

TAIWAN HON CHUAN GROUP **Stock Code 9939**

Annual Shareholders' Meeting **2020 Meeting Agenda**

(Translation)



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1 、 Meeting Procedure

Taiwan Hon Chuan Enterprise Co., Ltd.

Procedure for the 2020 Annual Meeting of Shareholders

- 1. Call to Order**
- 2. Chairman's Opening remarks**
- 3. Report Items**
- 4. Approvals**
- 5. Discussion and Election**
- 6. Other Business and Special Motion**
- 7. Meeting Adjourned**

2 、 Meeting Agenda

Taiwan Hon Chuan Enterprise Co., Ltd.

2020 Annual Shareholders' Meeting Agenda

(Translation)

Time : 9:00 a.m., June 19, 2020

Place : Hon Chuan Headquarters (International Convention Hall)

(3F, No.6, 2Rd. Taichung Industrial Park, Taiwan)

Meeting Procedure :

1. Call to Order

2. Chairman's Opening remarks

3. Report Items

- (1) 2019 Business Report
- (2) Audit Committee's Review Report on the 2019 Financial Statements
- (3) Distribution of Cash Dividend from 2019 Earnings
- (4) 2019 Employees' Compensation and Directors' Remuneration Report
- (5) Stipulation of Rules and Procedures for Meetings of the Board of Directors
- (6) Report on the Status of Share Repurchase Program
- (7) Stipulation of Ethical Corporate Management Best Practice Principles

4. Approvals

- (1) 2019 Financial Statements and Business Report
- (2) 2019 Profit Distribution Proposal

5. Discussion and Election

- (1) Stipulation of Rules and Procedures for Shareholders' Meeting
- (2) Directors Election
- (3) Discussion of the Release for the Directors and Independent Directors from the Non-competition Restriction.

6. Other Business and Special Motion

7. Meeting Adjourned

Report Items

Item 1 : 2019 Business Report. Please submit for review.

Explanatory Notes :

- (1) 2019 Business Report, Financial Statements and CPA Audit Report are attached as Attachment 1 and 2. (Please refer to page 8~20)
- (2) Please review.

Item 2 : Audit Committee's Review Report on the 2019 Financial Statements.
Please submit for review.

Explanatory Notes :

- (1) The Company's 2019 financial statements have been duly audited and certified by the CPA and further reviewed by Audit Committee. The CPA and Audit Committee issue auditors' report and Audit Committee's review report respectively. Please refer to Attachment 2 and 3. (page 10~21)
- (2) Please review.

Item 3 : Distribution of Cash Dividend from 2019 Earnings. Please submit for review.

Explanatory Notes :

- (1) The accumulated allocable earnings from profits is NT\$3,204,905,252, including the Company's 2019 net income of NT\$1,381,036,649, and the adjusted unappropriated retained earnings of previous years of NT\$ 1,823,868,603, and is to be allocated in accordance with the Articles of Incorporation.
- (2) This distribution report is to allocate the allocable retained earnings of 2019, in addition to the legal capital reserve of NT\$138,103,665 and the special reserve of NT\$209,737,908, and the distribution of cash dividends of ordinary shares of NT\$ 878,636,637 (NT\$ 3 per share).
- (3) If the number of total shares outstanding, prior to the ex-dividend date for the distribution, has changed so that the ratios of dividends are affected, the Board of Directors is authorized to make such adjustments.
- (4) Please review.

Item 4 : 2019 Employees' Compensation and Directors' Remuneration Report.
Please submit for review.

Explanatory Notes :

- (1) In accordance with the 28th Article of the Company's Articles of Incorporation.
- (2) The 2019 profit of the Company is NT\$ 1,629,156,170. (That represents the pretax income before distribution of employees' compensation and directors' remuneration.) The Company proposes to distribute 1.78% or NT\$ 28,951,000 as 2019 employees' compensation and 0.76% or NT\$ 12,429,330 as directors' remuneration.

- (3) The remuneration to employees and directors is to be distributed in cash. There is no discrepancy between the amount to be distributed and expenses recognized in 2019.
- (4) The aforementioned amount of employees' compensation and directors' remuneration has been approved by the Board of Directors on March 23, 2020.
- (5) Please review.

Item 5 : To amend the "Rules and Procedures for Meetings of the Board of Directors". Please submit for review.

Explanatory Notes :

- (1) To comply with the applicable acts, the Company hereby proposes to amend its "Rules and Procedures for Meetings of the Board of Directors". Please refer to Attachment 6 (page 24~25) for details of the proposed amendments.
- (2) Please submit for review.

Item 6 : Report on the Status of Share Repurchase Program. Please submit for review.

Explanatory Notes :

- (1) Please refer to Attachment 5 (page 23) for details of the Status of Share Repurchase Program.
- (2) Please submit for review.

Item 7 : To amend the "Ethical Corporate Management Best Practice Principles". Please submit for review.

Explanatory Notes :

- (1) The Company proposes to amend its "Ethical Corporate Management Best Practice Principles". Please refer to Attachment 9 (page 29~41) for details of the proposed amendments.
- (2) Please submit for review.

Approvals

Approval 1: Approval of 2019 Financial Statements and Business Report. Please ratify. (Proposed by the Board of Directors)

Explanatory Notes :

- (1) The 2019 Financial Statements and Business Report have been duly audited and certified by the CPA firm of Deloitte & Touche, and have been approved by the Board of Directors. Also, the Audit Committee has reviewed 2019 Financial Statements and Business Report and issued review report.
- (2) The 2019 Financial Statements and Business Report are attached as Attachment 2. (Please refer to page 10~20)
- (3) Please ratify.

Resolution :

Approval 2: Approval of 2019 Profit Distribution Proposal. Please ratify.
(Proposed by the Board of Directors)

Explanatory Notes :

- (1) The accumulated allocable earnings from profits is NT\$3,204,905,252, including the Company's 2019 net income of NT\$1,381,036,649, and the adjusted unappropriated retained earnings of previous years of NT\$ 1,823,868,603, and is to be allocated in accordance with the Articles of Incorporation.
- (2) The Board of Directors has drafted proposal for Distribution of 2019 Profit as shown below. Please refer to Attachment 4 (page 22)
 - I . Legal capital reserve, NT\$ 138,103,665.
 - II . Special reserve, NT\$ 209,737,908.
 - III. Shareholders' Dividend – Cash dividend NT\$3 per share, NT\$ 878,636,637.
- (3) If the number of total shares outstanding, prior to the ex-dividend date for the distribution, has changed so that the ratios of dividends are affected, the Board of Directors is authorized to make such adjustments.
- (4) Please ratify.

Resolution :

Discussion and Election

Proposal 1 : To amend the "Rules and Procedures for Shareholders' Meeting".
Please proceed to discuss. (Proposed by the Board of Directors)

Explanatory Notes :

- (1) To comply with the amendments of the Company Act and take into account of the actual needs of the Company, the Company hereby proposes to amend some provisions of its "Rules and Procedures for Shareholders' Meeting".
- (2) Please refer to Attachment 7 (page 26) for details of the proposed amendments.
- (3) Please refer to Appendix 1 (page 42~45) for details of the original version.
- (4) Please proceed to discuss.

Resolution :

Proposal 2 : Directors Election. Please proceed to discuss. (Proposed by the Board of Directors)

Explanatory Notes :

- (1) The original directors' term of office has expired. In accordance with Article 16 of the Company's Articles of Incorporation and related provisions of Company Act, the Company hereby proposes to re-elect completely after the resolution by the Boards of Directors.
- (2) According to Article 16 of the Company's Articles of Incorporation, the Company shall have seven to nine directors, including three

independent directors. For the new term, the Company shall elect nine directors, three independent directors included. All of the directors are served for a term of three years and shall be eligible for re-election. Moreover, in accordance with Article 23 of the Company's Articles of Incorporation, the Company shall establish Audit Committee, composed of all independent directors

- (3) In accordance with Article 16 of the Company's Articles of Incorporation, the election of directors shall be done through the candidate nomination system and elected from the slate of director candidates. The educational and professional background and other related information of directors (and independent directors) candidates are attached as Attachment 8. (Please refer to page 27~28).
- (4) The term of the newly elected directors is from June 19, 2020 to June 18, 2023, and the term of office is three years.
- (5) Please proceed to elect.

Election Results :

Proposal 3 : Release for the Directors and Independent Directors from the Non-competition Restriction. Please proceed to discuss. (Proposed by the Board of Directors)

Explanatory Notes :

- (1) In accordance with Article 209 of Company Act, 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 in the meeting of shareholders the essential contents of such an act and obtain permission.
- (2) To leverage the expertise and relevant experience of directors, the Company hereby proposes to release newly elected directors and its representatives from non-competition restrictions.
- (3) Details subject to releasing newly elected directors from non-competition:

Company Positions	Name	Position with Other Companies	Position
Director	Dai, Hung Chuan	Hon Chuan (Thailand) Co., Ltd.	Director
		Hon Chuan Malaysia Sdn. Bhd.	Director
		Hon Chuan FD Packaging Co., Ltd.	Director
		PT Hon Chuan Indonesia	Director
		Hon Chuan Vietnam Co., Ltd.	Director
		Hon Chuan (Myanmar) Co., Ltd.	Director
		Hononly Food & Beverage Co., Ltd.	Director
		Shimada International Limitada	Director
		Hon Shi Mozambique Co., Ltd.	Director

Company Positions	Name	Position with Other Companies	Position
Director	Tsao, Hsih Chung	Hon Chuan (Thailand) Co., Ltd. Hon Chuan FD Packaging Co., Ltd. PT Hon Chuan Indonesia Hon Chuan Vietnam Co., Ltd. Honly Food & Beverage Co., Ltd. Hon Chuan (Myanmar) Co., Ltd. Hon Chuan Malaysia Sdn. Bhd. Shimada International Limitada Hon Shi Mozambique Co., Ltd.	Director Director Director Director Director Director Director Director Director
Director	Liu, Yun Chang	Hon Chuan Enterprise (Suzhou) Company Limited Suzhou Hongxin Food Packing Co., Ltd. Hon Chuan Food Packing (Qingxin) Co., Ltd. Hon Chuan Enterprise (Changsha) Co., Ltd. Hon Chuan Food Packing (Jinan) Co., Ltd. Hon Chuan Food Packing (Taiyuan) Co., Ltd. Hon Chuan Food Packing (Zhangzhou) Co., Ltd. Hon Chuan Food Packing (Chuzhou) Co., Ltd. Hon Chuan Food Packing (Xiantao) Co., Ltd. Hon Chuan Food Packing (Louhe) Co., Ltd.	Director Director Director Director Director Director Director Director Director Director
Director	Chang, Chun Shu	Hon Chuan Enterprise (Changsha) Co., Ltd.	Director

(3) Please proceed to discuss.

Resolution :

Other Business and Special Motion

Meeting Adjourned

3 、 Attachment

Attachment 1

Business Report

Looking back at 2019, a year marked by threats and opportunities, Taiwan Hon Chuan faced severe political and economic challenges, intensified competition abroad, and environmental penalties. Despite all, the Company strives to learn from each experience and grow. Externally, the Company looks for opportunities under changing environments; internally, the Company strengthens its corporate governance and continuing implementation of corporate social responsibility. Fortunately, at times of stress and hardships, all staff members continue to work hard, perform, and create growth for the Company. In 2019, consolidated sales reached NTD\$ 21,527,348,000, increased by 8.02% from NTD\$ 19,929,717,000 in 2018. Profit after tax totaled at NTD\$ 1,466,602,000, an increase of 33.06% from last year's NTD\$ 1,102,204,000. Earnings per share were 4.72 dollars for the year of 2019 conclusively.

