



The Shanghai Commercial & Savings Bank, Ltd.

Handbook for the 2019 Annual General Shareholders's Meeting

Meeting Time : June 14, 2019, at 9 : 00am

Place : 6F, No. 2, Sec. 1, Min-Chuan East Road, Taipei, Taiwan

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Notice to Readers

For the convenience of readers, the handbook has been translated into English from the original Chinese version prepared. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language shall prevail.

2019 Annual General Meeting of Shareholders

Meeting Agenda

Meeting Time: June 15, 2018, at 9:00am

Place : 6F, No. 2, Sec. 1, Min-Chuan East Road, Taipei, Taiwan

1. Report of the number of shares represented by shareholders present at the meeting
2. Chairman's announcement of the commencement of the Meeting
3. Chairman's Remarks
4. Report Items
 - (1). The 2018 Business Report
 - (2). The 2018 Audit Committee's Review Report
 - (3). The 2018 Directors and Employees Remuneration Distribution Report
 - (4). The Company's "Corporate Social Responsibility Mission, Vision, Policies, Systems, Relevant Management Guidelines and Concrete Promotion Plans" Report
 - (5). The Company's Bank Debentures Issued in 2018 Report
 - (6). The Company merged its wholly-owned subsidiaries SCSB Life Insurance Agency Ltd. and SCSB Property Insurance Agency Ltd. on May 6, 2019. The Company is the surviving company
5. Ratification Items
 - (1). To accept 2018 Business Report and Financial Statements
 - (2). To approve the Proposal for Distribution of 2018 Earnings
6. Discussion Items
 - (1). Amendment to the Company's Articles of Incorporation
 - (2). Amendment to the Company's Procedures Governing the Acquisition or Disposal of Assets
 - (3). Release of the Board of Directors from Non-Competition Restrictions.
7. Extempore Motions
8. Adjournment

Report Items

Report No. 1

Proposed by the Board of Directors

Agenda : 2018 Business Report.

Explanation : The 2018 business report is on page 3-6.

THE SHANGHAI COMMERCIAL & SAVINGS BANK, LTD.

2018 Business Report

1. Foreword

In 2018, the global economic growth was somehow slowdown caused by rising of US-China trade war tensions and fluctuations in the international financial market. Despite these environments, the Bank, however, continued stable growth of its internal budget. For 2018, the Bank generated after-tax EPS NT\$3.37, up 10.9% year on year; NPL ratio was 0.25%, liquid reserves ratio was 33.65%, capital adequacy ratio was 14.41%. The asset safety, liquidity sufficiency, and capital adequacy were therefore assured.

The results of the Bank's operating performance in 2018, business plan for 2019, future development strategy, external competitive environment, regulatory environment, and macroeconomic environment, and the latest affirmed credit rating, are illustrated as follows:

2. Operating Performance for 2018

(1) Overview of Global & Domestic Financial Environment

As the result of weakened Taiwan export growth momentum in the second half of 2018, Taiwan's annual economic growth was down and reached at 2.63% only. On the other hand, U.S. has strengthened the expansion of its economy, and Fed continued to normalize its monetary policy by raising interest rates four times in a total of 1% within one year. It makes US dollar stronger and the exchange rate of NT\$/US\$ closed at NT\$30.733 at the end of the year and recorded a 2.9% depreciation for the year. The stock market started out strong but then faltered caused by the rising of US-China trade war tensions over the year, declining by 8.6% in the year and closed at 9,727 points at the end of the year. In light of stable domestic consumer price, the Central Bank remains its interest rate policy unchanged and continues its monetary easing policy at appropriate level as well.

(2) Organizational Change

For the purpose of strengthening compliance risk management, the Bank divided Compliance and Legal Department into the Compliance Department and Legal Department, as well as established a dedicated Information Security Department. The Compliance Department is an independent and dedicated compliance organization, and the Information Security Office which originally subordinated to the Information Technology General Department was separated and upgraded to the Information Security Department, so that it can independently perform its information security duties. Furthermore, the Secretarial Office of Board is a dedicated unit with dedicated personnel to reinforce corporate governance, and a better whistleblower protection system was also established.

The Financial Supervisory Commission (FSC) granted its approval to the Bank for establishing three new branches in Taipei City, New Taipei City, and Hsinchu City around the island during the year. The Bank who has obtained approval to establish the most new branches among Taiwan banks in 2018, additionally, the Bank also obtained approval to apply for the establishment of Wuxi Branch in China. Looking forward, WuXi Branch will help the Bank to build up a more comprehensive cross-strait network. The Bank continues its international expansion by successful acquiring about 80% shares of Cambodia based microfinance institution, AMK Microfinance Institution PLC., the acquisition helps the Bank to increase its market share and brand image in Cambodia's financial market.

The Bank was listed on the Taiwan Stock Exchange on October 19, 2018 to gain greater access to the capital market. The listing helps the Bank to increase its visibility to the market, and attract talents to join the Bank. The Bank then was in the portfolio of Taiwan 50 Index on December 22, 2018. The Bank's total market value reached NT\$164.8 billion at the end of the year.

(3) Operational Plans, Strategies and Results

Corporate banking remained the core business in the 2018 business plan, the Bank also made continued effort to upgrade the rest of business units, they are: Personal Banking, Wealth Management, Treasury, and Deposits Department. The Bank reinforced the sharing of resources among the business units and relationship managers from four business lines, continued strengthening the digital banking, developed

innovative financial products and services, diversified the recruitment of talents, promoted social responsibility, and enhanced corporate brand image.

The results of 2018 business plan and strategy were reflected on the growth of main businesses and profits, year on year, in which the average deposits was NT\$886.1 billion, up 8.8%, and average loans was NT\$655 billion, up 8.2%; profit before income tax was NT\$15.7 billion, up 9.2%, net income after income tax was NT\$13.7 billion, up 10.7%; EPS after income tax was NT\$3.37, up 10.9%; after-tax return on assets of 1.21% and after-tax return on equity of 10.82% were both higher than last year.

(4) Budget Implementation

As for main businesses and profit before income tax, the achieving ratio of operational targets for average deposits was 97.4%, average loans was 96.3%, and net income after income tax was 96.7%.

(5) Income, Expense and Profit

Unit: NT\$ Billion, except as indicated

Item	Year	2018	2017	Change
Net interest		12.89	11.78	9%
Net revenues other than interest		10.22	9.79	4%
Net revenues		23.11	21.57	7%
Bad debt expenses		0.5	0.6	-17%
Operating expenses		6.87	6.57	5%
Profit before income tax		15.73	14.41	9%
Income tax expense		2.02	2.02	0%
Net income after income tax		13.71	12.39	11%
Earnings Per Share (NT\$)		3.37	3.04	11%
ROA (after income tax)		1.21%	1.18%	0.03%
ROE (after income tax)		10.82%	10.21%	0.61%

(6) Research and Development

The Bank continued to develop innovative financial products and services with a customer-centric approach based and customers' needs in 2018. The Bank also strengthened the application of FinTech and developed innovative digital finance services. In line with the government's New Southbound Policy, the Bank took advantage of the Overseas Credit Guarantee Fund for corporate finance, providing better access to financing for overseas Taiwanese businesses. In addition, the Bank intensified the "Three Shanghai Banks" strategic alliance across the Straits, and provided Taiwanese businesses with more inclusive cross-strait financial products and services. For personal banking, the Bank offered the Elite Mortgage Program and launched "123 Simple Credit Card", the cash back credit card has been highly popular among young generation consumers. For wealth management, the Bank continued to introduce investment and financial management products, offered non-discretionary money trusts for investing in overseas ETF, master trust accounts for the management and use of funds for target maturity bond investments, and three-year offshore RMB funds. For treasury marketing, the Bank offered customized hedging products for corporate clients, such as principle-protected structured investment products. For deposit products & services, the Bank established an online platform for real time settlement of securities and offered NT\$ and foreign currency savings programs to targeted clients. For digital banking, the Bank launched a smart digital service platform on its official website, providing smart text and voice-enabled customer services. The Bank provided customers with mobile payment methods such as Samsung Pay, Google Pay and single QR Code, and was actively developing multiple payment platforms and became the first bank to offer accountant confirmation block chain services. The Bank entered FinTechSpace and participated in the digital sandbox and "corporate laboratory" project, providing an innovative financial application programming interface (API) for Internet of Things (IoT), which would help startups work together with academic institutions. The Bank signed Letters of Investment Intent and MOUs with the innovation and startup centers of universities to help the Bank to better manage and capture investment opportunities for innovative FinTech applications and startups.

3. Business Plans for 2019

(1)Business Guidelines

In 2019, The Bank's main strategy will be "Integration of Resources for Value Creation", and the Bank will integrate resources of channels with new concepts, achieving balanced development of corporate banking, personal banking, wealth management, and deposits in Taiwan and overseas. The Bank will deepen relationship with core customers, develop high quality customers, create customer value, innovate in digital finance, develop inclusive financing, and drive revenue growth through marketing and management, while placing equal importance on internal control, compliance, risk management, and information security.

(2)Business Targets

Taking into account in economic growth forecasts, market competition, as well as the growth result in 2018 and business strategies for 2019, the Bank has set up appropriate growth for 2019 targets as follows:

- A. Average deposits: NT\$990 billion
- B. Average loans: NT\$730 billion
- C. Foreign exchange: US\$103.3 billion

(3)Business Policies

- A. Fundamental Policy: Conduct business with honesty and trustworthiness to achieve stable and smooth operations, sound, balanced and sustainable development, as well as high operating profits.
- B. Operating Policy: Corporate banking continues to be core business for the Bank, but will also continue incorporating personal banking, wealth management, treasury marketing, deposits products and services, and strengthening digital banking.
- C. Sales policy: In alliance with relationship managers from four business lines to integrate resources for cross selling, integrate physical and virtual service to provide full range of products and services.
- D. Management policy: Implement compliance and internal control, optimize risk management, improve logistic support performance, and grow with financial and business soundness.

4. Development Strategies

The Bank's main development strategies for 2019 are as follows:

- (1)Overall Operations: Maintain stable operations, achieve balanced and sequential growth, place equal emphasis on operations and management, and improve both finance and business.
- (2)Channel Expansion: Increase the number of domestic branches, proactively expand in the region of Asia-Pacific, develop China market, and seek for equity investment opportunity for merger & acquisition.
- (3)Business Development: Strengthen product integration, implement precision marketing, reinforce niche businesses, and expand the scale of business.
- (4)Customer Relations: Deepen core customers, develop potential customers, strengthen cross-selling, and create customer value.
- (5)Digital Banking: Innovate in smart finance, strengthen digital finance, promote virtual-physical integration, and develop inclusive finance.
- (6)Information Technology: Optimize system equipment, strengthen information applications, stabilize system operations and maintenance, and strengthen information security.
- (7)Human Resources: Recruit talents of diverse backgrounds, training of professionalism and competencies, cultivate management associates, and foster human capital.
- (8)Internal Control: Improve internal control and regulatory compliance, optimize risk management, implement three lines of defense, and implement AML/CFT control.

(9)Corporate Relations: Enhance corporate governance, implement corporate social responsibility, promote public charitable activities and build up sound corporate brand image.

5. The Impact of the External Competitive Environment, Regulatory Environment, and Macroeconomic Environment

(1)External Competitive Environment

The extensive application of emerging technologies and rapid development of innovative business models have not only changed the behavior of financial consumers, but also impacted on banks' distribution channel. FSC deregulated recently to allow two internet-only banks to be established in Taiwan market, which will make keener competition in banking sector fiercer, loan interest spread margin will be difficult for widening. In response to the market change, the Bank will adopt vigilant tactics to promote business, to accelerate the application of FinTech, to upgrade the service at branch level, to deepen core valued clients, and to create growth kinetic energy of business.

(2)Regulatory Environment

FSC has continued deregulation in recent years to create more room for banks to develop its banking business, such as, the announcement on Financial Development Action Plan for inclusive financing, investment in key startups, establishment of FinTechSpace, also relieved some relevant restrictions on financial products. The regulator also encourages consolidation of financial institutions industry, revising related laws and regulations. The Bank will make good use of its strength; continue strengthening the competitiveness of digital banking and creating innovative business operating model. The Bank will seek for consolidation opportunity for increasing the scale of operations.

(3)Macroeconomic Environment

International political and economic expects to be uncertainties and slowdown in 2019, such as the conflict of US-China trade. The outlook of Taiwan economy expects to be cautious and conservative, and the banking industry continues to face the issues on overbanking and excess liquidity in the market. The Bank will keep close monitoring on the challenges of a rapidly changing international economic and financial situation. The Bank will stay proactive and responsive at all times, adopt appropriate operating strategies, and take into account market trends and opportunities to grow its business steadily and create the sources of revenue and profit.

6. Credit Ratings

Rating Agency	Ratings		Outlook	Release Date
	Long-term	Short-term		
Taiwan Ratings	twAA	twA-1+	Stable	2018.12.7
Fitch	AA(twn)	F1+(twn)	Stable	2018.6.5
Standard & Poor's	BBB+	A-2	Stable	2018.12.26
Fitch	A-	F1	Stable	2018.6.5

Looking forward to 2019, the Bank will uphold the principles of stable and smooth operations, enhance growth kinetic energy of business, expand the scale of business and revenue, and strengthen the competitiveness of digital financial. All employees will continue to work together toward the Bank's visions of "service to society, support to industry, and promoting international trade", and will be with the spirit of service of "considerate, efficient and respect" as well as "putting customers first at all times" when providing service to clients, and want to make continued outperformance. The Bank welcomes and appreciates the continued guidance and support from the shareholders.

Agenda : The 2018 Audit Committee's Review Report.

Explanation : The 2018 Audit Committee's Review Report of Business Reports, Financial Reports and Distribution of Earnings are on page 8.

The Shanghai Commercial & Savings Bank, Ltd.

Audit Committee's Review Report

The board of directors has complied and submitted the company's 2018 financial statements audited by Certified Public Accountants Shih-Tsung Wu and Chun-Hung Chen of Deloitte & Touche, who issued the unqualified opinions, business report and profit distribution plan to the Audit Committee. The above statements and reports have been examined by the Audit Committee and no irregularities were found. This report is hereby prepared in accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act. Please kindly approve.

To : The Shanghai Commercial & Savings Bank, Ltd.
2019 Annual General Meeting

The Shanghai Commercial & Savings Bank, Ltd.
Convener of Audit Committee



Yung-San Lee
March 25, 2019

Agenda : The 2018 Director and Employee Remuneration Distribution Report.

Explanation : NT\$ 58 million is for directors' compensation and NT\$ 38 million is for the Company's 2018 employees' compensation. Both are paid in cash.

Agenda : The company's "Corporate Social Responsibility Mission, Vision, Policies, Systems, Relevant Management Guidelines and Concrete Promotion Plans" Report.

Explanation : The Company continued to promote corporate social responsibility and achieved good results. The details of the "Corporate Social Responsibility Mission, Vision, Policies, Systems, Relevant Management Guidelines and Concrete Promotion Plans" approved in the 5th meeting of the 20th Board of Directors on March 23, 2019 are enclosed on page 11-13 of the handbook.

The Shanghai Commercial & Savings Bank, Ltd. - Mission, Vision, Policies, Systems, Relevant Management Guidelines and Concrete Promotion Plans for Corporate Social Responsibility

Head Office
Established on March 23, 2019

The Bank provides all-round financial products and services to its personal and corporate customers, pursuing both profitability and sustainable development. To actively fulfill its corporate social responsibilities (CSR) and keep pace with the international trend which focuses on balancing environmental protection, social and corporate governance, the Bank has established the mission, vision, policies, systems, relevant management guidelines and concrete promotion plans for its CSR operations in accordance with Article 7, Paragraph 2 of the “Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies”: “When performing its corporate social responsibilities, the board of directors of a TWSE/GTSM listed company is advised to give full consideration to the interests of stakeholders, including the following matters: 1. Identifying the company’s CSR mission or vision; establishing its CSR policies, systems or relevant management guidelines; 2. Incorporating the corporate social responsibility into the guiding principles of the company's operations and development; establishing concrete promotion plans for corporate social responsibility initiatives...”; as well as Article 5 of the above Best Practice Principles: “When establishing their CSR policies, systems, relevant management guidelines and concrete promotion plans, the TWSE/GTSM listed companies should take into account the correlation between the domestic/international CSR development trend and the company’s core business, as well as the influence of the company’s/group’s overall business activities on the stakeholders. Such policies, systems, guidelines or plans should be approved by the board of directors and submitted to the shareholders’ meeting.”

The CSR Mission of the Bank

The Bank operates its business based on the principles of integrity and stability. It serves the public, promotes financial inclusion, creates good business results, in the meantime protects the environment and the interests of the stakeholders. With the collective efforts of its employees and volunteers, the Bank actively strives to fulfill its corporate social responsibilities.

The CSR Vision of the Bank

The Bank strives to achieve a win-win situation for its customers, employees, shareholders and the society, making itself a benchmark of the banking industry in CSR accomplishments.

The CSR Policies of the Bank

Article 1 Objectives and Statutory Basis

The Bank provides all-round financial products and services to its personal and corporate customers, pursuing both profitability and sustainable development. To actively fulfill its corporate social responsibilities and keep pace with the international trend which focuses on balancing environmental protection, social and corporate governance, the Bank has established the CSR Policies in accordance with the “Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies”¹. The Policies shall serve as the guidelines for implementing the Bank’s CSR initiatives.

Article 2 Customers

Devoted to “Serving the society, supporting the commercial and industrial development and promoting international trade”, the Bank operates its business with integrity and follows all related laws and regulations that protect the financial consumers, including the “Principles for the Financial Service Industry to Ensure Fair Treatment of the Consumers”. It has built up a corporate culture focusing on the fair treatment of customers, endeavoring to provide

¹ 2016.07.28 Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies

high-quality financial products and services to its customers and ensuring adequate protection for the financial consumers and their personal information.

Article 3 Employees

The Bank makes diligent efforts to protect human rights and has built up diversified human resources. Through its well-developed compensation and benefit systems, the Bank rewards its employees based on business performance and achievements. The Bank pays significant attention to talent development and has established various career development and executive development programs, aiming at attracting, cultivating and retaining talents and building up its human capital.

Article 4 Shareholders

The Bank is devoted to protecting the interests of its shareholders by enforcing good corporate governance and increasing financial transparency. Through the spokesperson system, the Bank maintains good investor relations and has been actively elevating its business performance to create good investment returns for the shareholders.

Article 5 Community Involvement

Centered on a human-oriented business culture, the Bank focuses its efforts on financial and cultural education, environmental protection and public welfare. By integrating the resources from the bank-sponsored public welfare fund and its volunteers, it has been actively participating in community activities and contributing to the prosperity thereof.

Article 6 Charity and Welfare

The Bank believes that “What is taken from the society should be used in the interest of the public”. To fulfill this purpose, it has established the SCSB Cultural & Educational Foundation and the SCSB Charity Foundation. By integrating the resources of the bank employees and volunteers, the Bank is actively engaged in the charity activities in the community, taking care of the underprivileged groups and devoted to environmental protection, so as to promote the harmonious development of the society.

Article 7 Sustainable Environment

The Bank is fully devoted to saving energy and improving the efficiency in using water, electricity and other utilities. Efforts are made to increase the recycling and reutilization of resources, reduce wastes and greenhouse gas emission, promote green finance and engage the suppliers to collaboratively reduce the influence of business activities on climate change, thereby ensuring the sustainability of the environment.

Article 8 Report

The Bank compiles its annual CSR reports in accordance with the GRI (Global Reporting Initiatives) standards or the guidelines provided by the competent authority, and obtains relevant confirmation, verification and/or guarantee from a third party. The CSR reports are disclosed on the Market Observation Post and the website of the Bank.

Article 9 Miscellaneous

The Policies shall be implemented when resolved in the board meeting and shall be reported to the shareholders’ meeting. The same shall apply to all amendments thereof.

Corporate Social Responsibility Systems of the Bank

Based on its solid organizational structure and integrated corporate governance system, the Bank has been aggressively performing its corporate social responsibilities. The responsible business units of the Bank work together on various CSR issues relevant to its customers, employees and shareholders. The SCSB Cultural and Educational Foundation and the SCSB Charity Foundation sponsored by the Bank, in the meantime, provide a platform for facilitating various charity and social welfare activities. With the collective efforts of its employees and volunteers, the Bank has been actively engaged in social welfare activities.

Relevant CSR Management Guidelines of the Bank

The CSR Management Guidelines of the Bank have been established in accordance with the “Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies” and shall serve as the management guidelines for implementing the CSR initiatives thereof.

Concrete CSR Promotion Plans of the Bank

1. Compile the annual business and financial budgets, which shall serve as the goals for business, customer and market development.
2. Establish employee and executive development plans to ensure successful talent management.
3. Based on the requirements of the regulators, disclose the business and financial performance on a regular basis. Convene shareholders meetings as required by law and organize presentations on business results to ensure good communications with the investors.
4. Allocate annual budgets for the SCSB Cultural & Educational Foundation and the SCSB Charity Foundation to facilitate implementing various public welfare activities.
5. Establish volunteer brigades in the Head Office and the six domestic regional centers, responsible for facilitating public welfare activities locally and promoting community involvement.
6. The Head Office shall be concurrently responsible for facilitating and implementing relevant CSR initiatives of the Bank.
7. Compile the CSR reports based on the requirements of the regulators, which shall be verified by a third party and disclosed on the Market Observation Post and the website of the Bank.

Agenda : The Company's Bank Debentures Issued in 2018 Report.

Explanation :

1. In view of the Company's business development, its capital needs, and in line with its medium to long term operational planning, the Board of Directors on March 24, 2018 resolved that the Company may issue NT\$ 15 billion bank debentures. The resolution was subsequently approved by the Financial Supervisory Commission. The terms and conditions of the bank debentures issued in 2018 are as follows :

Name of Bank Debentures	Issuing Date	Maturity Date	Tenor (years)	Coupon Rate (%)	Amount of Issuance
SCSB 1 st Unsecured Subordinated Financial Debentures – A Issue in 2018	2018/06/21	2025/06/21	7	1.25%	NT\$ 3 billion
SCSB 1 st Unsecured Subordinated Financial Debentures – B Issue in 2018	2018/06/21	2028/06/21	10	1.45%	NT\$ 2 billion
SCSB 2 nd Unsecured Senior Financial USD Debentures Issue in 2018	2018/10/29	2048/10/29	30	4.875% (Implied IRR)	USD 70 million
SCSB 3 rd Perpetual Non-cumulative Unsecured Subordinated Financial Debentures Issue in 2018	2018/12/12	Perpetual	Perpetual	2.15%	NT\$ 7 billion

2. The issuing guidelines for the Company's bank debentures issued in 2018 are shown in the handbook Page 15-24.

The Issuing Guidelines

For The Shanghai Commercial & Savings Bank, Ltd.

1st Unsecured Subordinated Financial Debentures Issue in 2018

Pursuant to the letter (no. 10702071610) of approval by the Financial Supervisory Commission dated 17 April, 2018, The Shanghai Commercial & Savings Bank, Ltd. (hereinafter referred to as "the Bank") issues the Bank's 1st Unsecured Subordinated Financial Debentures in 2018 with the following issuing guidelines:

Article 1 Name of the Financial Debentures:

The Shanghai Commercial & Savings Bank Ltd 1st Unsecured Subordinated Financial Debentures Issue in 2018 (hereinafter referred to as "the Debentures").

Article 2 Amount of Issuance:

The total amount of issuance is NT\$ 5,000,000,000, divided into 2 series as follows:

Series A - 7-year Subordinated Financial Debentures with issuing amount of NT\$ 3,000,000,000.

Series B - 10-year Subordinated Financial Debentures with issuing amount of NT\$ 2,000,000,000.

Article 3 The Order of Priority of Claims:

The Debentures are subordinated financial debentures, and the right of the holders of the Debentures to be compensated for repayment of the Debentures is subordinate to the right of all depositors of the Bank and other creditors (including holders of senior financial debentures of the Bank). However, in case when the competent authority assigns officials to take receivership over the Bank, order the Bank to suspend and wind up business, or liquidate the Bank, the order of priority of claims shall be the same for the holders of the Debentures and the Bank's common equity shareholders.

Article 4 Investment Risk:

The Debentures are not bank deposits and not insured by the Central Deposit Insurance Corporation.

Article 5 The Bank's Credit Rating:

twAA (Taiwan Ratings Corp. December 22, 2017).

The Bank does not commission rating agencies to issue individual credit rating for the Debentures. Investors of the Debentures should be aware of this and heed the risks associated with the Debentures themselves.

Article 6 Par Value:

The par value of each debenture is NT\$ 10,000,000.

Article 7 Issuance Period (the Issuing and Maturity Dates):

Series A – 7 years (from June 21, 2018 to June 21, 2025)

Series B – 10 years (from June 21, 2018 to June 21, 2028)

Article 8 Issue Price:

The Debentures will be issued at 100% of the par value.

Article 9 Coupon Rate:

Series A – 7-year term. Coupon rate is 1.25% fixed per annum.

Series B – 10-year term. Coupon rate is 1.45% fixed per annum.

Article 10 Method of Interest Calculation and Interest Payment:

1. Starting from the date of issuance, based on the actual/actual basis, interest will be calculated once every year with simple interest method and paid once per year.
2. Subject to the Bank's calculation, the amount of interest payment will be calculated based on the par value of each debenture and rounded to the nearest NT dollar.
3. When making interest payments, withholding tax will be deducted in accordance with the Income Tax Act; supplementary insurance premiums will be deducted in accordance with the National Health Insurance Act; and other taxes/fees will be deducted if applicable by other laws/regulations.
4. If the holders of the Debentures collect the principal and/or interest after the respective payment dates, no additional interest will be accrued or imposed further for such late payment.
5. If the date of principal repayment and/or interest payment is not a business day for the paying bank, the principal and/or interest will be paid on the first following day that is a business day and no additional interest will be accrued/paid.

Article 11 Method of Principal Repayment:

The principal of the Debentures is due at maturity and will be repaid 100% of par value in full.

