

Stock Code: 8436



大江生醫股份有限公司

T C I C o . , L t d

Handbook for the 2021 Annual Shareholders' Meeting

Meeting Time: June 29, 2021, at 9 a.m.

Place: No.21, Nongke Rd., Changzhi Township, Pingtung County 90846, Taiwan (R.O.C.)

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I. Meeting Procedure

TCI Co., Ltd.

The 2021 Annual Shareholders' Meeting

1. Call the Meeting to Order
2. Chairman Remarks
3. Management Presentation (Company Reports)
4. Proposals
5. Discussion
6. Questions and Other Motions
7. Closing of the Meeting

II. Meeting Agenda

TCI Co., Ltd.

The 2021 Annual Shareholder's Meeting

Time: 9 a.m. on Tuesday, June 29, 2021

Place: No.21, Nongke Rd., Changzhi Township, Pingtung County 90846, Taiwan (R.O.C.)

Chairperson: Yung-Hsiang Lin

I. Call the Meeting to Order

II. Chairman Remarks

III. Management Presentation

1. 2020 Business Report
2. 2020 Audit Committee's Review Report
3. 2020 Directors' Compensation and Employee Profit Sharing Plans
4. Review Report on the 2nd Issuance of Unsecured Convertible Bonds
5. Review Report on the Repurchase of Treasury Stock

IV. Proposals

1. Adoption on the 2020 Business Report and Financial Statements
2. Adoption of the Proposal for Distribution of 2020 Profits

V. Discussion

1. Amendments to the Articles of Incorporation
2. Amendments to the Operational Procedures for Acquisition or Disposal of Assets
3. Removal of Non-Competition Restrictions for Directors and Their Representatives

VI. Questions and Motions

VII. Closing of the Meeting

III. Management Presentation (Company Reports)

Report No.1

2020 Business Report

Explanation: The 2020 Business Report is attached as pp. 7-8, Attachment 1.

Report No.2

2020 Audit Committee's Review Report

Explanation: The 2020 Audit Committee's Review Report is attached as pp. 9, Attachment 2.

Report No.3

Directors' Compensation and Employee Profit Sharing Plans

Explanation:

- (1) In accordance with Article 18 of the Articles of Incorporation of TCI Co., Ltd., after TCI Co., Ltd. offsets its losses in previous years, TCI Co., Ltd. shall set aside not more than 3% of its annual profits as compensation to its directors, and not less than 5% and not more than 15% as profit sharing bonuses to its employees. The annual profits are defined as its annual profit before tax.
- (2) The Directors' Compensation and Employee Profit Sharing Plans have been approved at the meeting of the Board of Directors on March 8, 2021. The amount of 2020 directors' compensation is NT\$ 4,200,000, and the amount of 2020 employees' profit sharing bonus is NT\$163,401,000. The compensation and the profit sharing bonus will be distributed by cash, and shall be distributed through one or several payments.

Report No. 4

Review Report on the 2nd Issuance of Unsecured Convertible Bonds

Explanation:

- (1) The 2nd issuance of unsecured convertible bonds which value NT\$1.2 billion has been approved at the 2nd meeting of the Board of Directors in 2018. The issuance date is June 8, 2018. It has a validity of 3 years.
- (2) Until the printing day date of this handbook, there are 2,102,840 shares have been converted to common shares in this issuance.

Report No. 5

Review Report on the Repurchases of Treasury Stock

(1) TCI's Repurchase of Shares (Executed)

May 1, 2021

Serial Number of Repurchase	1
Purpose of repurchase	Maintenance of the Company's creditability and the shareholders' rights
Repurchase period	2020/02/07-2020/04/06
Repurchase price range	NT\$148.75-406.59
Type and number of repurchased shares	2,000,000 common shares
Total price of repurchased shares	NT\$ 438,143,659
Number of purchased shares as a percentage of number of shares to be repurchased (%)	100%
Number of shares cancelled or transferred	2,000,000 shares
Accumulated number of shares held by TCI	0 shares
Accumulated number of shares held by TCI as a percentage of total number of issued shares	0%

(2) TCI's Repurchase of Shares (Executed)

May 1, 2021

Serial Number of Repurchase	2
Purpose of repurchase	For the transfer to employees
Repurchase period	2020/03/24-2020/05/22
Repurchase price range	108.5-319.5
Type and number of repurchased shares	1,016,000 common shares
Total price of repurchased shares	NT\$ 227,419,497
Number of purchased shares as a percentage of number of shares to be repurchased (%)	33.87%
Number of shares cancelled or transferred	0 shares
Accumulated number of shares held by TCI	1,016,000 shares
Accumulated number of shares held by TCI as a percentage of total number of issued shares	0.86%

IV. Proposals

1. Proposed by the Board

Proposal: Adoption of the 2020 Business Report and Financial Statements

Explanation:

- (1) TCI Co., Ltd.'s Financial Statements, including Consolidated Financial Statements, and Business Report, were audited by independent auditors, Ming-Chuan Hsu and Ping-Chun Chih of PwC Taiwan. Also, Financial Statements and Consolidated Financial Statements have been approved by the Boards of Directors and examined by the Audit Committee on March 8, 2021.
- (2) The 2020 Business Report, Independent Auditors' Report, Financial Statements, and Consolidated Financial Statements are attached as pp. 8-9, Attachment 1, and pp. 10-35, Attachment 3.
- (3) Please resolve.

Resolution:

2. Proposed by the Board

Proposal: Adoption of the Proposal for Distribution of 2020 Profits

Explanation:

- (1) The Board has adopted the proposal of for distribution of 2020 Profits on March 8, 2021. The 2020 Profit Distribution Proposal is attached as pp.36, Attachment 4.
- (2) The distribution of 2020 profits is calculated based on the total number of issued shares (118,220,169 shares). The cash dividend payment is NT\$8.88 per share, and the total amount of cash dividend is NT\$1,040,755,261. The amount of cash dividend payment per share is rounded down to the nearest whole number. The amount of the remaining cash dividend which cannot be distributed (less than NT\$1 per share) will be disturbed in accordance with the percentage of current shareholding to meet the total amount of distribution of 2020 profits.
- (3) In the event that, after this meeting, the proposed profit distribution is affected by any changes in equity like convertible bonds or the execution of employee stock options, it is proposed that the Board of Directors will be authorized to adjust each shareholder's percentages of the cash dividend and the stock dividend.
- (4) The amount of dividend is distributed to shareholders on the basis of the shareholding recorded in the shareholders list on the ex-dividend date. Upon the approval of the Annual Shareholders' Meeting and the competent authority, it is proposed that the Board of Directors will be authorized to resolve the ex-dividend date and other relevant issues.
- (5) Please resolve.

Resolution:

V. Discussion

1. Proposed by the Board

Proposal: Proposal for the amendments to the Articles of Incorporation

Explanation:

- (1) In order to meet the operational requirements, it is proposed to amend some provisions of the Articles of Incorporation of TCI. For the Table for Comparison of Amendments to the Articles of Incorporation with the Current Version, please refer to pp.37-39 Attachment 5.
- (2) Please discuss.

Resolution:

2. Proposed by the Board

Proposal: Proposal for the amendments to the Operational Procedures for Acquisition or Disposal of Assets

Explanation:

- (1) In order to meet the operational requirements, it is proposed to amend some provisions of the Operational Procedures for Acquisition or Disposal of Assets. For the Table for Comparison of Amendments to the Operational Procedures for Acquisition or Disposal of Assets with the Current Version, please refer to pp. 40-43, Attachment 6.
- (2) Please discuss.

Resolution:

3. Proposed by the Board

Proposal: Proposal for the removal of non-competition restrictions for directors and their representatives.

Explanation:

- (1) The removal is proposed in accordance with Article 209 of Company Act that “a director who does anything for himself or on behalf of another person that is within the scope of the company's business, shall explain to the meeting of shareholders the essential contents of such an act and secure its approval.”
- (2) In view of the fact that the Directors may happen to concurrently serve as directors of companies with the same or similar business scope as TCI, it is proposed, according to Article 209 of Company Act, that the non-competition restrictions for the Directors shall be removed on the premise that TCI’s interests will not be jeopardized.
- (3) Please discuss.

VI. Questions and Motions

VII. Closing of the Meeting

Attachment 1

TCI Co., Ltd. Business Report

Dear Shareholders,

Affected by the pandemic in 2020, TCI suffered its first business recession in more than a decade, which made us accelerate our examination of our shortcomings, improve our technical capabilities and lean management, and achieve the highest gross profit margin, 45.5%, in the third quarter of 2020 and reached 55th place among all listed companies in terms of the operating net profit margin. Furthermore, TCI is looking to the future, accelerating its global deployment, and moving towards the goal of 2023- a global bioscience design trading company.

The operating plan adopted by the Company in 2021 is as follows:

1. Make good products, bring the world to the customer, and bring the customer to the world.

Continuing the strategy for 2020, TCI takes customers as the core, is committed to serving large global customers, and also helping brand customers sell products globally, and focuses on the development of high-efficacy products with the advantages of R&D and global procurement strength, and make good differentiated products that are easy to market, efficient and cost-effective so as to bring the world to the customer, and bring the customer to the world!

2. Precise iManufacturing

TCI is continuously optimizing the production process, and its supply chain management is becoming more refined. In 2021, it will develop and import intelligent software by itself, and use the data-assisted decision making approach of the 3U strategy (ultra-automation, unlimited connection, ubiquitousness) to achieve "precise imanufacturing": on-time production, less loss, fast shipping, low inventory!

3. A good working environment

In response to the pandemic, TCI will set up Virtual Global Offices (VGOs) all over the world in 2020 to use global talents to expand its business. While recruiting outstanding talents, it must also create a friendly and good working environment. In 2021, TCI will strive for recognition as Asia's Best Employer by Forbes and continue to promote corporate social responsibility, and for the glory of the first place, create ubiquitous administrative services for employees in virtual or real working environments, and create sustainable development opportunities for the environment!

TCI will continue to work hard to become the world's No. 1 global bioscience design trading company with revenue of more than NT\$ 200 billion.

2020 Financial Performance

1. Operational Results

Unit: NT\$ thousands

TCI Co., Ltd.				
Consolidated Income Statement				
Item	2020	2019	Difference	%
Net Revenue	8,223,851	9,566,132	(1,342,281)	-14%
Cost of Revenue	(4,634,123)	(5,550,645)	916,522	-17%
Gross Profit	3,589,728	4,015,487	(425,759)	-11%
Operating Expenses	(1,571,923)	(1,813,170)	241,247	-13%
Income from Operations	2,017,805	2,202,317	(184,512)	-8%
Other Operating Income and Expenses	180,416	202,914	(22,498)	-11%
Income before Income Tax	2,198,221	2,405,231	(207,010)	-9%
Income Tax Expenses	(345,483)	(367,265)	21,782	-6%
Net Income	1,852,738	2,037,966	(185,228)	-9%

2. Analysis of Financial Performance

- (1) In 2020, TCI's net revenue totaled NT\$ 8.223851 billion, a decrease of 14 percent compared with the NT\$ 9.566132 billion in 2019; the income from operations totaled NT\$ 2.017805 billion, a decrease of 8 percent compared with the NT\$ 2.202317 in 2019; the net income totaled NT\$ 1.852738, a decrease of 9 percent compared with the NT\$ 2.037966 in 2019.
- (2) In 2020, the gross profit margin was 43.65%, up 1.67% compared with the 41.98% in 2019; the operating income margin was 24.54%, up 1.52% compared with the 24.54% in 2019; the profit margin was 22.53%, up 1.23% compared with the 21.30% in 2019.
- (3) In 2020, the earnings per share was NT\$ 15.69, down 7.8% compared with the NT\$ 17.02 in 2019.

TCI sincerely thanks you again for your support. As you read this Report, you will be assured of the correctness of investing in TCI! Please continue to believe in TCI and hold your shares for a long term. For more information, you can refer to TCI's official website or scan the QR codes below. In 2021, TCI will work as hard as before in 2021 but in a better and smarter way to "join and delight consumer's life"!



Chairman: Yung-Hsiang Lin



CEO: Yung-Hsiang Lin



Accounting Manager: Chen-Chen Fu



Attachment 2

2021 Audit Committee's Review Report

The Board of Directors has prepared the Company's 2020 Financial Statements. The CPAs of PwC Taiwan, Ming-Chuan Hsu and Ping-Chun Chih, were retained to audit TCI's Financial Statements. The Business Report, Financial Statements, and earning allocation proposal have been reviewed and determined to be correct and accurate by the Audit Committee members of TCI Co., Ltd. According to relevant requirements of Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act, we hereby submit this report.

To
2021 Annual Shareholders' Meeting of TCI Co., Ltd.

TCI Co., Ltd.

Chairman of the Audit Committee

Sung-Yuan Liao



March 8, 2021

Attachment 3

INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

To the Board of Directors and Shareholders of TCI Co., Ltd.

Opinion

We have audited the accompanying parent company only balance sheets of TCI Co., Ltd. (the "Company") as at December 31, 2020 and 2019, and the related parent company only statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the parent company only financial statements, including a summary of significant accounting policies.

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

Basis for opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and generally accepted auditing standards in the Republic of China. Our responsibilities under those standards are further described in the *Auditors' responsibilities for the audit of the parent company only financial statements* section of our report. We are independent of the Company in accordance with the 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 Company's 2020 parent company only financial statements. These matters were addressed in the context of our audit of the parent company only financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

Key audit matters for the Company's 2020 parent company only financial statements are stated as follows:

Existence and occurrence of top ten customers

Description

The Company's and its subsidiaries' (listed as investments accounted for under equity method) sales revenue arise mainly from manufacturing and sales of health foods and cosmetics. Customers are mostly direct marketing companies in Europe and Asia and cosmetic companies.

With the expansion of direct marketing companies in Europe and Asia, the sales revenue from top ten customers has increased significantly and became a significant portion of operating income to the parent company only financial statements. Because of the rapid development in the internet sales market, more time and resources were required in performing the audit procedures. Thus, we consider the existence and occurrence of top ten customers as a key audit matter.

Please refer to Note 4(29) for accounting policies on revenue recognition and Note 6(20) for details of sales revenue and Note 6(5) for details of investments accounted for under equity method.

How our audit addressed the matter

Our audit procedures in respect of the above key audit matter included:

- Understanding and testing the internal control procedures of the top ten customers and testing the effectiveness of internal control related to sales revenue.
- Selecting samples from sales transactions of the top ten customers and comparing against orders and delivery bills to confirm whether the sales transactions did occur.
- Examining sales returns and discounts from the top ten customers after the balance sheet date to confirm the existence of sales revenue.

Allowance for inventory valuation losses

Description

The Company and its subsidiaries (listed as investments accounted for under equity method) are primarily engaged in developing, manufacturing and sales of health foods and cosmetics. As these kinds of products are substituted easily and have a highly competitive nature in the market, there is higher risk of incurring inventory valuation losses or obsolescence. The Company and its subsidiaries recognise inventories at the lower of cost and net realisable value. For those inventory with ages over a certain period and individually recognised as obsolete inventories, the net realisable value is calculated based on the inventory closeout and historical data of discounts.

Considering that the market demand has changed, the Company and its subsidiaries reinvents its products quickly. As the determination of the net realisable value used in the valuation of obsolete inventories involves subjective judgement and uncertainty, and considering the allowance for inventory valuation losses is material to the financial statements, we consider the allowance for inventory valuation losses as a key audit matter.

Please refer to Note 4(12) for accounting policy on inventory valuation and Note 6(4) for details of allowance for inventory valuation losses and Note 6(5) for details of investments accounted for under equity method.

How our audit addressed the matter

Our audit procedures in respect of the above key audit matter included:

- Understanding the operations and industry of the Company and its subsidiaries to assess the reasonableness of policies and procedures on allowance for inventory valuation losses, including inventory classification, the degree of inventory closeout and historical data source of price discounts, and the reasonableness of the guidelines for obsolete and slow-moving inventory.
- Understanding the inventory management process, participating and examining annual physical counts to assess the effectiveness of management's classification and controls over obsolete and slow-moving inventory, and verifying whether it was in agreement with obsolete inventory lists.
- Evaluating the reasonableness of the logic of inventory aging statements used in valuation to confirm whether the information on such statements is in agreement with its policies.

- Interviewing management and reviewing sales after balance sheet date to assess the reasonableness of allowance for inventory valuation losses.

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

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

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

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

Auditors' responsibilities for the audit of the parent company only financial statements

Our objectives are to obtain reasonable assurance about whether the parent company only 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 generally accepted auditing standards in the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these parent company only financial statements.