The Company recognizes that only by accelerating innovation and technology, building out a complete system and complying with regulations, and enhancing the competitiveness of enterprises can we ensure the working interest of all staff members and pursue sustainable development. In this regard, the operation direction of this year continues to focus on lean management and further improvement, and strengthens following six aspects:

- (1) “Adjust” structure: promote CSR (Corporate Social Responsibility) policy, introduce information system management, Internet of Things and Industry 4.0, and promote elite training courses and the goal of staff localization.
- (2) “Increase” efficiency: continuously adjust assembly lines in order to uplift automation processes and capacity utilization.
- (3) “Reduce” costs: implement budget and cost control, purchase negotiation strategies and tender offer management processes.
- (4) “Invent” products: develop innovative niche products and cross-industry packaging.
- (5) “Deepen” cooperation: continuously develop new accounts, establish mutually beneficial and win-win business models and partnerships.
- (6) “Maintain” profit: continuously aim at long-term development and solid operations, comply with laws and regulations, create value for the Company and shareholders.

Taiwan Hon Chuan is dedicated to professional development, innovative research and developing, and personnel training, strengthening the development of business competitiveness and the accomplishment of corporate strategic directions, by ways of flexible commercial strategies, steady growing pace, bottom-up resources integration,

accumulated experience with domestic and international clients and modern production management technology, in order to demonstrate overall operating synergy.

Looking ahead, focusing on core business, Taiwan Hon Chuan will continue to strive towards our corporate purposes: “acquiring good business reputation, developing global markets, respecting our customers, caring for our employees and fulfilling our social responsibilities”. We aim to solidify our home market in Taiwan, and replicate our success story across the globe in markets such as Mainland China, South East Asia, Africa and other high potential regions. We look forward to a new era of Taiwan Hon Chuan through our persistent efforts in 2020.

Chairman :
Dai, Hung-Chuan

President :
Tsao, Hsih-Chung

Chief Accounting officer :
Cheng, Ya-Wen

Independent Auditors' Report (Consolidated Financial Statements)

The Board of Directors and Shareholders
Taiwan Hon Chuan Enterprise Co., Ltd.

Opinion

We have audited the accompanying consolidated financial statements of Taiwan Hon Chuan Enterprise Co., Ltd. and its subsidiaries (collectively referred to as the “Group”), which comprise the consolidated balance sheets as of December 31, 2019 and 2018, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the “consolidated financial statements”).

In our opinion, based on our audits and the reports of other auditors (refer to the Other Matter section below), the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2019 and 2018, 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 International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audit of the consolidated financial statements for the year ended December 31, 2019 in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants, Rule No. 1090360805 issued by the Financial Supervisory Commission of the Republic of China on February 25, 2020, and auditing standards generally accepted in the Republic of China. We conducted our audit of the consolidated financial statements for the year ended December 31, 2018 in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2019. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matters identified in the Group's consolidated financial statements for the year ended December 31, 2019 are stated as follows :

Revenue recognition

The Group manufactures and sells plastic caps and PET bottles, PET preforms and provides beverage filling OEM services. Because revenue from the main products are significant to the Group's revenue and profit, we identified revenue recognition as a key audit matter. Refer to Note 4 to the consolidated financial statements for the accounting policies on revenue recognition.

The key audit procedures that we performed in respect of revenue recognition included the following:

1. We understood and tested the design and operating effectiveness of the key controls over revenue recognition and we sampled and inspected the original purchase orders and delivery orders to verify the reasonableness of the accrual of the sales revenue.
2. We verified the entries to the revenue subsidiary ledger by selecting sample entries from the main products and we checked the entries against the original order, delivery order, invoices and receipt vouchers. We also checked the entries against the documents acknowledged by customers for their receipts, deliveries and order.

Evaluation of impairment of inventory

The Group's inventory is measured at the lower of cost or net realizable value. The determination of net realizable value involved the use of significant judgments and estimates by the management. Thus, the evaluation of impairment of inventory is identified as a key audit matter. Refer to Notes 4, 5 and 10 to the consolidated financial statements for the information on inventory.

The key audit procedures that we performed in respect of the impairment of inventory included the following:

1. We understood and tested the design and operating effectiveness of the key controls over inventory valuation.
2. We selected samples of inventory and checked that the value is the lower of cost or net realizable value. We evaluated the reasonableness of expected sales price and variable expenses ratio. We recalculated and examined the accuracy of the calculation of the net realizable value.
3. We observed year-end inventory taking. We selected samples and examined the items for any defects or damages and confirmed the reasonableness of the recognized loss based on market price decline.

Other Matter

We did not audit the financial statements of Hon Chuan Vietnam Co., Ltd., Hon Chuan Malaysia SDN. BHD, Hon Chuan (Thailand) Co., Ltd. and Hon Chuan FD Packaging Co., Ltd., which are investees of the Group and are included in the consolidated financial statements as of and for the year ended December 31, 2019; we did not audit the financial statements of Hon Chuan Vietnam Co., Ltd., Hon Chuan Malaysia SDN. BHD and PT Hon Chuan Indonesia, which are investees of the Group and are included in the consolidated financial statements as of and for the year ended December 31, 2018, but such statements were audited by other auditors, whose reports have been furnished to us. Our opinion, insofar as it relates to the amounts included in the Group's consolidated financial statements for these investees, is based solely on the reports of the other auditors. The total assets of the aforementioned investees were NTD4,563,570 thousand and NTD4,715,348 thousand, respectively, representing 14.48% and 16.03%, respectively, of the Group's consolidated assets as of December 31, 2019 and 2018. The total sales of the aforementioned investees were NTD3,023,012 thousand and NTD2,238,171 thousand, respectively,

representing 14.04% and 11.23%, respectively, of the Group's consolidated net sales for the years ended December 31, 2019 and 2018.

We have also audited the parent company only financial statements of Taiwan Hon Chuan Enterprise Co., Ltd. as of and for the years ended December 31, 2019 and 2018 on which we have issued an unmodified report with other matter paragraph.

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

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

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2019 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Done-Yuin Tseng and Hsiao-Feng Yen.

Deloitte & Touche
Taipei, Taiwan
Republic of China
March 23, 2020

Notice to Readers

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

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

TAIWAN HON CHUAN ENTERPRISE CO., LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS DECEMBER 31, 2019 AND 2018 (In Thousands of New Taiwan Dollars)

ASSETS	2019		2018	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 and 6)	\$ 3,938,285	13	\$ 2,979,711	10
Financial assets at fair value through profit or loss - current (Notes 4 and 7)	71,675	-	98,782	-
Notes receivable from unrelated parties (Note 4)	142,808	-	148,293	1
Trade receivables from unrelated parties (Notes 4 and 9)	3,172,594	10	3,116,198	11
Trade receivables from related parties (Notes 4 and 27)	3,074	-	530	-
Inventories (Notes 4, 5 and 10)	2,484,629	8	2,516,054	9
Other current assets (Notes 15, 27 and 28)	<u>1,284,105</u>	<u>4</u>	<u>1,582,345</u>	<u>5</u>
Total current assets	<u>11,097,170</u>	<u>35</u>	<u>10,441,913</u>	<u>36</u>
NON-CURRENT ASSETS				
Financial assets at fair value through other comprehensive income - non-current (Notes 4 and 8)	40,498	-	41,617	-
Long-term investments accounted for using the equity method (Notes 4 and 12)	16,393	-	20,135	-
Property, plant and equipment (Notes 4, 13, 28 and 29)	16,146,473	51	16,793,643	57
Right-of-use assets (Note 4)	1,115,903	4	-	-
Intangible assets (Note 4)	370,046	1	370,713	1
Deferred tax assets (Notes 4 and 22)	184,545	1	198,056	1
Prepayments for equipment	2,495,444	8	877,133	3
Other non-current assets (Note 15)	<u>57,569</u>	<u>-</u>	<u>672,724</u>	<u>2</u>
Total non-current assets	<u>20,426,871</u>	<u>65</u>	<u>18,974,021</u>	<u>64</u>
TOTAL	<u>\$ 31,524,041</u>	<u>100</u>	<u>\$ 29,415,934</u>	<u>100</u>
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Note 16)	\$ 3,553,001	11	\$ 5,037,154	17
Short-term bills payable (Note 16)	1,375,000	4	-	-
Financial liabilities at fair value through profit or loss - current (Notes 4 and 7)	142	-	62	-
Notes payable to unrelated parties	4,842	-	3,037	-
Trade payables to unrelated parties	1,012,125	3	1,063,603	4
Current tax liabilities (Notes 4 and 22)	161,723	1	159,058	1
Lease liabilities - current (Notes 4 and 14)	52,571	-	-	-
Deferred revenue - current (Notes 4 and 24)	5,490	-	-	-
Current portion of long-term liabilities (Notes 4, 16 and 24)	1,000,000	3	-	-
Other current liabilities (Notes 18 and 27)	<u>1,161,054</u>	<u>4</u>	<u>966,852</u>	<u>3</u>
Total current liabilities	<u>8,325,948</u>	<u>26</u>	<u>7,229,766</u>	<u>25</u>
NON-CURRENT LIABILITIES				
Bonds payable (Note 17)	2,996,308	10	2,995,224	10
Long-term borrowings (Notes 4, 16, 24 and 28)	5,931,187	19	5,978,897	21
Deferred tax liabilities (Notes 4 and 22)	69,066	-	55,628	-
Lease liabilities - non-current (Notes 4 and 14)	391,845	1	-	-
Deferred revenue - non-current (Notes 4 and 24)	35,470	-	7,793	-
Net defined benefit liabilities - non-current (Notes 4 and 19)	21,140	-	28,588	-
Other non-current liabilities (Note 18)	<u>24,940</u>	<u>-</u>	<u>40,873</u>	<u>-</u>
Total non-current liabilities	<u>9,469,956</u>	<u>30</u>	<u>9,107,003</u>	<u>31</u>
Total liabilities	<u>17,795,904</u>	<u>56</u>	<u>16,336,769</u>	<u>56</u>
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT				
Ordinary shares	2,928,789	9	2,928,789	10
Capital surplus	5,485,872	17	5,485,872	19
Retained earnings				
Legal reserve	1,531,899	5	1,422,646	5
Special reserve	1,745,301	6	1,368,204	4
Unappropriated earnings	3,204,905	10	2,986,533	10
Other equity	<u>(1,955,038)</u>	<u>(6)</u>	<u>(1,745,301)</u>	<u>(6)</u>
Total equity attributable to owners of the parent	12,941,728	41	12,446,743	42
NON-CONTROLLING INTERESTS	<u>786,409</u>	<u>3</u>	<u>632,422</u>	<u>2</u>
Total equity	<u>13,728,137</u>	<u>44</u>	<u>13,079,165</u>	<u>44</u>
TOTAL	<u>\$ 31,524,041</u>	<u>100</u>	<u>\$ 29,415,934</u>	<u>100</u>

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

(With Deloitte & Touche auditors' report dated March 23, 2020)

