

Brogent Technologies Inc. 2022 Annual Shareholders' Meeting Minutes

Time: 9:00AM, Friday, May 27, 2022

Venue: No. 9, Fuxing 4th Road, Qianzhen District, Kaohsiung City

(Assembly Hall, Building A, Brogent Technologies)

Total Outstanding Brogent shares: 60,964,358 shares

Total shares represented by shareholders present in person or by proxy: 36,966,084 shares
(among them 21,045,330 shares voted via electronic transmission), percentage of shares held
by shareholders present in person or by proxy: 60.63%.

Chairman: Chih-Hung Ouyang , the Chairman of the Board of Directors

Presenters: Chih-Hung Ouyang (C.E.O.), Chin-Huo Huang (Director),

Lewis Lee (Independent Director & Audit Committee Convener),

Jih-Ching Chiu (Independent Director),

Li-Yuan Kuo (CPA of Deloitte & Touche. Taiwan),

Kalvin Huang (Lawyer of Formosan Brothers),

Sui-Chuan Lin(C.F.O.)

Minutes Recorder: Shu-Ching Lin

The aggregate shareholding of the shareholders present in person or by proxy constituted a quorum. The Chairman called the meeting to order.

A. Chairman's Address (omitted)

B. Reports

I: The 2021 Business Report is hereby submitted for review.

Explanation: Please refer to Attachment 1 for the Business Report.

II: The 2021 Audit Committee Audit Report is hereby submitted for review.

Explanation: Please refer to Attachment 2 for the Audit Committee Audit Report.

III: The status of issuing corporate bonds is hereby submitted for review.

Explanation: The status of issuing corporate bonds is as follows:

Type	Third domestic unsecured convertible bonds	Forth domestic unsecured convertible bonds
Issue date	2020.10.12	2020.10.15
Par value	NTD\$100,000	NTD\$100,000
Issue price	Issued by 101.64% of par value	Issued by par value
Total value	NTD\$700,000,000	NTD\$500,000,000
Interest rate	0%	0%
Expiration date	5 year Expiration date: Oct. 12, 2025	4 year Expiration date: Oct. 15, 2024
Assurance institution	None	None
Repayment	Except for the repayment by the company, sell of the bond holders or person who convert, when it comes to expiration, the company will repay per par value along with interest by cash.	Except for the repayment by the company, sell of the bond holders or person who convert, when it comes to expiration, the company will repay per par value along with interest by cash.
Outstanding principal	NTD\$327,400,000	NTD\$322,300,000
Till March 29, 2022 book closing date amount of the corporate bonds convertible into shares	Amount of execution on conversion bonds: NT\$372,600,000; total (converted) common shares: 3,548,489	Amount of execution on conversion bonds: NT\$177,700,000; total (converted) common shares: 1,668,459
The possible dilution conditions and influence on shareholders' equity caused by the issuance and conversion and the terms of issuance	No great influences yet	No great influences yet

C. Ratifications

Item 1: The 2021 Business Report and Financial Report are hereby submitted for ratification. (Proposed by the Board of Directors)

Explanation: 1. The Company's 2021 Financial Report has been audited by CPAs Chiu-Yen Wu and Li-Yuan Kuo of Deloitte & Touche. The Financial Report and Business Report have been forwarded to the Audit Committee for review, and the written Audit Report is submitted for approval.

2. The Company's 2021 Business Report (please refer to Attachment 1 of the Manual) and Financial Report (please refer to Attachment 3 of the Manual).

3. The reports are hereby submitted for ratification.

Resolution: The balloting outcome including votes exercised through electronic voting: 35,604,451 pro votes, accounting for 99.82% of the aggregate total votes; 11,039 disapproval votes, 0 invalid vote, abstention/ Non-voting votes: 52,890 votes. The present issue is duly resolved exactly as proposed.

Item 2: The 2021 Deficit Compensation Statement is hereby submitted for ratification. (Proposed by the Board of Directors)

Explanation: 1. The Company's 2021 Deficit Compensation Statement is as follows:

BROGENT TECHNOLOGIES INC.		
Deficit Compensation Statement		
2021		UNIT : NT\$
Item	Amount	
	Subtotal	Total
Deficit un-compensated at beginning of 2021		(48,971,608)
ADD(LESS) :		
Remeasurement of defined benefit plan	(280,386)	
Retained earnings adjusted for investments accounted for using equity method	(516,215)	
Net loss of 2021	(131,956,870)	
accumulated deficit		(132,753,471)
Deficit un-compensated at end of 2021		(181,725,079)

Chairman: 

General Manager: 

Accounting Manager: 

2. The reports are hereby submitted for ratification.

Resolution: The balloting outcome including votes exercised through electronic voting: 35,598,437 pro votes, accounting for 99.80% of the aggregate total votes; 17,046 disapproval votes, 0 invalid vote, abstention/ Non-voting votes: 52,897 votes. The present issue is duly resolved exactly as proposed.

D. Matters for Discussion and Votes

Item 1: The amendment of clauses of the “Articles of Incorporation” is hereby submitted for discussion. (Proposed by the Board of Directors)

- Explanation:
1. Revised in accordance with amendment in laws and regulations, amendments for clauses of the Company's “Articles of Incorporation” are proposed.
 2. Please refer to Attachment 4 of the Manual for the Comparison Table of the "Articles of Incorporation" before and after revision.
 3. Submitted for discussion.

Resolution: The balloting outcome including votes exercised through electronic voting: 34,985,858 pro votes, accounting for 98.08% of the aggregate total votes; 628,633 disapproval votes, 0 invalid vote, abstention/ Non-voting votes: 53,889 votes. The present issue is duly resolved exactly as proposed.

Item 2: The amendment of clauses of the “Procedures for Acquisition or Disposal of Assets” is hereby submitted for discussion. (Proposed by the Board of Directors)

- Explanation:
1. Revised in accordance with establishment of audit committee, it is proposed to revise “Procedures for Acquisition or Disposal of Assets”.
 2. Please refer to Attachment 5 of the Manual for the Comparison Table of the “Procedures for Acquisition or Disposal of Assets” before and after revision.
 3. Submitted for discussion.

Resolution: The balloting outcome including votes exercised through electronic voting: 35,603,436 pro votes, accounting for 99.81% of the aggregate total votes; 11,052 disapproval votes, 0 invalid vote, abstention/ Non-voting votes: 53,892votes. The present issue is duly resolved exactly as proposed.

Item 3: A vote is hereby called for the case of by-election of a director. (Proposed by the Board of Directors)

- Explanation:
1. There is one vacancy in the current board of directors, and it is planned to cooperate with this general meeting of shareholders to handle by-election matters.
 2. The Director elected this time shall serve a term from May 27, 2022 to May 27, 2023, in order to complement the term of the original directors.
 3. According to Article 14 of the Company's Articles of Incorporation, Directors are elected on a candidate nomination system. The list of candidates for Director Information is as follows:

Name	LARGOU MORI CO., LTD Representative CHENG SHENHAO
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Education	The doctorate degree of Meiji University /Graduate School of Commerce.
Experience	LARGOU MORI CO., LTD Chairman
Number of shares held	1,688,888 shares

4. Submitted for election.

Election Results:

Directors

Account No. or ID NO.	Name	Number of votes
10698	LARGOU MORI CO., LTD Representative CHENG SHENHAO	35,398,584

Item 4: The proposal for lifting the ban on competition between newly elected Directors and their representatives is hereby submitted for discussion. (Proposed by the Board of Directors)

Explanation: 1. Pursuant to Article 209 of the Company Act, a Director who acts for himself or on behalf of another person within the scope of the Company's business operations shall explain to the meeting of shareholders the essential contents of such act and obtain approval.

