

Stock symbol: 2496

# **Success Prime Corporation**

## **2022 Annual Shareholders' Meeting (On-Site)**

# **Handbook**

(Translation)

June 9, 2022

14F, No. 17, Xuchang Street, Zhongzeng District, Taipei City

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**Success Prime Corporation**  
**2022 Annual Shareholders' Meeting Procedure**

- 1. Call the Meeting to Order**
- 2. Message from the Chairman**
- 3. Reporting matters**
- 4. Acknowledgements**
- 5. Discussions**
- 6. Elections**
- 7. Others**
- 8. Motions**
- 9. Adjournment**

# **Success Prime Corporation**

## **2022 Annual Shareholders' Meeting Agenda**

- 1. Time: 2022. 06. 09 (Thursday) 10 a.m.**
- 2. Place: 14F, No. 17, Xuchang Street, Zhongzeng District, Taipei City**
- 3. Chairman Call Meeting to Order**
- 4. Message from the Chairman**
- 5. Reporting matters**
  - (1) The Company's 2021 Annual Business Report.
  - (2) Audit Committee's Review Report of 2021 Audited Financial Statements.
  - (3) Report on the 2021 Compensation Distribution of Employees and Directors.
- 6. Acknowledgements**
  - (1) Proposal for the 2021 Business Report and Financial Statements.
  - (2) Proposal for Distribution of 2021 Profits.
- 7. Discussions**
  - (1) Capital reserve transfer to distribution of cash dividend proposal.
  - (2) Amendment of the Company's Article of Incorporation.
  - (3) Amendment of the "Procedure Rules for Acquisition or Disposal of Assets".
  - (4) Amendment of "Procedures for Engaging in Financial Derivatives Transactions".
- 8. Elections:** Election of the 13th term Board of Directors (incl. Independent Directors).
- 9. Others:** Release of Directors' (incl. Independent Directors) Non-Competition Obligation
- 10. Motions**
- 11. Adjournment**

# Reporting Matters

## **1. The Company's 2021 Annual Business Report.**

Explanation: The 2021 Business Report is attached as pp. [8-10], Attachment 1.

## **2. Audit Committee's Review Report of 2021 Audited Financial Statements.**

Explanation: Audit Committee's Review Report is attached as pp. [11], Attachment 2.

## **3. Report on the 2021 Compensation Distribution of Employees and Directors.**

Explanation:

- (1) According to Article 20 of the Company's Articles of Incorporation:  
If Company makes profit in the year, Employees compensation should be no less than 3%, Directors' compensation should not exceed 5%.
- (2) In accordance with the Company's 2021 Net Income of NT\$ 67,347,726, the compensation is distributed in cash with NT\$ 2,020,432 as Employees compensation (3%) and NT\$ 1,010,216 as Directors compensation (1.5%).

# Acknowledgements

## 1. (Proposed by the Board)

Proposal: Adoption of the 2021 Business Report and Financial Statements

Explanation:

- (1) The Company's 2021 Business Report and Financial Statements have been approved by the Board and examined by the audit committee, the Financial Statements were audited by independent auditors, Jin-Chuan Shi and Yung-Ming Chiu auditors of Deloitte, review reports were formulated.
- (2) 2021 Business Report, Independent Auditors' Report and Financial Statements are attached as follow pp. [8-10] Attachment 1, pp. [12-21] Attachment 3, and pp. [22-30] Attachment 4.

Resolution:

## 2. (Proposed by the Board)

Proposal: Adoption of the Proposal for Distribution of 2021 Profits.

Explanation:

- (1) The 2021 Profit Distribution Table is attached as pp. [31], Attachment 5.
- (2) Within 2021 retained earnings for distribution, NT\$ 41,629,368 is set aside as dividends to shareholders, according to Shareholders and their number of shares held in the shareholder list on the ex-dividend date, a cash dividend of NT\$ 2.2 per share is proposed, and figures are calculated up to integer. The total fractional amount of distribution under NT\$1 is listed in other income.
- (3) The base and issuance date of the cash dividend distribution, Company decision of treasury stock repurchases and other reasons may impose considerable effect on the circulation of outstanding shares, which result in fluctuating dividend rates and other consequences that may require immediate adjustments. The Board Chairman shall be authorized to conduct these adjustments after the approval of the shareholder's meeting.

Resolution:

# Discussions

## 1. (Proposed by the Board)

Proposal: Capital surplus transfer to distribution of cash dividend proposal, please proceed to discuss.

Explanation:

- (1) The Company intends to withdraw NT\$ 15,137,952 from the capital surplus of shares issued at a premium over the par value in the previous year. The cash dividend of NT\$0.8 will be distributed and will be rounded down to the next NT\$1. The total fractional amount of distribution under NT\$1 is listed in other income.
- (2) The base and issuance date of the capital reserve, Company decision of treasury stock repurchases and other reasons may impose considerable effect on the circulation of outstanding shares, which result in fluctuating dividend rates and other consequences that may require immediate adjustments. The Board Chairman shall be authorized to conduct these adjustments after the approval of the shareholder's meeting.

Resolution:

## 2. (Proposed by the Board)

Proposal: Amendment of the Company's Article of Incorporation, please proceed to discuss.

Explanation:

- (1) In compliance with the regulation amendments by the Financial Supervisory Commission, it is hereby proposed to amend some provisions of the Company's Articles of Incorporation. The comparison chart for the Company's Articles of Incorporation is attached hereto as Attachment 6 (see pp. 32-34 for details).

Resolution:

## 3. (Proposed by the Board)

Proposal: Approval of amending the Company's "Procedure Rules for Acquisition or Disposal of Assets."

Explanation:

- (1) In compliance with the regulation amendments by the Financial Supervisory Commission, it is hereby proposed to amend the Company's "Procedure Rules for Acquisition or Disposal of Assets" ("Procedure"). The comparison chart for the "Procedure Rules for Acquisition or Disposal of Assets" is attached hereto as Attachment 7 (see pp. 35-50 for details).

Resolution:

## 4. (Proposed by the Board)

Proposal: Approval of amending the Company's "Procedures for Engaging in Financial Derivatives Transactions"

Explanation:

- (2) In compliance with the regulation amendments by the Financial Supervisory Commission, it is hereby proposed to amend the Company's "Procedures for Engaging in Financial Derivatives Transactions". The comparison chart for the "Procedures for Engaging in Financial Derivatives Transactions" is attached hereto as Attachment 8 (see pp. 51-53 for details).

Resolution:

## **Elections**

### **1. (Proposed by the Board)**

Proposal: To elect the Board of Directors of the 13<sup>th</sup> term.

Explanation:

- (1) The tenure of the directors of the 12th term has expired on May 2, 2022, it is hereby proposed to the 2022 Annual Shareholders Meeting to elect the board of directors (including independent directors) of the 13<sup>th</sup> term.
- (2) According to the Company's Article of Incorporation, the Board of Directors are composed of five to nine directors, including no less than three independent directors, elected by the shareholders from duly nominated candidates. As such, it is hereby proposed to elect nine directors, including three independent directors at 2022 Annual General Meeting (AGM).
- (3) The newly elected directors (incl. independent directors) will be on board immediately after the 2022 AGM is adjourned, the tenure of the 13<sup>th</sup> term directors shall begin from June 9, 2022 to June 8, 2025, 3 years tenure. The tenure of 12<sup>th</sup> term directors will elapse after 2022 AGM.
- (4) The information of Director and Independent Director candidates proposed by law is attached hereto as Attachment 9 (see pp. 54-56).

Resolution:

## **Others**

### **1. (Proposed by the Board)**

Proposal: Approval of releasing the non-competition obligation of the Directors of the 13<sup>th</sup> term.

Explanation:

- (1) Article 209 of Company Act provides that "A director, who does anything for himself or on behalf of another person that is within the scope of the Company's business, shall explain to the meeting of shareholders the essential contents of such acts for the approval."
- (2) In consideration of the election of the directors of the 13<sup>th</sup> term and pursuant to Article 209 of Company Act, it's hereby proposed to submit to the 2022 AGM for approval of releasing the Directors' competition restriction after the explanation of the competitive activities of the respective Board of Directors.
- (3) The summary of concurrent post activities of the respective Director candidates of the 13<sup>th</sup> term is attached hereto as Attachment 10 (see pp. 57 for details).

Resolution:



**Motions**

**Adjournment**

(Attachment 1)

## Success Prime Corporation 2021 Annual Business Report

With the domestic epidemic outbreak in May 2021, nationwide level 3 alert policy is implemented after Junior High Assessment on May 18, 2021. The Ministry of Education announced that schools, after-school cares, and cram schools would stop on-site classes, classes have switched to live broadcast or live recordings to avoid impact on students' learning progress and maintain Company's business performance. As there are less part-time staff required on-site, the part-time salary expense was reduced, hence the 2021 operating profit performance is better than that of 2020. As the epidemic eased in early September, on-site teaching gradually resumed with social distancing seating policy and student number control policy. With the removal of optical fiber entity, Success Prime Corporation is more focused on the integration and growth of Education sector, nurturing more business opportunities within the same industry. Despite the impact of the pandemic, the Company delivered remarkable results and a stable performance in 2021.

### 1. 2021 Annual Business Report

#### (1) Business Plan Outcome

The consolidated net operating income in 2021 is NT\$661,920 thousand, which is 14.74% lower than 2020 figure of NT\$776,397 thousand. The consolidated net profit attributable to the parent Company only in 2021 is NT\$56,900 thousand, which declined by 8.57% compared to 2020 figure of NT\$62,234 thousand. The decrease in consolidated net operating income was mainly attributable to the impact of the disposal of the optical fiber subsidiary in July 2020; the decrease in consolidated net profit was mainly attributable to the recognition of impairment losses of subsidiaries in China.

#### (2) Budget Implementation: The Company has not disclosed financial forecasts.

#### (3) Analysis of Financial Income, Expenditure and Profitability

Units: NT\$ Thousand; %

Item/Year			Consolidated		Individual	
			2021	2020	2021	2020
Income and expenditure	Operating Income		77,212	71,543	33,098	26,789
	Non-operating Income and Expenses		(2,956)	12,261	31,219	47,291
	Pre-tax Income		74,256	83,804	64,317	74,080
	Net Income		56,623	62,913	56,900	62,234
Analysis of profitability	Return on asset		4.71	4.78	6.81	6.67
	Return on equity		7.07	7.84	7.14	7.81
	Pre-tax Income		38.87	43.68	33.67	38.61
	Net Profit Margin		8.55	8.10	26.09	19.24
	Earnings per share (basic)	Non-adjusted	3.02	3.30	3.02	3.30
		Adjusted	-	-	-	-

#### (4) Research and Development

The Corporation's main business is education service with faculty and curriculum management for primary and secondary education, there is no R&D fee investments in 2021.

## 2. 2022 Business Plan Prospects

### (1) Operation Strategy

A. Establish the K12 Integrated Education platform in accordance to 2019 Education Curriculum and STEM trend, and expand new business projects.

(a) To continue promote "Chen Li Education's" high school curriculum tutorials, but also fully drive the educational sales for middle school and elementary STEM education division, adding new hybrid courses for resume certifications and new assessments.

(b) Develop the possibility of vertical integration and cross-industry cooperation, so that products and services can drive more revenue and profits.

### B. Digital Products and Courses

The new digital system with new products and courses based on elementary school thinking and mathematics is promoted through elementary alliance schools and authorized schools. Chen Li Education provides various tutorial subjects ranging from Mathematics, Science and Language studies. With comprehensive unified faculty training, Chen Li Education can quickly roll out high quality teaching via online and offline channels. The rapid expansion and course replication helps grow Company's net income.

### C. Deepening the Enterprise Management

Nurture and develop outstanding talents who align with Chen Li Education's objectives, through their participation in process of decision-making and leading the future direction, they can help with the management and operations of the enterprise, manage post-investment operations after M&A, for enterprise to create another growth momentum.

### (2) Sales Volume Forecast and Basis

In addition to continuing to expand the scale of domestic sales, the Company will actively expand diversified sale channels and acquire greater market shares. The growth rate of middle school business is estimated to be 10%, and the elementary school business is expected to be 3 times of the growth rate compared to last year's figure. The expected growth rate from joint alliance and franchise schools can be determined from the cooperation contract.

### (3) Important Production and Marketing Policies

In response to the outbreak of the epidemic, education institutions that are previously focuses on on-site teaching, has rapidly developed online digital division. In addition to service-based online tutoring and online Q&A, it also incorporates with the national 2019 syllabus to develop multiple courses such as resume interviews, learning credential, and independent learning. The Corporation has established a three-teachers mechanism to utilize online teachers, on-site teachers, and supervise teachers to manage the scattered students in each branch school, and continue to expand business in new districts using new innovative cooperation model.

The 'Chen Li ELEM', specially designed for kindergarten and primary schools, has built strategic alliance with other primary education institutions and elite private schools to promote mathematics, along with hands-on projected based education. The new product differentiation and strategic partnerships has led the corporation to grow new competitive advantage within education industry. With the market reputation and

sales performance grow together simultaneously, it is a promising growth driver for the Corporation in the future.

### **3. Impact from Future Development Strategies, External Market Environment, Legal Environment, and Global Environment**

The cram school education industry is a licensed industry regulated by the central government and approved by the municipal government. Our corporate value is to operate legally and pay meticulous attention to public safety, which all of our business operating locations fit all the legal criteria.

The pandemic has accelerated the new norm of online education, we increased the ratio of online classes vs. offline to accommodate the 2019 national curriculum two-wave interviews, learning credential, and independent learning. The expansion of the "One School District, One Chen Li" in various channels, provision of digital platform, new courses such as thinking dimension, hands-on project-based experiments, extra-curricular courses and winter and summer vacation camps, and improvements of teacher training and high retention rate, all serve to generate high academic performances and business profit. The combination of strategic partnerships has become a key growth driver which is expected to drive the corporation to another peak.

The corporation will try its best to generate more revenue streams, and we hope to reward the shareholders for their many years of support with better operating results.

Chairman: Min-Chun Chen

General Manager: Shu-Ling Tseng

Accounting Manager: Xiang-Yi Luo

**(Attachment 2)**

**Success Prime Corporation  
Audit Committee's Review Report**

The Board of Directors has prepared the Company's 2021 Business Report, Consolidated and Subsidiary Financial Statements, and distribution of earnings proposal. Accountants Jin-Chuan Shi and Yung-Ming Chiu of CPA firm of Deloitte & Touche was retained to audit SPC's Financial Statements and has issued an audit report relating to the Financial Statements. The Business Report, Financial Statements, and earnings allocation proposal have been reviewed and determined to be correct and accurate by the Audit Committee members of Success Prime Corporation. According to relevant requirements of the Securities and Exchange Act (Article 14-4) and the Corporate Law (Article 219), we hereby submit this report.

To SPC 2022 Shareholders' Meeting

2022 Audit Committee Convener: Bing- Quan Shi

March, 9, 2022

**(Attachment 3)**

**INDEPENDENT AUDITORS' REPORT**

The Board of Directors and Shareholders  
Success Prime Corporation

**Opinion**

We have audited the accompanying consolidated financial statements of Success Prime Corporation and its subsidiaries (collectively referred to as the “Group”), which comprise the consolidated balance sheets as of December 31, 2021 and 2020, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the “consolidated financial statements”).

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2021 and 2020, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

**Basis for Opinion**

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. 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, 2021. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters

Key audit matters of 2021 Success Prime Corporation consolidated financial statements are described as follow:

### Revenue Recognition of Education Services

Success Prime Corporation's main source of business revenue is from education service, note on its revenue recognition policy please refer to the Consolidated Financial Report Note 4(15). The revenue recognition of the Success Prime Corp. Education Service, collect student prepaid full tuition payment, then calculated and recognized as revenue according to the actual teaching timeline of the course. Due to the wide range of education service revenue from various courses offered, and the large volume of transactions, the auditors believe that the correctness of the revenue calculation from education services may possess potential risks and therefore list it as a key audit matter.

The audit procedure by the Auditors is as follows:

1. Understand and test the effectiveness of the design and implementation of the main internal control system for the calculation process of education service revenue.
2. Verify the correctness of the information related to the Education Service Revenue statement used by the Success Prime Corp., including random spot check on the collection of student tuition matches the prepaid account amount, and check on the consistency between the teaching time periods used for revenue amortization and actual class syllabus schedule.
3. Test the validity of the calculation formulas of the tuition distribution calculation and re-verify the correctness of the calculation spreadsheet.

### Assessment of Goodwill and Trademark Impairment

The Goodwill and Trademark rights of the Success Prime Corp. are considered as significant assets, displaying high value amount in the consolidated balance sheet. In accordance with the IFRS Article 36 regulation on "impairment of assets", Success Prime Corp. shall conduct annual impairment testing of Goodwill and Trademark rights, as well as measure the recoverable amount of Goodwill and Trademark rights. When the Management is deciding future operating cash flows, the consideration will base on future business outlook of the projected sales growth rate and profit margin, and calculate the weighted average capital cost rate as the discount rate. As these estimations and judgments of assumptions and management subjective views might be affected by high uncertainty of future markets or economic conditions, they are classified as key audit matters. The disclosure of relevant accounting policies and information of Goodwill and Trademark rights, please refer to the Consolidated Financial Statements Note 4(10), 5 and 14.