TAIWAN HON CHUAN ENTERPRISE CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	For the Year Ended December 31			
	2019		2018	
	Amount	%	Amount	%
SALES (Notes 4 and 27)	\$ 21,527,348	100	\$ 19,929,717	100
COST OF GOODS SOLD (Notes 4, 10, 21 and 27)	<u>17,245,038</u>	<u>80</u>	<u>16,406,836</u>	<u>82</u>
GROSS PROFIT	<u>4,282,310</u>	<u>20</u>	<u>3,522,881</u>	<u>18</u>
OPERATING EXPENSES (Notes 21 and 27)				
Selling and marketing expenses	967,551	5	925,697	5
General and administrative expenses	972,754	5	952,804	5
Research and development expenses	<u>86,057</u>	<u>-</u>	<u>67,970</u>	<u>-</u>
Total operating expenses	<u>2,026,362</u>	<u>10</u>	<u>1,946,471</u>	<u>10</u>
PROFIT FROM OPERATIONS	<u>2,255,948</u>	<u>10</u>	<u>1,576,410</u>	<u>8</u>
NON-OPERATING INCOME AND EXPENSES				
Finance costs (Notes 4 and 21)	(261,702)	(1)	(248,581)	(2)
Other gains and losses (Notes 4, 21 and 31)	3,326	-	185,081	1
Net foreign exchange gain (loss) (Note 4)	<u>1,277</u>	<u>-</u>	<u>(30,957)</u>	<u>-</u>
Total non-operating income and expenses	<u>(257,099)</u>	<u>(1)</u>	<u>(94,457)</u>	<u>(1)</u>
PROFIT BEFORE INCOME TAX	1,998,849	9	1,481,953	7
INCOME TAX EXPENSE (Notes 4 and 22)	<u>532,247</u>	<u>2</u>	<u>379,749</u>	<u>2</u>
NET PROFIT FOR THE YEAR	<u>1,466,602</u>	<u>7</u>	<u>1,102,204</u>	<u>5</u>
OTHER COMPREHENSIVE INCOME (LOSS) (Note 4)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans (Note 19)	(3,037)	-	(2,391)	-
Unrealized (gain) loss on investments in equity instruments at fair value through other comprehensive income	2,842	-	(3,213)	-
Income tax expense relating to items that will not be reclassified subsequently to profit or loss (Note 22)	607	-	1,063	-

(Continued)

TAIWAN HON CHUAN ENTERPRISE CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	For the Year Ended December 31			
	2019		2018	
	Amount	%	Amount	%
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating the financial statements of foreign operations	\$ (223,483)	(1)	\$ (403,476)	(2)
Other comprehensive loss for the year, net of income tax	(223,071)	(1)	(408,017)	(2)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	\$ 1,243,531	6	\$ 694,187	3
NET INCOME ATTRIBUTABLE TO:				
Owners of the Corporation	\$ 1,381,036	7	\$ 1,092,531	6
Non-controlling interests	85,566	-	9,673	-
	\$ 1,466,602	7	\$ 1,102,204	6
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Owners of the Corporation	\$ 1,168,606	6	\$ 722,687	3
Non-controlling interests	74,925	-	(28,500)	-
	\$ 1,243,531	6	\$ 694,187	3
EARNINGS PER SHARE (Note 23)				
Basic	\$ 4.72		\$ 3.73	
Diluted	\$ 4.71		\$ 3.72	

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

(With Deloitte & Touche auditors' report dated March 23, 2020)

(Concluded)

TAIWAN HON CHUAN ENTERPRISE CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018 (In Thousands of New Taiwan Dollars)

	Equity Attributable to Owners of the Parent										
	Share Capital (Note 20)	Capital Surplus (Notes 4 and 20)	Retained Earnings (Notes 4, 19 and 20)			Other Equity (Note 4)			Total	Non-controlling Interests	Total Equity
			Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translating the Financial Statements of Foreign Operations	Unrealized Gain (Loss) on Available- for-sale Financial Assets	Unrealized Gain (Loss) on Investments in Equity Instruments at Fair Value Through Other Comprehensive Income			
BALANCE AT JANUARY 1, 2018	\$ 2,928,789	\$ 5,507,513	\$ 1,299,560	\$ 1,220,606	\$ 2,892,567	\$ (1,365,021)	\$ (3,183)	\$ -	\$ 12,480,831	\$ 681,932	\$ 13,162,763
Effect of retrospective application and retrospective restatement	-	-	-	-	5,644	-	3,183	(11,764)	(2,937)	-	(2,937)
BALANCE AT JANUARY 1, 2018 AS RESTATED	2,928,789	5,507,513	1,299,560	1,220,606	2,898,211	(1,365,021)	-	(11,764)	12,477,894	681,932	13,159,826
Increase in non-controlling interests	-	-	-	-	-	-	-	-	-	51,154	51,154
Appropriation of 2017 earnings	-	-	-	-	-	-	-	-	-	-	-
Legal reserve	-	-	123,086	-	(123,086)	-	-	-	-	-	-
Special reserve	-	-	-	147,598	(147,598)	-	-	-	-	-	-
Cash dividends distributed by the Corporation	-	-	-	-	(732,197)	-	-	-	(732,197)	-	(732,197)
Cash dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	(12,761)	(12,761)
Net profit for the year ended December 31, 2018	-	-	-	-	1,092,531	-	-	-	1,092,531	9,673	1,102,204
Other comprehensive loss for the year ended December 31, 2018, net of income tax	-	-	-	-	(1,328)	(365,303)	-	(3,213)	(369,844)	(38,173)	(408,017)
Total comprehensive income (loss) for the year ended December 31, 2018	-	-	-	-	1,091,203	(365,303)	-	(3,213)	722,687	(28,500)	694,187
Differences between consideration received or paid and the carrying amount of the subsidiaries' net assets during disposal or acquisition	-	(21,641)	-	-	-	-	-	-	(21,641)	(59,403)	(81,044)
BALANCE AT DECEMBER 31, 2018	2,928,789	5,485,872	1,422,646	1,368,204	2,986,533	(1,730,324)	-	(14,977)	12,446,743	632,422	13,079,165
Increase in non-controlling interests	-	-	-	-	-	-	-	-	-	113,153	113,153
Appropriation of 2018 earnings	-	-	-	-	-	-	-	-	-	-	-
Legal reserve	-	-	109,253	-	(109,253)	-	-	-	-	-	-
Special reserve	-	-	-	377,097	(377,097)	-	-	-	-	-	-
Cash dividends distributed by the Corporation	-	-	-	-	(673,621)	-	-	-	(673,621)	-	(673,621)
Cash dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	(34,091)	(34,091)
Net profit for the year ended December 31, 2019	-	-	-	-	1,381,036	-	-	-	1,381,036	85,566	1,466,602
Other comprehensive income (loss) for the year ended December 31, 2019, net of income tax	-	-	-	-	(2,430)	(212,842)	-	2,842	(212,430)	(10,641)	(223,071)
Total comprehensive income (loss) for the year ended December 31, 2019	-	-	-	-	1,378,606	(212,842)	-	2,842	1,168,606	74,925	1,243,531
Differences between consideration received or paid and the carrying amount of the subsidiaries' net assets during disposal or acquisition	-	-	-	-	(263)	-	-	263	-	-	-
BALANCE AT DECEMBER 31, 2019	\$ 2,928,789	\$ 5,485,872	\$ 1,531,899	\$ 1,745,301	\$ 3,204,905	\$ (1,943,166)	\$ -	\$ (11,872)	\$ 12,941,728	\$ 786,409	\$ 13,728,137

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

(With Deloitte & Touche auditors' report dated March 23, 2020)

TAIWAN HON CHUAN ENTERPRISE CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018 (In Thousands of New Taiwan Dollars)

	For the Year Ended December 31	
	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 1,998,849	\$ 1,481,953
Adjustments for:		
Depreciation and amortization expenses	2,295,375	2,208,094
Expected credit loss recognized on trade receivables	831	23,666
Net loss (gain) on fair value changes of financial assets and liabilities at fair value through profit or loss	2,926	(6,547)
Finance costs	261,702	248,581
Interest income	(58,039)	(31,709)
Share of loss of associates accounted for using the equity method	3,361	3,349
Loss (gain) on disposal of property, plant and equipment	(31,686)	4,733
Impairment loss recognized (reversed) on non-financial assets	15,765	16,218
Unrealized net loss (gain) on foreign currency exchange	(202)	44,814
Reversal of deferred revenue	(3,777)	(3,232)
Net changes in operating assets and liabilities		
Financial assets mandatorily classified as at fair value through profit or loss	23,549	280,954
Notes receivable	5,698	41,189
Trade receivables	(52,295)	(527,493)
Inventories	13,769	(179,418)
Other current assets	289,117	(415,603)
Notes payable	1,786	(790)
Trade payables	(55,891)	130,700
Other current liabilities	168,077	88,955
Net defined benefit liabilities	(10,485)	(9,444)
Cash generated from operations	4,868,430	3,398,970
Interest received	58,073	31,675
Interest paid	(263,521)	(222,579)
Income tax paid	(505,890)	(276,573)
Net cash generated from operating activities	<u>4,157,092</u>	<u>2,931,493</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of financial assets at fair value through other comprehensive income	129	-
Return of capital from financial assets at fair value through other comprehensive income	4,000	-
Payments for property, plant and equipment	(624,958)	(735,002)
Proceeds from disposal of property, plant and equipment	116,044	75,056
Increase (decrease) in refundable deposits	2,488	(11,264)
Payments for intangible assets	(13,133)	(4,612)
Payments for right-of-use assets	(67,365)	-
Increase in other assets	(13,081)	(19,737)

(Continued)

TAIWAN HON CHUAN ENTERPRISE CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018 (In Thousands of New Taiwan Dollars)

	For the Year Ended December 31	
	2019	2018
Increase in prepayments for equipment	\$(2,777,733)	\$(1,128,701)
Increase in other prepayments	<u>-</u>	<u>(128,042)</u>
Net cash used in investing activities	<u>(3,373,609)</u>	<u>(1,952,302)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayments of short-term borrowings	(1,470,959)	(263,293)
Proceeds from short-term bills payable	1,375,000	-
Proceeds from corporate bonds	-	2,994,500
Proceeds from long-term borrowings	2,789,567	1,162,517
Repayments of long-term borrowings	(1,749,023)	(3,260,851)
Repayment of the principal portion of lease liabilities	(56,260)	-
Dividends paid to owners of the Corporation	(673,621)	(732,197)
Dividends paid to non-controlling interests	(34,091)	(12,761)
Changes in non-controlling interests	<u>113,153</u>	<u>(29,890)</u>
Net cash generated from (used in) financing activities	<u>293,766</u>	<u>(141,975)</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	<u>(118,675)</u>	<u>(69,404)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	958,574	767,812
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>2,979,711</u>	<u>2,211,899</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 3,938,285</u>	<u>\$ 2,979,711</u>

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

(With Deloitte & Touche auditors' report dated March 23, 2020)

(Concluded)

Taiwan Hon Chuan Enterprise Co., Ltd.

Audit Committees' Review Report

We hereby state as following:

This proposal is the presentation by the Board of Directors of the Company's 2019 Business Report, Financial Statements, and the Profit Allocation Proposal. Of these items, the Individual and Consolidated Financial Statements have been audited by external auditors Tseng, Done-Yuin and Yen, Hsiao-Feng of Deloitte & Touche, Taiwan, and an unqualified opinion and report have been issued on the Financial Statements. The aforementioned items have been reviewed and determined to be correct and accurate by Audit Committee. Per the regulations in Article 14-4 of Securities and Exchange Act and Article 219 of the Company Act, we hereby submit this report.

To

2020 Annual Shareholders' Meeting of Taiwan Hon Chuan Enterprise Co., Ltd.

Taiwan Hon Chuan Enterprise Co., Ltd.