2. To make use of the expertise and related experience of the Company's Directors, the lift of the ban on competition between newly elected Directors and their representatives is hereby submitted for approval in the 2022 Annual Shareholders Meeting in accordance with the law.

3. The details of the proposed shareholders' general meeting to dismiss directors' competition are as follows:

Title	Name	Other positions
Director	CHENG SHENHAO	LARGOU MORI CO., LTD(TW) Chairman LARGOU MORI CO., LTD(JAPAN) Chairman

4. Submitted for discussion.

Resolution: The balloting outcome including votes exercised through electronic voting: 35,587,742 pro votes, accounting for 99.77% of the aggregate total votes; 17,862 disapproval votes, 0 invalid vote, abstention/ Non-voting votes: 62,956votes. The present issue is duly resolved exactly as proposed.

E. Extempore motions

There being no other business and special motion, upon a motion duly made and seconded,

the meeting was adjourned.

F. Meeting adjourned

Meeting adjourned at 9:28 AM Friday, May 27, 2022.

Brogent Technologies Inc. Business Report

1) Operating policies

In 2022, Brogent Group will step forward toward the following directions: 1. Develop diversified product lines, expand the penetration rate of the entertainment market, and continue to enhance technical capabilities and refine core technologies. 2. Continue to deepen and expand the operating locations, and strengthen the digital content database (including IP authorization, etc.) to diversify the sources of cash inflow and increase the proportion of revenue from non-amusement equipment sales. 3. Expand the scope of business services and provide comprehensive service solutions, including but not limited to digital content design field, field theme design, on-site operation, etc.

Brogent has been in the market layout of immersive simulation equipment for a long time. In addition to continuously investing in R&D optimization and expansion of the product line, Brogent has also set up an independent digital content production team to match the Metaverse topic and seize the opportunity in the entertainment market. In the future, the results of the economic recovery can be expected.

2) Business Plan Implementation Results:

The Company's net operating revenue in 2021 amounted to NT\$787.749 million, a decrease of approximately 25.87% from the net operating revenue of NT\$1,062.899 million in 2020. The Company's net loss in the current period amounted to NT\$133.323 million, an increase of 157.59% from the net loss of NT\$51.758 million in 2020.

3) Operating Income and Budget Execution

(1) Operating Income

The categories of consolidated operating revenue in 2021 included project revenue, service revenue, ticket revenue and other operations, and the total amount was NT\$787.749 million. Affected by COVID-19, the progress of projects and new orders was relatively delayed; as a result, the income recognition was postponed.

(2) Operating Expenses

Total consolidated operating expenses in 2021 amounted to NT\$556.641 million, an increase of NT\$31.701 million from the NT\$524.940 million of 2020. Although the global economic development is currently affected by changes in the COVID-19 pandemic, it is predicted that the pandemic will slow down over time and the economy will recover. Therefore, the company continues to improve the products' marketing and research and development.

4) Profitability Analysis

The Company's operating expense ratio increased 6.04% and net profits increased 157.59% compared with 2020, mainly affected by COVID-19 and the global stock and foreign exchange markets. The Company will maximize shareholder's value through product diversification, revenue diversification, high-end technology, and strong competitive advantages in 2022.

5) Research and Development

To maintain core competitiveness, Brogent will keep engaging in advanced technological R&D and innovative applications and implement product-centric design and research as well as systematic management to maintain the leading position of products and technologies. The R&D expenses increased NT\$40.436 million compared with 2020. The R&D expenses were invested mainly in the optimization and improvement of our mid-and small-sized products. In addition, to optimize product design and manufacturing process and reduce costs, we have also obtained patents from various countries through continuous innovation and research and development, raising the entry barrier and highlighting the competitiveness of enterprises.

Chairman: 

General Manager: 

Accounting Manager: 

(Attachment 2)

Brogent Technologies Inc.
Audit Committee Audit Report

The Business Report, Financial statements and Deficit Compensation Statement of 2021 prepared by the Board of Directors have been audited and certified by Chiu-Yen Wu and Li-Yuan Kuo of Deloitte & Touche. After reviewing such documents, this Audit Committee found no nonconformity, in accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act.

To

2022 Annual Shareholders Meeting of Brogent Technologies Inc.

Audit Committee Convener:



March 8, 2022

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Brogent Technologies Inc.

Opinion

We have audited the accompanying consolidated financial statements of Brogent Technologies Inc. (the "Corporation") and its subsidiaries (collectively referred to as the "Group"), which comprise the consolidated balance sheet as of December 31, 2020, the consolidated statements of comprehensive income, changes in equity and cash flows for the year 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 referred to above present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2020, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audit 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, 2020. 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.

The key audit matter of the Group's consolidated financial statements for the year ended December 31, 2020 is stated as follows:

The recognition of construction contract revenue

Construction contract revenue, the main operating revenue of the Group, is recognized over time. The Group recognizes revenue upon satisfaction of a performance obligation based on the input method. Due to the manual calculation and management's judgment, which involves critical accounting estimates, accuracy of the

recognition of construction contract revenue is deemed to be a key audit matter.

Refer to Notes 4, 5 and 23 for accounting policy on construction contract, accounting estimates and assumptions, and details of construction revenue.

We performed the following audit procedures on the above key audit matter:

1. We understood and tested the design and operating effectiveness of the internal control relevant to the accuracy of recognition of the construction contract revenue, including the measurement of the percentage of completion.
2. We verified and recalculated, on a sampling basis, the accuracy of the percentage of completion, including the related supporting documents.
3. We recalculated the sampled construction contract revenue measured by the percentage of completion, and checked whether it was recognized correctly.

Other Matter

The consolidated financial statements of the Group and the parent company only financial statements of the Corporation as of and for the year ended December 31, 2019 were audited by other auditors, who expressed an unmodified opinion with other matter paragraph on those statements on March 9, 2020.

We have also audited the parent company only financial statements of the Corporation as of and for the year ended December 31, 2020 on which we have issued an unmodified opinion with other matter paragraph.

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

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

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2020 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 Chiu-Yen Wu and Li-Yuan Kuo.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 10, 2021

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.

Brogent Technologies Inc. and Subsidiaries

CONSOLIDATED BALANCE SHEETS DECEMBER 31, 2020 AND 2019 (In Thousands of New Taiwan Dollars)