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

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

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

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

Hsu, Ming-Chuan Chih, Ping-Chiun
For and on behalf of PricewaterhouseCoopers, Taiwan
March 8, 2021

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

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

Assets	Notes	December 31, 2020		December 31, 2019		
		AMOUNT	%	AMOUNT	%	
Current assets						
1100	Cash and cash equivalents	6(1)	\$ 507,239	5	\$ 1,025,245	10
1110	Financial assets at fair value through profit or loss - current	6(10)	135,402	1	-	-
1136	Current financial assets at amortised cost	6(1) and 8	176,953	2	-	-
1150	Notes receivable, net	6(3)	15,653	-	2,940	-
1170	Accounts receivable, net	6(3)	207,976	2	221,091	2
1180	Accounts receivable - related parties, net	7	539,233	5	403,315	4
1200	Other receivables		21,316	-	12,871	-
1210	Other receivables - related parties	7	8,103	-	67,373	1
1220	Current income tax assets	6(27)	-	-	2,229	-
130X	Inventories	6(4)	361,986	3	670,441	7
1410	Prepayments		105,402	1	221,953	2
1470	Other current assets		27,228	-	27,872	-
11XX	Total current assets		<u>2,106,491</u>	<u>19</u>	<u>2,655,330</u>	<u>26</u>
Non-current assets						
1517	Non-current financial assets at fair value through other comprehensive income	6(2)	23,568	-	23,568	-
1550	Investments accounted for using equity method	6(5)	4,698,485	43	4,039,995	39
1600	Property, plant and equipment	6(6)	2,985,462	27	1,883,457	18
1755	Right-of-use assets	6(7)	26,621	-	41,651	1
1780	Intangible assets	6(8)	13,477	-	19,532	-
1840	Deferred income tax assets	6(27)	59,758	1	34,199	-
1900	Other non-current assets	6(9)	1,036,403	10	1,678,305	16
15XX	Total non-current assets		<u>8,843,774</u>	<u>81</u>	<u>7,720,707</u>	<u>74</u>
1XXX	Total assets		<u>\$ 10,950,265</u>	<u>100</u>	<u>\$ 10,376,037</u>	<u>100</u>

(Continued)

Liabilities and Equity		Notes	December 31, 2020		December 31, 2019	
			AMOUNT	%	AMOUNT	%
Current liabilities						
2100	Short-term borrowings	6(13)	\$ 1,076,334	10	\$ 200,000	2
2130	Current contract liabilities	6(20)	144,143	1	698,191	7
2150	Notes payable		1,350	-	2,520	-
2170	Accounts payable		534,154	5	711,117	7
2180	Accounts payable - related parties	7	127,685	1	144,742	1
2200	Other payables	6(11)	628,469	6	788,401	8
2220	Other payables - related parties	7	13,321	-	23,948	-
2230	Current income tax liabilities	6(27)	409,022	4	167,235	2
2280	Current lease liabilities		10,533	-	14,009	-
2320	Long-term liabilities, current portion	6(12)	434,268	4	-	-
2399	Other current liabilities, others		49,365	1	31,332	-
21XX	Total current liabilities		<u>3,428,644</u>	<u>32</u>	<u>2,781,495</u>	<u>27</u>
Non-current liabilities						
2530	Corporate bonds payable	6(12)	-	-	431,389	4
2540	Long-term borrowings		3,980	-	-	-
2570	Deferred income tax liabilities	6(27)	-	-	2,149	-
2580	Non-current lease liabilities		16,479	-	27,929	-
2600	Other non-current liabilities	6(5)	1,126	-	-	-
25XX	Total non-current liabilities		<u>21,585</u>	<u>-</u>	<u>461,467</u>	<u>4</u>
2XXX	Total liabilities		<u>3,450,229</u>	<u>32</u>	<u>3,242,962</u>	<u>31</u>
Equity						
Share capital						
3110	Share capital - common stock	6(16)	1,182,202	11	1,196,172	11
Capital surplus						
3200	Capital surplus	6(17)	2,618,432	23	2,600,733	25
Retained earnings						
3310	Legal reserve	6(18)	598,016	5	396,403	4
3320	Special reserve		325,709	3	168,346	2
3350	Unappropriated retained earnings		3,259,603	30	3,192,547	31
Other equity interest						
3400	Other equity interest	6(19)	(257,069)	(2)	(421,126)	(4)
3500	Treasury shares	6(16)	(226,857)	(2)	-	-
3XXX	Total equity		<u>7,500,036</u>	<u>68</u>	<u>7,133,075</u>	<u>69</u>
3X2X	Total liabilities and equity		<u>\$ 10,950,265</u>	<u>100</u>	<u>\$ 10,376,037</u>	<u>100</u>

Years ended December 31,

	Items	Notes	2020		2019	
			AMOUNT	%	AMOUNT	%
4000	Sales revenue	6(20) and 7	\$ 6,068,526	100	\$ 6,332,067	100
5000	Operating costs	6(4)(14)(25)(26) and 7	(3,439,476)	(57)	(4,134,552)	(66)
5900	Net operating margin		2,629,050	43	2,197,515	34
5910	Unrealized profit from sales	6(5)	(264,433)	(4)	(136,040)	(2)
5920	Realized profit on from sales	6(5)	136,040	2	185,417	3
5950	Net operating margin		2,500,657	41	2,246,892	35
	Operating expenses	6(14)(25)(26)				
6100	Selling expenses		(270,179)	(4)	(317,406)	(5)
6200	General and administrative expenses		(515,748)	(8)	(547,548)	(9)
6300	Research and development expenses		(397,896)	(7)	(402,466)	(6)
6000	Total operating expenses		(1,183,823)	(19)	(1,267,420)	(20)
6900	Operating profit		1,316,834	22	979,472	15
	Non-operating income and expenses					
7100	Interest income	6(21)	374	-	3,484	-
7010	Other income	6(22) and 7	104,047	1	238,862	4
7020	Other gains and losses	6(23)	(586)	-	(8,643)	-
7050	Finance costs	6(24)	(13,009)	-	(4,060)	-
7070	Share of profit of associates and joint ventures accounted for using equity method, net	6(5)	669,481	11	1,015,670	16
7000	Total non-operating income and expenses		760,307	12	1,245,313	20
7900	Profit before income tax		2,077,141	34	2,224,785	35
7950	Income tax expense	6(27)	(238,349)	(4)	(208,656)	(3)
8200	Profit for the year		\$ 1,838,792	30	\$ 2,016,129	32
	Other comprehensive income (loss)					
	Components of other comprehensive income that will be reclassified to profit or loss					
8361	Financial statements translation differences of foreign operations	6(5)(19)	\$ 81,009	2	(\$ 157,363)	(3)
8300	Other comprehensive income (loss) for the year		\$ 81,009	2	(\$ 157,363)	(3)
8500	Total comprehensive income for the year		\$ 1,919,801	32	\$ 1,858,766	29
	Earnings per share (In dollars)					
9750	Basic earnings per share	6(28)	\$ 15.69		\$ 17.02	
9850	Diluted earnings per share	6(28)	\$ 15.37		\$ 16.63	

For the year ended December 31,
2019

Balance at January 1, 2019		\$1,022,321	\$ 3,755	\$2,256,871	\$ 216,913	\$ 120,366	\$2,276,431	(\$ 156,770)	(\$ 11,576)	(\$ 4,425)	\$ -	\$5,723,886
Profit for the year		-	-	-	-	-	2,016,129	-	-	-	-	2,016,129
Other comprehensive loss for the year	6(19)	-	-	-	-	-	-	(157,363)	-	-	-	(157,363)
Total comprehensive income (loss)		-	-	-	-	-	2,016,129	(157,363)	-	-	-	1,858,766
Appropriations of 2018 earnings												
Legal reserve		-	-	-	179,490	-	(179,490)	-	-	-	-	-
Special reserve		-	-	-	-	47,980	(47,980)	-	-	-	-	-
Stock dividends		153,911	-	-	-	-	(153,911)	-	-	-	-	-
Cash dividends		-	-	-	-	-	(718,253)	-	-	-	-	(718,253)
Exercise of employee stock purchase plans	6(16)(17)	5,890	(420)	31,180	-	-	-	-	-	-	-	36,650
Conversion of convertible bonds into shares	6(12)(16)	5,180	(3,335)	64,207	-	-	-	-	-	-	-	66,052
Share-based payments	6(16)(19)(26)	8,870	-	248,475	-	-	-	-	-	(90,992)	-	166,353
Adjustment not proportionately to shareholding ratio	6(5)	-	-	-	-	-	(379)	-	-	-	-	(379)
Balance at December 31, 2019		<u>\$1,196,172</u>	<u>\$ -</u>	<u>\$2,600,733</u>	<u>\$ 396,403</u>	<u>\$ 168,346</u>	<u>\$3,192,547</u>	<u>(\$ 314,133)</u>	<u>(\$ 11,576)</u>	<u>(\$ 95,417)</u>	<u>\$ -</u>	<u>\$7,133,075</u>

(Continued)

For the year ended December 31,
2020

Balance at January 1, 2020		\$1,196,172	\$ -	\$2,600,733	\$ 396,403	\$ 168,346	\$3,192,547	(\$ 314,133)	(\$ 11,576)	(\$ 95,417)	\$ -	\$7,133,075
Profit for the year		-	-	-	-	-	1,838,792	-	-	-	-	1,838,792
Other comprehensive income for the year	6(19)	-	-	-	-	-	-	81,009	-	-	-	81,009
Total comprehensive income		-	-	-	-	-	1,838,792	81,009	-	-	-	1,919,801
Appropriations of 2019 earnings												
Legal reserve		-	-	-	201,613	-	(201,613)	-	-	-	-	-
Special reserve		-	-	-	-	157,363	(157,363)	-	-	-	-	-
Cash dividends		-	-	-	-	-	(1,040,622)	-	-	-	-	(1,040,622)
Exercise of employee stock purchase plans	6(15)(16)	6,250	-	29,856	-	-	-	-	-	-	-	36,106
Share-based payments	6(15)(19)(26)	-	-	33,743	-	-	-	-	-	83,048	-	116,791
Proceeds from capital reduction of restricted stocks to employees	6(16)	(220)	-	-	-	-	-	-	-	-	-	(220)
Purchase of treasury shares	6(16)	-	-	-	-	-	-	-	-	-	(664,895)	(664,895)
Retirement of treasury shares	6(16)	(20,000)	-	(45,900)	-	-	(372,138)	-	-	-	438,038	-
Balance at December 31, 2020		<u>\$1,182,202</u>	<u>\$ -</u>	<u>\$2,618,432</u>	<u>\$ 598,016</u>	<u>\$ 325,709</u>	<u>\$3,259,603</u>	<u>(\$ 233,124)</u>	<u>(\$ 11,576)</u>	<u>(\$ 12,369)</u>	<u>(\$ 226,857)</u>	<u>\$7,500,036</u>

CASH FLOWS FROM OPERATING ACTIVITIES

Profit before tax		\$	2,077,141	\$	2,224,785
Adjustments					
Adjustments to reconcile profit (loss)					
Net gain on financial assets at fair value through profit or loss	6(10)(23)	(	509	(	125)
Gain on disposal of property, plant and equipment	6(23)	(	180		-
Share of profit of subsidiaries accounted for under equity method	6(5)	(	669,481	(	1,015,670)
Unrealized profit from sales	6(5)		128,393	(	49,377)
Depreciation	6(6)(7)(25)		227,203		176,572
Amortisation	6(8)(25)		13,911		11,575
Interest income	6(21)	(	374	(	3,484)
Dividend income	6(22)	(	149	(	242)
Interest expense	6(24)		13,009		4,060
Compensation cost arising from employee stock options	6(15)(26)		116,791		157,483
Profit from lease modifications	6(23)	(	42		-
Changes in operating assets and liabilities					
Changes in operating assets					
Notes receivable		(	12,713		40
Accounts receivable			13,115	(	29,473)
Accounts receivable - related parties		(	135,918		310,147
Other receivables		(	8,445		15,501
Other receivables - related parties			59,270	(	46,869)
Inventories			308,455	(	150,192)
Prepayments			116,551	(	69,014)
Other current assets			644	(	4,742)
Changes in operating liabilities					
Contract liabilities - current		(	554,048		581,799
Notes payable		(	1,170	(	249,798)
Accounts payable		(	176,963	(	380,969)
Accounts payable - related parties		(	17,057		52,824
Other payables		(	78,203		156,909
Other current liabilities			18,033	(	27,032)
Other payables - related parties		(	10,627	(	8,309)
Cash inflow generated from operations			1,426,637		1,656,399
Interest received			374		3,682
Dividends received			149		242
Interest paid		(	9,557	(	331)
Income tax paid		(	22,041	(	171,272)
Net cash flows from operating activities			<u>1,395,562</u>		<u>1,488,720</u>

(Continued)

CASH FLOWS FROM INVESTING ACTIVITIES

Increase in investments accounted for under equity method	6(5)	(\$ 35,267)	(\$ 15,626)
Acquisition of property, plant and equipment	6(29)	(100,807)	(251,401)
Proceeds from disposal of property, plant and equipment		416	-
Acquisition of intangible assets	6(8)	(7,856)	(15,153)
Acquisition of financial assets at fair value through profit or loss	6(10)	(134,893)	-
Increase in financial assets at amortised cost	6(1)	(176,953)	-
Increase in prepayments for purchase of equipment		(653,842)	(1,137,961)
Increase in refundable deposits		(1,472)	(5,408)
(Increase) decrease in other non-current assets		(217)	24,026
Net cash flows used in investing activities		(1,110,891)	(1,401,523)

CASH FLOWS FROM FINANCING ACTIVITIES

Repayments of short-term borrowings		(3,111,636)	(450,000)
Proceeds from short-term borrowings		3,987,970	650,000
Lease liabilities paid	6(7)	(13,360)	(13,542)
Proceeds from long-term borrowings		3,980	-
Cash dividends paid		(1,040,622)	(718,253)
Employee stock options		36,106	36,650
Proceeds from issuance of restricted stock	6(15)	-	8,870
Acquisition of treasury shares	6(16)	(664,895)	-
Unvested redeemed stocks from restricted stocks to employees	6(16)	(220)	-
Net cash flows used in financing activities		(802,677)	(486,275)
Net decrease in cash and cash equivalents		(518,006)	(399,078)
Cash and cash equivalents at beginning of year	6(1)	1,025,245	1,424,323
Cash and cash equivalents at end of year	6(1)	<u>\$ 507,239</u>	<u>\$ 1,025,245</u>

INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

To the Board of Directors and Shareholders of TCI CO., LTD.

Opinion

We have audited the accompanying consolidated balance sheets of TCI CO., LTD. and subsidiaries (the "Group") as at December 31, 2020 and 2019, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2020 and 2019, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory Commission.

Basis for opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and generally accepted auditing standards in the Republic of China. 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 Group's 2020 consolidated financial statements. These matters were addressed in the context of our audit of the consolidated financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

Key audit matters for the Group's 2020 consolidated financial statements are stated as follows:

Existence and occurrence of top ten customers

Description

The Group's sales revenue arises mainly from manufacturing and sales of health foods and cosmetics. Customers are mostly direct marketing companies in Europe and Asia and cosmetic companies.

With the expansion of direct marketing companies in Europe and Asia, the sales revenue arising from such transactions has become a major operating item of the Group. And the sales revenue from top ten customers represents a significant portion of operating income to the consolidated financial statements. Because of the rapid development in the internet sales market, more time and resources were required in performing the audit procedures. Thus, we consider the existence and occurrence of top ten customers as a key audit matter.

Please refer to Note 4(30) for accounting policies on revenue recognition and Note 6(21) for details of sales revenue.

How our audit addressed the matter

Our audit procedures in respect of the above key audit matter included:

1. Understanding and testing the internal control procedures of the top ten customers and testing the effectiveness of internal control related to sales revenue.
2. Selecting samples from sales transactions of the top ten customers and comparing against orders and delivery bills to confirm whether the sales transactions did occur.
3. Examining sales returns and discounts from the top ten customers after the balance sheet date to confirm the existence of sales revenue.

Allowance for inventory valuation losses

Description

The Group is primarily engaged in developing, manufacturing and sales of health foods and cosmetics. As these kinds of products are substituted easily and have a highly competitive nature in the market, there is higher risk of incurring inventory valuation losses or obsolescence. The Group recognises inventories at the lower of cost and net realisable value. For those inventory with ages over a certain period and individually recognised as obsolete inventories, the net realisable value is calculated based on the inventory closeout and historical data of discounts.

Considering that the market demand has changed, the Group rapidly reinvents its products. As the determination of the net realisable value used in the valuation of obsolete inventories involves subjective judgement and uncertainty, and considering the allowance for inventory valuation losses is material to the financial statements, we consider the allowance for inventory valuation losses a key audit matter.

Please refer to Note 4(13) for accounting policy on inventory valuation and Note 6(4) for details of allowance for inventory valuation losses.

How our audit addressed the matter

Our audit procedures in respect of the above key audit matter included:

1. Understanding the operations and industry of the Group to assess the reasonableness of policies and procedures on allowance for inventory valuation losses, including inventory classification, the degree of inventory closeout and historical data source of price discounts, and the reasonableness of the guidelines for obsolete and slow-moving inventory.
2. Understanding the inventory management process, participating and examining annual physical counts to assess the effectiveness of management's classification and controls over obsolete and slow-moving inventory, and verifying whether it was in agreement with obsolete inventory lists.
3. Evaluating the reasonableness of the logic of inventory aging statements used in valuation to confirm whether the information on such statements is in agreement with its policies.
4. Interviewing management and reviewing sales after balance sheet date to assess the reasonableness of allowance for inventory valuation losses.

Other matter – Parent company only financial reports

We have audited and expressed an unqualified opinion on the parent company only financial statements of TCI CO., LTD. as at and for the years ended December 31, 2020 and 2019.

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

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

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

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

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

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

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

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

Hsu, Ming-Chuan Chih, Ping-Chiun

For and on behalf of PricewaterhouseCoopers, Taiwan

March 8, 2021

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

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

Assets	Notes	December 31, 2020		December 31, 2019		
		AMOUNT	%	AMOUNT	%	
Current assets						
1100	Cash and cash equivalents	6(1)	\$ 4,856,361	41	\$ 3,848,194	36
1110	Financial assets at fair value through profit or loss - current	6(12)	135,402	1	-	-
1136	Current financial assets at amortised cost	6(1) and 8	395,803	3	433,490	4
1150	Notes receivable, net	6(3)	15,669	-	5,840	-
1170	Accounts receivable, net	6(3)	619,844	5	601,553	6
1180	Accounts receivable - related parties	7	2,605	-	1,610	-
1200	Other receivables		56,952	1	18,500	-
1220	Current income tax assets	6(28)	2,281	-	3,807	-
130X	Inventories	6(4)	649,244	5	1,084,323	10
1410	Prepayments	6(5)	174,754	2	273,066	2
1470	Other current assets		35,940	-	29,972	-
11XX	Total current assets		<u>6,944,855</u>	<u>58</u>	<u>6,300,355</u>	<u>58</u>
Non-current assets						
1517	Non-current financial assets at fair value through other comprehensive income	6(2)	25,848	-	25,848	-
1550	Investments accounted for using equity method	6(6)	1,900	-	-	-
1600	Property, plant and equipment	6(7)	3,714,190	31	2,488,439	23
1755	Right-of-use assets	6(8)	113,026	1	110,857	1
1780	Intangible assets	6(9)	22,239	-	31,196	-
1840	Deferred income tax assets	6(28)	59,758	1	34,199	1
1900	Other non-current assets	6(10) and 8	1,083,042	9	1,837,724	17
15XX	Total non-current assets		<u>5,020,003</u>	<u>42</u>	<u>4,528,263</u>	<u>42</u>
1XXX	Total assets		<u>\$ 11,964,858</u>	<u>100</u>	<u>\$ 10,828,618</u>	<u>100</u>

(Continued)

Liabilities and Equity		Notes	December 31, 2020		December 31, 2019	
			AMOUNT	%	AMOUNT	%
Current liabilities						
2100	Short-term borrowings	6(11)	\$ 1,076,334	9	\$ 200,000	2
2130	Current contract liabilities	6(21)	653,708	5	579,789	5
2150	Notes payable		1,944	-	3,115	-
2170	Accounts payable		728,508	6	920,869	9
2180	Accounts payable - related parties	7	12,309	-	29,278	-
2200	Other payables	6(13)	855,157	7	1,083,081	10
2230	Current income tax liabilities	6(28)	456,175	4	238,430	2
2280	Current lease liabilities		30,635	-	38,499	1
2320	Long-term liabilities, current portion	6(14)	434,268	4	-	-
2399	Other current liabilities, others		56,458	1	37,071	-
21XX	Total current liabilities		<u>4,305,496</u>	<u>36</u>	<u>3,130,132</u>	<u>29</u>
Non-current liabilities						
2530	Corporate bonds payable	6(14)	-	-	431,389	4
2540	Long-term borrowings		3,980	-	-	-
2570	Deferred income tax liabilities	6(28)	441	-	3,030	-
2580	Non-current lease liabilities		54,666	1	44,888	-
2600	Other non-current liabilities		11,872	-	11,678	-
25XX	Total non-current liabilities		<u>70,959</u>	<u>1</u>	<u>490,985</u>	<u>4</u>
2XXX	Total liabilities		<u>4,376,455</u>	<u>37</u>	<u>3,621,117</u>	<u>33</u>
Equity attributable to owners of parent						
Share capital						
3110	Share capital - common stock	6(17)	1,182,202	10	1,196,172	11
Capital surplus						
3200	Capital surplus	6(18)	2,618,432	21	2,600,733	24
Retained earnings						
3310	Legal reserve	6(19)	598,016	5	396,403	4
3320	Special reserve		325,709	3	168,346	2
3350	Unappropriated retained earnings		3,259,603	27	3,192,547	29
Other equity interest						
3400	Other equity interest	6(20)	(257,069)	(2)	(421,126)	(4)
3500	Treasury shares	6(17)	(226,857)	(2)	-	-
31XX	Equity attributable to owners of the parent		<u>7,500,036</u>	<u>62</u>	<u>7,133,075</u>	<u>66</u>
36XX	Non-controlling interest		<u>88,367</u>	<u>1</u>	<u>74,426</u>	<u>1</u>
3XXX	Total equity		<u>7,588,403</u>	<u>63</u>	<u>7,207,501</u>	<u>67</u>
Significant contingent liabilities and unrecognised contract commitments						
Significant events after the balance sheet date						
3X2X	Total liabilities and equity		<u>\$ 11,964,858</u>	<u>100</u>	<u>\$ 10,828,618</u>	<u>100</u>

