4(g) "Financial instruments" , Note 5(a) " The loss allowance of trade receivable" and Note 6(d) "Notes and accounts receivable (including related parties)" to the consolidated financial statements.

Description of key audit matter:

The Group's accounts receivable is concentrated within certain customers, and the determination of allowance for accounts receivable relies on the management's subjective judgment. Therefore, the valuation of accounts receivables is one of our key audit matters.

How the matter was addressed in our audit:

In relation to the key audit matter above, concerning the allowance of accounts receivable, we analyze the overdue aging report, historical collection records and concentration of credit risk from clients in order to determine whether the Company recognizes its allowance of accounts receivable and the amount appropriately.

## 3. Assessment of Inventory

The accounting principle of inventory, refer to consolidated financial statements Note 4 (h) "inventory" , the assessment of accounting estimate and assumption uncertainty, refer to consolidated financial statements Note 5 (b); the explanation of inventory assessment refers to consolidated financial statements Note 6 (f).

Description of key audit matter:

The Group's inventories are measured at the lower of cost and net realizable value. However, the cost of inventory might exceed its net realizable value due to the rapid advancement of technology and the changes in market demand. Therefore, inventory evaluation is one of our key audit matters.

See accompanying notes to parent company only financial statements.

How the matter was addressed in our audit:

In relation to the key audit matter above, our principal audit procedures included conducting sampling to examine accuracy of inventory aging; assessing the Group's inventory decline or rationality of debt ratio; examining accuracy of allowance amount of inventory of past years, and comparing with this period; assessing whether estimation method this period presents fairly; examining whether the valuation of inventories is in compliance with the accounting policies of the Group; understanding the basis of the selling price the management used to ensure the reasonableness of net realizable value of inventories to determine the sufficiency of allowance of inventories and whether the related disclosures are appropriate.

### **Other Matter**

The Company has prepared its parent-company-only financial statements as of and for the years ended December 31, 2020 and 2019, on which we have issued an unmodified opinion.

### **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 with the IFRSs, IASs, IFRC, SIC endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance (including the Audit Committee) are responsible for overseeing the Group's financial reporting process.

### **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 the auditing standards generally accepted in the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

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

See accompanying notes to parent company only financial statements.



3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Concluded 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.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtained 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 auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Cheng-Hsueh, Chen and Tsu-Hsin, Chang.

KPMG

Taipei, Taiwan (Republic of China)  
March 10, 2021

See accompanying notes to parent company only financial statements.

(English Translation of Consolidated Financial Statements and Report Originally Issued in Chinese)  
**Swancor Holding Company Limited and subsidiaries**  
**Consolidated Balance Sheets**  
**December 31, 2020 and 2019**  
(Expressed in Thousands of New Taiwan Dollars)

Assets	December 31, 2020		December 31, 2019			Liabilities and Equity	December 31, 2020		December 31, 2019	
	Amount	%	Amount	%			Amount	%	Amount	%
<b>Current assets:</b>						<b>Current liabilities:</b>				
1100 Cash and cash equivalents(note 6(a))	\$ 1,598,800	13	2,121,142	22	2102	Short-term borrowings(note 6(p) and 8)	\$ 781,129	6	398,142	4
1110 Current financial assets at fair value through profit or loss(note 6(b) and (s))	2,012	-	819	-	2130	Current contract liabilities(note 6(aa))	8,586	-	16,535	-
1150 Notes receivables, net(note 6(d))	2,620,824	21	1,641,548	17	2151	Notes payable	444,273	4	178,717	2
1170 Accounts receivable, net(note 6(d))	3,395,525	28	1,862,428	20	2170	Accounts payable	3,220,031	26	1,603,549	17
1200 Other receivables(note 6 (e) and (h))	85,291	1	85,091	1	2200	Other payables(note 6(q) and (v))	406,970	4	399,797	4
1210 Other receivables from related parties(note 6(e) and 7)	5,617	-	609,425	6	2230	Current tax liabilities	133,908	1	175,272	2
1220 Current tax assets	2,845	-	10,385	-	2300	Other current liabilities(note 6(q) and (v))	10,183	-	1,498	-
130x Inventories(note 6(f))	1,015,584	8	610,692	6	2322	Long-term borrowings, current portion(note 6(r) and 8)	236,800	2	217,600	2
1410 Prepayments	170,711	2	77,441	1	2355	Current lease liabilities(note 6(t))	2,358	-	9,374	-
1470 Other current assets(note 6(o))	91,983	1	118,482	1			5,244,238	43	3,000,484	31
1476 Other current financial assets(note 6(o) and 8)	170,021	1	89,101	1						
	9,159,213	75	7,226,554	75						
<b>Non-current assets:</b>						<b>Non-Current liabilities:</b>				
1510 Non-current financial assets at fair value through profit or loss(note 6(b))	536,642	4	430,489	4	2541	Long-term borrowings(note 6(r) and 8)	447,655	3	1,032,400	10
1517 Non-current financial assets at fair value through other comprehensive income (note 6(c) and 8)	117,544	1	25,031	-	2572	Deferred income tax liabilities(note 6(w))	101,713	1	48,973	1
1600 Property, plant and equipment(note 6(l), 7 and 8)	1,867,196	15	1,497,378	15	2613	Non-current lease liabilities(note 6(t))	5,307	-	29,807	-
1780 Intangible assets(note 6(n))	11,123	-	13,685	-	2600	Other non-current liabilities(note 6(q) and (u))	4,722	-	-	-
1755 Right-of-use asset(note 6(m) and 8)	230,620	2	267,458	3			559,397	4	1,111,180	11
1840 Deferred income tax assets(note 6(w))	67,070	1	112,457	1		<b>Total liabilities</b>	5,803,635	47	4,111,664	42
1975 Prepaid pension cost-non-current(note 6(v))	-	-	141	-		<b>Equity attributable to owners of parent(note 6(x)):</b>				
1981 Cash surrender value of life insurance(note 6(k))	55,235	1	57,251	1	3100	Ordinary shares	935,046	8	935,046	10
1990 Other non-current assets(note 6(o) and 8)	174,589	1	53,489	1	3200	Capital surplus	2,940,776	24	3,051,684	32
	3,060,019	25	2,457,379	25	3300	Retained earnings	1,912,006	16	1,653,996	17
					3400	Other equity	(418,835)	(3)	(422,477)	(5)
					3500	Treasury shares	(66,341)	(1)	(113,945)	(1)
						<b>Total equity attributable to owners of parent:</b>	5,302,652	44	5,104,304	53
					36xx	Non-controlling interests(note 6(j))	1,112,945	9	467,965	5
						<b>Total equity</b>	6,415,597	53	5,572,269	58
<b>Total assets</b>	<b>\$ 12,219,232</b>	<b>100</b>	<b>9,683,933</b>	<b>100</b>		<b>Total liabilities and equity</b>	<b>\$ 12,219,232</b>	<b>100</b>	<b>9,683,933</b>	<b>100</b>

See accompanying notes to parent company only financial statements.

(English Translation of Consolidated Financial Statements and Report Originally Issued in Chinese)  
**Swancor Holding Company Limited and subsidiaries**  
**Consolidated Statements of Comprehensive Income**  
**For the years ended December 31, 2020 and 2019**  
**(Expressed in Thousands of New Taiwan Dollars , Except for Earnings Per Common Share)**

		2020		2019	
		Amount	%	Amount	%
4000	<b>Operating revenues</b> (note 6(aa))	\$ 9,867,900	100	6,153,144	100
5000	<b>Operating costs</b> (note 6(f) and (n))	8,124,571	82	5,010,959	81
	<b>Gross profit from operations</b>	1,743,329	18	1,142,185	19
	<b>Operating expenses</b> (note 6(n), (v) and (aa)):				
6100	Selling expenses	377,149	4	290,990	5
6200	Administrative expenses	381,868	4	441,463	7
6300	Research and development expenses	200,782	2	139,079	2
6450	Impairment (gain) loss determined in accordance with IFRS 9 (note 6(d))	(587)	-	1,121	-
	<b>Net operating income</b>	959,212	10	872,653	14
	<b>Non-operating income and expenses</b> (note 6(ac)):	784,117	8	269,532	5
7100	Interest income	8,043	-	5,376	-
7010	Other income(note 7)	207,480	2	(14,041)	-
7020	Other gains and losses(note 6(h) and (i))	16,076	-	404,449	6
7050	Finance costs, net(note 6(s))	(66,955)	-	(58,594)	(1)
7060	Share of loss of associates and joint ventures accounted for using equity method(note 6(h))	-	-	(4,668)	-
		164,644	2	332,522	5
7900	<b>Profit before income tax</b>	948,761	10	602,054	10
7950	Income tax expenses(note 6(w))	220,456	3	197,442	3
	<b>Profit from continuing operations</b>	728,305	7	404,612	7
8101	Profit from discontinued operations, net of tax (note 12(c))	-	-	449,165	7
	<b>Profit</b>	728,305	7	853,777	14
8300	<b>Other comprehensive income (note 6(w)):</b>				
8310	<b>Components of other comprehensive income that will not be reclassified to profit or loss</b>				
8311	Remeasurements of defined benefit obligation	-	-	4	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	-	-	-	-
		-	-	4	-
8360	<b>Components of other comprehensive income (loss) that will be reclassified to profit or loss</b>				
8361	Exchange differences on translation of foreign financial statements	5,766	-	(141,383)	(3)
8367	Unrealized gains from investments measured at fair value through other comprehensive income	729	-	-	-
8370	Share of other comprehensive income of associates and joint ventures accounted for using equity method, components of other comprehensive income that will be reclassified to profit or loss	-	-	39,467	1
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss	-	-	-	-
		6,495	-	(101,916)	(2)
8300	<b>Other comprehensive income for the year, net of tax</b>	6,495	-	(101,912)	(2)
8500	<b>Total comprehensive income for the year</b>	\$ 734,800	7	751,865	12

See accompanying notes to parent company only financial statements.

(English Translation of Consolidated Financial Statements and Report Originally Issued in Chinese)  
**Swancor Holding Company Limited and subsidiaries**  
**Consolidated Statements of Comprehensive Income**  
**For the years ended December 31, 2020 and 2019**  
**(Expressed in Thousands of New Taiwan Dollars , Except for Earnings Per Common Share)**

		2020		2019	
		Amount	%	Amount	%
<b>Profit attributable to:</b>					
8610	Owners of parent	\$ 626,024	6	824,850	13
8620	Non-controlling interests(note 6(j))	102,281	1	28,927	1
		<b>\$ 728,305</b>	<b>7</b>	<b>853,777</b>	<b>14</b>
<b>Comprehensive income (loss) attributable to:</b>					
8710	Owners of parent	\$ 629,666	6	739,777	12
8720	Non-controlling interests(note 6(j))	105,134	1	12,088	-
		<b>\$ 734,800</b>	<b>7</b>	<b>751,865</b>	<b>12</b>
<b>Earnings per share(NT dollars)(note 6(y))</b>					
9750	<b>Basic earnings per share</b>				
	Basic earnings per share from continuing operations	\$	6.82		4.09
	Basic earnings per share from discontinued operations	-			4.88
		<b>\$</b>	<b>6.82</b>		<b>8.97</b>
9850	<b>Diluted earnings per share</b>				
	Diluted earnings per share from continuing operations	\$	6.81		4.05
	Diluted earnings per share from discontinued operations	-			4.85
		<b>\$</b>	<b>6.81</b>		<b>8.90</b>

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(English Translation of Consolidated Financial Statements and Report Originally Issued in Chinese)  
Swancor Holding Company Limited and subsidiaries

Consolidated Statements of Changes in Equity  
For the years ended December 31, 2020 and 2019  
(Expressed in Thousands of New Taiwan Dollars)