ASSETS	December 31, 2020		December 31, 2019	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 and 6)	\$ 864,341	17	\$ 774,817	15
Financial assets at fair value through profit or loss - current (Notes 4 and 7)	380,382	8	253,176	5
Financial assets at amortized cost - current (Notes 4, 8 and 31)	202,598	4	277,637	5
Notes receivable (Notes 4 and 9)	21,164	-	71	-
Accounts receivable, net (Notes 4, 5 and 9)	204,919	4	286,738	6
Contract assets - current (Note 4, 5 and 23)	1,119,428	22	1,035,804	20
Current tax assets (Notes 4 and 25)	20	-	24	-
Inventories (Notes 4 and 10)	237,987	5	232,958	5
Prepayments	120,941	2	227,425	4
Other current assets	20,697	-	36,953	1
Total current assets	<u>3,172,477</u>	<u>62</u>	<u>3,125,603</u>	<u>61</u>
NONCURRENT ASSETS				
Financial assets at fair value through profit or loss - noncurrent (Notes 4 and 7)	283,334	5	297,964	6
Financial assets at amortized cost - noncurrent (Notes 4, 8 and 31)	50,060	1	65,160	1
Investments accounted for using equity method (Notes 4 and 12)	3,331	-	3,029	-
Property, plant and equipment (Notes 4, 13 and 31)	957,475	19	1,045,007	20
Right-of-use assets (Notes 4 and 14)	341,151	7	340,051	7
Intangible assets (Notes 4 and 15)	183,694	4	163,535	3
Deferred tax assets (Notes 4 and 25)	39,480	1	20,814	1
Refundable deposits	13,537	-	12,725	-
Prepayments for investments	4,599	-	4,537	-
Other noncurrent assets	63,874	1	70,155	1
Total noncurrent assets	<u>1,940,535</u>	<u>38</u>	<u>2,022,977</u>	<u>39</u>
TOTAL	<u>\$ 5,113,012</u>	<u>100</u>	<u>\$ 5,148,580</u>	<u>100</u>
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Notes 4, 16 and 31)	\$ 216,207	4	\$ 191,340	4
Notes payable (Notes 4 and 18)	11,571	-	14,001	-
Accounts payable (Notes 4 and 18)	99,294	2	82,383	2
Contract liabilities - current (Notes 4 and 23)	136,754	3	162,783	3
Other payables (Note 19)	60,733	1	131,159	2
Current tax liabilities (Notes 4 and 25)	5,918	-	53,952	1
Provisions - current (Note 4)	2,380	-	2,328	-
Lease liabilities - current (Notes 4 and 14)	56,161	1	51,032	1
Current portion of long-term borrowings (Notes 4, 16 and 31)	50,258	1	252,626	5
Other current liabilities	1,596	-	1,627	-
Total current liabilities	<u>640,872</u>	<u>12</u>	<u>943,231</u>	<u>18</u>
NONCURRENT LIABILITIES				
Bonds payable (Notes 4 and 17)	1,155,660	23	-	-
Long-term borrowings (Notes 4, 16 and 31)	306,277	6	815,541	16
Deferred tax liabilities (Notes 4 and 25)	42,251	1	32,949	1
Lease liabilities - noncurrent (Notes 4 and 14)	309,631	6	306,990	6
Net defined benefit liabilities - noncurrent (Notes 4 and 20)	9,294	-	8,739	-
Total noncurrent liabilities	<u>1,823,113</u>	<u>36</u>	<u>1,164,219</u>	<u>23</u>
Total liabilities	<u>2,463,985</u>	<u>48</u>	<u>2,107,450</u>	<u>41</u>
EQUITY ATTRIBUTABLE TO OWNERS OF THE CORPORATION (Note 22)				
Share capital	557,474	11	557,474	11
Capital surplus	2,021,953	40	1,968,156	38
Retained earnings				
Legal reserve	127,421	3	90,809	2
Special reserve	14,857	-	-	-
Unappropriated earnings (accumulated deficit)	(48,972)	(1)	366,375	7
Total retained earnings	93,306	2	457,184	9
Other equity	(26,464)	(1)	(14,857)	-
Total equity attributable to owners of the Corporation	2,646,269	52	2,967,957	58
NON-CONTROLLING INTERESTS (Note 22)				
Total equity	<u>2,649,027</u>	<u>52</u>	<u>3,041,130</u>	<u>59</u>
TOTAL	<u>\$ 5,113,012</u>	<u>100</u>	<u>\$ 5,148,580</u>	<u>100</u>

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

Brogent Technologies Inc. and Subsidiaries

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2020		2019	
	Amount	%	Amount	%
NET OPERATING REVENUE (Notes 4, 5, 23 and 30)	\$ 1,062,899	100	\$ 2,080,441	100
OPERATING COSTS (Notes 10 and 24)	<u>560,483</u>	<u>53</u>	<u>1,094,762</u>	<u>53</u>
GROSS PROFIT	<u>502,416</u>	<u>47</u>	<u>985,679</u>	<u>47</u>
OPERATING EXPENSES (Note 24)				
Selling and marketing expenses	55,382	5	82,691	4
General and administrative expenses	240,125	22	289,170	14
Research and development expenses	167,313	16	172,403	8
Expected credit loss (Notes 9 and 23)	<u>62,120</u>	<u>6</u>	<u>20,606</u>	<u>1</u>
Total operating expenses	<u>524,940</u>	<u>49</u>	<u>564,870</u>	<u>27</u>
OPERATING INCOME (LOSS)	<u>(22,524)</u>	<u>(2)</u>	<u>420,809</u>	<u>20</u>
NON-OPERATING INCOME AND EXPENSES (Note 24)				
Interest income	8,493	1	10,331	-
Other income	38,687	4	43,178	2
Other gains and losses	(38,434)	(4)	26,845	1
Finance costs	(29,202)	(3)	(23,727)	(1)
Share of profit or loss of associates accounted for using the equity method (Note 12)	<u>1,142</u>	<u>-</u>	<u>(5,535)</u>	<u>-</u>
Total non-operating income and expenses	<u>(19,314)</u>	<u>(2)</u>	<u>51,092</u>	<u>2</u>
PROFIT (LOSS) BEFORE INCOME TAX	(41,838)	(4)	471,901	22
INCOME TAX EXPENSE (Note 25)	<u>9,920</u>	<u>1</u>	<u>88,091</u>	<u>4</u>
NET PROFIT (LOSS) FOR THE YEAR	<u>(51,758)</u>	<u>(5)</u>	<u>383,810</u>	<u>18</u>
OTHER COMPREHENSIVE INCOME (Note 22)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans (Note 20)	(484)	-	(501)	-
Income tax relating to items that will not be reclassified subsequently to profit or loss (Note 25)	(237)	-	100	-
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of the financial statements of foreign operations	(10,173)	(1)	(21,883)	(1)

(Continued)

Brogent Technologies Inc. and Subsidiaries

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2020		2019	
	Amount	%	Amount	%
Share of the other comprehensive income (loss) of associates accounted for using the equity method	\$ (840)	-	\$ 42	-
Other comprehensive income (loss) for the year, net of income tax	(11,734)	(1)	(22,242)	(1)
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE YEAR	<u>\$ (63,492)</u>	<u>(6)</u>	<u>\$ 361,568</u>	<u>17</u>
NET PROFIT (LOSS) ATTRIBUTABLE TO:				
Owners of the Corporation	\$ (49,184)	(5)	\$ 366,525	17
Non-controlling interests	(2,574)	-	17,285	1
	<u>\$ (51,758)</u>	<u>(5)</u>	<u>\$ 383,810</u>	<u>18</u>
TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:				
Owners of the Corporation	\$ (61,512)	(6)	\$ 344,255	16
Non-controlling interests	(1,980)	-	17,313	1
	<u>\$ (63,492)</u>	<u>(6)</u>	<u>\$ 361,568</u>	<u>17</u>
EARNINGS (LOSS) PER SHARE (Note 26)				
Basic	\$ (0.88)		\$ 6.57	
Diluted	\$ (0.88)		\$ 6.57	

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

(Concluded)

Brogent Technologies Inc. and Subsidiaries

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019 (In Thousands of New Taiwan Dollars)