Years ended December 31

	Items	Notes	2020		2019	
			AMOUNT	%	AMOUNT	%
4000	Sales revenue	6(21)	\$ 8,223,851	100	\$ 9,566,132	100
5000	Operating costs	6(4)(15)(26)(27)	(4,634,123)	(56)	(5,550,645)	(58)
5900	Net operating margin		<u>3,589,728</u>	<u>44</u>	<u>4,015,487</u>	<u>42</u>
	Operating expenses	6(15)(26)(27)				
6100	Selling expenses		(504,761)	(6)	(606,357)	(7)
6200	General and administrative expenses		(591,352)	(7)	(693,796)	(7)
6300	Research and development expenses		(497,208)	(6)	(510,846)	(5)
6450	Expected credit impairment loss		<u>21,398</u>	<u>-</u>	<u>(2,171)</u>	<u>-</u>
6000	Total operating expenses		<u>(1,571,923)</u>	<u>(19)</u>	<u>(1,813,170)</u>	<u>(19)</u>
6900	Operating profit		<u>2,017,805</u>	<u>25</u>	<u>2,202,317</u>	<u>23</u>
	Non-operating income and expenses					
7100	Interest income	6(22)	74,914	1	59,772	-
7010	Other income	6(23)	118,223	1	162,002	2
7020	Other gains and losses	6(24)	852	-	(13,886)	-
7050	Finance costs	6(25)	(13,573)	-	(4,974)	-
7000	Total non-operating income and expenses		<u>180,416</u>	<u>2</u>	<u>202,914</u>	<u>2</u>
7900	Profit before income tax		<u>2,198,221</u>	<u>27</u>	<u>2,405,231</u>	<u>25</u>
7950	Income tax expense	6(28)	(345,483)	(4)	(367,265)	(4)
8200	Profit for the year		<u>\$ 1,852,738</u>	<u>23</u>	<u>\$ 2,037,966</u>	<u>21</u>
	Other comprehensive income					
	Other comprehensive income (loss) that will be reclassified to profit or loss					
8361	Financial statements translation differences of foreign operations	6(20)	\$ 81,004	1	(\$ 157,509)	(1)
8300	Total other comprehensive income (loss) for the year		<u>\$ 81,004</u>	<u>1</u>	<u>(\$ 157,509)</u>	<u>(1)</u>
8500	Total comprehensive income for the year		<u>\$ 1,933,742</u>	<u>24</u>	<u>\$ 1,880,457</u>	<u>20</u>
	Profit attributable to:					
8610	Owners of the parent		\$ 1,838,792	23	\$ 2,016,129	21
8620	Non-controlling interest		<u>13,946</u>	<u>-</u>	<u>21,837</u>	<u>-</u>
			<u>\$ 1,852,738</u>	<u>23</u>	<u>\$ 2,037,966</u>	<u>21</u>
	Comprehensive income attributable to:					
8710	Owners of the parent		\$ 1,919,801	24	\$ 1,858,766	20
8720	Non-controlling interest		<u>13,941</u>	<u>-</u>	<u>21,691</u>	<u>-</u>
			<u>\$ 1,933,742</u>	<u>24</u>	<u>\$ 1,880,457</u>	<u>20</u>
	Basic earnings per share (In dollars)	6(29)				
9750	Basic earnings per share		<u>\$ 15.69</u>	<u>17.02</u>	<u>\$ 17.02</u>	<u>16.63</u>
9850	Diluted earnings per share		<u>\$ 15.37</u>	<u>16.63</u>	<u>\$ 16.63</u>	<u>16.63</u>

For the year ended December 31, 2019

Balance at January 1, 2019		<u>\$ 1,022,321</u>	<u>\$ 3,755</u>	<u>\$ 2,256,871</u>	<u>\$216,913</u>	<u>\$120,366</u>	<u>\$ 2,276,431</u>	<u>(\$156,770)</u>	<u>(\$ 11,576)</u>	<u>(\$ 4,425)</u>	<u>\$ -</u>	<u>\$ 5,723,886</u>	<u>\$45,156</u>	<u>\$ 5,769,042</u>
Profit for the year		-	-	-	-	-	2,016,129	-	-	-	-	2,016,129	21,837	2,037,966
Other comprehensive loss for the year		-	-	-	-	-	-	(157,363)	-	-	-	(157,363)	(146)	(157,509)
Total comprehensive income (loss)	6(20)	-	-	-	-	-	2,016,129	(157,363)	-	-	-	1,858,766	21,691	1,880,457
Appropriations of 2018 earnings														
Legal reserve		-	-	-	179,490	-	(179,490)	-	-	-	-	-	-	-
Special reserve		-	-	-	-	47,980	(47,980)	-	-	-	-	-	-	-
Stock dividends		153,911	-	-	-	-	(153,911)	-	-	-	-	-	-	-
Cash dividends		-	-	-	-	-	(718,253)	-	-	-	-	(718,253)	-	(718,253)
Exercise of employee stock purchase plans		5,890	(420)	31,180	-	-	-	-	-	-	-	36,650	-	36,650
Conversion of convertible bonds into shares	6(14)(17)	5,180	(3,335)	64,207	-	-	-	-	-	-	-	66,052	-	66,052
Share-based payments	6(16)(17)(20)	8,870	-	248,475	-	-	-	-	-	(90,992)	-	166,353	-	166,353
Adjustment not proportionately to shareholding ratio		-	-	-	-	-	(379)	-	-	-	-	(379)	379	-
Increase in non-controlling interests		-	-	-	-	-	-	-	-	-	-	-	7,200	7,200
Balance at December 31, 2019		<u>\$ 1,196,172</u>	<u>\$ -</u>	<u>\$ 2,600,733</u>	<u>\$396,403</u>	<u>\$168,346</u>	<u>\$ 3,192,547</u>	<u>(\$314,133)</u>	<u>(\$ 11,576)</u>	<u>(\$ 95,417)</u>	<u>\$ -</u>	<u>\$ 7,133,075</u>	<u>\$74,426</u>	<u>\$ 7,207,501</u>

(Continued)

For the year ended December 31, 2020

Balance at January 1, 2020		<u>\$ 1,196,172</u>	<u>\$ -</u>	<u>\$ 2,600,733</u>	<u>\$ 396,403</u>	<u>\$ 168,346</u>	<u>\$ 3,192,547</u>	<u>(\$ 314,133)</u>	<u>(\$ 11,576)</u>	<u>(\$ 95,417)</u>	<u>\$ -</u>	<u>\$ 7,133,075</u>	<u>\$ 74,426</u>	<u>\$ 7,207,501</u>
Profit for the year		-	-	-	-	-	1,838,792	-	-	-	-	1,838,792	13,946	1,852,738
Other comprehensive income (loss) for the year		-	-	-	-	-	-	81,009	-	-	-	81,009	(5)	81,004
Total comprehensive income	6(20)	-	-	-	-	-	1,838,792	81,009	-	-	-	1,919,801	13,941	1,933,742
Appropriations of 2019 earnings														
Legal reserve		-	-	-	201,613	-	(201,613)	-	-	-	-	-	-	-
Special reserve		-	-	-	-	157,363	(157,363)	-	-	-	-	-	-	-
Cash dividends		-	-	-	-	-	(1,040,622)	-	-	-	-	(1,040,622)	-	(1,040,622)
Exercise of employee stock purchase plans		6,250	-	29,856	-	-	-	-	-	-	-	36,106	-	36,106
Share-based payments	6(16)(20)	-	-	33,743	-	-	-	-	-	83,048	-	116,791	-	116,791
Proceeds from capital reduction of restricted stocks to employees	6(17)	(220)	-	-	-	-	-	-	-	-	-	(220)	-	(220)
Purchase of treasury shares	6(17)	-	-	-	-	-	-	-	-	-	(664,895)	(664,895)	-	(664,895)
Retirement of treasury shares	6(17)	(20,000)	-	(45,900)	-	-	(372,138)	-	-	-	438,038	-	-	-
Balance at December 31, 2020		<u>\$ 1,182,202</u>	<u>\$ -</u>	<u>\$ 2,618,432</u>	<u>\$ 598,016</u>	<u>\$ 325,709</u>	<u>\$ 3,259,603</u>	<u>(\$ 233,124)</u>	<u>(\$ 11,576)</u>	<u>(\$ 12,369)</u>	<u>(\$ 226,857)</u>	<u>\$ 7,500,036</u>	<u>\$ 88,367</u>	<u>\$ 7,588,403</u>

CASH FLOWS FROM OPERATING ACTIVITIES

Profit before tax		\$	2,198,221	\$	2,405,231
Adjustments					
Adjustments to reconcile profit (loss)					
Expected credit impairment (gain) loss	12(2)	(	21,398)		2,171
Net gain on financial assets at fair value through profit or loss	6(12)(24)	(	509 )	(	125)
Loss on disposal of property, plant and equipment	6(24)				
			222		3,657
Depreciation	6(7)(8)(26)		320,315		255,118
Amortisation	6(9)(26)		16,908		14,223
Interest income	6(22)	(	74,914 )	(	59,772)
Dividend income	6(23)	(	149 )	(	242)
Interest expense	6(25)		13,573		4,974
Compensation cost arising from employee stock options	6(16)(27)				
			116,791		157,483
Profit from lease modification	6(8)(24)	(	42)		-
Changes in operating assets and liabilities					
Changes in operating assets					
Notes receivable		(	9,829)		19,076
Accounts receivable			3,107	(	78,833)
Accounts receivable - related parties		(	995 )	(	1,610)
Other receivables		(	38,452)		19,586
Inventories			435,079		203,496
Prepayments			98,312	(	47,234)
Other current assets		(	5,968)		13,657
Changes in operating liabilities					
Contract liabilities - current			73,919	(	649,852)
Notes payable		(	1,171 )	(	250,086)
Accounts payable		(	192,361 )	(	417,504)
Accounts payable - related parties		(	16,969)		29,278
Other payables		(	147,374)		213,683
Other current liabilities			19,387	(	23,792)
Cash inflow generated from operations			2,785,703		1,812,583
Interest received			74,914		59,968
Dividends received			149		242
Interest paid		(	9,557 )	(	441)
Income tax paid		(	154,443 )	(	406,850)
Net cash flows from operating activities			2,696,766		1,465,502

(Continued)

CASH FLOWS FROM INVESTING ACTIVITIES

Acquisition of property, plant and equipment	6(31)	(\$	119,394)	(\$	273,429)
Proceeds from disposal of property, plant and equipment			416		3,446
Increase in refundable deposits	6(10)	(	5,389 )	(	7,211)
Acquisition of intangible assets	6(9)	(	7,948 )	(	15,563)
Net cash flows from business combination	6(30)		-		498
(Increase) decrease in other non-current assets		(	15,004)		5,779
Acquisition of financial assets at fair value through profit or loss		(	134,893)		-
Decrease in financial assets at amortised cost			37,687		214,950
Increase in investments accounted for under the equity method		(	1,900)		-
Increase in prepayments for purchase of equipment		(	697,554 )	(	1,352,021)
Net cash flows used in investing activities		(	943,979 )	(	1,423,551)

CASH FLOWS FROM FINANCING ACTIVITIES

Proceeds from short-term borrowings			3,987,970		650,000
Repayments of short-term borrowings		(	3,115,909 )	(	462,000)
Proceeds from long-term borrowings			3,980		-
Increase (decrease) in guarantee deposits			194	(	4)
Employee stock options			36,106		36,650
Lease liabilities paid	6(8)	(	39,104 )	(	39,158)
Cash dividends paid		(	1,040,622 )	(	718,253)
Proceeds from issuance of restricted stock	6(16)		-		8,870
Acquisition of treasury shares	6(17)	(	664,895)		-
Unvested redeemed stocks from restricted stocks to employees	6(17)	(	220)		-
Net cash flows used in financing activities		(	832,500 )	(	523,895)
Exchange rate effect			87,880	(	87,407)
Net increase (decrease) in cash and cash equivalents			1,008,167	(	569,351)
Cash and cash equivalents at beginning of year	6(1)		3,848,194		4,417,545
Cash and cash equivalents at end of year	6(1)	\$	4,856,361	\$	3,848,194


TCI, Ltd.
Profit Distribution Proposal
 Year 2020

Unit: NTS

Item	Amount	
Unappropriated Retained Earnings of Previous Years		1,792,949,305
Adjustment to Retained Earnings		-
Adjusted Unappropriated Earnings of Previous Years		1,792,949,305
Net Income of 2020	1,838,791,414	
Disposal (Retirement) of Treasury Shares Debited to Retained Earnings	(372,138,117)	
Plus: Inclusion of the net income for the current period plus items other than the net income for the current period into the amount of unappropriated retained earnings for 2020	1,466,653,297	1,466,653,297
Less: 10% Legal Reserve		(146,665,330)
Plus: Reversal of Appropriated Retained Earnings		81,009,231
Earnings Available for Distribution		3,193,946,503
Distribution Item:		
Cash Dividends to Common Shareholders (NT\$8.88 per share)	(1,040,755,261)	(1,040,755,261)
Unappropriated Retained Earnings		2,153,191,242

Chairman: Yung-Hsiang Lin



CEO: Yung-Hsiang Lin



Accounting Manager: Chen-Chen Fu



Attachment 5

**TCI Co., Ltd. (“The Company”)
Table for Comparison of Amendments to the Articles of
Incorporation with the Current Version**

Amended Article	Present Article	Legal Sources of the Amendment (or Explanation)
<p>Article 2 The scope of business of the Company shall be as follows:</p> <p style="text-align: center;">.</p> <p style="text-align: center;">.</p> <p><u>25. A101011 Seedling</u></p> <p><u>26. A101020 Food Crops</u></p> <p><u>27. A101030 Special Crops</u></p> <p><u>28. A101040 Edible Fungus and Algae</u></p> <p><u>29. A102050 Crops Cultivation</u></p> <p><u>30. A102060 Grain Commerce</u></p> <p><u>31. A201010 Deforestation</u></p> <p><u>32. A301030 Aquaculture</u></p> <p><u>33. C201010 Prepared Animal Feeds</u> <u>Manufacturing</u></p> <p><u>34. C201020 Pet Food Processing</u></p> <p><u>35. C801110 Fertilizer Manufacturing</u></p> <p><u>36. F101050 Wholesale of Aquatic Products</u></p> <p><u>37. F101990 Wholesale of Other Agricultural, Husbandry and Aquatic Products</u></p> <p><u>38. F103010 Wholesale of Animal Feeds</u></p> <p><u>39. F106060 Wholesale of Pet Food and Appliances</u></p> <p><u>40. F107050 Wholesale of Manure</u></p> <p><u>41. F201010 Retail Sale of Agricultural Products</u></p> <p><u>42. F201030 Retail Sale of Aquatic Products</u></p> <p><u>43. F201990 Retail Sale of Other Agricultural, Husbandry and Aquatic Products</u></p> <p><u>44. F202010 Retail Sale of Animal Feeds</u></p> <p><u>45. F206050 Retail of Pet Food and Appliances</u></p> <p><u>46. F207050 Retail Sale of Manure</u></p> <p><u>47. J101020 Pathogen Controlling Services</u></p> <p><u>48. ZZ99999 All business items that arnot prohibited or restricted by law,except those that are subject to special approval</u></p>	<p>Article 2 The scope of business of the Company shall be as follows:</p> <p style="text-align: center;">.</p> <p style="text-align: center;">.</p> <p>25. ZZ99999 All business items that are not prohibited or restricted by law, except those that are subject to special approval</p>	<p>The amendment is applied to conform to the needs of company operations.</p>
<p>Article 6 The total capital stock shall be in the amount of NT\$3,000,000,000 and is divided into 300,000,000 shares at par value of NT\$10.00 per share. The Board of Directors is authorized to issue those undistributed share in installments.</p>	<p>Article 6 The total capital stock shall be in the amount of NT\$3,000,000,000 and is divided into 300,000,000 shares at parvalue of NT\$10.00 per share. The Board of Directors is authorized to issue those undistributed share in installments.</p>	<p>The amendment is applied to conform to legal regulations.</p>

Amended Article	Present Article	Legal Sources of the Amendment (or Explanation)
<p>Within the total registered capital, in the amount of NT\$100,000,000, divided into 10,000,000 shares at par value of NT\$10.00 per share, is reserved to be used in issuing employee stock options and restricted stock awards, and the reserved capital may be issued in installments according to the resolution of Board of Directors.</p>	<p>Within the total registered capital, in the amount of NT\$100,000,000, divided into 10,000,000 shares at par value of NT\$10.00 per share, is reserved to be used in issuing employee stock options and restricted stock awards, and the reserved capital may be issued in installments according to the resolution of Board of Directors.</p>	
<p>Article 6-4 When the company issues new stocks, employees who have taken up shares and restricted stock awards may include employees of affiliated companies who meet certain conditions.</p>		
<p>Article 18-1 When allocating the earnings for each fiscal year if there is earnings after the annual final accounts, the Company shall first offset its losses in previous years and set aside relevant taxes a legal capital reserve at 10% of the earnings left over, until the accumulated legal capital reserve has equaled the total capital of the Company; If there is still balance of earning, together with the undistributed earnings (including adjusted undistributed earnings) to calculate earnings distributable and the Board of Directors shall prepare Earnings Distribution Proposal for resolution of Shareholders' Meeting and distribute it after the Resolution of Shareholders' Meeting. <u>In accordance with Article 240 of the Company Act, the Company may authorize the distributable dividends and bonuses, or legal reserve and capital reserve, as stipulated in Article 241 of the Company Act, in whole or in part may be paid in cash after a resolution has been adopted by a majority vote at a meeting of the board of directors attended by two-thirds of the total number of directors; and in addition, thereto a report of such distribution shall be submitted to the shareholders' meeting. The provisions of the preceding paragraph that shall be resolved by the shareholders' meeting are not applicable.</u></p>	<p>Article 18-1 When allocating the earnings for each fiscal year if there is earnings after the annual final accounts, the Company shall first offset its losses in previous years and set aside relevant taxes a legal capital reserve at 10% of the earnings left over, until the accumulated legal capital reserve has equaled the total capital of the Company; If there is still balance of earning, together with the undistributed earnings (including adjusted undistributed earnings) to calculate earnings distributable and the Board of Directors shall prepare Earnings Distribution Proposal for resolution of Shareholders' Meeting and distribute it after the Resolution of Shareholders' Meeting.</p>	<p>The amendment is applied to conform to legal regulations.</p>
<p>Article 20 These Articles of Incorporation were constituted on August 8, 1980 and The first amendment on August 16, 1981;</p>	<p>Article 20 These Articles of Incorporation were constituted on August 8, 1980 and The first amendment on August 16, 1981;</p>	<p>This amendment is applied to add the date of new amendments.</p>