	Equity attributable to owners of parent													Total equity
	Retained earnings					Other equity interest					Treasury shares	Total equity attributable to owners of parent	Non-controlling interests	
	Ordinary shares	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Total	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	Gains (losses) on hedging instruments	Total				
<b>Balance at January 1, 2019</b>	\$ 935,046	3,047,829	27,061	242,257	1,019,842	1,289,160	(293,442)	(4,491)	(39,467)	(337,400)	(113,945)	4,820,690	464,248	5,284,938
Effects of retrospective application	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Balance on January 1, 2019 after adjustments</b>	<b>935,046</b>	<b>3,047,829</b>	<b>27,061</b>	<b>242,257</b>	<b>1,019,842</b>	<b>1,289,160</b>	<b>(293,442)</b>	<b>(4,491)</b>	<b>(39,467)</b>	<b>(337,400)</b>	<b>(113,945)</b>	<b>4,820,690</b>	<b>464,248</b>	<b>5,284,938</b>
Profit for the year	-	-	-	-	824,850	824,850	-	-	-	-	-	824,850	28,927	853,777
Other comprehensive income for the year	-	-	-	-	4	4	(124,544)	-	39,467	(85,077)	-	(85,073)	(16,839)	(101,912)
Total comprehensive income for the year	-	-	-	-	824,854	824,854	(124,544)	-	39,467	(85,077)	-	739,777	12,088	751,865
Appropriation and distribution of retained earnings:														
Legal reserve	-	-	101,332	-	(101,332)	-	-	-	-	-	-	-	-	-
Special reserve	-	-	-	87,700	(87,700)	-	-	-	-	-	-	-	-	-
Cash dividends of ordinary shares	-	-	-	-	(460,018)	(460,018)	-	-	-	-	-	(460,018)	-	(460,018)
Share-based payment transactions	-	3,855	-	-	-	-	-	-	-	-	-	3,855	489	4,344
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	(8,860)	(8,860)
<b>Balance at December 31, 2019</b>	<b>\$ 935,046</b>	<b>3,051,684</b>	<b>128,393</b>	<b>329,957</b>	<b>1,195,646</b>	<b>1,653,996</b>	<b>(417,986)</b>	<b>(4,491)</b>	<b>-</b>	<b>(422,477)</b>	<b>(113,945)</b>	<b>5,104,304</b>	<b>467,965</b>	<b>5,572,269</b>
<b>Balance at January 1, 2020</b>	<b>\$ 935,046</b>	<b>3,051,684</b>	<b>128,393</b>	<b>329,957</b>	<b>1,195,646</b>	<b>1,653,996</b>	<b>(417,986)</b>	<b>(4,491)</b>	<b>-</b>	<b>(422,477)</b>	<b>(113,945)</b>	<b>5,104,304</b>	<b>467,965</b>	<b>5,572,269</b>
Profit for the year	-	-	-	-	626,024	626,024	-	-	-	-	-	626,024	102,281	728,305
Other comprehensive income for the year	-	-	-	-	-	-	2,913	729	-	3,642	-	3,642	2,853	6,495
Total comprehensive income for the year	-	-	-	-	626,024	626,024	2,913	729	-	3,642	-	629,666	105,134	734,800
Appropriation and distribution of retained earnings:														
Legal reserve	-	-	82,485	-	(82,485)	-	-	-	-	-	-	-	-	-
Special reserve	-	-	-	92,520	(92,520)	-	-	-	-	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(368,014)	(368,014)	-	-	-	-	-	(368,014)	-	(368,014)
Retirement of treasury stock	-	-	-	-	-	-	-	-	-	-	(66,341)	(66,341)	-	(66,341)
Share-based payment transactions	-	42,548	-	-	-	-	-	-	-	-	113,945	156,493	6,544	163,037
Adjustment to capital surplus due to non-proportionaal investment	-	(153,456)	-	-	-	-	-	-	-	-	-	(153,456)	153,456	-
Change in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	379,846	379,846
<b>Balance at December 31, 2020</b>	<b>\$ 935,046</b>	<b>2,940,776</b>	<b>210,878</b>	<b>422,477</b>	<b>1,278,651</b>	<b>1,912,006</b>	<b>(415,073)</b>	<b>(3,762)</b>	<b>-</b>	<b>(418,835)</b>	<b>(66,341)</b>	<b>5,302,652</b>	<b>1,112,945</b>	<b>6,415,597</b>

See accompanying notes to parent company only financial statements.

(English Translation of Consolidated Financial Statements and Report Originally Issued in Chinese)  
**Swancor Holding Company Limited and subsidiaries**  
**Consolidated Statements of Cash Flows**  
**For the years ended December 31, 2020 and 2019**  
(Expressed in Thousands of New Taiwan Dollars)

	2020	2019
<b>Cash flows from (used in) operating activities:</b>		
<b>Profit (loss) from continuing operations before tax</b>	\$ 948,761	602,054
<b>Profit from discontinued department before tax</b>	-	547,660
<b>Profit before tax</b>	<u>948,761</u>	<u>1,149,714</u>
<b>Adjustments:</b>		
Adjustments to reconcile profit (loss):		
Depreciation expense	157,790	145,508
Amortization expense	3,888	4,208
Expected credit (gain) loss Reversal of provision for bad debt expense	(587)	1,121
Net (gain) loss on financial assets or liabilities at fair value through profit or loss	(198)	3,342
Interest expense	66,955	61,122
Interest income	(8,043)	(7,313)
Dividend income	(157)	(54)
Share-based payment transactions	49,092	4,344
Share of loss of associates and joint ventures accounted for using equity method	-	54,408
Loss (gain) on disposal of property, plant and equipment	473	(1,677)
Gain on disposal of investment	(4,408)	(902,829)
Loss on bond redemption	-	36
(Decrease) increase in cash surrender value of life insurance	2,016	(201)
<b>Total adjustments to reconcile profit</b>	<u>266,821</u>	<u>(637,985)</u>
<b>Changes in operating assets and liabilities:</b>		
<b>Changes in operating assets:</b>		
Increase in notes receivable	(978,091)	(217,459)
Increase in accounts receivable(including related parties)	(1,533,304)	(13,309)
(Increase) decrease in other receivables	(200)	20,748
Decrease in other receivable due from related parties	603,808	397,753
Increase in inventories	(404,892)	(150,576)
Increase in prepayments	(93,270)	(43,251)
Decrease (increase) in prepaid pension cost-non current	141	(4)
Decrease (increase) in operating assets	<u>18,433</u>	<u>(3,787)</u>
<b>Total changes in operating assets</b>	<u>(2,387,375)</u>	<u>(9,885)</u>
<b>Changes in operating liabilities:</b>		
(Increase) decrease in notes payable	265,556	(79,526)
Increase in accounts payable	1,616,482	460,133
(Decrease) increase in other payables	(53,179)	49,623
Increase in other operating liabilities	510	6,266
<b>Total changes in operating liabilities</b>	<u>1,829,369</u>	<u>436,496</u>
<b>Total changes in operating assets and liabilities</b>	<u>(291,185)</u>	<u>(211,374)</u>
Cash inflow generated from operations	657,576	938,340
Interest received	8,043	7,313
Interest paid	(65,160)	(60,182)
Income taxes paid	(156,153)	(332,051)
<b>Net cash flows (used in) from operating activities</b>	<u>444,306</u>	<u>553,420</u>
<b>Cash flows from (used in) investing activities:</b>		
Acquisition current financial assets at fair value through profit or loss	(3,176)	(178,702)
Acquisition of non-current financial assets at fair value through other comprehensive income	(91,784)	(7,460)
Acquisition non-current financial assets at fair value through profit or loss	(106,153)	-
Proceeds from disposal of financial assets at fair value through profit or loss	6,589	1,042
Acquisition of investments accounted for using equity method	-	(411,066)
Proceeds from disposal of investments accounted for using equity method	-	634,600
Proceeds from disposal of subsidiaries	-	595,865
Acquisition of property, plant and equipment	(458,341)	(101,384)
Proceeds from disposal of property, plant and equipment	2,036	4,086
Increase in refundable deposits	(73)	(2,953)
Acquisition of intangible assets	(1,168)	(5,113)
Increase in prepayments for business facilities	(118,941)	(36,260)
(Increase) decrease in other financial assets	(79,626)	150,395
Dividends received	157	54
<b>Net cash from investing activities</b>	<u>(850,480)</u>	<u>643,104</u>
<b>Cash flows from (used in) financing activities:</b>		
Increase in short-term borrowings	920,943	167,324
Decrease in short-term borrowings	(537,956)	(191,264)
Repayments of bonds payable	-	(2,837)
Proceeds from long-term borrowings	44,370	470,000
Repayments of long-term borrowings	(607,600)	(165,300)
Repayments of lease liabilities	(4,944)	(4,887)
Increase in guarantee deposits received	583	-
Cash dividends paid	(368,014)	(460,018)
Payments to acquire treasury shares	(66,341)	-
Proceeds from sale of treasury shares	113,945	-
Change in non-controlling interests	379,846	(8,860)
<b>Net cash used in financing activities</b>	<u>(125,168)</u>	<u>(195,842)</u>
<b>Effect of exchange rate changes on cash and cash equivalents</b>	<u>9,000</u>	<u>(104,276)</u>
<b>Net increase in cash and cash equivalents</b>	<u>(522,342)</u>	<u>896,406</u>
<b>Cash and cash equivalents at beginning of period</b>	<u>2,121,142</u>	<u>1,224,736</u>
<b>Cash and cash equivalents at end of period</b>	<u>\$ 1,598,800</u>	<u>2,121,142</u>

See accompanying notes to parent company only financial statements.

## Comparison Table for Amendments to “Procedures for Election of Directors”

Original Version		Amended Version		Revision notes
No.	Summary	No.	Summary	
5.0 Process Notes 5.6	The board of directors shall prepare ballots for directors in a number corresponding to the directors to be elected. The number of voting rights associated with each ballot shall be specified on the ballots, which shall then be distributed to the attending shareholders at the shareholders' meeting. Attendance card numbers printed on the ballots may be used instead of recording the names of voting shareholders.	5.0 Process Notes 5.6	<u>Person with the right to call</u> shall prepare separate ballots for directors in numbers corresponding to the directors to be elected. The number of voting rights associated with each ballot shall be specified on the ballots, which shall then be distributed to the attending shareholders at the shareholders' meeting. Attendance card numbers printed on the ballots may be used instead of recording the names of voting shareholders.	Modified with revision 5.10.1.
5.0 Process Notes 5.8	Before the beginning of the election, the chairman shall designate a number of shareholders to supervise the casting of the ballots and a number of persons to count the ballots, each of which shall then respectively perform their relevant functions accordingly. The ballot box shall be prepared by the Company and opened to the public by the inspectors before the vote.	5.0 Process Notes 5.8	Before the beginning of the election, the chairman shall designate a number of shareholders to supervise the casting of the ballots and a number of persons to count the ballots, each of which shall then respectively perform their relevant functions accordingly. The ballot box shall be prepared by <u>the person with the right to call</u> and opened to the public by the inspectors before the vote.	Modified with revision 5.10.1.
5.0 Process Notes 5.9	<u>In the event that the candidate is a shareholder of the Company, the voters voting for such candidate shall fill in the candidate column on the ballot such candidate's account name and shareholder account number. In the event that the candidate is not a shareholder of the Company, the voters voting for such candidate shall fill in the candidate column on the ballot such candidate's name and ID number. In the event that the candidate is a government or a corporate shareholder, the voters voting for such candidate shall fill in the candidate column on the ballot with the name of such government or corporate shareholder, or the name of such government or corporate shareholder together with the name of such government's or corporate shareholder's representative; when there are multiple representatives, the names of all representatives shall be listed.</u>	-	Deleted.	According to Order Jin-Guan-Zheng-Jiao-Zi No. 108031145 1 issued by the FSC on April 25, 2019, the candidate nomination system should be adopted in the election of directors from 2021, that is, there is no need to identify the identity of candidates by shareholder account number or ID number, so it is deleted.
5.0 Process Notes	5.10 A ballot is deemed void if any of the following circumstances occurs:	5.0 Process Notes	5.9 A ballot is deemed void if any of the following circumstances occurs:	1. In line with the

5.10	<p>5.10.1 A ballot was not prepared by the board of directors.</p> <p>5.10.2 Any blank ballot.</p> <p>5.10.3 Any ballot with illegible writing rendering it unrecognizable, or any ballot with corrections.</p> <p>5.10.4 Where the candidate voted for is a shareholder of the Company, such candidate's account name and shareholder account number filled in the ballot is inconsistent with that on the shareholder registry. Where the candidate voted for is not a shareholder of the Company, such candidate's name or ID number is verified to be incorrect.</p> <p>5.10.5 <u>Any ballot with characters other than the candidate's account name (name) or shareholder account number (ID number) and the allocated number of voting rights.</u></p> <p>5.10.6 <u>The candidate's name written on the ballot coincides with other shareholders, but no information such as shareholder ID or ID card number has been provided for identification.</u></p>	5.9	<p>5.9.1 A ballot was not prepared by <u>the members with the convening right.</u></p> <p>5.9.2 Any blank ballot.</p> <p>5.9.3 Any ballot with illegible writing rendering it unrecognizable, or any ballot with corrections.</p> <p>5.9.4 the candidates filled in are inconsistent with <u>the list of candidates for directors.</u></p> <p>5.9.5 Other words or marks are entered in addition to the number of voting rights allocated.</p>	amendment of Article 10 of the "Sample Template for XXX Co., Ltd. Procedures for Election of Directors" on June 3, 2020. 2. Item adjustment due to deletion of 5.9.
5.0 Process Notes 5.11~5.12	<p>5.11 Ballots shall be counted at the spot upon completion of casting the ballots, and the elected directors including number of votes shall be announced by the Chairman. The ballots shall be sealed and signed off by the ballot inspectors and be kept for at least a year. In the event a lawsuit regarding the Directors election under Article 189 of the Company Act, those ballots shall be archived until the conclusion of the lawsuit.</p> <p>5.12 The Procedures and any amendments thereafter shall become effective upon resolution at the shareholders' meeting.</p>	5.0 Process Notes 5.10~5.11	<p>5.10 Ballots shall be counted at the spot upon completion of casting the ballots, and the elected directors including number of votes shall be announced by the Chairman. The ballots shall be sealed and signed off by the ballot inspectors and be kept for at least a year. In the event a lawsuit regarding the Directors election under Article 189 of the Company Law, those ballots shall be archived until the conclusion of the lawsuit.</p> <p>5.11 The Procedures and any amendments thereafter shall become effective upon resolution at the shareholders' meeting.</p>	Item adjustment due to deletion of 5.9.