Article 12 Form of the Debentures:

The Debentures are unsecured and issued in registered form without the printing of physical certificates, and the registration will be handled by the Taiwan Depository & Clearing Corporation.

Article 13 Listing and Trading:

The Debentures will be listed and traded on the Taipei Exchange.

Article 14 Prescription of the Principal and Interest of the Debentures:

The principal of the Debentures shall be payable within 15 years from the date the principal is due, and the interest shall be payable within 5 years from the interest payment date. No payment will be made after the foregoing periods.

Article 15 Agent Handling Principal Repayment and Interest Payment:

The Business Department of the Bank's Head Office is in charge of principal repayment and interest payment services, and handles the book-entry transfer of principal and interest in accordance with the list of the holders of the Debentures provided by the Taiwan Depository & Clearing Corporation. Pursuant to applicable laws/regulations, the Business Department shall withhold taxes and supplementary insurance premiums when making principal and interest payments, and make withholding statements to be mailed to the holders of the Debentures.

Article 16 Material Terms and Conditions with respect to the Issuance of the Debentures:

The Debentures shall be handled in accordance with the applicable laws when there is liquidation, clearance, bankruptcy or reorganization of the Bank. Except for the aforementioned circumstances, the holders or creditors of the Debentures cannot cancel the contract midway through the term of the Debentures, cannot sell the Debentures back to the Bank and may not require the Bank to pay the outstanding principal and interest in advance. If the Bank carries out liquidation proceedings or declares bankruptcy, the interest of the Debentures shall cease to be accrued from the date of commencement of the liquidation proceedings or the date of the declaration of bankruptcy, and the

principal and interest shall be deemed to have expired. The holders of the Debentures should waive the exercise of the right of set-off. The Bank and its affiliated businesses do not provide guarantee, collateral or other arrangements to enhance the seniority of the holders of the Debentures.

Article 17 Sales Objects of the Debentures:

The Debentures must sell to "professional investor" as defined under Article 3 of the "Regulations Governing Offshore Structured Products".

Article 18 Announcement:

Matters relating to the Debentures required to be notified to creditors may be announced on the Bank's website or the Market Observation Post System.

Article 19 Other Provisions:

The handling of the transfer, inheritance, gift, book-entry transfer of the Debentures and related operations shall be in accordance with the Taiwan Depository & Clearing Corporation related provisions, and the relevant handling costs shall be borne by the applicant.

Article 20 If there is any inadequacy of the Issuing Guidelines, it shall comply with the Regulations Governing Issuance of Bank Debentures of the Bank and the relevant laws and regulations of the competent authorities.

The Issuing Guidelines

For The Shanghai Commercial & Savings Bank, Ltd.

2nd Unsecured Senior Financial USD Debentures Issue in 2018

Pursuant to the letter (no. 10702071610) of approval by the Financial Supervisory Commission dated 17 April, 2018, The Shanghai Commercial & Savings Bank, Ltd. (hereinafter referred to as "the Bank") issues the Bank's 2nd Unsecured Senior Financial USD Debentures in 2018 with the following issuing guidelines:

Article 1 Name of the Financial Debentures:

The Shanghai Commercial & Savings Bank Ltd 2nd Unsecured Senior Financial USD Debentures Issue in 2018 (hereinafter referred to as "the Debentures").

Article 2 Credit Rating:

The Bank's credit rating is twAA (Taiwan Ratings Corp. December 22, 2017).

The Bank does not commission rating agencies to issue individual credit rating for the Debentures. Investors of the Debentures should be aware of this and heed the risks associated with the Debentures themselves.

Article 3 The Order of Priority of Claims:

The right of the holders of the Debentures to be compensated for repayment of the Debentures (including principal and interest) ranks pari passu with the right of the other senior unsecured creditors of the Bank.

Article 4 Sales Objects of the Debentures:

The Debentures must sell to "professional investor" as defined under Article 3 of the "Regulations Governing Offshore Structured Products".

Article 5 Amount of Issuance:

The total amount of issuance is USD 70,000,000.

Article 6 Issue Price:

The Debentures will be issued at 100% of the par value.

Article 7 Par Value:

The par value of each debenture is USD 1,000,000.

Article 8 Issuance Period (the Issuing and Maturity Dates):

The issuing date of the Debentures is October 29, 2018 with a 30-year term which shall expire on October 29, 2048 except for the Bank exercising its "Issuer Call" as stated in Article 10.

Article 9 Coupon Rate:

The coupon rate is 0% per annum. The implied internal rate of return is 4.875% with annual accretion of the redemption price.

Article 10 Issuer Call:

On the date 5 years after the issuing date of the Debentures and the same date each year thereafter, the

Bank shall have the right to redeem all the Debentures in full at the redemption price for each debenture on each effective redemption date specified in the reference table attached in the appendix. The foregoing redemption amount is subject to the Bank's calculation. If the Bank opts for exercising the Issuer Call, the Bank shall notify the holders of the Debentures of such exercise by means of public announcement 5 Taipei bank business days prior to the effective redemption date. If the bank exercises the Issuer Call, the Debentures shall expire early on the effective redemption date.

Article 11 Method of Principal Repayment and Interest Payment:

1. Pursuant to the foregoing Article 10, the bank has the right to redeem the Debentures in advance; If the bank does not exercise the Issuer Call during the term of the Debentures, the Bank shall repay the principal plus interest payable (calculated based on an implied internal rate of return of 4.875%p.a.) at the maturity date.
2. Method of interest calculation and interest payment: Subject to the Bank's calculation, the amount of interest payment will be calculated based on the par value of each debenture and rounded to the nearest US dollar.
3. If the date of principal repayment, interest payment or redemption is not a business day for the paying bank, i.e. not a business day in Taipei City, the principal and/or interest will be paid on the first following day that is a business day and no additional interest will be accrued/paid.
4. If the holders of the Debentures collect the principal and/or interest after the respective payment dates, no additional interest will be accrued or imposed further for such late payment.

Article 12 Underwriting Methods and Underwriters or Underwriting Agencies: None.

Article 13 Agent Handling Principal Repayment and Interest Payment:

The International Department of the Bank's Head Office is in charge of principal repayment and interest payment services, and handles the book-entry transfer of principal and interest in accordance with the list of the holders of the Debentures provided by the Taiwan Depository & Clearing Corporation.

Article 14 Withholding Taxes, Supplementary Insurance Premiums (if applicable) and Other Fees to Be Withheld or Deducted in accordance with Applicable Laws:

When making interest payments, the International Department shall withhold or deduct taxes, supplementary insurance premiums (if applicable) and other fees pursuant to the Income Tax Act, the National Health Insurance Act and other applicable laws.

Article 15 Form of the Debentures:

The Debentures are issued in registered form without the printing of physical certificates, and the registration will be handled by the Taiwan Depository & Clearing Corporation.

Article 16 Security for the Debentures:

The Debentures are unsecured. The Bank and its affiliated businesses do not provide guarantee, collateral or other arrangements to enhance the seniority of the holders of the Debentures.

Article 17 Liquidation in advance and the Procedures:

The Debentures shall be handled in accordance with the applicable laws when there is liquidation, clearance, bankruptcy or reorganization of the Bank. Except for the aforementioned circumstances, the holders or creditors of the Debentures cannot cancel the contract midway through the term of the Debentures, cannot sell the Debentures back to the Bank and may not require the Bank to pay the outstanding principal and interest in advance. If the Bank carries out liquidation proceedings or

declares bankruptcy, the interest of the Debentures shall cease to be accrued from the date of commencement of the liquidation proceedings or the date of the declaration of bankruptcy, and the principal and interest shall be deemed to have expired. The holders of the Debentures should waive the exercise of the right of set-off.

Article 18 The Debentures may be freely traded, transferred and provided as security, but shall not be used as collateral for the secured credit handled by the Bank.

Article 19 The handling of the transfer, inheritance, gift, principal repayment, interest payment, book-entry transfer of the Debentures and related operations shall be in accordance with the Taiwan Depository & Clearing Corporation related provisions and relevant laws and regulations, and the relevant handling costs shall be borne by the applicant.

Article 20 Prescription of the Principal and Interest of the Debentures:

The principal of the Debentures shall be payable within 15 years from the date the principal is due, and the interest shall be payable within 5 years from the interest payment date. No payment will be made after the foregoing periods.

Article 21 The prescription of the Debentures and the treatment after loss, theft or disappearance shall be handled in accordance with the Civil Code of the Republic of China or other applicable laws and regulations relevant to the issuance of the Debentures.

Article 22 The Debentures are not bank deposits and not insured by the Central Deposit Insurance Corporation.

Article 23 Notification:

Matters relating to the Debentures required to be notified to the holders of the Debentures may be announced on the Market Observation Post System or by other means of announcement (including the Bank's website).

Article 24 If there is any inadequacy of the Issuing Guidelines, it shall comply with the "Regulations Governing Issuance of Bank Debentures by Banks" enacted by the Financial Supervisory Commission, other relevant laws and regulations of the competent authorities as well as the Bank's relevant regulations.

Appendix: The reference table with respect to the optional redemption price on each of the effective redemption dates if the Issuer Call is exercised.

The interest of the Debentures is calculated based on the implied internal rate of return of 4.875%p.a. and on a 30/360 day count basis.

Effective Redemption Date for Issuer Call	Optional Redemption Price (%) (Count to the 6 th digit after the decimal point)	Effective Redemption Date for Issuer Call	Optional Redemption Price (%) (Count to the 6 th digit after the decimal point)
2023/10/29	126.870271	2036/10/29	235.556737
2024/10/29	133.055197	2037/10/29	247.040128
2025/10/29	139.541638	2038/10/29	259.083334
2026/10/29	146.344293	2039/10/29	271.713646
2027/10/29	153.478577	2040/10/29	284.959687
2028/10/29	160.960658	2041/10/29	298.851471
2029/10/29	168.807490	2042/10/29	313.420480
2030/10/29	177.036855	2043/10/29	328.699729
2031/10/29	185.667402	2044/10/29	344.723841
2032/10/29	194.718688	2045/10/29	361.529128
2033/10/29	204.211224	2046/10/29	379.153673
2034/10/29	214.166521	2047/10/29	397.637414
2035/10/29	224.607139	2048/10/29	417.022238

The Issuing Guidelines
For The Shanghai Commercial & Savings Bank, Ltd.
3rd Perpetual Non-cumulative Unsecured Subordinated Financial
Debentures Issue in 2018

Pursuant to the letter (no. 10702071610) of approval by the Financial Supervisory Commission dated 17 April, 2018, The Shanghai Commercial & Savings Bank, Ltd. (hereinafter referred to as "the Bank") issues the Bank's 3rd Perpetual Non-cumulative Unsecured Subordinated Financial Debentures in 2018 with the following issuing guidelines:

Article 1 Name of the Financial Debentures:

SCSB 3rd Perpetual Non-cumulative Unsecured Subordinated Financial Debentures Issue in 2018 (hereinafter referred to as "the Debentures").

Article 2 Credit Rating:

The Bank's credit rating is twAA (Taiwan Ratings Corp. December 22, 2017).

The Bank does not commission rating agencies to issue individual credit rating for the Debentures. Investors of the Debentures should be aware of this and heed the risks associated with the Debentures themselves.

Article 3 Sales Objects of the Debentures:

The Debentures must sell to "professional investor" as defined under Article 3 of the "Regulations Governing Offshore Structured Products".

Article 4 Amount of Issuance:

The total amount of issuance is NT\$ 7,000,000,000.

Article 5 Par Value:

The par value of each debenture is NT\$ 10,000,000.

Article 6 Issue Price:

The Debentures will be issued at 100% of the par value.

Article 7 Issuance Period (the Issuing and Maturity Dates):

The Debentures are issued on December 12, 2018 and perpetual with no specified maturity date.

Article 8 Coupon Rate:

The coupon rate is 2.15% fixed per annum.

Article 9 Method of Interest Calculation and Interest Payment:

6. Subject to the Bank's calculation, based on the actual/actual basis, starting from the date of issuance the interest will be calculated once every year with simple interest method and paid once per year.
7. Subject to the Bank's calculation, the amount of interest payment will be calculated based on the par value of each debenture and rounded to the nearest NT dollar.
8. If the holders of the Debentures collect the principal and/or interest after the respective payment dates, no additional interest will be accrued or imposed further for such late payment.
9. If the date of principal repayment and/or interest payment is not a business day for the paying

bank, the principal and/or interest will be paid on the first following day that is a business day and no additional interest will be accrued/paid.

Article 10 Early Redemption Right:

Starting from 5 years and one month after the date of issuance of the Debentures, the Bank may, subject to the consent of the competent authority, redeem the Debentures in advance provided that the Bank's ratio of regulatory capital to risk-weighted assets after the redemption of the Debentures still meets the minimum rate stated in Paragraph 1 of Article 5 of the "Regulations Governing the Capital Adequacy and Capital Category of Banks". The redemption should be announced 30 days prior to the scheduled redemption date. It shall be full redemption of all the Debentures, and the redemption amount would be the par value plus interest payable.

Article 11 Interest Stop Payment:

No interest of the Debentures shall be paid for the current year if the Bank had no earnings during the previous fiscal year and did not distribute common stock dividends (including cash and stock dividends), except for the situation where the balance of accumulated undistributed earnings after deducting the unamortized loss for the disposal of non-performing loans exceeds the interest payment and such payment is made in accordance with the terms and conditions of the Issuing Guidelines. Interest that stops to be paid as a result of the preceding matter shall not be accumulated or deferred.

Article 12 Deferred Principal Repayment and Interest Payment:

On the interest payment date, the payment of principal and interest shall be deferred if the Bank's ratio of regulatory capital to risk-weighted assets does not meet the minimum rate stated in Paragraph 1 of Article 5 of the "Regulations Governing the Capital Adequacy and Capital Category of Banks". There will be no additional interest accrued for the deferred interest, and the deferred interest shall be paid on the first interest payment date after the Bank meets the foregoing capital ratio requirement.

Article 13 Form of the Debentures:

The Debentures are unsecured and issued in registered form without the printing of physical certificates, and the registration will be handled by the Taiwan Depository & Clearing Corporation.

Article 14 Rights and Obligations of the Holders of the Debentures and the Bank:

1. The Debentures are not bank deposits and not insured by the Central Deposit Insurance Corporation.
2. The right of the holders of the Debentures to be compensated for repayment of the Debentures (including principal and interest) is subordinate to the right of the holders of the Bank's subordinated financial debentures classified as the Bank's tier 2 capital instruments, all depositors and other general creditors of the Bank.
3. In case when the competent authority assigns officials to take receivership over the Bank, order the Bank to suspend and wind up business, or liquidate the Bank, the order of priority of claims shall be the same for the holders of the Debentures and the Bank's common equity shareholders.
4. The Bank and its affiliated businesses do not provide guarantee, collateral or other arrangements to enhance the seniority of the holders of the Debentures. The Debentures are unsecured debentures.
5. The holders of the Debentures shall not be allowed to ask the Bank for an early payment of the principal and/or interest unless the distribution is in accordance with the rules of suspension and windup of business, or liquidation.
6. The holders of the Debentures should waive the exercise of the right of set-off before the early redemption date if the Debentures are to be redeemed early by the Bank.
7. The Debentures may be freely transferred and provided as security, but shall not be used as

collateral for the secured credit handled by the Bank.

8. The prescription of the Debentures and the treatment after loss, theft or disappearance shall be handled in accordance with the Civil Code of the Republic of China or other applicable laws and regulations relevant to the issuance of the Debentures.
9. The Debentures shall be handled in accordance with the applicable laws when there is liquidation, clearance, bankruptcy or reorganization of the Bank. Except for the aforementioned circumstances, the holders or creditors of the Debentures cannot cancel the contract midway through the term of the Debentures, cannot sell the Debentures back to the Bank and may not require the Bank to pay the outstanding principal and interest in advance. If the Bank carries out liquidation proceedings or declares bankruptcy, the interest of the Debentures shall cease to be accrued from the date of commencement of the liquidation proceedings or the date of the declaration of bankruptcy, and the principal and interest shall be deemed to have expired.
10. The handling of the transfer, inheritance, gift, principal repayment, interest payment, book-entry transfer of the Debentures and related operations shall be in accordance with the Taiwan Depository & Clearing Corporation related provisions and relevant laws and regulations, and the relevant handling costs shall be borne by the holders of the Debentures.
11. The principal of the Debentures shall be payable within 15 years from the date the principal is due, and the interest shall be payable within 5 years from the interest payment date. No payment will be made after the foregoing periods.

Article 15 Agent Handling Principal Repayment and Interest Payment:

The Business Department of the Bank's Head Office is in charge of principal repayment and interest payment services, and handles the book-entry transfer of principal and interest in accordance with the list of the holders of the Debentures provided by the Taiwan Depository & Clearing Corporation. Pursuant to the Income Tax Act and the National Health Insurance Act, the Business Department shall withhold taxes and supplementary insurance premiums when making interest payments.

Article 16 Notification:

Matters relating to the Debentures required to be notified to the holders of the Debentures may be announced on the Market Observation Post System or by other means of announcement (including the Bank's website).

Article 17 Definitions:

1. The Ratio of Regulatory Capital to Risk-weighted Assets:

The "Ratio of Regulatory Capital to Risk-weighted Assets", as referred to in Article 10 and 12 of the Issuing Guidelines, means that in accordance with Article 44 of the Banking Act and "Regulations Governing the Capital Adequacy and Capital Category of Banks" promulgated by the Financial Supervisory Commission, and based on the Bank's most recent year or semi-year financial statements audited and certified by accountants, the ratio of regulatory capital to risk-weighted assets reviewed by accountants and reported by the Bank to the Financial Supervisory Commission by the end of March and the end of August every year.

2. Earnings:

The term "Earnings", as referred to in Article 11 of the Issuing Guidelines, means that subject to the recognition by the shareholders' meeting of the Bank, the current period net income in the statement of comprehensive income for the most recent year.

Article 18 If there is any inadequacy of the Issuing Guidelines, it shall comply with the "Regulations Governing Issuance of Bank Debentures by Banks" enacted by the Financial Supervisory Commission and other relevant laws and regulations.

Agenda : The Company merged its wholly-owned subsidiaries SCSB Life Insurance Agency Ltd. and SCSB Property Insurance Agency Ltd. on May 6, 2019. The Company is the surviving company.

Explanation :

1. For the purposes of consolidating utilization of resources and enhancing operational synergy, the Company was approved by the Financial Supervisory Commission on January 4, 2019 to concurrently engage in the insurance agency business and to merge its wholly-owned subsidiaries SCSB Life Insurance Agency Ltd. and SCSB Property Insurance Agency Ltd..
2. The Board of Directors resolved on Mar 23, 2019 to set the specified reference date for the merger on May 6, 2019, and the Company would be the surviving company after the merger. The two insurance agency companies would be dissolved after the merger, and all rights and obligations of the dissolved companies should be generally assumed by the Company in accordance with applicable laws. The merger was completed on May 6, 2019. Pursuant to Business Mergers and Acquisitions Act, report shall be made to the Shareholders' Meeting.

Ratification Items

Acceptance No 1:

Proposed by the Board of Directors

Agenda : To accept 2018 Business report and Financial statements.

Explanation :

The 2018 Financial Reports of the Company were audited by Shih-Tsung Wu, CPA, and Chun-Hung Cheng, CPA, both of Deloitte Taiwan. These Financial and Business Reports have been approved by the Board and examined by the Audit Committee. The 2018 Business Report, independent auditors' report, and the above-mentioned Financial Reports are attached in the Meeting Agenda, page 3-6 and page27-46.

RESOLUTION:

INDEPENDENT AUDITORS' REPORT

To The Board of Directors and the Shareholders
The Shanghai Commercial & Savings Bank, Ltd.

Opinion

We have audited the accompanying financial statements of The Shanghai Commercial & Savings Bank, Ltd. (the "Bank"), which comprise the balance sheets as of December 31, 2018 and 2017, and the statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Bank as of December 31, 2018 and 2017, its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Public Banks and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), interpretations of IAS (SIC) endorsed and issued into effect by the Financial Supervisory Commission of (the FSC).

Basis for Opinion

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

Key Audit Matters

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

Key audit matters related to the Bank's financial statements as of and for the year ended December 31, 2018 are described as follows:

Allowance for Credit Losses on Discounts and Loans

The Bank primarily engages in the loan business. As of December 31, 2018, the Bank's balance of discounts and loans amounted to \$692,232,200 thousand, which was significant to the accompanying financial statements. Starting from January 1, 2018, the Bank conducted its impairment assessment on discounts and loans following the requirement of IFRS No. 9 and the authorities' regulations of recognizing allowance for bad debt. The Bank's management assesses the impairment on discounts and loans using the expected credit loss model. The Bank assessed whether the credit risk has increased significantly since initial recognition by taking into consideration factors like the amount of loss on impairment, past experience, current market situation, etc. In addition, credit-impaired loans are also evaluated for possible future recovery. Refer to Notes 4, 5, 14 and 38 to the financial statements for

disclosures related to impairment of loan portfolios. As the cash flow forecasts involved management's critical judgments in accounting estimations and the underlying assumptions, we then determined the impairment of loan portfolios as a key audit matter.

In response to the abovementioned key audit matter, we have performed the following procedures:

1. We understood and tested the Bank's internal control procedures that were relevant to loan impairment assessment.
2. We tested whether the method and important parameters (default rate, default loss rate, default exposure amount and forward-looking information) adopted in the expected credit loss model properly reflect the actual situation and calculated the amount of impairment.
3. We reviewed the loan cases in which credit impairment has occurred and assessed the reasonableness of such cases' estimated future cash flows and the value of the collateral held.
4. We tested the classification of credit assets to assess whether the allowance for impairment meets the requirements of the competent authority's regulations.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS, IAS, SIC endorsed and issued into effect by the FSC, and for such internal control as management determines is necessary to ensure the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Bank'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 Bank 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 Bank's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

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

As part of an audit in accordance with the auditing standards generally accepted in the ROC (Taiwan), we exercise professional judgment and maintain 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. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Bank 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 of entities or business activities within the Bank to express an opinion on the 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 financial statements for the year ended December 31, 2018 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Shih-Tsung Wu and Chun-Hung Chen.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 23, 2019

Notice to Readers

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

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

THE SHANGHAI COMMERCIAL & SAVINGS BANK, LTD.

Balance Sheets

December 31, 2018 and 2017

(Expressed in Thousands of New Taiwan Dollars)

Codes	ASSETS	December 31, 2018		December 31, 2017	
		Amount	%	Amount	%
11000	Cash and cash equivalents (Note 6)	\$ 20,028,192	2	\$ 33,056,025	3
11500	Due from the Central Bank and call loans to banks (Note 7)	82,203,377	7	85,249,801	8
12000	Financial assets measured at fair value through profit or loss (Note 8)	5,052,827	1	1,241,777	-
12100	Financial assets measured at fair value through other comprehensive income (Notes 9, 11 and 36)	187,598,121	16	-	-
12200	Debt instrument investments measured at amortized cost (Notes 10, 11 and 36)	96,596,605	8	-	-
12500	Securities purchased under resale agreements (Note 12)	438,017	-	195,061	-
13000	Receivables, net (Notes 13 and 35)	8,731,985	1	7,192,157	1
13200	Current income tax assets (Note 32)	37,267	-	37,267	-
13500	Discounts and loans, net (Notes 14 and 35)	682,776,179	58	630,998,058	58
14000	Available-for-sale financial assets, net (Notes 15 and 36)	-	-	153,412,275	14
14500	Held-to-maturity financial assets, net (Notes 16 and 36)	-	-	103,444,933	9
15000	Investments under the equity method, net (Note 17)	70,353,368	6	60,883,586	6
15500	Other financial assets, net (Note 18)	2,461,333	-	635	-
18500	Properties, net (Note 19)	12,092,483	1	12,124,251	1
19300	Deferred income tax assets (Note 32)	797,096	-	575,209	-
19500	Other assets, net (Note 20)	<u>2,818,641</u>	<u>-</u>	<u>2,469,098</u>	<u>-</u>
10000	TOTAL ASSETS	<u>\$ 1,171,985,491</u>	<u>100</u>	<u>\$ 1,090,880,133</u>	<u>100</u>
Codes	LIABILITIES AND EQUITY				
	Liabilities				
21000	Due to the Central Bank and banks (Note 21)	\$ 16,473,754	2	\$ 8,331,836	1
22000	Financial liabilities measured at fair value through profit or loss (Note 8)	2,581,351	-	317,780	-
22500	Securities sold under repurchase agreements (Note 22)	14,629,530	1	29,792,067	3
23000	Payables (Notes 23 and 35)	22,204,383	2	20,561,446	2
23200	Current income tax liabilities (Note 32)	790,069	-	796,857	-
23500	Deposits and remittances (Notes 24 and 35)	911,863,930	78	850,155,101	78
24000	Bank debentures (Note 25)	57,150,000	5	45,150,000	4
25500	Other financial liabilities (Note 26)	3,693,107	-	3,048,417	-
25600	Provisions (Notes 27 and 29)	1,341,663	-	1,132,371	-
29300	Deferred income tax liabilities (Note 32)	9,235,350	1	8,435,684	1
29500	Other liabilities (Notes 28 and 35)	<u>866,407</u>	<u>-</u>	<u>748,775</u>	<u>-</u>
20000	Total liabilities	<u>1,040,829,544</u>	<u>89</u>	<u>968,470,334</u>	<u>89</u>
	Equity (Notes 30)				
	Share capital				
31101	Common stock	<u>41,016,031</u>	<u>4</u>	<u>40,791,031</u>	<u>4</u>
31500	Capital surplus	<u>5,893,238</u>	<u>-</u>	<u>4,655,555</u>	<u>-</u>
	Retained earnings				
32001	Legal reserve	47,832,994	4	44,117,426	4
32003	Special reserve	7,600,814	1	7,538,888	1
32005	Unappropriated earnings	<u>23,499,036</u>	<u>2</u>	<u>21,066,873</u>	<u>2</u>
32000	Total retained earnings	<u>78,932,844</u>	<u>7</u>	<u>72,723,187</u>	<u>7</u>
32500	Other equity	<u>5,396,978</u>	<u>-</u>	<u>4,323,170</u>	<u>-</u>
32600	Treasury shares	<u>(83,144)</u>	<u>-</u>	<u>(83,144)</u>	<u>-</u>
30000	Total equity	<u>131,155,947</u>	<u>11</u>	<u>122,409,799</u>	<u>11</u>
	TOTAL LIABILITIES AND EQUITY	<u>\$ 1,171,985,491</u>	<u>100</u>	<u>\$ 1,090,880,133</u>	<u>100</u>

THE SHANGHAI COMMERCIAL & SAVINGS BANK, LTD.