Amended Article	Present Article	Legal Sources of the Amendment (or Explanation)
<p>The second amendment on April 20, 1983; The third amendment on April 24, 1989; The fourth amendment on October 6, 1989; The fifth amendment on March 13, 1990; The sixth amendment on May 1, 1991; The seventh amendment on May 10, 1993; The eighth amendment on November 21, 1993; The ninth amendment on May 27, 1997; The tenth amendment on November 6, 1997; The eleventh amendment on June 14, 2001; The twelfth amendment on November 1, 2002; The thirteenth amendment on March 19, 2004; The fourteenth amendment on April 13, 2005; The fifteenth amendment on July 25, 2006; The sixteenth amendment on May 10, 2010; The seventeenth amendment on May 14, 2010; The eighteenth amendment on June 17, 2011; The nineteenth amendment on March 16, 2012; The twentieth amendment on June 29, 2012; The twenty-first amendment on May 30, 2014; The twenty-second amendment on October 6, 2014; The twenty-third amendment on May 29, 2015; The twenty-fourth amendment on June 6, 2016; The twenty-fifth amendment on May 19, 2017; The twenty-sixth amendment on May 18, 2018; The twenty-seventh amendment on June 18, 2020; <u>The twenty-eighth amendment on June 29, 2021.</u></p>	<p>The second amendment on April 20, 1983; The third amendment on April 24, 1989; The fourth amendment on October 6, 1989; The fifth amendment on March 13, 1990; The sixth amendment on May 1, 1991; The seventh amendment on May 10, 1993; The eighth amendment on November 21, 1993; The ninth amendment on May 27, 1997; The tenth amendment on November 6, 1997; The eleventh amendment on June 14, 2001; The twelfth amendment on November 1, 2002; The thirteenth amendment on March 19, 2004; The fourteenth amendment on April 13, 2005; The fifteenth amendment on July 25, 2006; The sixteenth amendment on May 10, 2010; The seventeenth amendment on May 14, 2010; The eighteenth amendment on June 17, 2011; The nineteenth amendment on March 16, 2012; The twentieth amendment on June 29, 2012; The twenty-first amendment on May 30, 2014; The twenty-second amendment on October 6, 2014; The twenty-third amendment on May 29, 2015; The twenty-fourth amendment on June 6, 2016; The twenty-fifth amendment on May 19, 2017; The twenty-sixth amendment on May 18, 2018; The twenty-seventh amendment on June 18, 2020.</p>	

Attachment 6

TCI Co., Ltd. (“The Company”)

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

Amended Article	Present Article	Legal Sources of the Amendment (or Explanation)
<p>Article 4 Limits of Amounts on the acquisition of real estate and securities by the Company (or each subsidiary of the Company) for non-operating purpose:</p> <ol style="list-style-type: none"> 1. The total amount of the investment in real property by the Company for non-operating purpose should not exceed 50% of the Company’s net worth (based on the latest Financial Statements). 2. The total amount of the investment in securities should not exceed the net value of the company’s latest financial statements audited, attested and verified by public certified accountants. 100% of the Company’s net worth. The total amount of the investment in short term securities should not exceed 20% of the Company’s net worth. 3. The amount of the investment in each respective security should not exceed the net value of the company’s latest financial statements audited, attested and verified by public certified accountants. 10% of the Company’s net worth. The amount of the investment in each respective short term security should not exceed 5% of the Company’s net worth. 4. The limits of amounts on the investment in each respective security shall not apply where the investment is a strategic investment. 	<p>Article 4 Limits of Amounts on the acquisition of real estate and securities by the Company (or each subsidiary of the Company) for non-operating purpose:</p> <ol style="list-style-type: none"> 1. The total amount of the investment in real property by the Company for non-operating purpose should not exceed 50% of the Company’s net worth (based on the latest Financial Statements). 2. The total amount of the investment in securities should not exceed 100% of the Company’s net worth. The total amount of the investment in short-term securities should not exceed 20% of the Company’s net worth. 3. The amount of the investment in each respective security should not exceed 10% of the Company’s net worth. The amount of the investment in each respective short-term security should not exceed 5% of the Company’s net worth. 4. The limits of amounts on the investment in each respective security shall not apply where the investment is a strategic investment. 	<p>The amendment is applied to conform to the needs of company operations.</p>
<p>Article 6 Operating Procedures for Acquisition or Disposal of Securities</p> <ol style="list-style-type: none"> 1. Appraisal Procedures and Operating Procedures The Company’s buying and selling of long and short term securities should be made in accordance with the Procedures for Investment Cycle, the regulations established by the Company. 2. The determination procedures for the transaction terms and the degree of authority delegated are as follows; 	<p>Article 6 Operating Procedures for Acquisition or Disposal of Securities</p> <ol style="list-style-type: none"> 1. Appraisal Procedures and Operating Procedures The Company’s buying and selling of long and short-term securities should be made in accordance with the Procedures for Investment Cycle, the regulations established by the Company. 2. The determination procedures for the transaction terms and the degree of authority delegated are as follows; 	<p>The amendment is applied to conform to Article 28-3 of Securities and Exchange Act.</p>

Amended Article	Present Article	Legal Sources of the Amendment (or Explanation)
<p>(1) The trading of securities on a centralized exchange market or an over-the-counter market shall be determined by the individual organization responsible for the acquisition or disposal market in accordance with the value of securities. If the transaction price is <u>less than NT\$300 million</u>, the chairman of the Company will be delegated by the Board of Directors to make final decisions. The decisions shall be subsequently submitted to and ratified by the Board of Directors. If the transaction price is <u>equal to or greater than NT\$300 million</u>, the proposal shall be approved by the chairman first, and then be subsequently submitted to the Board of Directors to make final decisions. The acquisition or disposal of derivatives shall be subject to Article 8 in this Operational Procedures for Acquisition or Disposal of Assets.</p> <p>(2) To examine the trading of securities which are not on a centralized market or an over-the-count market (the original subscription of a registered stock which includes subscription of stocks to incorporate a company and subscription of new capitalization shares of a start-up company by cash excluded), the Company shall, prior to the date of occurrence of the event, obtain financial statements of the issuing company for the most recent period, certified or reviewed by a certified public accountant, for reference in appraising the transaction price. The net asset value of each share, the earning power, and the future potential shall be taken as considerations. If the transaction price is <u>less than NT\$300 million</u>, the chairman of the Company will be delegated by the Board of Directors to make final decisions. The decisions shall be subsequently submitted to and ratified by the Board of Directors. If the transaction price is higher than <u>equal to or greater than NT\$300 million</u>, the proposal shall be approved by the chairman first, and then be subsequently</p>	<p>(1) The trading of securities on a centralized exchange market or an over-the-counter market shall be determined by the individual organization responsible for the acquisition or disposal market in accordance with the value of securities. If the transaction price is less than NT\$60 million (NT\$60 million included), the chairman of the Company will be delegated by the Board of Directors to make final decisions. The decisions shall be subsequently submitted to and ratified by the Board of Directors. If the transaction price is higher than NT\$30 million, the proposal shall be approved by the chairman first, and then be subsequently submitted to the Board of Directors to make final decisions. The acquisition or disposal of derivatives shall be subject to Article 8 in this Operational Procedures for Acquisition or Disposal of Assets.</p> <p>(2) To examine the trading of securities which are not on a centralized market or an over-the-count market (the original subscription of a registered stock which includes subscription of stocks to incorporate a company and subscription of new capitalization shares of a start-up company by cash excluded), the Company shall, prior to the date of occurrence of the event, obtain financial statements of the issuing company for the most recent period, certified or reviewed by a certified public accountant, for reference in appraising the transaction price. The net asset value of each share, the earning power, and the future potential shall be taken as considerations. If the transaction price is less than NT\$60 million (NT\$60 million included), the chairman of the Company will be delegated by the Board of Directors to make final decisions. The decisions shall be subsequently submitted to and ratified by the Board of Directors. If the transaction price is higher than NT\$60 million, the proposal shall be approved by the chairman first, and then be</p>	

Amended Article	Present Article	Legal Sources of the Amendment (or Explanation)
<p>submitted to the Board of Directors to make final decisions.</p> <p>(4) About appraisal procedures for long-term/short-term investments, the responsible departments shall prepare the reason(s) for acquisition or disposal, the counterpart of the transaction, the transaction price, the payment terms, and the appraisal reports for approval first, and then the responsible departments are permitted to prepare the relevant trading contracts.</p> <p>3. Responsible departments The Company's investment in long and short-term securities should be approved by the persons with the decision-making authority defined in the preceding paragraph, and the departments responsible therefor should be Financial Department or other related department.</p>	<p>subsequently submitted to the Board of Directors to make final decisions.</p> <p>(4) About appraisal procedures for long-term/short-term investments, the responsible departments shall prepare the reason(s) for acquisition or disposal, the counterpart of the transaction, the transaction price, the payment terms, and the appraisal reports for approval first, and then the responsible departments are permitted to prepare the relevant trading contracts.</p> <p>3. Responsible departments The Company's investment in long and short-term securities should be approved by the persons with the decision-making authority defined in the preceding paragraph, and the departments responsible therefor should be Financial Department or other related department.</p>	
<p>Article 9</p> <p>2. Other Items to Note</p> <p>(1) Convening the meeting of the Board of Directors and the date of shareholders' meetings</p> <p>i. A company participating in a merger, demerger, or acquisition shall convene a board of directors meeting and shareholders' meeting on the day of the transaction to resolve matters relevant to the merger, demerger, or acquisition, unless another act provides otherwise or <u>the FSC</u> is notified in advance of extraordinary circumstances and grants consent.</p> <p>ii. A company participating in a transfer of shares shall call a board of directors meeting on the day of the transaction, unless another act provides otherwise or <u>the FSC</u> is notified in advance of extraordinary circumstances and grants consent.</p> <p>iii.</p> <p>iv. When participating in a merger, demerger, acquisition, or transfer of another company's shares, a company that is listed on an exchange or has its shares traded on an OTC market shall,</p>	<p>Article 9</p> <p>2. Other Items to Note</p> <p>(1) Convening the meeting of the Board of Directors and the date of shareholders' meetings</p> <p>i. A company participating in a merger, demerger, or acquisition shall convene a board of directors meeting and shareholders' meeting on the day of the transaction to resolve matters relevant to the merger, demerger, or acquisition, unless another act provides otherwise or the FSC is notified in advance of extraordinary circumstances and grants consent.</p> <p>ii. A company participating in a transfer of shares shall call a board of directors meeting on the day of the transaction, unless another act provides otherwise or the FSC is notified in advance of extraordinary circumstances and grants consent.</p> <p>iii.</p> <p>iv. When participating in a merger, demerger, acquisition, or transfer of another company's shares, a company that is listed on an exchange or has its shares traded on an OTC market shall,</p>	<p>The amendment is applied to conform to Securities and Exchange Act.</p>

Amended Article	Present Article	Legal Sources of the Amendment (or Explanation)
<p>within 2 days counting inclusively from the date of passage of a resolution by the board of directors, report (in the prescribed format and via the Internet-based information system) the information set out in subitem A and B of the preceding item to <u>the FSC</u> for recordation.</p>	<p>within 2 days counting inclusively from the date of passage of a resolution by the board of directors, report (in the prescribed format and via the Internet-based information system) the information set out in subitem A and B of the preceding item to the FSC for recordation.</p>	
<p>Article 15 Implementation and Amendments to Procedures</p> <ol style="list-style-type: none"> 1. 2. 3. Full articles promulgated on June 17, 2011. <ul style="list-style-type: none"> 1st amendment conducted on June 29, 2012. 2nd amendment conducted on May 20, 2013. 3rd amendment conducted on May 30, 2014. 4th amendment conducted on May 29, 2015. 5th amendment conducted on May 19, 2017. 6th amendment conducted on May 18, 2018. 7th amendment conducted on May 16, 2019. 8th amendment conducted on June 18, 2020. <u>9th amendment conducted on June 29, 2021.</u> 	<p>Article 15 Implementation and Amendments to Procedures</p> <ol style="list-style-type: none"> 1. 2. 3. Full articles promulgated on June 17, 2011. <ul style="list-style-type: none"> 1st amendment conducted on June 29, 2012. 2nd amendment conducted on May 20, 2013. 3rd amendment conducted on May 30, 2014. 4th amendment conducted on May 29, 2015. 5th amendment conducted on May 19, 2017. 6th amendment conducted on May 18, 2018. 7th amendment conducted on May 16, 2019. 8th amendment conducted on June 18, 2020. 	<p>This amendment is applied to add the date of new amendment.</p>

Appendix 1

TCI Co., Ltd. Articles of Incorporation

Chapter 1 General Provisions

Article 1 The Company shall be incorporated as a company limited by shares, under the Company Law of the Republic of China, and its name shall be 大江生醫股份有限公司 in the Chinese language, and TCI Co., Ltd. in the English language.

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

1. C104010 Sugar Confectionery and Bakery Product Manufacturing
2. C110010 Beverage Manufacturing
3. C199990 Other Food Manufacturing Not Elsewhere Classified
4. C307010 Apparel, Clothing Accessories and Other Textile Product Manufacturing
5. C802100 Cosmetics Manufacturing
6. CH01040 Toys Manufacturing
7. CN01010 Furniture and Fixtures Manufacturing
8. F102040 Wholesale of Nonalcoholic Beverages
9. F102170 Wholesale of Food and Grocery
10. F108040 Wholesale of Cosmetics
11. F203010 Retail sale of Food and Grocery
12. F208040 Retail Sale of Cosmetics
13. F401010 International Trade
14. F113010 Wholesale of Machinery
15. F213080 Retail Sale of Machinery and Equipment
16. F113990 Wholesale of Other Machinery and Equipment
17. F213990 Retail Sale of Other Machinery and Equipment
18. CE01990 Other Photographic and Optical Instruments Manufacturing
19. F113030 Wholesale of Precision Instruments
20. F213040 Retail Sale of Precision
21. CE01010 Precision Instruments Manufacturing
22. CF01011 Medical Materials and Equipment Manufacturing
23. F108031 Wholesale of Drugs, Medical Goods
24. F208031 Retail sale of Medical Equipments
25. ZZ99999 All business items that are not prohibited or restricted by law, except those that are subject to special approval

Article 2-1 For the needs in business operation, the Company may provide endorsement and guarantee under TCI's Guideline Governing Loaning of Funds and Making of Endorsements/Guarantees.

Article 2-2 The total amount of the Company's reinvestment shall not be subject to the restriction of not more than forty percent of the Company's paid-up capital as provided in Article 13 of the Company Act.

Article 3 The Company shall have its head office in Taipei City, Taiwan, Republic of China, and shall be free, upon approval of Board Meeting to set up branch, representative office and / or factory within and without the territory of the Republic of China, wherever and whenever the Company deems necessary.

Article 4 All public announcement of the Company shall be made in accordance with provisions in Article 28 under the Company Act of the Republic of China.

Chapter 2 Capital Stock

Article 5 Deleted.

Article 6 The total capital stock shall be in the amount of NT\$2,000,000,000 and is divided into 200,000,000 shares at par value of NT\$10.00 per share. The Board of Directors is authorized to issue those undistributed share in installments.
Within the total registered capital, in the amount of NT\$100,000,000, divided into 10,000,000 shares at par value of NT\$10.00 per share, is reserved to be used in issuing employee stock options and restricted stock awards, and the reserved capital may be issued in installments according to the resolution of Board of Directors.

Article 6-1 In case the Company plans to issue employee stock options at price lower than market price of the net worth per share shown in the latest CPA audited or reviewed financial statements, according to Article 56-1 of the Regulation Governing the Offering and Issuance of Securities by Securities Issuer, the Company shall obtain consent of two-thirds voting rights represented at a shareholders' meeting attended by shareholders representing a majority of the total issued shares, and may be registered and issued in installments within one year from the day of such shareholders' meeting resolution.

Article 6-2 If allowed under the applicable laws the Company may repurchase the issued shares of the Company, the Board of Directors is authorized to handle it in accordance with "Guidelines Governing Share Repurchase".
According to Article 10-1 of "Regulations Governing Share Repurchase by Exchange-Listed and OTC-Listed Companies" and Article 13 of "Regulations Governing Share Repurchase by Exchange-Listed and OTC-Listed Companies", there shall have consent of two-thirds of voting rights represented at a shareholders' meeting attended by shareholders representing a majority of the total issued shares. The shares shall be transferred to employee at the price lower than the average repurchased price.

Article 6-3 The Company may issue new share of restricted stock awards pursuant to paragraph 8, Article 267 of Company Act and according to Article 60-2 of the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, the issuance shall obtain consent of more than half of voting rights represented at a shareholders' meeting attended by shareholders representing more than 2/3 of the total issued shares; in case the total shares of the attending shareholders is less than the above specified, it may be agreed by more than 2/3 of voting rights of attending shareholder of a shareholders' meeting attended by shareholders representing a majority of the total issued shares and shall be filed to execute such issuance within one year after the date of the said shareholder resolution.

- Article 7** The Company may be exempted from printing physical stocks. When the company prints its share certificate, it shall comply with the provisions of the Company Act of the Republic of China and other relevant laws and regulations.
- Article 8** Except otherwise provided under applicable laws or regulations, any the record of Shareholders Register shall cease within 60 days before convening of an annual shareholders' meeting, or within 30 days before convening a special shareholders' meeting or within 5 days before the reference day of the Company deciding distribution of share interests, dividend or other benefit.
- Article 8-1** Except as otherwise provided by applicable laws or regulations, the handling of shareholders services shall comply with the Regulations Governing the Administration of Shareholders Services of Public Company.
- Chapter 3 Shareholders' Meeting**
- Article 9** Shareholders' meetings of the Company are of two types, namely: (1) annual shareholders' meetings and (2) special shareholders' meetings. Annual meetings shall be convened, by the Board of Directors, within six (6) months after the close of each fiscal year. Special meetings shall be convened in accordance with the relevant laws, rules and regulations of the Republic of China.
- Article 9-1** Except as otherwise provided by Company Act, the shareholders' meetings shall be presided over by the Chairman of the Board of Directors of the Company. In his absence, either the Vice Chairman of the Board of Directors or one of the Directors shall preside in accordance with Article 208 of the Company Act of the Republic of China.
- Article 9-2** Written notices shall be sent to all shareholders at their latest places of residence as registered with the Company for the convening of shareholders' meetings, at least thirty (30) days in advance, in case of regular meetings; and at least fifteen (15) days in advance, in case of special meetings. The purpose(s) for convening any such meeting shall be clearly stated in the written notices sent out to the shareholders. Notices shall be written in Chinese, and English when necessary.
- Article 9-3** Resolution of Shareholders' Meeting shall be reduced into minutes signed or affixed with seal by Chairman of the meeting and shall be distributed to every shareholder within 20 days after the meeting. The distribution of minutes may be made in public announcement. Minutes shall be made in Chinese and, English translation may be provided when it is necessary.
- Article 10** Shareholders, unable to attend shareholders' meeting, may provide Shareholder Proxy Form printed by the Company, stating the scope of authorization, signed or affixed with seal and delegated person to attend.
The rules for delegating an agent to attend shareholders' meetings other than complying with the regulations under Article 177 of Company Law, shall be pursuant to the Regulations Governing the Use of Proxies for Attendance at Shareholder Meetings of Public Companies.
- Article 11** Each share of stock shall be entitled to one vote, but this shall not apply in the situation of no voting right under Article 179 of Company Law.