Audit Committee Chairman : Hung, Chao - Nan

Commissioner : Huang, Hsiang - Ying

Commissioner : Kung, Yi - Lu

March 23, 2020

Taiwan Hon Chuan Enterprise Co., Ltd.

Proposal for Distribution of 2019 Profits

	Unit : NTD
Items	Amount
Unappropriated retained earnings of previous years	1,826,560,032
Remeasurement of defined benefit obligation	(2,429,518)
Effect of the initial application and restatement of applying IFRS 9	<u>(261,911)</u>
Unappropriated retained earnings after adjustment	1,823,868,603
Net Income of 2019	1,381,036,649
10% for legal capital reserve	(138,103,665)
Special reserve	<u>(209,737,908)</u>
Retained Earnings Available for Distribution as of 2019	2,857,063,679
Shareholders' Dividend (NTD\$ 3 per share)	<u>(878,636,637)</u>
Unappropriated Retained Earnings	<u><u>1,978,427,042</u></u>

(Note1) Shareholders' Dividend -- Cash :

292,878,879 shares * NT\$ 3 = NT\$ 878,636,637.

(Note2) The cash dividend distribution will be calculated to the nearest NT dollar. For fractional shares distributed which are less than one dollar that will be included in the Company's other revenue.

(Note3) This Distribution of Cash Dividend from 2019 Earnings will be reported to the shareholders' meeting after the Board of Directors passes.

(Note4) In response to the implementation of Imputation System, when computing tax levied at the rate of 5% on undistributed surplus earnings in accordance with Article 66-9 of Income Tax Act, the Company will adopt specific identification method to distribute preferably from earnings of recent years based upon official letter No. 871941343 issued by Ministry of Finance on April 30, 1998.

(Note5) Afterward, if there is any reason to influence the total amount of outstanding shares of the Company, based on the proposed total amount of cash distributed to shareholders which resolved by this shareholders' meeting and actual amount of outstanding shares on the base day of interest distribution, please authorize the Board of Directors to adjust distribution rate.

Explanatory Notes :

Unappropriated retained earnings of previous years : It represents the unappropriated retained earnings after making distribution of 2018 profits by the resolution of 2019 Shareholders' Meeting and is compiled based upon TIFRS GAAP.

Chairman :
Dai, Hung-Chuan

President :
Tsao, Hsih-Chung

Chief Accounting officer :
Cheng, Ya-Wen

Status of Share Repurchase Program

	Plan of The Third Share Repurchase Program
Date of the Board of Directors' Resolution	2020/3/23
Purpose of Repurchase	According to Article 28-2 of the Securities and Exchange Act and Regulations Governing Share Repurchase by Exchange-Listed and OTC-Listed Companies, the Company will repurchase shares to maintain the Company's credit and shareholders' rights and interests and cancel the registration of such shares.
Type of Shares	Common stocks
Ceiling on Total Amount of the Share Repurchase	NT\$ 9,183,154,404
Scheduled Period for Repurchase	2020/03/24~2020/05/22
Expected Number of Shares to be Repurchased (Ratio of the Shares to Be Repurchased to Total Issued Shares of the Company) (Note 1)	10,000,000 Shares (3.41%)
Price Range	From NT\$40 to NT\$60 per share, provided that, according to the board resolution, repurchasing will still be carried out even if the share price is lower than the aforementioned price range.
Method for the Repurchase	To buy back shares from Taiwan Stock Exchange
	Status of The Third Share Repurchase Program
Period for Repurchase	2020/04/29~2020/05/19
Number of Shares Repurchased (Ratio of the Shares to Be Repurchased to Total Issued Shares of the Company) (Note 2)	5,093,000 Shares (1.74%)
Total Amount of the Share Repurchase	NT\$ 277,422,689
Average Price per share	NT\$ 54.47

(Note 1) It is calculated based on the total number of issued shares at the time of reporting the repurchase of the Company's shares.

(Note 2) It is calculated based on the total number of issued shares at the time when the declaration to repurchase the shares of the Company expires or is completed.

Taiwan Hon Chuan Enterprise Co., Ltd.

“Rules and Procedures for Meetings of the Board of Directors”

Amendment Comparison Table

Date : 2020.03.23 (Amended)

Article No.	Original	Proposed Revision	Description
Article 7	Board meetings <u>shall</u> be convened and chaired by the chairperson of the board. However, with respect to the first meeting of each newly elected board of directors, it shall be called and chaired by the director that received votes representing the largest portion of voting rights at the shareholders meeting in which the directors were elected; if two or more directors are so entitled to convene the meeting, they shall select from among themselves one director to serve as chair.	Board meetings <u>are</u> convened and chaired by the chairperson of the board. However, with respect to the first meeting of each newly elected board of directors, it shall be called and chaired by the director that received votes representing the largest portion of voting rights at the shareholders meeting in which the directors were elected; if two or more directors are so entitled to convene the meeting, they shall select from among themselves one director to serve as chair. <u>For a board meeting convened by the majority or more of the directors, the chairman of the meeting shall be elected among themselves.</u>	Amended in accordance with the applicable regulations
Article 15	If a director or a juristic person that the director represents is an interested party in relation to an agenda item, the director shall state the important aspects of the interested party relationship at the respective meeting. When the relationship is likely to prejudice the interest of this Corporation, that director may state opinions and answers and may not participate in discussion or voting on that agenda item and shall recuse himself or herself from the discussion or the voting on the item, and may not exercise voting rights as proxy for another director.	If a director or a juristic person that the director represents is an interested party in relation to an agenda item, the director shall state the important aspects of the interested party relationship at the respective meeting. When the relationship is likely to prejudice the interest of this Corporation, that director may state opinions and answers and may not participate in discussion or voting on that agenda item and shall recuse himself or herself from the discussion or the voting on the item, and may not exercise voting rights as proxy for another director. <u>Where the spouse, a blood</u>	Amended in accordance with the applicable regulations

	<p>Where a director is prohibited by the preceding paragraph from exercising voting rights with respect to a resolution at a board meeting, the provisions of Article 180, paragraph 2 of the Company Act apply mutatis mutandis in accordance with Article 206, paragraph 3 of the same Act.</p>	<p><u>relative within the second degree of kinship of a director, or any company which has a controlling or subordinate relation with a director has interests in the matters under discussion in the meeting of the preceding paragraph, such director shall be deemed to have a personal interest in the matter.</u></p> <p>Where a director is prohibited by the preceding paragraph from exercising voting rights with respect to a resolution at a board meeting, the provisions of Article 180, paragraph 2 of the Company Act apply mutatis mutandis in accordance with Article 206, paragraph 3 of the same Act.</p>	
Article 18	<p>These Rules of Procedure shall be adopted by the approval of meeting of the board of directors <u>and shall be reported to the shareholders meeting. The board of directors may be authorized to adopt, by resolution, any future amendments to these Rules.</u></p>	<p>These Rules of Procedure shall be adopted by the approval of meeting of the board of directors.</p>	

Taiwan Hon Chuan Enterprise Co., Ltd.

“Rules and Procedures for Shareholders' Meeting” Amendment Comparison Table

Date : 2020.06.19 (Amended)

Article No.	Original	Proposed Revision	Description
Article 16	<p>Unless otherwise provided by the Company Act or the Company's Articles of Incorporation, a resolution shall be adopted by a majority of the votes represented by the shareholders present at the meeting.</p> <p><u>A motion may be resolve by way of vote, or shall be deemed passed if no objection to the motion is expressed by all of the shareholders present at the meeting after the solicitation of the chairman, which shall have the same effect as if it was voted by casting ballots.</u></p> <p>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. The election of directors at a shareholders meeting shall be held in accordance with the applicable election and appointment rules adopted by The Company, and the voting results shall be announced on-site immediately, including the names of those elected as directors and the numbers of votes with which they were elected.</p>	<p>Unless otherwise provided by the Company Act or the Company's Articles of Incorporation, a resolution shall be adopted by a majority of the votes represented by the shareholders present at the meeting.</p> <p><u>Relevant motions shall be resolved by way of vote on a case-by-case basis with sufficient voting time allowed.</u></p> <p>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. The election of directors at a shareholders meeting shall be held in accordance with the applicable election and appointment rules adopted by The Company, and the voting results shall be announced on-site immediately, including the names of those elected as directors and the numbers of votes with which they were elected.</p>	Amended in accordance with the practice of electronic voting

The Slate of Director Candidates

Name	Main education	Main Experience	Concurrent Position	Shareholding
Dai, Hung Chuan	(1) Master Degree in Structural Engineering, University of California, Berkeley, U.S.A (2) MBA, Columbia University, U.S.A (3) Bachelor Degree in Civil Engineering, National Taiwan University, Taiwan	(1) Chairman of HON CHUAN (2) A Chartered Structural and Civil Engineer in ROC (3) Technical Specialist of Public Works Department, Taichung City Government (4) Associated Technical Specialist of Construction Management Division, Construction and Planning Agency Ministry of the Interior	Chairman of HON CHUAN	3,572,019
Tsao, Hsih Chung	(1) Sun Yat-Sen Institute of Policy Research and Development (the tenth term) (2) Wharton School of the University of Pennsylvania, U.S.A (3) Elite Presidents' Camp of Peking University, China	(1) General manager of HON CHUAN (2) The recipient of the 13th China Youth Career Initiation Honor Award (3) The Outstanding Food Entrepreneur Award of Taiwan Association for Food Science and Technology in 2000 (4) Director of the 18 th Food Industry Research and Development Institute	(1) General manager and President of HON CHUAN (2) Chairman of Hsih-Yueh Development Co., Ltd.	4,372,243
Chang, Chun Shu	Graduated from National Taichung Institute of Commerce, Taiwan	Director of HON CHUAN	Director of HON CHUAN	2,663,234
Dai, Hong I	(1) Master Degree in urban design, University of Sydney, Australia (2) Department of Architecture, Tamkang University	(1) Chartered Architect in ROC (2) Committee of Urban Design Application Review Committee, Taichung City Government (3) Assistant professor of Department of Landscape Archithceure, National Chin-Yi University of Technology (4) Arbitrator of Chinese Arbitration Association, Taipei	(1) Director of HON CHUAN (2) Dai Hongyi Architects (3) Chairman of Ren Sun Construction Co., Ltd.	5,812,111
Liu, Yun Chang	(1) EMBA, Beijing University, China (2) Department of Distribution Management, National Chin-Yi University of Technology	(1) The Outstanding Enterprise Manager Award Of R.O.C in 1996 (2) The Outstanding Food Entrepreneur Award of Taiwan Association for Food Science and Technology in 2002 (3) The Distinguished Alumni Award of National Chin-Yi University of Technology in 2010	Vice President of HON CHUAN	689,303
Tsao, Hung Yu	Department of Economics of York University	Special assistant and manager of general administration dept. of HON CHUAN	Manager of general administration dept. of HON CHUAN	6,529,134