Statements of Comprehensive Income

For the years ended December 31, 2018 and 2017

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

Codes		2018		2017		Change (%)
		Amount	%	Amount	%	
41000	Interest revenue	\$ 20,507,119	89	\$ 17,518,700	81	17
51000	Interest expenses	<u>7,621,112</u>	<u>33</u>	<u>5,737,068</u>	<u>26</u>	33
49010	Net interest (Notes 31 and 35)	<u>12,886,007</u>	<u>56</u>	<u>11,781,632</u>	<u>55</u>	9
	Non-interest revenue					
49100	Service fee income, net (Note 31 and 35)	2,551,657	11	2,369,451	11	8
49200	Gain on financial assets and liabilities measured at fair value through profit or loss (Note 31 and 35)	(80,713)	-	992,123	5	(108)
49300	Realized gain on available-for-sale financial assets	-	-	696,708	3	(100)
49310	Realized gain on financial assets measured at fair value through other comprehensive income (Note 31)	417,285	2	-	-	-
49450	Gain on financial assets measured at amortized cost	(1,824)	-	-	-	-
49600	Foreign exchange gain, net	829,580	3	(29,405)	-	2,921
49700	Impairment loss on assets (Note 11)	(15,720)	-	-	-	-
49750	Proportionate share of profit of subsidiaries, associates and joint ventures under equity method, net (Note 17)	6,462,213	28	5,447,400	25	19
49800	Other non-interest revenue (Note 35)	<u>56,730</u>	<u>-</u>	<u>317,061</u>	<u>1</u>	(82)
49020	Total non-interest revenue	<u>10,219,208</u>	<u>44</u>	<u>9,793,338</u>	<u>45</u>	4
4xxxx	Net revenue	<u>23,105,215</u>	<u>100</u>	<u>21,574,970</u>	<u>100</u>	7
58200	Provisions for bad-debt expense, commitment and guarantee liability (Note 14)	<u>499,993</u>	<u>2</u>	<u>599,928</u>	<u>3</u>	(17)
	Operating expenses					
58500	Employee benefits (Notes 29, 31 and 35)	3,966,817	17	3,817,711	18	4
59000	Depreciation and amortization (Note 31)	384,939	2	452,861	2	(15)
59500	Other general and administrative (Note 35)	<u>2,522,980</u>	<u>11</u>	<u>2,296,218</u>	<u>10</u>	10
58400	Total operating expenses	<u>6,874,736</u>	<u>30</u>	<u>6,566,790</u>	<u>30</u>	5
61001	Profit before income tax	15,730,486	68	14,408,252	67	9
61003	Income tax expense (Note 32)	<u>(2,018,515)</u>	<u>(9)</u>	<u>(2,023,025)</u>	<u>(10)</u>	-
64000	Net income	<u>13,711,971</u>	<u>59</u>	<u>12,385,227</u>	<u>57</u>	11
	Other comprehensive income (loss)					
	Items that will be not reclassified subsequently to profit or loss:					
65201	Remeasurement of defined benefit plans	(102,625)	-	(98,336)	-	4
65204	Gain on investments in equity instruments measured at fair value through other comprehensive income	(452,078)	(2)	-	-	-
65207	Proportionate share of other comprehensive income of associates and joint ventures under equity method	1,280,452	5	(279)	-	459,043

THE SHANGHAI COMMERCIAL & SAVINGS BANK, LTD.

Statements of Comprehensive Income

For the years ended December 31, 2018 and 2017

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

Codes		2018		2017		Change (%)
		Amount	%	Amount	%	
65220	Income tax relating to items that may be not reclassified subsequently to profit or loss (Note 32)	<u>31,368</u>	-	<u>16,717</u>	-	88
65200	Subtotal of items that will not be reclassified subsequently to profit or loss	<u>757,117</u>	3	<u>(81,898)</u>	-	1,024
	Items that may be reclassified subsequently to profit or loss:					
65301	Exchange differences on translating foreign operations	2,298,372	10	(4,999,726)	(23)	146
65302	Unrealized gain on available-for-sale financial assets	-	-	883,890	4	(100)
65307	Proportionate share of other comprehensive income of associates and joint ventures under equity method	(469,430)	(2)	(689,845)	(3)	(32)
65309	Loss on debt instruments measured at fair value through other comprehensive income	(1,221,107)	(5)	-	-	-
65310	Allowance loss on debt instruments measured at fair value through other comprehensive income (Note 11)	15,387	-	-	-	-
65320	Income tax relating to items that may be reclassified subsequently to profit or loss (Note 32)	<u>(87,194)</u>	-	<u>789,402</u>	3	(111)
65300	Subtotal of items that may be reclassified subsequently to profit or loss	<u>536,028</u>	3	<u>(4,016,279)</u>	(19)	113
65000	Other comprehensive income, net of income tax	<u>1,293,145</u>	6	<u>(4,098,177)</u>	(19)	132
66000	Total comprehensive income	<u>\$ 15,005,116</u>	65	<u>\$ 8,287,050</u>	38	81
	Earnings per share (Note 33)					
67500	Basic	<u>\$3.37</u>		<u>\$3.04</u>		
67700	Diluted	<u>\$3.37</u>		<u>\$3.04</u>		

THE SHANGHAI COMMERCIAL & SAVINGS BANK, LTD.
Statements of Changes in Equity
For the years ended December 31, 2018 and 2017

(Expressed in Thousands of New Taiwan Dollars)

Codes		Share Capital		Retained Earnings			Other Equity			Treasury Shares	Total Equity
		Common stock	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translating Foreign Operations	Unrealized Gain (Loss) on Available-for-sale Financial Assets	Change in Financial Assets at Fair Value Through Other Comprehensive Income		
A1	Balance at January 1, 2017	\$ 40,791,031	\$ 4,647,655	\$ 40,592,926	\$ 7,480,146	\$ 18,465,441	\$ 2,442,274	\$ 5,897,175	\$ -	\$ (83,144)	\$ 120,233,504
	Appropriation of 2016 earnings										
B1	Legal reserve	-	-	3,524,500	-	(3,524,500)	-	-	-	-	-
B5	Special reserve	-	-	-	58,742	(58,742)	-	-	-	-	-
B9	Cash dividends	-	-	-	-	(6,118,655)	-	-	-	-	(6,118,655)
C7	Changes in capital surplus from investments in associates and joint ventures accounted for using the equity method	-	7,900	-	-	-	-	-	-	-	7,900
D1	Net profit for the year ended December 31, 2017	-	-	-	-	12,385,227	-	-	-	-	12,385,227
D3	Other comprehensive income (loss) for the year ended December 31, 2017, net of income tax	-	-	-	-	(81,898)	(4,006,743)	(9,536)	-	-	(4,098,177)
D5	Total comprehensive income (loss) for the year ended December 31, 2017	-	-	-	-	12,303,329	(4,006,743)	(9,536)	-	-	8,287,050
Z1	Balance at December 31, 2017	40,791,031	4,655,555	44,117,426	7,538,888	21,066,873	(1,564,469)	5,887,639	-	(83,144)	122,409,799
A3	Effect of retrospective application and retrospective restatement	-	-	-	-	55,374	-	(5,887,639)	5,453,000	-	(379,265)
A5	Balance at January 1, 2018 as restated	40,791,031	4,655,555	44,117,426	7,538,888	21,122,247	(1,564,469)	-	5,453,000	(83,144)	122,030,534
	Appropriation of 2017 earnings										
B1	Legal reserve	-	-	3,715,568	-	(3,715,568)	-	-	-	-	-
B5	Special reserve	-	-	-	61,926	(61,926)	-	-	-	-	-
B9	Cash dividends	-	-	-	-	(7,342,386)	-	-	-	-	(7,342,386)
C9	Changes in capital surplus from investments in associates and joint ventures accounted for using the equity method	-	9,480	-	-	-	-	-	-	-	9,480
C17	Dividends not yet collected	-	686,631	-	-	-	-	-	-	-	686,631
D1	Net profit for the year ended December 31, 2018	-	-	-	-	13,711,971	-	-	-	-	13,711,971
D3	Other comprehensive income for the year ended December 31, 2018, net of income tax	-	-	-	-	(70,200)	1,398,760	-	(35,415)	-	1,293,145
D5	Total comprehensive income for the year ended December 31, 2018	-	-	-	-	13,641,771	1,398,760	-	(35,415)	-	15,005,116
E1	Capital increase via cash	225,000	541,572	-	-	-	-	-	-	-	766,572
Q1	Disposal of equity instruments at fair value through other comprehensive income	-	-	-	-	(145,102)	-	-	145,102	-	-
Z1	Balance at December 31, 2018	<u>\$ 41,016,031</u>	<u>\$ 5,893,238</u>	<u>\$ 47,832,994</u>	<u>\$ 7,600,814</u>	<u>\$ 23,499,036</u>	<u>\$ (165,709)</u>	<u>\$ -</u>	<u>\$ 5,562,687</u>	<u>\$ (83,144)</u>	<u>\$ 131,155,947</u>

THE SHANGHAI COMMERCIAL & SAVINGS BANK, LTD.

Statements of Cash Flows

For the years ended December 31, 2018 and 2017

(Expressed in Thousands of New Taiwan Dollars)

Codes		2018	2017
	Cash flows from operating activities		
A00010	Net profit before income tax	\$ 15,730,486	\$ 14,408,252
A20010	Adjustments to reconcile net profit to net cash provided by operating activities		
A20100	Depreciation expenses	184,275	193,933
A20200	Amortization expenses	200,664	258,928
A20300	Bad debt expense, commitment and guarantee liability provisions	499,993	599,928
A21400	Expected credit impairment loss	15,720	-
A20400	Loss (gain) on financial assets and liabilities at fair value through profit or loss	426,224	(292,032)
A20900	Interest expenses	7,621,112	5,737,068
A21200	Interest revenue	(20,507,119)	(17,518,700)
A21300	Dividend income	(357,812)	(150,737)
A22400	Proportionate share of profit of associates and joint ventures	(6,462,213)	(5,447,400)
A22500	Gain on disposal of properties and equipment, net	(2,178)	(248,858)
A29900	Other adjustments	(100,618)	(47,375)
A40000	Changes in operating assets and liabilities		
A41110	(Increase) decrease in due from the Central Bank and call loans to banks	(10,005,786)	6,141,437
A41120	Decrease in financial assets at fair value through profit or loss	291,582	8,374,962
A41123	Increase in financial assets at fair value through other comprehensive income	(39,944,944)	-
A41125	Decrease in debt instrument investments measured at amortized cost	6,327,868	-
A41150	Decrease (increase) in receivables	(907,078)	56,922
A41160	Increase in discounts and loans	(52,482,631)	(48,356,423)
A41170	Decrease in available-for-sale financial assets	-	10,769,132
A41180	Increase in held-to-maturity financial assets	-	(41,219,149)
A41190	(Increase) decrease in other financial assets	(2,460,706)	935
A42110	Increase (decrease) in due to the Central Bank and banks	8,141,919	(4,748,850)
A42120	Increase (decrease) in financial liabilities at fair value through profit or loss	(101,984)	101,741
A42140	Increase (decrease) increase in securities sold under repurchase agreements	(15,162,537)	19,605,855
A42150	Increase in payables	1,853,172	1,070,489
A42160	Increase in deposits and remittances	61,708,829	60,370,076
A42170	Increase (decrease) in other financial liabilities	644,690	(231,970)
A42180	Increase in employee benefit provisions	131,952	138,053
A42990	Increase in other liabilities	48,114	21,466
A33000	Cash generated from (used in) operations	(44,669,006)	9,587,683
A33100	Interest received	20,241,791	18,270,626
A33200	Dividends received	2,551,768	2,340,857
A33300	Interest paid	(7,144,985)	(5,492,809)
A33500	Income tax paid	(1,498,130)	(1,413,686)
AAAA	Net cash generated from (used in) operating activities	(30,518,562)	23,292,671

(Continued)

THE SHANGHAI COMMERCIAL & SAVINGS BANK, LTD.

Statements of Cash Flows

For the years ended December 31, 2018 and 2017

(Expressed in Thousands of New Taiwan Dollars)

<u>Codes</u>		<u>2018</u>	<u>2017</u>
	Cash flows from investing activities		
B01800	Acquisition of investment under equity method	\$ (2,457,470)	\$ -
B02700	Acquisition of properties	(154,211)	(78,496)
B02800	Proceeds from disposal of properties	4,276	431,093
B03700	Decrease in refundable deposits	20,774	23,890
B06800	Increase in other assets	<u>(570,713)</u>	<u>(133,691)</u>
BBBB	Net cash generated from (used in) investing activities	<u>(3,157,344)</u>	<u>242,796</u>
	Cash flows from financing activities		
C04600	Capital increased by cash	758,797	-
C01400	Issuance of bank debentures	14,155,462	10,000,000
C01500	Payments for bank debentures	-	(3,000,000)
C03100	Increase (decrease) in guarantee deposits received	67,678	(8,563)
C05600	Payment of cash dividend	<u>(7,342,386)</u>	<u>(6,118,655)</u>
CCCC	Net cash generated from financing activities	<u>7,639,551</u>	<u>872,782</u>
	Effects of exchange rate changes on the balance of cash held in foreign currencies		
DDDD		<u>199,340</u>	<u>(394,354)</u>
EEEE	Net increase (decrease) in cash and cash equivalents	(25,837,015)	24,013,895
E00100	Cash and cash equivalents at the beginning of the period	<u>86,324,616</u>	<u>62,310,721</u>
E00200	Cash and cash equivalents at the end of the period	<u>\$ 60,487,601</u>	<u>\$ 86,324,616</u>

Reconciliation of the amounts in the statements of cash flows with the equivalent items reported in the balance sheets as of December 31, 2018 and 2017:

<u>Codes</u>		<u>2018</u>	<u>2017</u>
E00210	Cash and cash equivalents in balance sheets	\$ 20,028,192	\$ 33,056,025
E00220	Due from the Central Bank and call loans to banks which fall within the definition of cash and cash equivalents under IAS 7	40,021,392	53,073,530
E00230	Securities purchased under resale agreements which fall within the definition of cash and cash equivalents under IAS 7	<u>438,017</u>	<u>195,061</u>
E00200	Cash and cash equivalents in statements of cash flows	<u>\$ 60,487,601</u>	<u>\$ 86,324,616</u>

INDEPENDENT AUDITORS' REPORT

To The Board of Directors and the Shareholders
The Shanghai Commercial & Savings Bank, Ltd.

Opinion

We have audited the accompanying consolidated financial statements of The Shanghai Commercial & Savings Bank, Ltd. (the "Bank") and its subsidiaries (the "Group"), which comprise the consolidated balance sheets as of December 31, 2018 and 2017, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies.

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, 2018 and 2017, 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 Public Banks and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), interpretations of IAS (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the ROC (Taiwan).

Basis for Opinion

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

Key Audit Matters

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

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

Allowance for Credit Losses on Discounts and Loans

The Group primarily engages in the loan business. As of December 31, 2018, the Group's balance of discounts and loans amounted to \$1,040,823,789 thousand, which was significant to the accompanying consolidated financial statements. Starting from January 1, 2018, the Bank conducted its impairment assessment on discounts and loans following the requirement of IFRS No. 9 and the authorities' regulations of recognizing allowance for bad debt. The Bank's management assesses the impairment on discounts and loans using the expected credit loss model. The Group assessed whether the credit risk has increased significantly since initial recognition by taking into consideration factors like the amount of loss on impairment, past experience, current market situation, etc. In addition, credit-impaired loans are also evaluated for possible future recovery. Refer to Notes 4, 5, 14 and 42 to the consolidated financial statements for disclosures related to impairment of loan portfolios. As the cash flow forecasts involved management's critical judgments in accounting estimations and the underlying assumptions, we then determined the impairment of loan portfolios as a key audit matter.

In response to the abovementioned key audit matter, we have performed the following procedures:

1. We understood and tested the Group's internal control procedures that were relevant to loan impairment assessment.
2. We tested whether the method and important parameters (default rate, default loss rate, default exposure amount and forward-looking information) adopted in the expected credit loss model properly reflect the actual situation and calculated the amount of impairment.
3. We reviewed the loan cases in which credit impairment has occurred and assessed the reasonableness of such cases' estimated future cash flows and the value of the collateral held.
4. We tested the classification of credit assets to assess whether the allowance for allowance meets the requirements of the competent authority's regulations.

Other Matter

We have also audited the parent company only financial statements of the Bank as of and for the years ended December 31, 2018 and 2017 on which we have issued an unqualified 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 IFRS, IAS, SIC endorsed and issued into effect by the FSC, and for such internal control as management determines is necessary to ensure the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error,

as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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

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

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

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

The engagement partners on the audit resulting in this independent auditors' report are Shih-Tsung Wu and Chun-Hung Chen.

Deloitte & ToucheTaipei, Taiwan
Republic of China

March 23, 2019

Notice to Readers

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

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

THE SHANGHAI COMMERCIAL & SAVINGS BANK, LTD. AND SUBSIDIARIES
Consolidated Balance Sheets
December 31, 2018 AND 2017

(Expressed in Thousands of New Taiwan Dollars)

Codes	ASSETS	December 31, 2018		December 31, 2017	
		Amount	%	Amount	%
11000	Cash and cash equivalents (Note 6)	\$ 60,496,417	3	\$ 74,683,305	4
11500	Due from the Central Bank and call loans to banks (Note 7)	191,069,205	10	219,570,594	13
12000	Financial assets measured at fair value through profit or loss (Note 8)	13,580,032	1	10,767,854	1
12100	Financial assets measured at fair value through other comprehensive income (Notes 9, 11 and 40)	436,008,517	23	-	-
12200	Debt instrument investments measured at amortized cost (Notes 10, 11 and 40)	106,071,194	6	-	-
12500	Securities purchased under resale agreements (Note 12)	438,017	-	195,061	-
13000	Receivables, net (Notes 13 and 39)	16,993,738	1	16,705,711	1
13200	Current income tax assets (Note 35)	89,235	-	90,429	-
13500	Discounts and loans, net (Notes 14 and 39)	1,029,803,185	55	926,652,676	53
14000	Available-for-sale financial assets, net (Notes 15 and 40)	-	-	340,550,108	20
14500	Held-to-maturity financial assets, net (Notes 16 and 40)	-	-	112,498,032	7
15000	Investments under the equity method, net (Note 18)	1,738,636	-	1,472,690	-
15500	Other financial assets, net (Note 19)	2,461,333	-	5,814	-
18500	Properties, net (Note 20)	21,546,669	1	21,291,727	1
18700	Investment properties, net (Note 21)	5,661,390	-	5,292,397	-
19000	Intangible assets, net (Note 22)	1,837,331	-	120,099	-
19300	Deferred income tax assets (Note 35)	1,325,996	-	753,867	-
19500	Other assets, net (Note 23)	<u>3,288,862</u>	<u>-</u>	<u>2,849,433</u>	<u>-</u>
10000	Total assets	<u>\$ 1,892,409,757</u>	<u>100</u>	<u>\$ 1,733,499,797</u>	<u>100</u>
LIABILITIES AND EQUITY					
21000	Due to the Central Bank and banks (Note 24)	\$ 60,263,330	3	\$ 33,741,735	2
22000	Financial liabilities measured at fair value through profit or loss (Note 8)	3,781,474	-	872,808	-
22500	Securities sold under repurchase agreements (Note 25)	14,629,530	1	29,792,067	2
23000	Payables (Notes 26 and 39)	30,113,575	2	29,282,966	2
23200	Current income tax liabilities (Note 35)	1,168,875	-	2,427,171	-
23500	Deposits and remittances (Notes 27 and 39)	1,520,625,615	80	1,403,780,604	81
24000	Bank debentures (Note 28)	64,785,252	4	52,516,310	3
25500	Other financial liabilities (Note 29)	4,211,038	-	3,284,108	-
25600	Provisions (Notes 30)	2,385,217	-	2,099,179	-
29300	Deferred income tax liabilities (Note 35)	9,411,303	1	9,897,033	1
29500	Other liabilities (Notes 31 and 39)	<u>3,012,622</u>	<u>-</u>	<u>2,772,722</u>	<u>-</u>
20000	Total liabilities	<u>1,714,387,831</u>	<u>91</u>	<u>1,570,466,703</u>	<u>91</u>
	Equity (Notes 33)				
	Equity attributable to owners of the Bank				
	Share capital				
31101	Ordinary shares	<u>41,016,031</u>	<u>2</u>	<u>40,791,031</u>	<u>3</u>
31500	Capital surplus	<u>5,893,238</u>	<u>1</u>	<u>4,655,555</u>	<u>-</u>
	Retained earnings				
32001	Legal reserve	47,832,994	3	44,117,426	3
32003	Special reserve	7,600,814	-	7,538,888	-
32005	Unappropriated earnings	<u>23,499,036</u>	<u>1</u>	<u>21,066,873</u>	<u>1</u>
32000	Total retained earnings	<u>78,932,844</u>	<u>4</u>	<u>72,723,187</u>	<u>4</u>
32500	Other equity	<u>5,396,978</u>	<u>-</u>	<u>4,323,170</u>	<u>-</u>
32600	Treasury shares	<u>(83,144)</u>	<u>-</u>	<u>(83,144)</u>	<u>-</u>
31000	Total equity attributable to owners of the Bank	131,155,947	7	122,409,799	7
38000	Non-controlling interests	<u>46,865,979</u>	<u>2</u>	<u>40,623,295</u>	<u>2</u>
30000	Total equity	<u>178,021,926</u>	<u>9</u>	<u>163,033,094</u>	<u>9</u>
	Total liabilities and equity	<u>\$ 1,892,409,757</u>	<u>100</u>	<u>\$ 1,733,499,797</u>	<u>100</u>

THE SHANGHAI COMMERCIAL & SAVINGS BANK, LTD. AND SUBSIDIARIES
Consolidated Statements of Comprehensive Income
For the years ended December 31, 2018 and 2017

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

Codes		2018		2017		Change (%)
		Amount	%	Amount	%	
41000	Interest revenue	\$ 42,033,449	113	\$ 34,524,484	99	22
51000	Interest expenses	14,879,053	40	10,547,675	30	41
49010	Net interest (Notes 34 and 39)	27,154,396	73	23,976,809	69	13
	Non-interest revenue					
49100	Service fee income, net (Note 34)	5,475,395	15	5,072,374	14	8
49200	Gain on financial assets and liabilities measured at fair value through profit or loss (Note 34)	(92,952)	-	1,321,414	4	(107)
49300	Realized gain on available-for-sale financial assets	-	-	1,312,016	4	(100)
49310	Realized gain on financial assets measured at fair value through other comprehensive income (Note 34)	1,107,021	3	-	-	-
49450	Gain on financial assets measured at amortized cost	(1,824)	-	-	-	-
49600	Foreign exchange gain, net	1,558,656	4	1,280,460	4	22
49700	Impairment loss on assets (Note 11)	(27,552)	-	-	-	-
49750	Proportionate share of profit of subsidiaries, associates and joint ventures under equity method, net (Note 18)	119,150	-	237,742	1	(50)
49800	Other non-interest revenue (Note 39)	1,786,084	5	1,563,635	4	14
49020	Total non-interest revenue	9,923,978	27	10,787,641	31	(8)
4xxxx	Consolidated net revenue	37,078,374	100	34,764,450	100	7
58200	Provisions for bad-debt expense, commitment and guarantee liability (Note 14)	638,721	2	832,442	2	(23)
	Operating expenses					
58500	Employee benefits (Notes 32, 34 and 39)	7,792,241	21	7,562,586	22	3
59000	Depreciation and amortization (Note 34)	825,825	2	922,231	3	(10)
59500	Other general and administrative	4,884,906	13	4,238,314	12	15
58400	Total operating expenses	13,502,972	36	12,723,131	37	6
61001	Profit before income tax	22,936,681	62	21,208,877	61	8
61003	Income tax expense (Note 35)	(4,575,035)	(12)	(4,589,911)	(13)	-
64000	Consolidated net income	18,361,646	50	16,618,966	48	10
	Other comprehensive income (loss)					
	Items that will be not reclassified subsequently to profit or loss:					
65201	Remeasurement of defined benefit plans	(101,568)	-	(98,615)	-	3
65204	Gain on investments in equity instruments measured at fair value through other comprehensive income	437,529	1	-	-	-
65220	Income tax relating to items that may be not reclassified subsequently to profit or loss (Note 35)	1,617,775	4	16,717	-	9,577
65200	Subtotal of items that will not be reclassified subsequently to profit or loss	1,953,736	5	(81,898)	-	2,486

(Continued)

THE SHANGHAI COMMERCIAL & SAVINGS BANK, LTD. AND SUBSIDIARIES
Consolidated Statements of Comprehensive Income
For the years ended December 31, 2018 and 2017