According to regulatory requirements, shareholders may also vote via an electronic voting system, and those doing so shall be deemed as attending the shareholders' meeting in person; electronic voting shall be conducted in accordance with the relevant laws and regulations.

Article 12 Except as otherwise provided by Company Act, Resolution of Shareholders' Meeting shall have attendance of shareholders representing more than half of total issued shares and shall have consent of more than half of voting rights of attending shareholders.

Article 12-1 After the Company going into public, any revocation of public issuing, shall firstly be approved by the Board of Directors, and then be approved by the shareholders' meeting.

Chapter 4 Directors and Audit Committee

Article 13 The Company shall have five to nine directors with tenure of 3 years. The directors shall be elected from competent shareholders. The directors may be re-elected. When tenure of a director is expired but without new one elected, the tenure shall be extended to the time a new director is elected.

Election of directors of the Company shall follow the provision under Article 192-1 of Company Act, in candidate nomination system and provision under Article 26-3 of Securities Exchange Act. Independent Directors and Non-Independent Directors shall be elected together; provided, however, the number of Independent Directors and Non-Independent Directors elected shall be calculated separately.

Pursuant to paragraph 3, Article 27 of Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies the Company has installed a Nomination Committee. The Nomination Committee reviews a Suggested Candidates of Independent and Non-Independent Directors List for approval of the Board of Directors to be the List of Candidates for election of shareholders' meeting.

The combined shareholding ratio of all directors shall follow the requirements of securities competent agency.

Article 13-1 The number of independent director among the directors mentioned above shall not be less than two and shall not be less than one-fifth of entire board member. The professional qualification, shareholding, restriction on side line work, manner of nomination and election manner and other items to be complied shall following related provisions of securities competent agency.

Article 13-2 In compliance with Article 14-4 of the Securities and Exchange Act, the Company shall establish an Audit Committee, which shall consist of all independent directors. The Audit Committee or the members of Audit Committee shall be responsible for those responsibilities of Supervisors specified under the Company Act, the Securities and Exchange Act and other relevant regulations. The number, tenure, duties and meeting regulations of Audit Committee shall be established separately per Audit Committee Organization Charter.

The Board of Directors of the Company may set up other functional committees and the organization and its charter shall be established by the Board of Directors.

- Article 15** The Board of Directors shall be organized with directors and one Chairman shall be elected by and among directors in a board meeting attended by more the two-third of directors and with consent of more than one-two of attending directors (Vice Chairman shall be elected in the aforementioned method if such election shall be deemed necessary). Chairman of the Board shall be representing the Company externally and internally and shall be the Chairman of Shareholders' Meeting and Board Meeting.
- The Board Meeting shall be convened by Chairman of the Board. In the event Chairman of the Board is unable to attend, the Board Meeting shall beconvened by Vice Chairman or one of the directors on behalf pursuant to Article 208 of Company Act. The first Board meeting of every term of the newly elected Board of Directors shall be convened by the Director who has received the largest number of votes after such new election. The Board of Directors shall be convened by the Chairman of the Board of Directors, upon written notice mailed to all the other Directors, at least seven days, unless in case of urgent circumstances, prior to the date of the meeting, specifying the date and place of the meeting and its agenda. With the consent of the directors, the board meeting notice may be made electronically.
- A director having individual interest in the item discussed in a board meeting, the director shall explain material content of the individual interest.
- Directors shall attend each board meeting in person; in case a director is unable to attend in person, it shall be handled pursuant to Article 205 of Company Act.
- Minutes of Board Meeting shall be affixed with signature or seal of Chairman of the meeting and shall be distributed to each director within 20 days after the meeting.
- Article 15** In case of the Chairman's personal leave or other causes preventing him/her from performing its duty, the deputy shall be arranged pursuant to Article 208 of Company Act.
- Article 15-1** In the case that vacancies on the Board of Directors exceed, for any reason, one third of the total number of the Directors, then the Board of Directors shall convene a shareholders' meeting to elect new Directors to fill such vacancies in accordance with applicable laws, rules and regulations. In such case, the new Directors shall serve the remaining term of the predecessors.
- Article 15-2** The Company shall pay the salary to each director no matter the Company's status of profit or loss. The Board of Directors is authorized to determine the salary for the Chairman, Vice Chairman and Directors, taking into account the extent and value of the services provided for the management of the Company and the standards of the industry.
- Article 15-3** The Company may subscribe to Directors and Officers Liability Insurance to cover the liability of compensation within the scope of business performed by the directors within their tenure.
- Chapter 5 Management of the Company**
- Article 16** The Company may appoint managers, and the appointment, removal and remuneration shall be handled in accordance with Article 29 of Company Act.

Chapter 6 Financial Reports

Article 17 The Company shall compile and prepare at the end of each fiscal year and 30 days before convening of an annual shareholders' meeting by the Board of Directors:

(1) Business Report, (2) Financial Statements and (3) Proposal Concerning Appropriation of Earnings or Covering of Losses and submit to Shareholders' Meeting as required under law and request for recognition.

Article 18 If there is any profit for a specific fiscal year (profits are defined as the income before income tax excluding employees' compensation and remuneration to Directors), the Company shall allocate no less than 5% (and no more than 15%) of the profit as employees' compensation and shall allocate at a maximum of 3% of the profit as remuneration to Directors, provided that the Company's accumulated losses (including the amount for re-allocating unappropriated retained earnings of previous years) shall have been covered in advance.

Employee's compensation may be distributed in the form of shares or in cash, and employees qualified to receive such compensation may include employees from affiliates companies who meet certain qualification. The Board of Directors is authorized to determine the qualification of such employees. The remuneration to Directors shall be paid in cash.

Before the execution of the procedures mentioned in the preceding two paragraphs, the Company has to obtain the special resolution of the Board of Directors and submit it to the upcoming shareholder's meeting.

Article 18-1 When allocating the earnings for each fiscal year if there is earnings after the annual final accounts, the Company shall first offset its losses in previous years and set aside relevant taxes a legal capital reserve at 10% of the earnings left over, until the accumulated legal capital reserve has equaled the total capital of the Company; If there is still balance of earning, together with the undistributed earnings (including adjusted undistributed earnings) to calculate earnings distributable and the Board of Directors shall prepare Earnings Distribution Proposal for resolution of Shareholders' Meeting and distribute it after the Resolution of Shareholders' Meeting.

Article 18-2 The industry the Company is engaged is at its growth stage and the competition is keener day by day. In order to maintain sustainable operation, growth of operation, capital needs and long term financial planning as well as taking consideration of shareholders interest, 30% to 80% distributable earning each year will be provided for distribution as shareholders dividend. Dividend for shareholders of the Company may be in stock dividend or in cash or combination of them. Cash dividend for shareholders shall basically be no less than 10% of total dividend for shareholders; however, when the Company has higher earnings or capital funds are sufficient, cash dividend ratio for shareholders may be increased. It depends on the earning of the year.

Chapter 7 Supplementary Provisions

Article 19 All matters not specifically provided for herein shall be dealt with in accordance with the regulations of the Company Act.

Article 20

These Articles of Incorporation were constituted on August 8, 1980 and
The first amendment on August 16, 1981;
The second amendment on April 20, 1983;
The third amendment on April 24, 1989;
The fourth amendment on October 6, 1989;
The fifth amendment on March 13, 1990;
The sixth amendment on May 1, 1991;
The seventh amendment on May 10, 1993;
The eighth amendment on November 21, 1993;
The ninth amendment on May 27, 1997;
The tenth amendment on November 6, 1997;
The eleventh amendment on June 14, 2001;
The twelfth amendment on November 1, 2002;
The thirteenth amendment on March 19, 2004;
The fourteenth amendment on April 13, 2005;
The fifteenth amendment on July 25, 2006;
The sixteenth amendment on May 10, 2010;
The seventeenth amendment on May 14, 2010;
The eighteenth amendment on June 17, 2011;
The nineteenth amendment on March 16, 2012;
The twentieth amendment on June 29, 2012;
The twenty-first amendment on May 30, 2014;
The twenty-second amendment on October 6, 2014;
The twenty-third amendment on May 29, 2015;
The twenty-fourth amendment on June 6, 2016;
The twenty-fifth amendment on May 19, 2017;
The twenty-sixth amendment on May 18, 2018.
The twenty-seventh amendment on June 18, 2020.

Appendix 2

TCI Co., Ltd. (“The Company”) Rules of Procedure for Shareholders’ Meetings

Article 1 Legal Basis

To establish a strong governance system and sound supervisory capabilities for the Company's shareholders’ meetings, and to strengthen management capabilities, these Rules are adopted pursuant to Article 5 of the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies.

Article 2 The rules of procedures for the Company's shareholders’ meetings, except as otherwise provided by law, regulation, or the articles of incorporation, shall be as provided in these Rules.

Article 3 Convening Shareholders’ Meetings, Shareholders’ Meeting Notices, and Shareholders’ Proposals

1. Unless otherwise provided by law or regulation, the Company's shareholders’ meetings shall be convened by the Board of Directors.
2. The Company shall prepare electronic versions of the shareholders’ meeting notice and proxy forms, and the origins of and explanatory materials relating to all proposals, including proposals for ratification, matters for deliberation, or the election or dismissal of directors, and upload them to the Market Observation Post System (MOPS) before 30 days before the date of a regular shareholders’ meeting or before 15 days before the date of a special shareholders’ meeting. The Company shall prepare electronic versions of the shareholders’ meeting agenda and supplemental meeting materials and upload them to the MOPS before 21 days before the date of the regular shareholders’ meeting or before 15 days before the date of the special shareholders’ meeting. In addition, before 15 days before the date of the shareholders’ meeting, the Company shall also have prepared the shareholders’ meeting agenda and supplemental meeting materials and made them available for review by shareholders at any time. The meeting agenda and supplemental materials shall also be displayed at the Company and the professional shareholder services agent designated thereby as well as being distributed on-site at the meeting place.
3. The reasons for convening a shareholders’ meeting shall be specified in the meeting notice and public announcement. With the consent of the addressee, the meeting notice may be given in electronic form.
4. Election or dismissal of directors or supervisors, amendments to the articles of incorporation, the dissolution, merger, or demerger of the corporation, or any matter under Article 185, paragraph 1 of the Company Act, Articles 26-1 and 43-6 of the Securities and Exchange Act, or Articles 56-1 and 60-1 of the Regulations Governing the Offering and Issuance of Securities by Securities Issuers shall be set out in the notice of the reasons for convening the shareholders’ meeting. None of the above matters may be raised by an extraordinary motion.
5. A shareholder holding 1 percent or more of the total number of issued shares may submit to the Company a written proposal for discussion at a regular shareholders’ meeting. Such proposals, however, are limited to one item only, and no proposal containing more than one item will be included in the meeting agenda. In addition,

when the circumstances of any subparagraph of Article 172-1, paragraph 4 of the Company Act apply to a proposal put forward by a shareholder, the Board of Directors may exclude it from the agenda.

6. Prior to the book closure date before a regular shareholders' meeting is held, the Company shall publicly announce that it will receive shareholder proposals, and the location and time period for their submission; the period for submission of shareholder proposals may not be less than 10 days.
7. Shareholder-submitted proposals are limited to 300 words, and no proposal containing more than 300 words will be included in the meeting agenda. The shareholder making the proposal shall be present in person or by proxy at the regular shareholders' meeting and take part in discussion of the proposal.
8. Prior to the date for issuance of notice of a shareholders' meeting, the Company shall inform the shareholders who submitted proposals of the proposal screening results and shall list in the meeting notice the proposals that conform to the provisions of this article. At the shareholders' meeting the Board of Directors shall explain the reasons for exclusion of any shareholder proposals not included in the agenda.

Article 4 Proxy for Annual Shareholders' Meeting(s)

1. For each shareholders' meeting, a shareholder may appoint a proxy to attend the meeting by providing the proxy form issued by the Company and stating the scope of the proxy's authorization.
2. A shareholder may issue only one proxy form and appoint only one proxy for any given shareholders' meeting, and shall deliver the proxy form to the Company 5 days before the date of the shareholders' meeting. When duplicate proxy forms are delivered, the one received earliest shall prevail unless a declaration is made to cancel the previous proxy appointment.
3. After a proxy form has been delivered to the Company, if the shareholder intends to attend the meeting in person or to exercise voting rights by correspondence or electronically, a written notice of proxy cancellation shall be submitted to the Company before 2 business days before the meeting date. If the cancellation notice is submitted after that time, votes cast at the meeting by the proxy shall prevail.

Article 5 Meeting Time and Meeting Place

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

Article 6 Preparation of Documents (e.g., the attendance book)

1. This Company shall specify in its shareholders' meeting notices the time during which shareholder attendance registrations will be accepted, the place to register for attendance, and other matters for attention.
2. The time during which shareholder attendance registrations will be accepted, as stated in the preceding paragraph, shall be at least 30 minutes prior to the time the meeting commences. The place at which attendance registrations are accepted shall be clearly marked and a sufficient number of suitable personnel assigned to handle the registrations.

3. Shareholders and their proxies (collectively, "shareholders") shall attend shareholders' meetings based on attendance cards, sign-in cards, or other certificates of attendance. The Company may not arbitrarily add requirements for other documents beyond those showing eligibility to attend presented by shareholders. Solicitors soliciting proxy forms shall also bring identification documents for verification.
4. The Company shall furnish the attending shareholders and their proxies (collectively, "shareholders") with an attendance book to sign, or attending shareholders may hand in a sign-in card in lieu of signing in.
5. The Company shall furnish attending shareholders with the meeting agenda book, annual report, attendance card, speaker's slips, voting slips, and other meeting materials. Where there is an election of directors, pre-printed ballots shall also be furnished.
6. When the government or a juristic person is a shareholder, it may be represented by more than one representative at a shareholders' meeting. When a juristic person is appointed to attend as proxy, it may designate only one person to represent it in the meeting.

Article 7 The Chair and Non-voting Participants

1. If a shareholders' meeting is convened by the Board of Directors, the meeting shall be chaired by the chairperson of the board. When the chairperson of the board is on leave or for any reason unable to exercise the powers of the chairperson, the vice chairperson shall act in place of the chairperson; if there is no vice chairperson or the vice chairperson also is on leave or for any reason unable to exercise the powers of the vice chairperson, the chairperson shall appoint one of the directors to act as chair, or, if there are no directors, one of the directors shall be appointed to act as chair. Where the chairperson does not make such a designation, the directors shall select from among themselves one person to serve as chair.
2. When a managing director or a director serves as chair, as referred to in the preceding paragraph, the managing director or director shall be one who has held that position for six months or more and who understands the financial and business conditions of the company. The same shall be true for a representative of a juristic person director that serves as chair.
3. It is advisable that shareholders' meetings convened by the Board of Directors be chaired by the chairperson of the board in person and attended by a majority of the directors and at least one member of each functional committee on behalf of the committee. The attendance shall be recorded in the meeting minutes.
4. If a shareholders' meeting is convened by a party with power to convene but other than the Board of Directors, the convening party shall chair the meeting. When there are two or more such convening parties, they shall mutually select a chair from among themselves.
5. The Company may appoint its attorneys, certified public accountants, or related persons retained by it to attend a shareholders' meeting in a non-voting capacity.

Article 8 Documentation of a Shareholders' Meeting (Audio or Video)

1. The Company, beginning from the time it accepts shareholder attendance registrations, shall make an uninterrupted audio and video recording of the registration procedure, the proceedings of the shareholders' meeting, and the voting and vote counting procedures.

2. The recorded materials of the preceding paragraph shall be retained for at least 1 year. If, however, a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the recording shall be retained until the conclusion of the litigation.

Article 9 The Calculation of the Numbers of Shares & Meeting Processing

1. Attendance at shareholders' meetings shall be calculated based on numbers of shares. The number of shares in attendance shall be calculated according to the shares indicated by the attendance book and sign-in cards handed in plus the number of shares whose voting rights are exercised by correspondence or electronically.
2. The chair shall call the meeting to order at the appointed meeting time. However, when the attending shareholders do not represent a majority of the total number of issued shares, the chair may announce a postponement, provided that no more than two such postponements, for a combined total of no more than 1 hour, may be made. If the quorum is not met after two postponements and the attending shareholders still represent less than one third of the total number of issued shares, the chair shall declare the meeting adjourned.
3. If the quorum is not met after two postponements as referred to in the preceding paragraph, but the attending shareholders represent one third or more of the total number of issued shares, a tentative resolution may be adopted pursuant to Article 175, paragraph 1 of the Company Act; all shareholders shall be notified of the tentative resolution and another shareholders' meeting shall be convened within 1 month.
4. When, prior to conclusion of the meeting, the attending shareholders represent a majority of the total number of issued shares, the chair may resubmit the tentative resolution for a vote by the shareholders' meeting pursuant to Article 174 of the Company Act.

Article 10 Discussion of Proposals

1. If a shareholders' meeting is convened by the Board of Directors, the meeting agenda shall be set by the Board of Directors. The meeting shall proceed in the order set by the agenda, which may not be changed without a resolution of the shareholders' meeting.
2. The provisions of the preceding paragraph apply mutatis mutandis to a shareholders' meeting convened by a party with the power to convene that is not the Board of Directors.
3. The chair may not declare the meeting adjourned prior to completion of deliberation on the meeting agenda of the preceding two paragraphs (including extraordinary motions), except by a resolution of the shareholders' meeting. If the chair declares the meeting adjourned in violation of the rules of procedure, the other members of the Board of Directors shall promptly assist the attending shareholders in electing a new chair in accordance with statutory procedures, by agreement of a majority of the votes represented by the attending shareholders, and then continue the meeting.
4. The chair shall allow ample opportunity during the meeting for explanation and discussion of proposals and of amendments or extraordinary motions put forward by the shareholders; when the chair is of the opinion that a proposal has been discussed sufficiently to put it to a vote, the chair may announce the discussion closed and call for a vote.