The Slate of Independent Director Candidates

Name	Main education	Main Experience	Concurrent Position	Shareholding
Hung, Chao Nan	(1) Master Degree in Politics, Arkansas State University, U.S.A (2) Department of Foreign Languages, School of Law, Soochow University (3) Pass the Finance Special Examination (Former senior tax officer of Customs Administration, Ministry of Finance)	(1) The 4th member of the Control Yuan (2) Legislator, reappointment for 8 times, Chungkuo Kuomintang (3) Convener of Finance Committee	Independent Director of HON CHUAN and Rexion Industrial Corp., Ltd.	0
Huang, Hsiang Ying	(1) Ph. D. in Public Finance and Tax, Central University of Finance and Economics, Beijing, China (2) Master Degree in Accounting, National Chengchi University, Taiwan (3) Bachelor Degree in Accounting, Fu Jen Catholic University, Taiwan	(1) Partnership Accountant of BDO Taiwan Joint Accounting Firm (2) Lecturer in Ling Tung University and Tunghai University, Taiwan (3) Independent director of Sino-American Silicon Products Inc. (4) Deputy Section Manager of Finance Division, Administration Department of The Far Eastern Group	(1) Partnership Accountant of EnWise CPAs & Co. (2) A member of Remuneration Committee in Lelon Electronics Corp. (3) A member of Remuneration Committee in Liton Technology Corp. (4) Independent director of Quaser Machine tools Inc.	0
Kung, Yi-Lu	(1) Master Degree in Accounting, Soochow University, Taiwan (2) Department of Business Administration, Tamkang University, Taiwan	(1) General audit of King's Town Bank (2) Assistant general manager of CDIB Capital Group	Independent Director of HON CHUAN	0

Taiwan Hon Chuan Enterprise Co., Ltd.
“Ethical Corporate Management Best Practice Principles”
Amendment Comparison Table

Date : 2020.03.23 (Amended)

Article No.	Original	Proposed Revision	Description
Article 2	<p>When engaging in commercial activities, directors, <u>supervisors</u>, managers, employees, and mandataries of the company or persons having substantial control over the company ("substantial controllers") shall not directly or indirectly offer, promise to offer, request or accept any improper benefits, nor commit unethical acts including breach of ethics, illegal acts, or breach of fiduciary duty ("unethical conduct") for purposes of acquiring or maintaining benefits.</p> <p>Parties referred to in the preceding paragraph include civil servants, political candidates, political parties or members of political parties, state-run or private-owned businesses or institutions, and its directors, supervisors, managers, employees or substantial controllers or other stakeholders.</p>	<p>When engaging in commercial activities, directors, managers, employees, and mandataries of the company or persons having substantial control over the company ("substantial controllers") shall not directly or indirectly offer, promise to offer, request or accept any improper benefits, nor commit unethical acts including breach of ethics, illegal acts, or breach of fiduciary duty ("unethical conduct") for purposes of acquiring or maintaining benefits.</p> <p>Parties referred to in the preceding paragraph include civil servants, political candidates, political parties or members of political parties, state-run or private-owned businesses or institutions, and its directors, supervisors, managers, employees or substantial controllers or other stakeholders.</p>	To comply with the amendments of the Company's Articles of Incorporation
Article 5	The Company shall abide by the operational philosophies of honesty, transparency and responsibility, base policies on the principle of good faith and establish good corporate governance and risk control and management mechanism so as to create an operational environment for sustainable development.	The Company shall abide by the operational philosophies of honesty, transparency and responsibility, base policies on the principle of good faith and <u>have them passed by the board of directors</u> , and establish good corporate governance and risk control and management mechanism so as to create an operational environment for sustainable development.	Amended in accordance with the applicable regulations
Article 6	The company shall in its own ethical management policy	The company shall in its own ethical management policy	Based on the actual needs

	<p>clearly and thoroughly prescribe the specific ethical management practices and the programs to forestall unethical conduct ("prevention programs"), including operational procedures, guidelines, and training.</p> <p>When establishing the prevention programs, the company shall comply with relevant laws and regulations of the territory where the company and its business group are operating.</p> <p>In the course of developing the prevention programs, the company shall negotiate with staff, labor unions members, important trading counterparties, or other stakeholders.</p>	<p>clearly and thoroughly prescribe the specific ethical management practices and the programs to forestall unethical conduct ("prevention programs"), including operational procedures, guidelines, and training. <u>Moreover, the company shall separately formulate "Whistle-blowing Procedures for Violations of Ethical Corporate Management" to implement accordingly.</u></p> <p>When establishing the prevention programs, the company shall comply with relevant laws and regulations of the territory where the company and its business group are operating.</p> <p>In the course of developing the prevention programs, the company shall negotiate with staff, labor unions members, important trading counterparties, or other stakeholders.</p>	of the Company
Article 7	<p><u>When establishing the prevention programs, the company shall analyze which business activities within its business scope which are possibly at a higher risk of being involved in an unethical conduct, and strengthen the preventive measures.</u></p> <p><u>The prevention programs shall at least include preventive measures against the following:</u></p> <ol style="list-style-type: none"> 1. Offering and acceptance of bribes. 2. Illegal political donations. 	<p><u>The company shall establish a risk assessment mechanism against unethical conduct, analyze and assess on regular basis business activities within their business scope which are at a higher risk of being involved in unethical conduct, and establish prevention programs accordingly and review their adequacy and effectiveness on a regular basis.</u></p> <p><u>It is advisable for the company to refer to prevailing domestic and foreign standards or guidelines in establishing the prevention programs, which shall at least include preventive measures against the following:</u></p> <ol style="list-style-type: none"> 1. Offering and acceptance of bribes. 2. Illegal political donations. 	Amended in accordance with the applicable regulations

	<p>3. Improper charitable donations or sponsorship.</p> <p>4. Offering or acceptance of unreasonable presents or hospitality, or other improper benefits.</p> <p>5. Misappropriation of trade secrets and infringement of trademark rights, patent rights, copyrights, and other intellectual property rights.</p> <p>6. Engaging in unfair competitive practices.</p> <p>7. Damage directly or indirectly caused to the rights or interests, health, or safety of consumers or other stakeholders in the course of research and development, procurement, manufacture, provision, or sale of products and services.</p>	<p>3. Improper charitable donations or sponsorship.</p> <p>4. Offering or acceptance of unreasonable presents or hospitality, or other improper benefits.</p> <p>5. Misappropriation of trade secrets and infringement of trademark rights, patent rights, copyrights, and other intellectual property rights.</p> <p>6. Engaging in unfair competitive practices.</p> <p>7. Damage directly or indirectly caused to the rights or interests, health, or safety of consumers or other stakeholders in the course of research and development, procurement, manufacture, provision, or sale of products and services.</p>	
Article 8	<p>The Company and its respective business group shall clearly specify in the rules and external documents the ethical corporate management policies and the commitment by the board of directors and the management on rigorous and thorough implementation of such policies, and shall carry out the policies in internal management and in commercial activities.</p>	<p><u>The directors and senior management of the company shall issue a statement of compliance with the ethical management policy and the company shall require in the terms of employment that employees comply with such policy.</u></p> <p>The Company and its respective business group shall clearly specify in their rules and external documents <u>and on the company website</u> the ethical corporate management policies and the commitment by the board of directors and senior management on rigorous and thorough implementation of such policies, and shall carry out the policies in internal management and in commercial activities.</p> <p><u>The Company shall compile documented information on the</u></p>	Amended in accordance with the applicable regulations

		<u>ethical management policy, statement, commitment and implementation mentioned in the first and second paragraphs and retain said information properly.</u>	
Article 10	When conducting business, the company and its directors, <u>supervisors</u> , managers, employees, mandataries, and substantial controllers, may not directly or indirectly offer, promise to offer, request, or accept any improper benefits in whatever form to or from clients, agents, contractors, suppliers, public servants, or other stakeholders.	When conducting business, the company and its directors, managers, employees, mandataries, and substantial controllers, may not directly or indirectly offer, promise to offer, request, or accept any improper benefits in whatever form to or from clients, agents, contractors, suppliers, public servants, or other stakeholders.	To comply with the amendments of the Company's Articles of Incorporation
Article 11	When directly or indirectly offering a donation to political parties or organizations or individuals participating in political activities, the company and its directors, <u>supervisors</u> , managers, employees, mandataries, and substantial controllers, shall comply with the Political Donations Act and its own relevant internal operational procedures, and shall not make such donations in exchange for commercial gains or business advantages.	When directly or indirectly offering a donation to political parties or organizations or individuals participating in political activities, the company and its directors, managers, employees, mandataries, and substantial controllers, shall comply with the Political Donations Act and its own relevant internal operational procedures, and shall not make such donations in exchange for commercial gains or business advantages.	To comply with the amendments of the Company's Articles of Incorporation
Article 12	When making or offering donations and sponsorship, the company and its directors, <u>supervisors</u> , managers, employees, mandataries, and substantial controllers shall comply with relevant laws and regulations and internal operational procedures, and shall not surreptitiously engage in bribery.	When making or offering donations and sponsorship, the company and its directors, managers, employees, mandataries, and substantial controllers shall comply with relevant laws and regulations and internal operational procedures, and shall not surreptitiously engage in bribery.	To comply with the amendments of the Company's Articles of Incorporation
Article 13	The company and its directors, <u>supervisors</u> , managers, employees, mandataries, and substantial controllers shall not directly or indirectly offer or accept any unreasonable presents, hospitality or other improper benefits to establish business relationship or influence	The company and its directors, managers, employees, mandataries, and substantial controllers shall not directly or indirectly offer or accept any unreasonable presents, hospitality or other improper benefits to establish business relationship or influence	To comply with the amendments of the Company's Articles of Incorporation

	commercial transactions.	commercial transactions.	
Article 14	The company and its directors, <u>supervisors</u> , managers, employees, mandataries, and substantial controllers shall observe applicable laws and regulations, the company's internal operational procedures, and contractual provisions concerning intellectual property, and may not use, disclose, dispose, or damage intellectual property or otherwise infringe intellectual property rights without the prior consent of the intellectual property rights holder.	The company and its directors, managers, employees, mandataries, and substantial controllers shall observe applicable laws and regulations, the company's internal operational procedures, and contractual provisions concerning intellectual property, and may not use, disclose, dispose, or damage intellectual property or otherwise infringe intellectual property rights without the prior consent of the intellectual property rights holder.	To comply with the amendments of the Company's Articles of Incorporation
Article 16	In the course of research and development, procurement, manufacture, provision, or sale of products and services, the company and its directors, <u>supervisors</u> , managers, employees, mandataries, and substantial controllers shall observe applicable laws and regulations and international standards to ensure the transparency of information about, and safety of, its products and services. They shall also adopt and publish a policy on the protection of the rights and interests of consumers or other stakeholders, and carry out the policy in its operations, with a view to preventing its products and services from directly or indirectly damaging the rights and interests, health, and safety of consumers or other stakeholders. Where there are sufficient facts to determine that the company's products or services are likely to pose any hazard to the safety and health of consumers or other stakeholders, the company shall, in principle, recall those products or suspend the services immediately.	In the course of research and development, procurement, manufacture, provision, or sale of products and services, the company and its directors, managers, employees, mandataries, and substantial controllers shall observe applicable laws and regulations and international standards to ensure the transparency of information about, and safety of, its products and services. They shall also adopt and publish a policy on the protection of the rights and interests of consumers or other stakeholders, and carry out the policy in its operations, with a view to preventing its products and services from directly or indirectly damaging the rights and interests, health, and safety of consumers or other stakeholders. Where there are sufficient facts to determine that the company's products or services are likely to pose any hazard to the safety and health of consumers or other stakeholders, the company shall, in principle, recall those products or suspend the services immediately.	To comply with the amendments of the Company's Articles of Incorporation
Article 17	The directors, <u>supervisors</u> , managers, employees, mandataries, and substantial	The directors, managers, employees, mandataries, and substantial controllers of the	Amended in accordance with the