The main verification procedures by the accountant for Management impairment assessment of Goodwill and Trademark rights as follows:

1. Assess the professional qualifications, suitability and independence of external independent evaluation experts entrusted by Management to assist the impairment tests implementation, identifying items that imposes no effect on their objectivity and no limit on the scope of their work, and that the methods used by the evaluators use are in compliance with regulations.
2. Understand the process and basis of revenue growth rate and profit margin projected by Management to estimate future operational outlook, and whether it takes into account the recent operation results, historical trends and industry profile.
3. Evaluate the recoverable amount calculated by the management base on the value of use model, the weighted average cost rate used, including the assumptions of risk-free compensation interest rate, volatility and overpayment risk, and whether it is consistent with Company's current status and its industry conditions, then re-execute and verify the calculations.

**Other Matters**

Success Prime Corporation has prepared 2021 and 2020 parent company only financial statements and an Audit Report has been issued by the Auditors, for reference.

**Responsibility of Management and Governance Units over the Consolidated Financial Statements**

The responsibility of the Management is to formulate the Consolidated Financial Statements in accordance to the financial reports preparation guidelines by securities issuer and be approved by the Financial Supervisory Commission; to release Consolidated Financial Statements that is prepared through effective international Financial Reporting Standards, International accounting standards, and permissible interpretation notices; to maintain the necessary internal controls relating to the preparation of Consolidated Financial Statements, ensuring that the Consolidated Financial Statements do not contain significant false representations of fraud or error.

In preparing the Consolidated Financial Statements, the responsibilities of the management also include assessing the ability of the Success Prime Corp. to sustain its operations, the disclosure of related matters, and the adoption of the accounting basis for sustainable operations, unless the Management intends to liquidate Success Prime Corp. or terminate business, or other options that are not practical besides than liquidation or closure.

The governance unit of the Success Prime Corp. (the Audit Committee included) has the responsibility to supervise financial reporting procedures.

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

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

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

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



to draw attention in our 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 Company 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 appropriate audit evidence regarding the financial information of the entities or business activities within the Company 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, 2021 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 Jin-Chuan Shi and Yung-Ming Chiu.

Deloitte & Touche  
Taipei, Taiwan  
Republic of China  
March 9, 2022

#### Notice to Readers

*The accompanying consolidated financial statements are intended only to present the consolidated financial position, financial performance and cash flows in accordance with accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such consolidated financial statements are those generally applied in the Republic of China. For the convenience of readers, the independent auditors' report and the accompanying consolidated financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' report and consolidated financial statements shall prevail.*

# SUCCESS PRIME CORPORATION AND SUBSIDIARIES

## CONSOLIDATED BALANCE SHEETS

DECEMBER 31, 2021 AND 2020

(In Thousands of New Taiwan Dollars)

ASSETS	December 31, 2021		December 31, 2020	
	Amount	%	Amount	%
Current assets				
Cash and cash equivalents	\$ 227,721	19	\$ 182,752	14
Financial assets measured at amortized cost	16,331	1	17,265	1
Notes receivables	91	-	325	-
Accounts receivables	3,728	-	6,938	1
Accounts receivables- related parties	1,313	-	5,704	-
Other receivables	630	-	2,902	-
Current income tax assets	6,947	1	6,652	1
Inventories	3,296	-	2,516	-
Other current assets	5,911	1	6,598	1
Total current assets	<u>265,968</u>	<u>22</u>	<u>231,652</u>	<u>18</u>
Non-current assets				
Financial assets measured at fair value through other comprehensive income	4,900	-	4,500	-
Financial assets measured at amortized cost	4,920	-	4,860	-
Property, plant and equipment	287,490	24	294,015	23
Right-of-use assets	100,149	8	105,685	8
Trademarks	404,144	33	404,144	32
Goodwill	81,419	7	81,419	7
Computer software	6,660	1	9,225	1
Deferred income tax assets	22,517	2	30,723	3
Cash surrender value of term life insurance	23,063	2	83,197	7
Other non-current assets	13,458	1	14,083	1
Total non-current assets	<u>948,720</u>	<u>78</u>	<u>1,031,851</u>	<u>82</u>
Total assets	<u>\$ 1,214,688</u>	<u>100</u>	<u>\$ 1,263,503</u>	<u>100</u>
LIABILITIES AND EQUITY				
Current liabilities				
Short-term borrowings	\$ 10,000	1	\$ -	-
Contract liabilities- current	238,719	19	239,978	19
Notes payables	340	-	29	-
Accounts payables	21,264	2	20,946	2
Other payables	35,149	3	43,119	3
Current income tax liabilities	11,253	1	12,806	1
Lease liabilities-current	32,637	3	45,184	4
Current portion of long-term borrowings	-	-	2,430	-
Other current liabilities	2,749	-	2,199	-
Total current liabilities	<u>352,111</u>	<u>29</u>	<u>366,691</u>	<u>29</u>
Non-current liabilities				
Long-term borrowings	-	-	19,440	2
Provisions	1,540	-	1,620	-
Deferred income tax liabilities	2,377	-	2,397	-
Lease liabilities- non-current	68,868	6	61,908	5
Total non-current liabilities	<u>72,785</u>	<u>6</u>	<u>85,365</u>	<u>7</u>
Total liabilities	<u>424,896</u>	<u>35</u>	<u>452,056</u>	<u>36</u>
Equity attributable to shareholders of the Company				
Ordinary shares	191,004	16	191,854	15
Capital surplus	309,100	25	341,190	27
Retained earnings				
Legal reserve	39,992	3	33,966	3
Special reserve	2,392	-	2,600	-
Unappropriated retained earnings	258,907	22	274,945	22
Total retained earnings	<u>301,291</u>	<u>25</u>	<u>311,511</u>	<u>25</u>
Other equity	( 2,522 )	-	( 2,392 )	-
Treasury shares	( 12,406 )	( 1 )	( 34,362 )	( 3 )
Total equity attributable to owners of the Company	<u>786,467</u>	<u>65</u>	<u>807,801</u>	<u>64</u>
Non-controlling interests	<u>3,325</u>	<u>-</u>	<u>3,646</u>	<u>-</u>
Total equity	<u>789,792</u>	<u>65</u>	<u>811,447</u>	<u>64</u>
Total liabilities and equity	<u>\$ 1,214,688</u>	<u>100</u>	<u>\$ 1,263,503</u>	<u>100</u>

# SUCCESS PRIME CORPORATION AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2021		2020	
	Amount	%	Amount	%
Operating revenue				
Sales revenue	\$ 2,107	-	\$ 109,759	14
Service revenue	659,813	100	666,638	86
Total operating revenue	<u>661,920</u>	<u>100</u>	<u>776,397</u>	<u>100</u>
Operating costs				
Cost of sales	1,285	-	74,499	10
Cost of services	340,114	51	329,926	42
Total operating costs	<u>341,399</u>	<u>51</u>	<u>404,425</u>	<u>52</u>
Gross profit	<u>320,521</u>	<u>49</u>	<u>371,972</u>	<u>48</u>
Operating expenses				
Marketing expenses	50,864	8	73,440	10
General and administrative expenses	192,445	29	212,885	27
Research and development expenses	-	-	14,104	2
Total operating expenses	<u>243,309</u>	<u>37</u>	<u>300,429</u>	<u>39</u>
Net Income from operations	<u>77,212</u>	<u>12</u>	<u>71,543</u>	<u>9</u>
Non-operating income and expenses				
Other income	10,061	1	6,564	1
Other gains and losses	( 11,291 )	( 2 )	8,774	1
Finance costs	( 2,119 )	-	( 3,647 )	-
Interest revenue	393	-	570	-
Total non-operating income and expenses	<u>( 2,956 )</u>	<u>( 1 )</u>	<u>12,261</u>	<u>2</u>

( Continued )

( Continued )

	2021		2020	
	Amount	%	Amount	%
Income before income tax	\$ 74,256	11	\$ 83,804	11
Income tax expense	( 17,633 )	( 2 )	( 20,891 )	( 3 )
Net income for the year	<u>56,623</u>	<u>9</u>	<u>62,913</u>	<u>8</u>
Other comprehensive income (loss)				
Items that will not be reclassified subsequently to profit or loss:				
Income tax relating to items that will not be reclassified subsequently to profit or loss	<u>-</u>	<u>-</u>	<u>650</u>	<u>-</u>
	<u>-</u>	<u>-</u>	<u>650</u>	<u>-</u>
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating foreign operations	( 130 )	-	<u>208</u>	<u>-</u>
Other comprehensive income (loss) for the year, net of income tax	( 130 )	-	<u>858</u>	<u>-</u>
Total comprehensive income for the year	<u>\$ 56,493</u>	<u>9</u>	<u>\$ 63,771</u>	<u>8</u>
Net income (loss) attributable to:				
Shareholders of the parent	\$ 56,900	9	\$ 62,234	8
Non-controlling interests	( 277 )	-	<u>679</u>	<u>-</u>
	<u>\$ 56,623</u>	<u>9</u>	<u>\$ 62,913</u>	<u>8</u>
Total comprehensive income (loss) attributable to:				
Shareholders of the parent	\$ 56,770	9	\$ 63,092	8
Non-controlling interests	( 277 )	-	<u>679</u>	<u>-</u>
	<u>\$ 56,493</u>	<u>9</u>	<u>\$ 63,771</u>	<u>8</u>
Earnings per share				
Basic	<u>\$ 3.02</u>		<u>\$ 3.30</u>	
Diluted	<u>\$ 3.02</u>		<u>\$ 3.29</u>	

# SUCCESS PRIME CORPORATION AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020 (In Thousands of New Taiwan Dollars)

	Equity Attributable to Stockholders of the Parent							Other Equity				
	Share Capital		Capital Surplus	Retained Earnings				Exchange differences on translating foreign operations	Treasury Shares	Total	Non-controlling Interests	Total Equity
	Shares (Thousands)	Amount		Legal Reserve	Special Reserve	Unappropriated Earnings	Total					
Balance at January 1, 2020	17,459	\$ 174,594	\$ 367,081	\$ 26,354	\$ 1,611	\$ 240,544	\$ 268,509	( \$ 2,600 )	( \$ 21,956 )	\$ 785,628	\$ 5,918	\$ 791,546
Appropriation of 2019 earnings												
Legal reserve	-	-	-	7,612	-	( 7,612 )	-	-	-	-	-	-
Special reserve	-	-	-	-	989	( 989 )	-	-	-	-	-	-
Cash dividends distributed by the Company - NT\$1 per share	-	-	-	-	-	( 17,260 )	( 17,260 )	-	-	( 17,260 )	-	( 17,260 )
Stock dividends distributed from capital surplus	1,726	17,260	( 17,260 )	-	-	-	-	-	-	-	-	-
Cash dividends distributed from capital surplus- NT\$ 0.5 per share	-	-	( 8,631 )	-	-	-	-	-	-	( 8,631 )	-	( 8,631 )
Changes in ownership interests in subsidiaries	-	-	-	-	-	( 2,622 )	( 2,622 )	-	-	( 2,622 )	( 6,178 )	( 8,800 )
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	3,227	3,227
Net income (loss) for the year ended December 31, 2020	-	-	-	-	-	62,234	62,234	-	-	62,234	679	62,913
Other comprehensive income (loss) for the year ended December 31, 2020, net of income tax	-	-	-	-	-	650	650	208	-	858	-	858
Total comprehensive income (loss) for the year ended December 31, 2020	-	-	-	-	-	62,884	62,884	208	-	63,092	679	63,771
Buy-back of treasury shares	-	-	-	-	-	-	-	-	( 12,406 )	( 12,406 )	-	( 12,406 )
Balance at December 31, 2020	19,185	191,854	341,190	33,966	2,600	274,945	311,511	( 2,392 )	( 34,362 )	807,801	3,646	811,447
Appropriation of 2020 earnings												
Legal reserve	-	-	-	6,026	-	( 6,026 )	-	-	-	-	-	-
Special reserve	-	-	-	-	( 208 )	208	-	-	-	-	-	-
Cash dividends distributed by the Company - NT\$3 per share	-	-	-	-	-	( 56,425 )	( 56,425 )	-	-	( 56,425 )	-	( 56,425 )
Cash dividends distributed from capital surplus- NT\$ 1.5 per share	-	-	( 28,213 )	-	-	-	-	-	-	( 28,213 )	-	( 28,213 )
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	( 44 )	( 44 )
Net income (loss) for the year ended December 31, 2021	-	-	-	-	-	56,900	56,900	-	-	56,900	( 277 )	56,623
Other comprehensive income (loss) for the year ended December 31, 2021, net of income tax	-	-	-	-	-	-	-	( 130 )	-	( 130 )	-	( 130 )
Total comprehensive income (loss) for the year ended December 31, 2021	-	-	-	-	-	56,900	56,900	( 130 )	-	56,770	( 277 )	56,493
Share-based payment transaction— Buy-back of treasury shares	-	-	-	-	-	-	-	-	( 4,727 )	( 4,727 )	-	( 4,727 )
Cancellation of treasury shares	( 85 )	( 850 )	( 3,877 )	-	-	-	-	-	4,727	-	-	-
Share-based payment transaction—Transfer of treasury shares to employees	-	-	-	-	-	( 10,695 )	( 10,695 )	-	21,956	11,261	-	11,261
Balance at December 31, 2021	19,100	\$ 191,004	\$ 309,100	\$ 39,992	\$ 2,392	\$ 258,907	\$ 301,291	( \$ 2,522 )	( \$ 12,406 )	\$ 786,467	\$ 3,325	\$ 789,792

# SUCCESS PRIME CORPORATION AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020 (In Thousands of New Taiwan Dollars)

	2021	2020
Cash flows from operating activities		
Income before income tax	\$ 74,256	\$ 83,804
Adjustments to reconcile profit (loss)		
Depreciation expense	74,392	82,680
Amortization expense	3,365	3,730
Finance costs	2,119	3,647
Decrease in cash surrender value of term life insurance	280	466
Interest income	( 393 )	( 570 )
Share-based compensation cost	3,325	-
Impairment loss	11,739	-
Net loss on inventory valuation	-	536
Net loss on foreign exchange	305	842
Gain on disposal of subsidiary	-	( 9,035 )
Gain on lease modification	( 1,393 )	( 588 )
Loss on the settlement of Labor Retirement Reserve Fund (The Old Fund)	-	2,611
Changes in operating assets and liabilities:		
Notes receivables	234	221
Accounts receivables	3,210	5,635
Accounts receivables- related parties	4,391	( 5,704 )
Other receivables	2,787	( 1,665 )
Inventories	( 780 )	( 13,812 )
Other current assets	687	( 3,598 )
Net defined benefit assets	-	4,051
Notes payable	311	29
Accounts payable	318	3,415
Other payables	( 7,556 )	8,178
Provisions	( 80 )	( 80 )
Contract liabilities	( 1,259 )	( 12,024 )
Other current liabilities	550	( 615 )
Cash generated from operations	170,808	152,154
Interest received	508	545
Interest paid	( 2,119 )	( 3,647 )
Income taxes paid	( 11,295 )	( 11,084 )
Net cash generated from operating activities	157,902	137,968

( Continued )

( Continued )

	2021	2020
Cash flows from investing activities		
Acquisition of financial assets at fair value through other comprehensive income	(\$ 400)	\$ -
Acquisition of financial assets at amortized cost	( 14,860)	( 12,800)
Disposal of financial assets at amortized cost	15,700	-
Net cash inflow from disposal of subsidiary	-	70,618
Acquisition of property, plant and equipment	( 23,497)	( 8,699)
Increase in refundable deposits	( 757)	( 5,998)
Decrease in refundable deposits	857	6,349
Increase in other receivables	( 850)	-
Decrease in other receivables	220	-
Purchases of intangible assets	( 800)	( 658)
Disposal of termination payments of life insurance	<u>59,854</u>	<u>-</u>
Net cash inflow generated from investing activities	<u>35,467</u>	<u>48,812</u>
Cash flows from financing activities		
Increase in short-term loans	45,000	146,000
Decrease in short-term loans	( 35,000)	( 226,000)
Payments of long-term debt	( 21,870)	( 2,430)
Payments of lease liabilities	( 54,757)	( 62,366)
Issuance of cash dividends	( 84,638)	( 25,891)
Payments of treasury shares buy-back	( 4,727)	( 12,406)
Treasury shares buy-back by employees	7,936	-
Acquisition of ownership interests in subsidiaries	-	( 8,800)
Changes in non-controlling interests	( <u>44</u> )	<u>3,227</u>
Net cash used in financing activities	( <u>148,100</u> )	( <u>188,666</u> )
Effect of exchange rate changes on the balance of cash and cash equivalents held in foreign currencies	( <u>300</u> )	( <u>895</u> )
Net increase (decrease) in cash and cash equivalents	44,969	( 2,781)
Cash and cash equivalents at beginning of the year	<u>182,752</u>	<u>185,533</u>
Cash and cash equivalents at end of the year	<u>\$ 227,721</u>	<u>\$ 182,752</u>

## INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders  
Success Prime Corporation

### Opinion

We have audited the accompanying financial statements of Success Prime Corporation (the "Company"), which comprise the balance sheets as of December 31, 2021 and 2020, 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 Company as of December 31, 2021 and 2020, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

### Basis for Opinion

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

### Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements for the year ended December 31, 2021. 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 for the Company's parent company only financial statements for the year ended December 31, 2021 are stated as follows:

#### Investments impairment assessment using the equity method

On each balance sheet date, the management should assess whether there are any signs of impairment of the investments using the equity method. The assessment of whether the book amount has been reduced involves subjective judgments and discounts made by the management



of SPC on its future cash flow forecasts. The current rate and other assumptions are estimated, so the auditors list it as a key audit matter. For the disclosure of relevant accounting policies and relevant information, please refer to Notes 4, 5 and 11 of the Parent Company Only Financial Statements.