	Equity Attributable to Owners of the Corporation						Total	Non-controlling Interests	Total Equity
	Share Capital	Capital Surplus	Retained Earnings			Other Equity Exchange Differences on Translation of Foreign Operations			
			Legal Reserve	Special Reserve	Unappropriated Earnings				
BALANCE AT JANUARY 1, 2019	\$ 530,928	\$ 2,027,723	\$ 73,817	\$ 4,049	\$ 192,647	\$ 7,012	\$ 2,836,176	\$ 63,296	\$ 2,899,472
Appropriation of 2018 earnings (Note 22)	-	-	16,992	-	(16,992)	-	-	-	-
Legal reserve	-	-	-	-	4,049	-	-	-	-
Special reserve	-	-	-	(4,049)	-	-	-	-	-
Cash dividends of ordinary shares	-	-	-	-	(179,453)	-	(179,453)	-	(179,453)
	-	-	16,992	(4,049)	(192,396)	-	(179,453)	-	(179,453)
Cash dividends from capital surplus (Note 22)	-	(32,918)	-	-	-	-	(32,918)	-	(32,918)
Stock dividends from capital surplus (Note 22)	26,546	(26,546)	-	-	-	-	-	-	-
Net profit in 2019	-	-	-	-	366,525	-	366,525	17,285	383,810
Other comprehensive income (loss) in 2019, net of income tax	-	-	-	-	(401)	(21,869)	(22,270)	28	(22,242)
Total comprehensive income (loss) in 2019	-	-	-	-	366,124	(21,869)	344,255	17,313	361,568
Difference between consideration and carrying amount of subsidiaries acquired or disposed (Note 11)	-	(372)	-	-	-	-	(372)	(5,167)	(5,539)
Additional non-controlling interest recognized on issue of employee share options by subsidiaries (Note 27)	-	269	-	-	-	-	269	66	335
Cash dividends distributed by the subsidiaries	-	-	-	-	-	-	-	(2,335)	(2,335)
BALANCE AT DECEMBER 31, 2019	557,474	1,968,156	90,809	-	366,375	(14,857)	2,967,957	73,173	3,041,130
Appropriation of 2019 earnings (Note 22)	-	-	36,612	-	(36,612)	-	-	-	-
Legal reserve	-	-	-	-	14,857	-	-	-	-
Special reserve	-	-	-	14,857	(14,857)	-	-	-	-
Cash dividends of ordinary shares	-	-	-	-	(312,186)	-	(312,186)	-	(312,186)
	-	-	36,612	14,857	(363,655)	-	(312,186)	-	(312,186)
Net loss in 2020	-	-	-	-	(49,184)	-	(49,184)	(2,574)	(51,758)
Other comprehensive income (loss) in 2020, net of income tax	-	-	-	-	(721)	(11,607)	(12,328)	594	(11,734)
Total comprehensive income (loss) in 2020	-	-	-	-	(49,905)	(11,607)	(61,512)	(1,980)	(63,492)
Difference between consideration and carrying amount of subsidiaries acquired or disposed (Note 11)	-	-	-	-	(1,787)	-	(1,787)	(68,719)	(70,506)
Changes in percentage of ownership interest in subsidiaries	-	(268)	-	-	-	-	(268)	268	-
Additional non-controlling interest recognized on issue of employee share options by subsidiaries (Note 27)	-	265	-	-	-	-	265	16	281
Equity components of issued convertible bonds	-	53,800	-	-	-	-	53,800	-	53,800
BALANCE AT DECEMBER 31, 2020	\$ 557,474	\$ 2,021,953	\$ 127,421	\$ 14,857	\$ (48,972)	\$ (26,464)	\$ 2,646,269	\$ 2,758	\$ 2,649,027

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

Brogent Technologies Inc. and Subsidiaries

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019 (In Thousands of New Taiwan Dollars)

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Income (loss) before income tax	\$ (41,838)	\$ 471,901
Adjustments for:		
Income and expenses		
Depreciation expense	113,739	111,161
Amortization expense	30,841	30,866
Expected credit loss	62,120	20,606
Net (gain) loss on fair value changes of financial assets and liabilities at fair value through profit or loss	10,097	(55,727)
Finance cost	29,202	23,727
Interest income	(8,493)	(10,331)
Compensation cost of employee share options	281	335
Share of (profit) loss of associates accounted for using the equity method	(1,142)	5,535
Gain on disposal of property, plant and equipment	(192)	(554)
Loss on inventories	1,456	-
Others	(1,505)	24,840
Changes in operating assets and liabilities		
Financial assets mandatorily classified as at fair value through profit or loss	(126,926)	225,594
Notes receivable	(21,093)	(23)
Accounts receivable	70,955	(206)
Contract assets	(134,880)	(413,184)
Inventories	55,556	(30,742)
Prepayments	94,511	(66,486)
Other current assets	16,256	(5,959)
Notes payable	(2,430)	2,673
Accounts payable	16,911	(23,211)
Contract liabilities	(26,029)	10,698
Other payables	(70,540)	24,199
Provisions	52	-
Other current liabilities	(30)	(1,535)
Net defined benefit liabilities	71	74
Cash generated from operations	66,950	344,251
Income tax paid	(68,156)	(64,576)
Net cash generated from (used in) operating activities	(1,206)	279,675
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at fair value through other comprehensive income	-	(138,690)
Purchase of financial assets at amortized cost	(795,765)	(7,645)
Proceeds from sale of financial assets at amortized cost	887,365	20,138
Acquisition of investments accounted for using equity method	-	(5,539)
Increase in prepayments for investments	-	(4,537)

(Continued)

Brogent Technologies Inc. and Subsidiaries

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019 (In Thousands of New Taiwan Dollars)

	2020	2019
Payments for property, plant and equipment	\$ (48,077)	\$ (58,420)
Proceeds from disposal of property, plant and equipment	2,435	1,249
Increase in refundable deposits	(887)	(1,006)
Acquisition of intangible assets	(40,291)	(50,730)
Decrease (increase) in other noncurrent assets	6,219	(39,698)
Interest received	<u>8,493</u>	<u>10,485</u>
Net cash generated from (used in) investing activities	<u>19,492</u>	<u>(274,393)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in short-term borrowings	24,867	191,340
Issuance of convertible bonds	1,206,229	-
Proceeds from long-term borrowings	25,895	320,050
Repayment of long-term borrowings	(737,527)	(120,153)
Repayment of the principal portion of lease liabilities	(34,980)	(29,378)
Cash dividends distributed	(312,186)	(212,371)
Acquisition of subsidiaries	(70,506)	-
Interest paid	(25,102)	(16,293)
Changes in non-controlling interest	<u>-</u>	<u>(2,335)</u>
Net cash generated from financing activities	<u>76,690</u>	<u>130,860</u>
EFFECT OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS HELD IN FOREIGN CURRENCIES		
	<u>(5,452)</u>	<u>(21,674)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	89,524	114,468
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>774,817</u>	<u>660,349</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 864,341</u>	<u>\$ 774,817</u>

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

(Concluded)

(Attachment 4)

Comparison Table of the "Articles of Incorporation" of Brogent Technologies Inc.
before and after Revision