	<p>controllers of the company shall exercise the due care of good administrators to urge the company to prevent unethical conduct, always review the results of the preventive measures and continually make adjustments so as to ensure thorough implementation of its ethical corporate management policies.</p> <p>To achieve sound ethical corporate management, <u>the company shall establish a dedicated unit that is under the board of directors and responsible for establishing and supervising the implementation of the ethical corporate management policies and prevention programs. The dedicated unit shall be in charge of the following matters, and shall report to the board of directors on a regular basis:</u></p> <ol style="list-style-type: none"> 1. Assisting in incorporating ethics and moral values into the company's business strategy and adopting appropriate prevention measures against corruption and malfeasance to ensure ethical management in compliance with the requirements of laws and regulations. 2. Adopting programs to prevent unethical conduct and setting out in each program the standard operating procedures and conduct guidelines with respect to the company's operations and business. 	<p>company shall exercise the due care of good administrators to urge the company to prevent unethical conduct, always review the results of the preventive measures and continually make adjustments so as to ensure thorough implementation of its ethical corporate management policies.</p> <p>To achieve sound ethical corporate management, <u>the Human Resources Department is the dedicated unit for the promotion and training of the ethical corporate management policies and is coordinated by various departments. The dedicated unit for accepting the report is the Auditing office, which is responsible for including the execution status of the compliance with this code into the scope of the inspection and shall be in charge of the following matters, and shall report to the board of directors on a regular basis (at least once a year):</u></p> <ol style="list-style-type: none"> 1. Assisting in incorporating ethics and moral values into the company's business strategy and adopting appropriate prevention measures against corruption and malfeasance to ensure ethical management in compliance with the requirements of laws and regulations. 2. <u>Analyzing and assessing on a regular basis the risk of involvement in unethical conduct within the business scope,</u> adopting accordingly programs to prevent unethical conduct, and setting out in each program the standard operating procedures and conduct guidelines with respect to the company's operations and business. 	<p>applicable regulations and the actual needs of the Company</p>
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	<p>3. Planning the internal organization, structure, and allocation of responsibilities and setting up check-and-balance mechanisms for mutual supervision of the business activities within the business scope which are possibly at a higher risk for unethical conduct.</p> <p>4. Promoting and coordinating awareness and educational activities with respect to ethics policy.</p> <p>5. Developing a whistle-blowing system and ensuring its operating effectiveness.</p> <p>6. Assisting the board of directors and management in auditing and assessing whether the prevention measures taken for the purpose of implementing ethical management are effectively operating, and preparing reports on the regular assessment of compliance with ethical management in operating procedures.</p>	<p>3. Planning the internal organization, structure, and allocation of responsibilities and setting up check-and-balance mechanisms for mutual supervision of the business activities within the business scope which are possibly at a higher risk for unethical conduct.</p> <p>4. Promoting and coordinating awareness and educational activities with respect to ethics policy.</p> <p>5. Developing a whistle-blowing system and ensuring its operating effectiveness.</p> <p>6. Assisting the board of directors and management in auditing and assessing whether the prevention measures taken for the purpose of implementing ethical management are effectively operating, and preparing reports on the regular assessment of compliance with ethical management in operating procedures.</p>	
Article 18	The Company and its directors, <u>supervisors</u> , managers, employees, mandataries, and substantial controllers shall comply with laws and regulations and the prevention programs when conducting business.	The Company and its directors, managers, employees, mandataries, and substantial controllers shall comply with laws and regulations and the prevention programs when conducting business.	To comply with the amendments of the Company's Articles of Incorporation
Article 19	The company shall adopt policies for preventing conflicts of interest to identify, monitor, and manage risks possibly resulting from unethical conduct, and shall also offer appropriate means for directors, <u>supervisors</u> , managers, and other stakeholders attending or present at board meetings to voluntarily explain whether their interests would potentially conflict with those of the company.	The company shall adopt policies for preventing conflicts of interest to identify, monitor, and manage risks possibly resulting from unethical conduct, and shall also offer appropriate means for directors, managers, and other stakeholders attending or present at board meetings to voluntarily explain whether their interests would potentially conflict with those of the company.	To comply with the amendments of the Company's Articles of Incorporation

	<p>When a proposal at a given board of directors meeting concerns the personal interest of, or the interest of the juristic person represented by, any of the directors, <u>supervisors</u>, managers, and other stakeholders attending or present at board meetings of the company, the concerned person shall state the important aspects of the relationship of interest at the given board meeting. If his or her participation is likely to prejudice the interest of the company, the concerned person may not participate in discussion of or voting on the proposal and shall recuse himself or herself from the discussion or the voting, and may not exercise voting rights as proxy for another director. The directors shall practice self-discipline and must not support one another in improper dealings.</p> <p>The company's directors, <u>supervisors</u>, managers, employees, mandataries, and substantial controllers shall not take advantage of their positions or influence in the companies to obtain improper benefits for themselves, their spouses, parents, children or any other person.</p>	<p>When a proposal at a given board of directors meeting concerns the personal interest of, or the interest of the juristic person represented by, any of the directors, managers, and other stakeholders attending or present at board meetings of the company, the concerned person shall state the important aspects of the relationship of interest at the given board meeting. If his or her participation is likely to prejudice the interest of the company, the concerned person may not participate in discussion of or voting on the proposal and shall recuse himself or herself from the discussion or the voting, and may not exercise voting rights as proxy for another director. The directors shall practice self-discipline and must not support one another in improper dealings.</p> <p>The company's directors, managers, employees, mandataries, and substantial controllers shall not take advantage of their positions or influence in the companies to obtain improper benefits for themselves, their spouses, parents, children or any other person.</p>	
Article 20	<p>The company shall establish effective accounting systems and internal control systems for business activities possibly at a higher risk of being involved in an unethical conduct, not have under-the-table accounts or keep secret accounts, and conduct reviews regularly so as to ensure that the design and enforcement of the systems are showing results.</p> <p>The internal audit unit of the company shall <u>periodically</u></p>	<p>The company shall establish effective accounting systems and internal control systems for business activities possibly at a higher risk of being involved in an unethical conduct, not have under-the-table accounts or keep secret accounts, and conduct reviews regularly so as to ensure that the design and enforcement of the systems are showing results.</p> <p>The internal audit unit of the company shall, <u>based on the</u></p>	Amended in accordance with the applicable regulations

	<p><u>examine the company's compliance with the foregoing systems and prepare audit reports and submit the same to the board of directors.</u> The internal audit unit may engage a certified public accountant to carry out the audit, and may engage professionals to assist if necessary.</p>	<p><u>results of assessment of the risk of involvement in unethical conduct, devise relevant audit plans including auditees, audit scope, audit items, audit frequency, etc., and examine accordingly the compliance with the prevention programs.</u> The internal audit unit may engage a certified public accountant to carry out the audit, and may engage professionals to assist if necessary. <u>The results of examination in the preceding paragraph shall be reported to senior management and the ethical management dedicated unit and put down in writing in the form of an audit report to be submitted to the board of directors.</u></p>	
Article 22	<p>The chairperson, general manager, or senior management of the company shall communicate the importance of corporate ethics to its directors, employees, and mandataries on a regular basis.</p> <p>The company shall periodically organize training and awareness programs for directors, <u>supervisors</u>, managers, employees, mandataries, and substantial controllers and invite the companies' commercial transaction counterparties so they understand the companies' resolve to implement ethical corporate management, the related policies, prevention programs and the consequences of committing unethical conduct.</p> <p>The company shall apply the policies of ethical corporate management when creating its employee performance appraisal system and human resource policies to establish a clear and effective reward and discipline system.</p>	<p>The chairperson, general manager, or senior management of the company shall communicate the importance of corporate ethics to its directors, employees, and mandataries on a regular basis.</p> <p>The company shall periodically organize training and awareness programs for directors, managers, employees, mandataries, and substantial controllers and invite the companies' commercial transaction counterparties so they understand the companies' resolve to implement ethical corporate management, the related policies, prevention programs and the consequences of committing unethical conduct.</p> <p>The company shall apply the policies of ethical corporate management when creating its employee performance appraisal system and human resource policies to establish a clear and effective reward and discipline system.</p>	<p>To comply with the amendments of the Company's Articles of Incorporation</p>

<p>Article 23</p>	<p>The Company shall <u>adopt a concrete whistle-blowing system and scrupulously operate the system. The whistle-blowing system shall include at least the following:</u></p> <ol style="list-style-type: none"> 1. An independent mailbox or hotline either internally established and publicly announced or provided by an independent external institution, to allow company insiders and outsiders to submit reports. 2. Dedicated personnel or unit appointed to handle whistle-blowing system. Any tip involving a director or senior manager shall be reported to the independent directors or <u>supervisors</u>. Categories of reported misconduct shall be delineated and standard operating procedures for the investigation of each shall be adopted. 3. Documentation of case acceptance, investigation processes, investigation results, and relevant documents. 4. Confidentiality of the identity of whistle-blowers and the content of reported cases. 5. Measures for protecting whistle-blowers from inappropriate disciplinary actions due to their whistle-blowing. 	<p>The Company shall <u>scrupulously operate the internally established whistle-blowing system, which includes the following:</u></p> <ol style="list-style-type: none"> 1. An independent mailbox or hotline either internally established and publicly announced or provided by an independent external institution, to allow company insiders and outsiders to submit reports. 2. Dedicated personnel or unit appointed to handle whistle-blowing system. Any tip involving a director or senior manager shall be reported to the independent directors. Categories of reported misconduct shall be delineated and standard operating procedures for the investigation of each shall be adopted. 3. <u>Follow-up measures to be adopted depending on the severity of the circumstances after investigations of cases reported are completed. Where necessary, a case shall be reported to the competent authority or referred to the judicial authority.</u> 4. Documentation of case acceptance, investigation processes, investigation results, and relevant documents. 5. Confidentiality of the identity of whistle-blowers and the content of reported cases. 6. Measures for protecting whistle-blowers from inappropriate disciplinary actions due to their whistle-blowing. 	<p>Amended in accordance with the applicable regulations</p>
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	<p>6. Whistle-blowing incentive measures.</p> <p>When material misconduct or likelihood of material impairment to the company comes to their awareness upon investigation, the dedicated personnel or unit handling the whistle-blowing system shall immediately prepare a report and notify the independent directors <u>or supervisors</u> in written form.</p>	<p><u>7.</u> Whistle-blowing incentive measures.</p> <p>When material misconduct or likelihood of material impairment to the company comes to their awareness upon investigation, the dedicated personnel or unit handling the whistle-blowing system shall immediately prepare a report and notify the independent directors in written form.</p>	
Article 26	<p>The company shall at all times monitor the development of relevant local and international regulations concerning ethical corporate management and encourage its directors, <u>supervisors</u>, managers, and employees to make suggestions, based on which the adopted ethical corporate management policies and measures taken will be reviewed and improved with a view to achieving better implementation of ethical management.</p>	<p>The company shall at all times monitor the development of relevant local and international regulations concerning ethical corporate management and encourage its directors, managers, and employees to make suggestions, based on which the adopted ethical corporate management policies and measures taken will be reviewed and improved with a view to achieving better implementation of ethical management.</p>	Amended in accordance with the applicable regulations
Article 27	<p>The ethical corporate management best practice principles of the company shall be implemented after the board of directors grants the approval, <u>and shall be sent to the supervisors</u> and reported at a shareholders' meeting. The same procedure shall be followed when the principles have been amended.</p> <p>When the company <u>has appointed any independent director</u>, and the ethical corporate management best practice principles are submitted for discussion by the board of directors pursuant to the preceding paragraph, the board of directors shall take into full consideration each independent director's opinions. If an independent director's objects to</p>	<p>The ethical corporate management best practice principles of the company shall be implemented after the board of directors grants the approval, and reported at a shareholders' meeting. The same procedure shall be followed when the principles have been amended.</p> <p>When the company submits its ethical corporate management best practice principles for discussion by the board of directors pursuant to the preceding paragraph, the board of directors shall take into full consideration each independent director's opinions. If an independent director's objects to or expresses reservations about any matter, it shall be recorded in</p>	To comply with the amendments of the Company's Articles of Incorporation