Our key audit procedures performed by the Auditors are as follows:

1. We obtained the asset impairment self-evaluation reports by management.
2. We evaluated the reasonableness of the identification of the assets which were considered impaired and the assumptions and sensitivity analysis used in the asset impairment assessments of SPC.

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

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

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

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

### **Auditors' Responsibilities for the Audit of the Parent Company Only 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 Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

1. Identify and assess the risks of material misstatement of the 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 Company's internal control.

3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our 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 Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements for the year ended December 31, 2021 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 Jin-Chuan Shi and Yung-Ming Chiu.

Deloitte & Touche

Taipei, Taiwan

Republic of China

March 9, 2022

Notice to Readers

*The accompanying parent company only financial statements are intended only to present the parent company only financial position, financial performance and cash flows in accordance with accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such parent company only financial statements are those generally applied in the Republic of China. For the convenience of readers, the independent auditors' report and the accompanying parent company only financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' report and parent company only financial statements shall prevail.*

# SUCCESS PRIME CORPORATION

## PARENT COMPANY ONLY BALANCE SHEETS

DECEMBER 31, 2021 AND 2020

(In Thousands of New Taiwan Dollars)

ASSETS	December 31, 2021		December 31, 2020	
	Amount	%	Amount	%
Current assets				
Cash and cash equivalents	\$ 25,861	3	\$ 47,698	5
Financial assets measured at amortized cost	4,900	-	9,800	1
Accounts receivables	66	-	-	-
Accounts receivables- related parties	21,891	3	22,361	3
Current income tax assets	-	-	10	-
Other current assets	54	-	59	-
Total current assets	<u>52,772</u>	<u>6</u>	<u>79,928</u>	<u>9</u>
Non-current assets				
Financial assets measured at fair value through other comprehensive income	4,500	1	4,500	1
Investments accounted for using equity method	711,953	87	713,958	83
Net investment property	32,160	4	32,317	4
Computer software	44	-	119	-
Deferred income tax assets	18,441	2	25,848	3
Total non-current assets	<u>767,098</u>	<u>94</u>	<u>776,742</u>	<u>91</u>
Total assets	<u>\$ 819,870</u>	<u>100</u>	<u>\$ 856,670</u>	<u>100</u>
<b>LIABILITIES AND EQUITY</b>				
Current liabilities				
Short-term borrowings	\$ 10,000	1	\$ -	-
Accounts payables	16,575	2	16,551	2
Accounts payables - related parties	124	-	44	-
Other payables	6,078	1	7,246	1
Current income tax liabilities	-	-	2,469	1
Current portion of long-term borrowings	-	-	2,430	-
Other current liabilities	281	-	344	-
Total current liabilities	<u>33,058</u>	<u>4</u>	<u>29,084</u>	<u>4</u>
Non-current liabilities				
Long-term borrowings	-	-	19,440	2
Deferred income tax liabilities	145	-	145	-
Guarantee deposits received	200	-	200	-
Total non-current liabilities	<u>345</u>	<u>-</u>	<u>19,785</u>	<u>2</u>
Total liabilities	<u>33,403</u>	<u>4</u>	<u>48,869</u>	<u>6</u>
Equity				
Ordinary shares	191,004	23	191,854	22
Capital surplus	309,100	38	341,190	40
Retained earnings				
Legal reserve	39,992	5	33,966	4
Special reserve	2,392	-	2,600	-
Unappropriated retained earnings	258,907	32	274,945	32
Total retained earnings	<u>301,291</u>	<u>37</u>	<u>311,511</u>	<u>36</u>
Other equity	( 2,522 )	-	( 2,392 )	-
Treasury shares	( 12,406 )	( 2 )	( 34,362 )	( 4 )
Total equity	<u>786,467</u>	<u>96</u>	<u>807,801</u>	<u>94</u>
Total liabilities and equity	<u>\$ 819,870</u>	<u>100</u>	<u>\$ 856,670</u>	<u>100</u>

# SUCCESS PRIME CORPORATION

## PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2021		2020	
	Amount	%	Amount	%
Operating revenue				
Sales revenue	\$ -	-	\$ 104,057	32
Service revenue	<u>218,012</u>	<u>100</u>	<u>219,394</u>	<u>68</u>
Total operating revenue	<u>218,012</u>	<u>100</u>	<u>323,451</u>	<u>100</u>
Operating costs				
Cost of sales	-	-	86,152	27
Cost of services	<u>166,845</u>	<u>77</u>	<u>169,365</u>	<u>52</u>
Total operating costs	<u>166,845</u>	<u>77</u>	<u>255,517</u>	<u>79</u>
Gross profit	<u>51,167</u>	<u>23</u>	<u>67,934</u>	<u>21</u>
Operating expenses				
Marketing expenses	-	-	4,657	2
General and administrative expenses	18,069	8	26,483	8
Research and development expenses	<u>-</u>	<u>-</u>	<u>10,005</u>	<u>3</u>
Total operating expenses	<u>18,069</u>	<u>8</u>	<u>41,145</u>	<u>13</u>
Net Income from operations	<u>33,098</u>	<u>15</u>	<u>26,789</u>	<u>8</u>
Non-operating income and expenses				
Other income	3,295	1	5,855	2
Other gains and losses	-	-	9,643	3
Finance costs	( 260 )	-	( 1,379 )	-
Share of profit or loss of subsidiaries	28,132	13	33,109	10
Interest revenue	<u>52</u>	<u>-</u>	<u>63</u>	<u>-</u>
Total non-operating income and expenses	<u>31,219</u>	<u>14</u>	<u>47,291</u>	<u>15</u>

( Continued )

( Continued )

	2021		2020	
	Amount	%	Amount	%
Income before income tax	\$ 64,317	29	\$ 74,080	23
Income tax expense	( 7,417 )	( 3 )	( 11,846 )	( 4 )
Net income for the year	<u>56,900</u>	<u>26</u>	<u>62,234</u>	<u>19</u>
Other comprehensive income (loss)				
Items that will not be reclassified subsequently to profit or loss:				
Income tax relating to items that will not be reclassified subsequently to profit or loss	-	-	650	1
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating foreign operations	( 130 )	-	208	-
Other comprehensive income (loss) for the year, net of income tax	( 130 )	-	858	1
Total comprehensive income for the year	<u>\$ 56,770</u>	<u>26</u>	<u>\$ 63,092</u>	<u>20</u>
Earnings per share				
Basic	<u>\$ 3.02</u>		<u>\$ 3.30</u>	
Diluted	<u>\$ 3.02</u>		<u>\$ 3.29</u>	

# SUCCESS PRIME CORPORATION

## PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

(In Thousands of New Taiwan Dollars)

	Share Capital		Capital Surplus	Retained Earnings				Other Equity	Treasury Shares	Total Equity
	Shares (Thousands)	Amount		Legal Reserve	Special Reserve	Unappropriated Earnings	Total	Exchange differences on translating foreign operations		
Balance at January 1, 2020	17,459	\$ 174,594	\$ 367,081	\$ 26,354	\$ 1,611	\$ 240,544	\$ 268,509	( \$ 2,600 )	( \$ 21,956 )	\$ 785,628
Appropriation of 2019 earnings										
Legal reserve	-	-	-	7,612	-	( 7,612 )	-	-	-	-
Special reserve	-	-	-	-	989	( 989 )	-	-	-	-
Cash dividends distributed by the Company - NTS1 per share	-	-	-	-	-	( 17,260 )	( 17,260 )	-	-	( 17,260 )
Stock dividends distributed from capital surplus	1,726	17,260	( 17,260 )	-	-	-	-	-	-	-
Cash dividends distributed from capital surplus- NTS 0.5 per share	-	-	( 8,631 )	-	-	-	-	-	-	( 8,631 )
Changes in ownership interests in subsidiaries	-	-	-	-	-	( 2,622 )	( 2,622 )	-	-	( 2,622 )
Net income (loss) for the year ended December 31, 2020	-	-	-	-	-	62,234	62,234	-	-	62,234
Other comprehensive income (loss) for the year ended December 31, 2020, net of income tax	-	-	-	-	-	650	650	208	-	858
Total comprehensive income (loss) for the year ended December 31, 2020	-	-	-	-	-	62,884	62,884	208	-	63,092
Buy-back of treasury shares	-	-	-	-	-	-	-	-	( 12,406 )	( 12,406 )
Balance at December 31, 2020	19,185	191,854	341,190	33,966	2,600	274,945	311,511	( 2,392 )	( 34,362 )	807,801
Appropriation of 2020 earnings										
Legal reserve	-	-	-	6,026	-	( 6,026 )	-	-	-	-
Special reserve	-	-	-	-	( 208 )	208	-	-	-	-
Cash dividends distributed by the Company - NTS3 per share	-	-	-	-	-	( 56,425 )	( 56,425 )	-	-	( 56,425 )
Cash dividends distributed from capital surplus- NTS 1.5 per share	-	-	( 28,213 )	-	-	-	-	-	-	( 28,213 )
Net income (loss) for the year ended December 31, 2021	-	-	-	-	-	56,900	56,900	-	-	56,900
Other comprehensive income (loss) for the year ended December 31, 2021, net of income tax	-	-	-	-	-	-	-	( 130 )	-	( 130 )
Total comprehensive income (loss) for the year ended December 31, 2021	-	-	-	-	-	56,900	56,900	( 130 )	-	56,770
Share-based payment transaction—Buy-back of treasury shares	-	-	-	-	-	-	-	-	( 4,727 )	( 4,727 )
Cancellation of treasury shares	( 85 )	( 850 )	( 3,877 )	-	-	-	-	-	4,727	-
Share-based payment transaction—Transfer of treasury shares to employees	-	-	-	-	-	( 10,695 )	( 10,695 )	-	21,956	11,261
Balance at December 31, 2021	19,100	\$ 191,004	\$ 309,100	\$ 39,992	\$ 2,392	\$ 258,907	\$ 301,291	( \$ 2,522 )	( \$ 12,406 )	\$ 786,467

# SUCCESS PRIME CORPORATION

## PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020 (In Thousands of New Taiwan Dollars)

	2021	2020
Cash flows from operating activities		
Income before income tax	\$ 64,317	\$ 74,080
Adjustments to reconcile profit (loss)		
Depreciation expense	157	5,346
Amortization expense	75	381
Finance costs	260	1,379
Interest income	( 52)	( 63)
Share-based compensation cost	551	-
Share of (profit) loss of subsidiaries accounted for using equity method	( 28,132)	( 33,109)
Net loss on inventory valuation	-	536
Net loss on foreign exchange	-	634
Disposal of subsidiary investments gains accounted for using the equity method	-	( 9,035)
Loss on the settlement of Labor Retirement Reserve Fund (The Old Fund)	-	2,611
Changes in operating assets and liabilities:		
Accounts receivables	( 66)	4,240
Accounts receivables- related parties	470	( 2,614)
Inventories	-	20,335
Other current assets	5	1,135
Net defined benefit assets	-	4,051
Accounts payable	24	24,531
Accounts payable- related parties	80	( 363)
Other payables	( 1,168)	( 25,514)
Other payables- related parties	-	( 56)
Other current liabilities	( 63)	( 619)
Cash generated from operations	36,458	67,886
Interest received	52	63
Interest paid	( 260)	( 1,379)
Income taxes paid	( 2,469)	( 2,109)
Net cash generated from operating activities	<u>33,781</u>	<u>64,461</u>

( Continued )

( Continued )

	2021	2020
Cash flows from investing activities		
Acquisition of financial assets at amortized cost	(\$ 4,900)	(\$ 9,800)
Disposal of financial assets at amortized cost	9,800	-
Acquisition of net cash outflow from subsidiary	-	( 14,800)
Net cash inflow from disposal of subsidiary	-	98,000
Acquisition of property, plant and equipment	-	( 2,171)
Increase in refundable deposits	-	( 979)
Dividends received from subsidiaries	32,781	23,938
Net cash outflow from sale of subsidiary	<u>-</u>	<u>( 56,251)</u>
Net cash inflow generated from investing activities	<u>37,681</u>	<u>37,937</u>
Cash flows from financing activities		
Increase in short-term loans	15,000	60,000
Decrease in short-term loans	( 5,000)	( 140,000)
Payments of long-term debt	( 21,870)	( 2,430)
Payments of lease liabilities	-	( 3,437)
Issuance of cash dividends	( 84,638)	( 25,891)
Payments of treasury shares buy-back	( 4,727)	( 12,406)
Treasury shares buy-back by employees	<u>7,936</u>	<u>-</u>
Net cash used in financing activities	<u>( 93,299)</u>	<u>( 124,164)</u>
Effect of exchange rate changes on the balance of cash and cash equivalents held in foreign currencies	<u>-</u>	<u>( 634)</u>
Net decrease in cash and cash equivalents	( 21,837)	( 22,400)
Cash and cash equivalents at beginning of the year	<u>47,698</u>	<u>70,098</u>
Cash and cash equivalents at end of the year	<u>\$ 25,861</u>	<u>\$ 47,698</u>



(Attachment 5)

**Success Prime Corporation**  
**Distribution of Earnings**  
**For the Year Ended December 31, 2021**

Unit: New Taiwan Dollars

Items	Amount
Unappropriated retained earnings- beginning of year	212,701,588
Net Income of 2021	56,900,284
Disposal of treasury shares debited in retained earnings	(10,694,936)
Unappropriated retained earnings- sum of net income and other comprehensive income accounted	46,205,348
Appropriated for 10% Legal Reserve	(4,620,535)
Appropriated for Special Reserve	(130,194)
<b>Retained earnings available for distribution</b>	254,156,207
Distribution Item	
Cash Dividends (NT\$ 2.2)	(41,629,368)
<b>Unappropriated Retained Earnings</b>	212,526,839

Shares Issued	19,100,440
Treasury Shares	<u>(178,000)</u>
Outstanding Shares	<u>18,922,440</u>

Chairman: Min-Chun Chen

General Manager: Shu-Ling Tseng

Accounting Manager: Xiang-Yi Luo

(Attachment 6)

**Success Prime Corporation**  
**The Comparison Chart of Amendments to the**  
**Articles of Incorporation**

Articles	Proposed Amendment	Current Provisions	Reason of Amendment
Article 11	<p>The Company has 5 to <u>12</u> directors, of which the number of independent directors shall not be less than 3, and shall not be less than one-fifth of the total number of directors. The tenure term is three years, candidates are selected from the nominated list during AGM.</p> <p>The board will resolute whether the Company shall purchase liability insurance for directors' legal liability for the execution of business.</p>	<p>The Company has 5 to <u>9</u> directors, of which the number of independent directors shall not be less than 3, and shall not be less than one-fifth of the total number of directors. The tenure term is three years, candidates are selected from the nominated list during AGM.</p> <p>The board will resolute whether the Company shall purchase liability insurance for directors' legal liability for the execution of business.</p>	Increase the maximum number of directors for future needs and flexibility.
Article 20-1	<p><u>The net amount of other equity deductions and the net increase in the fair value of real estate investment accumulated in the previous period should be appropriated for the same amount of Special Reserve from the undistributed earnings. If not enough, net profit after-tax is added to the other items as undistributed earnings for appropriation.</u></p>		In compliance with amendments of Article 41-1 of the Securities and Exchange Act.
Article 20-2	<p>This Corporation shall not pay dividends or bonuses to shareholders when there are no earnings. When allocating the earnings for each fiscal year, the Corporation shall first offset its losses in previous years and set aside a legal capital reserve at 10% of the earnings left over, until the accumulated legal capital reserve has equaled the total capital of the Corporation; then set aside special capital reserve in accordance with relevant laws or regulations or as requested by the</p>	<p>This Corporation shall not pay dividends or bonuses to shareholders when there are no earnings. When allocating the earnings for each fiscal year, the Corporation shall first offset its losses in previous years and set aside a legal capital reserve at 10% of the earnings left over, until the accumulated legal capital reserve has equaled the total capital of the Corporation; then set aside special capital reserve in accordance with relevant laws or regulations or as requested by the</p>	<p>1. Adjust the order of this article in accordance with the new additions and changes in the previous article.</p> <p>2. In compliance with the revision of dividend policy regulations by the Central Authority.</p>