Article Number	Before Revision	After Revision	Description
Article10	The Company holds annual and extraordinary shareholders' meetings. Annual shareholders' meetings shall be convened on a yearly basis and within six months after the end of each fiscal year, and extraordinary meetings shall be convened when necessary in accordance with the law. Unless otherwise stipulated in laws and regulations, the shareholders' meeting shall be convened by the Board of Directors. The notices for the shareholders' meeting prescribed in the preceding Paragraph may be distributed in electronic form, subject to agreement by the recipient thereof.	The Company holds annual and extraordinary shareholders' meetings. Annual shareholders' meetings shall be convened on a yearly basis and within six months after the end of each fiscal year, and extraordinary meetings shall be convened when necessary in accordance with the law. Unless otherwise stipulated in laws and regulations, the shareholders' meeting shall be convened by the Board of Directors. The notices for the shareholders' meeting prescribed in the preceding Paragraph may be distributed in electronic form, subject to agreement by the recipient thereof. <u>When the shareholders' meeting is held, it may be held by video conference or other methods announced by the central competent authority.</u>	Added in accordance with amendment in laws
Article 14	The Company shall have seven to nine Directors, who are elected during shareholders' meetings from among persons of adequate capacity to each serve a term of three years. Their terms of service may be renewed if they are re-elected in the following election. The total amount of shares held by all Directors of the Company shall be determined in accordance with regulations of the competent authority responsible for securities. The aforementioned Directors shall consist of three Independent Directors. A candidate nomination system shall be adopted in the election and the Independent Directors shall be elected by the shareholders meeting from the list of candidates. Method of nomination shall be governed by the Article 192-1 of the Company	The Company shall have seven to nine Directors, who are elected during shareholders' meetings from among persons of adequate capacity to each serve a term of three years. Their terms of service may be renewed if they are re-elected in the following election. The total amount of shares held by all Directors of the Company shall be determined in accordance with regulations of the competent authority responsible for securities. The aforementioned Directors shall consist of <u>at least</u> three Independent Directors. A candidate nomination system shall be adopted in the election and the Independent Directors shall be elected by the shareholders meeting from the list of candidates. Method of nomination shall be governed by the Article 192-1 of the Company	Revised in accordance with amendment in laws

	<p>Act. The Company shall have the audit committee which shall be composed of all independent directors consist of no less than three independent directors, one of whom shall be the convener. The Company may purchase liability insurance for the Directors during their term of office based on the compensation liabilities associated with their respective business accountabilities. The Board of Directors is authorized to determine the insurance coverage based on industry practices and standards.</p>	<p>Act. <u>The audit committee shall be composed of all independent directors consist of no less than three independent directors, one of whom shall be the convener.</u> The Company may purchase liability insurance for the Directors during their term of office based on the compensation liabilities associated with their respective business accountabilities. The Board of Directors is authorized to determine the insurance coverage based on industry practices and standards.</p>	
Article 22	<p>Final annual net profit of the Company, if any, shall firstly be allocated for paying business tax and compensating the deficit of previous years. Ten percent of the remaining profit shall be allocated as legal reserve. The remaining profit, along with the accumulated undistributed earnings for the previous year, shall be booked as the accumulated distributable earnings; however, restrictions shall not apply if the amount of allocated legal reserve has reached the total capital of the Company. The cumulative distributable profits, with the exception of special reserve to be allocated or reversed as required by laws or regulations of the competent authority, may be considered for retention in accordance with business requirements. The remaining sum shall be used for the distribution of dividends and if funds still remain, a resolution may be passed in the shareholder meeting for the distribution of shareholder bonus.</p>	<p>Final annual net profit of the Company, if any, shall firstly be allocated for paying business tax and compensating the deficit of previous years. <u>After adding the items other than the net profit after tax of the current period into the undistributed earnings of the current year.</u> Ten percent of the remaining profit shall be allocated as legal reserve. The remaining profit, along with the accumulated undistributed earnings for the previous year, shall be booked as the accumulated distributable earnings; however, restrictions shall not apply if the amount of allocated legal reserve has reached the total capital of the Company. The cumulative distributable profits, with the exception of special reserve to be allocated or reversed as required by laws or regulations of the competent authority, may be considered for retention in accordance with business requirements. The remaining sum shall be used for the distribution of dividends and if funds still remain, a resolution may be passed in the shareholder meeting for the distribution of shareholder bonus. <u>The company authorizes the board of directors with the</u></p>	<p>Added in accordance with amendment in laws</p>

		<u>attendance of more than two-thirds of the directors and the resolution of a majority of the directors present to distribute all or a part of dividends and bonuses, capital surplus or legal reserve in cash, and report to the shareholders meeting. The aforementioned provisions that should be resolved by the shareholders' meeting do not apply.</u>	
Article 25	The Articles of Incorporation were established on October 22, 2001. Omitted. The twentieth amendment was made on May 28, 2020.	The Articles of Incorporation were established on October 22, 2001. Omitted. The nineteenth amendment was made on May 29, 2019. The twentieth amendment was made on May 28, 2020. <u>The twenty-first amendment was made on May 27, 2022.</u>	Add the revision date and number of times

Comparison Table of the "Procedures for the Acquisition or Disposal of Asset" of Brogent Technologies Inc. before and after Revision

Article Number	Before Revision	After Revision	Description
Article 6	<p>Professional appraisers and their officers, certified public accounts, attorneys, and securities underwriters that provide public-companies with appraisal reports, certified public accountants opinions, attorney's opinions, or underwriter's opinions shall not be a related party of any party to the transaction.</p> <p>1) May not have previously received a final and unappeasable 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.</p> <p>2) May not be a related party or de facto related party of any party to the transaction.</p> <p>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:</p> <p>1) Prior to accepting a case, they shall prudently assess their own professional capabilities, practical experience, and independence.</p> <p>2) When examining a case, they</p>	<p>Professional appraisers and their officers, certified public accounts, attorneys, and securities underwriters that provide <u>the company</u> with appraisal reports, certified public accountants opinions, attorney's opinions, or underwriter's opinions shall not be a related party of any party to the transaction.</p> <p>1) May not have previously received a final and unappeasable 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.</p> <p>2) May not be a related party or de facto related party of any party to the transaction.</p> <p>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 <u>self-regulatory rules of the industry associations to which they belong and</u> with the following <u>provisions</u>:</p> <p>1) Prior to accepting a case, they shall prudently assess their own</p>	Revised in accordance with amendment in laws

	<p>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.</p> <p>3) They shall undertake an item-by-item evaluation of the comprehensiveness, accuracy, and reasonableness of the sources of data used, the parameters, and the information, as the basis for issuance of the appraisal report or the opinion.</p> <p>4) They shall issue a statement attesting to the professional competence and independence of the personnel who prepared the report or opinion, and that they have evaluated and found that the information used is reasonable and accurate, and that they have complied with applicable laws and regulations.</p>	<p>professional capabilities, practical experience, and independence.</p> <p>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.</p> <p>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.</p> <p>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.</p>	
Article 7	<p>4) Appraisal report of real estate and other fixed assets In acquiring or disposing of real estate or fix assets where the transaction amount reaches 20 percent of the Company's paid-in capital or NT\$300 million or more, the Company, unless transacting with a government agency, engaging others to build on its own land, engaging others to build on rented land, or acquiring or disposing of machinery or equipment for business use, shall obtain an appraisal report prior to the date of occurrence of the event from a professional appraiser and shall further comply with the following provisions: (1) Where due to special circumstances it is necessary to give a specific market value or specified market value as a reference basis for the transaction</p>	<p>4) Appraisal report of real estate and other fixed assets In acquiring or disposing of real estate or fix assets where the transaction amount reaches 20 percent of the Company's paid-in capital or NT\$300 million or more, the Company, unless transacting with a government agency, engaging others to build on its own land, engaging others to build on rented land, or acquiring or disposing of machinery or equipment for business use, shall obtain an appraisal report prior to the date of occurrence of the event from a professional appraiser and shall further comply with the following provisions: (1) Where due to special circumstances it is necessary to give a specific market value or specified market value as a reference basis for the transaction</p>	Revised in accordance with amendment in laws