## Comparison Table for Amendments to “Rules of Procedure for Shareholders Meetings”

Original Version		Amended Version		Revision notes
No.	Summary	No.	Summary	
5.0 Process Notes 5.2	Paragraph 1, 2, 3 are omitted.  Article 172 of the Company Act, Article 26-1 and Article 43-6 of the Securities and Exchange Act, and Article 56-1 and Article 60-2 of the Regulations Governing the Offering and Issuance of Securities by Securities Issuers shall be listed in the reasons for convening the meeting, and shall not be proposed as extempore motions.	5.0 Process Notes 5.2	Paragraph 1, 2, 3 are omitted. <u>Election or dismissal of directors, amendments to the articles of incorporation, reduction of capital, application for the approval of ceasing its status as a public company, approval of competing with the company by directors, surplus profit distributed in the form of new shares, reserve distributed in the form of new shares, the dissolution, merger, or demerger of the corporation, or any matter under Article 185, paragraph 1, Article 26-1 and Article 43-6 of the Securities and Exchange Act, and Article 56-1 and Article 60-2 of the Regulations Governing the Offering and Issuance of Securities by Securities Issuers shall be set out and the essential contents explained in the notice of the reasons for convening the meeting. None of the above matters may be raised by an extraordinary motion.</u>	List the items clearly.
5.0 Process Notes 5.8	The calculation of the number of shares present shall be based on the attendance register or sign-in cards submitted by the shareholders and those shares whose votes are exercised by mail or electronically via the internet. The chairperson shall call the meeting to order at the time scheduled for the meeting. In the event that the meeting is attended by shareholders representing less than half of the total issued shares, the chairperson may announce a postponement of the meeting, however, there may not be more than two postponements in total and the total time accumulated in the postponement(s) shall not exceed one hour. In the event that the meeting is still attended by shareholders representing less than one-third of the total issued shares after two postponements, the chairperson may announce that the meeting should be canceled.  (Omitted)	5.0 Process Notes 5.8	The calculation of the number of shares present shall be based on the attendance register or sign-in cards submitted by the shareholders and those shares whose votes are exercised by mail or electronically via the internet. The chairperson shall call the meeting to order at the time scheduled for the meeting, <u>as well as announcing information such as the number of shares with no voting right and shares present.</u> In the event that the meeting is attended by shareholders representing less than half of the total issued shares, the chairperson may announce a postponement of the meeting, however, there may not be more than two postponements in total and the total time accumulated in the postponement(s) shall not exceed one hour. In the event that the meeting is still attended by shareholders representing less than one-third of the total issued shares after two postponements, the chairperson may announce that the meeting should be canceled.  (Omitted)	The amendment was made in line with the Article 9 of the revised "Sample Template for XXX Co., Ltd. Rules of Procedure for Shareholders Meetings" on January 28, 2021.
5.0 Process Notes 5.9	The agenda for the shareholders' meeting shall be set by the Board of Directors if such meeting is convened by the Board of Directors. Unless otherwise resolved by	5.0 Process Notes 5.9	The agenda for the shareholders' meeting shall be set by the Board of Directors if such meeting is convened by the Board of Directors. Unless	The amendments were made in

	<p>resolution at the meeting, the meeting shall be carried out in accordance with the scheduled agenda.</p> <p>The preceding paragraph shall apply mutatis mutandis to meetings convened by any person, other than the Board of Directors, with the authority to convene such meeting. A shareholder holding 1 percent or more of the total number of issued shares may submit to the Company a <u>written</u> proposal for discussion at a regular shareholders meeting. Such proposals, <u>however</u>, are limited to one item, <u>only</u>, and no proposal containing more than one item will be included in the meeting agenda. In addition, when the circumstances of any subparagraph of Article 172-1, paragraph 4 of the Company Act apply to a proposal put forward by a shareholder, the board of directors may exclude it from the agenda.</p> <p>(Omitted)</p>		<p>otherwise resolved by resolution at the meeting, the meeting shall be carried out in accordance with the scheduled agenda.</p> <p>The preceding paragraph shall apply mutatis mutandis to meetings convened by any person, other than the Board of Directors, with the authority to convene such meeting. A shareholder holding 1 percent or more of the total number of issued shares may submit a proposal to the Company for discussion at a regular shareholders meeting. The proposal is limited to one item. Any proposal with more than one item shall not be included in the proposal. In addition, when the circumstances of any subparagraph of Article 172-1, paragraph 4 of the Company Act apply to a proposal put forward by a shareholder, the board of directors may exclude it from the agenda.</p> <p><u>Shareholders may submit suggestive proposals to urge this Company to promote the public interest or fulfill its social responsibilities. It shall be limited to one proposal in terms of the procedure in accordance with the Article 172-1 of the Company Act. Any proposal in excess shall be excluded from the agenda.</u></p> <p>(Omitted)</p>	<p>accordance with Article 3 of the "Sample Template for XXX Co., Ltd. Rules of Procedure for Shareholders Meetings" on June 3, 2020.</p>
5.0 Process Notes 5.13	<p>The election of directors at the shareholders' meeting, if any, shall be handled according to the relevant regulations on election formulated by the Company, and the voting results shall be announced on the spot, including the list of elected directors and the numbers of votes they obtained.</p> <p>The ballots shall be sealed and signed off by the ballot inspectors and be kept for at least a year. In the event a lawsuit regarding the Directors election under Article 189 of the Company Act, those ballots shall be archived until the conclusion of the lawsuit.</p>	5.0 Process Notes 5.13	<p>The election of Directors at the shareholder meeting, if any, shall be handled according to the relevant regulations on election made by the Company, and the voting results shall be announced on the spot including the list of elected Directors and the numbers of votes, <u>as well as the list of unelected Directors and the respective number of votes received.</u></p> <p>The ballots shall be sealed and signed off by the ballot inspectors and be kept for at least a year. In the event a lawsuit regarding the Directors election under Article 189 of the Company Act, those ballots shall be archived until the conclusion of the lawsuit.</p>	<p>The amendments were made in accordance with Article 14 of the Sample Template for XXX Co., Ltd. Rules of Procedure for Shareholders Meetings on January 28, 2021.</p>

## Comparison Table for Amendments to "Procedures for the Acquisition or Disposal of Assets"

Original Version		Amended Version		Revision notes
No.	Summary	No.	Summary	
5.0 Process Notes 5.1.	<p>5.1 Below are the procedures and limits relevant to the acquisition and disposal of the Company's assets.</p> <p>5.1.1 Investment in stocks, government bonds, corporate bonds, financial bonds, securities representing interest in a fund, depository receipts, call (put) warrants, beneficiary securities and asset-based securities, etc., with an amount of less than NT\$50 million per day or per transaction or cumulative amount, shall be approved by the top supervisor of the authorized financial unit; the amount between NT\$50 million and NT\$100 million (inclusive) shall be executed after the approval of the chairman.</p> <p>5.1.2 Real property and its right-of-use assets: the amount of each transaction of less than or equal to NT\$50 million shall be approved by the chairman before implementation, and then submitted to the board of directors for ratification.</p> <p>5.1.3 Other fixed assets, membership cards and intangible assets: the amount of each transaction of less than or equal to NT\$500,000 shall be executed after being approved by the supervisor of each unit; the amount of each transaction of between NT\$500,000 and NT\$10 million (inclusive) shall be executed after being approved by the chairman; the amount of each transaction of between NT\$10 million and NT\$50 million (inclusive) shall be authorized to the chairman for approval and <u>then</u> submitted to the board of directors for ratification.</p> <p>5.1.4 Derivative products: shall be processed in accordance with the Company's "Procedures for Engaging in Derivatives Trading".</p>	5.0 Process Notes 5.1.	<p>5.1 Below are the procedures and limits relevant to the acquisition and disposal of the Company's assets.</p> <p>5.1.1 Investment in stocks, government bonds, corporate bonds, financial bonds, securities representing interest in a fund, depository receipts, call (put) warrants, beneficiary securities and asset-based securities, etc., with an amount of less than NT\$50 million per day or per transaction or cumulative amount, shall be approved by the top supervisor of the authorized financial unit; the amount between NT\$50 million and NT\$100 million (inclusive) shall be authorized to the chairman for approval <u>and submitted to the latest board of directors for ratification.</u></p> <p>5.1.2 Real property and its right-of-use assets: the amount of each transaction of less than or equal to NT\$50 million shall be authorized to the chairman for approval and submitted to <u>the latest</u> board of directors for ratification.</p> <p>5.1.3 Other fixed assets, membership cards and intangible assets: the amount of each transaction of less than or equal to NT\$500,000 shall be executed after being approved by the supervisor of each unit; the amount of each transaction between NT\$500,000 and NT\$10 million (inclusive) shall be executed after being approved by the chairman; the amount of each transaction between NT\$10 million and NT\$50 million (inclusive) shall be authorized to the chairman for approval, and submitted to <u>the latest</u> board of directors for ratification.</p> <p>5.1.4 Derivative products: shall be processed in accordance with the Company's "Procedures for Engaging in Derivatives Trading".</p>	To specify the point of time for reporting to the Board of Directors for retrospective ratification.

## Swancor Holding Company Limited

## Procedures for Election of Directors (Before Amendment)

## 1.0 Purpose

- 1.1 To ensure a just, fair, and open election of directors, the Procedure is formulated pursuant to Articles 21 and 43 of the Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies.

## 2.0 Scope

- 2.1 This procedure is applicable to the election of directors of the Company.

## 3.0 Authority

- 3.1 Shareholders' meeting: hosting the election of directors.

## 4.0 Explanation of terms

None.

## 5.0 Process Notes

- 5.1 Unless otherwise provided for in relevant laws and regulations or the Company's Articles of Incorporation, the directors of the company shall be duly elected in accordance with the Procedures specified herein.

- 5.2 The overall composition of the board of directors shall be taken into consideration in the selection of this Company's directors. The Company shall diversify Board composition and develop guidelines on diversity based on the operations, nature of business activities and development needs of the Company, including but not limited to the following two aspects: 1. basic conditions and values: gender, age, nationality and culture. 2. Professional knowledge and skills: professional background (such as law, accounting, industry, finance, marketing or technology), professional skills and industry experience. All members of the board shall have the knowledge, skills, and experience necessary to perform their duties. The entire BOD shall possess the following abilities:

- 5.2.1 Capability to make sound business judgments

- 5.2.2 Accounting and financial analysis capabilities

- 5.2.3 Business management ability.

- 5.2.4 Crisis management capability

- 5.2.5 Industry knowledge

- 5.2.6 Global market viewpoint

- 5.2.7 Leadership skills

- 5.2.8 Capability to make decisions

- 5.3 The following relationships may not exist among more than half of the Company's directors and at least more than one among the directors:

- 5.3.1 Spouse.

- 5.3.2 A Relative within the second degree of kinship

- 5.4 The qualifications of the independent directors of the Company shall be in accordance with the provisions of Articles 2, 3 and 4 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies.

The election of independent directors of the company shall be comply with Articles 5, 6, 7, 8, and 9 of the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies", and shall be conducted in accordance

with Article 24 and Article 43 of the "Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies".

- 5.5 Elections of Company's Directors shall be conducted in accordance with the candidate nomination system and procedures set out in Article 192-1 of the Company Act. The Company's Directors shall be duly elected by means of cumulative voting. Each common share with voting right is entitled to the number of ballots which are equivalent to the numbers of Directors to be elected. One person may be elected collectively or several persons may be elected separately. When it is necessary to amend the election method listed in the preceding paragraph, in addition to the provisions of Article 172 of the Company Act, a comparison table for the amendment of the method shall be listed in the reasons for convening the meeting.
- 5.6 The board of directors shall prepare ballots for directors in a number corresponding to the directors to be elected. The number of voting rights associated with each ballot shall be specified on the ballots, which shall then be distributed to the attending shareholders at the shareholders' meeting. Attendance card numbers printed on the ballots may be used instead of recording the names of voting shareholders.
- 5.7 The number of directors and independent directors will be as specified in the Company's Articles of Incorporation, with voting rights separately calculated for independent and non-independent director positions. Those receiving ballots representing the highest numbers of voting rights will be elected sequentially according to their respective numbers of votes. When two or more persons receive the same number of votes, thus exceeding the specified number of positions, they shall draw lots to determine the winner, with the chair drawing lots on behalf of any person not in attendance.
- 5.8 Before the beginning of the election, the chairman shall designate a number of shareholders to supervise the casting of the ballots and a number of persons to count the ballots, each of which shall then respectively perform their relevant functions accordingly. The ballot box shall be prepared by the Company and opened to the public by the inspectors before the vote.
- 5.9 In the event that the candidate is a shareholder of the Company, the voters voting for such candidate shall fill in the candidate column on the ballot such candidate's account name and shareholder account number. In the event that the candidate is not a shareholder of the Company, the voters voting for such candidate shall fill in the candidate column on the ballot such candidate's name and ID number. In the event that the candidate is a government or a corporate shareholder, the voters voting for such candidate shall fill in the candidate column on the ballot with the name of such government or corporate shareholder, or the name of such government or corporate shareholder together with the name of such government's or corporate shareholder's representative; when there are multiple representatives, the names of all representatives shall be listed.
- 5.10 A ballot is deemed void if any of the following circumstances occurs:
- 5.10.1 A ballot was not prepared by the board of directors.
  - 5.10.2 Any blank ballot.
  - 5.10.3 Any ballot with illegible writing rendering it unrecognizable, or any ballot with corrections.
  - 5.10.4 Where the candidate voted for is a shareholder of the Company, such candidate's account name and shareholder account number filled in the ballot is inconsistent with that on the shareholder registry. Where the candidate voted for is not a shareholder of the Company, such candidate's name or ID number is verified to be incorrect.