Article 11 Shareholder Speech

1. Before speaking, an attending shareholder must specify on a speaker's slip the subject of the speech, his/her shareholder account number (or attendance card number), and account name. The order in which shareholders speak will be set by the chair.
2. A shareholder in attendance who has submitted a speaker's slip but does not actually speak shall be deemed to have not spoken. When the content of the speech does not correspond to the subject given on the speaker's slip, the spoken content shall prevail.
3. Except with the consent of the chair, a shareholder may not speak more than twice on the same proposal, and a single speech may not exceed 5 minutes. If the shareholder's speech violates the rules or exceeds the scope of the agenda item, the chair may terminate the speech.
4. When an attending shareholder is speaking, other shareholders may not speak or interrupt unless they have sought and obtained the consent of the chair and the shareholder that has the floor; the chair shall stop any violation.
5. When a juristic person shareholder appoints two or more representatives to attend a shareholders' meeting, only one of the representatives so appointed may speak on the same proposal.
6. After an attending shareholder has spoken, the chair may respond in person or direct relevant personnel to respond.

Article 12 Calculation of Voting Shares and Recusal System

1. Voting at a shareholders' meeting shall be calculated based the number of shares.
2. With respect to resolutions of shareholders' meetings, the number of shares held by a shareholder with no voting rights shall not be calculated as part of the total number of issued shares.
3. When a shareholder is an interested party in relation to an agenda item, and there is the likelihood that such a relationship would prejudice the interests of the Company, that shareholder may not vote on that item, and may not exercise voting rights as proxy for any other shareholders.
4. The number of shares for which voting rights may not be exercised under the preceding paragraph shall not be calculated as part of the voting rights represented by attending shareholders.
5. With the exception of a trust enterprise or a shareholder services agent approved by the competent securities authority, when one person is concurrently appointed as proxy by two or more shareholders, the voting rights represented by that proxy may not exceed 3 percent of the voting rights represented by the total number of issued shares. If that percentage is exceeded, the voting rights in excess of that percentage shall not be included in the calculation. Votes on Agen Items, Inspection and Counting of Ballots.

Article 13 Votes on Agen Items, Inspection and Counting of Ballots

1. A shareholder shall be entitled to one vote for each share held, except when the shares are restricted shares or are deemed non-voting shares under Article 179, paragraph 2 of the Company Act.
2. When the Company holds a shareholders' meeting, it may allow the shareholders to exercise voting rights by correspondence or electronic means (in accordance with the proviso of Article 177-1 of the Company Act regarding companies that shall adopt electronic voting: When the Company holds a shareholder meeting, it shall adopt

- exercise of voting rights by electronic means and may adopt exercise of voting rights by correspondence). When voting rights are exercised by correspondence or electronic means, the method of exercise shall be specified in the shareholders' meeting notice.
3. A shareholder intending to exercise voting rights by correspondence or electronic means under the preceding paragraph shall deliver a written declaration of intent to the Company before 2 days before the date of the shareholders' meeting. When duplicate declarations of intent are delivered, the one received earliest shall prevail, except when a declaration is made to cancel the earlier declaration of intent.
 4. After a shareholder has exercised voting rights by correspondence or electronic means, in the event the shareholder intends to attend the shareholders' meeting in person, a written declaration of intent to retract the voting rights already exercised under the preceding paragraph shall be made known to the Company, by the same means by which the voting rights were exercised, before 2 business days before the date of the shareholders' meeting. If the notice of retraction is submitted after that time, the voting rights already exercised by correspondence or electronic means shall prevail. When a shareholder has exercised voting rights both by correspondence or electronic means and by appointing a proxy to attend a shareholders' meeting, the voting rights exercised by the proxy in the meeting shall prevail.
 5. Except as otherwise provided in the Company Act and in the Company's articles of incorporation, the passage of a proposal shall require an affirmative vote of a majority of the voting rights represented by the attending shareholders. At the time of a vote, for each proposal, the chair or a person designated by the chair shall first announce the total number of voting rights represented by the attending shareholders, followed by a poll of the shareholders. After the conclusion of the meeting, on the same day it is held, the results for each proposal, based on the numbers of votes for and against and the number of abstentions, shall be entered into the MOPS.
 6. In the resolution, if the chair of the meeting inquires and receives no objection, the motion is deemed passed, with equivalent force as a resolution by vote. If there is any shareholder objecting to an agenda item, it shall be put to vote by a poll in compliance with the provisions mentioned in the preceding paragraph. If a shareholder attending a shareholders' meeting intends to propose an amendment or an alternative to a proposal not included in the meeting agenda, the proposal shall be seconded first and the proposer and seconder(s) shall collectively hold shares representing at least 1 percent of the total voting rights of issued shares of the Company.
 7. When there is an amendment or an alternative to a proposal, the chair shall present the amended or alternative proposal together with the original proposal and decide the order in which they will be put to a vote. When any one among them is passed, the other proposals will then be deemed rejected, and no further voting shall be required.
 8. Vote monitoring and counting personnel for the voting on a proposal shall be appointed by the chair, provided that all monitoring personnel shall be shareholders of the Company.
 9. Vote counting for shareholders' meeting proposals or elections shall be conducted in public at the place of the shareholders' meeting. Immediately after vote counting has been completed, the results of the voting, including the statistical tallies of the numbers of votes, shall be announced on-site at the meeting, and a record made of the vote.

Article 14 Election of Directors

1. The election of directors at a shareholders' meeting shall be held in accordance with the Rules for the Election of Directors adopted by the Company, and the voting results shall be announced on-site immediately, including the names of those elected as directors and supervisors and the numbers of votes with which they were elected.
2. The ballots for the election referred to in the preceding paragraph shall be sealed with the signatures of the monitoring personnel and kept in proper custody for at least 1 year. If, however, a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the ballots shall be retained until the conclusion of the litigation.

Article 15 Article 15 Resolutions

1. Matters relating to the resolutions of a shareholders' meeting shall be recorded in the Minutes for Shareholders' Meeting. The Minutes for Shareholders' Meeting shall be signed or sealed by the chair of the meeting and a copy distributed to each shareholder within 20 days after the conclusion of the meeting. The Minutes for Shareholders' Meeting may be produced and distributed in electronic form.
2. The Company may distribute the Minutes for Shareholders' Meeting of the preceding paragraph by means of a public announcement made through the MOPS.
3. The Minutes for Shareholders' Meeting shall accurately record the year, month, day, and place of the meeting, the chair's full name, the methods by which resolutions were adopted, and a summary of the deliberations and their results, and shall be retained for the duration of the existence of the Company.
4. The methods by which resolutions were adopted shall be a poll of the shareholders case by case. The Minutes for Shareholders' Meeting shall accurately record the statistical tallies of the numbers of votes, the percentage of the numbers of votes, and the voting means the exercised by the shareholders (on-site voting, correspondence, or electronic means).

Article 16 Public Disclosure

1. On the day of a shareholders' meeting, the Company shall compile in the prescribed format a statistical statement of the number of shares obtained by solicitors through solicitation and the number of shares represented by proxies, and shall make an express disclosure of the same at the place of the shareholders' meeting.
2. If matters put to a resolution at a shareholders' meeting constitute material information under applicable laws or regulations or under Taiwan Stock Exchange Corporation (or GreTai Securities Market) regulations, the Company shall upload the content of such resolution to the MOPS within the prescribed time period.

Article 17 Maintaining Order at the Meeting Place

1. Staff handling administrative affairs of a shareholders' meeting shall wear identification cards or arm bands.
2. The chair may direct the proctors or security personnel to help maintain order at the meeting place. When proctors or security personnel help maintain order at the meeting place, they shall wear an identification card or armband bearing the word "Proctor."
3. At the place of a shareholders' meeting, if a shareholder attempts to speak through any device other than the public address equipment set up by the Company, the chair may prevent the shareholder from so doing.

4. When a shareholder violates the Rules of Procedure for Shareholders' Meetings and defies the chair's correction, obstructing the proceedings and refusing to heed calls to stop, the chair may direct the proctors or security personnel to escort the shareholder from the meeting.

Article 18 Recess and Resumption of a Shareholders' Meeting

1. When a meeting is in progress, the chair may announce a break based on time considerations. If a force majeure event occurs, the chair may rule the meeting temporarily suspended and announce a time when, in view of the circumstances, the meeting will be resumed.
2. If the meeting venue is no longer available for continued use and not all of the items (including extraordinary motions) on the meeting agenda have been addressed, the shareholders' meeting may adopt a resolution to resume the meeting at another venue.
3. A resolution may be adopted at a shareholders' meeting to defer or resume the meeting within 5 days in accordance with Article 182 of the Company Act.

Article 19 Supplementary Provisions

1. Any matters not set forth herein shall be governed by the applicable laws and regulations.
2. These Rules, and any amendments hereto, shall be implemented after approval from the Board of Directors first and adoption by shareholders' meetings.

Full articles promulgated on June 17, 2011.

1st amendment conducted on March 16, 2012.

2nd amendment conducted on May 30, 2014.

3rd amendment conducted on May 29, 2015.

4th amendment conducted on May 16, 2019.

Appendix 3

TCI Co., Ltd. (The “Company”) Operational Procedures for Acquisition or Disposal of Assets

- Article 1 The Procedures are adopted in accordance with the provisions of Article 36-1 of the Securities and Exchange Act and the Regulations Governing the Acquisition and Disposal of Assets by Public Companies established by the Financial Supervisory Commission, Executive Yuan, R.O.C. (Taiwan).
- Article 2 The term "assets" as used in these Procedures includes the following:
1. Investments in stocks, government bonds, corporate bonds, financial bonds, securities representing an interest in a fund, depositary receipts, call (put) warrants, beneficial interest securities, and asset-backed securities.
 2. Real property (including land, houses and buildings, investment property, rights to use land, and construction enterprise inventory) and equipment.
 3. Memberships.
 4. Patents, copyrights, trademarks, franchise rights, and other intangible assets.
 5. Right-of-use assets.
 6. Claims of financial institutions (including receivables, bills purchased and discounted, loans, and overdue receivables).
 7. Derivatives.
 8. Assets acquired or disposed of in connection with mergers, demergers, acquisitions, or transfer of shares in accordance with law.
 9. Other major assets.
- Article 3 Terms used in these Procedures are defined as follows:
1. Derivatives: Forward contracts, option contracts, futures contracts, leveraged margin contracts, exchange contracts derived from prices, commodity prices, exchange rates, price or rate indexes, credit ratings or credit indexes, or other variables, the combination of above-mentioned contracts, or combination contracts or structured products that contain embedded derivatives, etc. The so-called forward contracts do not include insurance contracts, performance contracts, after-sales service contracts, long-term lease contracts, and long-term purchase (sales) contracts.
 2. Assets acquired or disposed of through mergers, demergers, acquisitions, or transfer of shares in accordance with law: Refers to assets acquired or disposed of through mergers, demergers, or acquisitions conducted under the Business Mergers and Acquisitions Act, Financial Holding Company Act, Financial Institution Merger Act and other acts, or to transfer of shares from another company through issuance of new shares of its own as the consideration therefor (hereinafter "transfer of shares") under Article 156-3 of the Company Act.
 3. Related party or subsidiary: As defined in the Regulations Governing the Preparation of Financial Reports by Securities Issuers.
 4. Professional appraiser: Refers to a real property appraiser or another person duly authorized by law to engage in the value appraisal of real property or equipment.
 5. Date of occurrence: Refers to the date of contract signing, date of payment, date of consignment trade, date of transfer, dates of boards of directors resolutions, or other dates that can confirm the counterpart and monetary amount of the transaction, whichever date is earlier; provided, for investment for which approval of the

competent authority is required, the earlier of the above date or the date of receipt of approval by the competent authority shall apply.

6. Mainland China area investment: Refers to investments in the mainland China area approved by the Ministry of Economic Affairs Investment Commission or conducted in accordance with the provisions of the Regulations Governing Permission for Investment or Technical Cooperation in the Mainland Area.
7. "Within the preceding year" refers to the year preceding the date of occurrence of the current acquisition or disposal of assets. Items duly announced in accordance with these Procedures need not be counted toward the transaction amount.
8. "Latest Financial Statements" used herein should mean the financial statements of the Company audited or examined by certified public accountants which have been published in accordance with applicable regulation before the subject acquisition or disposal of assets.

Article 4 Limits of Amounts on the acquisition of real estate and securities by the Company (or each subsidiary of the Company) for non-operating purpose:

1. The total amount of the investment in real property by the Company for non-operating purpose should not exceed 50% of the Company's net worth (based on the latest Financial Statements).
2. The total amount of the investment in securities should not exceed 100% of the Company's net worth. The total amount of the investment in short-term securities should not exceed 20% of the Company's net worth.
3. The amount of the investment in each respective security should not exceed 10% of the Company's net worth. The amount of the investment in each respective short-term security should not exceed 5% of the Company's net worth.
4. The limits of amounts on the investment in each respective security shall not apply where the investment is a strategic investment.

Article 5 Appraisal Procedures and Operating Procedures for acquisition or disposal of real property, equipment, or other fixed assets

1. Appraisal Procedures and Operating Procedures
The Company's acquisition or disposal of real property or other fixed assets should be made in accordance with the Procedures for Fixed Asset Cycle, the regulations established by the Company.
2. The determination procedures for the transaction terms and the degree of authority delegated are as follows:
 - (1) The Company's acquisition or disposal of assets shall be subject to the Regulation for Authority of Delegation and be evaluated with several conditions including publicly announced current value, evaluated value, the actual transaction price of nearby real property, the final transaction terms, and the transaction price to make an evaluation report. If the transaction price is less than NT\$60 million (NT\$60 million included), the chairman of the Company will be delegated by the Board of Directors to make final decisions. The decisions shall be subsequently submitted to and ratified by the Board of Directors. If the transaction price is higher than NT\$30 million, the proposal shall be approved by the chairman first, and then be subsequently submitted to the Board of Directors to make final decisions.

- (2) The Company's acquisition or disposal of other fixed assets shall be subject to the Regulation for Authority of Delegation and be evaluated via one kind of the following procedures: price inquiry, price competition, price negotiation, or tendering procedures. If the transaction price is less than NT\$60 million (NT\$60 million included), the chairman of the Company will be delegated by the Board of Directors to make final decisions. The decisions shall be subsequently submitted to and ratified by the Board of Directors. If the transaction price is higher than NT\$60 million, the proposal shall be approved by the chairman first, and then be subsequently submitted to the Board of Directors to make final decisions.
- (3) About appraisal procedures for acquiring/disposing of real property or other fixed assets, the responsible departments shall prepare the reason(s) for acquisition or disposal, the counterpart of the transaction, the transaction price, the payment terms, and the appraisal reports for approval first, and then the responsible departments are permitted to prepare the relevant trading contracts.
- (4) With respect to the Company's acquisition or disposal of assets that is subject to the approval of the Board of Directors under the Company's procedures or other laws or regulations, if a director expresses dissent and it is contained in the minutes or a written statement, the company shall submit the director's dissenting opinion to the Audit Committee. The position of independent director has been created in accordance with the provisions of the Securities and Exchange Act. When a transaction involving the acquisition or disposal of assets is submitted for discussion by the Board of Directors pursuant to the Securities and Exchange Act, the Board of Directors shall take into full consideration for each independent director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the Board of Directors meeting. Where an audit committee has been established in accordance with the provisions of the Securities and Exchange Act, any transaction involving major assets or derivatives shall be approved by more than half of all audit committee members and submitted to the Board of Directors for a resolution. If approval of more than half of all audit committee members as required in the preceding paragraph is not obtained, the procedures may be implemented if approved by more than two-thirds of all directors, and the resolution of the Audit Committee shall be recorded in the minutes of the Board of Directors meeting. The terms "all audit committee members" and "all directors" in the preceding paragraph shall be counted as the actual number of persons currently holding those positions.

3. Responsible departments

The Company's acquisition or disposal of real property or other fixed assets should be approved by the persons with the decision-making authority defined in the preceding paragraph, and the departments which are supposed to use the property and the responsible units the should be responsible for the execution.

4. Appraisal reports for real property and equipment

- (1) In acquiring or disposing of real property, equipment, or its right-of-use assets, where the transaction amount reaches 20% of the Company's paid-in capital or NT\$300 million or more, the Company, except for transacting with a domestic

government agency, engaging others to build on Company's own land, engaging others to build on rented land, or acquiring or disposing of equipment for business use, shall obtain an appraisal report prior to the date of occurrence of the event from a professional appraiser (please refer to the attachment in the Regulations Governing the Acquisition and Disposal of Assets by Public Companies to know the information should be published in appraisal reports) and shall further comply with the following provisions:

- i. Where due to special circumstances it is necessary to give a limited price, specified price, or special price as a reference basis for the transaction price, the transaction shall be submitted for approval in advance by the Board of Directors, and the same procedure shall be followed for any future changes to the terms and conditions of the transaction.
 - ii. Where the transaction amount is NT\$1 billion or more, appraisals from two or more professional appraisers shall be obtained.
 - iii. Where any one of the following circumstances applies with respect to the professional appraiser's appraisal results, unless the appraisal results for the assets to be acquired are higher than the transaction amount, or the appraisal results for the assets to be disposed of are lower than the transaction amount, a certified public accountant shall be engaged to perform the appraisal in accordance with the provisions of Statement of Auditing Standards No. 20 published by the ARDF and render a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price:
 - A. The discrepancy between the appraisal result and the transaction amount is 20 percent or more of the transaction amount.
 - B. The discrepancy between the appraisal results of two or more professional appraisers is 10 percent or more of the transaction amount.
 - iv. No more than three months may elapse between the date of the appraisal report issued by a professional appraiser and the contract execution date; provided however, that where the publicly announced current value of the real property for the same period is used and not more than six months have elapsed, an opinion may still be issued by the original professional appraiser.
- (2) Where the Company acquires or disposes assets through the court auction procedures, the evidentiary documentation issued by the court may be used to substitute appraisal report or CPA opinion.

Article 6 Operating Procedures for Acquisition or Disposal of Securities

1. Appraisal Procedures and Operating Procedures

The Company's buying and selling of long and short-term securities should be made in accordance with the Procedures for Investment Cycle, the regulations established by the Company.

2. The determination procedures for the transaction terms and the degree of authority delegated are as follows:

- (1) The trading of securities on a centralized exchange market or an over-the-counter market shall be determined by the individual organization responsible for the acquisition or disposal market in accordance with the value of securities. If the transaction price is less than NT\$60 million (NT\$60 million included), the

chairman of the Company will be delegated by the Board of Directors to make final decisions. The decisions shall be subsequently submitted to and ratified by the Board of Directors. If the transaction price is higher than NT\$30 million, the proposal shall be approved by the chairman first, and then be subsequently submitted to the Board of Directors to make final decisions. The acquisition or disposal of derivatives shall be subject to Article 8 in this Operational Procedures for Acquisition or Disposal of Assets.