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

Codes		2018		2017		Change (%)
		Amount	%	Amount	%	
	Items that may be reclassified subsequently to profit or loss:					
65301	Exchange differences on translating foreign operations	3,910,553	11	(8,599,699)	(25)	145
65302	Unrealized gain on available-for-sale financial assets	-	-	(1,475,943)	(4)	100
65307	Share of the other comprehensive income of associates and joint ventures accounted for using the equity method	(86,834)	-	16,594	-	(623)
65309	Loss on debt instruments measured at fair value through other comprehensive income	(1,482,897)	(4)	-	-	-
65310	Allowance loss on debt instruments measured at fair value through other comprehensive income (Note 11)	28,193	-	-	-	-
65320	Income tax relating to items that may be reclassified subsequently to profit or loss (Note 35)	(548,490)	(2)	1,186,376	3	(146)
65300	Subtotal of items that may be reclassified subsequently to profit or loss	1,820,525	5	(8,872,672)	(26)	121
65000	Other comprehensive income for the period, net of income tax	3,774,261	10	(8,954,570)	(26)	142
66000	Total comprehensive income for the period	\$ 22,135,907	60	\$ 7,664,396	22	189
	Net profit attributable to:					
67101	Owners of the Bank	\$ 13,711,971	37	\$ 12,385,227	36	11
67111	Non-controlling interests	4,649,675	13	4,233,739	12	10
67100		\$ 18,361,646	50	\$ 16,618,966	48	10
	Total comprehensive income attributable to:					
67301	Owners of the Bank	\$ 15,005,116	41	\$ 8,287,050	24	81
67311	Non-controlling interests	7,130,791	19	(622,654)	(2)	1,245
67300		\$ 22,135,907	60	\$ 7,664,396	22	189
	Earnings per share (Note 36)					
67500	Basic	\$3.37		\$3.04		
67700	Diluted	\$3.37		\$3.04		

THE SHANGHAI COMMERCIAL & SAVINGS BANK, LTD. AND SUBSIDIARIES
Consolidated Statements of Changes In Equity
For the years ended December 31, 2018 and 2017

(Expressed in Thousands of New Taiwan Dollars)

Codes		Equity Attributable to Owners of the Bank (Note 33)											
		Share Capital		Retained Earnings			Other Equity						
		Ordinary Shares	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translating Foreign Operations	Unrealized Gain (Loss) on Available-for-sale Financial Assets	Change in Financial Assets at Fair Value Through Other Comprehensive Income	Treasury Shares	Total Equity attribute to owners of the bank	Non-controlling Interests (Note 33)	Total Equity
A1	Balance at January 1, 2017	\$ 40,791,031	\$ 4,647,655	\$ 40,592,926	\$ 7,480,146	\$ 18,465,441	\$ 2,442,274	\$ 5,897,175	\$ -	\$ (83,144)	\$ 120,233,504	\$ 42,788,926	\$ 163,022,430
B1	Appropriation of 2016 earnings												
B1	Legal reserve	-	-	3,524,500	-	(3,524,500)	-	-	-	-	-	-	-
B3	Special reserve	-	-	-	58,742	(58,742)	-	-	-	-	-	-	-
B5	Cash dividends	-	-	-	-	(6,118,655)	-	-	-	-	(6,118,655)	-	(6,118,655)
C7	Changes in capital surplus from investments in associates and joint ventures accounted for using the equity method	-	7,900	-	-	-	-	-	-	-	7,900	-	7,900
D1	Net profit for the year ended December 31, 2017	-	-	-	-	12,385,227	-	-	-	-	12,385,227	4,233,739	16,618,966
D3	Other comprehensive income (loss) for the year ended December 31, 2017, net of income tax	-	-	-	-	(81,898)	(4,006,743)	(9,536)	-	-	(4,098,177)	(4,856,393)	(8,954,570)
D5	Total comprehensive income (loss) for the year ended December 31, 2017	-	-	-	-	12,303,329	(4,006,743)	(9,536)	-	-	8,287,050	(622,654)	7,664,396
O1	Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	(1,542,977)	(1,542,977)
Z1	Balance at December 31, 2017	40,791,031	4,655,555	44,117,426	7,538,888	21,066,873	(1,564,469)	5,887,639	-	(83,144)	122,409,799	40,623,295	163,033,094
A3	Effect of retrospective application and retrospective restatement	-	-	-	-	55,374	-	(5,887,639)	5,453,000	-	(379,265)	(16,386)	(395,651)
A5	Balance at January 1, 2018 as restated	40,791,031	4,655,555	44,117,426	7,538,888	21,122,247	(1,564,469)	\$ -	5,453,000	(83,144)	122,030,534	40,606,909	162,637,443
B1	Appropriation of 2017 earnings												
B1	Legal reserve	-	-	3,715,568	-	(3,715,568)	-	-	-	-	-	-	-
B3	Special reserve	-	-	-	61,926	(61,926)	-	-	-	-	-	-	-
B5	Cash dividends	-	-	-	-	(7,342,386)	-	-	-	-	(7,342,386)	-	(7,342,386)
C7	Changes in capital surplus from investments in associates and joint ventures accounted for using the equity method	-	9,480	-	-	-	-	-	-	-	9,480	-	9,480
C17	Dividends not yet collected	-	686,631	-	-	-	-	-	-	-	686,631	-	686,631
D1	Net profit for the year ended December 31, 2018	-	-	-	-	13,711,971	-	-	-	-	13,711,971	4,649,675	18,361,646
D3	Other comprehensive income for the year ended December 31, 2018, net of income tax	-	-	-	-	(70,200)	1,398,760	-	(35,415)	-	1,293,145	2,481,116	3,774,261
D5	Total comprehensive income for the year ended December 31, 2018	-	-	-	-	13,641,771	1,398,760	-	(35,415)	-	15,005,116	7,130,791	22,135,907
E1	Capital increase via cash	225,000	541,572	-	-	-	-	-	-	-	766,572	-	766,572
Q1	Disposal of equity instruments at fair value through other comprehensive income	-	-	-	-	(145,102)	-	-	145,102	-	-	-	-
O1	Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	(871,721)	(871,721)
Z1	Balance at December 31, 2018	\$ 41,016,031	\$ 5,893,238	\$ 47,832,994	\$ 7,600,814	\$ 23,499,036	\$ (165,709)	\$ -	\$ 5,562,687	\$ (83,144)	\$ 131,155,947	\$ 46,865,979	\$ 178,021,926

THE SHANGHAI COMMERCIAL & SAVINGS BANK, LTD. AND SUBSIDIARIES
Consolidated Statements of Cash Flows
For the years ended December 31, 2018 and 2017

(Expressed in Thousands of New Taiwan Dollars)

<u>Codes</u>		<u>2018</u>	<u>2017</u>
	Cash flows from operating activities		
A00010	Consolidated net profit before income tax	\$ 22,936,681	\$ 21,208,877
A20010	Adjustments to reconcile net profit to net cash provided by operating activities		
A20100	Depreciation expenses	610,619	660,850
A20200	Amortization expenses	215,206	261,381
A20300	Bad debt expense, commitment and guarantee liability provisions	638,721	832,442
A21400	Expected credit impairment loss	27,552	-
A20400	Loss (gain) on financial assets and liabilities at fair value through profit or loss	462,649	(342,529)
A20900	Interest expenses	14,879,053	10,547,675
A21200	Interest revenue	(42,033,449)	(34,524,484)
A21300	Dividend income	(927,358)	(599,149)
A22400	Proportionate share of profit of associates and joint ventures	(119,150)	(237,742)
A22500	Loss (gain) on disposal of properties and equipment, net	8,952	(283,275)
A29900	Other adjustments	71,860	(34,568)
A40000	Changes in operating assets and liabilities		
A41110	Decrease in due from the Central Bank and call loans to banks	4,046,667	36,783,347
A41120	Decrease in financial assets at fair value through profit or loss	36,087	3,186,381
A41123	Increase in financial assets at fair value through other comprehensive income	(95,142,727)	-
A41125	Decrease in debt instrument investments measured at amortized cost	7,457,341	-
A41150	Decrease (increase) in receivables	1,194,661	(2,230,913)
A41160	Increase in discounts and loans	(86,214,535)	(77,515,498)
A41170	Increase in available-for-sale financial assets	-	(7,388,918)
A41180	Increase in held-to-maturity financial assets	-	(40,710,374)
A41190	(Increase) decrease in other financial assets	(2,457,351)	935
A42110	Increase (decrease) in due to the Central Bank and banks	23,597,626	(1,686,931)
A42120	Increase (decrease) in financial liabilities at fair value through profit or loss	510,677	(261,895)
A42140	(Decrease) increase in securities sold under repurchase agreements	(15,162,537)	19,605,855
A42150	(Decrease) increase in payables	(82,153)	3,707,529
A42160	Increase in deposits and remittances	112,758,463	71,361,823
A42170	Increase (decrease) in other financial liabilities	644,690	(231,970)
A42180	Increase in employee benefit provisions	105,028	378,915
A42990	(Decrease) increase in other liabilities	(409,940)	681,184
A33000	Cash generated from (used in) operations	<u>(52,346,667)</u>	<u>3,168,948</u>
A33100	Interest received	41,568,705	34,931,595
A33200	Dividends received	917,878	580,751
A33300	Interest paid	(14,094,516)	(9,860,548)
A33500	Income tax paid	<u>(5,383,458)</u>	<u>(2,410,366)</u>
AAAA	Net cash generated from (used in) operating activities	<u>(29,338,058)</u>	<u>26,410,380</u>

(Continued)

THE SHANGHAI COMMERCIAL & SAVINGS BANK, LTD. AND SUBSIDIARIES
Consolidated Statements of Cash Flows
For the years ended December 31, 2018 and 2017

(Expressed in Thousands of New Taiwan Dollars)

<u>Codes</u>	<u>2018</u>	<u>2017</u>
Cash flows from investing activities		
B02700 Acquisition of properties	\$ (491,555)	\$ (722,230)
B02800 Proceeds from disposal of properties	4,790	544,973
B03700 Increase in refundable deposits	(64)	(1,016)
B03800 Decrease in refundable deposits	51,873	96,163
B05000 Acquisition of subsidiaries	(1,688,468)	-
B05400 Acquisition of investment properties	(54,847)	(4,009)
B06700 (Increase) decrease in other assets	<u>(798,318)</u>	<u>447,298</u>
BBBB Net cash generated from (used in) investing activities	<u>(2,976,589)</u>	<u>361,179</u>
Cash flows from financing activities		
C01400 Issuance of bank debentures	14,155,462	17,556,062
C01500 Payments for bank debentures	-	(3,000,000)
C03000 Increase in guarantee deposits received	185,909	245,150
C03100 Decrease in guarantee deposits received	-	(8,708)
C04600 Capital Increased by cash	758,797	-
C05600 Payment of cash dividend	(7,332,906)	(6,110,755)
C05800 Changes in non-controlling interests	<u>(1,499,242)</u>	<u>(1,542,977)</u>
CCCC Net cash generated from financing activities	<u>6,268,020</u>	<u>7,138,772</u>
Effects of exchange rate changes on the balance of cash held in foreign currencies	<u>1,679,527</u>	<u>(5,963,928)</u>
EEEE Net increase (decrease) in cash and cash equivalents	(24,367,100)	27,946,403
E00100 Cash and cash equivalents at the beginning of the period	<u>191,204,401</u>	<u>163,264,050</u>
E00200 Cash and cash equivalents at the end of the period	<u>\$ 166,837,301</u>	<u>\$ 191,210,453</u>

Reconciliation of the amounts in the consolidated statements of cash flows with the equivalent items reported in the consolidated balance sheets as of December 31, 2018 and 2017:

<u>Codes</u>	<u>2018</u>	<u>2017</u>
E00210 Cash and cash equivalents in consolidated balance sheets	\$ 60,496,417	\$ 74,683,305
E00220 Due from the Central Bank and call loans to banks which fall within the definition of cash and cash equivalents under IAS 7	105,902,867	116,332,087
E00230 Securities purchased under resale agreements which fall within the definition of cash and cash equivalents under IAS 7	<u>438,017</u>	<u>195,061</u>
E00200 Cash and cash equivalents in consolidated statements of cash flows	<u>\$ 166,837,301</u>	<u>\$ 191,210,453</u>

Agenda: To approve the proposal for Distribution of 2018 Earnings for 2018.

Explanation:

- 1.Pursuant to Article 228 of the Company Act and Article 37 of the Articles of Incorporation, the Company's earnings for 2018 are proposed to be distributed.
- 2.The beginning undistributed amount for 2019 was NT\$9,946,995,052. With the retrospective adjustment of NT\$55,373,464 on the initial adoption of IFRS9 (International Financial Report Standard 9), the beginning undistributed amount after adjustment was NT\$10,002,368,516.
- 3.After deducting the actuarial loss NT\$70,200,434 on defined benefit plans included in Retained Earnings and the loss NT\$145,102,958 on disposal of Investments in Equity Instruments Measured at Fair Value through Other Comprehensive Income recognized in Retained Earnings, the total undistributed amount is decreased from NT\$10,002,368,516 to NT\$9,787,065,124.
- 4.Net income for the period is NT\$13,711,970,511. The reserves set aside include 30% legal reserve of NT\$4,113,591,153 and 0.5% special surplus reserves , under FSC mandatory, of NT\$68,559,853, the total distributable earnings is NT\$19,316,884,629. It is planned to distribute cash dividend of NT2.0 per common share from the distributable common share dividend balance of NT\$8,203,206,280. (For the Earnings Distribution Plan for 2018, please see page 49 of this Handbook for details)
5. It is planned to give priority to handle all kinds of distributions with earnings in 2018. The cash dividends are distributed pro rata and are rounded down to the nearest

whole number. The fractional balance of dividends less than NT\$1 will be summed up and recognized as other income of the Company.

6. Once resolved at the Annual General Meeting, the Board is authorized to set the ex-dividend date, adjust the dividend rate and to handle the dividend distribution matters accordingly.
7. If, subsequently due to capital increase or decrease, buying back (selling) the shares of the Company, etc., the number of shares outstanding on the record date for capital increase are affected, and the common share dividend payout ratio is changed therefore, it is planned that the Board of Directors is authorized to handle matters regarding the change of payout ratio.
8. It is also proposed to authorize the Board of Directors to revise the issuance plan due to changes of law and regulations, market conditions, environmental, or if receiving instructions from government authorities.

RESOLUTION::

THE SHANGHAI COMMERCIAL & SAVINGS BANK, LTD.

2018 Earnings Distribution Plan

	Unit : NT\$
Items	Total
Beginning Undistributed Retained Earnings	\$9,946,995,052
Add : Adjustment under retrospective application of IFRS9	55,373,464
Beginning Undistributed Retained Earnings after adjustment	\$10,002,368,516
Less : Actuarial loss on defined benefit plans included in Retained Earnings	(70,200,434)
Less : Loss on disposal of Investments in Equity Instruments Measured at Fair Value through Other Comprehensive Income recognized in Retained Earnings	(145,102,958)
Undistributed Retained Earnings after adjustment	\$9,787,065,124
Add : Net Income for the period	13,711,970,511
Subtotal	23,499,035,635
Less : Legal reserve	(4,113,591,153)
Less : Special surplus reserve	(68,559,853)
Distributable net profit	19,316,884,629
Distributable item :	
Cash dividend of common shares @NT\$2.0 per share	(8,203,206,280)
Undistributed Earnings Balance	\$11,113,678,349

Note :

1. It is planned to give priority to handle all kinds of distributions with earnings in 2018.
2. The cash dividends are distributed pro rata and are rounded down to the nearest whole number.

The fractional balance of dividends less than NT\$1 will be summed up and recognized as other income of the Company.

Discussion Items

Agenda : Amendment to the Company's Articles of Incorporation.

Explanation :

1. Attached to the Company's "Articles of Incorporation of the Bank" the comparison table of amended articles, as detailed in the manual 51 to 57 page.
2. Approval is respectfully requested

RESOLUTION:

Comparison Table of Original and Amended Articles of the Shanghai Commercial & Savings Bank, Ltd. Articles of Incorporation

Amended Article	Original Article	Explanation
Article 3 <u>Any and all public announcements to be made by the Bank shall be published in accordance with Article 28 of the Company Act and relevant laws and regulations.</u>	Article 3 <u>Unless otherwise prescribed in laws and/or regulations concerned, public announcements of the Bank shall be published through the daily news circulated in the place where the Bank is headquartered.</u>	Amend the announcement method in accordance with Article 28 of the Company Act.
Article 4 The Bank shall engage in business items of H101021 <u>Commerce Banking</u> , H102011 <u>Bills Financing</u> , H301011 <u>Securities Brokerage</u> , H601011 <u>Personal Insurance Agency</u> , and H601021 <u>Property and Liability Insurance Agency</u> (Subject to the business items approved by the relevant Competent Authorities)	Article 4 The Bank shall engage in business lines of H101021 <u>Commercial Banking</u> , H601011 <u>Personal Insurance Agency</u> , H601021 <u>Property and Liability Insurance Agency</u> (<u>Within</u> the business items as approved by the relevant Competent Authorities)	Some of the business items approved by the competent authorities have been added in the amendment to facilitate the development of the business.
Article 5 The Bank has the authorized capital of NT\$60,000,000,000.00, say total Sixty Billion New Taiwan Dollars Only, divided into 6 billion shares at Ten New Taiwan Dollars par value. The capital may be issued in excess of par. The board of directors is authorized with full powers to issue the unissued capital in installments. <u>Preferred shares may be issued within the total amount of shares set forth in the preceding paragraph.</u>	Article 5 The Bank has the authorized capital of NT\$60,000,000,000.00, say total Sixty Billion New Taiwan Dollars Only, divided into 6 billion shares at Ten New Taiwan Dollars par value. The capital may be issued in excess of par. The board of directors is authorized with full powers to issue the unissued capital in installments.	In accordance with Article 156, Paragraph 3 of the Company Act, the Bank has added the provisions for the issuance of preferred shares.
<u>Article 5-1</u> <u>The rights and obligations and other important issuance terms of preferred shares of the Bank are as follows:</u> <u>1. When there is a profit at the end of a fiscal year, and there is still a surplus after paying all taxes,</u>	None	1. This article is added new. 2. In accordance with Article 5 of the Articles of Incorporation,

Amended Article	Original Article	Explanation
<p><u>offsetting the accumulated losses of previous years, setting aside legal reserve and setting aside or reverse special reserve, then the surplus shall be first distributed as the dividends available for the preferred shares for that year.</u></p> <p><u>2. The dividends of preferred shares shall be no more than 8% per annum of the issuance price per share, and the dividends may be distributed in cash once every year. After the financial statements are approved by the general shareholders' meeting, the board will determine the base date to pay the distributable dividends of the previous year. In the years of issuance and redemption, the distribution amount of dividends is calculated based on the actual number of days the preferred shares remain outstanding in that year.</u></p> <p><u>3. If there are no earnings or the earnings are insufficient to pay dividends of preferred shares in full for a fiscal year, or if the distribution of dividends of preferred shares will result in the capital adequacy ratio lower than the minimum requirement by laws or competent authority, or because of other necessary considerations, the Bank may decide not to distribute dividends of preferred shares, and it will not constitute an event of default. If the preferred shares issued are non-cumulative, the undistributed dividends or the deficit of dividends distributed will not be accumulated for deferred payment in the subsequent years when there are earnings.</u></p> <p><u>4. Except for the dividends prescribed in Subparagraph 2 of this paragraph, shareholders of</u></p>		<p>the Bank may issue preferred shares, and Article 157 of the Company Act, the terms and conditions of the preferred shares issued by the Bank are stipulated herein.</p>

Amended Article	Original Article	Explanation
<p><u>non-participating preferred shares are not entitled to participate in the allocation of cash and stock dividends with regard to the earnings and capital reserve for common shares.</u></p> <p><u>5. The distribution order of the remaining assets of the Bank for the preferred shareholders is the same as that for the common shareholders.</u></p> <p><u>6. The preferred shareholders do not have the right to vote or suffrage. However, they will have the right to vote in shareholders' meetings of preferred shares or shareholders' meetings that involve the rights and obligations of shareholders of preferred shares. With respect to the merger/consolidation, a resolution by the meeting of preferred shareholders is not required.</u></p> <p><u>7. When the Bank issues new shares as a result of cash capital increase, the preferred shareholders have the same pre-emptive subscription rights as the common shareholders.</u></p> <p><u>8. The board of directors is authorized to decide the period and proportion of conversion in the actual issuance terms of the preferred shares. Convertible preferred shares issued by the Bank may be converted at least 1 year after the date of issuance. Holders of convertible preferred shares may, pursuant to the issuance terms, apply for conversion of their shareholdings (in whole or in part) to common shares. Upon conversion, the converted shares shall have the same rights and obligations as common shares. Dividend distribution of the preferred shares in the year of conversion shall be calculated based on the ratio of the actual issuance</u></p>		

Amended Article	Original Article	Explanation
<p><u>days in the conversion year to total days of that same year, provided, however, that when said shares are converted prior to the ex-dividend date of any given year, the shareholders may not participate in the preferred shares dividends distributed in that year and the subsequent years, but such shareholders may participate in the distribution of profit and capital reserve to holders of common shares.</u></p> <p><u>9. If the Bank issues non-perpetual preferred shares, the issuance period cannot be shorter than 5 years. Holders of preferred shares have no right to request redemption of such shares by the Bank. Upon expiry date of the issuance period or from the first day following the fifth anniversary of the issuance date, the Bank may, pursuant to the issuing price and relevant issuance terms, redeem such shares in cash, compulsorily convert such shares into newly issued shares, or redeem such shares in other manners permissible by law. If at the time the Bank is unable to redeem all or a part of the preferred shares (due to force majeure or otherwise), the rights and obligations of the outstanding preferred shares will remain unchanged until full redemption by the Bank.</u></p> <p><u>10. If the Bank issues perpetual preferred shares, holders of perpetual preferred shares have no right to request redemption of such shares by the Bank. In addition, the Bank may set a redemption date no earlier than the day following the fifth anniversary of the issuance date to redeem such shares (in whole or in part) at the actual issuing price. The</u></p>		

Amended Article	Original Article	Explanation
<p><u>rights and obligations of the remaining unredeemed preferred shares as described in the terms of preferred shares issuance will remain unchanged.</u></p> <p><u>The board is authorized in full power, depending on capital market situation and investors' willingness to subscribe, to determine the name of the preferred shares, issuance date and specific issuance terms upon actual issuance in accordance with Articles of Incorporation and related laws and regulations.</u></p>		
<p>Article 6</p> <p>The Bank's share certificates shall be the registered ones and shall be <u>affixed with the signatures or personal seals of the director representing the Bank and duly certified or authenticated by the bank which is competent to certify shares under the laws before issuance.</u></p> <p>For shares issued, the Bank may be exempted from printing share certificates but shall get the shares duly registered with a centralized securities depository institution <u>and follow the regulations of that institution.</u></p>	<p>Article 6</p> <p>The Bank's share certificates shall be the registered ones and shall be <u>signed or affixed seals by a minimum of three directors of the Bank and duly certified by the competent authority or the issuance registry institution accredited by the competent authority.</u></p> <p>For shares issued, the Bank may be exempted from printing share certificates but shall get the shares duly registered with the centralized securities depository institution.</p>	<p>Provisions in this article are amended in accordance with Article 162 and Article 161-2, Paragraph 2 of the Company Act.</p>
<p>Article 8</p> <p>All shareholders should <u>fill in the signature/seal specimen card and send it to the Bank or the shareholder services agent entrusted by the Bank to keep it. Whenever shareholders handle stock affairs with or exercise other relevant rights to the Bank or the shareholder services agent entrusted by the Bank in writing, it shall be with the same signature/seal in the specimen card.</u></p>	<p>Article 8</p> <p>All shareholders <u>shall have the registered seal impression specimens submitted to and archived in the Bank as the grounds to disburse dividend, transfer shares or handle anything linked up with the shares.</u></p>	<p>Considering that the relevant operations are now handled by the shareholder services agent, the stock operations are clearly defined herein.</p>

Amended Article	Original Article	Explanation
<p>Article 37</p> <p><u>If at the end of a fiscal year there is a profit for that year, the Bank shall, after payment of all taxes and offsetting the accumulated losses of previous years, first set aside a sum of it as legal reserve in accordance with laws and regulations unless such legal reserve already amounts to the Bank's total paid-in capital.</u></p> <p><u>Then the special reserve shall be set aside or reversed, and the dividends for preferred shares may be distributed. The final remaining surplus, if any, along with the undistributed earnings accumulated in previous years, including the reversals of special reserves prescribed by laws, shall then be the surplus available for distribution for the current year, and the board of directors shall make the proposal for distribution and submit it to the regular shareholders' meeting for acknowledgment.</u></p> <p><u>The distributable dividends and bonuses in whole or in part may be paid in cash after a resolution has been adopted by a majority vote at a meeting of the board of directors attended by two-thirds of the total number of directors; and in addition thereto a report of such distribution shall be submitted to the shareholders' meeting.</u></p> <p>The dividend policy of the Bank shall take into consideration of the environment of banking industry and the growth stage <u>of the Bank</u>, the purpose of continual expansion of operation scale and the increase in profitability, the interests of shareholders, the balance of dividends, the <u>funding</u> requirements of the <u>Bank</u>, and <u>its</u> long-term</p>	<p>Article 37</p> <p><u>With the net profit made by the Bank in every fiscal year after payment of all taxes and coverage of the loss in previous year, if any, the sum shall be duly amortized according to law as legal reserve unless the accumulation of legal reserve is up to the aggregate total of the Bank's capital. Then the special reserve shall be set aside or reversed according to law or as the actual requirements in business may justify. For the final surplus, if any, along with the unappropriated retained surplus earnings accumulated in previous year(s), the board of directors shall propose the percentage of allocation to be acknowledged by the regular shareholders' meeting.</u></p> <p>The dividend policy of the Bank shall take into consideration of the environment of banking industry and the growth stage, the purpose of continual expansion of operation scale and the increase in profitability, the interests of shareholders, the balance of dividends, the <u>fund</u> requirements of the <u>bank</u>, and <u>the</u> long-term financial</p>	<p>1. In accordance with the amendment to the proviso of Paragraph 1 of Article 237 of the Company Act, if the legal surplus reserve set aside by the Bank has reached the amount of paid-in capital, then it is not necessary to set aside more legal surplus reserve again.</p> <p>2. In accordance with the amendment to Paragraph 5 of Article 240 of the Company Act, the second paragraph is added herein.</p> <p>3. The original second paragraph now becomes the third paragraph because of the addition of the new second paragraph.</p>

Amended Article	Original Article	Explanation
financial planning. In distributing dividends, as a principle, the amount of cash dividends distributed for each year may not be less than ten percent of total amount of dividends distributed for the year, in order to seek sustainability and steady development.	planning. In distributing dividends, as a principle, the amount of cash dividends distributed for each year may not be less than ten percent of total amount of dividends distributed for the year, in order to seek sustainability and steady development.	