- 5.10.5 Any ballot with characters other than the candidate's account name (name) or shareholder account number (ID number) and the allocated number of voting rights.
- 5.10.6 The candidate's name written on the ballot coincides with other shareholders, but no information such as shareholder ID or ID card number has been provided for identification.
- 5.11 Ballots shall be counted at the spot upon completion of casting the ballots, and the elected directors including number of votes shall be announced by the Chairman.  
The ballots shall be sealed and signed off by the ballot inspectors and be kept for at least a year. In the event a lawsuit regarding the Directors election under Article 189 of the Company Act, those ballots shall be archived until the conclusion of the lawsuit.
- 5.12 The Procedures and any amendments thereafter shall become effective upon resolution at the shareholders' meeting.

## 6.0 References

- 6.1 Company Act.
- 6.2 Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies
- 6.3 Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies

## 7.0 Attachments

None.

## Swancor Holding Company Limited

## Rules and Procedure for Shareholders Meetings (Before Amendment)

## 1.0 Purpose

- 1.1 To establish a strong governance system and sound supervisory capabilities for this Company's Shareholders' Meetings, and to strengthen management capabilities for compliance.

## 2.0 Scope

- 2.1 The Rules are applicable to shareholders' meeting of the Company.

## 3.0 Authority

- 3.1 Stock affairs: notify shareholders and hold shareholders' meeting.
- 3.2 Board of directors: hold shareholders' meetings.

## 4.0 Explanation of terms

None.

## 5.0 Process Notes

- 5.1 Unless otherwise prescribed by relevant laws and ordinances or the Articles of Incorporation, the Company shall duly convene the shareholders' meeting exactly in accordance with these Rules.

- 5.2 Unless otherwise provided by law or regulation, this Company's shareholders meetings shall be convened by the board of directors.

The Company shall prepare electronic versions of the shareholders meeting notice and proxy forms, and the origins of and explanatory materials relating to all proposals, including proposals for ratification, matters for deliberation, or the election or dismissal of directors or supervisors, and upload them to the Market Observation Post System (MOPS) before 30 days before the date of a regular shareholders meeting or before 15 days before the date of a special shareholders meeting. The Company shall prepare electronic versions of the shareholders meeting agenda and supplemental meeting materials and upload them to the MOPS before 21 days before the date of the regular shareholders meeting or before 15 days before the date of the special shareholders meeting. In addition, before 15 days before the date of the shareholders meeting, the Company shall prepare the shareholders meeting agenda and supplemental meeting materials and made them available for review by shareholders at any time. They shall be displayed in the Company and the professional stock affairs agency appointed by the Company, and shall be issued at the shareholders' meeting.

The cause or subject of a meeting of shareholders to be convened shall be indicated in the individual notice to be given to shareholders; and the notice may, as an alternative, be given by means of electronic transmission, after obtaining a prior consent from the recipient thereof.

Article 172 of the Company Act, Article 26-1 and Article 43-6 of the Securities and Exchange Act, and Article 56-1 and Article 60-2 of the Regulations Governing the Offering and Issuance of Securities by Securities Issuers shall be listed in the reasons for convening the meeting, and shall not be proposed as extempore motions.

- 5.3 The attendance and voting at the shareholders' meeting shall be based on shares for calculation. The calculation of the number of shares present shall be based on the attendance register or sign-in cards submitted by the shareholders and those shares whose votes are exercised by mail or electronically via the internet.

For each event of a shareholder meeting, a shareholder may issue a proxy in the form printed by the Company to expressly stipulate the scope of authorized powers to authorize representative(s) to attend a shareholder meeting on his or her behalf.

A shareholder shall issue one proxy and entrust one proxy only, and shall deliver the proxy to the Company five days before the shareholders' meeting; if more than one proxy is delivered, the earliest one received by the Company shall prevail. However, a statement to revoke an earlier proxy is not subject to the aforementioned rule.

Where a shareholder intends to personally attend the shareholders' meeting or exercised voting rights by correspondence or electronic means after delivering a letter of attorney to this Company, the shareholder shall provide, two (2) days before the date of the shareholders' meeting, a printed notification to this Company for rescinding said letter of attorney. Where the period for rescinding the letter of attorney has expired, the voting right exercised by the commissioned agent attending the meeting shall prevail.

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

5.5 The Company shall, in the notice of the shareholders' meeting, specify the time and place for shareholder registration, and other important matters.

Registration for shareholders referred to in the preceding paragraph shall begin at least thirty minutes before the meeting. There shall be clear signs and sufficient and adequate staff at the registration desk.

Shareholders or the power of attorney of a proxy (the shareholder) attending the Meeting shall have attendance card, sign-in card or other certificate of attendance issued by the Company. The Company shall not arbitrarily add other supporting documents for the attendance of the meeting. The proxy Solicitor shall provide ID documents for verification.

The Company shall deliver the handbook, annual report, attendance card, speaker's slip, votes, and other meeting materials to each shareholder attending the shareholders' meeting; if there are directors to be elected, ballots shall also be provided.

When a government or a juridical person is a shareholder, it may have more than one representative to attend the shareholders' meeting. In the event that a juristic (corporate) person is entrusted to participate in a shareholder meeting, that juristic (corporate) person may appoint only one representative to participate in the meeting.

5.6 If a shareholders' meeting is convened by the board of directors, the Chairman shall preside at such meeting. If the Chairman is on leave or unable to exercise his powers and duties for any reason, the Vice Chairman shall preside at such meeting. The Chairman shall designate a managing director to preside as the chairman if a Vice Chairman is not appointed, or if the Vice Chairman is on leave or unable to exercise his powers and duties for any reason. If no managing director is appointed, the Chairman shall designate a director to preside as the chairperson. If the Chairman fails to designate a chairperson for the meeting, the managing director or the directors shall nominate one from among themselves to preside at the meeting.

A managing director or a director who is designated as the chairperson for the meeting pursuant to the preceding paragraph shall have held office for at least six months and be familiar with the financial and business condition of the Company. The same requirements shall apply if the chairperson for the meeting is a director representative of a juristic person.

For a Shareholders' Meeting convened by the Board of Directors, it is advised that the Chairman chairs the meeting, that a majority of Directors attend the meeting in person, and that at least one member of all functional committees attend the meeting as a



representative. Attendance details shall be recorded in the minutes of the Shareholders' Meeting.

If a shareholders' meeting is convened by a person with the right to call other than the board of directors, the chairman shall be the person with the right to call. In case of two or more conveners, one of them shall be elected from among themselves to chair the meeting.

The Company may appoint the retained Attorney(s)-at-Law, Certified Public Accountant(s) or relevant personnel to participate in a shareholder meeting as an observer.

- 5.7 The Company, beginning from the time it accepts shareholder attendance registrations, shall make an uninterrupted audio and video recording of the registration procedure, the proceedings of the shareholders meeting, and the voting and vote counting procedures. The aforementioned audio and video recordings shall be kept for at least one (1) year. In the event a lawsuit regarding the Directors election under Article 189 of the Company Act, those ballots shall be archived until the conclusion of the lawsuit.
- 5.8 The calculation of the number of shares present shall be based on the attendance register or sign-in cards submitted by the shareholders and those shares whose votes are exercised by mail or electronically via the internet. The chairperson shall call the meeting to order at the time scheduled for the meeting. In the event that the meeting is attended by shareholders representing less than half of the total issued shares, the chairperson may announce a postponement of the meeting, however, there may not be more than two postponements in total and the total time accumulated in the postponement(s) shall not exceed one hour. In the event that the meeting is still attended by shareholders representing less than one-third of the total issued shares after two postponements, the chairperson may announce that the meeting should be canceled. In the event that the meeting is attended by shareholders not up to the specified quorum but representing more than one-third of the total issued shares after two postponements in the preceding paragraph, a tentative resolution may be passed in accordance with Article 175, paragraph 1 of the Company Act, and the tentative resolution shall be notified to the shareholders to call the shareholders' meeting again within one month. In the event that the total number of shares represented by attending shareholders reaches a majority of the total issued shares before that same shareholder meeting is adjourned, the chairperson may bring the tentative resolution(s) so adopted into the shareholder meeting in accordance with Article 174 of the Company Act and re-submit to the shareholders' meeting for voting.
- 5.9 The agenda for the shareholders' meeting shall be set by the Board of Directors if such meeting is convened by the Board of Directors. Unless otherwise resolved by resolution at the meeting, the meeting shall be carried out in accordance with the scheduled agenda.

The preceding paragraph shall apply mutatis mutandis to meetings convened by any person, other than the Board of Directors, with the authority to convene such meeting. A shareholder holding 1 percent or more of the total number of issued shares may submit to the Company a written proposal for discussion at a regular shareholders meeting. Such proposals, however, are limited to one item only, and no proposal containing more than one item will be included in the meeting agenda. In addition, when the circumstances of any subparagraph of Article 172-1, paragraph 4 of the Company Act apply to a proposal put forward by a shareholder, the board of directors may exclude it from the agenda.

Prior to the book closure date before a regular shareholders meeting is held, this Company shall publicly announce that it will receive shareholder proposals, and the

location and time period for their submission; the period for submission of shareholder proposals may not be less than 10 days.

Shareholder-submitted proposals are limited to 300 words, and no proposal containing more than 300 words will be included in the meeting agenda. The shareholder making the proposal shall be present in person or by proxy at the regular shareholders meeting and take part in discussion of the proposal. Prior to the date for issuance of notice of a shareholders meeting, the Company shall inform the shareholders who submitted proposals of the proposal screening results and shall list in the meeting notice the proposals that conform to the provisions of this article. At the shareholders meeting the board of directors shall explain the reasons for exclusion of any shareholder proposals not included in the agenda.

The chairperson shall not announce adjournment of the meeting until the agenda in the preceding paragraph is completed (including extempore motions) unless duly resolved in the meeting.

- 5.10 Prior to speaking at the meeting, an attending shareholder shall submit a slip of paper summarizing his/her/its comments and/or questions and specifying his/her/its shareholder account number (or the attendance ID number) and the account name of the shareholder, in order for the chairman to determine the speaking order.

An attending shareholder who submits a slip of paper but does not speak at the meeting is deemed to have not spoken. In the event of any inconsistency between the contents of shareholder's speech and those recorded on the slip, the contents of shareholder's speech shall prevail.

On the same issue, each shareholder shall not take the floor more than twice and a shareholder shall not speak more than five minutes for each round unless agreed upon by the chairperson. However, if a shareholder's speech violates the rules or goes beyond the scope of the topic, the chairman may stop him/her from speaking.

When an attending shareholder is speaking at the meeting, no other shareholder shall interrupt the speaking shareholder unless otherwise permitted by the chairperson and such speaking shareholder; the chairperson shall stop any such violations.

In the event that a juristic (corporate) person shareholder appoints two or more representatives to participate in a shareholder meeting, only one representative may speak for the same issue.

After a shareholder speaks on the floor; the chairperson may answer either by himself or herself or through a designee.

- 5.11 The voting by shareholders shall be duly calculated based on the number of shares they hold.

With respect to the resolutions of a shareholders' meeting, the number of shares held by a shareholder without voting rights shall not be counted toward the total number of issued shares.

When a shareholder is an interested party in relation to an item on the agenda, and there is the likelihood that such a relationship would prejudice the interests of the Company, such a shareholder shall not vote on that item, and shall not exercise voting rights as a proxy for any other shareholder.

The number of shares for which voting rights may not be exercised under the preceding paragraph shall not be counted toward the voting rights represented by attending shareholders.

With the exception of a trust enterprise or a shareholder services agent approved by the competent securities authority, when one person is concurrently appointed as a proxy by two or more shareholders, the voting rights represented by that proxy may not exceed 3% of the voting rights represented by the total number of issued shares. If that

percentage is exceeded, the voting rights in excess of that percentage shall not be included in the counting.