	<p>price, the transaction shall be submitted for approval in advance by the Board of Directors, and the same procedure shall apply to any future changes to the terms and conditions of the transaction.</p> <p>(2) Where the transaction amount is NT\$1 billion or more, appraisals from two or more professional appraisers shall be obtained.</p> <p>(3) Where any one of the following circumstances applies with respect to the professional appraiser's appraisal results, unless all the appraisal results for the assets to be acquired are higher than the transaction amount, or all the appraisal results for the assets to be disposed of are lower than the transaction amount, a certified public accountant shall be engaged to perform the appraisal in accordance with the provisions of Statements on Auditing Standards No. 20 published by the Accounting Research and Development Foundation (ARDF) and render a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price:</p> <ol style="list-style-type: none"> 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. <p>(4) No more than 3 months may elapse between the date of the appraisal report issued by a professional appraiser and the contract execution date. However, where the publicly announced current value for the same period is used and not more than 6 months have elapsed, an opinion may still be issued by the original professional appraiser.</p> <p>5) Expert Opinion on Acquisition and Disposal of Securities The Company's acquisition or</p>	<p>price, the transaction shall be submitted for approval in advance by the Board of Directors, and the same procedure shall apply to any future changes to the terms and conditions of the transaction.</p> <p>(2) Where the transaction amount is NT\$1 billion or more, appraisals from two or more professional appraisers shall be obtained.</p> <p>(3) Where any one of the following circumstances applies with respect to the professional appraiser's appraisal results, unless all the appraisal results for the assets to be acquired are higher than the transaction amount, or all the appraisal results for the assets to be disposed of are lower than the transaction amount, a certified public accountant shall be engaged to render a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price:</p> <ol style="list-style-type: none"> 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. <p>(4) No more than 3 months may elapse between the date of the appraisal report issued by a professional appraiser and the contract execution date. However, where the publicly announced current value for the same period is used and not more than 6 months have elapsed, an opinion may still be issued by the original professional appraiser.</p> <p>5) Expert Opinion on Acquisition and Disposal of Securities The Company's acquisition or disposal of securities shall, prior to the date of occurrence of the event, require financial statements of the issuing company for the most recent period, certified or reviewed by a certified public accountant,</p>	
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	<p>disposal of securities shall, prior to the date of occurrence of the event, require financial statements of the issuing company for the most recent period, certified or reviewed by a certified public accountant, for reference in appraising the transaction price, and if the dollar amount of the transaction is 20 percent of the Company's paid-in capital or NT\$300 million or more, the Company shall additionally engage a certified public accountant prior to the date of occurrence of the event to provide an opinion regarding the reasonableness of the transaction price. If the CPA is required to use the expert report as evidence, the CPA shall do so in accordance with the provisions of Statements on Auditing Standards No. 20 published by the ARDF. This requirement does not apply, however, to publicly quoted prices of securities that have an active market, or where otherwise provided by the regulations of the Financial Supervisory Commission (FSC).</p> <p>6) Expert Opinion Report on Memberships or Intangible Assets Where the Company acquires or disposes of memberships or intangible assets and the transaction amount reaches 20 percent or more of the Company's paid-in capital or NT\$300 million or more, the Company shall engage a certified public accountant prior to the date of occurrence of the event to render an opinion on the reasonableness of the transaction price; the CPA shall comply with the provisions of Statements on Auditing Standards No. 20 published by the Accounting Research and Development Foundation.</p>	<p>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 the regulations of the Financial Supervisory Commission (FSC).</p> <p>6) Expert Opinion Report on Memberships or Intangible Assets Where the Company acquires or disposes of memberships or intangible assets and the transaction amount reaches 20 percent or more of the Company's paid-in capital or NT\$300 million or more, 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>	
Article 8	1) When the Company engages in any acquisition or disposal of assets from or to a related party, in addition to ensuring that the real estate processing procedures specified in Article 7 are adopted,	1) When the Company engages in any acquisition or disposal of assets from or to a related party, in addition to ensuring that the real estate processing procedures specified in Article 7 are adopted,	Revised in accordance with amendment in laws