Agenda : Amendment to the Company's Procedures Governing the Acquisition and Disposal of Assets..

Explanation:

1. Please refer to the comparison table and the Company's amended Articles of Incorporation (see page 59-85 of this Handbook for details)
2. Approval is respectfully requested

RESOLUTION:

The Shanghai Commercial Savings Bank, Ltd.

Acquisition and Disposal of Assets Procedure Amendment clause

Amendment provisions	Current provisions	Description
<p>Article 1</p> <p>These Procedures are adopted in accordance with the Regulations Governing the Acquisition and Disposal of Assets.</p> <p><u>The company shall handle the acquisition or disposal of assets in compliance with these Regulations; provided, where financial laws or regulations provide otherwise, such provisions shall govern.</u></p> <p><u>When banks, insurance companies, bill finance companies, securities firms, futures commission merchants, leverage transaction merchants, or other financial enterprises whose operation requires special approval, conduct derivatives trading business or engage in derivatives trading, they shall do so in accordance with the provisions of the other laws and regulations that govern their sectors, and are exempt from the provisions of Chapter IV herein.</u></p>	<p>Article 1</p> <p>These Procedures are adopted in accordance with the Regulations Governing the Acquisition and Disposal of Assets.</p>	<p>It is updated in accordance with the second article of the “Regulations Governing the Acquisition and Disposal of Assets by Public Companies” (hereinafter referred to as “Regulations Governing”).</p>
<p>Article 2</p> <p>The term "assets" as used in these Procedures includes the following:</p> <p>1. Investments in stocks, government bonds, corporate bonds, financial bonds, securities representing interest in a fund, depositary receipts, call (put) warrants, beneficial interest securities, and asset-backed securities.</p> <p>2. Real property (including land, houses and buildings, and investment property) and equipment.</p>	<p>Article 2</p> <p>The term "assets" as used in these Procedures includes the following:</p> <p>1. Investments in stocks, government bonds, corporate bonds, financial bonds, securities representing interest in a fund, depositary receipts, call (put) warrants, beneficial interest securities, and asset-backed securities.</p> <p>2. Real property (including land, houses and buildings, and investment property, <u>right to use land</u>) and equipment.</p> <p>3. Memberships.</p>	<p>Amended in accordance with Article 3 of the “Regulations Governing”.</p>

Amendment provisions	Current provisions	Description
<p>3.Memberships.</p> <p>4.Patents, copyrights, trademarks, franchise rights, and other intangible assets.</p> <p><u>5.Right-of-use assets.</u></p> <p><u>6.</u>Claims of financial institutions (including receivables, bills purchased and discounted, loans, and overdue receivables).</p> <p><u>7.</u>Derivatives.</p> <p><u>8.</u>Assets acquired or disposed of in connection with mergers, demergers, acquisitions, or transfer of shares in accordance with law.</p> <p><u>9.</u>Other major assets.</p>	<p>4.Patents, copyrights, trademarks, franchise rights, and other intangible assets.</p> <p><u>5.</u>Claims of financial institutions (including receivables, bills purchased and discounted, loans, and overdue receivables).</p> <p><u>6.</u>Derivatives.</p> <p><u>7.</u>Assets acquired or disposed of in connection with mergers, demergers, acquisitions, or transfer of shares in accordance with law.</p> <p><u>8.</u>Other major assets.</p>	
<p>Article 3</p> <p>Terms used in these Procedures are defined as follows:</p> <p>1.Derivatives: Forward contracts, options contracts, futures contracts, leverage contracts, or swap contracts, whose value is derived from a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable; or hybrid contracts combining the above contracts; or hybrid contracts or structured products containing embedded derivatives. The term "forward contracts" does not include insurance contracts, performance contracts, after-sales service contracts, long-term leasing contracts.</p> <p>2.Assets acquired or disposed through mergers, demergers, acquisitions, or transfer of shares in accordance with law: Refers to assets acquired or disposed through mergers, demergers, or acquisitions conducted under the</p>	<p>Article 3</p> <p>Terms used in these Procedures are defined as follows:</p> <p>1.Derivatives: Forward contracts, options contracts, futures contracts, leverage contracts, and swap contracts, and compound contracts combining the above products, whose value is derived from assets, interest rates, foreign exchange rates, indexes or other interests. The term "forward contracts" does not include insurance contracts, performance contracts, after-sales service contracts, long-term leasing contracts.</p> <p>2.Assets acquired or disposed through mergers, demergers, acquisitions, or transfer of shares in accordance with law: Refers to assets acquired or disposed through mergers, demergers, or acquisitions conducted under the Business Mergers and Acquisitions Act, Financial Holding Company Act, Financial Institution Merger Act and other acts, or to transfer of shares from another company through issuance of new shares of</p>	<p>Amended in accordance with Article 4 of the "Regulations Governing".</p>

Amendment provisions	Current provisions	Description
<p>Business Mergers and Acquisitions Act, Financial Holding Company Act, Financial Institution Merger Act and other acts, or to transfer of shares from another company through issuance of new shares of its own as the consideration therefor (hereinafter "transfer of shares") under Article 156<u>3</u> of the Company Act.</p> <p>3.Related party or subsidiary: According to the applicable financial report preparation standards of the company.</p> <p>4.Professional appraiser: Refers to a real property appraiser or other person duly authorized by law to engage in the value appraisal of real property or equipment.</p> <p>5.Date of occurrence: Refers to the date of contract signing, date of payment, date of consignment trade, date of transfer, dates of boards of directors resolutions, or other date that can confirm the counterpart and monetary amount of the transaction, whichever date is earlier; provided, for investment for which approval of the competent authority is required, the earlier of the above date or the date of receipt of approval by the competent authority shall apply.</p> <p>6.Mainland China area investment: Refers to investments in the mainland China area approved by the Ministry of Economic Affairs Investment Commission or conducted in accordance with the provisions of the Regulations Governing Permission for Investment or Technical Cooperation in the Mainland Area.</p> <p><u>7.Investment professional: Refers to</u></p>	<p>its own as the consideration therefor (hereinafter "transfer of shares") under Article 156, <u>paragraph 8</u> of the Company Act.</p> <p>3. Related party or subsidiary: According to the applicable financial report preparation standards of the company.</p> <p>4.Professional appraiser: Refers to a real property appraiser or other person duly authorized by law to engage in the value appraisal of real property or equipment.</p> <p>5.Date of occurrence: Refers to the date of contract signing, date of payment, date of consignment trade, date of transfer, dates of boards of directors resolutions, or other date that can confirm the counterpart and monetary amount of the transaction, whichever date is earlier; provided, for investment for which approval of the competent authority is required, the earlier of the above date or the date of receipt of approval by the competent authority shall apply.</p> <p>6.Mainland China area investment: Refers to investments in the mainland China area approved by the Ministry of Economic Affairs Investment Commission or conducted in accordance with the provisions of the Regulations Governing Permission for Investment or Technical Cooperation in the Mainland Area.</p>	

Amendment provisions	Current provisions	Description
<p><u>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.</u></p> <p><u>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.</u></p> <p><u>9.Over-the-counter venue ("OTC venue", "OTC"): "Domestic OTC venue" refers to a venue for OTC trading provided by a securities firm in accordance with the Regulations Governing Securities Trading on the Taipei Exchange; "foreign OTC venue" refers to a venue at a financial institution that is regulated by the foreign competent authority and that is permitted to conduct securities business.</u></p>		
<p>Article 4</p> <p>Professional appraisers and their officers, certified public accounts, attorneys, and securities underwriters that provide the company with appraisal reports, certified public accountant's</p>	<p>Article 4</p> <p>Professional appraisers and their officers, certified public accounts, attorneys, and securities underwriters that provide the companies with appraisal reports, certified public accountant's</p>	<p>Amended in accordance with Article 5 of the "Regulations Governing".</p>

Amendment provisions	Current provisions	Description
<p>opinions, attorney's opinions, or underwriter's opinions <u>shall meet the following requirements:</u></p> <p>1. <u>May not have previously received a final and unappealable sentence to imprisonment for 1 year or longer for a violation of the Securities and Exchange Act, the Company Act, the Banking Act of The Republic of China, the Insurance Act, the Financial Holding Company Act, or the Business Entity Accounting Act, or for fraud, breach of trust, embezzlement, forgery of documents, or occupational crime. However, this provision does not apply if 3 years have already passed since completion of service of the sentence, since expiration of the period of a suspended sentence, or since a pardon was received.</u></p> <p>2. <u>May not be a related party or de facto related party of any party to the transaction.</u></p> <p>3. <u>If the company is required to obtain appraisal reports from two or more professional appraisers, the different professional appraisers or appraisal officers may not be related parties or de facto related parties of each other.</u></p> <p><u>When issuing an appraisal report or opinion, the personnel referred to in the preceding paragraph shall comply with the following:</u></p> <p>1. <u>Prior to accepting a case, they shall prudently assess their own professional capabilities, practical experience, and independence.</u></p> <p>2. <u>When examining a case, they shall appropriately plan and execute adequate working procedures, in order to produce a conclusion and</u></p>	<p>opinions, attorney's opinions, or underwriter's opinions <u>shall not be a related party of any party to the transaction.</u></p>	

Amendment provisions	Current provisions	Description
<p><u>use the conclusion as the basis for issuing the report or opinion. The related working procedures, data collected, and conclusion shall be fully and accurately specified in the case working papers.</u></p> <p><u>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.</u></p> <p><u>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.</u></p>		
<p>Chapter II Acquisition and disposal of assets</p>	<p>Chapter II Acquisition and disposal of assets</p>	
<p>Article 5</p> <p>Acquired and disposed of in the scope of Article 2 shall, in addition to complying with the provisions of this procedure, be submitted to the sponsoring department or unit for reporting to the evaluation methods and operating procedures approved by the Board of Directors.</p> <p>The following items shall be recorded in the assessment and operation procedures of the preceding paragraph and shall be handled in accordance with the established procedures:</p> <p>1. Appraisal procedures: Shall include the means of price determination and supporting reference materials.</p>	<p>Article 5</p> <p>Acquired and disposed of in the scope of Article 2 shall, in addition to complying with the provisions of this procedure, be submitted to the sponsoring department or unit for reporting to the evaluation methods and operating procedures approved by the Board of Directors.</p> <p>The following items shall be recorded in the assessment and operation procedures of the preceding paragraph and shall be handled in accordance with the established procedures:</p> <p>1.Appraisal procedures: Shall include the means of price determination and supporting reference materials.</p> <p>2.Operating procedures: Shall</p>	<p>Amended in accordance with Article 7 of the “Regulations Governing”.</p>

Amendment provisions	Current provisions	Description
<p>2. Operating procedures: Shall include the degree of authority delegated, the levels to which authority is delegated, the units responsible for implementation, and transaction process.</p> <p>For the acquisition of real property <u>and its right-to-use assets</u> that are not used for business purposes shall be handled in accordance with the Banking Law and relevant regulations.</p> <p>For the acquisition the total amount of securities obtained and the limits of individual securities shall be handled in accordance with the Banking Law and relevant regulations.</p> <p>The company's related party transactions, engaging in derivative commodity transactions, conducting business mergers, divisions, acquisitions or share transfers shall, in addition to complying with the provisions of this procedure, be handled in accordance with the relevant operational procedures.</p> <p>The company shall supervise the subsidiaries to stipulate and implement the procedures for obtaining or disposing of assets in accordance with the "Regulations Governing the Acquisition and Disposal of Assets of Public Companies" and control procedures for the acquisition and disposal of assets by subsidiaries.</p>	<p>include the degree of authority delegated, the levels to which authority is delegated, the units responsible for implementation, and transaction process.</p> <p>For the acquisition of real property not for business use, the total amount shall be handled in accordance with the Banking Law and relevant regulations.</p> <p>For the acquisition the total amount of securities obtained and the limits of individual securities shall be handled in accordance with the Banking Law and relevant regulations.</p> <p>The company's related party transactions, engaging in derivative commodity transactions, conducting business mergers, divisions, acquisitions or share transfers shall, in addition to complying with the provisions of this procedure, be handled in accordance with the relevant operational procedures.</p> <p>The company shall supervise the subsidiaries to stipulate and implement the procedures for obtaining or disposing of assets in accordance with the "Regulations Governing the Acquisition and Disposal of Assets of Public Companies" and control procedures for the acquisition and disposal of assets by subsidiaries.</p>	
<p>Article 6</p> <p>In acquiring or disposing of real property, equipment, or right-of-use assets thereof where the transaction amount reaches 20 percent of the</p>	<p>Article 6</p> <p>In acquiring or disposing of real property or equipment where the transaction amount reaches 20 percent of the company's paid-in</p>	<p>Amended in accordance with Article 9 of the "Regulations</p>

Amendment provisions	Current provisions	Description
<p>company's paid-in capital or NT\$300 million or more, the company, unless transacting with a domestic government agency, engaging others to build on its own land, engaging others to build on rented land, or acquiring or disposing of equipment or right-of-use assets thereof held for business use, shall obtain an appraisal report prior to the date of occurrence of the event from a professional appraiser and shall further comply with the following provisions:</p> <p>1.Where due to special circumstances it is necessary to give a limited price, specified price, or special price as a reference basis for the transaction price, the transaction shall be submitted for approval in advance by the board of directors; the same procedure shall also be followed whenever there is any subsequent change to the terms and conditions of the transaction.</p> <p>2.Where the transaction amount is NT\$1 billion or more, appraisals from two or more professional appraisers shall be obtained.</p> <p>3.Where any one of the following circumstances applies with respect to the professional appraiser's appraisal results, unless all the appraisal results for the assets to be acquired are higher than the transaction 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</p>	<p>capital or NT\$300 million or more, the company, unless transacting with a government agency, engaging others to build on its own land, engaging others to build on rented land, or acquiring or disposing of equipment for business use, shall obtain an appraisal report prior to the date of occurrence of the event from a professional appraiser and shall further comply with the following provisions:</p> <p>1.Where due to special circumstances it is necessary to give a limited price, specified price, or special price as a reference basis for the transaction price, the transaction shall be submitted for approval in advance by the board of directors, and the same procedure shall be followed for any future changes to the terms and conditions of the transaction.</p> <p>2.Where the transaction amount is NT\$1 billion or more, appraisals from two or more professional appraisers shall be obtained.</p> <p>3.Where any one of the following circumstances applies with respect to the professional appraiser's appraisal results, unless all the appraisal results for the assets to be acquired are higher than the transaction amount, or all the appraisal results for the assets to be disposed of are lower than the transaction amount, a certified public accountant shall be engaged to perform the appraisal in accordance with the provisions of Statement of Auditing Standards No. 20 published by the ROC Accounting Research and Development Foundation (ARDF) and render a specific opinion</p>	Governing”.

Amendment provisions	Current provisions	Description
<p>Development Foundation (ARDF) and render a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price:</p> <p>A.The discrepancy between the appraisal result and the transaction amount is 20 percent or more of the transaction amount.</p> <p>B.The discrepancy between the appraisal results of two or more professional appraisers is 10 percent or more of the transaction amount.</p> <p>4.No more than 3 months may elapse between the date of the appraisal report issued by a professional appraiser and the contract execution date; provided, where the publicly announced current value for the same period is used and not more than 6 months have elapsed, an opinion may still be issued by the original professional appraiser.</p>	<p>regarding the reason for the discrepancy and the appropriateness of the transaction price:</p> <p>A.The discrepancy between the appraisal result and the transaction amount is 20 percent or more of the transaction amount.</p> <p>B.The discrepancy between the appraisal results of two or more professional appraisers is 10 percent or more of the transaction amount.</p> <p>4.No more than 3 months may elapse between the date of the appraisal report issued by a professional appraiser and the contract execution date; provided, where the publicly announced current value for the same period is used and not more than 6 months have elapsed, an opinion may still be issued by the original professional appraiser.</p>	
<p>Article 8</p> <p>Where the company acquires or disposes of intangible assets <u>or right-of-use assets thereof or memberships</u> and the transaction amount reaches 20 percent or more of paid-in capital or NT\$300 million or more, except in transactions with a <u>domestic</u> government agency, the company shall engage a certified public accountant prior to the date of occurrence of the event to render an opinion on the reasonableness of the transaction price; the CPA shall comply with the provisions of Statement of Auditing Standards No. 20 published by the ARDF.</p>	<p>Article 8</p> <p>Where the company acquires or disposes of <u>memberships</u> or intangible assets and the transaction amount reaches 20 percent or more of paid-in capital or NT\$300 million or more, except in transactions with a government agency, the company shall engage a certified public accountant prior to the date of occurrence of the event to render an opinion on the reasonableness of the transaction price; the CPA shall comply with the provisions of Statement of Auditing Standards No. 20 published by the ARDF.</p>	<p>Amended in accordance with Article 11 of the “Regulations Governing”.</p>
Article 9	Article 8-1	Amended in

Amendment provisions	Current provisions	Description
The calculation of the transaction amounts referred to in the preceding three articles shall be done in accordance with Article <u>28</u> , paragraph 2 herein, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items for which an appraisal report from a professional appraiser or a CPA's opinion has been obtained need not be counted toward the transaction amount.	The calculation of the transaction amounts referred to in the preceding three articles shall be done in accordance with Article <u>27</u> , paragraph 2 herein, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items for which an appraisal report from a professional appraiser or a CPA's opinion has been obtained need not be counted toward the transaction amount.	accordance with item.
Article <u>10</u>	Article <u>9</u> (Omit)	Amended in accordance with item.
Chapter III Related Party Transactions	Chapter III Related Party Transactions	
Article <u>11</u> When the company engages in any acquisition or disposal of assets from or to a related party, in addition to ensuring that the necessary resolutions are adopted and the reasonableness of the transaction terms is appraised, if the transaction amount reaches 10 percent or more of the company's total assets, the company shall also obtain an appraisal report from a professional appraiser or a CPA's opinion in compliance with the provisions of the Procedures. The calculation of the transaction amount referred to in the preceding paragraph shall be made in accordance with Article <u>9</u> herein. When judging whether a transaction counterparty is a related party, in addition to legal formalities, the substance of the relationship shall also be considered.	Article <u>10</u> When the company engages in any acquisition or disposal of assets from or to a related party, in addition to ensuring that the necessary resolutions are adopted and the reasonableness of the transaction terms is appraised, if the transaction amount reaches 10 percent or more of the company's total assets, the company shall also obtain an appraisal report from a professional appraiser or a CPA's opinion in compliance with the provisions of the Procedures. The calculation of the transaction amount referred to in the preceding paragraph shall be made in accordance with Article <u>8-1</u> herein. When judging whether a transaction counterparty is a related party, in addition to legal formalities, the substance of the relationship shall also be considered.	Amended in accordance with item.
Article <u>12</u> When the company intends to acquire or dispose of real property <u>or</u>	Article <u>11</u> When the company intends to acquire or dispose of real property	Amended in accordance with Article

Amendment provisions	Current provisions	Description
<p><u>right-of-use assets</u> thereof from or to a related party, or when it intends to acquire or dispose of assets other than real property <u>or right-of-use assets</u> thereof from or to a related party and the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the company's total assets, or NT\$300 million or more, except in trading of <u>domestic</u> government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises, the company may not proceed to enter into a transaction contract or make a payment until the following matters have been approved by more than half of all audit committee members and then submitted to the board of directors for a resolution:</p> <ol style="list-style-type: none"> 1.The purpose, necessity and anticipated benefit of the acquisition or disposal of assets. 2.The reason for choosing the related party as a transaction counterparty. 3.With respect to the acquisition of real property <u>or right-of-use assets</u> thereof from a related party, information regarding appraisal of the reasonableness of the preliminary transaction terms in accordance with Article <u>13</u> and Article <u>14</u>. 4.The date and price at which the related party originally acquired the real property, the original transaction counterparty, and that transaction counterparty's relationship to the company and the related party. 5.Monthly cash flow forecasts for the 	<p>thereof from or to a related party, or when it intends to acquire or dispose of assets other than real property thereof from or to a related party and the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the company's total assets, or NT\$300 million or more, except in trading of government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises, the company may not proceed to enter into a transaction contract or make a payment until the following matters have been approved by more than half of all audit committee members and then submitted to the board of directors for a resolution:</p> <ol style="list-style-type: none"> 1.The purpose, necessity and anticipated benefit of the acquisition or disposal of assets. 2.The reason for choosing the related party as a transaction counterparty. 3.With respect to the acquisition of real property or right-of-use assets thereof from a related party, information regarding appraisal of the reasonableness of the preliminary transaction terms in accordance with Article <u>12</u> and Article <u>13</u>. 4.The date and price at which the related party originally acquired the real property, the original transaction counterparty, and that transaction counterparty's relationship to the company and the related party. 5.Monthly cash flow forecasts for the year commencing from the 	<p>15 of the "Regulations Governing".</p>

Amendment provisions	Current provisions	Description
<p>year commencing from the anticipated month of signing of the contract, and evaluation of the necessity of the transaction, and reasonableness of the funds utilization.</p> <p>6. An appraisal report from a professional appraiser or a CPA's opinion obtained in compliance with the preceding article.</p> <p>7. Restrictive covenants and other important stipulations associated with the transaction.</p> <p>The calculation of the transaction amounts referred to in the preceding paragraph shall be made in accordance with Article 28, paragraph 2 herein, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items that have been agreed by the Audit Committee and approved by the board of directors need not be counted toward the transaction amount.</p> <p>With respect to the types of transactions listed below, when to be conducted between the company and its subsidiaries, <u>or between its subsidiaries in which it directly or indirectly holds 100 percent of the issued shares or authorized capital</u>, the company's board of directors may pursuant to Article 5, paragraph 2, subparagraph 2 delegate the board chairman to decide such matters when the transaction is within a certain amount and have the decisions subsequently submitted to and ratified by the next board of directors meeting:</p> <p><u>1. Acquisition or disposal of equipment or right-of-use assets thereof held for business use.</u></p>	<p>anticipated month of signing of the contract, and evaluation of the necessity of the transaction, and reasonableness of the funds utilization.</p> <p>6. An appraisal report from a professional appraiser or a CPA's opinion obtained in compliance with the preceding article.</p> <p>7. Restrictive covenants and other important stipulations associated with the transaction.</p> <p>The calculation of the transaction amounts referred to in the preceding paragraph shall be made in accordance with Article 27, paragraph 2 herein, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items that have been agreed by the Audit Committee and approved by the board of directors need not be counted toward the transaction amount.</p> <p><u>With respect to the acquisition or disposal of business-use equipment between a the company and its subsidiaries</u>, the company's board of directors may pursuant to Article 5, paragraph 2, subparagraph 2 delegate the board chairman to decide such matters when the transaction is within a certain amount and have the decisions subsequently submitted to and ratified by the next board of directors meeting.</p> <p>When a matter is submitted for discussion by the board of directors pursuant to paragraph 1, the board of directors shall take into full consideration each independent director's opinions. If an independent director objects to or expresses</p>	

Amendment provisions	Current provisions	Description
<p><u>2.Acquisition or disposal of real property right-of-use assets held for business use.</u></p> <p>When a matter is submitted for discussion by the board of directors pursuant to paragraph 1, the board of directors shall take into full consideration each independent director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the board of directors meeting.</p> <p>If approval of more than half of all audit committee members as required in the paragraph 1 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.</p> <p>The terms "all audit committee members" in paragraph 1 and "all directors" in the preceding paragraph shall be counted as the actual number of persons currently holding those positions.</p>	<p>reservations about any matter, it shall be recorded in the minutes of the board of directors meeting.</p> <p>If approval of more than half of all audit committee members as required in the paragraph 1 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.</p> <p>The terms "all audit committee members" in paragraph 1 and "all directors" in the preceding paragraph shall be counted as the actual number of persons currently holding those positions.</p>	
<p>Article <u>13</u></p> <p>The company that acquires real property <u>or right-of-use assets</u> thereof from a related party shall evaluate the reasonableness of the transaction costs by the following means:</p> <p>1.Based upon the related party's transaction price plus necessary interest on funding and the costs to be duly borne by the buyer. "Necessary interest on funding" is imputed as the weighted average interest rate on borrowing in the year the company purchases the</p>	<p>Article <u>12</u></p> <p>The company that acquires real property from a related party shall evaluate the reasonableness of the transaction costs by the following means:</p> <p>1.Based upon the related party's transaction price plus necessary interest on funding and the costs to be duly borne by the buyer. "Necessary interest on funding" is imputed as the weighted average interest rate on borrowing in the year the company purchases the property; provided, it may not be</p>	<p>Amended in accordance with Article 16 of the "Regulations Governing".</p>

Amendment provisions	Current provisions	Description
<p>property; provided, it may not be higher than the maximum non-financial industry lending rate announced by the Ministry of Finance.</p> <p>2.Total loan value appraisal from a financial institution where the related party has previously created a mortgage on the property as security for a loan; provided, the actual cumulative amount loaned by the financial institution shall have been 70 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 transaction counterparties.</p> <p>Where land and structures thereupon are combined as a single property purchased <u>or leased</u> in one transaction, the transaction costs for the land and the structures may be separately appraised in accordance with either of the means listed in the preceding paragraph.</p> <p>The company that acquires real property <u>or right-of-use assets thereof</u> from a related party and appraises the cost of the real property or right-of-use assets thereof in accordance with the preceding two paragraphs shall also engage a CPA to check the appraisal and render a specific opinion.</p> <p>Where the company acquires real property <u>or right-of-use assets thereof</u> from a related party and one of the following circumstances exists,</p>	<p>higher than the maximum non-financial industry lending rate announced by the Ministry of Finance.</p> <p>2.Total loan value appraisal from a financial institution where the related party has previously created a mortgage on the property as security for a loan; provided, the actual cumulative amount loaned by the financial institution shall have been 70 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 transaction counterparties.</p> <p>Where land and structures thereupon are combined as a single property purchased in one transaction, the transaction costs for the land and the structures may be separately appraised in accordance with either of the means listed in the preceding paragraph.</p> <p>The company that acquires real property from a related party and appraises the cost of the real property in accordance <u>with paragraph 1 and paragraph 2</u> shall also engage a CPA to check the appraisal and render a specific opinion.</p> <p>Where the company acquires real property from a related party and one of the following circumstances exists, the acquisition shall be conducted in accordance with Article <u>11</u> and the preceding three</p>	