	<p>or expresses reservations about any matter, it shall be recorded in the minutes of the board of directors meeting. An independent director that cannot attend the board meeting in person to express objection or reservations shall provide a written opinion before the board meeting, unless there is some legitimate reason to do otherwise, and the opinion shall be specified in the minutes of the board of directors meeting.</p> <p><u>When the company has established the audit committee, the provisions regarding supervisors in these Principles shall apply mutatis mutandis to the audit committee.</u></p>	<p>the minutes of the board of directors meeting. An independent director that cannot attend the board meeting in person to express objection or reservations shall provide a written opinion before the board meeting, unless there is some legitimate reason to do otherwise, and the opinion shall be specified in the minutes of the board of directors meeting.</p>	
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Date : 2020.05.08 (Amended)

Article No.	Original	Proposed Revision	Description
Article 27	<p>The ethical corporate management best practice principles of the company shall be implemented after the board of directors grants the approval, <u>and reported at a shareholders' meeting</u>. The same procedure shall be followed when the principles have been amended.</p> <p>When the company submits its ethical corporate management best practice principles for discussion by the board of directors pursuant to the preceding paragraph, the board of directors shall take into full consideration each independent director's opinions. If an independent director's objects to or expresses reservations about any matter, it shall be recorded in the minutes of the board of directors meeting. An independent director that cannot attend the board meeting in person to express objection or</p>	<p>The ethical corporate management best practice principles of the company shall be implemented after the board of directors grants the approval. The same procedure shall be followed when the principles have been amended.</p> <p>When the company submits its ethical corporate management best practice principles for discussion by the board of directors pursuant to the preceding paragraph, the board of directors shall take into full consideration each independent director's opinions. If an independent director's objects to or expresses reservations about any matter, it shall be recorded in the minutes of the board of directors meeting. An independent director that cannot attend the board meeting in person to express objection or</p>	Based on the actual needs of the Company

	reservations shall provide a written opinion before the board meeting, unless there is some legitimate reason to do otherwise, and the opinion shall be specified in the minutes of the board of directors meeting.	reservations shall provide a written opinion before the board meeting, unless there is some legitimate reason to do otherwise, and the opinion shall be specified in the minutes of the board of directors meeting.	
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4 、 Appendix

Appendix 1

Taiwan Hon Chuan Enterprise Co., Ltd

Rules and Procedures for Shareholders' Meeting (Original)

Article 1

Shareholders' Meeting of the Company (the "Meeting") shall be conducted in accordance with the Rules and Procedures for Shareholders' Meeting ("Rules"). Any matters not provided herein shall be handled in accordance with the Articles of Incorporation, Company Law, and other relevant laws and regulation.

Article 2

The term "shareholders" set forth herein includes the shareholders themselves and the proxies authorized by shareholders.

Article 3

The Company shall specify in its shareholders' meeting notices the time to register for the Meeting, the place to register for attendance, and other matters for attention.

The time for shareholders to register, as stated in the preceding paragraph, shall start at least 30 minutes prior to the time the Meeting commences. The place for registration shall be clearly marked and a sufficient number of qualified staffs shall be assigned to handle the registrations.

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.

The Company shall prepare an attendance book for shareholders to sign, or attending shareholders may hand in a sign-in card in lieu of signing on the attendance book.

When the government or a legal entity is a shareholder, it may be represented by more than one representative at Meeting.

When a legal entity is appointed to attend as proxy, it may designate only one representative to attend the Meeting.

Article 4

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

the most and Meeting shall not be postponed for longer than one hour in the aggregate.

If after two postponements no quorum can yet be constituted but the shareholders present at the Meeting represent more than one - third of the total outstanding shares, tentative resolutions may be made in accordance with Section 1 of Article 175 of the Company Law of the Republic of China. The aforesaid tentative resolutions shall be executed in accordance with relevant provisions of the Company Law of the Republic of China.

If during the process of the Meeting the number of outstanding shares represented by the shareholders present becomes sufficient to constitute the quorum, the chairman may submit the tentative resolutions to the Meeting for approval in accordance with Article 174 of the Company Law of the Republic of China.

Article 5

The agenda of the Meeting shall be set by the Board of Directors if the Meeting is convened by the Board of Directors. Unless otherwise resolved at the Meeting, the Meeting shall proceed in accordance with the agenda. The above provision applies mutatis mutandis to cases where the Meeting is convened by any person, other than the Board of Directors, entitled to convene such Meeting.

Article 6

During the Meeting, the chairman may, at his discretion, set time for intermission.

Article 7

Except the motions enumerated on the agenda, any new motion, or any amendment or alternative for one motion shall be seconded by other shareholders.

Article 8

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

If a corporate shareholder designates two or more representatives to attend the Meeting, only one representative can speak for each discussion item.

If any shareholder present at the Meeting submits a Speech Note but does not speak, no speech should be deemed to have been made by such shareholder. In case the contents of the speech of a shareholder are inconsistent with the contents of the Speech Note, the contents of actual speech shall prevail. Unless otherwise permitted by the chairman and the shareholder in speaking, no shareholder shall interrupt the speeches of the other shareholders; otherwise the chairman shall stop such interruption.

Article 9

The Chairman of the Board of Directors shall be the chairman presiding at the Meeting in the case that the Meeting is convened by the Board of Directors. If, for any reason, the Chairman of the Board of Directors cannot preside at the Meeting, the Vice Chairman of the Board of Directors or one of the Directors shall preside at the Meeting. In the event that another person is entitled to convene the Meeting, such person shall be the chairman to preside at the Meeting.

In the event that a director is appointed to chair a meeting as the substitute for the chairperson as mentioned in the preceding paragraph, such director shall be the one who has served as a director for a minimum of six months and who is fully aware of the Company's financial standing. This same provision is equally mutatis mutandis applicable to an event where the chairperson is the representative of an institutional or corporate director.

Article 10

The Company may invite its lawyers, CPAs or other related persons to attend the Meeting. The staff handling affairs of the Meeting shall wear identification cards or badges.

Article 11

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

Article 12

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

Article 13

If there is an amendment or alternative for one motion, the chairman may combine the amendment or alternative into the original motion, and decide the orders for resolution. If any one of them has been resolved, the others shall be deemed rejected and no further voting is necessary.

Article 14

The person(s) supervising the casting of votes and counting the ballots shall be appointed by the chairman. The person(s) supervising the casting of votes shall be a shareholder(s). The result of voting shall be announced at the Meeting and written into records.

Article 15

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

The 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 16

Unless otherwise provided by the Company Act or the Company's Articles of Incorporation, a resolution shall be adopted by a majority of the votes represented by the shareholders present at the meeting.

A motion may be resolved by way of vote, or shall be deemed passed if no objection to the motion is expressed by all of the shareholders present at the meeting after the solicitation of the chairman, which shall have the same effect as if it was voted by casting ballots.

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. The election of directors at a shareholders meeting shall be held in accordance with the applicable election and appointment rules adopted by The Company, and the voting results shall be announced on-site immediately, including the names of those elected as directors and the numbers of votes with which they were elected.

Article 17

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

Taiwan Hon Chuan Enterprise Co., Ltd.

Articles of Incorporation

Chapter 1 General Principles

Article 1 The Company is duly incorporated in accordance with Company Act, with the name of 宏全國際股份有限公司 and the English name of Taiwan Hon Chuan Enterprise Co., Ltd. (hereinafter referred to as the Company).

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

1. C805010 Plastic Sheets, Pipes and Tubes Manufacturing.
2. C805990 Other Plastic Products Manufacturing.
3. C110010 Beverage Manufacturing.
4. C102010 Dairy Products Manufacturing.
5. CB01010 Machinery and Equipment Manufacturing.
6. CB01990 Other Machinery Manufacturing Not Elsewhere Classified.
7. F206030 Retail Sale of Die.
8. F206010 Retail Sale of Ironware.
9. CA02990 Other Fabricated Metal Products Manufacturing Not Elsewhere Classified.
10. CA02010 Metal Architectural Components Manufacturing.
11. CA02060 Metal Containers Manufacturing.
12. C801100 Synthetic Resin & Plastic Manufacturing.
13. C701010 Printing.
14. C805020 Plastic Sheets & Bags Manufacturing.
15. C805030 Plastic Made Grocery Manufacturing.
16. CC01090 Batteries Manufacturing.
17. CC01080 Electronic Parts and Components Manufacturing.
18. F401010 International Trade.
19. F102030 Wholesale of Tobacco Products and Alcoholic Beverages.
20. F102040 Wholesale of Nonalcoholic Beverages.
21. F401171 Alcohol Drink Import.
22. C801010 Basic Industrial Chemical Manufacturing.
23. F213080 Retail Sale of Machinery and Equipment.
24. F299990 Retail Sale of Other Retail Trade Not Elsewhere Classified.
25. CA01990 Other Non-ferrous Metal Basic Industries.
26. CZ99990 Other Industrial Products Manufacturing Not Elsewhere Classified.
27. IZ06010 Cargoes Packaging.
28. F103010 Wholesale of Animal Feeds.
29. F202010 Retail sale of Animal Feeds.
30. F107050 Wholesale of Manure.
31. F207050 Retail Sale of Manure.
32. F121010 Wholesale of food additives.
33. F221010 Retail of food additives.
34. F102180 Wholesale of Ethanol.
35. F203030 Retail Sale of Ethanol.
36. F203020 Retail Sale of Tobacco and Alcoholic Drinks.

- 37. F401161 Tobacco Products Import.
- 38. A102060 Grain Commerce.
- 39. F201010 Retail sale of Agricultural Products.
- 40. ZZ99999 All business items that are not prohibited or restricted by law, except those that are subject to special approval.

- Article 2-1** The total amount of the investment made by the Company may exceed forty percent of its paid-in capital and the Board of Directors is authorized to execute the investment.
- Article 2-2** The Company may provide guarantees to others when necessary for its business.
- Article 3** The Company has its head office in Taichung City, Taiwan and may, when necessary, set up branch offices in other appropriate places; the setting up, address change, or the cancellation of the branch offices shall be made according to the resolutions adopted at the meeting of the Board of Director.
- Article 4** Public announcements of the Company shall be made in accordance with the provisions of Article 28 of the Companies Law.