	<p>related resolution procedures specified below shall moreover be complied with and the reasonableness of the transaction terms by 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. The "transaction amount" in the preceding paragraph shall be calculated in accordance with the provisions stipulated in Article 7-1. In addition, when determining whether the transaction target is a related party, in addition to noting its legal status, the actual relations shall also be taken into consideration.</p> <p>2) Assessment and Operating Procedures</p> <p>When the Company acquires or disposes of real estate from or to a related party, or acquires or disposes of assets other than real estate from or to a related party and the transaction amount reaches 20 percent or more of the Company's paid-in capital, 10 percent or more of the Company's total assets, or NT\$300 million or more, the Company may not proceed to enter into a transaction contract or make a payment until the following matters have been approved by the Board of Directors and ratified by the Supervisors:</p> <p>(1) The purpose, necessity and anticipated benefit of the acquisition or disposal of assets.</p> <p>(2) The reason for choosing the related party as a trading counterparty.</p> <p>(3) With respect to the acquisition of real estate from a related party, information regarding appraisal of the reasonableness of the preliminary transaction terms in accordance with Subparagraphs (1) and (4) of Paragraph 3 of this Article.</p>	<p>related resolution procedures specified below shall moreover be complied with and the reasonableness of the transaction terms by 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. The "transaction amount" in the preceding paragraph shall be calculated in accordance with the provisions stipulated in Article 7-1. In addition, when determining whether the transaction target is a related party, in addition to noting its legal status, the actual relations shall also be taken into consideration.</p> <p>2) Assessment and Operating Procedures</p> <p>When the Company acquires or disposes of real estate from or to a related party, or acquires or disposes of assets other than real estate from or to a related party and the transaction amount reaches 20 percent or more of the Company's paid-in capital, 10 percent or more of the Company's total assets, or NT\$300 million or more, the Company may not proceed to enter into a transaction contract or make a payment until the following matters have been approved by the Board of Directors and ratified by the Supervisors:</p> <p>(1) The purpose, necessity and anticipated benefit of the acquisition or disposal of assets.</p> <p>(2) The reason for choosing the related party as a trading counterparty.</p> <p>(3) With respect to the acquisition of real estate from a related party, information regarding appraisal of the reasonableness of the preliminary transaction terms in accordance with Subparagraphs (1) and (4) of Paragraph 3 of this Article.</p>	
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	<p>(4) The date and price at which the related party originally acquired the real estate, the original trading counterparty, and that trading counterparty's relationship to the Company and the related party.</p> <p>(5) Monthly cash flow forecasts for the year commencing from the anticipated month of signing of the contract, evaluation of the necessity of the transaction, and reasonableness of fund utilization.</p> <p>(6) An appraisal report from a professional appraiser or a CPA's opinion obtained in compliance with the preceding Article.</p> <p>(7) Restrictive covenants and other important stipulations associated with the transaction.</p> <p>The calculation of the "transaction amount" referred to in the preceding Paragraph shall be made in accordance with Article 11, Paragraph 1 herein, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items that have been approved by the Board of Directors and ratified by the Supervisors in accordance with the provisions of the Standards need not be counted toward the transaction amount.</p> <p>With respect to the acquisition or disposal of machinery or equipment for business use between the Company and its subsidiaries, the Company's Board of Directors may pursuant to Article 7, Paragraph 2, Subparagraph 2 delegate the Chairperson of the Board 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> <ol style="list-style-type: none"> 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. 3) Appraisal of the reasonableness 	<p>(4) The date and price at which the related party originally acquired the real estate, the original trading counterparty, and that trading counterparty's relationship to the Company and the related party.</p> <p>(5) Monthly cash flow forecasts for the year commencing from the anticipated month of signing of the contract, evaluation of the necessity of the transaction, and reasonableness of fund utilization.</p> <p>(6) An appraisal report from a professional appraiser or a CPA's opinion obtained in compliance with the preceding Article.</p> <p>(7) Restrictive covenants and other important stipulations associated with the transaction.</p> <p>With respect to the acquisition or disposal of machinery or equipment for business use between the Company and its subsidiaries, the Company's Board of Directors may pursuant to Article 7, Paragraph 2, Subparagraph 2 delegate the Chairperson of the Board 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> <ol style="list-style-type: none"> 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. 3) Appraisal of the reasonableness of the transaction price <p>(1) When the Company acquires real estate from a related party, it shall evaluate the reasonableness of the transaction costs by the following means:</p> <ol style="list-style-type: none"> 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 	
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	<p>of the transaction price</p> <p>(1) When the Company acquires real estate from a related party, it shall evaluate the reasonableness of the transaction costs by the following means:</p> <p>1. Based upon the related party's transaction price plus necessary interest on funding and the costs to be duly borne by the buyer. "Necessary interest on funding" is imputed as the weighted average interest rate on borrowing in the year the Company purchases the property; provided, it may not be higher than the maximum non-financial industry lending rate announced by the Ministry of Finance.</p> <p>2. Total loan value appraisal from a financial institution where the related party has previously created a mortgage on the property as security for a loan; provided, the actual cumulative amount loaned by the financial institution shall have been 70 percent or more of the financial institution's appraised loan value of the property and the period of the loan shall have been 1 year or more. However, this shall not apply where the financial institution is a related party of one of the trading counterparties.</p> <p>(2) Where land and buildings thereupon are combined as a single property purchased in one transaction, the transaction costs for the land and the buildings may be separately appraised in accordance with either of the means listed in the preceding paragraph.</p> <p>(3) When the Company acquires real estate from a related party and appraises the cost of the real estate in accordance with Paragraph 3, Subparagraphs (1) and (2) of this Article, it shall also engage a CPA to review the appraisal and render a specific opinion.</p> <p>(4) Where the Company acquires real estate from a related party and one of the following circumstances exists, the acquisition shall only be</p>	<p>higher than the maximum non-financial industry lending rate announced by the Ministry of Finance.</p> <p>2. Total loan value appraisal from a financial institution where the related party has previously created a mortgage on the property as security for a loan; provided, the actual cumulative amount loaned by the financial institution shall have been 70 percent or more of the financial institution's appraised loan value of the property and the period of the loan shall have been 1 year or more. However, this shall not apply where the financial institution is a related party of one of the trading counterparties.</p> <p>(2) Where land and buildings thereupon are combined as a single property purchased in one transaction, the transaction costs for the land and the buildings may be separately appraised in accordance with either of the means listed in the preceding paragraph.</p> <p>(3) When the Company acquires real estate from a related party and appraises the cost of the real estate in accordance with Paragraph 3, Subparagraphs (1) and (2) of this Article, it shall also engage a CPA to review the appraisal and render a specific opinion.</p> <p>(4) Where the Company acquires real estate from a related party and one of the following circumstances exists, the acquisition shall only be required for implementation in accordance with Paragraphs 1 and 2 of this Article regarding appraisal and operating procedures and where the regulations on the reasonableness of the transaction cost provided in Paragraph 3, Subparagraphs (1), (2), and (3) do not apply:</p> <p>1. The related party acquired the real estate through inheritance or as a gift.</p> <p>2. More than 5 years will have elapsed from the time the related party signed the contract to obtain</p>	
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	<p>required for implementation in accordance with Paragraphs 1 and 2 of this Article regarding appraisal and operating procedures and where the regulations on the reasonableness of the transaction cost provided in Paragraph 3, Subparagraphs (1), (2), and (3) do not apply:</p> <ol style="list-style-type: none"> 1. The related party acquired the real estate 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 estate to the signing date for the current transaction. 3. The real estate is acquired through signing of a joint development contract with the related party, or through engaging a related party to build real estate, 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. <p>(5) When the Company acquires real estate from a related party and appraises the cost of the real estate in accordance with Paragraph 3, Subparagraphs (1) and (2) of this Article, and the results are uniformly lower than the transaction price, the matter shall be handled in compliance with the regulations in Paragraph 3, Subparagraph (6) of this Article. However, where the following circumstances exist, objective evidence has been submitted and specific opinions on reasonableness have been obtained from a professional real estate appraiser and a CPA, this restriction shall not apply:</p> <ol style="list-style-type: none"> 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>the real estate to the signing date for the current transaction.</p> <ol style="list-style-type: none"> 3. The real estate is acquired through signing of a joint development contract with the related party, or through engaging a related party to build real estate, 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. <p>(5) When the Company acquires real estate from a related party and appraises the cost of the real estate in accordance with Paragraph 3, Subparagraphs (1) and (2) of this Article, and the results are uniformly lower than the transaction price, the matter shall be handled in compliance with the regulations in Paragraph 3, Subparagraph (6) of this Article. However, where the following circumstances exist, objective evidence has been submitted and specific opinions on reasonableness have been obtained from a professional real estate appraiser and a CPA, this restriction shall not apply:</p> <ol style="list-style-type: none"> 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: <ol style="list-style-type: none"> (i) Where undeveloped land is appraised in accordance with the means in the preceding Article, and structures according to the related party's construction cost plus reasonable construction profit are valued in excess of the actual transaction price. The "Reasonable construction profit" shall be deemed the average gross operating profit margin of the related party's construction division over the most recent 3 years or the gross profit margin for the construction industry for the 	
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	<p>(i) Where undeveloped land is appraised in accordance with the means in the preceding Article, and structures according to the related party's construction cost plus reasonable construction profit are valued in excess of the actual transaction price. The "Reasonable construction profit" shall be deemed the average gross operating profit margin of the related party's construction division over the most recent 3 years or the gross profit margin for the construction industry for the most recent period as announced by the Ministry of Finance, whichever is lower.</p> <p>(ii) Completed transactions by unrelated parties within the preceding year involving other floors of the same property or neighboring or closely valued parcels of land, where the land area and transaction terms are similar after calculation of reasonable price discrepancies in floor or area land prices in accordance with standard property market sale or leasing practices.</p> <p>2. Where the Company acquires real estate from a related party and provides evidence that the terms of the transaction are similar to the terms of transactions completed for the acquisition of neighboring or closely valued parcels of land of a similar size by unrelated parties within the preceding year. Completed transactions for neighboring or closely valued parcels of land in the preceding paragraph in principle refers to parcels on the same or an adjacent block and within a distance of no more than 500 meters or parcels close in publicly announced current value; transaction for similarly sized parcels in principle refers to transactions completed by unrelated parties for parcels with a land area of no less than 50 percent of the property in the planned transaction; within the preceding year refers to the year preceding</p>	<p>most recent period as announced by the Ministry of Finance, whichever is lower.</p> <p>(ii) Completed transactions by unrelated parties within the preceding year involving other floors of the same property or neighboring or closely valued parcels of land, where the land area and transaction terms are similar after calculation of reasonable price discrepancies in floor or area land prices in accordance with standard property market sale or leasing practices.</p> <p>2. Where the Company acquires real estate from a related party and provides evidence that the terms of the transaction are similar to the terms of transactions completed for the acquisition of neighboring or closely valued parcels of land of a similar size by unrelated parties within the preceding year. Completed transactions for neighboring or closely valued parcels of land in the preceding paragraph in principle refers to parcels on the same or an adjacent block and within a distance of no more than 500 meters or parcels close in publicly announced current value; transaction for similarly sized parcels in principle refers to transactions completed by unrelated parties for parcels with a land area of no less than 50 percent of the property in the planned transaction; within the preceding year refers to the year preceding the date of occurrence of the acquisition of the real estate.</p> <p>(6) When the Company acquires real estate from a related party and appraises the cost of the real estate in accordance with Paragraph 3, Subparagraph (1) and (2) of this Article, and the results are uniformly lower than the transaction price, the following items shall be carried out. Where the Company uses the equity method to account for its investment in a public company that has set aside a special reserve</p>	
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	<p>the date of occurrence of the acquisition of the real estate.</p> <p>(6) When the Company acquires real estate from a related party and appraises the cost of the real estate in accordance with Paragraph 3, Subparagraph (1) and (2) of this Article, and the results are uniformly lower than the transaction price, the following items shall be carried out. Where the Company uses the equity method to account for its investment in a public company that has set aside a special reserve under the preceding paragraph may not utilize the special reserve until it has recognized a loss on decline in market value of the assets it purchased at a premium, or they have been disposed of, or adequate compensation has been made, or the status quo ante has been restored, or there is other evidence confirming that there was nothing unreasonable about the transaction, and the FSC has given its consent.</p> <p>1. The Company shall set aside a special reserve in accordance with Article 41, Paragraph 1 of the Securities and Exchange Act against the difference between the real estate 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 1 of the Securities and Exchange Act shall be set aside pro rata in a proportion consistent with the share of public company's equity stake in the other company.</p> <p>2. Supervisors shall comply with Article 218 of the Company Act.</p> <p>3. Actions taken pursuant to Item 1 and Item 2 of the Subparagraph shall be reported to a shareholders meeting, and the details of the transaction shall be disclosed in the annual report and any</p>	<p>under the preceding paragraph may not utilize the special reserve until it has recognized a loss on decline in market value of the assets it purchased at a premium, or they have been disposed of, or adequate compensation has been made, or the status quo ante has been restored, or there is other evidence confirming that there was nothing unreasonable about the transaction, and the FSC has given its consent.</p> <p>1. The Company shall set aside a special reserve in accordance with Article 41, Paragraph 1 of the Securities and Exchange Act against the difference between the real estate 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 1 of the Securities and Exchange Act shall be set aside pro rata in a proportion consistent with the share of public company's equity stake in the other company.</p> <p>2. Supervisors shall comply with Article 218 of the Company Act.</p> <p>3. Actions taken pursuant to Item 1 and Item 2 of the Subparagraph 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>(7) When a public company obtains real estate from a related party, it shall also comply with Paragraph 3, Subparagraph (6) of the Article if there is other evidence indicating that the transaction was inconsistent with business practice.</p> <p><u>If a public company or a subsidiary thereof that is not a domestic public company will have a transaction set out in paragraph 2 and the transaction amount will reach 10 percent or</u></p>	
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	<p>investment prospectus. (7) When a public company obtains real estate from a related party, it shall also comply with Paragraph 3, Subparagraph (6) of the Article if there is other evidence indicating that the transaction was inconsistent with business practice.</p>	<p><u>more of the public company's total assets, the public company shall submit the materials in all the subparagraphs of paragraph 2 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 public company and its parent company or subsidiaries or between its subsidiaries.</u> The calculation of the transaction amounts referred to in paragraph 2 and the preceding paragraph shall be made in accordance with Article 11, paragraph 1 herein, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items that have been approved by the shareholders meeting or board of directors and recognized by the supervisors need not be counted toward the transaction amount.</p>	
Article 11	<p>1) Under any of the following circumstances, a public 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</p>	<p>1) Under any of the following circumstances, a public 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</p>	Revised in accordance with amendment in laws