- (2) To examine the trading of securities that are not on a centralized market or an over-the-counter market (the original subscription of a registered stock which includes subscription of stocks to incorporate a company and subscription of new capitalization shares of a start-up company by cash excluded), the Company shall, prior to the date of occurrence of the event, obtain financial statements of the issuing company for the most recent period, certified or reviewed by a certified public accountant, for reference in appraising the transaction price. The net asset value of each share, the earning power, and the future potential shall be taken as considerations. If the transaction price is less than NT\$60 million (NT\$60 million included), the chairman of the Company will be delegated by the Board of Directors to make final decisions. The decisions shall be subsequently submitted to and ratified by the Board of Directors. If the transaction price is higher than NT\$60 million, the proposal shall be approved by the chairman first, and then be subsequently submitted to the Board of Directors to make final decisions.
- (3) The Company shall not abandon future capital increases in TCI Firstek Corp., BioFunction, Shanghai BioTech Group, TCI Gene Inc., and TCI HK LIMITED (hereinafter "TCI HK"). TCI Firstek Corp. shall not abandon future capital increases in BioTrade, Shanghai BioTech Group. BioTrade, Shanghai BioTech Group shall not abandon future capital increases in BioScience, Shanghai BioTech Group and BioCosme, Shanghai BioTech Group. TCI HK shall not abandon future capital increases in Genext HK LIMITED. If The Company intends to abandon capital increases or dispose the companies mentioned in preceding sentences, the Company has to obtain the special resolution of the Board of Directors first.
- (4) About appraisal procedures for long-term/short-term investments, the responsible departments shall prepare the reason(s) for acquisition or disposal, the counterpart of the transaction, the transaction price, the payment terms, and the appraisal reports for approval first, and then the responsible departments are permitted to prepare the relevant trading contracts.
- (5) With respect to the Company's acquisition or disposal of assets that is subject to the approval of the Board of Directors under the Company's procedures or other laws or regulations, if a director expresses dissent and it is contained in the minutes or a written statement, the company shall submit the director's dissenting opinion to the Audit Committee. The position of independent director has been created in accordance with the provisions of the Securities and Exchange Act. When a transaction involving the acquisition or disposal of assets is submitted for discussion by the Board of Directors pursuant to the Securities and Exchange Act, the Board of Directors shall take into full consideration for each independent

director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the Board of Directors meeting. Where an audit committee has been established in accordance with the provisions of the Securities and Exchange Act, any transaction involving major assets or derivatives shall be approved by more than half of all audit committee members and submitted to the Board of Directors for a resolution, and shall be subject to mutatis mutandis application of subparagraph 4 of paragraph 2, of Article 5.

3. Responsible departments

The Company's investment in long and short-term securities should be approved by the persons with the decision-making authority defined in the preceding paragraph, and the departments responsible therefor should be Financial Department or other related departments

4. Evidence from Expert

The Company acquiring or disposing of securities shall, prior to the date of occurrence of the event, obtain financial statements of the issuing company for the most recent period, certified or reviewed by a certified public accountant, for reference in appraising the transaction price, and if the dollar amount of the transaction is 20 percent of the company's paid-in capital or NT\$300 million or more, the company shall additionally engage a certified public accountant prior to the date of occurrence of the event to provide an opinion regarding the reasonableness of the transaction price. If the CPA needs to use the report of an expert as evidence, the CPA shall do so in accordance with the provisions of Statement of Auditing Standards No. 20 published by the ARDF. This requirement does not apply, however, to publicly quoted prices of securities that have an active market, or where otherwise provided by regulations of the Financial Supervisory Commission (FSC). If the securities meet any of the following requirements, Article 10 of the Regulations Governing the Acquisition and Disposal of Assets by Public Companies shall not apply, and the Company shall engage a CPA to render a specific opinion:

- (1) Securities acquired through cash contribution in incorporation by promotion or by public offering.
- (2) Securities issued by an issuing company carrying out a cash capital increase in accordance with relevant laws and regulations, with the Company as a sponsor of the issue.
- (3) Securities listed and traded on the Taiwan Stock Exchange (TWSE) or on the GreTai Securities Market (GTSM) and emerging stocks.
- (4) Government bonds or bonds in repurchase or reverse purchase agreements.
- (5) Domestic funds or overseas funds.
- (6) TWSE or GTSM listed securities acquired or disposed of in accordance with the TWSE or GTSM rules governing the purchase of listed securities by reverse auction or rules governing the auction of listed securities.
- (7) Securities acquired through the Company's sponsorship of a cash capital increase by a public company when the securities acquired are not privately placed.
- (8) Subscription to fund shares before the establishment of a fund in accordance with Article 11, paragraph 1 of the Securities Investment Trust and Consulting Act and

the Financial Supervisory Commission's 1 November 2004 Order No. Financial-Supervisory-Securities-IV-0930009249. The amount of the transaction reaches 20 percent or more of the Company's paid-in capital, or NT\$300 million or more.

(9) Subscription or redemption of domestic private placement funds, provided that the trust agreement for the fund specifies an investment strategy in which, aside from securities margin transactions and open positions held in securities-related products, the investment scope of the remaining portion is the same as that of a publicly offered fund.

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

Article 6-1 Where the Company obtains or disposes of intangible assets or its right-of-use assets or membership transactions amounting to 20 percent or more of the Company's paid-in capital or NT \$ 300 million or more, except in transactions with a domestic government agency, the company shall engage a certified public accountant prior to the date of occurrence of the event to render an opinion on the reasonableness of the transaction price; the CPA shall comply with the provisions of Statement of Auditing Standards No. 20 published by the ROC Accounting Research and Development Foundation (ARDF).

Article 6-2 The calculation of the transaction amounts referred to in Article 5, Article 6, and Article 6-1 shall be done in accordance with subparagraph 5 of paragraph 1, of Article 10 herein, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items for which an appraisal report from a professional appraiser or a CPA's opinion has been obtained need not be counted toward the transaction amount.

Article 7 Operating Procedures for Related Party Transactions

1. When the Company engages in any acquisition or disposal of assets from or to a related party, in addition to ensuring that the necessary resolutions are adopted and the reasonableness of the transaction terms is appraised in compliance with the provisions of Article 5, Article 6, Article 6-1, and Article 6-2, 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 Article 5, Article 6, Article 6-1, and Article 6-2. When judging whether a trading counterparty is a related party, in addition to legal formalities, the substance of the relationship shall also be considered.

2. The appraisal procedures and operating procedures:

(1) When the Company intends to acquire or dispose of real property or its right-of-use assets from or to a related party, or when it intends to acquire or dispose of assets other than real property or its right-of-use assets from or to a related party and the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the company's total assets, or NT\$300 million or more, except in trading of government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises, the company may not proceed to enter into a transaction contract or make a payment until the following matters have been approved by the Board of Directors and recognized by the supervisors:

- i. The purpose, necessity and anticipated benefit of the acquisition or disposal of assets.
 - ii. The reason for choosing the related party as a trading counterparty.
 - iii. With respect to the acquisition of real property from a related party, information regarding appraisal of the reasonableness of the preliminary transaction terms in accordance with subparagraph 1-4 of paragraph 3, of this Article.
 - iv. The date and price at which the related party originally acquired the real property, the original trading counterparty, and that trading counterparty's relationship to the company and the related party.
 - v. Monthly cash flow forecasts for the year commencing from the anticipated month of signing of the contract, and evaluation of the necessity of the transaction, and reasonableness of the funds utilization.
 - vi. An appraisal report from a professional appraiser or a CPA's opinion obtained in compliance with the preceding article.
 - vii. Restrictive covenants and other important stipulations associated with the transaction.
- (2) The calculation of the transaction price referred to in paragraph 1 of this Article shall be made in accordance with subparagraph 5 of paragraph 1, of Article 10 herein, and "within the preceding year" refers to the year preceding the date of occurrence of the current transaction. Items which have been approved in accordance with these Procedures by the Board of Directors and recognized by the supervisors need not be counted toward the transaction amount.
- (3) Where the following transactions are carried out between the Company and its parent company, subsidiaries, or its subsidiaries of which the Company directly or indirectly holds 100% of the issued shares or total capital, the Company's Board of Directors may pursuant to subparagraph 2 of paragraph 2, of Article 5 herein delegate the chairman of the Company 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:
- i. acquiring or disposing of equipment for business or its tight-of-use assets;
 - ii. acquiring or disposing of the right-of-use assets of real property.
- (4) Where the position of independent director has been created in accordance with the provisions of the Securities and Exchange Act, when a transaction involving the acquisition or disposal of assets is submitted for discussion by the Board of Directors pursuant to paragraph 1 herein, the Board of Directors shall take into full consideration for each independent director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the Board of Directors meeting.
- (5) Where an audit committee has been established, the matters for which paragraph 1 requires recognition by the supervisors shall first be approved by more than half of all audit committee members and then submitted to the Board of Directors for a resolution and shall be subject to mutatis mutandis application of subparagraph 4 of paragraph 2, of Article 5 herein.

- (6) For the calculation of 10 percent of total assets under these Procedures, the total assets stated in the most recent parent company only financial report or individual financial report prepared under the Regulations Governing the Preparation of Financial Reports by Securities Issuers shall be used.

To evaluate the reasonableness of the transaction costs:

- (1) The Company that acquires real property from a related party shall evaluate the reasonableness of the transaction costs by the following means:
- i. 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.
 - ii. 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.
- (2) Where land and structures thereupon are combined as a single property purchased in one transaction, the transaction costs for the land and the structures may be separately appraised in accordance with either of the means listed in the preceding paragraph.
- (3) The Company that acquires real property from a related party and appraises the cost of the real property in accordance with subparagraph 1 and subparagraph 2 of paragraph 3, of this Article shall also engage a CPA to check the appraisal and render a specific opinion.
- (4) When the results of the Company's appraisal conducted in accordance with subparagraph 1 and subparagraph 2 of paragraph 3, of this Article are uniformly lower than the transaction price, the matter shall be handled in compliance with Article 17. However, where the following circumstances exist, objective evidence has been submitted and specific opinions on reasonableness have been obtained from a professional real property appraiser and a CPA have been obtained, this restriction shall not apply:
- i. Where the related party acquired undeveloped land or leased land for development, it may submit proof of compliance with one of the following conditions:
 - A. Where undeveloped land is appraised in accordance with the means in subparagraph 1-3 of paragraph 3, of this Article, and structures according to the related party's construction cost plus reasonable construction profit are valued in excess of the actual transaction price. The "Reasonable construction profit" shall be deemed the average gross operating profit margin of the related party's construction division over the most recent 3 years or the gross profit margin for the construction industry for the most recent period as announced by the Ministry of Finance, whichever is lower.

- B. Completed transactions by unrelated parties within the preceding year involving other floors of the same property or neighboring or closely valued parcels of land, where the land area and transaction terms are similar after calculation of reasonable price discrepancies in floor or area land prices in accordance with standard property market practices.
- ii. Where a public company acquiring real property or leasing right-of-use assets of real property from a related party provides evidence that the terms of the transaction are similar to the terms of transactions completed for the acquisition of neighboring or closely valued parcels of land of similar size by unrelated parties within the preceding year. Completed transactions for neighboring or closely valued parcels of land in the preceding sentences in principle refers to parcels on the same or an adjacent block and within a distance of no more than 500 meters or parcels close in publicly announced current value; transaction for similarly sized parcels in principle refers to transactions completed by unrelated parties for parcels with a land area of no less than 50 percent of the property in the planned transaction; within the preceding year refers to the year preceding the date of occurrence of the acquisition of the real property.
- (5) Where the Company acquires real property from a related party and the results of appraisals conducted in accordance with subparagraph 1-4 of paragraph 3, of this Article are uniformly lower than the transaction price, the following steps shall be taken:
- i. A special reserve shall be set aside in accordance with Article 41, paragraph 1 of the Securities and Exchange Act against the difference between the real property transaction price and the appraised cost, and may not be 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 the 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 Company.
- ii. The Audit Committee shall comply with Article 218 of the Company Act.
- iii. Actions taken pursuant to item 1 and item 2 of subparagraph 5 of paragraph 3, of this Article shall be reported to a shareholders' meeting, and the details of the transaction shall be disclosed in the annual report and any investment prospectus.

The Company and a public company which uses the equity method to account for its investment in the Company that has set aside a special reserve under the preceding paragraph may not utilize the special reserve until it has recognized a loss on decline in market value of the assets it purchased or leased at a premium, or they have been disposed of, or the lease has been terminated, or adequate compensation has been made, or the status quo ante has been restored, or there is other evidence confirming that there was nothing unreasonable about the transaction, and the FSC has given its consent.

- (6) Where the Company acquires real property from a related party and one of the following circumstances exists, the acquisition shall be conducted in accordance

with paragraph 2 of this Article and subparagraph 1-3 of paragraph 3, of this Article do not apply:

- i. The related party acquired the real property or its right-of-use assets through inheritance or as a gift.
- ii. More than 5 years will have elapsed from the time the related party signed the contract to obtain the real property or its right-of-use assets to the signing date for the current transaction.
- iii. The real property is acquired through signing of a joint development contract with the related party, or through engaging a related party to build real property, either on the company's own land or on rented land.
- iv. A public company acquires from its parent company or subsidiaries the right-of-use assets of real property for business.

Article 8 Operating Procedures for Acquisition or Disposal of Derivatives

1. Trading Principles and Strategies

(1) Categories of transaction

The term “derivatives” as used herein which include forward contracts, options contracts, and compound contracts combining the above products refer to the derivatives duly authorized by law to be engaged in an investment the Company involved. If the Company intends to invest other derivatives, those derivatives are required to be carefully evaluated and are subject to the approval of the Board of Directors before the investments.

(2) Operating and hedging strategies

Financial derivatives are mainly used for hedging foreign currency risks involved in terms of the Company’s operation to limit the Company’s net exposure after internal netting of income against expense, and asset against liability in terms of timing, amount and currency type. Credit risks are hedged by restricting the counterparties that the Company deals with to those who have banking relationship with the Company. Transactions involving financial derivatives need to be assured as for hedging purpose or non-hedging purpose in order to be the basis of accounting procedures.

(3) Purposes of transaction

i. Transactions for hedging purpose

Financial derivatives are mainly used for hedging exchange rate risks or interest rate risks involved in terms of the Company’s own business, assets, or liabilities. The relevant transactions of the above financial derivatives are subject to this category.

ii. Transactions for non-hedging purpose

Financial derivatives are not used for the above hedging purposes. The purpose of transactions is earning profits from price differences.

(4) Segregation of duties

Personnel engaged in derivatives trading may not serve concurrently in other operations such as confirmation and settlement.

i. Personnel responsible for transaction

A. The personnel are in charge of the preparation of trading strategies for all transactions of financial derivatives.

- B. The personnel are in charge of establishing position, collecting relevant market information, understanding relevant rules and regulations to determine trends and risk and prepare the operational strategies as the resource for making transactions.
 - ii. Personnel responsible for settlement
 - A. The personnel are in charge of the settlement of transactions for financial derivatives. The personnel shall also be in charge of monitoring cash flows periodically to ensure that the transactions will be settled as scheduled.
 - B. The personnel are in charge of the execution of the appraisal procedures for financial derivatives.
 - iii. Personnel responsible for confirmation
 - A. The personnel are in charge of evaluating whether the transactions of derivatives are consistent with established operational strategies and authorization.
 - B. The personnel are in charge of accounting management and evaluations on transactions. The personnel shall record the overall profit or loss with respect to the transactions and the relevant information in the financial statements correctly and accurately and publicly disclose the information in compliance with the relevant regulations and laws announced by the Securities and Futures Bureau under the Financial Supervisory Commission, R.O.C. (Taiwan). Periodically the personnel shall evaluate whether derivatives trading performance is consistent with established operational strategy and whether the risk undertaken is within the Company's permitted scope of tolerance.
- (5) Performance evaluation

The responsible personnel shall record the detailed information (including the amounts, the exchange rates, the banks, and the maturity date) in the transaction statements to control the overall status of profit/loss made by the transactions. The responsible personnel shall provide the exchange rate profit/loss per month, per quarter, per 6 months, and per year.
- (6) Limits and levels of authorization
 - i. Derivative transactions shall be subject to approval by the Chairman.

The Chairman may, according to the total amount of each derivative contract, authorize the designated senior executives to conduct the transaction, but the authorize amount for the total amount of each contract shall not exceed US\$2 million.
 - ii. Limits and levels of authorization for non-hedging purpose

Financial derivatives are not used for the above hedging purposes. The relevant transactions shall be submitted to the Board of Directors for approval first before the execution.
 - iii. The limits and levels of authorization for non-hedging purpose is same as the limits and levels of authorization for hedging purpose.
- (7) Total amounts of derivatives contracts and the maximum loss limit
 - i. The quota on the transactions for hedging purpose

The cumulative balance of the total outstanding amount of all the Company's derivative contracts, at any point in time, shall not exceed 50% of the company's net value at the time.

ii. The maximum loss limit

For derivative transactions, the maximum loss limits are as follows:

(1) Each transaction: 15% of the contract amount.

(2) All transactions: 15% of the total contract amount is taken as the upper limit.

2. Measures of Risk Management

(1) Credit Risk Management

Owing to the vulnerability of operating financial derivatives caused by the changes of market factors, the credit risk management shall be in compliance with the following principles:

i. Transaction counterparties: The transaction counterparties shall be confined to renowned foreign/domestic financial institutions. The responsible personnel shall monitor each counterparty's credit status to prevent the transactions from being concentrated on one specific counterparty.

ii. Transaction items: The transaction items shall be confined to the items provided by renowned foreign/domestic financial institutions.

(2) Market Risk Management.

i. The operation shall be confined to public foreign exchange transactions provided by banks.

ii. The responsible personnel shall properly evaluate possible losses or possibilities of having a loss and prepare appropriate measures.

(3) Liquidity Risk Management

In consideration of liquidity, the derivative commodities transacted by the Company shall be selected from among those with high liquidity, and the responsible personnel shall monitor the market size and the liquidity of each derivative commodity. The financial institution entrusted to conduct the transaction must be able to get hold of the relevant information and is able to conduct transactions on any market at any time.

(4) Cash Flow Risk Management

In consideration of stable working capital, the Company shall basically conduct derivatives transactions by using self-owned fund and take into account the capital calls forecast for the next three months when deciding the amount to be applied to conduct derivatives transactions.

(5) Operational Risk Management

i. The transactions shall be conducted within the relevant authorized amount in full compliance with the procedure for operation and put under internal control.

ii. The personnel conducting derivatives must not act concurrently as the personnel responsible for making the relevant verification and delivery and vice versa.

iii. The personnel responsible for weighing, monitoring and controlling the risks and the personnel provided in item 2 of this subparagraph must be serving in different departments of the Company and they must report to a high-ranking managerial officer who is authorized by the Board of Directors.

iv. The positions taken by derivatives transaction shall be evaluated at least once a week except hedging transactions which have been conducted to meet business needs and which shall be evaluated twice a month. The evaluation report shall be submitted to the relevant high-ranking managerial officer authorized to do so by the Board of Directors.

(6) Legal Risk Management

- i. The responsible personnel shall ensure each transaction counterparty has acquired the authorization and the legality of operating financial derivatives.
- ii. Documents to be entered into by and between the Company and financial institutions must be examined in advance by the legal compliance personnel.