	<p>authorities in charge.</p> <p>After this Corporation has set aside the capital reserves pursuant to the first Paragraph of this Article, the balance left over shall be allocated according to the following principles per resolution of the shareholders' meeting: Earnings may be distributed in total after taking into consideration financial, business and operational factors. Earnings of this Corporation may be distributed by way of cash dividend and/or stock dividend.</p> <p>The Company is in a <u>stable growth stage</u>. The dividend policy will consider the industrial environment and earnings status, future capital expenditure needs and long-term financial planning. If there is any surplus to distribute dividends, <u>the total dividends distributed to shareholders should not be less than 10 % of the current year's earnings minus the adjustments</u>. The proportion of cash dividends shall not be lower than 10% of the total dividends distributed in the current year, and the remaining part shall be distributed in the form of stock dividends.</p>	<p>authorities in charge.</p> <p>After this Corporation has set aside the capital reserves pursuant to the first Paragraph of this Article, the balance left over shall be allocated according to the following principles per resolution of the shareholders' meeting: Earnings may be distributed in total after taking into consideration financial, business and operational factors. Earnings of this Corporation may be distributed by way of cash dividend and/or stock dividend. Since this Corporation is in a <u>capital-intensive industry at the steady growth stage of its business</u>, distribution of earnings shall be made preferably by way of cash dividend. Distribution of earnings may also be made by way of stock dividend, provided however, the ratio for stock dividend shall not be lower than 10% of total distribution.</p>	
Article 20-3	<p><u>If the Company distributes dividends and bonuses or all or part of the Legal Reserve and Capital Reserve through cash distribution, it should be authorized through a board meeting with more than two-thirds of the directors' present and passed voted agreement, and resolution result is reported to the shareholders' meeting.</u></p>		<p>The newly added cash dividends shall be distributed in accordance to the special resolution by the board and reported to the shareholders' meeting.</p>
Article 23	<p>These Articles of Incorporation are agreed to and signed on May 28, 1991</p>	<p>These Articles of Incorporation are agreed to and signed on May 28, 1991</p>	<p>Addition to this revision.</p>

	<p>by all the promoters of the Corporation, and duly amended on:</p> <p>(01) July 9, 1993</p> <p>(02) October 14, 1994</p> <p>(03) April 10, 1996</p> <p>(04) December 5, 1996</p> <p>(05) May 23, 1997</p> <p>(06) May 31, 2000</p> <p>(07) May 2, 2001</p> <p>(08) June 26, 2002</p> <p>(09) June 27, 2003</p> <p>(10) May 27, 2004</p> <p>(11) June 27, 2005</p> <p>(12) April 12, 2006</p> <p>(13) June 8, 2007</p> <p>(14) June 27, 2008</p> <p>(15) October 31, 2008</p> <p>(16) June 25, 2010</p> <p>(17) May 25, 2011</p> <p>(18) May 25, 2012</p> <p>(19) July 31, 2012</p> <p>(20) June 24, 2014</p> <p>(21) May 12, 2015</p> <p>(22) May 9, 2016</p> <p>(23) January 18, 2017</p> <p>(24) June 14, 2018</p> <p>(25) July 1, 2021</p> <p><u>(26) June 9, 2022</u></p>	<p>by all the promoters of the Corporation, and duly amended on:</p> <p>(01) July 9, 1993</p> <p>(02) October 14, 1994</p> <p>(03) April 10, 1996</p> <p>(04) December 5, 1996</p> <p>(05) May 23, 1997</p> <p>(06) May 31, 2000</p> <p>(07) May 2, 2001</p> <p>(08) June 26, 2002</p> <p>(09) June 27, 2003</p> <p>(10) May 27, 2004</p> <p>(11) June 27, 2005</p> <p>(12) April 12, 2006</p> <p>(13) June 8, 2007</p> <p>(14) June 27, 2008</p> <p>(15) October 31, 2008</p> <p>(16) June 25, 2010</p> <p>(17) May 25, 2011</p> <p>(18) May 25, 2012</p> <p>(19) July 31, 2012</p> <p>(20) June 24, 2014</p> <p>(21) May 12, 2015</p> <p>(22) May 9, 2016</p> <p>(23) January 18, 2017</p> <p>(24) June 14, 2018</p> <p>(25) July 1, 2021</p>	
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(Attachment 7)

**Success Prime Corporation**  
**The Comparison Chart for the revised**  
**“Procedure Rules for Acquisition or Disposal of Assets”**

Articles	Amended Article	Original Article	Reason
Article 5	<p><b>【 1 omitted 】</b></p> <p>When issuing an appraisal report or opinion, the personnel referred to in the preceding paragraph shall comply with the <u>self-regulatory rules of their respective allied associations and</u> the following:</p> <ol style="list-style-type: none"><li>1. Before undertaking a case, should carefully evaluate the professional ability, practical experience and independence.</li><li>2. When <u>conducting</u> a case, they shall appropriately plan and execute adequate working procedures, in order to produce a conclusion and use the conclusion as the basis for issuing the report or opinion. The related working procedures, data collected, and conclusion shall be fully and accurately specified in the case working papers.</li><li>3. They shall undertake an item-by-item evaluation of the <u>appropriateness</u> 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.</li><li>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 <u>appropriate and</u> reasonable, and that they have complied with applicable laws and regulations.</li></ol>	<p><b>【 1 omitted 】</b></p> <p>When issuing an appraisal report or opinion, the personnel referred to in the preceding paragraph shall comply with the following:</p> <ol style="list-style-type: none"><li>1. Before undertaking a case, should carefully evaluate the professional ability, practical experience and independence.</li><li>2. When <u>examining</u> a case, they shall appropriately plan and execute adequate working procedures, in order to produce a conclusion and use the conclusion as the basis for issuing the report or opinion. The related working procedures, data collected, and conclusion shall be fully and accurately specified in the case working papers.</li><li>3. They shall undertake an item-by-item evaluation of the <u>comprehensiveness, accuracy,</u> 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.</li><li>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 <u>and accurate</u>, and that they have complied with applicable laws and regulations.</li></ol>	<p>In compliance with related regulation revisions by the Central Authority.</p>
Article 6	<p>The Company shall establish its procedures for the acquisition or disposal of assets in accordance with the provisions of these Regulations. The procedures shall be approved by the board of directors, where the position of independent director has been created in</p>	<p>The Company shall establish its procedures for the acquisition or disposal of assets in accordance with the provisions of these Regulations and shall be approved by the board of directors. <u>If any director expresses dissent and it is contained in the minutes or a written</u></p>	<ol style="list-style-type: none"><li>1. Adjust and delete words such as supervisors according to the actual operating</li></ol>

Articles	Amended Article	Original Article	Reason
	<p>accordance with the provisions of the Act, when the procedures for the acquisition and disposal of assets are 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.</p> <p>Significant assets or derivatives transactions, shall be approved by one-half or more of all audit committee members and submitted to the board of directors for a resolution.</p> <p><u>If approval of one-half or more of all audit committee members as required in the preceding paragraph is not obtained, the procedures may be implemented if approved by two-thirds or more of all directors, and the resolution of the audit committee shall be recorded in the minutes of the board of directors meeting.</u></p> <p><u>The aforementioned terms "all audit committee members" and "all directors" shall be counted as the actual number of persons currently holding those positions.</u></p>	<p><u>statement, the Company shall submit the director's dissenting opinion to each supervisor. Where the position of independent director has been created in accordance with the provisions of the Act, when the procedures for the acquisition and disposal of assets are 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.</u></p> <p><u>Where an audit committee has been established in accordance with the provisions of the Act, significant assets or derivatives transactions shall be approved by one-half or more of all audit committee members and submitted to the board of directors for a resolution.</u></p>	<p>situation.</p> <p>2. Supplementary resolution procedures and calculation methods for resolutions passed by the Board of Directors without the consent of the Audit Committee.</p>
Article 7	<p><b>【Prior omitted】</b></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 and render a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction</p>	<p><b>【Prior omitted】</b></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 <u>in accordance with the provisions of Statement of Auditing Standards No. 20 published by the ROC Accounting</u></p>	<p>In compliance with related regulation revisions by the Central Authority.</p>

Articles	Amended Article	Original Article	Reason
	<p>price regarding the reason for the discrepancy and the appropriateness of the transaction price:</p> <p>(1) The difference between the valuation result and the transaction amount is more than 20% of the transaction amount.</p> <p>(2) The difference between the valuation results of two or more professional appraisers is more than 10% of the transaction amount.</p> <p>【Following Omitted】</p>	<p><u>Research and Development Foundation (ARDF)</u> and render a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price:</p> <p>(1) The difference between the valuation result and the transaction amount is more than 20% of the transaction amount.</p> <p>(2) The difference between the valuation results of two or more professional appraisers is more than 10% of the transaction amount.</p> <p>【Following Omitted】</p>	
Article 8	<p>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. 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 <u>Financial Supervisory Commission (FSC)</u>.</p> <p>Where a public Company acquires or disposes of intangible assets or right-of-use assets thereof or memberships and the transaction amount reach 20 percent or more of paid-in capital or NT\$300 million or more, except in transactions with a</p>	<p>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. <u>If the accountant needs to use an expert reporter, shall be handled in accordance with the provisions of the bulletin No. 20 on Auditing Standards issued by the Accounting Research and Development Foundation.</u> However, this does not apply if the securities are publicly quoted in the active market or otherwise stipulated by the <u>Financial Supervisory Commission of Executive Yuan.</u></p> <p>Where a public Company acquires or disposes of intangible assets or right-of-use assets thereof or memberships and the transaction amount reach 20 percent or more of paid-in capital or NT\$300 million or more, except in transactions with a</p>	<p>1. In compliance with related regulation revisions by the Central Authority.</p> <p>2. Added explanatory text.</p>

Articles	Amended Article	Original Article	Reason
	<p>domestic 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.</p> <p>For the acquisition or disposal of real property, equipment, securities, intangible assets or its right-of-use assets or membership certificates, the calculation of the transaction amount shall be handled in accordance with Article 12. 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.</p>	<p>domestic 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. <u>Accountants should also follow the provisions of the bulletin No.20 on Auditing Standards issued by the Accounting Research and Development Foundation.</u></p> <p>For the acquisition or disposal of real property, equipment, securities, intangible assets or its right-of-use assets or membership certificates, the calculation of the transaction amount shall be handled in accordance with Article 12. 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.</p>	
Article 9	<ol style="list-style-type: none"> <li>When the Company <u>engages</u> 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 preceding Section and this Section. The calculation of the transaction amount referred to in the preceding paragraph shall be made in accordance with Article 8-3 herein.</li> <li>When judging whether a transaction counterparty is a related party, in addition to legal formalities, the substance of the relationship shall also be considered.</li> <li>When the Company <u>intends</u> to</li> </ol>	<ol style="list-style-type: none"> <li>When the Company <u>with</u> 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 preceding Section and this Section. <u>In addition</u>, the calculation of the transaction amount referred to in the preceding paragraph shall be made in accordance with Article 8-3 herein.</li> <li>When judging whether a transaction counterparty is a related party, in addition to legal formalities, the substance of the relationship shall also be considered.</li> <li><u>If</u> the Company <u>intends</u> to acquire or</li> </ol>	<ol style="list-style-type: none"> <li>In compliance with related regulation revisions by the Central Authority.</li> <li>Text correction as appropriate.</li> <li>The first paragraph of the original fourth item is moved to the fifth item, and added the calculation of the revised transaction amount to the transaction submitted to the shareholders meeting for approval.</li> </ol>



Articles	Amended Article	Original Article	Reason
	<p>acquire or dispose of real property or right-of-use assets thereof from or to a related party, or when it intends to acquire or dispose of assets other than real property or right-of-use assets thereof from or to a related party and the transaction amount reaches 20 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 domestic government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises, the Company may not proceed to enter into a transaction contract or make a payment until the following matters have been approved by <u>over half of the audit committee members</u> and the board of directors:</p> <p><b>【(1) to (7) omitted】</b></p> <p>4. With respect to the types of transactions listed below, when to be conducted between the Company and <u>its</u> parent or subsidiaries, or between <u>the Company</u> in which it directly or indirectly holds 100 percent of the issued shares or authorized capital, the Company's board of directors shall 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>dispose of real property or right-of-use assets thereof from or to a related party, or when it intends to acquire or dispose of assets other than real property or right-of-use assets thereof from or to a related party and the transaction amount reaches 20 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 domestic government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises, the Company may not proceed to enter into a transaction contract or make a payment until the following matters have been approved by the audit committee and the board of directors:</p> <p><b>【(1) to (7) omitted】</b></p> <p>4. <u>The calculation of the transaction amounts shall be made in accordance with Article 12, 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 approved by the audit committee or board of directors need not be counted toward the transaction amount.</u></p> <p>With respect to the types of transactions listed below, when to be conducted between a public Company and its parent or subsidiaries, or between <u>its subsidiaries</u> in which it directly or indirectly holds 100 percent of the issued shares or authorized capital, the Company's board of directors shall 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>	

Articles	Amended Article	Original Article	Reason
	<p>(1) Acquisition or disposal of equipment or right-of-use assets thereof held for business use.</p> <p>(2) Acquisition or disposal of real property right-of-use assets held for business use.</p> <p>5. Where the position of independent director has been created in accordance with the provisions of the Act, when a matter is submitted for discussion by the board of directors pursuant to paragraph 3, 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. The matters for which paragraph 3 shall first be approved by one-half or more of all audit committee members and then submitted to the board of directors for a <u>resolution</u>, and shall be subject to mutatis mutandis application of Article <u>6</u>, paragraphs <u>3</u> and <u>4</u>.</p> <p><u>If the Company or a subsidiary thereof that is not a domestic public Company will have a transaction set out in paragraph 3 and the transaction amount will reach 10 percent or more of the Company's total assets, the Company shall submit the materials in all the subparagraphs of paragraph 3 to the shareholders meeting for approval before the transaction contract may be entered into and any payment made. However, this restriction does not apply to transactions between the Company and its parent Company or subsidiaries or between its subsidiaries.</u></p> <p><u>The calculation of the transaction amounts shall be made in accordance with Article 12, and "within the preceding year" as used herein refers</u></p>	<p>(1) Acquisition or disposal of equipment or right-of-use assets thereof held for business use.</p> <p>(2) Acquisition or disposal of real property right-of-use assets held for business use.</p> <p>5. Where the position of independent director has been created in accordance with the provisions of the Act, when a matter is submitted for discussion by the board of directors pursuant to paragraph 3, 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. The matters for which paragraph 3 <u>shall first be recognized by independent directors / audit committee members</u>, approved by one-half or more of all audit committee members and then submitted to the board of directors for a resolution, and shall be subject to mutatis mutandis application of Article <u>18</u>, paragraphs <u>2, 5</u>.</p>	

Articles	Amended Article	Original Article	Reason
	<p><u>to the year preceding the date of occurrence of the current transaction..</u>  <u>Items that have been approved by the shareholders meeting, board of directors and audit committee need not be counted toward the transaction amount.</u></p> <p><b>【 6. Item (1) &amp; (2) omitted】</b></p> <p>(3) The Company that acquires real property or right-of-use assets thereof from a related party and appraises the cost of the real property or right-of-use assets thereof in accordance with the preceding <u>paragraph 6</u> item (1) and (2) shall also engage a CPA to check the appraisal and render a specific opinion.</p> <p>(4) Where the Company acquires real property or right-of-use assets thereof from a related party and one of the following circumstances exists, the acquisition shall be conducted in accordance paragraphs 3, 4 and <u>5</u>, and the <u>current paragraphs</u>' item (1) to (3) do not apply:</p> <ol style="list-style-type: none"> <li>1. The related party acquired the real property or right-of-use assets thereof through inheritance or as a gift.</li> <li>2. More than 5 years will have elapsed from the time the related party signed the contract to obtain the real property or right-of-use assets thereof to the signing date for the current transaction.</li> <li>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.</li> <li>4. The real property right-of-use assets for business use are acquired by <u>the Company</u> with <u>its</u> parent or subsidiaries, or by <u>the</u></li> </ol>	<p><b>【 6. Item (1) &amp; (2) omitted】</b></p> <p>(3) The Company that acquires real property or right-of-use assets thereof from a related party and appraises the cost of the real property or right-of-use assets thereof in accordance with the preceding <u>paragraph 7</u> item (1) and (2) shall also engage a CPA to check the appraisal and render a specific opinion.</p> <p>(4) Where the Company acquires real property or right-of-use assets thereof from a related party and one of the following circumstances exists, the acquisition shall be conducted in accordance paragraphs 3, 4 and <u>6</u>, and <u>paragraph 7</u> item (1) to (3) do not apply:</p> <ol style="list-style-type: none"> <li>1. The related party acquired the real property or right-of-use assets thereof through inheritance or as a gift.</li> <li>2. More than 5 years will have elapsed from the time the related party signed the contract to obtain the real property or right-of-use assets thereof to the signing date for the current transaction.</li> <li>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.</li> <li>4. The real property right-of-use assets for business use are acquired by the <u>public</u> Company with <u>its</u> parent or subsidiaries, or by <u>its</u> subsidiaries in which it</li> </ol>	

Articles	Amended Article	Original Article	Reason
	<p><u>Company</u> in which it directly or indirectly holds 100 percent of the issued shares or authorized capital.</p> <p>7. When the results of the Company's appraisal conducted in accordance with paragraph 1 and paragraph 2 of the <u>preceding</u> Article are uniformly lower than the transaction price, the matter shall be handled in compliance with Article 9 to Article 11. 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>(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>1. Where undeveloped land is appraised in accordance with the means in the <u>preceding</u> 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>2. 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</p>	<p>directly or indirectly holds 100 percent of the issued shares or authorized capital.</p> <p>7. When the results of the Company's appraisal conducted in accordance with paragraph 1 and paragraph 2 of the <u>Article 7</u> are uniformly lower than the transaction price, the matter shall be handled in compliance with Article 10 to Article 12. 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>(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>1. Where undeveloped land is appraised in accordance with the means in the <u>Article 7 item (1)</u>, 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>2. 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</p>	