	<p>investment trust enterprises.</p> <p>(2) Merger, demerger, acquisition, or transfer of shares.</p> <p>(3) Losses from derivatives trading reaching the limits on aggregate losses or losses on individual contracts set out in the procedures adopted by the company.</p> <p>(4) Where equipment 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:</p> <ol style="list-style-type: none"> 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. <p>(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.</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</p>	<p>investment trust enterprises.</p> <p>(2) Merger, demerger, acquisition, or transfer of shares.</p> <p>(3) Losses from derivatives trading reaching the limits on aggregate losses or losses on individual contracts set out in the procedures adopted by the company.</p> <p>(4) Where equipment 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:</p> <ol style="list-style-type: none"> 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. <p>(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.</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</p>	
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	<p>expects to invest in the transaction reaches 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"> 1. Trading of domestic government bonds. 2. Where done by professional investors—securities trading on securities exchanges or OTC markets, or subscription of ordinary corporate bonds or general bank debentures without equity characteristics (excluding subordinated debt) that are offered and issued in the primary market, or subscription or redemption of securities investment trust funds or futures trust funds, or subscription by a securities firm of securities as necessitated by its undertaking business or as an advisory recommending securities firm for an emerging stock company, in accordance with the rules of the Taipei Exchange. 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>The amount of transactions above shall be calculated as follows:</p> <ol style="list-style-type: none"> 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 	<p>expects to invest in the transaction reaches 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"> 1. Trading of domestic government bonds <u>or foreign government bonds with a rating that is not lower than the sovereign rating of Taiwan.</u> 2. Where done by professional investors—securities trading on securities exchanges or OTC markets, or subscription of <u>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</u> 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. <p>The amount of transactions above shall be calculated as follows:</p> <ol style="list-style-type: none"> 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. 	
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	<p>development project within the preceding year.</p> <p>4. The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of the same security within the preceding year.</p> <p>"Within the preceding year" as used in the preceding paragraph refers to the year preceding the date of occurrence of the current transaction. Items duly announced in accordance with these Regulations need not be counted toward the transaction amount.</p> <p>2) A public 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) When a public company at the time of public announcement makes an error or omission in an item required by regulations to be publicly announced and so is required to correct it, all the items shall be again publicly announced and reported in their entirety within two days counting inclusively from the date of knowing of such error or omission.</p> <p>4) A public company acquiring or disposing of assets shall keep all relevant contracts, meeting minutes, log books, appraisal reports and CPA, attorney, and securities underwriter opinions at the company, where they shall be retained for 5 years except where another act provides otherwise.</p> <p>5) Where any of the following circumstances occurs with respect to a transaction that a public company has already publicly announced and reported in accordance with the preceding article, a public report of relevant</p>	<p>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.</p> <p>4. The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of the same security within the preceding year.</p> <p>"Within the preceding year" as used in the preceding paragraph refers to the year preceding the date of occurrence of the current transaction. Items duly announced in accordance with these Regulations need not be counted toward the transaction amount.</p> <p>2) A public 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) When a public company at the time of public announcement makes an error or omission in an item required by regulations to be publicly announced and so is required to correct it, all the items shall be again publicly announced and reported in their entirety within two days counting inclusively from the date of knowing of such error or omission.</p> <p>4) A public company acquiring or disposing of assets shall keep all relevant contracts, meeting minutes, log books, appraisal reports and CPA, attorney, and securities underwriter opinions at the company, where they shall be retained for 5 years except where another act provides otherwise.</p> <p>5) Where any of the following</p>	
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	<p>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:</p> <p>(1) Change, termination, or rescission of a contract signed in regard to the original transaction.</p> <p>(2) The merger, demerger, acquisition, or transfer of shares is not completed by the scheduled date set forth in the contract.</p> <p>(3) Change to the originally publicly announced and reported information.</p>	<p>circumstances occurs with respect to a transaction that a public company has already publicly announced and reported in accordance with the preceding article, a public report of relevant information shall be made on the information reporting website designated by the FSC within 2 days counting inclusively from the date of occurrence of the event:</p> <p>(1) Change, termination, or rescission of a contract signed in regard to the original transaction.</p> <p>(2) The merger, demerger, acquisition, or transfer of shares is not completed by the scheduled date set forth in the contract.</p> <p>(3) Change to the originally publicly announced and reported information.</p>	
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