3. Internal Audit Systems

- (1) The internal audit personnel shall periodically make a determination of the suitability of internal controls on derivatives and conduct a monthly audit of how faithfully derivatives trading by the trading department adhere to these Operational Procedures. The internal audit personnel shall also analyze the transaction cycles and prepare a report accordingly. If any material violation is discovered, all members of the Audit Committee shall be notified by written notification.
- (2) The internal audit personnel shall submit the audit report in conjunction with the annual internal audit performance report to the Securities and Futures Bureau. The performance of corrective action in response to the irregularities shall also be submitted and declared to the Securities and Futures Bureau no later than last day of May of the ensuing year.

4. Methods for Periodical Evaluation

- (1) The Financial Department shall ask the financial institutions who have banking relationship with the Company to provide the evaluation reports and the itemized information of each financial commodity which has not become due.
- (2) The positions taken by derivatives transactions shall be evaluated at least once a week except for hedging transactions which have been conducted to meet business needs and which shall be evaluated twice a month. The evaluation report shall be submitted to the relevant high-ranking managerial officer authorized by the Board of Directors.
- (3) The Board of Directors shall authorize high-ranking managerial officers to supervise and manage the acceptability limits on risks at any time. The officers shall evaluate whether the recent measures of risk management are appropriate and whether the operation is in compliance with the relevant laws and regulations by the competent authority and these Operational Procedures. The officers shall report to the Board of Directors upon finding of any irregularity in the status of transactions and the profit and loss status and take proper measures in response.
- (4) The Financial Department shall report to the Board of Directors about the performance of the operation of trading financial derivatives in the previous quarter per quarter. This information is for the Board of Directors who shall evaluate that the performance is in compliance with the existing management/hedging strategies and whether the risk is undertaken is within the company's permitted scope of tolerance.

- (5) The responsible personnel shall provide the exchange profit/loss in accordance with market prices per month, per quarter, per 6 months, and per year and record the above information in the financial statements.
5. Principles for Monitoring Derivatives Trading by the Board of Directors
- (1) The Board of Directors shall designate senior management personnel to pay continuous attention to monitoring and controlling derivatives trading risk. The principles for monitoring derivatives trading are shown as follows:
- i. Periodically evaluate the risk management measures currently employed are appropriate and are faithfully conducted in accordance with these Regulations and the procedures for engaging in derivatives trading formulated by the company.
 - ii. When irregular circumstances are found in the course of supervising trading and profit-loss circumstances, appropriate measures shall be adopted and a report immediately made to the Board of Directors; where the Company has independent directors, an independent director shall be present at the meeting and express an opinion.
- (2) Periodically evaluate whether derivatives trading performance is consistent with established operational and hedging strategies and whether the risk undertaken is within the company's permitted scope of tolerance.
6. The Company shall report to the soonest meeting of the board of directors after it authorizes the relevant personnel to handle derivatives trading in accordance with its Procedures for Engaging in Derivatives Trading.
7. The Company engaging in derivatives trading shall establish the Log Book for Derivatives in which details of the types and amounts of derivatives trading engaged in, Board of Directors approval dates, and the matters required to be carefully evaluated under subparagraph 2 of paragraph 4, item 1 of subparagraph 1 of paragraph 5, and subparagraph 2 of paragraph 5, of this Article shall be recorded in detail in the Log Book for Derivatives.

Article 9 Operating Procedures for Mergers, Split off, Acquisitions, and Transfer of Shares

1. Appraisal Procedures and Operating Procedures

- (1) The Company that conducts a merger, demerger, acquisition, or transfer of shares shall engage a CPA, attorney, or securities underwriter to discuss the proposed schedule and establish the Task Force which shall take the responsibility for execution in compliance with the provisions of relevant regulations and laws. Prior to convening the Board of Directors to resolve on the matter, the Company shall engage a CPA, attorney, or securities underwriter to give an opinion on the reasonableness of the share exchange ratio, acquisition price, or distribution of cash or other property to shareholders, and submit it to the board of directors for deliberation and passage. However, the requirement of obtaining an aforesaid opinion on reasonableness issued by an expert may be exempted in the case of a merger by the Company of a subsidiary in which it directly or indirectly holds 100 percent of the issued shares or authorized capital, and in the case of a merger between subsidiaries in which the Company directly or indirectly holds 100 percent of the respective subsidiaries' issued shares or authorized capital.

(2) The Company shall prepare a public report to shareholders detailing important contractual content and matters relevant to the merger, demerger, acquisition, or transfer of shares prior to the shareholders' meeting and include it along with the expert opinion referred to in subparagraph 1 of paragraph 1, of this Article when sending shareholders notification of the shareholders' meeting for reference in deciding whether to approve the merger, demerger, or acquisition. Provided, where a provision of another act exempts a company from convening a shareholders' meeting to approve the merger, demerger, or acquisition, this restriction shall not apply. Additionally, where the shareholders' meeting of any one of the companies participating in a merger, demerger, or acquisition fails to convene or pass a resolution due to lack of a quorum, insufficient votes, or other legal restriction, or the proposal is rejected by the shareholders' meeting, the companies participating in the merger, demerger or acquisition shall immediately publicly explain the reason, the follow-up measures, and the preliminary date of the next shareholders' meeting.

2. Other Items to Note

(1) Convening the meeting of the Board of Directors and the date of shareholders' meetings

- i. A company participating in a merger, demerger, or acquisition shall convene a board of directors meeting and shareholders' meeting on the day of the transaction to resolve matters relevant to the merger, demerger, or acquisition, unless another act provides otherwise or the FSC is notified in advance of extraordinary circumstances and grants consent.
- ii. A company participating in a transfer of shares shall call a board of directors meeting on the day of the transaction unless another act provides otherwise or the FSC is notified in advance of extraordinary circumstances and grants consent.
- iii. When participating in a merger, demerger, acquisition, or transfer of another company's shares, the Company that is listed on an exchange or has its shares traded on an OTC market shall prepare a full written record of the following information and retain it for 5 years for reference:
 - A. Basic identification data for personnel: Including the occupational titles, names, and national ID numbers (or passport numbers in the case of foreign nationals) of all persons involved in the planning or implementation of any merger, demerger, acquisition, or transfer of another company's shares prior to the disclosure of the information.
 - B. Dates of material events: Including the signing of any letter of intent or memorandum of understanding, the hiring of a financial or legal advisor, the execution of a contract, and the convening of a Board of Directors meeting.
 - C. Important documents and minutes: Including merger, demerger, acquisition, and share transfer plans, any letter of intent or memorandum of understanding, material contracts, and minutes of Board of Directors meetings.
- iv. When participating in a merger, demerger, acquisition, or transfer of another company's shares, a company that is listed on an exchange or has its shares

traded on an OTC market shall, within 2 days counting inclusively from the date of passage of a resolution by the board of directors, report (in the prescribed format and via the Internet-based information system) the information set out in subitem A and B of the preceding item to the FSC for recordation.

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

(2) Confidentiality Agreements

Every person participating in or privy to the plan for merger, demerger, acquisition, or transfer of shares shall issue a written undertaking of confidentiality and may not disclose the content of the plan prior to public disclosure of the information and may not trade, in their own name or under the name of another person, in any stock or other equity security of any company related to the plan for merger, demerger, acquisition, or transfer of shares.

(3) Principles for determining or changing share exchange ratio and acquisition price

- i. Prior to convening the Board of Directors (both companies involved in a merger, demerger, acquisition, or transfer of shares) to resolve on the matter, the involved companies shall engage a CPA, attorney, or securities underwriter to give an opinion on the reasonableness of the share exchange ratio, acquisition price, or distribution of cash or other property to shareholders, and submit it to the shareholders' meetings.
- ii. The share exchange ratio or acquisition price shall not be arbitrarily altered unless under the below-listed circumstances, and shall stipulate the circumstances permitting alteration in the contract for the merger, demerger, acquisition, or transfer of shares:
 - (1) Cash capital increase, issuance of convertible corporate bonds, or the issuance of bonus shares, issuance of corporate bonds with warrants, preferred shares with warrants, stock warrants, or other equity-based securities.
 - (2) An action, such as disposal of major assets, that affects the company's financial operations.
 - (3) An event, such as a major disaster or major change in technology, that affects shareholder equity or share price.
 - (4) An adjustment where any of the companies participating in the merger, demerger, acquisition, or transfer of shares from another company, buys back treasury stock.
 - (5) An increase or decrease in the number of entities or companies participating in the merger, demerger, acquisition, or transfer of shares.
 - (6) Other terms/conditions that the contract stipulates may be altered and that have been publicly disclosed.

(4) Necessary content shall be recorded in the contracts

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

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

After public disclosure of the information, if any company participating in the merger, demerger, acquisition, or share transfer intends further to carry out a merger, demerger, acquisition, or share transfer with another company, all of the participating companies shall carry out anew the procedures or legal actions that had originally been completed toward the merger, demerger, acquisition, or share transfer; except that where the number of participating companies is decreased and a participating company's shareholders' meeting has adopted a resolution authorizing the board of directors to alter the limits of authority, such participating company may be exempted from calling another shareholders' meeting to resolve on the matter anew.

- (6) Where any of the companies participating in a merger, demerger, acquisition, or transfer of shares is not a public company, the Company shall sign an agreement with the non -public company whereby the latter is required to abide by the provisions of subparagraph 1, 2, and 5 of paragraph 2, of this Article.

Article 10 Disclosure Procedures for Public Disclosure of Information

1. The items and standards required to be publicly announced:
 - (1) Acquisition or disposal of real property or its right-of-use assets from or to a related party, or acquisition or disposal of assets other than real property from or to a related party where the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the company's total assets, or NT\$300 million or more; provided, this shall not apply to trading of domestic government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises.
 - (2) Merger, demerger, acquisition, or transfer of shares.
 - (3) Losses from derivatives trading reaching the limits on aggregate losses or losses on individual contracts set out in the procedures adopted by the company.

- (4) Where the type of asset acquired or disposed is equipment for business use, the trading counterparty is not a related party, and the transaction amount meets any of the following criteria:
- i. For a public company whose paid-in capital is less than NT\$10 billion, the transaction amount reaches NT\$500 million or more.
 - ii. For a public company whose paid-in capital is NT\$10 billion or more, the transaction amount reaches NT\$1 billion or more.
 - iii. Acquisition or disposal by a public company in the construction business of real property or its right-of-use assets for construction use, where the trading counterparty is not a related party, and the transaction amount reaches NT\$500million; or disposal of self-built real property on completed projects by a public company in the construction business with a paid-in capital of NT\$10 billion or more than NT\$10 billion, where the trading counterparty is not a related party and the transaction amount reaches NT\$ 1 billion.
 - iv. Where land is acquired under an arrangement on engaging others to build on the company's own land, engaging others to build on rented land, joint construction and allocation of housing units, joint construction and allocation of ownership percentages, or joint construction and separate sale, and the amount the company expects to invest in the transaction reaches NT\$500 million.
 - v. Where an asset transaction other than any of those referred to in the preceding four subparagraphs, a disposal of receivables by a financial institution, or an investment in the mainland China area reaches 20 percent or more of paid-in capital or NT\$300 million; provided, this shall not apply to the following circumstances:
 - A. Trading of domestic government bonds.
 - B. Securities trading by investment professionals on foreign or domestic securities exchanges or over-the-counter markets, or subscription by investment professionals of ordinary corporate bonds or of general bank debentures without equity characteristics (excluding subordinated debts) that are offered and issued in the domestic primary market, or any declaration or repurchase of securities investment trust or futures trust, or subscription by a securities firm of securities as necessitated by its undertaking business or as an advisory recommending securities firm for an emerging stock company, in accordance with the rules of the Taipei Exchange.
 - C. Trading of bonds under repurchase/resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises.
- (5) The amount of transactions above shall be calculated as follows:
- i. The amount of any individual transaction.
 - ii. The cumulative transaction amount of acquisitions and disposals of the same type of underlying asset with the same trading counterparty within the preceding year.

- iii. The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of real property or its right-of-user assets within the same development project within the preceding year.
 - iv. The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of the same security within the preceding year.
 - v. Within the preceding year" refers to the year preceding the date of occurrence of the current transaction. Items duly announced in accordance with these Procedures need not be counted toward the transaction amount
2. The time limits on public announcements and reports:
The Company acquiring or disposing of assets shall publicly announce and report the relevant information where the assets comply with one of the conditions listed in paragraph 1 of this Article and the transaction amount reaches the standard of public announcement within 2 days counting inclusively from the date of occurrence of the event.
3. The procedures for public announcement and report of relevant information:
- (1) The Company acquiring or disposing of assets shall publicly announce and report the relevant information on the website designated by the Securities and Futures Bureau, Financial Supervisory Commission R.O.C. (Taiwan).
 - (2) The Company shall compile monthly reports on the status of derivatives trading engaged in up to the end of the preceding month by itself and any subsidiaries that are not domestic public companies and enter the information in the prescribed format into the information reporting website designated by the FSC by the 10th day of each month.
 - (3) When the Company at the time of public announcement makes an error or omission in an item required by regulations to be publicly announced and so is required to correct it, all the items shall be again publicly announced and reported in their entirety within two days counting inclusively from the date of knowledge of such error or omission.
 - (4) Where any of the following circumstances occurs with respect to a transaction that the Company has already publicly announced and reported in accordance with the preceding article, a public report of relevant information shall be made on the information reporting website designated by the Securities and Futures Bureau within 2 days counting inclusively from the date of occurrence of the event:
 - i. Change, termination, or rescission of a contract signed in regard to the original transaction.
 - ii. The merger, demerger, acquisition, or transfer of shares is not completed by the scheduled date set forth in the contract.
 - iii. Change to the originally publicly announced and reported information.
 - (5) Information required to be publicly announced and reported in accordance with the provisions of this Article on acquisitions and disposals of assets by a subsidiary of the Company that is not itself a public company in Taiwan shall be reported by the Company. The paid-in capital or total assets of the Company shall be the standard for which is subject to subparagraph 5 of paragraph 1, of this

Article requiring a public announcement and regulatory filing in the event the type of transaction specified therein reaches 20 percent of paid-in capital or 10 percent of the total assets.

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

Article 11 The acquisition or disposal of assets by the Company's subsidiaries should be subject to the provisions as follows:

1. The Company's subsidiaries shall duly enact the Operational Procedures for Acquisition or Disposal of Assets in accordance with the Regulations Governing the Acquisition and Disposal of Assets by Public Companies which shall come into effect after being approved by the Board of Directors of the subsidiaries and being reported to a shareholders' meeting. The amendment of the Operational Procedures for Acquisition or Disposal of Assets shall be subject to mutatis mutandis application of the preceding regulations.
2. The Company's subsidiaries shall acquire and dispose of assets in accordance with the Procedures.
3. If the acquisition or disposal of assets by the Company's subsidiary reaches the reporting standard specified in Chapter 3 of the Regulations Governing the Acquisition and Disposal of Assets by Public Companies and such subsidiary is not a domestic public company, this Company should publish and report for such subsidiary.
4. Where a subsidiary is required to make a public announcement and declaration, the 20% of paid-in capital or 10% of total assets used in the public announcement and declaration shall refer to the Company's paid-in capital or total assets.

Article 12 Punishment

Any employee violates the Regulations Governing the Acquisition and Disposal of Assets by Public Companies or these Operational Procedures shall be punished properly in Hanbook in accordance with the severity of the circumstances.

Article 13 Other Items to Note

1. The Company acquiring or disposing of assets reaching the standard required to place a public announcement and report to the competent authority where the transaction amount reaches 20 percent of the company's paid-in capital or NT\$300 million or more and its trading counterparties are actual related parties, it shall disclose in the notes section of financial statements the contents of the public announcement, and report to the shareholders' meeting.
2. If the opinions from the appraisal institutions or the certified public accountants contain false and concealed items, the company which shall place a public announcement in accordance with the provisions of the Securities and Exchange Act, the appraisal institutions and the certified public accountants will assume the legal liability.

Article 14 Any matters not set forth herein shall be governed by the applicable laws and regulations.

Article 15 Implementation and Amendments to Procedures

1. The Operational Procedures for Acquisition or Disposal of Assets shall be approved by more than half of all audit committee members and submitted to the Board of Directors for a resolution. If approval of more than half of all audit committee members as required in the preceding paragraph is not obtained, the Procedures may be implemented and shall be reported to a shareholders' meeting for an approval if approved by more than two-thirds of all directors. The amendment of the Operational Procedures for Acquisition or Disposal of Assets shall be subject to mutatis mutandis application of the preceding regulations. The resolution of the Audit Committee shall be recorded in the minutes of the Board of Directors meeting. If a director expresses dissent and it is contained in the minutes or a written statement, the company shall submit the director's dissenting opinion to the Audit Committee.
2. When the Procedures are submitted for discussion by the Board of Directors, the Board of Directors shall take into full consideration for each independent director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the Board of Directors meeting.
3. Full articles promulgated on June 17, 2011.
 - 1st amendment conducted on June 29, 2012.
 - 2nd amendment conducted on May 20, 2013.
 - 3rd amendment conducted on May 30, 2014.
 - 4th amendment conducted on May 29, 2015.
 - 5th amendment conducted on May 19, 2017.
 - 6th amendment conducted on May 18, 2018.
 - 7th amendment conducted on May 16, 2019.

Appendix 4

TCI Co., Ltd

Shareholding of Directors and the Minimum Shareholding Requirements

Title	Name	Date Elected	Term	Current Shareholding Till the Date for Suspension of Share Transfer (May 1, 2021)	%
Chairman	Yung-Hsiang Lin	2020.06.18	3 years	2,252,405	1.90%
Director	Yang Guang Investment Co., Ltd.	2020.06.18	3 years	4,556,053	3.85%
Director	DyDo Group Holdings, INC.	2020.06.18	3 years	9,593,216	8.11%
Independent Director	Sung-Yuan Liao	2020.06.18	3 years	0	0%
Independent Director	Chen-Yi Kao	2020.06.18	3 years	0	0%
Independent Director	Shih-Ming Li	2020.06.18	3 years	0	0%
Independent Director	Shu-Min Ho	2020.06.18	3 years	0	0%
Total				16,401,674	13.86

Note:

1. In accordance with the provisions of the Rules and Review Procedures for Director and Supervisor Share Ownership Ratios at Public Companies, where the paid-in capital of the company is more than NT\$1 billion but less than NT\$2 billion, the total registered shares owned by all directors shall not be less than 7.5 percent of the total issued shares; the total registered shares owned by all supervisors shall not be less than 0.75 percent of the total issued shares. The shareholdings of independent directors elected by a public company shall not be counted in the total referred to in the preceding paragraph; if a public company has elected two or more independent directors, the share ownership figures calculated at the rates set forth in the preceding paragraph for all directors and supervisors other than the independent directors and shall be decreased by 20 percent.
2. The amount of the total issued shares of the Company is NT\$1,182,438,300, and the number of the total issued shares is 118,243,830 till May 1, 2021. The minimum number of shareholding requirements for directors shall be 8,000,000 in compliance with the relevant law and regulations mentioned in the preceding paragraph.
3. The number of the total shareholding of the Company's directors is 16,401,674 till the date for the suspension of share transfer, May 1, 2021. This number meets the shareholding requirements for directors in the relevant law and regulations.