- 5.12 A shareholder shall have one voting power in respect of each share; however, this limit is not applicable to those who are restricted, or who do not have the right to vote under Paragraph 2, Article 179 of the Company Act.

When the Company convenes a shareholders' meeting, shareholders may exercise their voting right in written or electronic form; when they exercise their voting right in writing or electronic form, the exercise method shall be specified in the notice of convening the shareholders' meeting. A shareholder who exercises his/her voting power at a shareholders meeting in writing or by way of electronic transmission shall be deemed to have attended the said shareholders' meeting in person. However, the questions and motions of the shareholders' meeting and the amendment to the original proposal are deemed to be a waiver.

A shareholder intending to exercise voting rights by correspondence or electronic transmission under the preceding paragraph shall deliver a written declaration of intent to the Company two days before the date of the shareholders' meeting. When duplicate declarations of intent are delivered, the one received earliest shall prevail. However, when a declaration is made to cancel an earlier declaration of intent is not subject to the limits.

After a shareholder has exercised his voting rights in writing or electronically, if he wishes to attend the meeting in person, he shall withdraw, in the same manner, the previous exercise of voting rights no later than 2 days before the shareholders' meeting. Once the withdrawal is overdue, the previous exercise of voting rights in writing or electronically shall prevail. If the voting rights are exercised in writing or via electronic means and a proxy is entrusted to attend the shareholders' meeting by a power of attorney, the voting rights exercised by the attending entrusted proxy shall prevail.

Unless otherwise provided for in the Company Act and the Company's Articles of Incorporation, decisions at the shareholder meeting shall be resolved by a majority vote of the shareholders attending the meeting. When voting, the chairperson or his/her designated person shall announce the total number of voting rights of the shareholders present, and then the shareholders shall vote on a case by case basis. On the day after the shareholders' meeting, the results of the shareholders' consent, opposition and abstention shall be input into the MOPS.

In the event that an amendment or a substitute comes out of the same issue, the chairperson shall fix the order of balloting in consolidation with the original issue. When one among them is duly resolved, other issue(s) is (are) deemed to have been vetoed and no voting process is required.

The person(s) supervising the casting of the ballots and the person(s) counting the ballots are designated by the chairperson, provided that the person(s) supervising the casting of the ballots shall be a shareholder. The recording procedure of issues of shareholder meetings shall be processed publicly in shareholder meetings and the results including statistical weights shall be reported on the spot and shall be recorded into the minutes of the meeting.

- 5.13 The election of directors at the shareholders' meeting, if any, shall be handled according to the relevant regulations on election formulated by the Company, and the voting results shall be announced on the spot, including the list of elected directors and the numbers of votes they obtained.

The ballots shall be sealed and signed off by the ballot inspectors and be kept for at least a year. In the event a lawsuit regarding the Directors election under Article 189 of the Company Act, those ballots shall be archived until the conclusion of the lawsuit.

5.14 Resolutions of the shareholders' meeting shall be recorded as minutes and handled in accordance with Article 183 of the Company Act.

With regard to the resolution methods in the preceding paragraph, if no objection is voiced by any of the shareholders when inquired by the Chairman, the wordings, "The proposal is approved by a unanimous consent of all attending shareholders upon inquiry from the Chairman", shall be recorded. For proposals where shareholders voice objections, the adoption of ballot casting method, number of votes, and its percentage of total shall be clearly stated.

5.15 On the day of a shareholders' meeting, the Company shall compile in the prescribed format a statistical statement of the number of shares obtained by solicitors through solicitation and the number of shares represented by the proxies and shall make an express disclosure of the same at the place of the shareholders' meeting.

For any shareholders' meeting resolution that relates to statutory regulations or to material information as specified by the Taiwan Stock Exchange Corporation (or Taipei Exchange), the Company shall upload, within the specified time limit, said resolution to the MOPS.

5.16 Staff at the shareholders' meetings shall wear ID badges or arm badges.

The chairman may direct patrol personnel or security personnel to assist in maintaining the order of the meeting. Such patrol personnel or security personnel shall wear arm badges or ID badges marked "Patrol Personnel" while assisting in maintaining the order of the meeting.

There is amplification equipment at the meeting place, if a shareholder makes a speech with amplification equipment not provided by the Company, the chair may stop it.

In the event that a shareholder violates the Rules Governing the Proceedings of Shareholder Meetings, defies the chairperson's rectification or obstructs progress of the meeting or objects to the action to stop him or her, the chairperson may instruct the rectification or security personnel to ask the shareholder to leave the meeting.

5.17 When a meeting is in progress, the chair may announce a break based on time considerations. If a force majeure event occurs, the chair may rule the meeting temporarily suspended and announce a time when, in view of the circumstances, the meeting will be resumed.

If the meeting venue is no longer available for continued use and not all of the items (including extraordinary motions) on the meeting agenda have been addressed, the shareholders meeting may adopt a resolution to resume the meeting at another venue.

The shareholders' meeting may resolve to postpone the meeting for a period of no more than five (5) days or continue the meeting pursuant to the provisions of Article 182 of the Company Act.

5.18 These Rules and any amendments hereof shall be put into enforcement after being resolved at the shareholder meeting.

## 6.0 References

6.1 Company Act.

6.2 Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies

## 7.0 Attachments

None.

## Swancor Holding Company Limited

## Procedures for the Acquisition or Disposal of Assets (Before Amendment)

## 1.0 Purpose

The Procedures are established to safeguard assets and implement information disclosure. Acquisition or disposal of the Company's asset shall comply with the Procedures. However, if there are other provisions in relevant financial laws and regulations, such provisions shall prevail.

## 2.0 Scope

2.1 Investments in stocks, government bonds, corporate bonds, financial bonds, securities representing interest in a fund, depository receipts, call (put) warrants, beneficial securities, and asset-backed securities, etc.

2.2 Real property (including land, building and structures, real property held for investment purposes, inventories of construction enterprises) and equipment.

2.3 Memberships.

2.4 Patents, copyrights, trademarks, franchise rights, and other intangible assets.

2.5 Right-of-use assets

2.6 Claims of financial institutions (including receivables, foreign exchange rebate, loans, and overdue receivables).

2.7 Derivatives.

2.8 Assets acquired or disposed of in connection with mergers, spin-off, acquisitions, or share transfer in accordance with law.

2.9 Other major assets.

## 3.0 Authority

3.1 Financial unit: handling of matters related to these Procedures.

## 4.0 Explanation of terms

4.1 Derivative products: refer to forward contracts, option contracts, futures contracts, leveraged margin contracts, swap contracts, combinations of the above contracts, or combination contracts or structured products embedded in derivative products whose value is derived from specific interest rates, financial instrument prices, commodity prices, exchange rates, price or rate indices, credit ratings or credit indices, or other variables. The term "Forward Contracts" does not include insurance contracts, performance contracts, after-sales service contracts, long-term lease contracts or long-term purchase or sale agreements.

4.2 The term "Assets Acquired or Disposed by Mergers, Spin-off, Acquisition or Share Transfer Pursuant to Laws" means assets acquired or disposed of by mergers, spin-off, acquisition or share transfer, pursuant to Business Mergers and Acquisitions Act, Financial Holding Companies Act, Financial Institutions Merger Act or other acts; or share transfer from other companies by issuing new shares of its own as the consideration therefor (hereinafter "transfer of shares") pursuant to Article 156-3 of the Company Act.

4.3 The term "related party" and "subsidiaries" as used in these Procedures mean those parties defined in the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

4.4 The term "professional appraisal" as used in these procedures, means a certified

- appraiser or a company in the business of appraising real property or equipment by law.
- 4.5 Date of occurrence: refers to the date when the transaction is signed, the date of payment, the date of entrusted transaction, the date of transfer of ownership, the date of resolution by the board of directors, or any other date sufficient to determine the counterparty for the transaction and the amount of the transaction. However, with investments that require the approval of the competent authority, the earliest of the above dates or the date of receipt of approval by the competent authority shall apply.
- 4.6 Investments in China: means investments made in accordance with the provisions of the Regulations Governing Permission for Investment or Technical Cooperation in the Mainland Area by the Investment Commission of the Ministry of Economic Affairs, R.O.C.
- 4.7 Investment professional: Refers to financial holding companies, banks, insurance companies, bill finance companies, trust enterprises, securities firms operating proprietary trading or underwriting business, futures commission merchants operating proprietary trading business, securities investment trust enterprises, securities investment consulting enterprises, and fund management companies, that are lawfully incorporated and are regulated by the competent financial authorities of the jurisdiction where they are located.
- 4.8 Securities exchange: "Domestic securities exchange" refers to the Taiwan Stock Exchange Corporation; "foreign securities exchange" refers to any organized securities exchange market that is regulated by the competent securities authorities of the jurisdiction where it is located.
- 4.9 Over-the-counter venue ("OTC venue"): "Domestic OTC venue" refers to a venue for OTC trading provided by a securities firm in accordance with the Regulations Governing Securities Trading on the Taipei Exchange; "foreign OTC venue" refers to a venue at a financial institution that is regulated by the foreign competent authority and that is permitted to conduct securities business.
- 4.10 The term "within one year" refers to the date of occurrence of the acquisition or disposal of assets, and the one-year retrospective calculation is made. The part of the appraisal report or the opinion of the accountant issued by the professional appraiser in accordance with the provisions of these procedure shall not be included in the report.
- 4.11 "Latest financial statement" refers to the disclosed financial statement that is audited or reviewed by the accountant before the Company's acquisition or disposal of assets.
- 4.12 Terms not defined in these procedures shall be used in accordance with the "Regulations Governing the Acquisition and Disposal of Assets by Public Companies" promulgated by the securities competent authority.
- 4.13 For the calculation of 10 percent of total assets under these Procedures, the total assets stated in the most recent parent company only financial report or individual financial report prepared under the Regulations Governing the Preparation of Financial Reports by Securities Issuers shall be used.

In the case of a company whose shares have no par value or a par value other than NT\$10, for the calculation of transaction amounts of 20 percent of paid-in capital under these Procedures, 10 percent of equity attributable to owners of the parent shall be substituted. According to the provisions of these guidelines, the transaction amount with paid in capital of NT\$10 billion shall be calculated based on the equity of NT\$20

billion attributable to the owners of the parent company.

## 5.0 Process Notes

5.1 Below are the procedures and limits relevant to the acquisition and disposal of the Company's assets.

5.1.1 Investment in stocks, government bonds, corporate bonds, financial bonds, securities representing interest in a fund, depository receipts, call (put) warrants, beneficiary securities and asset-based securities, etc., with an amount of less than NT\$50 million per day or per transaction or cumulative amount, shall be approved by the top supervisor of the authorized financial unit; the amount between NT\$50 million and NT\$100 million (inclusive) shall be executed after the approval of the chairman.

5.1.2 Real property and its right-of-use assets: the amount of each transaction of less than or equal to NT\$50 million shall be approved by the chairman before implementation, and then submitted to the board of directors for ratification.

5.1.3 Other fixed assets, membership cards and intangible assets: the amount of each transaction of less than or equal to NT\$500,000 shall be executed after being approved by the supervisor of each unit; the amount of each transaction of between NT\$500,000 and NT\$10 million (inclusive) shall be executed after being approved by the chairman; the amount of each transaction of between NT\$10 million and NT\$50 million (inclusive) shall be authorized to the chairman for approval and then submitted to the board of directors for ratification.

5.1.4 Derivative products: shall be processed in accordance with the Company's "Procedures for Engaging in Derivatives Trading".

## 5.2 Execution unit

5.2.1 Acquisition or disposal of long-term and short-term securities: Financial Center or other relevant unit.

5.2.2 Acquisition or disposal of real property and its right-of-use assets, other fixed assets, memberships and intangible assets: General Information Office, Financial Center or other relevant units.

## 5.3 Investment amount

5.3.1 The total amount of real property and its right-of-use assets acquired by the Company and its subsidiaries for non-business use shall not exceed 30% of the net worth, the total amount of long-term and short-term securities invested shall not exceed 100% of the net worth, and the amount of individual securities invested shall not exceed 50% of the net worth.

5.3.2 The above calculation of long-term and short-term securities does not include the amount of investment in subsidiaries and related enterprises.

## 5.4 Standards for announcement and declaration

5.4.1 In the event of the following circumstances, the Company shall, in accordance with the prescribed format, make a public announcement and declaration on the website designated by the FSC within two days from the date of occurrence of the facts:

5.4.1.1 Acquisition or disposal of real property or its right-to-use assets from or to a related party, or acquisition or disposal of assets other than real

property or its right-of-use assets from or to a related party where the transaction amount reaches 20 percent or more of the Company's paid-in capital, 10 percent or more of the Company's total assets, or NT\$300 million or more; provided, this shall not apply to trading of government bonds or bonds under repurchase and resale agreements or subscription or redemption of domestic money market funds issued by securities investment trust enterprises.