Amendment provisions	Current provisions	Description
<p>the acquisition shall be conducted in accordance with <u>the preceding</u> article, and the preceding three paragraphs do not apply:</p> <p>1.The related party acquired the real property <u>or right-of-use assets thereof</u> through inheritance or as a gift.</p> <p>2.More than 5 years will have elapsed from the time the related party signed the contract to obtain the real property <u>or right-of-use assets thereof</u> to the signing date for the current transaction.</p> <p>3.The real property is acquired through signing of a joint development contract with the related party, or through engaging a related party to build real property, either on the company's own land or on rented land.</p> <p>4.<u>The real property right-of-use assets for business use are acquired by the public company with its subsidiaries, or by its subsidiaries in which it directly or indirectly holds 100 percent of the issued shares or authorized capital.</u></p>	<p>paragraphs do not apply:</p> <p>1.The related party acquired the real property through inheritance or as a gift.</p> <p>2.More than 5 years will have elapsed from the time the related party signed the contract to obtain the real property to the signing date for the current transaction.</p> <p>3.The real property is acquired through signing of a joint development contract with the related party, or through engaging a related party to build real property, either on the company's own land or on rented land</p>	
<p><u>Article 14</u></p> <p>When the results of the company's appraisal conducted in accordance with paragraph 1 and paragraph 2 of the preceding Article are uniformly lower than the transaction price, the matter shall be handled in compliance with Article <u>15</u>. However, where the following circumstances exist, objective evidence has been submitted and specific opinions on reasonableness have been obtained from a professional real property appraiser and a CPA have been obtained, this restriction shall not apply:</p>	<p><u>Article 13</u></p> <p>When the results of a public company's appraisal conducted in accordance with paragraph 1 and paragraph 2 of the preceding Article are uniformly lower than the transaction price, the matter shall be handled in compliance with Article <u>14</u>. However, where the following circumstances exist, objective evidence has been submitted and specific opinions on reasonableness have been obtained from a professional real property appraiser and a CPA have been obtained, this restriction shall not apply:</p>	<p>Amended in accordance with Article 17 of the “Regulations Governing”.</p>

Amendment provisions	Current provisions	Description
<p>1.Where the related party acquired undeveloped land or leased land for development, it may submit proof of compliance with one of the following conditions:</p> <p>A.Where undeveloped land is appraised in accordance with the means in the preceding Article, and structures according to the related party's construction cost plus reasonable construction profit are valued in excess of the actual transaction price. The "Reasonable construction profit" shall be deemed the average gross operating profit margin of the related party's construction division over the most recent 3 years or the gross profit margin for the construction industry for the most recent period as announced by the Ministry of Finance, whichever is lower.</p> <p>B.Completed transactions by unrelated parties within the preceding year involving other floors of the same property or neighboring or closely valued parcels of land, where the land area and transaction terms are similar after calculation of reasonable price discrepancies in floor or area land prices in accordance with standard property market sale <u>or leasing practices.</u></p> <p>2.Where the company acquiring real property, <u>or obtaining real property right-of-use assets through leasing,</u> from a related party provides evidence that the terms of the transaction are similar to the terms of completed transactions involving neighboring or closely valued parcels of land of</p>	<p>1.Where the related party acquired undeveloped land or leased land for development, it may submit proof of compliance with one of the following conditions:</p> <p>A.Where undeveloped land is appraised in accordance with the means in the preceding Article, and structures according to the related party's construction cost plus reasonable construction profit are valued in excess of the actual transaction price. The "Reasonable construction profit" shall be deemed the average gross operating profit margin of the related party's construction division over the most recent 3 years or the gross profit margin for the construction industry for the most recent period as announced by the Ministry of Finance, whichever is lower.</p> <p>B.Completed transactions by unrelated parties within the preceding year involving other floors of the same property or neighboring or closely valued parcels of land, where the land area and transaction terms are similar after calculation of reasonable price discrepancies in floor or area land prices in accordance with standard property market practices.</p> <p>C.<u>Completed leasing transactions by unrelated parties for other floors of the same property from within the preceding year, where the transaction terms are similar after calculation of reasonable price discrepancies among floors in accordance</u></p>	

Amendment provisions	Current provisions	Description
<p>a similar size by unrelated parties within the preceding year.</p> <p>Completed transactions involving neighboring or closely valued parcels of land in the preceding paragraph in principle refers to parcels on the same or an adjacent block and within a distance of no more than 500 meters or parcels close in publicly announced current value; transactions involving similarly sized parcels in principle refers to transactions completed by unrelated parties for parcels with a land area of no less than 50 percent of the property in the planned transaction; within the preceding year refers to the year preceding the date of occurrence of the acquisition of the real property <u>or obtainment of the right-of-use assets thereof</u>.</p>	<p><u>with standard property leasing market practices.</u></p> <p>2. Where a public company acquiring real property from a related party provides evidence that the terms of the transaction are similar to the terms of transactions completed for the acquisition of neighboring or closely valued parcels of land of a similar size by unrelated parties within the preceding year.</p> <p>Completed transactions for neighboring or closely valued parcels of land in the preceding paragraph in principle refers to parcels on the same or an adjacent block and within a distance of no more than 500 meters or parcels close in publicly announced current value; transaction for similarly sized parcels in principle refers to transactions completed by unrelated parties for parcels with a land area of no less than 50 percent of the property in the planned transaction; within the preceding year refers to the year preceding the date of occurrence of the acquisition of the real property.</p>	
<p>Article 15</p> <p>Where the company acquires real property <u>or right-of-use assets thereof</u> from a related party and the results of appraisals conducted in accordance with <u>the preceding two</u> articles are uniformly lower than the transaction price, the following steps shall be taken:</p> <p>1. A special reserve shall be set aside in accordance with Article 41, paragraph 1 of the Securities and Exchange Act against the difference between the real property transaction price and the appraised cost, and may not be</p>	<p>Article 14</p> <p>Where the company acquires real property from a related party and the results of appraisals conducted in accordance with Article 12 and Article 13 are uniformly lower than the transaction price, the following steps shall be taken:</p> <p>1. A special reserve shall be set aside in accordance with Article 41, paragraph 1 of the Act against the difference between the real property transaction price and the appraised cost, and may not be distributed or used for capital increase or issuance of bonus</p>	<p>Amended in accordance with Article 18 of the "Regulations Governing".</p>

Amendment provisions	Current provisions	Description
<p>distributed or used for capital increase or issuance of bonus shares. Where a public company uses the equity method to account for its investment in another company, then the special reserve called for under Article 41, paragraph of the Securities and Exchange Act shall be set aside pro rata in a proportion consistent with the share of public company's equity stake in the other company.</p> <p>2.The Audit Committee and independent director shall comply with Article 218 of the Company Act.</p> <p>3.Actions taken pursuant to <u>the preceding two</u> subparagraphs shall be reported to a shareholders meeting, and the details of the transaction shall be disclosed in the annual report and any investment prospectus.</p> <p>The company that has set aside a special reserve under the preceding paragraph may not utilize the special reserve until it has recognized a loss on decline in market value of the assets it purchased <u>or leased</u> at a premium, or they have been disposed of, <u>or the leasing contract has been terminated</u>, or adequate compensation has been made, or the status quo ante has been restored, or there is other evidence confirming that there was nothing unreasonable about the transaction, and the FSC has given its consent.</p> <p>When the company obtains real property <u>or right-of-use assets thereof</u> from a related party, it shall also comply with the preceding two paragraphs if there is other evidence</p>	<p>shares. Where a public company uses the equity method to account for its investment in another company, then the special reserve called for under Article 41, paragraph of the Act shall be set aside pro rata in a proportion consistent with the share of public company's equity stake in the other company.</p> <p>2.The Audit Committee and independent director shall comply with Article 218 of the Company Act.</p> <p>3.Actions taken pursuant to <u>subparagraph 1 and subparagraph 2</u> shall be reported to a shareholders meeting, and the details of the transaction shall be disclosed in the annual report and any investment prospectus.</p> <p>The company that has set aside a special reserve under the preceding paragraph may not utilize the special reserve until it has recognized a loss on decline in market value of the assets it purchased at a premium, or they have been disposed of, or adequate compensation has been made, or the status quo ante has been restored, or there is other evidence confirming that there was nothing unreasonable about the transaction, and the FSC has given its consent.</p> <p>When the company obtains real property from a related party, it shall also comply with the preceding two paragraphs if there is other evidence indicating that the acquisition was not an arms length transaction.</p>	

Amendment provisions	Current provisions	Description
indicating that the acquisition was not an arms length transaction.		
ChapterIV Engaging in Derivatives Trading	Chapter IV Engaging in Derivatives Trading	
Article <u>16</u> (Omit)	Article <u>15</u> (Omit)	Amended in accordance with item.
Article <u>17</u> (Omit)	Article <u>16</u> (Omit)	Amended in accordance with item.
<p>Article <u>18</u> Where the company engaging in derivatives trading, its board of directors shall faithfully supervise and manage such trading in accordance with the following principles:</p> <ol style="list-style-type: none"> 1.Designate senior management personnel to pay continuous attention to monitoring and controlling derivatives trading risk. 2.Periodically evaluate whether derivatives trading performance is consistent with established operational strategy and whether the risk undertaken is within the company's permitted scope of tolerance. <p>Senior management personnel authorized by the board of directors shall manage derivatives trading in accordance with the following principles:</p> <ol style="list-style-type: none"> 1.Periodically evaluate the risk management measures currently employed are appropriate and are faithfully conducted in accordance with these Regulations and the procedures for engaging in derivatives trading formulated by the company. 2.When irregular circumstances are found in the course of supervising trading and profit-loss 	<p>Article <u>17</u> Where the company engaging in derivatives trading, its board of directors shall faithfully supervise and manage such trading in accordance with the following principles:</p> <ol style="list-style-type: none"> 1.Designate senior management personnel to pay continuous attention to monitoring and controlling derivatives trading risk. 2.Periodically evaluate whether derivatives trading performance is consistent with established operational strategy and whether the risk undertaken is within the company's permitted scope of tolerance. <p>Senior management personnel authorized by the board of directors shall manage derivatives trading in accordance with the following principles:</p> <ol style="list-style-type: none"> 1.Periodically evaluate the risk management measures currently employed are appropriate and are faithfully conducted in accordance with these Regulations and the procedures for engaging in derivatives trading formulated by the company. 2.When irregular circumstances are found in the course of supervising trading and profit-loss circumstances, appropriate 	Amended in accordance with Article 21 of the "Regulations Governing".

Amendment provisions	Current provisions	Description
<p>circumstances, appropriate measures shall be adopted and a report immediately made to the board of directors, an independent director shall be present at the meeting and express an opinion. The company shall report to the soonest meeting of the board of directors after it authorizes the relevant personnel to handle derivatives trading in accordance with its Procedures for Engaging in Derivatives Trading.</p>	<p>measures shall be adopted and a report immediately made to the board of directors, an independent director shall be present at the meeting and express an opinion. The company shall report to the soonest meeting of the board of directors after it authorizes the relevant personnel to handle derivatives trading in accordance with its Procedures for Engaging in Derivatives Trading.</p>	
<p>Article 19 The company engaging in derivatives trading shall establish a log book in which details of the types and amounts of derivatives trading engaged in, board of directors approval dates, and the matters required to be carefully evaluated under subparagraph 4 of Article <u>17</u> and subparagraph 2 of paragraph 1, and subparagraph 1 of paragraph 2, of the <u>preceding article</u> shall be recorded in detail in the log book.</p> <p>The company's internal audit personnel shall periodically make a determination of the suitability of internal controls on derivatives and conduct a monthly audit of how faithfully derivatives trading by the trading department adheres to the procedures for engaging in derivatives trading, and prepare an audit report. If any material violation is discovered, the audit committee and all independent directors shall be notified in writing.</p>	<p>Article <u>18</u> The company engaging in derivatives trading shall establish a log book in which details of the types and amounts of derivatives trading engaged in, board of directors approval dates, and the matters required to be carefully evaluated under subparagraph 4 of Article <u>16</u> and subparagraph 2 of paragraph 1, and subparagraph 1 of paragraph 2, of Article <u>17</u> shall be recorded in detail in the log book.</p> <p>The company's internal audit personnel shall periodically make a determination of the suitability of internal controls on derivatives and conduct a monthly audit of how faithfully derivatives trading by the trading department adheres to the procedures for engaging in derivatives trading, and prepare an audit report. If any material violation is discovered, the audit committee shall be notified in writing.</p>	<p>Amended in accordance with Article 22 of the "Regulations Governing".</p>
<p>Chapter V Mergers and Consolidations, Splits, Acquisitions, and Assignment of Shares</p>	<p>Chapter V Mergers and Consolidations, Splits, Acquisitions, and Assignment of Shares</p>	
<p>Article <u>20</u></p>	<p>Article <u>19</u></p>	<p>Amended in</p>

Amendment provisions	Current provisions	Description
(Omit)	(Omit)	accordance with item.
Article <u>21</u> (Omit)	Article <u>20</u> (Omit)	Amended in accordance with item.
Article <u>22</u> (Omit) Where any of the companies participating in a merger, demerger, acquisition, or transfer of another company's shares is neither listed on an exchange nor has its shares traded on an OTC market, the company(s) so listed or traded shall sign an agreement with such company whereby the latter is required to abide by the provisions of the <u>preceding two paragraphs</u> .	Article <u>21</u> (Omit) Where any of the companies participating in a merger, demerger, acquisition, or transfer of another company's shares is neither listed on an exchange nor has its shares traded on an OTC market, the company(s) so listed or traded shall sign an agreement with such company whereby the latter is required to abide by the provisions of <u>paragraphs 3 and 4</u> .	Amended in accordance with item.
Article <u>23</u> (Omit)	Article <u>22</u> (Omit)	Amended in accordance with item.
Article <u>24</u> (Omit)	Article <u>23</u> (Omit)	Amended in accordance with item.
Article <u>25</u> (Omit)	Article <u>24</u> (Omit)	Amended in accordance with item.
Article <u>26</u> (Omit)	Article <u>25</u> (Omit)	Amended in accordance with item.
Article <u>27</u> Where any of the companies participating in a merger, demerger, acquisition, or transfer of shares is not a public company, the public company(s) shall sign an agreement with the non-public company whereby the latter is required to abide by the provisions of Article <u>22</u> , Article <u>23</u> , and <u>the preceding article</u> .	Article <u>26</u> Where any of the companies participating in a merger, demerger, acquisition, or transfer of shares is not a public company, the public company(s) shall sign an agreement with the non-public company whereby the latter is required to abide by the provisions of Article <u>21</u> , Article <u>22</u> , and Article <u>25</u> .	Amended in accordance with item.
Chapter VI Public Disclosure of Information	Chapter VI Public Disclosure of Information	
Article <u>28</u> Under any of the following	Article <u>27</u> Under any of the following	Amended in accordance

Amendment provisions	Current provisions	Description
<p>circumstances, the company acquiring or disposing of assets shall publicly announce and report the relevant information on the FSC's designated website in the appropriate format as prescribed by regulations within 2 days counting inclusively from the date of occurrence of the event:</p> <p>1.Acquisition or disposal of real property <u>or right-of-use assets thereof</u> from or to a related party, or acquisition or disposal of assets other than real property <u>or right-of-use assets thereof</u> from or to a related party where the transaction amount reaches 20 percent or more of 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 <u>domestic</u> government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises.</p> <p>2.Merger, demerger, acquisition, or transfer of shares.</p> <p>3.Losses from derivatives trading reaching the limits on aggregate losses or losses on individual contracts set out in the procedures adopted by the company.</p> <p>4.Where equipment <u>or right-of-use assets thereof</u> for business use are acquired or disposed of, and furthermore the transaction counterparty is not a related party, and the transaction amount meets any of the following criteria:</p> <p>A.For the company whose paid-in capital is less than NT\$10 billion,</p>	<p>circumstances, the company acquiring or disposing of assets shall publicly announce and report the relevant information on the FSC's designated website in the appropriate format as prescribed by regulations within 2 days counting inclusively from the date of occurrence of the event:</p> <p>1.Acquisition or disposal of real property from or to a related party, or acquisition or disposal of assets other than real property from or to a related party where the transaction amount reaches 20 percent or more of 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 money market funds issued by domestic securities investment trust enterprises.</p> <p>2.Merger, demerger, acquisition, or transfer of shares.</p> <p>3.Losses from derivatives trading reaching the limits on aggregate losses or losses on individual contracts set out in the procedures adopted by the company.</p> <p>4. Where <u>the type of asset</u> acquired or disposed is equipment for business use, the trading counterparty is not a related party, and the transaction amount meets any of the following criteria:</p> <p>A.For the company whose paid-in capital is less than NT\$10 billion, the transaction amount reaches NT\$500 million or more.</p> <p>B.For the company whose paid-in capital is NT\$10 billion or more,</p>	<p>with Article 31 of the “Regulations Governing”.</p>

Amendment provisions	Current provisions	Description
<p>the transaction amount reaches NT\$500 million or more.</p> <p>B.For the company whose paid-in capital is NT\$10 billion or more, the transaction amount reaches NT\$1 billion or more.</p> <p>5.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, <u>and furthermore the transaction counterparty is not a related party,</u> and the amount the company expects to invest in the transaction reaches NT\$500 million.</p> <p>6.Where an asset transaction other than any of those referred to in the preceding five subparagraphs, a disposal of receivables by a financial institution, or an investment in the mainland China area reaches 20 percent or more of paid-in capital or NT\$300 million; provided, this shall not apply to the following circumstances:</p> <p>A.Trading of <u>domestic</u> government bonds.</p> <p>B.<u>Where done by professional investors</u> – securities trading on securities exchanges or OTC markets, or subscription of ordinary corporate bonds or general bank debentures without equity characteristics (<u>excluding subordinated debt</u>) <u>that are offered and issued in the primary market, or subscription or redemption of securities investment trust funds or futures trust funds.</u></p>	<p>the transaction amount reaches NT\$1 billion or more.</p> <p>5. Where land is acquired under an arrangement on engaging others to build on the company's own land, engaging others to build on rented land, joint construction and allocation of housing units, joint construction and allocation of ownership percentages, or joint construction and separate sale, and the amount the company expects to invest in the transaction reaches NT\$500 million.</p> <p>6.Where an asset transaction other than any of those referred to in the preceding five subparagraphs, a disposal of receivables by a financial institution, or an investment in the mainland China area reaches 20 percent or more of paid-in capital or NT\$300 million; provided, this shall not apply to the following circumstances:</p> <p>A.Trading of government bonds.</p> <p>B.Securities trading by investment professionals <u>on foreign or domestic</u> securities exchanges or over-the-counter markets, or subscription by investment professionals of ordinary corporate bonds or of general bank debentures without equity characteristics that are offered and issued in the <u>domestic</u> primary market, 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.</p> <p>C.Trading of bonds under</p>	

Amendment provisions	Current provisions	Description
<p>C.Trading of bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises.</p> <p>The amount of transactions above shall be calculated as follows:</p> <p>1.The amount of any individual transaction.</p> <p>2.The cumulative transaction amount of acquisitions and disposals of the same type of underlying asset with the same transaction counterparty within the preceding year.</p> <p>3.The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of real property <u>or right-of-use assets thereof</u> within the same development project within the preceding year.</p> <p>4.The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of the same security within the preceding year.</p> <p>"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 Regulations need not be counted toward the transaction amount.</p> <p>The company shall compile monthly reports on the status of derivatives trading engaged in up to the end of the preceding month by the company</p>	<p>repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises.</p> <p>The amount of transactions above shall be calculated as follows:</p> <p>1.The amount of any individual transaction.</p> <p>2.The cumulative transaction amount of acquisitions and disposals of the same type of underlying asset with the same transaction counterparty within the preceding year.</p> <p>3.The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of real property within the same development project within the preceding year.</p> <p>4.The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of the same security within the preceding year.</p> <p>"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 Regulations need not be counted toward the transaction amount.</p> <p>The company shall compile monthly reports on the status of derivatives trading engaged in up to the end of the preceding month by the company and any subsidiaries that are not domestic public companies and enter the information in the prescribed</p>	

Amendment provisions	Current provisions	Description
<p>and any subsidiaries that are not domestic public companies and enter the information in the prescribed format into the information reporting website designated by the FSC by the 10th day of each month.</p> <p>When the company at the time of public announcement makes an error or omission in an item required by regulations to be publicly announced and so is required to correct it, all the items shall be again publicly announced and reported in their entirety within two days counting inclusively from the date of knowing of such error or omission.</p> <p>The company acquiring or disposing of assets shall keep all relevant contracts, meeting minutes, log books, appraisal reports and CPA, attorney, and securities underwriter opinions at the company, where they shall be retained for 5 years except where another act provides otherwise.</p>	<p>format into the information reporting website designated by the FSC by the 10th day of each month.</p> <p>When the company at the time of public announcement makes an error or omission in an item required by regulations to be publicly announced and so is required to correct it, all the items shall be again publicly announced and reported in their entirety within two days counting inclusively from the date of knowing of such error or omission.</p> <p>The company acquiring or disposing of assets shall keep all relevant contracts, meeting minutes, log books, appraisal reports and CPA, attorney, and securities underwriter opinions at the company, where they shall be retained for 5 years except where another act provides otherwise.</p>	
Article <u>29</u> (Omit)	Article <u>28</u> (Omit)	Amended in accordance with item.
Chapter VII Additional Provisions	Chapter VII Additional Provisions	
<p>Article <u>30</u></p> <p>Information required to be publicly announced and reported in accordance with the provisions of the preceding Chapter on acquisitions and disposals of assets by the company's subsidiary that is not itself a public company in Taiwan shall be reported by the company.</p> <p>The paid-in capital or total assets of the company shall be the standard applicable to a subsidiary referred to in the preceding paragraph in determining whether, relative to</p>	<p>Article <u>29</u></p> <p>Information required to be publicly announced and reported in accordance with the provisions of the preceding Chapter on acquisitions and disposals of assets by the company's subsidiary that is not itself a public company in Taiwan shall be reported by the company.</p> <p>The paid-in capital or total assets of the company shall be the standard for determining whether or not a subsidiary referred to in the preceding paragraph is subject to</p>	Amended in accordance with Article 34 of the "Regulations Governing".

Amendment provisions	Current provisions	Description
paid-in capital or total assets, it reaches a threshold requiring public announcement and regulatory filing under Article <u>28</u> , paragraph 1.	Article <u>27</u> , paragraph 1 requiring a public announcement and regulatory filing in the event the type of transaction specified therein <u>reaches 20 percent</u> of paid-in capital or 10 percent of the total assets.	
Article <u>31</u> For the calculation of 10 percent of total assets under these procedure is calculated based on the total assets in the company's most recent individual financial report. 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; <u>for calculations under the provisions of these Procedures regarding transaction amounts relative to paid-in capital of NT\$10 billion, NT\$20 billion of equity attributable to owners of the parent shall be substituted.</u>	Article <u>29-2</u> For the calculation of 10 percent of total assets under these procedure is calculated based on the total assets in the company's most recent individual financial report. 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.	Amended in accordance with Article 35 of the “Regulations Governing”.
Article <u>32</u> (Omit)	Article <u>30</u> (Omit)	Amended in accordance with item.
Article <u>33</u> With respect to the company's acquisition or disposal of assets that is subject to the approval of the board of directors under the company's procedures or other laws or regulations, if a 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. When a transaction involving the acquisition or disposal of assets is submitted for discussion by the	Article <u>31</u> With respect to the company's acquisition or disposal of assets that is subject to the approval of the board of directors under the company's procedures or other laws or regulations, if a 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. When a transaction involving the acquisition or disposal of assets is submitted for discussion by the	Amended in accordance with Article 8 of the “Regulations Governing”.

Amendment provisions	Current provisions	Description
<p>board of directors pursuant to the preceding paragraph, the board of directors shall take into full consideration each independent director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the board of directors meeting.</p> <p>Any transaction involving major assets or derivatives shall be approved by more than half of all audit committee members and submitted to the board of directors for a resolution, and shall be subject to mutatis mutandis application of Article <u>12</u>, paragraphs 5 and 6.</p>	<p>board of directors pursuant to the preceding paragraph, the board of directors shall take into full consideration each independent director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the board of directors meeting.</p> <p>Any transaction involving major assets or derivatives shall be approved by more than half of all audit committee members and submitted to the board of directors for a resolution, and shall be subject to mutatis mutandis application of Article <u>11</u>, paragraphs 5 and 6.</p>	
Article <u>34</u> (Omit)	Article <u>32</u> (Omit)	Amended in accordance with item.
Article <u>35</u> (Omit)	Article <u>33</u> (Omit)	Amended in accordance with item.

Agenda : Release of the Board of Director from Non-Competition Restrictions.

Explanation :

1. Pursuant to Paragraph 1, Article 209 of the Company Act, a director conducting, either for himself or on behalf of another person, activities that are within the scope of the Company's business, shall explain to the Shareholders' Meeting the essential contents of such activities and obtain its approval for conducting such activities.
2. The Company's directors may concurrently hold positions in other companies and engage in activities that are within the scope or with similar nature of the Company's business. To the extent not in conflict with the interests of the Company, it is proposed to release the directors from non-competition restrictions as set forth.
3. Please refer to the attachment of the information regarding the directors' competitive acts to be released by the Company (see page 87 of this Handbook for details).
4. Approval is respectfully requested.