Articles	Amended Article	Original Article	Reason
	<p>similar after calculation of reasonable price discrepancies in floor or area land prices in accordance with standard property market sale or leasing practices.</p> <p>(2) Where the Company acquiring real property, or obtaining real property right-of-use assets through leasing, 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 a similar size by unrelated parties within the preceding year.</p> <p>【8. omitted】</p> <p>9. Where the Company acquires real property or right-of-use assets thereof from a related party and the results of appraisals conducted in accordance with the Articles <u>6 to 8</u> are uniformly lower than the transaction price, the following steps shall be taken:</p> <p>【(1) and (2) omitted】</p> <p>(3) Actions taken pursuant to the <u>preceding</u> two 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>10. The Company has set aside a special reserve under the <u>preceding</u> paragraph may not utilize the special reserve until it has recognized a loss on decline in market value of the assets it purchased or leased at a premium, or they have been disposed of, or the</p>	<p>reasonable price discrepancies in floor or area land prices in accordance with standard property market sale or leasing practices.</p> <p>3. <u>Other non-related party lease cases within one year of other floors of the same target premises, the transaction conditions are estimated to be equivalent according to the reasonable floor price difference due to the practice of real property leasing.</u></p> <p>(2) Where the Company acquiring real property, or obtaining real property right-of-use assets through leasing, 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 a similar size by unrelated parties within the preceding year.</p> <p>【8. omitted】</p> <p>9. Where the Company acquires real property or right-of-use assets thereof from a related party and the results of appraisals conducted in accordance with the Articles <u>7 and 8</u> are uniformly lower than the transaction price, the following steps shall be taken:</p> <p>【(1) and (2) omitted】</p> <p>(3) Actions taken pursuant to the <u>paragraphs 10 item (1) and (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>10. The Company has set aside a special reserve under the <u>paragraph 10</u> may not utilize the special reserve until it has recognized a loss on decline in market value of the assets it purchased or leased at a premium, or they have been disposed of, or the leasing</p>	

Articles	Amended Article	Original Article	Reason
	<p>leasing contract has been terminated, or adequate compensation has been made, or the status quo ante has been restored, or there is other evidence confirming that there was nothing unreasonable about the transaction, and the FSC has given its consent.</p> <p>11. When the Company obtains real property or right-of-use assets thereof from a related party, it shall also comply with the <u>preceding two</u> paragraphs if there is other evidence indicating that the acquisition was not an arms length transaction.</p>	<p>contract has been terminated, or adequate compensation has been made, or the status quo ante has been restored, or there is other evidence confirming that there was nothing unreasonable about the transaction, and the FSC has given its consent.</p> <p>11. When the Company obtains real property or right-of-use assets thereof from a related party, it shall also comply with <u>paragraph 10 and 11</u> if there is other evidence indicating that the acquisition was not an arms length transaction.</p>	
Article 10	<p>1. When the Company 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. However, the requirement of obtaining an aforesaid opinion on reasonableness issued by an expert may be exempted in the case of a merger by <u>the Company</u> in which it directly or indirectly holds 100 percent of the issued shares or authorized capital, and in the case of a merger between subsidiaries in which the public Company directly or indirectly holds 100 percent of the respective subsidiaries' issued shares or authorized capital.</p> <p>2. 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 <u>preceding</u> paragraph of the</p>	<p>1. When the Company 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. However, the requirement of obtaining an aforesaid opinion on reasonableness issued by an expert may be exempted in the case of a merger by the Company <u>of a subsidiary</u> in which it directly or indirectly holds 100 percent of the issued shares or authorized capital, and in the case of a merger between subsidiaries in which the public Company directly or indirectly holds 100 percent of the respective subsidiaries' issued shares or authorized capital.</p> <p>2. 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 <u>above</u> paragraph of the preceding</p>	Text correction as appropriate.

Articles	Amended Article	Original Article	Reason
	<p>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.</p> <p><b>【3. to 9. omitted】</b></p> <p>10. 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:</p> <p>(1) Handling of breach of contract.</p> <p>(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.</p> <p><b>【(3) to (6) omitted】</b></p> <p>11. 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</p>	<p>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.</p> <p><b>【3. to 9. omitted】</b></p> <p>10. 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:</p> <p>(1) Handling of breach of contract.</p> <p>(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.</p> <p><b>【(3) to (6) omitted】</b></p> <p>11. 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</p>	

Articles	Amended Article	Original Article	Reason
	<p>matter anew. 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 this procedure.</p>	<p>matter anew. 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 this procedure.</p>	
Article 11	<p>1. 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:</p> <p>【(1) to (3) omitted】</p> <p>(4) Where equipment or right-of-use assets thereof for business use are acquired or disposed of, and furthermore the transaction counterparty is not a related party, and the transaction amount <u>reaches NT\$500 million or more.</u></p>	<p>1. 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:</p> <p>【(1) to (3) omitted】</p> <p>(4) Where <u>the asset type</u> of equipment or right-of-use assets thereof for business use are acquired or disposed of, and furthermore the transaction counterparty is not a related party, and the transaction amount <u>meets any of the following criteria:</u></p> <p>1. <u>For a public Company whose paid-in capital is less than NT\$10 billion, the transaction amount reaches NT\$500 million or more.</u></p> <p>2. <u>For a public Company whose paid-in capital is NT\$10 billion or more, the transaction amount reaches NT\$1 billion or more.</u></p> <p>(5) <u>Acquisition or disposal by a public Company in the construction business of real property or right-of-use assets thereof for construction use, and furthermore the transaction counterparty is not a related party, and the transaction amount reaches NT\$500 million; among such cases, if</u></p>	<p>1. In compliance with related regulation revisions by the Central Authority.</p> <p>2. In line with the amount of the Company's actual paid-in capital, stated in paragraph 1 item (4).</p> <p>3. Since the Company is not part of construction industry, securities dealer not specialize in investment, the related items are deleted.</p>



Articles	Amended Article	Original Article	Reason
	<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 furthermore the transaction counterparty is not a related party, and the amount the Company expects to invest in the transaction reaches NT\$500 million.</p> <p>(6) Where an asset transaction other than any of those referred to in the preceding 5 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> <ol style="list-style-type: none"> <li>1. Trading of domestic government bonds or <u>foreign government bonds with a rating that is not lower than the sovereign rating of Taiwan.</u></li> </ol>	<p><u>the public Company has paid-in capital of NT\$10 billion or more, and it is disposing of real property from a completed construction project that it constructed itself, and furthermore the transaction counterparty is not a related party, then the threshold shall be a transaction amount reaching NT\$1 billion or more.</u></p> <p>(6) Where land is acquired under an arrangement on engaging others to build on the Company's own land, engaging others to build on rented land, joint construction and allocation of housing units, joint construction and allocation of ownership percentages, or joint construction and separate sale, and furthermore the transaction counterparty is not a related party, and the amount the Company expects to invest in the transaction <u>not</u> reach NT\$500 million.</p> <p>(7) Where an asset transaction other than any of those referred to in the preceding six 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> <ol style="list-style-type: none"> <li>1. Trading of domestic government bonds.</li> <li>2. <u>Where done by professional investors—securities trading on securities exchanges or OTC markets, or subscription of foreign government bonds, or of ordinary corporate bonds or general bank debentures without equity characteristics (excluding subordinated debt)</u></li> </ol>	

Articles	Amended Article	Original Article	Reason
	<p>2. 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>2. 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.</p> <p>【3. and 4. omitted】</p>	<p><u>that are offered and issued in the primary market, or subscription or redemption of securities investment trust funds or futures trust funds, or subscription or redemption of exchange traded notes, 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.</u></p> <p>3. 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>2. 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.</p> <p>【3. and 4. omitted】</p>	
Article 16	<p>Where a public 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.</p> <p>For the calculation of 10 percent of total assets under <u>this Measure</u>, the total assets stated in the most recent parent Company only financial report or individual financial report prepared under the Regulations Governing the Preparation of Financial Reports by Securities Issuers shall be used.</p>	<p>Where a public 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.</p> <p>For the calculation of 10 percent of total assets under <u>this Regulations</u>, the total assets stated in the most recent parent Company only financial report or individual financial report prepared under the Regulations Governing the Preparation of Financial Reports by Securities Issuers shall be used.</p>	<p>In line with the amendments to Article 11, the relevant provisions in paragraph 3 concerning the amount of received capital totaling to NT\$10 billion are deleted.</p>

Articles	Amended Article	Original Article	Reason
	<p>If in the case of the <u>subsidiary</u> 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 <u>this Measure</u>, 10 percent of equity attributable to owners of the parent shall be substituted.</p>	<p>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 <u>this Regulations</u>, 10 percent of equity attributable to owners of the parent shall be substituted; <u>for calculations under the provisions of these Regulations 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></p>	
Article 18	<ol style="list-style-type: none"> <li>When the “procedures for the acquisition and disposal of assets” are adopted or amended by the Company, they shall be approved by one-half or more of all audit committee members, the board of directors and then implement after when its approved by shareholders meeting. When submitted to board of directors for resolution, 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.</li> <li>The <u>preceding</u> paragraph shall be approved by more than one-half of all members of the audit committee, and <u>then approved by the board of directors, and the provisions of paragraphs 3 and 4 of Article 6 of these Measures shall apply mutatis mutandis.</u></li> </ol>	<ol style="list-style-type: none"> <li>When the “procedures for the acquisition and disposal of assets” are adopted or amended by the Company, they shall be approved by one-half or more of all audit committee members, the board of directors and then implement after when its approved by shareholders meeting. <u>If any director expresses dissent and it is contained in the minutes or a written statement, the Company shall submit the director's dissenting opinion to the audit committee. When the procedures for the acquisition and disposal of assets are submitted</u> for discussion by the board of directors, 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.</li> <li>If approval of one-half or more of all audit committee members as required in the preceding paragraph is <u>not</u> obtained, <u>the procedures may be implemented if approved by two-thirds or more of all directors, and the resolution of the audit committee shall be recorded in the minutes of the board of directors meeting.</u></li> <li><u>The acquisition or disposal of assets by the Company should be approved by the board of directors in</u></li> </ol>	<ol style="list-style-type: none"> <li>Adjust the content of the articles according to the actual operation situation.</li> <li>The original item 3 to 5 duplicate the content of item 6 of this article, therefore deleted.</li> </ol>

Articles	Amended Article	Original Article	Reason
		<p><u>accordance with these regulations or other laws, if the director has objections and there is a record or written statement, the Company shall submit the director's objection materials to the audit committee. When the procedures for the acquisition and disposal of assets are submitted for discussion by the board of directors, 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.</u></p> <p>4. <u>If the acquisition or disposal of assets by the Company should be approved by the audit committee in accordance with these regulations or other laws, it should be approved by more than half of all members of the audit committee, and a resolution of the board of directors shall be submitted. The provisions of paragraph 2 of this article shall be applied.</u></p> <p>5. <u>All members of the audit committee and all directors referred to in this measure shall be counted as the actual number of persons currently holding those positions.</u></p>	

**Success Prime Corporation**  
**The Comparison Chart for the revised**  
**“Procedures for Engaging in Financial Derivatives Transactions”**

Articles	Amended Article	Original Article	Reason
Article 4	<p>1. The term "derivatives" herein is defined: as forward contracts, options contracts, futures contracts, leverage contracts, or swaps contracts, whose value is derived from a <u>specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable; or hybrid contracts combining the above contracts; or hybrid contracts or structured products containing embedded derivatives.</u></p> <p><b>【2. to 6. omitted】</b></p> <p>7. Separation of Powers and Obligations:</p> <p>(1) Board of Directors</p> <p style="padding-left: 40px;">1. Designate senior management personnel to pay continuous attention to monitoring and controlling derivatives trading risk.</p> <p style="padding-left: 40px;">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> <p style="padding-left: 40px;">3. 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><b>【(2) omitted】</b></p>	<p>1. The term "derivatives" herein is defined: transaction contracts (such as <u>forward contracts, options contracts, futures contracts, leverage contracts, swaps contracts or hybrid contracts combining the above contracts</u>), whose value is derived from <u>assets, interest rates, foreign exchange rates, index of prices or other interests' variables.</u></p> <p><b>【2. to 6. omitted】</b></p> <p>8. Separation of Powers and Obligations:</p> <p>(1) Board of Directors</p> <p style="padding-left: 40px;">1. <u>Review and approve the formulation and revision of this measure.</u></p> <p style="padding-left: 40px;">2. Designate senior management personnel to pay continuous attention to monitoring and controlling derivatives trading risk.</p> <p style="padding-left: 40px;">3. Periodically evaluate whether derivatives trading performance is consistent with established operational strategy and whether the risk undertaken is within the Company's permitted scope of tolerance.</p> <p style="padding-left: 40px;">4. 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><b>【(2) omitted】</b></p>	<p>1. In compliance with related regulation revisions by the Central Authority.</p> <p>2. In compliance with regulations, delete the first paragraph of item 7 and adjust the subsequent items.</p> <p>3. Add in the procedures and calculation methods passed by Board of Directors but not by the Audit Committee.</p>

Articles	Amended Article	Original Article	Reason
	<p>(3) Approval authority for authorized quota:</p> <p>1. Hedging transactions: If the contract amount is less than NT\$3,000,000, it shall be approved by the financial director; if the contract amount exceeds NT\$3,000,000, it shall be approved by the general manager.</p> <p>2. Non-risk hedging transactions: all transactions must be approved by the board of directors.</p> <p>3. Significant derivatives transactions: significant derivatives transactions shall be approved by the audit committee and a resolution of the board of directors shall be submitted, and <u>paragraphs 2 and 3 of Article 10 of this measure shall be applied.</u></p>	<p>(3) Approval authority for authorized quota:</p> <p>1. Hedging transactions: If the contract amount is less than NT\$3,000,000, it shall be approved by the financial director; if the contract amount exceeds NT\$3,000,000, it shall be approved by the general manager.</p> <p>2. Non-risk hedging transactions: all transactions must be approved by the board of directors.</p> <p>3. Significant derivatives transactions: significant derivatives transactions shall be approved by the audit committee and a resolution of the board of directors shall be submitted, and <u>regulations of this measure shall be applied.</u></p>	
Article 9	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, audit committee shall be <u>notified in writing.</u>	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 <u>make</u> an audit report. If any material violation is discovered, <u>independent directors/audit committee</u> shall be notified in writing.	In compliance with related regulation revisions by the Central Authority.
Article 10	<p>1. <u>When the “Procedures for Engaging in Financial Derivatives Transactions” are adopted or amended by the Company, they shall be approved by one-half or more of all audit committee members, the board of directors and then implement after when its approved by shareholders meeting.</u></p> <p><u>When submitted to board of directors for resolution, shall take into full consideration each independent director's opinions. If an independent director objects to or expresses</u></p>	<u>The formulation of this Procedure shall be approved by the board of directors of the Company and submitted to the shareholders' meeting. If there is any amendment in the future, it may authorize board of directors to resolute.</u>	<p>1. In compliance with related regulation revisions by the Central Authority.</p> <p>2. Add in the procedures and calculation methods passed by Board of Directors but not by the Audit Committee.</p>

Articles	Amended Article	Original Article	Reason
	<p><u>reservations about any matter, it shall be recorded in the minutes of the board of directors meeting.</u></p> <p>2. <u>If approval of one-half or more of all audit committee members as required in the preceding paragraph is not obtained, the procedures may be implemented if approved by two-thirds or more of all directors, and the resolution of the audit committee shall be recorded in the minutes of the board of directors meeting.</u></p> <p>3. <u>All members of the audit committee and all directors referred to in preceding paragraphs shall be counted as the actual number of persons currently holding those positions.</u></p>		

(Attachment 9)

## Success Prime Corporation Directors and Independent Directors Candidate List

Title	Name	Gender	Main Academic and Experience	Shareholdings (shares)
Director	Min-Chun Chen	Male	<b><u>Academic Experience:</u></b> National Tsinghua University, EMBA National Tsinghua University, Bachelor of Industrial Engineering Bachelor <b><u>Main Experience:</u></b> Chen Li Education, Founder Chen Li Education, Director <b><u>Current Titles:</u></b> Success Prime Corporation, Chairman King's Metal Fiber Technologies Co., Ltd, Director Chen Li Education Foundation, Director	236,000
Director	Shu-Ling Tseng	Female	<b><u>Academic Experience:</u></b> National Taiwan University, EMBA National Taiwan University, Bachelor of Foreign Language Studies <b><u>Main Experience:</u></b> Chen Li Education, Director <b><u>Current Titles:</u></b> Success Prime Corporation, Director Chen Li Education Foundation, Chairman Chen Li Education, Chairman	978,728
Director	Endow Capital Management Co., Ltd. Representative: Xiang-Qi Fang	Male	<b><u>Academic Experience:</u></b> Fengjia University, Bachelor of Accounting <b><u>Main Experience:</u></b> SULDE International Consulting Corporation, Chairman and General Manager <b><u>Current Titles:</u></b> Success Prime Corporation, Corporate Representative Director Newretail Co., Ltd, Independent Director Federal Corporation, Director SULDE International Consulting Corporation, Chairman and General Manager SULDE Strategy, Corporate Representative Director Keystone Intellectual Property Office, Corporate Representative Director	1,890,039
Director	Endow Capital Management Co., Ltd. Representative: Jing-Ru Cheng	Female	<b><u>Academic Experience:</u></b> Chinese Culture University, Bachelor of Economics <b><u>Main Experience:</u></b> Chen Li Education, Vice General Manager <b><u>Current Titles:</u></b> Success Prime Corporation, Corporate Representative Director Chen Li Education Foundation, Director	1,890,039