- 5.4.1.2 Merger, spin-off, acquisition, or transfer of shares.
- 5.4.1.3 Losses from derivatives trading reaching the limits on aggregate losses or losses on individual contracts set out in these Procedures adopted by the Company.
- 5.4.1.4 For acquisition or disposal of the equipment or its right-of-use assets for business use, and the transaction counterparty is not a related party, and the transaction amount meets one of the following requirements:
  - 5.4.1.4.1 For a public company whose paid-in capital is less than NT\$10 billion, the transaction amount reaches NT\$500 million or more.
  - 5.4.1.4.2 For a public company whose paid-in capital is NT\$10 billion or more, the transaction amount reaches NT\$1 billion or more.
- 5.4.1.5 A public company engaged in construction business obtains or disposes of real property or its right-of-use assets for construction, and its transaction counterparty is not a related party, and the transaction amount is not more than NT\$500 million; of which, the paid in capital is more than NT\$10 billion, and the transaction amount is up to NT\$1 billion for the disposal of real property built and completed by itself, and the transaction counterparty is not a related party.
- 5.4.1.6 Where land is acquired under an arrangement on engaging others to build on the Company's own land, engaging others to build on rented land, joint construction and allocation of housing units, joint construction and allocation of ownership percentages, or joint construction and separate sale, the transaction counterparty is not a related party, and the amount the Company expects to invest in the transaction is less than NT\$500 million.
- 5.4.1.7 Assets trading, disposition of creditor's rights by financial institutions or investment in China, other than those mentioned in the preceding six subparagraphs, with the transaction amount reaching 20% of the Company's paid in capital or NT\$300 million or more. Provided, this shall not apply to the following circumstances:
  - 5.4.1.7.1 Trading of domestic government bonds.
  - 5.4.1.7.2 Where done by professional investors-securities trading on securities exchanges or OTC markets, or subscription of ordinary corporate bonds or general bank debentures without equity characteristics (excluding subordinated debt) that are offered and issued in the primary market, or subscription or redemption of securities investment trust funds or futures trust



funds, or subscription by a securities firm of securities as necessitated by its undertaking business or as an advisory recommending securities firm for an emerging stock company, in accordance with the rules of the Taipei Exchange.

- 5.4.1.7.3 Trading of bonds under repurchase/resale agreements or subscription or redemption of domestic money market funds issued by securities investment trust enterprises.
- 5.4.2 The transaction amounts in the preceding paragraphs shall be calculated in accordance with the methods provided below:
  - 5.4.2.1 The amount of any individual transaction.
  - 5.4.2.2 The cumulative transaction amount of acquisitions and disposals of the same type of underlying asset with the same trading counterparty within the preceding year.
  - 5.4.2.3 The cumulative transaction amount of real property acquisitions and disposals (cumulative acquisitions and disposals, respectively) within the same development project within the preceding year.
  - 5.4.2.4 The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of the same security within the preceding year.
- 5.4.3 "Within the preceding year" as used in the preceding paragraph refers to the year preceding the date of occurrence of the current transaction. Items duly announced in accordance with these Procedures need not be counted toward the transaction amount.
- 5.4.4 The Company shall compile monthly reports on the status of derivatives trading engaged in up to the end of the preceding month by itself and any subsidiaries of companies that are not domestic public companies and file the information in the prescribed format into the Financial Supervisory Commission's designated MOPS by the 10th day of each month.
- 5.4.5 When the Company at the time of public announcement makes an error or omission in an item required by regulations to be publicly announced and so is required to correct it, all the items shall be again publicly announced within 2 days and reported in their entirety.
- 5.4.6 Unless otherwise provided for by other laws, the Company engaging in the acquisition or disposal of assets shall retain the relevant contracts, meeting minutes, registry, appraisal report, and the opinion books by CPA, attorneys, and security underwriters at the Company for at least 5 years.
- 5.5 Where any of the following circumstances occurs with respect to a transaction that the Company has already publicly announced and reported in accordance with the preceding article, a public report of relevant information shall be made on the MOPS designed by the Financial Supervisory Commission within 2 days commencing immediately from the date of occurrence of the event:
  - 5.5.1 Change, termination, or rescission of a contract signed in regard to the original transaction.
  - 5.5.2 The merger, spin-off, acquisition, or transfer of shares is not completed by the scheduled date set forth in the contract.

- 5.5.3 Change to the originally publicly announced and reported information.
- 5.6 Penalty
- 5.6.1 If the relevant personnel of the Company violate the "Regulations Governing the Acquisition and Disposal of Assets by Public Companies" or the provisions of these Procedures, thereby damaging the rights and interests of the Company, they shall be reported according to the working rules of the Company's employees, and shall be punished according to the severity of circumstances.
- 5.7 The evaluation procedures for the acquisition or disposal of assets of the Company are as follows:
- 5.7.1 In acquiring or disposing of real property or equipment by the Company, unless otherwise transacting with a government agency, commissioning others to build on its own land, leased land by appointing a constructor, or acquiring or disposing equipment or its right-of-use assets for business use, where the transaction amount reaches 20% of the Company's paid-in capital or NT\$300 million, the Company shall obtain an appraisal report issued by a professional appraisal and further comply with the following provisions prior to the date of occurrence of event:
- 5.7.1.1 Due to special circumstances, where a limited price, specified price or special price is deemed as the basis of reference for the transaction price, the transaction shall be submitted for approval in advance by the Board of Directors, and the same procedure shall be followed for any future changes to the terms and conditions of the transaction.
- 5.7.1.2 Where the transaction amount is more than NT\$1 billion, appraisals from two or more professional appraisers shall be obtained.
- 5.7.1.3 Where any one of the following circumstances applies with respect to the professional appraiser's appraisal results, unless all the appraisal results for the assets to be acquired are higher than the transaction amount, or all the appraisal results for the assets to be disposed of are lower than the transaction amount, a certified public accountant shall be engaged to perform the appraisal in accordance with the provisions of Statement of Auditing Standards No. 20 published by the ROC Accounting Research and Development Foundation (abbreviated as ARDF hereafter) and render a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price:
- 5.7.1.3.1 The discrepancy between the appraisal result and the transaction amount is 20 percent or more of the transaction amount.
- 5.7.1.3.2 The discrepancy between the appraisal results of two or more professional appraisers is 10 percent or more of the transaction amount.
- 5.7.2 No more than 3 months may elapse between the date of the appraisal report issued by a professional appraiser and the contract execution date. 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.
- 5.7.3 When acquiring or disposing of securities, the Company shall take the latest

financial statements of the underlying company, which have been audited or reviewed by the CPA, as the reference for evaluating the transaction price before the date of occurrence. In addition, if the transaction amount reaches 20% of the company's paid in capital or NT\$300 million or more, the Company shall consult the CPA before the date of occurrence to express an opinion on the reasonableness of the transaction price. If the CPA needs to adopt an expert report, the CPA shall comply with the provisions of Statement of Auditing Standards No. 20 published by the ARDF. This requirement does not apply, however, to securities with publicly quoted prices in an active market or in compliance with regulations set by the Financial Supervisory Commission. The calculation of the transaction amount shall be handled in accordance with the provisions of 5.4.2.

- 5.7.4 If the Company acquires or disposes of intangible assets or its right-of-use assets or membership certificates, and the transaction amount reaches 20% of the Company's paid in capital or NT\$300 million or more, it shall, in addition to dealing with domestic government agencies, consult a CPA to express an opinion on the reasonableness of the transaction price before the date of occurrence, and the CPA shall do so in accordance with the provisions of Statement of Auditing Standards No. 20 published by the ARDF. The calculation of the transaction amount shall be handled in accordance with the provisions of 5.4.2.
- 5.7.5 Court documents can be substituted for reports or opinions issued by a CPA or certified appraiser if the assets are acquired or disposed through court auction.
- 5.7.6 The appraisal report obtained by the Company or the opinions of CPAs, lawyers or securities underwriters, the professional appraiser, its appraisal personnel, CPAs, lawyers or securities underwriters shall comply with the following provisions:
  - 5.7.6.1 Free of imprisonment for more than one year due to violation against this law, Company Act, Banking Act, Insurance Act, Financial Holding Company Act, and Business Account Act, or fraud, breach of faith, encroachment, falsification of documents or business crimes. However, this provision does not apply if 3 years have already passed since completion of service of the sentence, since expiration of the period of a suspended sentence, or since a pardon was received.
  - 5.7.6.2 It shall not be a related party to the transaction principal or involve a related party substantially.
  - 5.7.6.3 When Company needs to acquire the appraisal reports from two or more professional appraisers, both or all of them or their employees shall not be related parties to each other or involve a related party substantially.
  - 5.7.6.4 When issuing an appraisal report or opinion, the personnel referred to in the preceding paragraph shall comply with the following:
    - 5.7.6.4.1 Prior to accepting a case, they shall prudently assess their own professional capabilities, practical experience, and independence.
    - 5.7.6.4.2 When examining a case, they shall appropriately plan and execute adequate working procedures, in order to produce a

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

5.7.6.4.3 They shall undertake an item-by-item evaluation of the comprehensiveness, accuracy, and reasonableness of the sources of data used, the parameters, and the information, as the basis for issuance of the appraisal report or the opinion.

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

5.8 The operating procedures for the acquisition or disposal of assets by the Company and its related parties are as follows:

5.8.1 When acquiring or disposing of assets from related parties, the Company shall, in addition to the provisions of 5.7, obtain the appraisal report issued by a professional appraiser or CPA's opinion in accordance with 5.7 if the transaction amount reaches more than 10% of the Company's total assets. The calculation of the transaction amount shall be handled in accordance with the provisions of 5.4.2.

5.8.2 In judging the relationship, in addition to legal formalities, the substance of the relationship shall also be considered.

5.8.3 If the Company acquires or disposes of real property or its right-of-use assets from a related party, or acquires or disposes of assets other than real property or its right-of-use assets with a related party, and the transaction amount reaches 20% of the Company's paid in capital, 10% of its total assets, or NT\$300 million or more, except for buying and selling domestic government bonds, bonds with repurchase or resale conditions, subscribing for or repurchasing money market funds issued by domestic securities investment trust enterprises, the following data shall be submitted to the Audit Committee and the Board of Directors for approval before signing the transaction contract and making payment:

5.8.3.1 The purposes, necessity, and anticipated benefits of the acquisition or disposition of the assets.

5.8.3.2 The reasons for selecting the related persons as the transaction counterparty.

5.8.3.3 When acquiring real property or its right-of-use assets from related parties, the Company shall evaluate relevant data of rationality of predetermined transaction conditions in accordance with 5.8.7.

5.8.3.4 Information such as the date and price at which the related party originally acquired the real property, the original trading counterparty, and that trading counterparty's relationship to the Company and the related party.

5.8.3.5 Monthly cash flow forecasts for the year commencing from the anticipated month of signing of the contract, and evaluation of the

- necessity of the transaction, and reasonableness of the uses of fund.
- 5.8.3.6 An appraisal report from a professional appraiser or a CPA's opinion obtained in compliance with the preceding article.
- 5.8.3.7 Restrictive covenants and other important stipulations associated with the transaction.
- 5.8.4 The calculation of the transaction amount in 5.8.3 shall be conducted in accordance with 5.4.2, and the said one-year period is based on the date of the occurrence of the transaction, which is calculated retroactively one year ahead. Those that have been submitted to the Audit Committee and the Board of Directors for approval in accordance with the provisions of these guidelines are not included.
- 5.8.5 When the Company and its subsidiaries, or its subsidiaries that the Company directly or indirectly holds 100% of the issued shares or total capital, engage in the following transactions with each other, the board of directors may, in accordance with the provisions of 5.1 and 5.3 of these guidelines, authorize the Chairman to make a decision within a certain amount and then submit it to the latest board of directors for ratification:
- 5.8.5.1 Acquisition or disposal of the equipment or the right-of-use assets for business use.
- 5.8.5.2 Acquisition or disposal of real property right-of-use assets held for business use.
- 5.8.6 When reporting to the board of directors for discussion in accordance with 5.8.3, the Company shall take full account of the opinions of the independent directors. If the independent directors have any objections or reservations, they shall state them in the meeting minutes of the board meeting.  
Before the Company submits it for the resolution by the Board of Directors in accordance with 5.8.3, it shall first obtain the consent of more than half of all members of the Audit Committee and submit it for the resolution of the board of directors, which applies the provisions of 5.11.3 and 5.11.4 *mutatis mutandis*.
- 5.8.7 Evaluation of Reasonableness of Transaction Cost
- 5.8.7.1 The Company shall evaluate the reasonableness of transaction costs in the following ways when acquiring property or its right-of-use assets from related parties:
- 5.8.7.1.1 Based upon the related party's transaction price plus necessary interest on funding and the costs to be duly borne by the buyer. "Necessary interest on funding" is imputed as the weighted average interest rate on borrowing in the year the company purchases the property; provided, it may not be higher than the maximum non-financial industry lending rate announced by the Ministry of Finance.
- 5.8.7.1.2 Total loan value appraisal from a financial institution where the related party has previously created a mortgage on the property as security for a loan; provided, the actual cumulative amount loaned by the financial institution shall have been 70 percent or more of the financial institution's appraised loan value of the