RESOLUTION:

Name of Director	Company Director Holds Concurrent Position	Position Held
Hung-Ching Yung	Paofoong Insurance Company Ltd.	Chairman
	Shanghai commercial Bank (HK)	Director
	鴻大投資(股)公司	Director
	Culvert Investments Ltd.	Director
	East Coast Investments Ltd.	Director
	Mepal International Ltd.	Director
	Cottage Investments Co. SA	Director
	Bright Honest Investment Ltd.	Director
Ching-Yen Stephen Lee	NTUC Income Insurance Co-operative Limited	Chairman
	Shanghai commercial Bank (HK)	Chairman
	Great Malaysia Textile Investments Pte Ltd.	Director
Yih-Pin Chen	Shanghai commercial Bank (HK)	Director
Chu-Kuen Lincoln Yung	Culvert Investments Ltd.	Director
	East Coast Investments Ltd.	Director
	Cottage Investments. Co. SA	Director
	Bright Honest Investment Ltd.	Director
Con-Sing John Yung	Paofoong Insurance Company Ltd.	Director
	Shanghai commercial Bank (HK)	Director
	AMK Microfinance Institutions. PLC	Director
	鴻大投資(股)公司	Director
	Culvert Investments Ltd.	Director
	Tassbury Investments Co.,S.A.	Director
Chao-Chi George Gu	GTM Holdings Corporation	Chairman
	GTM Investment Co.,Ltd.	Chairman
	Chi-Li Investment Co., Ltd.	Director
	Hsin Li Investment Company	Director

Extempore Motions

Appendices

(Appendix No.1)

The Shanghai Commercial & Savings Bank, Ltd. Articles Of Incorporation

amended on June 15, 2018

Chapter I General Provisions

- Article 1: The Bank is duly incorporated under the Company Act and Banking Act in the full name of The Shanghai Commercial & Savings Bank, Ltd. (hereinafter referred to as the Bank).
- Article 2: The Bank is headquartered in Taipei City, Taiwan. It may have branches set up in appropriate locations in Taiwan and abroad as necessary after being duly resolved in the board of directors.
- Article 3: Unless otherwise prescribed in laws and/or regulations concerned, public announcements of the Bank shall be published through the daily news circulated in the place where the Bank is headquartered.

Chapter II Business Operations

- Article 4: The Bank shall engage in business lines of H101021 Commercial Banking, H601011 Personal Insurance Agency, H601021 Property and Liability Insurance Agency (Within the business items as approved by the relevant Competent Authorities)
- Article 4-1: Where the Bank invests outwardly and, as a result, becomes a shareholder of limited liability, the Bank is free of the restriction set forth under Article 13, Paragraph 1 of the Company Act that restricts the total outward investment from exceeding 40% of the paid-in capital. The outward investment shall, nevertheless, be subject to approval as resolved in the Board of Directors beforehand.

Chapter III Shares

- Article 5: The Bank has the authorized capital of NT\$60,000,000,000.00, say total Sixty Billion New Taiwan Dollars Only, divided into 6 billion shares at Ten New Taiwan Dollars par value. The capital may be issued in excess of par. The board of directors is authorized with full powers to issue the unissued capital in installments.
- Article 6: The Bank's share certificates shall be the registered ones and shall be signed or affixed seals by a minimum of three directors of the Bank and duly certified by the competent authority or the issuance registry institution accredited by the

competent authority.

For shares issued, the Bank may be exempted from printing share certificates but shall get the shares duly registered with the centralized securities depository institution.

Article 7: (Deleted)

Article 8: All shareholders shall have the registered seal impression specimens submitted to and archived in the Bank as the grounds to disburse dividend, transfer shares or handle anything linked up with the shares.

Article 9: (Deleted)

Article 10: (Deleted)

Article 11: Transfer of shares or a change in entries in the Register (Roster) of Shareholders shall be discontinued within sixty (60) days prior to a regular shareholders' meeting or within thirty (30) days prior to a special shareholders' meeting, or within five (5) days prior to the record (base) date scheduled to allocate dividend, bonus or other interests.

Article 12: The Bank shall manage and operate equity affairs exactly in accordance with the "Regulations Governing the Administration of Shareholder Services of Public Companies" and laws and/or regulations concerned.

Article 12-1: The Bank may repurchase its shares, all relevant procedures shall be subject to relevant laws and/or regulations.

Chapter IV Shareholders' meeting

Article 13: The Bank's shareholders' meetings are in two categories, i.e., the regular shareholders' meeting and special shareholders' meeting.

Article 13-1: The powers, duties and responsibilities of the Bank's shareholders' meetings are enumerated below:

1. Enact and amend the Bank's Articles of Incorporation.
2. Appoint and discharge directors.
3. Review the reports from the board of directors and the Audit Committee.
4. Resolve the decisions regarding increase/decrease of capital.
5. Resolve the decisions regarding allocation of surplus earning and coverage of loss.
6. Exercise other issues the execution of which shall be effected pursuant to the resolutions of the shareholders' meeting as required by laws and/or regulations concerned.

Article 14: Unless otherwise prescribed in laws and/or regulations concerned, the regular shareholders' meeting shall be convened by the board of directors according to the legal procedures within six (6) months from closing of every fiscal year.

Article 15: Unless otherwise prescribed in laws and/or regulations concerned, a special shareholders' meeting may be convened according to the legal procedures whenever the board of directors considers it necessary.

Article 16: A shareholder who is unable to attend a shareholders' meeting in person may duly issue a written proxy in the Bank provided form to authorize a proxy to attend on his or her behalf. Except a trust enterprise or a shareholder services agent approved by the competent authority in charge of securities, when a proxy is

authorized simultaneously by two or more shareholders, his or her voting powers shall not exceed 3% of the aggregate total number of voting shares. The excess, if any, shall not be counted.

Article 17: Each share is entitled to one voting power unless otherwise prescribed in laws and/or regulations concerned.

In convening a shareholders' meeting, the Bank may adopt the electronic transmission as one of the methods for exercising the voting power by shareholders, who may alternatively exercise their voting power in writing, and the method for exercising the voting power shall be described in the shareholders' meeting notice to be given to the shareholders if the voting power will be exercised in writing or by way of electronic transmission. Shareholders who exercise their 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, but shall be deemed to have waived their voting power in respect of any extemporary motion(s) and/or the amendment(s) to the contents of the original proposal(s) at the said shareholders' meeting.

Article 18: Unless otherwise prescribed in laws and/or regulations concerned, decisions in the shareholders' meeting shall be adopted by a majority vote of the shareholders present, who represent more than one-half of the total number of voting shares.

Article 19: Decisions resolved in the shareholders' meeting shall be recorded in the Minutes stating time/date of the meeting, venue, name of the chairperson and the method of resolution. The Minutes shall be signed or sealed by the chairperson and along with the Signature Book of the Shareholders and the Power of Attorney for proxies shall be filed at the Bank.

Chapter V The Board of Directors

Article 20: The Bank shall have 9~15 directors to organize the board of directors. The candidate nomination system shall be adopted for the election of directors under the Company Act and relevant laws and/or regulations, and directors shall be elected from the list of director candidates by shareholders' meetings.

The quorum of the directors mentioned in the preceding paragraph shall include independent directors at the minimum of three in number and one-fifth of the aggregate total of director seats.

With respect to the professional qualification requirements, restriction on shareholding, holding of other official functions, identification of the independence, method of nomination and other issues concerning the independent directors, this shall be managed in accordance with the requirements of the competent authorities in charge of securities affairs.

Article 21: The tenure of office of directors shall be three (3) years. It is possible for directors to extend their service, if re-elected. In the event that reelection is held before expiry of the tenure of office and there is not such a decision that directors are not discharged until expiry of their tenure of office, the directors are deemed to be discharged before expiry.

The Bank sets up Audit Committee according to law and the Audit Committee

shall exercise the powers, duties and responsibilities of supervisors as bestowed by the Company Act, Securities and Exchange Act and other laws and/or regulations concerned.

The Audit Committee shall be organized by all independent directors in full. The aggregate total of independent director seats shall not be less than three (3) in minimum, including one among them as the convener. Among the independent directors, a minimum of one shall be in the expertise of accounting or finance. The exercise of the powers, duties and responsibilities and other matters to be complied with of the Audit Committee shall be duly handled in accordance with laws and/or regulations concerned and the rules and regulations of the Bank.

A decision in the Audit Committee shall be resolved by more than one half of all Audit Committee members.

Article 21-1: The Bank sets up a Remuneration Committee, a Nomination Committee and a Risk Management Committee and may set up other functional committee(s).

Article 22: In the board of directors, 3~5 managing directors shall be elected from among directors; and one chairman (and one vice chairman) shall be elected from among the managing directors.

The managing directors shall include a minimum of one independent director, and the independent director(s) shall not be less than one-fifth of the aggregate total of managing director seats.

Article 23: The chairman shall chair the shareholders' meeting, board of directors and board of managing directors meeting internally and shall represent the Bank externally. Where the chairman is on leave or unable to exercise his power and authority for any cause, the vice chairman shall act in his place. In the event that there is no vice chairman or that the vice chairman is on leave or unable to exercise his power and authority for any cause as well, the chairman shall appoint one managing director to act in his place. In the event that the chairman does not make such an appointment, one shall be elected from among the managing directors or directors to act in his place.

Article 24: Except the matters which shall be subject to decisions to be resolved by the shareholders' meeting according to law or according to the Bank's Articles of Incorporation, all business affairs of the Bank shall be duly handled under the decisions to be resolved by the board of directors. The board of directors shall have the following powers, duties and responsibilities:

1. Review and finalize mid-term and long-term strategic plans.
2. Review and finalize organizational rules and major rules and regulations.
3. Propose increase/decrease of capital.
4. Review and finalize decisions on establishment, dissolution or change in branch banks.
5. Review and finalize the Bank's budgets, final accounts.
6. Propose for allocation of surplus earnings or coverage of losses.
7. Appoint or discharge managerial officers.
8. Take charge of issues assigned by the chairman.
9. Exercise other powers, duties and responsibilities bestowed by laws and/or regulations concerned or the shareholders' meeting.

Article 25: Notices to a board of directors meeting may be served in writing, e-mail or FAX.

When the board of directors convened a meeting, all directors shall attend the board of directors meeting in person. A director may, nevertheless, issue a written proxy and expressly specify the subject and scope of the powers authorized and authorize another director to attend a board of directors meeting on behalf.

A director may accept the appointment to act as the proxy referred to in the preceding Paragraph of one other director only.

A director who attends a board of directors meeting through video system is deemed to have attended in person if such meeting is held through video system.

During the recess of the board of directors, the managing directors shall exercise the powers, duties and responsibilities of the board of directors through meetings on a regular basis according to laws, the Bank's Articles of Incorporation, decisions resolved in the shareholders' meeting and board of directors. Such meetings may be convened by the chairman at any time and shall be chaired by the chairman. Where the chairman is unavailable to perform such duties, the vice chairman shall act in his place. In the event that there is no vice chairman or that the vice chairman is unavailable to perform his duties as well, the chairman shall appoint one managing director to act in his place. In the event that the chairman does not make such an appointment, one shall be elected from among the managing directors to act in his place.

The board of directors is authorized with full powers to fix the scope of the powers, duties and responsibilities of the board of directors to be exercised by the board of managing directors meeting in accordance with the preceding paragraph.

Article 26: Unless otherwise provided for in the Company Act, Banking Act and other laws and/or regulations concerned, decisions in the board of directors meeting shall be resolved by a majority vote in the meeting which is attended by directors who represent a majority of the total number of directors.

Article 27: (Deleted)

Article 28: Decisions resolved in the boards of directors shall be remarked in the Minutes which shall be signed or affixed seal by the chairperson.

Article 29: (Deleted)

Article 30: (Deleted)

Article 31: The remuneration to directors shall be fixed by the board of directors with reference to the normal rates prevalent in horizontal trades.

An independent director shall not participate in distribution of the compensation to the Bank's directors.

The Bank may acquire liability insurance for directors and key staff members for the potential responsibility for indemnity within the scope of their performance of duties according to law.

Chapter VI Staff of the Head Bank and Branches

Article 32: The president of Bank shall be nominated by the chairman. The Bank may have a certain number of senior executive vice presidents, executive vice presidents, deputy executive vice presidents, and managers, whom shall be nominated by the

president and appointed with consents of a majority of attending directors at the board meeting attended by a majority of directors. The president shall generally handle all affairs of the bank according to resolutions adopted at the board of directors. The senior executive vice presidents, executive vice presidents, deputy executive vice presidents, and managers shall assist the president in handling such affairs.

Article 33: (Deleted)

Article 34: (Deleted)

Article 35: The Bank's responsible person and staff shall not undertake any duties in another bank. In case of investment relationship as approved by the central competent authority, they may concurrently serve as a director or supervisor of an investee bank.

Chapter VII Accounting

Article 36: The Bank's fiscal year is starting from January 1 until December 31 of every calendar year. The Bank shall close its account for reporting for the first and second half of the year with the final closure conducted at the end of every fiscal year. By then the Bank shall work out business report, financial statements, decisions project on allocation of surplus earnings or coverage of loss and other items as designated by the competent authority and shall be submitted to the Audit Committee for audit thirty (30) days prior to the date scheduled for the regular shareholders' meeting. After such documents are duly acknowledged in the regular shareholders' meeting, they shall be submitted to the Competent Authority and make a public announcement according to laws and/or regulations.

Article 36-1: If the Bank has profit for the year, an amount of not less than 0.1% of the profit for the year shall be distributed as compensation to the employees and an amount not more than 0.6% of the profit for the year shall be distributed as compensation to the directors. However, if the Company still has accumulated deficits, such deficits shall be offset first.

The profit for the year as referred to in the preceding paragraph shall refer to the profit before income tax for the year before deducting the compensation distributed to employees and the compensation distributed to directors.

Compensation to employees may be distributed by stock or cash; its distribution method and the distribution ratio of compensation to directors shall be resolved by more than one half of consents of the attending directors at a meeting of board of directors attended by more than two-thirds of directors, and shall be reported to the shareholders' meeting.

The recipients of the above said distribution of employees' compensation may include the employees of affiliated companies that meet certain conditions.

Article 37: With the net profit made by the Bank in every fiscal year after payment of all taxes and coverage of the loss in previous year, if any, the sum shall be duly amortized according to law as legal reserve unless the accumulation of legal reserve is up to the aggregate total of the Bank's capital. Then the special reserve shall be set aside or reversed according to law or as the actual requirements in business may

justify. For the final surplus, if any, along with the unappropriated retained surplus earnings accumulated in previous year(s), the board of directors shall propose the percentage of allocation to be acknowledged by the regular shareholders' meeting.

The dividend policy of the Bank shall take into consideration of the environment of banking industry and the growth stage, the purpose of continual expansion of operation scale and the increase in profitability, the interests of shareholders, the balance of dividends, the fund requirements of the bank, and the long-term financial planning. In distributing dividends, as a principle, the amount of cash dividends distributed for each year may not be less than ten percent of total amount of dividends distributed for the year, in order to seek sustainability and steady development.

Chapter VIII Supplementary Provisions

Article 38: Any matters not adequately provided for herein shall be subject to Banking Act, Company Act and other laws and/or regulations concerned.

Article 39: (Deleted)

(Appendix No.2)

The Shanghai Commercial & Savings Bank, Ltd. Rules of Procedure for Shareholders Meetings

Amended on June 16, 2017

Article 1 The rules of procedures for this Corporation's shareholders meetings, except as otherwise provided by law, regulation, or the articles of incorporation, shall be as provided in these Rules.

Article 2 Unless otherwise provided by law , regulation, or the articles of incorporation, this Corporation's shareholders meetings shall be convened by the board of directors.

This Corporation shall furnish the attending shareholders or their proxies (collectively, "shareholders"), with an attendance book to sign, or attending shareholders may hand in a sign-in card in lieu of signing in. The number of shares in attendance shall be calculated according to the shares indicated by the attendance book and sign-in cards handed in plus the number of shares whose voting rights are exercised by correspondence or electronically.

A shareholder shall attend a shareholders meeting on the basis of the attendance card, sign-in card, or other supporting document. Solicitors soliciting proxy forms shall also bring identification documents for verification.

When the government or a juristic person is a shareholder, it may be represented by more than one representative at a shareholders meeting.

Article 3 Attendance and voting at shareholders meetings shall be calculated based on numbers of shares.

Article 4 The venue for a shareholders meeting shall be the premises of this Corporation, 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

Article 5 If a shareholders meeting is convened by the board of directors, the meeting shall be chaired by the chairperson of the board. When the chairperson of the board is on leave or for any reason unable to exercise the powers of the chairperson, the vice chairperson shall act in place of the chairperson; if there is no vice chairperson or the vice chairperson also is on leave or for any reason unable to exercise the powers of the vice chairperson, the chairperson shall appoint one of the managing directors to act as chair. Where the chairperson does not make such a designation, the managing directors or the directors shall select from among themselves one person to serve as chair.

If a shareholders meeting is convened by a party with power to convene but other

than the board of directors, the convening party shall chair the meeting. When there are more such convening parties, they shall mutually select a chair from among themselves.

Article 6 This Corporation may appoint its attorneys, certified public accountants, or related persons retained by it to attend a shareholders meeting in a non-voting capacity. Staff handling administrative affairs of a shareholders meeting shall wear identification cards.

Article 7 This Corporation shall record the proceedings of a shareholders meeting in their entirety in audio or video and retain the recording for at least 1 year.

Article 8 The chair shall call the meeting to order at the appointed meeting time. However, when the attending shareholders do not represent a majority of the total number of issued shares, the chair may announce a postponement, provided that no more than two such postponements, for a combined total of no more than 1 hour, may be made. If the quorum is not met after two postponements, the attending shareholders represent one third or more of the total number of issued shares, a tentative resolution may be adopted pursuant to Article 175, paragraph 1 of the Company Act. When, prior to conclusion of the meeting, the attending shareholders represent a majority of the total number of issued shares, the chair may resubmit the tentative resolution for a vote by the shareholders meeting pursuant to Article 174 of the Company Act.

Article 9 If a shareholders meeting is convened by the board of directors, the meeting agenda shall be set by the board of directors. The meeting shall proceed in the order set by the agenda, which may not be changed without a resolution of the shareholders meeting. The provisions of the preceding paragraph apply mutatis mutandis to a shareholders meeting convened by a party with the power to convene that is not the board of directors.

The chair may not declare the meeting adjourned prior to completion of deliberation on the meeting agenda of the preceding two paragraphs (including extempore motions), except by a resolution of the shareholders meeting. If the chair declares the meeting adjourned in violation of the rules of procedure, the attending shareholders in electing a new chair in accordance with statutory procedures, by agreement of a majority of the votes represented by the attending shareholders, and then continue the meeting.

If the meeting is finished, the shareholders may not elect the chair to continue the meeting at same or another venue.

Article 10 Before speaking, an attending shareholder must specify on a speaker's slip the subject of the speech, his/her shareholder account number (or attendance card number), and account name. The order in which shareholders speak will be set by the chair.

A shareholder in attendance who has submitted a speaker's slip but does not actually speak shall be deemed to have not spoken. When the content of the speech does not correspond to the subject given on the speaker's slip, the spoken content shall prevail.

When an attending shareholder is speaking, other shareholders may not speak or interrupt unless they have sought and obtained the consent of the chair and the shareholder that has the floor; the chair shall stop any violation.

Article 11 Except with the consent of the chair, a shareholder may not speak more than twice on the same proposal, and a single speech may not exceed 5 minutes.

If the shareholder's speech violates the preceding paragraph or exceeds the scope of the agenda item, the chair may terminate the speech.

If it is not a proposal, the chair may make a decision not to discuss or vote.

Article 12 When a juristic person is appointed to attend as proxy, it may designate only one person to represent it in the meeting.

When a juristic person shareholder appoints two or more representatives to attend a shareholders meeting, only one of the representatives so appointed may speak on the same proposal.

Article 13 After an attending shareholder has spoken, the chair may respond in person or direct relevant personnel to respond.

Article 14 The chair shall allow ample opportunity during the meeting for explanation and discussion of proposals; when the chair is of the opinion that a proposal has been discussed sufficiently to put it to a vote, the chair may announce the discussion closed and call for a vote.

Article 15 Vote monitoring and counting personnel for the voting on a proposal shall be appointed by the chair, provided that all monitoring personnel shall be shareholders of this Corporation.

The voting results shall be reported on-site immediately and recorded in writing.

Article 16 When this Corporation holds a shareholders meeting, electronic means may be listed as one of the channels for the exercise of shareholder voting rights. It may allow the shareholders to exercise voting rights by correspondence or electronic means. When voting rights are exercised by correspondence or electronic means, the method of exercise shall be specified in the shareholders meeting notice. A shareholder exercising voting rights by correspondence or electronic means will be deemed to have attended the meeting in person, but to have waived his/her rights with respect to the extraordinary motions and amendments to original proposals of that meeting. A shareholder intending to exercise voting rights by correspondence or electronic means under the preceding paragraph shall deliver a written declaration of intent to this Corporation before 2 days before the date of the shareholders meeting. When duplicate declarations of intent are delivered, the one received earliest shall prevail, except when a declaration is made to cancel the earlier declaration of intent.

After a shareholder has exercised voting rights by correspondence or electronic means, in the event the shareholder intends to attend the shareholders meeting in person, a written declaration of intent to retract the voting rights already exercised under the preceding paragraph shall be made known to this Corporation, by the same means by which the voting rights were exercised, before 2 business days before the date of the shareholders meeting. If the notice of retraction is submitted after that

time, the voting rights already exercised by correspondence or electronic means shall prevail. When a shareholder has exercised voting rights both by correspondence or electronic means and by appointing a proxy to attend a shareholders meeting, the voting rights exercised by the proxy in the meeting shall prevail.

Except as otherwise provided in the Company Act and in this Corporation's articles of incorporation, the passage of a proposal shall require an affirmative vote of a majority of the voting rights represented by the attending shareholders.

At the time of a vote, if the shareholders are asked by the chair without any dissent, the effect shall be the same as the voting. If there is any objection, the chair may have a dissident and a waiver, ask him/her to raise his/her hand or stand up and calculate his/her voting rights. If the voting rights of the attending shareholders minus the voting rights of the dissident and the waived rights, they have already passed the required the voting rights are also deemed to be passed, and their effectiveness is also the same as voting.

Except as otherwise provided of law or regulations, a shareholder shall be entitled to one vote for each share held.

Except for trust enterprises or stock agencies approved by the competent authority, when a person who acts as the proxy for two or more shareholders, the number of voting power represented by him/her shall not exceed 3% of the total number of voting shares of the company, otherwise, the portion of excessive voting power shall not be counted.

Article 16-1 Matters relating to the resolutions of a shareholders meeting shall be recorded in the meeting minutes. The meeting minutes shall be signed or sealed by the chair of the meeting and a copy distributed to each shareholder within 20 days after the conclusion of the meeting. The meeting minutes may be produced and distributed in electronic form.

This Corporation may distribute the meeting minutes of the preceding paragraph by means of a public announcement made through the MOPS.

The meeting minutes shall accurately record the year, month, day, and place of the meeting, the chair's full name, the methods by which resolutions were adopted, and a summary of the deliberations and their results, and shall be retained for the duration of the existence of this Corporation.

Article 17 When a meeting is in progress, the chair may announce a break based on time considerations.

Article 18 When there is an amendment or an alternative to a proposal, the chair shall present the amended or alternative proposal together with the original proposal and decide the order in which they will be put to a vote. When any one among them is passed, the other proposals will then be deemed rejected, and no further voting shall be required.

Article 19 The chair may direct the proctors or security personnel to help maintain order at the meeting place. When proctors or security personnel help maintain order at the meeting place, they shall wear an identification card or armband bearing the word "Proctor."

At the place of a shareholders meeting, if a shareholder attempts to speak through any device other than the public address equipment set up by this Corporation, the chair may prevent the shareholder from so doing.

When a shareholder violates the rules of procedure and defies the chair's correction, obstructing the proceedings and refusing to heed calls to stop, the chair may direct the proctors or security personnel to escort the shareholder from the meeting.

Article 20 When a meeting is in progress, 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.

Article 21 These Rules, and any amendments hereto, shall be implemented after adoption by shareholders meetings.

(Appendix No.3)

Procedures Governing the Acquisition and Disposal of Assets by The Shanghai Commercial Savings Bank, Ltd.

Amended on June 15, 2018

Chapter I General Principles

Article 1 These Procedures are adopted in accordance with the Regulations Governing the Acquisition and Disposal of Assets.

Article 2 The term "assets" as used in these Procedures includes the following:

1. Investments in stocks, government bonds, corporate bonds, financial bonds, securities representing interest in a fund, depositary receipts, call (put) warrants, beneficial interest securities, and asset-backed securities.
2. Real property (including land, houses and buildings, and investment property, right to use land) and equipment.
3. Memberships.
4. Patents, copyrights, trademarks, franchise rights, and other intangible assets.
5. Claims of financial institutions (including receivables, bills purchased and discounted, loans, and overdue receivables).
6. Derivatives.
7. Assets acquired or disposed of in connection with mergers, demergers, acquisitions, or transfer of shares in accordance with law.
8. Other major assets.

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

1. Derivatives: Forward contracts, options contracts, futures contracts, leverage contracts, and swap contracts, and compound contracts combining the above products, whose value is derived from assets, interest rates, foreign exchange rates, indexes or other interests. The term "forward contracts" does not include insurance contracts, performance contracts, after-sales service contracts, long-term leasing contracts.
2. Assets acquired or disposed through mergers, demergers, acquisitions, or transfer of shares in accordance with law: Refers to assets acquired or disposed through mergers, demergers, or acquisitions conducted under the Business Mergers and Acquisitions Act, Financial Holding Company Act, Financial Institution Merger Act and other acts, or to transfer of shares from another company through issuance of new shares of its own as the consideration therefor (hereinafter "transfer of shares") under Article 156, paragraph 8 of the Company Act.
3. Related party or subsidiary: According to the applicable financial report

preparation standards of the company.