Title	Name	Gender	Main Academic and Experience	Shareholdings (shares)
Director	Bash Consulting Co., Ltd. Representative: Yen-Shuen Chen	Female	<u><b>Academic Experience:</b></u> University of Washington, Bachelor of Graphic Design <u><b>Main Experience:</b></u> Chen Li Education, Graphic Designer <u><b>Current Titles:</b></u> Success Prime Corporation, Corporate Representative Director Chen Li Education, Arts Director	1,890,039
Director	Bash Consulting Co., Ltd. Representative: Yun Chen	Female	<u><b>Academic Experience:</b></u> McGill University, Bachelor of Finance <u><b>Main Experience:</b></u> Chen Li Education, Founder Executive Assistant Chen Li ELM, Operations Director <u><b>Current Titles:</b></u> Success Prime Corporation, Corporate Representative Director	1,890,039
Independent Director	Bing-Quan Shi	Male	<u><b>Academic Experience:</b></u> TamKang University, Masters of Accounting <u><b>Main Experience:</b></u> Deloitte & Touche, Audit Executive Manager <u><b>Current Titles:</b></u> Success Prime Corporation, Independent Director Lian Hong Art Company Limited, Independent Director JYH HER CPAs, Partner Accountant	0
Independent Director	Pei-Jun Hong	Female	<u><b>Academic Experience:</b></u> National Taipei University, Bachelor of Law <u><b>Main Experience:</b></u> LCC Partners Law Firm, Attorney CHIH and WU Law Firm, Attorney <u><b>Current Titles:</b></u> Success Prime Corporation, Independent Director Tengri International Law Firm, Director	0
Independent Director	Ying-De Wu	Male	<u><b>Academic Experience:</b></u> USA Washington University in St. Louis, J.D. USA Washington University in St. Louis, L.L.M. USA Case Western Reserve University, L.L.M. Chinese Culture University, Bachelor of Law <u><b>Main Experience:</b></u> Examination Yuan of R.O.C., Drafter and Grader Taiwan Institute of Financial Law, Member Society of International Law of R.O.C, Member World Society of International Law, Member Research Center for Humanities and Social Sciences, Scholar Interviewee Research Institute for the Humanities and Social Sciences, Scholar Interviewee Institutum Iurisprudentiae Academia Sinica, Scholar	0

Title	Name	Gender	Main Academic and Experience	Shareholdings (shares)
			Interviewee University of Chicago Law School, Scholar Interviewee Science & Technology Law Institute, Law Researcher <b><u>Current Titles:</u></b> Success Prime Corporation, Independent Director TMP Steel Corporation, Independent Director Mega International Commercial Bank Co., Ltd, Director Chinese Culture University, Law Professor Central Police University, Assistant Law Professor National Taipei University, Assistant Law Professor National Taipei University of Business, Assistant Finance Professor Chinese Arbitration Association Taipei, Arbitrator Chinese Arbitration Association Taipei, Financial Arbitrator Brain Trust International Law Firm, Consultant	

**Note : Shareholdings calculation as of April 11, 2022.**

(Attachment 10)

**Success Prime Corporation**  
**Directors and Independent Directors Non-Compete Role Status**

Title	Name	Other Positions
Director Candidate	Min-Chun Chen	Li-Ren Education, Director Chen Li Education Foundation, Director King's Metal Fiber Technologies Co., Ltd, Director Chenli Education Technology, Chairman Asia Pacific Fuel Cell Technologies, Director Top Green Bio-Bioproducts, Director EDCLASSIC INC., Chairman TRI-I Advanced Technology Inc, Director TRI-I Biotech Inc, Director TRI-I International, Chairman
Director Candidate	Shu-Ling Tseng	Li-Ren Education, Director Chen Li Education Foundation, Director Chenli Education Technology, Director Top Green Bio-Bioproducts, Supervisor
Director Candidate	Endow Capital Management Co., Ltd. Representative: Xiang-Qi Fang	Newretail Co., Ltd, Independent Director Federal Corporation, Director SULDE Strategy, Corporate Representative Director Keystone Intellectual Property Office, Corporate Representative Director SULDE International Consulting Corporation, Chairman and General Manager
Director Candidate	Endow Capital Management Co., Ltd. Representative: Jing-Ru Cheng	Chen Li Education Foundation, Director
Director Candidate	Bash Consulting Co., Ltd. Representative: Yen-Shuen Chen	En Dian Asset Management, Supervisor
Independent Director Candidate	Bing-Quan Shi	Lian Hong Art Company Limited, Independent Director JYH HER CPAs, Partner Accountant
Independent Director Candidate	Pei-Jun Hong	Tengri International Law Firm, Director
Independent Director Candidate	Ying-De Wu	TMP Steel Corporation, Independent Director Mega International Commercial Bank, Director Chinese Culture University, Law Professor Central Police University, Assistant Law Professor National Taipei University, Assistant Law Professor National Taipei University of Business, Assistant Finance Professor Chinese Arbitration Association Taipei, Arbitrator Chinese Arbitration Association Taipei, Financial Arbitrator Brain Trust International Law Firm, Consultant

(Appendix 1)

# **SUCCESS PRIME COROPORATION ARTICLES OF INCORPORATION (Before Amendment)**

## **Section I – General Provisions**

### **Article 1**

The Company is incorporated as a Corporation by shares in accordance with the Republic of China's Company Act and shall have the Chinese name “卓越成功股份有限公司” and English name as “Success Prime Corporation” (referred to as SPC).

### **Article 2**

The scope of Corporation Business shall be as follows:

1. I301010 Software Design Services
2. I301030 Digital Information Supply Services
3. I103060 Management Consulting Services
4. I301020 Data Processing Services
5. JZ99050 Agency Services
6. H703100 Real Estate Rental and Leasing
7. JE01010 Rental and Leasing Business
8. F401010 International Trading Service
9. IZ12010 Manpower Dispatch Service
10. ZZ99999 All business items that are not prohibited or restricted by law, except those that are subject to special approval

### **Article 3**

The Corporation shall have its head office in Taipei City, and shall be free, upon approval of board of directors, to set up representative and branch offices at various locations within and without the territory of the Republic of China, wherever and whenever the Corporation deems it necessary or advisable to carry out any or all of its activities.

### **Article 3-1**

The Corporation may provide endorsement and guarantee and act as a guarantor.

### **Article 3-2**

The total amount of the Corporation's reinvestment shall not be subject to the restriction of not more than forty percent of the Corporation's paid-up capital as provided in Article 13 of the Company Law.

### **Article 3-3**

Public announcements of the Corporation shall be made in accordance with the Company Law and other relevant rules and regulations of the Republic of China.

## **Section II – Shares**

### **Article 4**

The total capital stock of the Corporation shall be in the amount of 2,000,000,000 New Taiwan Dollars, divided into 200,000,000 shares, at ten New Taiwan Dollars each, and may be paid-up in installments.

The amount of retained capital in the total capital of the preceding paragraph is NT\$100 million for the issuance of stock option certificates, special stocks with warrants or Company warrants with a total of 10,000 shares. Each share is subject to the approval of the board of directors.

The Company may transfer the treasury shares to the employees at an average price lower than the actual purchase price, or lower than the average number of shareholders who have attended the shareholders' meeting, and the consent of more than two-thirds of the shareholders' voting rights. The employee stock option certificate is issued at the subscription price of the daily closing price.

### **Article 4-1**

(Deleted)

### **Article 4-2**

(Deleted)

### **Article 5**

The share certificates hereof, the registered ones, shall be duly signed by or affixed with seals of the 3 or more managing directors, duly authenticated by the competent authorities of the government or the certification organization authorized thereby before issuance. The Company is exempted from printing the registered share certificates for the shares issued

### **Article 5-1**

All transfer of stocks, pledge of rights, loss, succession, gift, loss of seal, amendment of seal, change of address or similar stock transaction conducted by shareholders of the Corporation shall follow the “Guidelines for Stock Operations for Public Companies” unless specified otherwise by law and securities regulations.

### **Article 6**

Registration for transfer of shares shall be suspended within sixty (60) days immediately before the date of regular meeting of shareholders, and thirty (30) days immediately before the date of any special meeting of shareholders, or within five (5) days before the day on which dividend, bonus, or any other benefit is scheduled to be paid by the Corporation.

## **Section III – Shareholders' Meeting**

### **Article 7**

Shareholders' meetings of the Corporation are of two types, namely: (1) regular meetings and (2) special meetings. Regular meetings shall be convened, by the Board of Directors, within six months after the close of each fiscal year. Special meetings shall be convened in accordance with the relevant laws, rules and regulations of the Republic of China.

**Article 7-1**

(Deleted)

**Article 8**

If a shareholder is unable to attend a meeting, he/she may appoint a representative to attend it, and to exercise, on his/her behalf, all rights at the meeting, in accordance with Article 177 of the Company Law. A representative does not need to be a shareholder of the Corporation.

**Article 9**

Except as provided in the Company Law of the Republic of China, shareholders' meetings may be held if attended by shareholders in person or by proxy representing more than one half of the total issued and outstanding capital stock of the Corporation, and resolutions shall be adopted at the meeting with the concurrence of a majority of the votes held by shareholders present at the meeting.

**Article 10**

Each share of stock shall be entitled to one vote, unless law regulations stated otherwise.

**Article 10-1**

The shareholders' meeting shall be presided over by the Chairman of the Board of Directors of the Corporation. In his absence, either the Vice Chairman of the Board of Directors, or one of the Directors shall preside in accordance with Article 208 of the Company Law.

**Article 10-2**

The resolutions of the shareholders' meeting shall be recorded in the minutes, and such minutes shall be signed by or sealed with the chop of the chairman of the meeting. Such minutes, together with the attendance list and proxies, shall be filed in accordance to relevant law regulations.

**Section IV – Directors, Audit Committee, General Manager****Article 11**

The Corporation shall have five to nine directors, of which the number of independent directors shall not be less than three and shall not be less than one-fifth of the number of directors. The term of office shall be three years and may be re-elected. The shareholders' meeting shall adopt the candidate nomination system, select Directors from the candidate list provided.

The Company may, by resolution of the Board of Directors, purchase liability insurance for the directors to be liable for damages in accordance with the law in the scope of their business.

**Article 11-1**

(Deleted)

**Article 11-2**

(Deleted)

**Article 11-3**

(Deleted)

**Article 12**

The Directors shall elect from among themselves a Chairman of the Board of Directors and may elect a Vice Chairman of the Board of Directors, by a majority in a meeting attended by over two-thirds of the Directors. The Chairman shall not have a second or casting vote at any meeting of the Board of Directors. The Chairman of the Board of Directors shall have the authority to represent the Corporation. Where the Chairman fails to perform his functions, the Vice Chairman may act on his behalf. Where the Chairman and Vice Chairman both fail to perform their functions, a director shall be appointed by the Chairman to act on their behalf. If no such designee is appointed, the chairperson shall be elected among the directors. If Board meeting is set as a video conference, the Any Director attending the meeting via video conference shall be deemed attending the meeting in person.

**Article 12-1**

Except as otherwise provided in the Company Law of the Republic of China, a meeting of the Board of Directors may be held if attended by a majority of total Directors and resolutions shall be adopted with the concurrence of the majority of the Directors present at the meeting. The Directors shall exercise their functions by resolutions adopted at meetings of Shareholders and the Board of Directors.

**Article 13**

Meetings of the Board of Directors shall be convened by the Chairman of the Board of Directors, upon written notice mailed to all the other Directors, at least seven days, unless in case of urgent circumstances, prior to the date of the meeting, specifying the date and place of the meeting and its agenda. The meeting of the Board of Directors shall be held at least once every quarter.

In case of absence, a Director may, by written authorization, appoint another Director to attend on his behalf any meeting of the Board of Directors, and to vote for him on all matters presented at such meeting, but no Director may act as proxy for more than one other Director.

**Article 13-1**

In the case that vacancies on the Board of Directors exceed, for any reason, one third of the total number of the Directors, then the Board of Directors shall convene a shareholders' meeting to elect new Directors to fill such vacancies in accordance with relevant laws, rules and regulations. Except for the election of new Directors across the board, the new Directors shall serve the remaining term of the predecessors.

**Article 14**

The Corporation shall establish an Audit Committee, which shall consist of all independent directors, no less than three, in which one will be the main convener, at least one will have accounting or finance credentials. The Audit Committee shall be responsible for those responsibilities of Supervisors specified under the Company Law, the Securities and Exchange Law and other relevant regulations.

**Article 15**

The Board of Directors is authorized to determine the salary for the Chairman, Vice Chairman and Directors, taking into account the extent and value of the services provided for the management of the Corporation and the standards of the industry within the R.O.C. and overseas. For independent directors, a reasonable salary compensation is set different from that of the general directors.

**Article 16**

The Company elects one general manager and several deputy general managers, and is appointed or removed in accordance with Article 29 of the Company Law. The general manager is appointed by the chairman of the Board to handle all business of the Company in accordance with the meeting resolutions.

**Article 17**

(Deleted)

**Section V – Accounting****Article 18**

The Company's fiscal year is starting from January 1 until December 31 of every calendar year. The final account closing shall be conducted at end of every fiscal year.

**Article 19**

The Company takes the calendar year as its fiscal year. Upon closing of each fiscal year, the board of directors shall work out the following documents and proposed to the shareholders' meeting in accordance with the legal procedures for adoption:

- (1) Business report;
- (2) Financial statements;
- (3) Proposals of profit allocation or loss coverage.

**Article 20**

The Company shall allocate no less than 3% of the profits earned during the current year for the purpose of employees' compensation and no more than 5% of the same for directors' compensation; provided, however, that the Company shall first reserve a sufficient amount to compensate its accumulated deficits.

An employee of the Company's affiliate who meets certain criteria shall be entitled to the employees' compensation.

**Article 20-1**

This Corporation shall not pay dividends or bonuses to shareholders when there are no earnings. When allocating the earnings for each fiscal year, the Corporation shall first offset its losses in previous years and set aside a legal capital reserve at 10% of the earnings left over, until the accumulated legal capital reserve has equaled the total capital of the Corporation; then set aside special capital reserve in accordance with relevant laws or regulations or as requested by the authorities in charge. After this Corporation has set aside the capital reserves pursuant to the first Paragraph of this Article, the balance left over shall be allocated according to the following principles per resolution of the shareholders' meeting: Earnings may be distributed in total after taking into consideration financial, business and operational factors. Earnings of this Corporation may be distributed by way of cash dividend and/or stock dividend. Since this Corporation is in a capital-intensive industry at the steady growth stage of its business, distribution of earnings shall be made preferably by way of cash dividend. Distribution of earnings may also be made by way of stock dividend, provided however, the ratio for stock dividend shall not be lower than 10% of total distribution.



## **Section VI - Supplementary Provisions**

### **Article 21**

(Deleted)

### **Article 22**

With regards to all matters not provided for in these Articles of Incorporation, the Company Law of the Republic of China shall govern.

### **Article 23**

These Articles of Incorporation are agreed to and signed on May 28, 1991 by all the promoters of the Corporation, and duly amended on:

- (01) July 9, 1993;
- (02) October 14, 1994;
- (03) April 10, 1996;
- (04) December 5, 1996;
- (05) May 23, 1997;
- (06) May 31, 2000;
- (07) May 2, 2001;
- (08) June 26, 2002;
- (09) June 27, 2003;
- (10) May 27, 2004;
- (11) June 27, 2005;
- (12) April 12, 2006;
- (13) June 8, 2007;
- (14) June 27, 2008;
- (15) October 31, 2008;
- (16) June 25, 2010;
- (17) May 25, 2011;
- (18) May 25, 2012;
- (19) July 31, 2012;
- (20) June 24, 2014;
- (21) May 12, 2015;
- (22) May 9, 2016;
- (23) January 18, 2017;
- (24) June 14, 2018;
- (25) July 1, 2021.

**(Appendix 2)**

**Success Prime Corporation  
Rules and Procedures of Shareholders' Meeting**

**Article 1**

Shareholders' Meeting of the Company (the "Meeting") shall be conducted in accordance with these Rules and Procedures. Any matter not provided in these Rules and Procedures shall be handled in accordance with relevant laws and regulations.

**Article 2**

Shareholders attending the Meeting shall submit the attendance card for the purpose of signing in. The number of shares represented by shareholders attending the Meeting shall be calculated in accordance with the attendance cards submitted by the shareholders.

**Article 3**

In a shareholders' meeting, the participation and vote shall be counted on the grounds of the number of shares. The total number of shares present at the meeting will be calculated based on the attendance cards submitted as a substitute for sign-in, plus the number of shares exercising the voting power in writing or through means of electronic transmission.

**Article 4**

The Meeting shall be held at the head office of the Company or at any other appropriate place that is convenient for the shareholders to attend. The time to start the Meeting shall not be earlier than 9:00 a.m. or later than 3:00 p.m.