- property and the period of the loan shall have been 1 year or more. However, this shall not apply where the financial institution is a related party of one of the trading counterparties.
- 5.8.7.2 In the case of purchasing or leasing the same subject land and house jointly, the transaction cost may be evaluated by any of the methods listed in 5.8.7.1 for the land and house respectively.
- 5.8.7.3 In addition to evaluating the cost of real property or its right-of-use assets in accordance with the above provisions, a CPA shall be consulted for review and expressing specific opinions.
- 5.8.7.4 Under any of the following circumstances, the provisions of 5.8.3 and 5.8.6 shall apply, but the provisions of the first three paragraphs shall not apply:
- 5.8.7.4.1 The related party obtains the real property or its right-of-use assets due to inheritance or donation.
- 5.8.7.4.2 It has been more than five years since the contract date of this transaction that the related party has contracted to acquire the real property or its right-of-use assets.
- 5.8.7.4.3 The real property is acquired through signing of a joint development contract with the related party, or contracting with a related party in the construction of real estate such as contracted construction with its own land or contracted construction on leased land.
- 5.8.7.4.4 The real property right-of-use assets for business use are acquired by the Company with its Subsidiaries, or by its Subsidiaries in which it directly or indirectly holds 100% of the issued shares or authorized capital.
- 5.8.7.5 If the evaluation result is lower than the transaction price according to 5.8.7.1 and 5.8.7.2, it shall be handled according to 5.8.7.6, except for the following circumstances, where objective evidence is provided and specific reasonable opinions are obtained from professional real property appraisers and CPAs:
- 5.8.7.5.1 Where the related party acquired undeveloped land or leased land for development, proof of compliance may be submitted with one of the following conditions:
- 5.8.7.5.1.1 Where undeveloped land is appraised in accordance with the means in the preceding Article, and structures according to the related party's construction cost plus reasonable construction profit are valued in excess of the actual transaction price. The term "Reasonable construction profit" shall be deemed the average gross operating profit margin of the related party's construction division over the most recent 3 years or the gross profit margin for the construction industry for the most recent period as announced by the Ministry of

Finance, whichever is lower.

- 5.8.7.5.1.2 The completed transactions of other floors of the same property or adjacent area by unrelated parties within the preceding year, where the terms of the transactions are similar and the reasonable price discrepancies of different floors or land area with market practice have been taken into consideration.
- 5.8.7.5.2 The terms of the transaction for real property purchased from a related party or for real property use-of-right assets acquired under lease are similar to those of other unrelated party transactions in the neighboring area within one year and the area is similar.
- 5.8.7.5.3 The aforementioned item "completed transactions for adjacent area" in principle refers to parcels on the same or an adjacent block and within a distance of no more than 500 meters or parcels close to the latest official land price promulgated by the government. The term "the area of the property thereof are similar" in principle refers to transactions completed by unrelated parties for parcels with a land area of no less than 50% of the property in the planned transaction. The term "within the preceding year" refers to the year retrospectively preceding the date of occurrence of the acquisition of the real property.
- 5.8.7.6 If the Company obtains the real property or its right-of-use assets from the related parties and the evaluation result is lower than the transaction price according to 5.8.7.1 to 5.8.7.5, it shall handle the following matters:
  - 5.8.7.6.1 A special reserve shall be set aside according to the provisions against the difference between the transaction price of the real property or its right-of-use assets and the appraised value, and may not be distributed or used for capital increase or issuance of bonus shares. Where the Company uses the equity method to account for its investment in another company, then the special reserve required by law shall be set aside pro rata to the shareholding in accordance with the provisions.
  - 5.8.7.6.2 Audit Committee shall comply with Article 218 of the Company Act.
  - 5.8.7.6.3 Actions taken pursuant to 5.8.7.6.1 and 5.8.7.6.2 shall be reported to a shareholders' meeting, and the details of the transaction shall be disclosed in the annual report and any investment prospectus.
- 5.8.7.7 Where the Company has set aside a special reserve under 5.8.7.6, the Company shall 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 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 Financial Supervisory Commission has given its consent.

5.8.7.8 Where the Company obtains real property or its right-of-use assets from a related party, it shall also comply with 5.8.7.6 and 5.8.7.7 if there is other evidence indicating that the acquisition was not an arm's-length transaction.

## 5.9 Procedures for handling merger, spin-off, acquisition or transfer of shares by the Company

5.9.1 Where the Company conducts a merger, spin-off, acquisition, or transfer of shares, the Company shall, prior to convening the Board of Directors to resolve on the matter, engage a Certified Public Accountant, attorney, or securities underwriter to render an opinion on the reasonableness of the share exchange ratio, acquisition price, or distribution of cash or other assets to shareholders, and submit it to the Board of Directors for discussion and resolution. However, merging the subsidiaries which the Company directly and indirectly holds 100% issued shares or amount of capital, or the merging between the subsidiaries which the Company directly and indirectly holds 100% issued shares or amount of capital, do not need to render an opinion on the reasonableness by professions.

5.9.2 The Company participating in a merger, spin-off or acquisition shall prepare a public report to shareholders detailing important contractual content and relevant matters prior to the shareholders meeting and include it along with the expert opinion referred to in the preceding paragraph when sending shareholders meeting invitation for reference in deciding whether to approve the merger, spin-off, or acquisition. Provided, where a provision of another act exempts the Company from convening a shareholders meeting to approve the merger, spin-off, or acquisition, this restriction shall not apply.

5.9.3 Where the shareholders meeting of any one of the companies, participating in a merger, spin-off, or acquisition, fails to convene or pass a resolution due to inadequate quorum, insufficient votes, or other legal restriction, or the proposal is vetoed by the shareholders meeting, the companies participating in the merger, spin-off or acquisition shall immediately make public statement on the reasons, the follow-up measures, and the preliminary date of the next shareholders meeting.

5.9.4 Unless otherwise prescribed by law or the Financial Supervisory Commission is notified in advance of extraordinary circumstances and grants consent, the Company participating in the merger, spin-off or acquisition shall convene the Board of Directors meeting and shareholders meeting on the day of the transaction to resolve matters relevant to the merger, spin-off or acquisition.

Unless otherwise prescribed by law or the Financial Supervisory Commission is notified in advance of extraordinary circumstances and grants consent, the Company participating in a transfer of shares shall call a Board of Directors meeting on the day of the transaction.

5.9.5 When participating in a merger, spin-off, acquisition, or transfer of another company's shares, the Company that is listed on an exchange or has its shares



traded on an OTC market shall prepare a full written record of the following information and retain it for 5 years for reference:

- 5.9.5.1 Basic information of the personnel: Including the titles, names, and national ID numbers (or passport numbers in the case of foreign nationals) of all persons involved in the planning of any merger, spin-off, acquisition, or transfer of another company's shares or the implementation of the plan prior to disclosure of such information.
  - 5.9.5.2 Dates of material events: Including the dates of signing any letter of intent or memorandum of understanding, retaining a financial advisor or legal counsel, execution of a contract, and the convening of a Board of Directors meeting.
  - 5.9.5.3 Material documents and minutes: Including documents for merger, spin-off, acquisition, and share transfer plans, any letter of intent or memorandum of understanding, material contracts, and minutes of Board of Directors meetings.
- 5.9.6 When participating in a merger, spin-off, acquisition, or transfer of another company's shares, the Company that is listed on an exchange or has its shares traded on an OTC market shall, within 2 days commencing immediately from the date of passage of a resolution by the Board of Directors, report in the prescribed format and via the Internet-based information system the information set out in 5.9.5.1 and 5.9.5.2 to the Financial Supervisory Commission for recordation.
- 5.9.7 Where any of the companies participating in a merger, spin-off, acquisition, or transfer of shares is neither listed on an exchange nor traded on an OTC market, the company(s) so listed or traded shall sign an agreement with such company whereby the latter is required to abide by the requirements as set forth under 5.9.5 and 5.9.6.
- 5.9.8 The Company that participates in a merger, spin-off, acquisition, or transfer of shares shall not arbitrarily alter the share exchange ratio or acquisition price unless under any of the circumstances enumerated below, and shall stipulate the circumstances permitting alteration in the contract for the merger, spin-off, acquisition, or transfer of shares:
- 5.9.8.1 Capital increase in cash, issuance of convertible corporate bonds, or issuance of bonus shares, issuance of corporate bonds with warrants, preferred shares with warrants, stock warrants, and other equity based securities.
  - 5.9.8.2 An action such as a disposal of major assets that would affect the Company's financial operations.
  - 5.9.8.3 Occurrence of an event such as a major disaster or major change in technology that would affect shareholder equity or share price.
  - 5.9.8.4 An adjustment where any of the companies participating in the merger, spin-off, acquisition, or transfer of shares from another company, buys back treasury stock.
  - 5.9.8.5 An increase or decrease in the number of entities or companies participating in the merger, spin-off, acquisition, or transfer of shares.

- 5.9.8.6 Other terms/conditions that the contract stipulates may be altered and the altered terms/conditions have been publicly disclosed.
- 5.9.9 A contract for participation by the Company in a merger, spin-off, acquisition, or shares transfer shall expressly record the rights and obligations of the companies participating in the merger, spin-off, acquisition, or transfer of shares, and also record the matters enumerated below:
  - 5.9.9.1 Handling of breach of contract.
  - 5.9.9.2 Principles for handling equity-based securities previously issued or treasury stock previously bought back by any company that is extinguished in a merger or that is spin-off.
  - 5.9.9.3 The amount of treasury stock that the participating companies are permitted under law to buy back after the base date of calculation of the share exchange ratio, and the principles for handling thereof.
  - 5.9.9.4 The manner to deal with a change in the number of participating entities or companies.
  - 5.9.9.5 Preliminary progress schedule for plan execution, and anticipated completion date of the execution.
  - 5.9.9.6 Scheduled date for convening the legally mandated shareholders meeting if the plan exceeds the deadline without completion, and relevant procedures.
- 5.9.10 After public disclosure of the information, if any company participating in the merger, spin-off, acquisition, or share transfer intends to further carry out a merger, spin-off, acquisition, or share transfer with another company, all of the participating companies shall carry out anew the procedures or legal actions that had originally been completed toward the merger, spin-off, acquisition, or share transfer; except where the number of participating companies is decreased and a participating company's shareholders meeting has resolved a decision authorizing the Board of Directors to alter the limits of authority. Such a participating company may be exempted from calling another shareholders meeting to resolve the matter anew.
- 5.9.11 Where any of the companies participating in a merger, spin-off, acquisition, or transfer of shares is not a public company, the public company(s) shall sign an agreement with that non-public company whereby the latter is obliged to comply with the provisions of the Procedures.
- 5.9.12 Each and every person participating in or possessing knowledge of the plan for merger, spin-off, acquisition, or transfer of shares shall issue a written undertaking of confidentiality and may not disclose the content of the plan prior to the public disclosure of the information and may not trade, in their own name or under the name of another person, in any stock or other equity security of any company related to the plan for merger, spin-off, acquisition, or transfer of shares.
- 5.10 Regulations on acquisition or disposal of assets by subsidiaries
  - 5.10.1 The Company shall see to it that its subsidiaries adopt and implement the procedures for the acquisition or disposal of assets in compliance with the "Regulations Governing the Acquisition and Disposal of Assets by Public Companies". Information relating to any acquisition or disposal of assets by the

subsidiaries shall be provided regularly to the Company for inspection.

5.10.2 The Company's subsidiary is not a domestic public listed company, hence, the Company will proceed with the disclosure and report if the subsidiary satisfies the criteria pertaining to the public disclosure items of the Regulations Governing the Acquisition and Disposal of Assets by Public Companies. If there is any change, supplement or correction, the same shall apply.

5.10.3 The "Company's paid-in capital or total asset" in the announcement declaration standards of subsidiary is subject to the paid-in capital or total assets of the Company.

#### 5.11 Implementation and amendments

5.11.1 The Procedures shall first be passed by the Audit Committee and the Board of Directors before it is submitted to the shareholders' meeting for approval and implementation. The same shall apply to any amendment. If any director expresses dissent and it is contained in the minutes or a written statement, the Company shall submit the director's dissenting opinion to the Audit Committee.

5.11.2 When the Company submits the procedures for the acquisition or disposal of assets to the board of directors for discussion, it shall fully consider the opinions of the independent directors. If the independent directors have any objections or reservations, they shall be recorded in the minutes of the board meeting.

5.11.3 When the Company formulates or amends the procedures for the acquisition or disposal of assets, it shall obtain the consent of more than half of the members of the Audit Committee and submit it for the resolution of the board of directors. If approval of more than half of all Audit Committee members as required in the preceding paragraph is not obtained, the procedures may be implemented if approved by more than two-thirds of all directors, and the resolution of the Audit Committee shall be recorded in the minutes of the Board of Directors meeting.