4. Professional appraiser: Refers to a real property appraiser or other person duly authorized by law to engage in the value appraisal of real property or equipment.
5. Date of occurrence: Refers to the date of contract signing, date of payment, date of consignment trade, date of transfer, dates of boards of directors resolutions, or other date that can confirm the counterpart and monetary amount of the transaction, whichever date is earlier; provided, for investment for which approval of the competent authority is required, the earlier of the above date or the date of receipt of approval by the competent authority shall apply.
6. Mainland China area investment: Refers to investments in the mainland China area approved by the Ministry of Economic Affairs Investment Commission or conducted in accordance with the provisions of the Regulations Governing Permission for Investment or Technical Cooperation in the Mainland Area.

Article 4 Professional appraisers and their officers, certified public accounts, attorneys, and securities underwriters that provide the companies with appraisal reports, certified public accountant's opinions, attorney's opinions, or underwriter's opinions shall not be a related party of any party to the transaction.

Chapter II Acquisition and disposal of assets

Article 5 Acquired and disposed of in the scope of Article 2 shall, in addition to complying with the provisions of this procedure, be submitted to the sponsoring department or unit for reporting to the evaluation methods and operating procedures approved by the Board of Directors.

The following items shall be recorded in the assessment and operation procedures of the preceding paragraph and shall be handled in accordance with the established procedures:

1. Appraisal procedures: Shall include the means of price determination and supporting reference materials.
2. Operating procedures: Shall include the degree of authority delegated, the levels to which authority is delegated, the units responsible for implementation, and transaction process.

For the acquisition of real property not for business use, the total amount shall be handled in accordance with the Banking Law and relevant regulations.

For the acquisition the total amount of securities obtained and the limits of individual securities shall be handled in accordance with the Banking Law and relevant regulations.

The company's related party transactions, engaging in derivative commodity transactions, conducting business mergers, divisions, acquisitions or share transfers shall, in addition to complying with the provisions of this procedure, be handled in accordance with the relevant operational procedures.

The company shall supervise the subsidiaries to stipulate and implement the

procedures for obtaining or disposing of assets in accordance with the “Regulations Governing the Acquisition and Disposal of Assets of Public Companies” and control procedures for the acquisition and disposal of assets by subsidiaries.

Article 6 In acquiring or disposing of real property or equipment where the transaction amount reaches 20 percent of the company's paid-in capital or NT\$300 million or more, the company, unless transacting with a government agency, engaging others to build on its own land, engaging others to build on rented land, or acquiring or disposing of equipment for business use, shall obtain an appraisal report prior to the date of occurrence of the event from a professional appraiser and shall further comply with the following provisions:

1. Where due to special circumstances it is necessary to give a limited price, specified price, or special price as a reference basis for the transaction price, the transaction shall be submitted for approval in advance by the board of directors, and the same procedure shall be followed for any future changes to the terms and conditions of the transaction.
2. Where the transaction amount is NT\$1 billion or more, appraisals from two or more professional appraisers shall be obtained.
3. Where any one of the following circumstances applies with respect to the professional appraiser's appraisal results, unless all the appraisal results for the assets to be acquired are higher than the transaction amount, or all the appraisal results for the assets to be disposed of are lower than the transaction amount, a certified public accountant shall be engaged to perform the appraisal in accordance with the provisions of Statement of Auditing Standards No. 20 published by the ROC Accounting Research and Development Foundation (ARDF) and render a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price:
 - A. The discrepancy between the appraisal result and the transaction amount is 20 percent or more of the transaction amount.
 - B. The discrepancy between the appraisal results of two or more professional appraisers is 10 percent or more of the transaction amount.
4. No more than 3 months may elapse between the date of the appraisal report issued by a professional appraiser and the contract execution date; provided, where the publicly announced current value for the same period is used and not more than 6 months have elapsed, an opinion may still be issued by the original professional appraiser.

Article 7 The company acquiring or disposing of securities shall, prior to the date of occurrence of the event, obtain financial statements of the issuing company for the most recent period, certified or reviewed by a certified public accountant, for reference in appraising the transaction price, and if the dollar amount of the transaction is 20 percent of the company's paid-in capital or NT\$300 million or more, the company shall additionally engage a certified public accountant prior to the date of occurrence of the event to provide an opinion regarding the reasonableness of the transaction price. If the CPA needs to use the report of an expert as evidence, the CPA shall do so in accordance with the provisions of

Statement of Auditing Standards No. 20 published by the ARDF. This requirement does not apply, however, to publicly quoted prices of securities that have an active market, or where otherwise provided by regulations of the Financial Supervisory Commission (FSC).

Article 8 Where the company acquires or disposes of memberships or intangible assets and the transaction amount reaches 20 percent or more of paid-in capital or NT\$300 million or more, except in transactions with a government agency, the company shall engage a certified public accountant prior to the date of occurrence of the event to render an opinion on the reasonableness of the transaction price; the CPA shall comply with the provisions of Statement of Auditing Standards No. 20 published by the ARDF

Article 8-1 The calculation of the transaction amounts referred to in the preceding three articles shall be done in accordance with Article 27, paragraph 2 herein, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items for which an appraisal report from a professional appraiser or a CPA's opinion has been obtained need not be counted toward the transaction amount.

Article 9 Where the company acquires or disposes of assets through court auction procedures, the evidentiary documentation issued by the court may be substituted for the appraisal report or CPA opinion.

Chapter III Related Party Transactions

Article 10 When the company engages in any acquisition or disposal of assets from or to a related party, in addition to ensuring that the necessary resolutions are adopted and the reasonableness of the transaction terms is appraised, if the transaction amount reaches 10 percent or more of the company's total assets, the company shall also obtain an appraisal report from a professional appraiser or a CPA's opinion in compliance with the provisions of the Procedures.

The calculation of the transaction amount referred to in the preceding paragraph shall be made in accordance with Article 8-1 herein.

When judging whether a transaction counterparty is a related party, in addition to legal formalities, the substance of the relationship shall also be considered.

Article 11 When the company intends to acquire or dispose of real property thereof from or to a related party, or when it intends to acquire or dispose of assets other than real property thereof from or to a related party and the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the company's total assets, or NT\$300 million or more, except in trading of government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises, the company may not proceed to enter into a transaction contract or make a payment until the following

matters have been approved by more than half of all audit committee members and then submitted to the board of directors for a resolution:

- 1.The purpose, necessity and anticipated benefit of the acquisition or disposal of assets.
- 2.The reason for choosing the related party as a transaction counterparty.
- 3.With respect to the acquisition of real property or right-of-use assets thereof from a related party, information regarding appraisal of the reasonableness of the preliminary transaction terms in accordance with Article 12 and Article 13.
- 4.The date and price at which the related party originally acquired the real property, the original transaction counterparty, and that transaction counterparty's relationship to the company and the related party.
- 5.Monthly cash flow forecasts for the year commencing from the anticipated month of signing of the contract, and evaluation of the necessity of the transaction, and reasonableness of the funds utilization.
- 6.An appraisal report from a professional appraiser or a CPA's opinion obtained in compliance with the preceding article.
- 7.Restrictive covenants and other important stipulations associated with the transaction.

The calculation of the transaction amounts referred to in the preceding paragraph shall be made in accordance with Article 27, paragraph 2 herein, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items that have been agreed by the Audit Committee and approved by the board of directors need not be counted toward the transaction amount.

With respect to the acquisition or disposal of business-use equipment between a the company and its subsidiaries, the company's board of directors may pursuant to Article 5, paragraph 2, subparagraph 2 delegate the board chairman to decide such matters when the transaction is within a certain amount and have the decisions subsequently submitted to and ratified by the next board of directors meeting.

When a matter is submitted for discussion by the board of directors pursuant to paragraph 1, the board of directors shall take into full consideration each independent director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the board of directors meeting.

If approval of more than half of all audit committee members as required in the paragraph 1 is not obtained, the procedures may be implemented if approved by more than two-thirds of all directors, and the resolution of the audit committee shall be recorded in the minutes of the board of directors meeting.

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

Article 12 The company that acquires real property from a related party shall evaluate the reasonableness of the transaction costs by the following means:

1. Based upon the related party's transaction price plus necessary interest on funding and the costs to be duly borne by the buyer. "Necessary interest on funding" is imputed as the weighted average interest rate on borrowing in the year the company purchases the property; provided, it may not be higher than the maximum non-financial industry lending rate announced by the Ministry of Finance.
2. Total loan value appraisal from a financial institution where the related party has previously created a mortgage on the property as security for a loan; provided, the actual cumulative amount loaned by the financial institution shall have been 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 transaction counterparties.

Where land and structures thereupon are combined as a single property purchased in one transaction, the transaction costs for the land and the structures may be separately appraised in accordance with either of the means listed in the preceding paragraph.

The company that acquires real property from a related party and appraises the cost of the real property in accordance with paragraph 1 and paragraph 2 shall also engage a CPA to check the appraisal and render a specific opinion.

Where the company acquires real property from a related party and one of the following circumstances exists, the acquisition shall be conducted in accordance with Article 11 and the preceding three paragraphs do not apply:

1. The related party acquired the real property through inheritance or as a gift.
2. More than 5 years will have elapsed from the time the related party signed the contract to obtain the real property to the signing date for the current transaction.
3. The real property is acquired through signing of a joint development contract with the related party, or through engaging a related party to build real property, either on the company's own land or on rented land

Article 13 When the results of a public company's appraisal conducted in accordance with paragraph 1 and paragraph 2 of the preceding Article are uniformly lower than the transaction price, the matter shall be handled in compliance with Article 14. However, where the following circumstances exist, objective evidence has been submitted and specific opinions on reasonableness have been obtained from a professional real property appraiser and a CPA have been obtained, this restriction shall not apply:

1. Where the related party acquired undeveloped land or leased land for development, it may submit proof of compliance with one of the following conditions:
 - A. Where undeveloped land is appraised in accordance with the means in the preceding Article, and structures according to the related party's construction

cost plus reasonable construction profit are valued in excess of the actual transaction price. The "Reasonable construction profit" shall be deemed the average gross operating profit margin of the related party's construction division over the most recent 3 years or the gross profit margin for the construction industry for the most recent period as announced by the Ministry of Finance, whichever is lower.

B. Completed transactions by unrelated parties within the preceding year involving other floors of the same property or neighboring or closely valued parcels of land, where the land area and transaction terms are similar after calculation of reasonable price discrepancies in floor or area land prices in accordance with standard property market practices.

C. Completed leasing transactions by unrelated parties for other floors of the same property from within the preceding year, where the transaction terms are similar after calculation of reasonable price discrepancies among floors in accordance with standard property leasing market practices.

2. Where a public company acquiring real property from a related party provides evidence that the terms of the transaction are similar to the terms of transactions completed for the acquisition of neighboring or closely valued parcels of land of a similar size by unrelated parties within the preceding year.

Completed transactions for neighboring or closely valued parcels of land in the preceding paragraph in principle refers to parcels on the same or an adjacent block and within a distance of no more than 500 meters or parcels close in publicly announced current value; transaction for similarly sized parcels in principle refers to transactions completed by unrelated parties for parcels with a land area of no less than 50 percent of the property in the planned transaction; within the preceding year refers to the year preceding the date of occurrence of the acquisition of the real property.

Article 14 Where the company acquires real property from a related party and the results of appraisals conducted in accordance with Article 12 and Article 13 are uniformly lower than the transaction price, the following steps shall be taken:

1. A special reserve shall be set aside in accordance with Article 41, paragraph 1 of the Act against the difference between the real property transaction price and the appraised cost, and may not be distributed or used for capital increase or issuance of bonus shares. Where a public company uses the equity method to account for its investment in another company, then the special reserve called for under Article 41, paragraph of the Act shall be set aside pro rata in a proportion consistent with the share of public company's equity stake in the other company.
2. The Audit Committee and independent director shall comply with Article 218 of the Company Act.
3. Actions taken pursuant to subparagraph 1 and subparagraph 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.

The company that has set aside a special reserve under the preceding paragraph

may not utilize the special reserve until it has recognized a loss on decline in market value of the assets it purchased at a premium, or they have been disposed of, or adequate compensation has been made, or the status quo ante has been restored, or there is other evidence confirming that there was nothing unreasonable about the transaction, and the FSC has given its consent.

When the company obtains real property from a related party, it shall also comply with the preceding two paragraphs if there is other evidence indicating that the acquisition was not an arms length transaction.

Chapter IV Engaging in Derivatives Trading

Article 15 Public companies engaging in derivatives trading shall pay strict attention to control of the following important risk management and auditing matters, and incorporate them into their Procedures:

- 1.Trading principles and strategies: Shall include the types of derivatives that may be traded, operating or hedging strategies, segregation of duties, essentials of performance evaluation, total amount of derivatives contracts that may be traded, and the maximum loss limit on total trading and for individual contracts.
- 2.Risk management measures.
- 3.Internal audit system.
- 4.Regular evaluation methods and the handling of irregular circumstances.

Article 16 The company engaging in derivatives trading shall adopt the following risk management measures:

- 1.Risk management shall address credit, market, liquidity, cash flow, operational, and legal risks.
- 2.Personnel engaged in derivatives trading may not serve concurrently in other operations such as confirmation and settlement.
- 3.Risk measurement, monitoring, and control personnel shall be assigned to a different department than the personnel in the preceding subparagraph and shall report to the board of directors or senior management personnel with no responsibility for trading or position decision-making.
- 4.Derivatives trading positions held shall be evaluated at least once per week; however, positions for hedge trades required by business shall be evaluated at least twice per month. Evaluation reports shall be submitted to senior management personnel authorized by the board of directors.
- 5.Other important risk management measures.

Article 17 Where the company engaging in derivatives trading, its board of directors shall faithfully supervise and manage such trading in accordance with the following principles:

- 1.Designate senior management personnel to pay continuous attention to monitoring and controlling derivatives trading risk.
- 2.Periodically evaluate whether derivatives trading performance is consistent with established operational strategy and whether the risk undertaken is within the

company's permitted scope of tolerance.

Senior management personnel authorized by the board of directors shall manage derivatives trading in accordance with the following principles:

1. Periodically evaluate the risk management measures currently employed are appropriate and are faithfully conducted in accordance with these Regulations and the procedures for engaging in derivatives trading formulated by the company.
2. When irregular circumstances are found in the course of supervising trading and profit-loss circumstances, appropriate measures shall be adopted and a report immediately made to the board of directors, an independent director shall be present at the meeting and express an opinion.

The company shall report to the soonest meeting of the board of directors after it authorizes the relevant personnel to handle derivatives trading in accordance with its Procedures for Engaging in Derivatives Trading.

Article 18 The company engaging in derivatives trading shall establish a log book in which details of the types and amounts of derivatives trading engaged in, board of directors approval dates, and the matters required to be carefully evaluated under subparagraph 4 of Article 16 and subparagraph 2 of paragraph 1, and subparagraph 1 of paragraph 2, of Article 17 shall be recorded in detail in the log book.

The company's internal audit personnel shall periodically make a determination of the suitability of internal controls on derivatives and conduct a monthly audit of how faithfully derivatives trading by the trading department adheres to the procedures for engaging in derivatives trading, and prepare an audit report. If any material violation is discovered, the audit committee shall be notified in writing.

Chapter V Mergers and Consolidations, Splits, Acquisitions, and Assignment of Shares

Article 19 The company that conducts a merger, demerger, acquisition, or transfer of shares, prior to convening the board of directors to resolve on the matter, shall engage a CPA, attorney, or securities underwriter to give an opinion on the reasonableness of the share exchange ratio, acquisition price, or distribution of cash or other property to shareholders, and submit it to the board of directors for deliberation and passage.

Article 20 The company participating in a merger, demerger, acquisition, or transfer of shares shall prepare a public report to shareholders detailing important contractual content and matters relevant to the merger, demerger, or acquisition prior to the shareholders meeting and include it along with the expert opinion referred to in paragraph 1 of the preceding Article when sending shareholders notification of the shareholders meeting for reference in deciding whether to approve the merger, demerger, or acquisition. Provided, where a provision of another act exempts a company from

convening a shareholders meeting to approve the merger, demerger, or acquisition, this restriction shall not apply.

Where the shareholders meeting of any one of the companies participating in a merger, demerger, or acquisition fails to convene or pass a resolution due to lack of a quorum, insufficient votes, or other legal restriction, or the proposal is rejected by the shareholders meeting, the companies participating in the merger, demerger or acquisition shall immediately publicly explain the reason, the follow-up measures, and the preliminary date of the next shareholders meeting.

Article 21 A company participating in a merger, demerger, or acquisition shall convene a board of directors meeting and shareholders meeting on the day of the transaction to resolve matters relevant to the merger, demerger, or acquisition, unless another act provides otherwise or the FSC is notified in advance of extraordinary circumstances and grants consent.

A company participating in a transfer of shares shall call a board of directors meeting on the day of the transaction, unless another act provides otherwise or the FSC is notified in advance of extraordinary circumstances and grants consent.

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

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

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

Where any of the companies participating in a merger, demerger, acquisition, or transfer of another company's shares is neither listed on an exchange nor has its shares traded on an OTC market, the company(s) so listed or traded shall sign an agreement with such company whereby the latter is required to abide by the

provisions of paragraphs 3 and 4.

Article 22 Every person participating in or privy to the plan for merger, demerger, acquisition, or transfer of shares shall issue a written undertaking of confidentiality and may not disclose the content of the plan prior to 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, demerger, acquisition, or transfer of shares.

Article 23 The companies participating in a merger, demerger, acquisition, or transfer of shares may not arbitrarily alter the share exchange ratio or acquisition price unless under the below-listed circumstances, and shall stipulate the circumstances permitting alteration in the contract for the merger, demerger, acquisition, or transfer of shares:

1. Cash capital increase, issuance of convertible corporate bonds, or the issuance of bonus shares, issuance of corporate bonds with warrants, preferred shares with warrants, stock warrants, or other equity based securities.
2. An action, such as a disposal of major assets, that affects the company's financial operations.
3. An event, such as a major disaster or major change in technology, that affects shareholder equity or share price.
4. An adjustment where any of the companies participating in the merger, demerger, acquisition, or transfer of shares from another company, buys back treasury stock.
5. An increase or decrease in the number of entities or companies participating in the merger, demerger, acquisition, or transfer of shares.
6. Other terms/conditions that the contract stipulates may be altered and that have been publicly disclosed.

Article 24 The contract for participation by a public company in a merger, demerger, acquisition, or of shares shall record the rights and obligations of the companies participating in the merger, demerger, acquisition, or transfer of shares, and shall also record the following:

1. Handling of breach of contract.
2. Principles for the handling of equity-type securities previously issued or treasury stock previously bought back by any company that is extinguished in a merger or that is demerged.
3. The amount of treasury stock participating companies are permitted under law to buy back after the record date of calculation of the share exchange ratio, and the principles for handling thereof.
4. The manner of handling changes in the number of participating entities or companies.
5. Preliminary progress schedule for plan execution, and anticipated completion date.
6. Scheduled date for convening the legally mandated shareholders meeting if the plan exceeds the deadline without completion, and relevant procedures.

Article 25 After public disclosure of the information, if any company participating in the merger, demerger, acquisition, or share transfer intends further to carry out a merger,

demerger, 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, demerger, acquisition, or share transfer; except that where the number of participating companies is decreased and a participating company's shareholders meeting has adopted a resolution authorizing the board of directors to alter the limits of authority, such participating company may be exempted from calling another shareholders meeting to resolve on the matter anew.

Article 26 Where any of the companies participating in a merger, demerger, acquisition, or transfer of shares is not a public company, the public company(s) shall sign an agreement with the non-public company whereby the latter is required to abide by the provisions of Article 21, Article 22, and Article 25.

Chapter VI Public Disclosure of Information

Article 27 Under any of the following circumstances, the company acquiring or disposing of assets shall publicly announce and report the relevant information on the FSC's designated website in the appropriate format as prescribed by regulations within 2 days counting inclusively from the date of occurrence of the event:

- 1.Acquisition or disposal of real property from or to a related party, or acquisition or disposal of assets other than real property from or to a related party where the transaction amount reaches 20 percent or more of 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 money market funds issued by domestic securities investment trust enterprises.
- 2.Merger, demerger, acquisition, or transfer of shares.
- 3.Losses from derivatives trading reaching the limits on aggregate losses or losses on individual contracts set out in the procedures adopted by the company.
- 4.Where the type of asset acquired or disposed is equipment for business use, the trading counterparty is not a related party, and the transaction amount meets any of the following criteria:
 - A.For the company whose paid-in capital is less than NT\$10 billion, the transaction amount reaches NT\$500 million or more.
 - B.For the company whose paid-in capital is NT\$10 billion or more, the transaction amount reaches NT\$1 billion or more.
- 5.Where land is acquired under an arrangement on engaging others to build on the company's own land, engaging others to build on rented land, joint construction and allocation of housing units, joint construction and allocation of ownership percentages, or joint construction and separate sale, and the amount the company expects to invest in the transaction reaches NT\$500 million.
- 6.Where an asset transaction other than any of those referred to in the preceding five subparagraphs, a disposal of receivables by a financial institution, or an investment in the mainland China area reaches 20 percent or more of paid-in capital or NT\$300 million; provided, this shall not apply to the following circumstances:

- A.Trading of government bonds.
- B.Securities trading by investment professionals on foreign or domestic securities exchanges or over-the-counter markets, or subscription by investment professionals of ordinary corporate bonds or of general bank debentures without equity characteristics that are offered and issued in the domestic primary market, 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.
- C.Trading of bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises.

The amount of transactions above shall be calculated as follows:

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

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

The company shall compile monthly reports on the status of derivatives trading engaged in up to the end of the preceding month by the company and any subsidiaries that are not domestic public companies and enter the information in the prescribed format into the information reporting website designated by the FSC by the 10th day of each month.

When the company at the time of public announcement makes an error or omission in an item required by regulations to be publicly announced and so is required to correct it, all the items shall be again publicly announced and reported in their entirety within two days counting inclusively from the date of knowing of such error or omission.

The company acquiring or disposing of assets shall keep all relevant contracts, meeting minutes, log books, appraisal reports and CPA, attorney, and securities underwriter opinions at the company, where they shall be retained for 5 years except where another act provides otherwise.

Article 28 Where any of the following circumstances occurs with respect to a transaction that a public company has already publicly announced and reported in accordance with the preceding article, a public report of relevant information shall be made on the information reporting website designated by the FSC within 2 days counting inclusively from the date of occurrence of the event:

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

Chapter VII Additional Provisions

Article 29 Information required to be publicly announced and reported in accordance with the provisions of the preceding Chapter on acquisitions and disposals of assets by the company's subsidiary that is not itself a public company in Taiwan shall be reported by the company.

The paid-in capital or total assets of the company shall be the standard for determining whether or not a subsidiary referred to in the preceding paragraph is subject to Article 27, paragraph 1 requiring a public announcement and regulatory filing in the event the type of transaction specified therein reaches 20 percent of paid-in capital or 10 percent of the total assets.

Article 29-2 For the calculation of 10 percent of total assets under these procedure is calculated based on the total assets in the company's most recent individual financial report.

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.

Article 30 Anyone who violates the procedures and the “Acquisition and Disposal of Assets by Public Companies” of the FSC shall be considered in accordance with the company's working rules and staff service treatment methods.

Article 31 With respect to the company's acquisition or disposal of assets that is subject to the approval of the board of directors under the company's procedures or other laws or regulations, if a 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.

When a transaction involving the acquisition or disposal of assets is submitted for discussion by the board of directors pursuant to the preceding paragraph, the board of directors shall take into full consideration each independent director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be

recorded in the minutes of the board of directors meeting.

Any transaction involving major assets or derivatives shall be approved by more than half of all audit committee members and submitted to the board of directors for a resolution, and shall be subject to mutatis mutandis application of Article 11, paragraphs 5 and 6.

Article 32 The company acquisition and disposal of assets and shall handle it in accordance with the provisions of this procedure. However, other laws and regulations provide for it. If there are any unfinished matters in this procedure, it shall be handled in accordance with the relevant laws and regulations and the relevant operational requirements of the company.

Article 33 This procedure is approved by the Audit Committee and approved by the Board of Directors and submitted to the Shareholders' Meeting for approval.

(Appendix No.4)

The Shanghai Commercial & Savings Bank,Ltd.

Shareholding of Directors

Book closure date: 04 16, 2019

Position	Name	Current shareholding	Representative of juridical person
Chairman	Hung-Ching Yung	16,106,615	
Managing Director	Ching-Yen Lee	5,749,271	
Managing Director	Yih-Pin Chen	11,405,096	
Managing Director (Independent Director)	Yung-San Lee	0	
Director	Chu-Kuen Yung	2,951,223	
Director	Con-Sing Yung	110,984,255	Magnetic Holdings Limited
Director	Chao-Chi Gu	10,319,136	
Director	Kar-Wah Cheng	6,343,825	
Director	Yi-Jen Chiou	2,542,565	
Director	Shan-Chung Chen	1,205,665	
Independent Director	King-Hu Hsieh	0	
Independent Director	Mu-Tsai,Chen	0	

Note 1: The minimum required combined shareholding of all directors by law: 98,438,475 shares.

The combined shareholding of all directors on the book closure date: 167,607,651 shares.

Note 2: The shares held by independent directors and independent supervisors shall not be counted in the calculation of director and supervisor shareholdings.

(Appendix No.5)

Other information should be disclosed

1. Compensation of directors and employees :

(A) The amount of directors' remuneration and employee compensation :

Please see page 9 of this manual for details.

(B) the discrepancy between that amount and the estimated figure for the fiscal year these expenses are recognized : None

(C) the discrepancy, cause, and how it is treated : Not applicable

2. Effect upon business performance and earnings per share of any stock

dividend distribution proposed or the return on investment of shareholder :

Not applicable

(The company has not disclosed financial forecasts for 2019, so it is impossible to estimate profit or loss, earnings per share or proposed data.)