**Article 5**

Unless otherwise provided in laws, the shareholders' meeting shall be called by the Board of Directors and chaired by the Chairman of the Board. Where the Chairman of the Board fails to exercise his authority with justified reasons, the Vice Chairman of the Board may be his proxy. Where no Vice Chairman has been appointed or the Vice Chairman fails to exercise his authority with justified reasons too, the Chairman shall designate one director to be his proxy. Where no such designee is designated, the chairperson shall be elected out of the directors. Where the shareholders' meeting is called by any person entitled to hold the meeting other than the Board of Directors, the chairperson of the meeting shall be assumed by the person. If there are more than two conveners, the chairperson shall be elected from the conveners.

**Article 6**

The Company may appoint designated counsel, CPA or other related persons to attend the Meeting. Persons handling affairs of the Meeting shall wear identification cards or badges.

**Article 7**

The process of the Meeting shall be tape recorded or videotaped and these tapes shall be preserved for at least one year. If a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the recording shall be retained until the conclusion of the litigation.

**Article 8**

Chairman shall call the Meeting to order at the time scheduled for the Meeting. If the number of shares represented by the shareholders present at the Meeting has not yet constituted the quorum at the time scheduled for the Meeting, the chairman may postpone

the time for the Meeting. The postponements shall be limited to two times at the most and Meeting shall not be postponed for longer than one hour in the aggregate. If after two postponements no quorum can yet be constituted but the shareholders present at the Meeting represent more than one - third of the total outstanding shares, tentative resolutions may be made in accordance with Section 1 of Article 175 of the Company Law of the Republic of China. The aforesaid tentative resolutions shall be executed in accordance with relevant provisions of the Company Law of the Republic of China. If during the process of the Meeting the number of outstanding shares represented by the shareholders present becomes sufficient to constitute the quorum, the chairman may submit the tentative resolutions to the Meeting for approval in accordance with Article 174 of the Company Law of the Republic of China.

#### **Article 9**

The agenda of the Meeting shall be set by the Board of Directors if the Meeting is convened by the Board of Directors. Unless otherwise resolved at the Meeting, the Meeting shall proceed in accordance with the agenda. The above provision also applies to cases where the shareholders meeting is called by any person entitled to hold the meeting other than the Board of Directors.

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

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

#### **Article 10**

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

Unless otherwise permitted by the chairman, each shareholder shall not, for each discussion item, speak more than two times (each time not exceeding 5 minutes). In case the speech of any shareholder violates the above provision or exceeds the scope of the discussion item, the chairman may stop the speech of such shareholder.

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

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

**Article 11**

For a same issue, each shareholder shall not speak more than twice and shall not speak more than five minutes in each floor unless approved by the chairman. The chairman may ban such shareholder from speaking if he/she breaches the provision set forth in the preceding paragraph or speaks beyond the specified range.

**Article 12**

Where a judicial (corporate) person is consigned to participate in a shareholders' meeting, such judicial (corporate) person may appoint only one representative to participate in the meeting. Where a judicial (corporate) person shareholder appoints two or more representatives to participate in a shareholders' meeting, only one representative may speak up for the same issue.

**Article 13**

After a present shareholder speaks, the chairman may reply in person or through an appointee.

**Article 14**

The chairman may announce to end the discussion of any resolution and go into voting if the Chairman deems it appropriate.

**Article 15**

A speaker is deemed not to have spoken if he has made only one statement and has not issued a speech. The content of the statement is inconsistent with that of the statement, subject to the content of the statement. When attending a shareholder's speech, other shareholders shall not interfere with the speech except with the consent of the Chairman and the speaking shareholders. The President of the violators shall be stopped.

**Article 16**

The person(s) to check and the person(s) to record the ballots during a vote by casting ballots shall be appointed by the chairman. The person(s) checking the ballots shall be a shareholder(s). The result of voting shall be announced at the Meeting and placed on record.

**Article 17**

During the Meeting, the chairman may, at his discretion, set time for intermission. In case of incident of force majeure, the chairman may decide to temporarily suspend the Meeting and announce, depending on the situation, when the meeting will resume. In cases where the agenda scheduled for the general meeting of shareholders are in discussion, the location of the meetings will continue to be used at the place where the meetings (including temporary motions) are not finalized, and the meeting may decide to find another place to continue to participate.

**Article 18**

Except otherwise specified in the Company Law of the Republic of China or the Articles of Incorporation of the Company, a resolution shall be adopted by a majority of the votes represented by the shareholders present at the Meeting. The resolution shall be deemed adopted and shall have the same effect as if it were voted by casting ballots if no objection is voiced after solicitation by the chairman.

**Article 19**

If there is amendment to or substitute for a discussion item, the chairman shall decide the sequence of voting for such discussion item, the amendment, or the substitute. If any one of them has been adopted, the others shall be deemed voted and no further voting is necessary.

**Article 20**

The chairman may conduct the disciplinary officers or the security guard to assist in keeping order of the Meeting place. Such disciplinary officers or security guards shall wear badges marked "Disciplinary Officers" for identification purpose.

**Article 21**

Any matters insufficiently provided for herein shall be subject to the Company Law, Articles of Incorporation and other laws and regulations concerned.

**Article 22**

These Rules and Procedures shall be effective from the date it is approved by the Shareholders' Meeting. The same applies in case of revision.

**(Appendix 3)**

**Success Prime Corporation  
Procedures for Election of Directors**

**Article 1**

To ensure a just, fair, and open election of directors, these Procedures are adopted pursuant to Articles 21 and 41 of the Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies.

**Article 2**

Except as otherwise provided by law and regulation or by this Corporation's articles of incorporation, elections of directors shall be conducted in accordance with these Procedures

**Article 3**

The overall composition of the board of directors shall be taken into consideration in the selection of this Corporation's directors. Each board member shall have the necessary knowledge, skill, and experience to perform their duties; the abilities that must be present in the board as a whole are as follows:

1. The ability to make judgments about operations.
2. Accounting and financial analysis ability.
3. Business management ability.
4. Crisis management ability.
5. Knowledge of the industry.
6. An international market perspective.
7. Leadership ability.
8. Decision-making ability.

**Article 4**

Independent directors of the Company should meet the following criteria:

1. Honesty and credibility.
2. Fair judgement.
3. Professional knowledge.
4. Rich experiences.
5. Accounting and financial analysis ability.

In addition to the requirements, at least one of the independent directors of the Company must be an accounting or financial professional.

**Article 5**

The qualifications for the independent directors of this Corporation shall comply with Articles 2, 3, and 4 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies.

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

Article 24 of the Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies.

**Article 6**

Elections of directors at this Corporation shall be conducted in accordance with the candidate nomination system and procedures set out in Article 192-1 of the Company Act.

**Article 7**

The cumulative voting method shall be used for election of the directors at this Corporation. Each share will have voting rights in number equal to the directors to be elected, and may be cast for a single candidate or split among multiple candidates.

**Article 8**

The board of directors shall prepare separate ballots for directors in numbers corresponding to the directors or supervisors to be elected. The number of voting rights associated with each ballot shall be specified on the ballots, which shall then be distributed to the attending shareholders at the shareholders meeting. Attendance card numbers printed on the ballots may be used instead of recording the names of voting shareholders.

**Article 9**

The number of directors will be as specified in this Corporation's articles of incorporation, with voting rights separately calculated for independent and non-independent director positions. Those receiving ballots representing the highest numbers of voting rights will be elected sequentially according to their respective numbers of votes. When two or more persons receive the same number of votes, thus exceeding the specified number of positions, they shall draw lots to determine the winner, with the chair drawing lots on behalf of any person not in attendance.

**Article 10**

Before the election begins, the chair shall appoint a number of persons with shareholder status to perform the respective duties of vote monitoring and counting personnel. The ballot boxes shall be prepared by the board of directors and publicly checked by the vote monitoring personnel before voting commences.

**Article 11**

If the electee is a shareholder, the elector shall fill in the electee's account name and shareholder account number in the electoral column of the ballot; if the electee is not a shareholder, the electee's name and identification document number shall be filled in. However, when the government or legal person shareholder is the electee, the name of the electee on the ballot shall be filled with the name of the government or legal person, and the name of its representative; when there are several representatives, the name of the representative should be added separately.

**Article 12**

A ballot is invalid under any of the following circumstances:

1. The ballot was not prepared by a person with the right to convene.
2. A blank ballot is placed in the ballot box.
3. The writing is unclear and indecipherable or has been altered.
4. The candidate whose name is entered in the ballot does not conform to the director shareholders list; the candidate whose name is entered in the ballot does not conform to the identification of the shareholders, such as name, ID number mismatch.
5. Other words or marks are entered in addition to the number of voting rights allotted.
6. The candidate whose name is entered in the ballot same as other identifiable shareholders who did not fill their information or identifications.

**Article 13**

The voting rights shall be calculated on site immediately after the end of the poll, and the results of the calculation, including the list of persons elected as directors and the numbers of votes with which they were elected, shall be announced by the chair on the site.

**Article 14**

The board of directors of this Corporation shall issue notifications to the persons elected as directors.

**Article 15**

These Procedures, and any amendments hereto, shall be implemented after approval by a shareholders meeting.



**(Appendix 4)**

**Success Prime Corporation**  
**Procedure Rules for Acquisition or Disposal of Assets**  
**(Before Amendment)**

**Article 1 (Purpose)**

In order for the Company to obtain or dispose of assets in accordance with the laws and regulations, these regulations are specially formulated as the standard for implementation. These Regulations are adopted in accordance with the provisions of Article 36-1 of the Securities and Exchange Act ("the Act").

**Article 2 (Scope)**

The Regulations are applicable to operational matters such as risk assessment, announcement/declaration, and tracking management of the Company's acquisition or disposal of assets.

**Article 3 (Asset Scope)**

The term "assets" as used in these Regulations 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, investment property, and construction enterprise inventory) and equipment.
3. Memberships.
4. Patents, copyrights, trademarks, franchise rights, and other intangible assets.
5. Right-of-use assets.
6. Claims of financial institutions (including receivables, bills purchased and discounted, loans, and overdue receivables).
7. Derivatives.
8. Assets acquired or disposed of in connection with mergers, demergers, acquisitions, or transfer of shares in accordance with law.
9. Other major assets.

**Article 4 (Definitions)**

Terms used in these Regulations are defined as follows:

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, or long-term purchase (sales) 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 156-3 of the Company Act.

3. Related party or subsidiary: As defined in the Regulations Governing the Preparation of Financial Reports by Securities Issuers.
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.
7. Investment professional: Refers to financial holding companies, banks, insurance companies, bill finance companies, trust enterprises, securities firms operating proprietary trading or underwriting business, futures commission merchants operating proprietary trading business, securities investment trust enterprises, securities investment consulting enterprises, and fund management companies, that are lawfully incorporated and are regulated by the competent financial authorities of the jurisdiction where they are located.
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.
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.

#### **Article 5 (Valuation report or opinion)**

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

1. May not have previously received a final and unappealable sentence to imprisonment for 1 year or longer for a violation of the Act, the Company Act, the Banking 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.

2. May not be a related party or de facto related party of any party to the transaction.
3. 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.

When issuing an appraisal report or opinion, the personnel referred to in the preceding paragraph shall comply with the following provisions:

1. Prior to accepting a case, they shall prudently assess their own professional capabilities, practical experience, and independence.
2. When conducting a case, they shall appropriately plan and execute adequate working procedures, in order to produce a conclusion and use the conclusion as the basis for issuing the report or opinion. The related working procedures, data collected, and conclusion shall be fully and accurately specified in the case working papers.
3. They shall undertake an item-by-item evaluation of the appropriateness 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.
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 appropriate and reasonable, and that they have complied with applicable laws and regulations.

#### **Article 6 (Assessment and Operational Procedures)**

The Company shall establish its procedures for the acquisition or disposal of assets in accordance with the provisions of these Regulations. After the procedures have been approved by the board of directors, if any director expresses dissent and it is contained in the minutes or a written statement, the Company shall submit the director's dissenting opinion to each supervisor.

Where the position of independent director has been created in accordance with the provisions of the Act, when the procedures for the acquisition and disposal of assets are 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.

Where an audit committee has been established in accordance with the provisions of the Act, when the procedures of significant assets and derivatives transactions are adopted or amended they shall be approved by one-half or more of all audit committee members and submitted to the board of directors for a resolution.

#### **Article 7 (Acquire a valuation report before acquiring or disposing of real property or other equipment)**

In acquiring or disposing of real property, equipment, or right-of-use assets thereof 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 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:

1. Where due to special circumstances it is necessary to give a limited price, specified

price, or special price as a reference basis for the transaction price, the transaction shall be submitted for approval in advance by the board of directors; the same procedure shall also be followed whenever there is any subsequent change to the terms and conditions of the transaction.

2. Where the transaction amount is NT\$1 billion or more, appraisals from two or more professional appraisers shall be obtained.
3. Where 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 render a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price:
  - (1) The discrepancy between the appraisal result and the transaction amount is 20 percent or more of the transaction amount.
  - (2) 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 8 (Accountant Opinions for the acquiring or disposing of securities, membership cards or intangible assets)**

A public 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. 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).

Where a public Company acquires or disposes of intangible assets or right-of-use assets thereof or memberships and the transaction amount reaches 20 percent or more of paid-in capital or NT\$300 million or more, except in transactions with a domestic 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. Accountants should also follow the provisions of the Bulletin on Auditing Standards No. 20 issued by the Accounting Research and Development Foundation.

For the acquisition or disposal of real property, equipment, securities, intangible assets or its right-of-use assets or membership certificates, the calculation of the transaction amount shall be handled in accordance with Article 12. 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 Related Party Transactions**

1. When the Company with 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 preceding Section and this Section. In addition, the calculation of the transaction amount referred to in the preceding paragraph shall be made in accordance with Article 8-3 herein.
2. When judging whether a transaction counterparty is a related party, in addition to legal formalities, the substance of the relationship shall also be considered.
3. If the Company intends to acquire or dispose of real property or right-of-use assets thereof from or to a related party, or when it intends to acquire or dispose of assets other than real property or right-of-use assets thereof from or to a related party and the transaction amount reaches 20 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 domestic government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises, the Company may not proceed to enter into a transaction contract or make a payment until the following matters have been approved by the audit committee and the board of directors:
  - (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 16 and Article 17.
  - (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.
4. The calculation of the transaction amounts shall be made in accordance with Article 12, 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 approved by the audit committee or board of directors need not be counted toward the transaction amount. With respect to the types of transactions listed below, when to be conducted between the Company and its parent or subsidiaries, or between its subsidiaries in which it directly or indirectly holds 100 percent of the issued shares or authorized capital, the Company's board of directors shall 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:
  - (1) Acquisition or disposal of equipment or right-of-use assets thereof held for business use.

- (2) Acquisition or disposal of real property right-of-use assets held for business use.
- 5. Where the position of independent director has been created in accordance with the provisions of the Act, when a matter is submitted for discussion by the board of directors pursuant to paragraph 3, 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. The matters for which paragraph 3 shall first be recognized by independent directors / audit committee members, approved by one-half or more of all audit committee members and then submitted to the board of directors for a resolution, and shall be subject to mutatis mutandis application of Article 18, paragraphs 2, 5.
- 6. Reasonable assessment of transaction costs
  - (1) The Company acquires real property or right-of-use assets thereof 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.
  - (2) Where land and structures thereupon are combined as a single property purchased or leased 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.
  - (3) The Company that acquires real property or right-of-use assets thereof from a related party and appraises the cost of the real property or right-of-use assets thereof in accordance with the preceding paragraph 7 item (1) and (2) shall also engage a CPA to check the appraisal and render a specific opinion.
  - (4) Where the Company acquires real property or right-of-use assets thereof from a related party and one of the following circumstances exists, the acquisition shall be conducted in accordance paragraphs 3, 4 and 6, and paragraph 7 item (1) to (3) do not apply:
    - 1. The related party acquired the real property or right-of-use assets thereof 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 or right-of-use assets thereof 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.

4. The real property right-of-use assets for business use are acquired by the public Company with its parent or subsidiaries, or by its subsidiaries in which it directly or indirectly holds 100 percent of the issued shares or authorized capital.
7. When the results of the Company's appraisal conducted in accordance with paragraph 1 and paragraph 2 of the Article 7 are uniformly lower than the transaction price, the matter shall be handled in compliance with Article 10 to Article 12. 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:
    1. Where undeveloped land is appraised in accordance with the means in the Article 7 item (1), 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.
    2. 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 or leasing practices.
    3. Other non-related party lease cases within one year of other floors of the same target premises, the transaction conditions are estimated to be equivalent according to the reasonable floor price difference due to the practice of real property leasing.
  - (2) Where the Company acquiring real property, or obtaining real property right-of-use assets through leasing, 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 a similar size by unrelated parties within the preceding year.
8. 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 or obtainment of the right-of-use assets thereof.
9. Where the Company acquires real property or right-of-use assets thereof from a related party and the results of appraisals conducted in accordance with the Articles 7 and 8 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) Audit committee members of the independent directors shall comply with Article 218 of the Company Act.
  - (3) Actions taken pursuant to the paragraphs 10 item (1) and (2) shall be reported to a shareholders meeting, and the details of the transaction shall be disclosed in the annual report and any investment prospectus.
10. The Company has set aside a special reserve under the paragraph 10 may not utilize the special reserve until it has recognized a loss on decline in market value of the assets it purchased or leased at a premium, or they have been disposed of, or the leasing contract has been terminated, or adequate compensation has been made, or the status quo ante has been restored, or there is other evidence confirming that there was nothing unreasonable about the transaction, and the FSC has given its consent.
11. When the Company obtains real property or right-of-use assets thereof from a related party, it shall also comply with paragraph 10 and 11 if there is other evidence indicating that the acquisition was not an arms length transaction.