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

# Articles of Incorporation of Swancor Holding Company Limited

## Chapter 1 General Principles

- Article 1: The name of the Company is Swancor Holding Company Limited (上緯國際投資控股股份有限公司) (the "Company"), which is duly organized as a company limited by shares under the Company Act of Taiwan.
- Article 2: The business to be operated by the Company is as follows:  
 I. H201010 Investment.  
 II. ZZ99999 All business not prohibited or restricted by law, except for those subject to special approval
- Article 3: The Company specializes in investment, and the total amount of investment is not subject to the restrictions of Article 13 of the Company Act. The Board of Directors is authorized to make operational decisions for investments.
- Article 4: The Company may provide endorsement and guarantee for the outside parties. Procedures shall be in compliance with the Company's rules for endorsement and guarantee.
- Article 5: The Company shall have its head office in Nantou County, and when necessary may establish branches at home and abroad as resolved by the Board of Directors and approved by the competent authority.
- Article 6: Public announcements of the Company shall be duly made in accordance with Article 28 of the Company Act.

## Chapter 2: Shares

- Article 7: The total capital amount of the Company is two billion New Taiwan Dollars (NT\$2,000,000,000), which is divided into two hundred million (200,000,000) shares with a par value of ten New Taiwan Dollars (NT\$10) each and will be issued in installments by the Board of Directors. A total of 1 million shares among the above total capital stock should be reserved for issuing employee stock options.  
 In compliance with related regulations to share repurchasing, the Board is authorized to buy back the issued shares per its discretion.
- Article 8: The share certificates hereof shall be name-bearing certificates, duly signed by or affixed with seals by a minimum of three Directors, and duly authenticated by the competent authority or the issuance registry institution accredited by the competent authority before issuance.  
 The Company may issue shares without certificates, and such shares shall be registered with a central securities depository.
- Article 9: The Company's shares shall, unless otherwise specified by laws and regulations, be handled according to the "Regulations Governing the Administration of Shareholder Service of Public Companies".
- Article 10: No change of record in the shareholders' register shall be made within sixty days (60) prior to an annual shareholder meeting, nor within thirty days (30) prior to a special (extraordinary) shareholder meeting, nor within five (5) days prior to the day on which dividend, bonus or other benefits is scheduled to be paid by the Company.
- Article 11: Transfer of shares to employees at prices below the Company's actual average repurchase price or issue of employee stock options below the market price (net worth per share) are subject to resolution from a Shareholders' Meeting which must be attended by more than one-half of the total number of outstanding shares, and voted in favor by more than two thirds of votes present.
- Article 11-1: The Company's treasury shares purchased in accordance with the Company Act shall be transferred to recipients that include employees of subordinate companies that meet the criteria. The Company's share subscription warrants are entitled to employees, who meet specific requirements, of subordinate companies.

When the Company issues new share, the obtaining of new shares is entitled to subsidiary company employees meeting specific requirements.  
The Company's restricted stocks are entitled to subsidiary company employees meeting specific requirements.

### **Chapter 3 Shareholders' meeting**

- Article 12: Shareholders' meeting can be classified into general or provisional meeting. The general meeting is held at least once per year, commenced within six months after the end of a fiscal year, and convened by the Board of Directors according to Article 172 of the Company Act, and the provisional meeting is held whenever necessary in accordance with the relevant laws and regulations. The notice may be given by electronic means with the consent of the other party.
- Article 13: If a shareholder is unable to attend the shareholders' meeting for some reason, it shall be handled in accordance with the Company Act and the "Regulations Governing the Use of Proxies for Attendance at Shareholders' Meetings of Public Companies."
- Article 14: When the shareholders' meeting is held, it shall be chaired by the chairperson. In the chairman's absence, the vice chairperson shall chair the meeting on behalf. In the event that the chairperson and the vice chairperson are absent, the chairperson shall, in advance, appoint a director to act in his/her place. In the event that the chairperson does not appoint an agent, one director shall be elected from among themselves to act in his/her place. Where a shareholders' meeting is convened by a person with the right to call other than the board of directors, the chair shall act in accordance with the provisions of Article 182-1 of the Company Act.
- Article 15: The shareholders of the Company shall have one vote per share, except in the case of restricted or non-voting shares in accordance with Article 179, Paragraph 2 of the Company Act.
- Article 16: Except as otherwise provided by the Company Act and other laws and regulations, a resolution of the shareholders' meeting shall be made by the shareholders representing more than half of the total number of issued shares in person or by proxy, and the resolution shall be made with the consent of more than half of the voting rights of the shareholders present. The voting power at a Shareholders' Meeting may be exercised by way of electronic means. Attendance via electronic means is deemed to be attendance in person. Related matters shall be handled subject to the relevant regulations.
- Article 17: The minutes of the shareholders' meeting shall be made and handled in accordance with Article 183 of the Company Act.

### **Chapter 4 Directors and Audit Committee**

- Article 18: The Company shall have five to nine directors based on candidate nomination system. The number of directors shall be authorized by the board of directors, and the term of office shall be three years. The directors shall be elected by the shareholders' meeting from the list of candidates and may be re-elected.  
The total share ownership ratio of all directors of the Company shall not be less than which was prescribed in the "Rules and Review Procedures for Director and Supervisor Share Ownership Ratios at Public Companies".  
The Company may purchase liability insurance for Directors to protect them against potential liabilities arising from exercising their duties during their tenure.  
The election method of directors of the Company adopts the cumulative voting system. Each share has the same voting right as the number of directors to be elected. One person may be elected centrally or several persons may be elected separately. The person with more voting rights shall be elected as a director. When it is necessary to amend the method, in addition to Article 172 of the Company Act and other relevant provisions, the comparison table for amendment to the method shall be listed in the reasons for convening the meeting.

- Article 19: Among the aforementioned number of directors, the number of independent directors shall be no less than 3 and one-fifth of the number of directors. The election of independent directors and non-independent directors shall be held concurrently, provided that the number of independent directors and non-independent directors elected are calculated separately.  
The professional qualification, shareholding and restrictions on concurrent position, independence identification, nomination and election methods, exercise of authority and other matters to be observed by independent directors shall be handled in accordance with the Securities and Exchange Act and relevant laws and regulations.
- Article 20: The Company shall set up an Audit Committee to replace the functions and powers of the supervisor, and the Audit Committee shall be composed of all independent directors. The number of Audit Committee members, term of office, exercise of authority and other matters to be observed shall be handled in accordance with relevant laws and regulations. The Board of Directors of the Company may set up another functional committee such as remuneration committee; its membership, exercise of powers and related matters shall be handled in accordance with relevant laws and regulations, and shall be separately decided by the Board of Directors.
- Article 21: In case that the vacancies in the office of directors reach one-third of the Board or if all independent director have been dismissed, the Board of Directors shall convene a special meeting of the shareholders within sixty (60) days to elect new directors to fill the vacancies. A director elected to fill such vacancy shall hold office for the unexpired term of the director whose office was vacant.
- Article 22: The Board of Directors shall be formed by the Directors. The Chairman shall be elected by a majority of votes in a meeting attended by over two-thirds of the Directors. The Chairman shall execute all matters of the Company in accordance with applicable laws, regulations, these Articles of Incorporation, and resolutions adopted at shareholders' meeting and by the Board of Directors.
- Article 23: A board of directors shall meet at least quarterly. The reasons for calling a board of directors meeting shall be notified to each director (including independent directors) at least seven days in advance. In emergency circumstances, however, a meeting may be called on shorter notice. The meeting of the Board of Directors shall be convened by delivery a notice to each director via mail, e-mail, or fax.
- Article 24: Except as otherwise provided by the Company Act, other laws and regulations, resolutions of the Board of Directors shall be adopted by at least a majority of the directors present at a meeting attended by at least a majority of the directors holding office. The meeting minutes may be produced and distributed in electronic form.
- Article 25: The Chairman of the Board shall preside at all meetings of the Board of Directors. If the Chairman of the Board is on leave or cannot exercise his powers and duties for any reason, a chairperson shall be appointed pursuant to Article 208 of the Company Act. Directors shall personally attend Board meetings, but for cause when a director cannot appear, he may appoint by instrument of limited powers of attorney, a person to appear in his place for the purposes of that meeting only, but only one person may serve as a delegate for any Director.  
If participation by means of video conferencing is made available at a meeting, directors who participate in the meeting by such means shall be deemed to have attended such meeting in person.
- Article 26: The Board of Directors are authorized to decide remuneration of Directors according to the level of participation in the Company's operation, value of their contribution, and the usual standard of the industry. The Board of Directors may pay transportation allowances to Directors based on prevailing rates in the industry.  
The Company may set reasonable remuneration for independent directors different from that for ordinary directors.
- Article 27: Directors of the Company might serve concurrently as directors and supervisors of its subsidiaries.

## **Chapter 5 Managers and Employees**

- Article 28: The Company may appoint, dismiss, and pay managers in line with Article 29 of the Company Act.  
The General Manager shall handle the business of the Company in accordance with the resolutions of the shareholders' meeting or the board of directors, and has the right to manage the affairs of the Company and sign for the Company within the scope authorized by the Articles of Incorporation or the contract.  
A position of Chief Executive Officer (CEO) can be established pursuant to the resolution from the Board of Directors. The CEO position will coordinate and be held responsible for business operations and decisions for the Company and all its affiliates.

## **Chapter 6 Accounting**

- Article 29: At the end of each accounting year, the Board of Directors shall compile the following statements and records, and submit them to the shareholders' meeting for ratification according to the legal procedures:  
(1) Business report.  
(2) Financial statements.  
(3) Proposals of earning distribution or loss coverage.
- Article 30: If the Company has profit in the year, it shall allocate not less than 1% as the employees' remuneration and 3% as the directors' remuneration. When there are accumulated losses, the Company shall offset the appropriate amounts before remuneration.  
The remuneration to be paid to employees in stock or cash referred to in the preceding paragraph may include employees of subordinate companies who meet certain conditions. The conditions and methods shall be decided by the Board of Directors and reported to the shareholders' meeting.
- Article 30-1: If there is any surplus in the Company's annual accounts, the Company shall first pay tax and offset past losses, and then set aside 10% of the legal reserve, except when the legal reserve has reached the Company's paid-in capital; in addition, special reserve shall be set aside or reversed depending on the Company's operating needs and legal regulations. If there is any unappropriated earnings at the beginning of the period, the Board of Directors shall prepare a proposal for distribution of earnings to the shareholders' meeting for resolution.  
In terms of the Company's dividend policy, in order to comply with business development, the total amount of distributable earnings is 30-100% after considering the Company's capital expenditure and working capital. Shareholders' bonus may be distributed in the form of cash or shares, of which cash dividend shall not be less than 10% of the shareholders' bonus.

## **Chapter 7 Supplemental Provisions**

- Article 31: The organizational charter and by-laws of the Company shall be separately adopted by the Board of Directors.
- Article 32: Any matters inadequately provided for herein shall be subject to provisions concerned set forth in the Company Act and relevant laws and regulations.
- Article 33: The Articles of Incorporation are established on May 31, 2016.  
The first amendment was made on October 19, 2016.  
The second amendment was made on May 30, 2018.  
The third amendment was made on May 31, 2019.

Swancor Holding Company Limited  
Chairman: Chao-Yang Tsai

## Swancor Holding Company Limited

### Share Ownership of Directors

As of the book closure date for this shareholders' meeting (March 30, 2021), the following are the shareholding status of individuals and the entirety of directors recorded in the Shareholders Register.

Title	Name	Date elected	Term (Years)	Shareholding while elected		Number of shares held recorded in shareholders register on book closure date	
				Shares	%	Shares	%
Chairman	Chao-Yang Tsai	2019.05.31	3	11,540,943	12.34	13,027,943	13.93
Directors	Kuei-Tuan Chen	2019.05.31	3	359,527	0.38	392,527	0.42
Directors	Pan-Chiang Yang	2019.05.31	3	131,311	0.14	97,311	0.10
Independent Director	Hsiu-Chun Wang	2019.05.31	3	0	0	0	0
Independent Director	Jui-Hua Li	2019.05.31	3	0	0	0	0
Independent Director	Sheng-Chung Lin	2019.05.31	3	0	0	0	0
Independent Director	Chung-Ming Liu	2019.05.31	3	0	0	0	0
Total				12,031,781	12.86	13,517,781	14.45

Note:

1. The Company's paid-in capital is NT\$935,046,040, and the shares outstanding is 93,504,604 shares.
2. According to the requirements under Article 26 of the Securities and Exchange Act, the aggregate minimum shareholding of Directors shall be:  
Minimum share ownership by all directors of the Company: 7,480,368 shares
3. Shareholding from all Directors has reached the legally stipulated ownership of shares.
4. Pursuant to Article 2 of the "Rules and Review Procedures for Director and Supervisor Share Ownership Ratios at Public Companies", if the Company has two or more independent directors, the shareholding percentage calculated at the rates set forth for all directors, excluding the independent directors, and supervisors shall be decreased by 20 percent.