#### **Article 10 (Mergers and Consolidations, Splits, Acquisitions, and Assignment of Shares)**

1. When the Company 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. However, the requirement of obtaining an aforesaid opinion on reasonableness issued by an expert may be exempted in the case of a merger by the Company of a subsidiary in which it directly or indirectly holds 100 percent of the issued shares or authorized capital, and in the case of a merger between subsidiaries in which the public Company directly or indirectly holds 100 percent of the respective subsidiaries' issued shares or authorized capital.
2. 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 above paragraph 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.
3. 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.
4. 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.

5. 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.
6. 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.
7. 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 preceding article 5 and 6.
8. 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.
9. 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.
10. 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.
11. 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. 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 this procedure.

#### **Article 11 (Public disclosure and declarations)**

1. 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 or right-of-use assets thereof from or to a related party, or acquisition or disposal of assets other than real property or right-of-use assets thereof 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 domestic government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises.
  - (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 equipment or right-of-use assets thereof for business use are acquired or disposed of, and furthermore the transaction counterparty is not a related party, and the transaction amount meets any of the following criteria:
  1. For a public Company whose paid-in capital is less than NT\$10 billion, the transaction amount reaches NT\$500 million or more.
  2. For a public Company whose paid-in capital is NT\$10 billion or more, the transaction amount reaches NT\$1 billion or more.
- (5) Acquisition or disposal by a public Company in the construction business of real property or right-of-use assets thereof for construction use, and furthermore the transaction counterparty is not a related party, and the transaction amount reaches NT\$500 million; among such cases, if the public Company has paid-in capital of NT\$10 billion or more, and it is disposing of real property from a completed construction project that it constructed itself, and furthermore the transaction counterparty is not a related party, then the threshold shall be a transaction amount reaching NT\$1 billion or more.
- (6) Where land is acquired under an arrangement on engaging others to build on the Company's own land, engaging others to build on rented land, joint construction and allocation of housing units, joint construction and allocation of ownership percentages, or joint construction and separate sale, and furthermore the transaction counterparty is not a related party, and the amount the Company expects to invest in the transaction reaches NT\$500 million.
- (7) Where an asset transaction other than any of those referred to in the preceding six 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:
  1. Trading of domestic government bonds or foreign government bonds with a rating that is not lower than the sovereign rating of Taiwan.
  2. Where done by professional investors—securities trading on securities exchanges or OTC markets, or subscription of foreign government bonds, or of ordinary corporate bonds or general bank debentures without equity characteristics (excluding subordinated debt) that are offered and issued in the primary market, or subscription or redemption of securities investment trust funds or futures trust funds, or subscription or redemption of exchange traded notes, 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.
  3. Trading of bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises.
2. 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.
3. When the Company at the time of public announcement makes an error or omission in an item required by regulations to be publicly announced and so is required to correct

it, all the items shall be again publicly announced and reported in their entirety within two days counting inclusively from the date of knowing of such error or omission.

4. Where any of the following circumstances occurs with respect to a transaction that the Company has already publicly announced and reported in accordance with the preceding article, a public report of relevant information shall be made on the 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.

#### **Article 12 (Calculation of transaction amount)**

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 or right-of-use assets thereof 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.

#### **Article 13 (Derivatives Transactions)**

Act in accordance with the "Procedures for Engaging in Financial Derivatives Transactions".

#### **Article 14 (Retention Duration)**

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 15 (Control Procedures for Subsidiaries)**

1. To acquire or dispose of assets by a subsidiary of the Company, it shall formulate the "Procedures for the Acquisition or Disposal of Assets" in accordance with the "Guidelines for the Acquisition or Disposal of Assets by Public Companies" and with reference to the Company's opinions. It shall be reported to the board of directors of the Company and the shareholders' meeting of its subsidiaries, and the same shall apply to amendments.
2. Information required to be publicly announced and reported in accordance with the provisions of the preceding Chapter on acquisitions and disposals of assets by a public Company's subsidiary that is not itself a public Company in Taiwan shall be reported by the Company.
3. In the declaration standard of the subsidiary Company, the term "20% of the Company's paid-in capital" or "10% of the total assets" refers to the Company's paid-in capital or total assets.

4. The Company shall urge its subsidiaries to check whether the set handling procedures comply with the relevant standards and whether the relevant matters are handled in accordance with the set procedures.

#### **Article 16 (Others)**

Where a public 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.

For the calculation of 10 percent of total assets under this Regulations, the total assets stated in the most recent parent Company only financial report or individual financial report prepared under the Regulations Governing the Preparation of Financial Reports by Securities Issuers shall be used.

In the case of a Company whose shares have no par value or a par value other than NT\$10— for the calculation of transaction amounts of 20 percent of paid-in capital under this Regulations, 10 percent of equity attributable to owners of the parent shall be substituted; for calculations under the provisions of these Regulations 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.

#### **Article 17 (Penalty)**

When the managers and operators of the Company violate these regulations, they will be submitted for assessment in accordance with the Company's personnel management regulations and other relevant regulations, and will be punished according to the severity of the circumstances.

#### **Article 18 (Amendments and Implementations)**

1. When the “procedures for the acquisition and disposal of assets” are adopted or amended by the Company, they shall be approved by one-half or more of all audit committee members, the board of directors and then implement after when its approved by shareholders meeting. If any director expresses dissent and it is contained in the minutes or a written statement, the Company shall submit the director's dissenting opinion to the audit committee. When the procedures for the acquisition and disposal of assets are submitted for discussion by the board of directors, 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.
2. If approval of one-half or more of all audit committee members as required in the preceding paragraph is not obtained, the procedures may be implemented if approved by two-thirds or more of all directors, and the resolution of the audit committee shall be recorded in the minutes of the board of directors meeting.
3. The acquisition or disposal of assets by the Company should be approved by the board of directors in accordance with these regulations or other laws, if the director has objections and there is a record or written statement, the Company shall submit the director's objection materials to the audit committee. When the procedures for the acquisition and disposal of assets are submitted for discussion by the board of directors, 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.

4. If the acquisition or disposal of assets by the Company should be approved by the audit committee in accordance with these regulations or other laws, it should be approved by more than half of all members of the audit committee, and a resolution of the board of directors shall be submitted. The provisions of paragraph 2 of this article shall be applied.
5. All members of the audit committee and all directors referred to in this measure shall be counted as the actual number of persons currently holding those positions.

**(Appendix 5)**

## **Success Prime Corporation**

### **Procedures for Engaging in Financial Derivatives Transactions**

#### **(Before Amendment)**

##### **Article 1 (Purpose)**

In order to establish a risk management and internal control system for derivatives trading, to implement information disclosure and investment protection, and in accordance with Article 36-1 of the Securities and Exchange Act and the standards for the treatment of assets acquired or disposed of by public companies, and related operating regulations, this Procedure is formulated as the standard for implementation.

##### **Article 2 (Scope)**

The procedure applies to the relevant operating regulations of the Company engaged in derivatives transactions, including transaction principles and guidelines, operating procedures, announcement and reporting procedures, accounting treatment methods, risk management measures, internal control and internal audit systems, regular evaluation methods and abnormal situation handling and other operational matters.

The forward contracts referred to in this procedure do not include insurance contracts, performance contracts, after-sales service contracts, long-term lease contracts and long-term purchase (sale) contracts.

If the Company engages in bond margin trading, it will also follow the provisions of this procedure.

##### **Article 3 (Responsible Unit)**

Financial unit: Responsible for collecting relevant information on the foreign exchange market, familiar with financial products and laws and regulations, determining foreign exchange hedging positions based on the Company's turnover and import and export volume, and executing hedging transactions and announcements.

Accounting unit: responsible for the processing, execution and tracking management of related accounts.

Auditing unit: responsible for understanding the adequacy of the internal control of derivatives trading, checking the compliance of the trading department with operating procedures, analyzing the trading cycle, and producing audit reports.

##### **Article 4 (Trading Principles and Guidelines)**

###### **1. Definition of Derivatives:**

The term "derivatives" herein is defined: transaction contracts (such as forward contracts, options contracts, futures contracts, leverage contracts, swaps contracts or hybrid contracts combining the above contracts), whose value is derived from assets, interest rates, foreign exchange rates, index of prices or other interests' variables.

###### **2. Transaction types:**

Derivative financial products engaged in by the Company are limited to compound contracts consisting of forward contracts, options, leveraged margins, exchange rates



(Swap) or futures (Futures) and the combination of the above. Derivatives transactions are classified as financial operations, which refer to the establishment of an asset, liability or investment portfolio position in the hope of obtaining benefits due to market fluctuations in the future. For the purpose of hedging operations, it is to avoid or reduce exchange rate or interest rate risks, purpose not based on creating profits.

3. Strategy of Operation or Hedge:

When the Company engages in derivative transactions, should be based on the principle of avoiding risks. In principle, to engage in financial derivatives transactions should be for hedging the risk resulting from the operation of the Company.

When conducting financial operations, should be aimed at low risk and obtaining reasonable and safe returns. In addition, the counterparty of the transaction should choose a bank that normally has business dealings with the Company as much as possible to avoid credit risk. Derivatives transactions must be clearly defined as a risk aversion or a non-risk aversion transaction in pursuit of investment income, as the basis for accounting units.

4. Performance Evaluation:

(1) Hedging transactions: The annual business target of the exchange rate or interest rate of each currency set by the Company when preparing the annual budget is listed as the performance evaluation target. The profit and loss generated between the estimated exchange rate (interest rate) costs above is the evaluation basis for performance evaluation. Traders should regularly (evaluate at least twice a month) provide foreign exchange position evaluation and foreign exchange market trend analysis reports to senior executives authorized by the board of directors as management basis.

(2) Non-risk-off transactions: The actual profit and loss of the transaction is used as the basis for performance evaluation. The profit and loss of the positions held should be evaluated weekly, and a report should be prepared and submitted to the senior executives authorized by the board of directors for reference.

5. Contracts Total Value:

The total amount of contracts that the Company can engage in derivatives transactions is limited to the net exposure position receivable and payable within six months for hedge traders; for non-risk hedge traders, the net cumulative effective trading contracts the amount shall not exceed 30% of the paid-in capital.

6. Maximum loss limit:

(1) Hedging transactions:

1. The upper limit of individual contract losses: 10% of the contract amount.
2. The upper limit of all contract losses: 15% of the total valid contract amount.

(2) Non-risk-avoiding transactions: individual contract losses shall not exceed 3% of the paid-in capital, and all contract losses shall not exceed 5% of the paid-in capital.

(3) If the loss limit is reached, the loss must be stopped immediately within two days of the trading time, and the project shall be signed by the senior executive designated by the board of directors to the board of directors.



7. Separation of Powers and Obligations:

(1) Board of Directors:

1. Review and approve the formulation and revision of this measure.
2. Designate senior management personnel to pay continuous attention to monitoring and controlling derivatives trading risk.
3. 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.
4. 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.

(2) Senior management personnel authorized by the board of directors:

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; where a Company has independent directors, an independent director shall be present at the meeting and express an opinion.

(3) Approval authority for authorized quota:

1. Hedging transactions: If the contract amount is less than NT\$3,000,000, it shall be approved by the financial director; if the contract amount exceeds NT\$3,000,000, it shall be approved by the general manager.
2. Non-risk hedging transactions: all transactions must be approved by the board of directors.
3. Significant derivatives transactions: significant derivatives transactions shall be approved by the audit committee and a resolution of the board of directors shall be submitted, and regulations of this measure shall be applied.

**Article 5 (Operation Procedures)**

1. Estimated hedging portions:

The financial unit shall make an estimate of the hedging portions based on the amount and currency of foreign exchange income and expenditure proposed by the business unit and the purchasing unit.

2. Propose a hedging plan:

The financial unit proposes hedging plans and schemes for hedging targets, financial products and positions that are hedging.

3. Decide on the hedging plan:

The financial unit proposes a hedging plan, which will be implemented by the financial unit after being approved by the general manager.

4. Execute the transaction:

- (1) The operator must first fill in the "Application Form for Derivatives

Transactions", and execute the transaction after approval by the responsible manager.

- (2) After receiving the transaction order, the confirmation personnel must immediately confirm the transaction content to the transaction object by telephone. If any defects are found, they must immediately clarify with the trader.
- (3) After confirmation by the confirming personnel, the delivery personnel shall execute the delivery matters according to the details of the transaction order.
- (4) The accounting unit shall, based on the delivery subpoena and relevant transaction vouchers, make accounting entries and record them in the accounting affairs

#### 5. Reference book

The Company that engages in derivatives transactions shall establish a reference book for the types and amounts of derivatives transactions involved, the date of approval by the board of directors, and in accordance with Article 4, paragraph 4 item (1) to (2), and paragraph 7 item (1) to (2).

### **Article 6 (Public Declarations)**

The financial unit shall, on a monthly basis, report the relevant contents of the Company and its subsidiaries that are not domestic public offering companies engaged in derivative product transactions (including those for trading purposes and those not for trading purposes) before the 10<sup>th</sup> of each month, submit the public declaration on the website designated by the Financial Supervisory Commission.

When the loss of the Company engaged in derivative commodity trading reaches the upper limit of all or individual contract losses stipulated in these management regulations, it shall, according to the nature and format, publish the relevant information on the website designated by the FSC for announcement declaration within two days from the date of the occurrence.

### **Article 7 (Accountant Operations)**

Except for the forward foreign exchange transactions handled by the Company in accordance with the International Accounting Standards, other derivative transactions are handled in the form of registration details and monthly calculation of realized and unrealized profit and loss statements.

### **Article 8 (Internal Control Mechanism)**

#### 1. Operation process control

- (1) Traders engaged in derivative commodities and confirmation, delivery and other operators shall not concurrently serve as each other.
- (2) Risk measurement, supervision and control personnel shall be in different departments from those in the preceding paragraph, and shall report to the board of directors or to senior executives who are not responsible for transaction or position decision-making.
- (3) Traders shall submit relevant documents of foreign exchange transactions to confirmation personnel for registration.
- (4) Confirmation personnel shall regularly check the transaction details and total amount with the transaction bank.
- (5) Traders must always pay attention to whether the total transaction amount

exceeds the total contract amount stipulated in these management measures.

2. Risk management measures

- (1) Credit risk: The trading partners are limited to internationally renowned and creditworthy financial institutions that provide professional services.
- (2) Market risk: mainly financial products that are commonly traded internationally, and reduce the use of specially designed products. The designated senior executives authorized by the board of directors and the financial department should always pay attention to the possible profit and loss effects of future market price fluctuations on the positions held.
- (3) Liquidity risk: In order to ensure liquidity, trading financial institutions must have sufficient equipment, information, capital and trading capabilities, and be able to conduct transactions in major international markets.
- (4) Operational risks: Do operate in accordance with this management method to avoid operational risks.
- (5) Legal risk: The documents signed with the transaction partner are mainly contracts commonly used in the market, and any contract can only be formally signed after being reviewed by a legal counsel or a lawyer.
- (6) Cash flow risk: financial units should strictly control fund scheduling and delivery operations.

3. Regular evaluation method and abnormal situation handling

The positions held by the derivatives exchange should be assessed once a week, but if the business requires hedging transactions, it should be assessed at least twice a month. To be appointed by the board of directors to senior executives. If there is an abnormal situation in the evaluation report (such as the position held has exceeded the loss limit), the senior executive designated by the board of directors shall report to the board of directors immediately and take necessary countermeasures.

**Article 9 (Internal Audit Control)**

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 make an audit report. If any material violation is discovered, independent directors/audit committee shall be notified in writing.

**Article 10 (Amendments)**

The formulation of this Procedure shall be approved by the board of directors of the Company and submitted to the shareholders' meeting. If there is any amendment in the future, it may authorize board of directors to resolute.

(Appendix 6)

**Success Prime Corporation**  
**Shareholdings of All Directors**

As of April 11, 2022

Title	Name		Current shareholding	
			Number of shares	Percentage (%)
Chairman	Min-Chun Chen		236,000 shares	1.236%
Director	Shu-Ling Tseng		978,728 shares	5.124%
Corporate Director	Endow Capital Management Inc.		1,890,039 shares	9.895%
	Representative	Xiang-Qi Fang	0 shares	0%
	Representative	Jin-Ru Cheng	140,933 shares	0.738%
Corporate Director	Bash Consultant Inc.		1,890,039 shares	9.895%
	Representative	Yen-Shuen Chen	44,000 shares	0.230%
	Representative	Yun Chen	58,000 shares	0.304%
Independent Directors	Bing-Quan Shi		0 shares	0%
Independent Directors	Pei-Jun Hong		0 shares	0%
Independent Directors	Ying-De Wu		0 shares	0%

Note:

1. Total shares issued as of April 11, 2022: 19,100,440 shares.
2. Under the relevant regulations of the ROC, SPC's Directors are required to hold in the aggregate not less than 2,292,052 shares.
3. As of April 11, 2022, SPC's Directors and Representative Directors together held total 5,237,739 shares.
4. As SPC has established the audit committee, the minimum shareholding requirements for supervisors do not apply.