Chapter 2 Shares

- Article 5** The total authorized capital of the Company shall be in the amount of NT\$3,500,000,000, divided into 350,000,000 shares, at a par value of NT\$10. The remaining unissued shares may be issued in installments subject to the resolution of the Board of Directors upon the Company's operation needs.
- Article 6** The share certificates of the Company shall be issued with signature and seal specimen by three or more directors after being authenticated by competent governmental authority in accordance with law. After the shares being issued to the public, the Company may be exempted from printing any share certificate for the shares issued, but shall appoint a centralized securities custody institution to make recordation of the issue of such shares.
- Article 6-1** The share certificate of the Company may be printed in combination form with a higher denomination upon the request of the Taiwan Securities Depository & Clearing Corporation.
- Article 7** The handling of stock affairs of the Company, except otherwise provided for in applicable laws and regulations, shall be subject to the Guidelines for Handling Stock Affairs by Public Companies prescribed by the Securities and Futures Commission.
- Article 8** Registered share certificates shall be assigned by the holder thereof by way of endorsement and the name or title of the assignee shall be indicated on the share certificate. The transfer of shares shall not be effective against the Company, unless name/title and residence/domicile of the transferee have been recorded in the shareholders' register.
- Article 9** Registration on shareholders' register for share transfer shall be suspended

for sixty days before any ordinary shareholders' meeting, thirty days before any extraordinary shareholders' meeting, and five days before the record date for determination of the shareholders entitled to dividends or any other profit distributions by the Company.

Chapter 3 Shareholders' Meeting

- Article 10** Shareholders' meetings of the Company are of two kinds: ordinary shareholders' meetings and extraordinary shareholders' meetings. Ordinary shareholders' meeting shall be convened at least once a year within six months after the close of each accounting year; extraordinary shareholders' meetings shall be convened in accordance with the law whenever necessary.
- Article 11** If a shareholder is unable to attend a shareholders' meeting, he/she may appoint an agent on his/her behalf by executing and issuing a proxy in accordance with Article 177 of Company Act.
- Article 12** The chairman of the Board of the Company shall preside at the shareholders' meeting. In case the chairman of the Board of the Company is absent, the one who shall preside at the shareholders' meeting shall be elected in accordance with Paragraph 3 of Article 208 of Company Act.
- Article 13** Shareholders of the Company shall be entitled to one vote for each share held by them.
- However, shares under limitation or with no voting power in accordance with Company Act enjoy no voting power.
- Article 14** Any resolutions at a shareholders' meeting shall, unless otherwise provided for in Company Act, be adopted by the majority present at a shareholders' meeting at which shareholders of more than one-half of the issued and outstanding shares present.
- Article 15** The resolutions of the shareholders' meeting shall be recorded in the minutes, and shall be distributed in accordance with Article 183 of Company Act.

Chapter 4 Board of Directors Audit Committee

- Article 16** The Company shall have seven to nine directors, all to be elected by shareholders with full legal capacity and with the election be done through the candidate nomination system for a term of three years and shall be eligible for re-election.

Said directors shall include no less than three independent directors, and the independent directors shall be no less than one-fifths of directors' seats. The independent directors shall be elected from the list of candidates in a shareholders' meeting. The qualification, shareholding, restriction on part-time jobs, nomination and election of independent directors and other matters to be complied with shall be handled in compliance with Company Act and other relevant requirement of the competent security authority.

The company may acquire liability insurance for all directors every year.

Article 16-1 When the Company's directors perform Company duties, the Company may pay remuneration regardless of whether the Company operates at a profit or loss. The Board of Directors is authorized with powers to resolve the rates of such remuneration based on the extent of their participation in the Company's business operations or value of their contribution, at a level consistent with general practices in the industry. If the Company operates at a profit, they also may allocate remuneration in accordance with Article 28.

Article 17 In the event more than one-third of the directors are discharged, a shareholders' meeting shall be convened to elect replacement directors. The term shall be subject to the original term of the directors.

Article 17-1 The functions of the board of directors shall be as follows:

1. Proposing the amendments to the Articles of Incorporation;
2. Determining, supervising and executing the business plan;
3. Setting up and winding up branches;
4. Reviewing budgets, closing of accounts, and business reports;
5. Approving the investment in other companies or acquirement of the shares of other companies;
6. Appointing and discharging the accountants who certify the financial reports for the Company;
7. Appointing and discharging corporate officials at the level of deputy general manager and higher;
8. Preparing proposals for increase or decrease capital;
9. Proposing appropriation of earnings or make up of loss;
10. Proposing acquisition and disposal of important assets;
11. Approving external endorsements and guarantees of company;
12. Approving important contracts or other material matters;
13. Other duties and powers granted by or in accordance with the Company Act or shareholders' resolutions.

Article 18 In case the Company is unable to elect new directors immediately after the expiration of the term of their office, the existing directors shall continue to perform their duties until re-election within a time limit given by the competent authority.

Article 19 The Board of Directors shall be composed of directors. The Chairman of the Board shall be elected from among the directors by a majority vote at a meeting attended by over two-thirds of the directors. The Chairman of the Board of Directors shall conduct the Company's all business in accordance with applicable laws, regulations, Articles of Incorporation, resolutions of the shareholders' meeting and the resolutions of the Board of Directors.

Article 20 The business strategy and other important matters of the Company shall be resolved by the Board of Directors. Meetings of the Board of Directors shall be convened and presided by the Chairman of the Board of Directors, except for the first meeting of each term of the Board of Directors that shall be convened in accordance with Article 203 of Company Act. The Chairman of the Board of Directors shall act as the chairman. In the event that the Chairman of the Board of Directors cannot execute his duties for any cause, the director appointed by the Chairmen shall act on his behalf; in the absence

of such appointment, the director who is elected from among the directors shall handle.

Article 21 Any resolution at a meeting of the Board of Directors shall be adopted if voted in favor by the majority present at a meeting of the Board of Directors at which more than half of the directors are present unless otherwise stipulated in Company Act. In case a director is unable to attend the meeting of the Board of Directors, the director is unable to attend the meeting of the Board of Directors, the director may, by issuing a proxy specifying the scope of agency, designate one of the other directors to act for and on his/her behalf, but a director may only act for one other director.

Article 22 The resolution of the meeting of Board of Directors shall be recorded in the minutes, and the minutes shall be signed or sealed by the chairman of the meeting and shall be distributed to the directors within twenty days after the meeting. The minutes of the meeting of Board of Directors, shall record a summary of the essential points of the proceedings and results of the meeting. The minutes of the meeting of Board of Directors, the attendance list bearing the signatures of directors present at the meeting, and the powers of attorney of the proxies shall be kept in the Company.

Article 23 In accordance with Article 14-4 of Securities and Exchange Act, the Company shall establish an Audit Committee, which consists of all independent directors. The power and relevant affairs of Audit Committee and its members shall be devised in compliance with laws and regulations of competent authority.

Article 24 The Company may have several managers. The appointment, discharge, and remuneration shall be handled in accordance with Article 29 of the Company Act.

Article 25 The Company may have president, vice president, chief executive officer, vice chief executive officer, consultant and important employees according to the resolution of the Board of Directors. Board of Directors may decide to have remuneration Committee or other functional committees to meet operation needs.

Chapter 5 Managers and Employees

Article 26 The appointment and discharge of the employees of the Company shall be decided by the managers and submitted to the Board of Directors for recordation.

Chapter 6 Accounting

Article 27 At the end of each fiscal year, the Board of Directors shall prepare (1) business report, (2) financial statements, (3) proposal for appropriation of earnings or covering of loss, etc., and deliver the same to shareholders' meeting for approval.

Article 28 Annual profits before income tax, employees' compensation, and directors'

remuneration shall be resolved by board of directors to set aside no less than 1% of said profit as employee compensation and a maximum of 3% of said profit as remuneration to directors.

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 holding or affiliates companies who meet the qualifications which the Board of Directors stipulates.

The issues relevant to distribution of employee compensation and director remuneration shall be set by resolutions of the Board of Directors. If the Company has accumulated losses, it shall first deduct the accumulated losses, and then calculate the compensation from the remaining amount.

Article 29 Upon closing of accounts, if there shall be any net profit, the Company shall make up the losses for the preceding years, then set aside a legal reserve of 10% of the net profit unless the statutory surplus reserve has reached the total capital and then set aside or rotate special reserves; Any further remaining amount shall be added to the unallocated surplus from the prior year as shareholder dividend and bonus. The Board of Directors shall draft a proposal to distribute the surplus, which shall be approved at a shareholders' meeting.

If the distributable dividend, bonus, capital surplus or legal reserve in whole or in part are to be paid in the form of cash, the Board of Directors is authorized to implement by a resolution to be 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 dividend policy of the Company shall be made according to the Company's current and future plan, considering investment environment, fund requirements, overall competition and taking into account the interests of shareholders. The Company may appropriate more than 30% of net profits of current year for dividends to shareholders. However, when accumulated un-appropriated earnings are less than 10% of capital, the Company may decide not to distribute dividend.

The shareholder dividend shall be in the form of cash dividend or stock dividend. More than (or equal to) 50% of the total amount of shareholders dividend shall be in the form of cash dividend.

Chapter 7 Supplementary Provisions

Article 30 The organizational rules and detailed procedures for business operations of the Company shall be determined by Board of Directors.

Article 31 With regard to those matters not provided for in these Articles of Incorporation, the Company Act and other relevant laws and regulations of the Republic of China shall govern.

Article 32 These Articles of Incorporation were adopted on 16 June 1969.

The First Amendment was made on 5 November 1973.
The Second Amendment was made on 1 July 1976.
The Third Amendment was made on 13 March 1979.
The Fourth Amendment was made on 5 December 1980.
The Fifth Amendment was made on 22 March 1982.
The Sixth Amendment was made on 27 April 1982.
The Seventh Amendment was made on 10 November 1983.
The Eighth Amendment was made on 10 November 1984.
The Ninth Amendment was made on 13 October 1985.
The 10th Amendment was made on 1 January 1988.
The 11th Amendment was made on 10 November 1988.
The 12th Amendment was made on 4 July 1989.
The 13th Amendment was made on 10 November 1989.
The 14th Amendment was made on 25 March 1991.
The 15th Amendment was made on 15 July 1991.
The 16th Amendment was made on 24 April 1992.
The 17th Amendment was made on 1 April 1993.
The 18th Amendment was made on 26 April 1993.
The 19th Amendment was made on 13 September 1993.
The 20th Amendment was made on 17 December 1993.
The 21st Amendment was made on 30 May 1994.
The 22th Amendment was made on 5 May 1995.
The 23th Amendment was made on 29 May 1995.
The 24th Amendment was made on 30 November 1995.
The 25th Amendment was made on 31 May 1996.
The 26th Amendment was made on 11 June 1997.
The 27th Amendment was made on 11 June 1998.
The 28th Amendment was made on 20 April 1999.
The 29th Amendment was made on 17 November 1999.
The 30th Amendment was made on 18 April 2000.
The 31th Amendment was made on 31 May 2001.
The 32th Amendment was made on 31 May 2001.
The 33th Amendment was made on 7 May 2002.
The 34th Amendment was made on 18 June 2003.
The 35th Amendment was made on 15 June 2004.
The 36th Amendment was made on 14 June 2005.
The 37th Amendment was made on 23 June 2006.
The 38th Amendment was made on 19 June 2009.
The 39th Amendment was made on 20 June 2012.
The 40th Amendment was made on 19 June 2013.
The 41th Amendment was made on 29 June 2015.
The 42th Amendment was made on 22 June 2016.
The 43th Amendment was made on 15 June 2017.
The 44th Amendment was made on 19 June 2019.

Taiwan Hon Chuan Enterprise Co., Ltd.

Procedures for Election of Directors

- Article 1** Election of directors shall be conducted in accordance with relevant laws and the procedures specified herein.
- Article 2** Election of directors shall be held at the shareholders' meeting.
- Article 3** Any shareholder with full legal capacity may be elected to be directors of the Company in accordance with the procedures specified herein.
- Article 4** The registered cumulative voting method shall be used for election of the directors. The name of voter may be replaced with the attendance card serial numbers printed on the ballots. Each share shall have voting rights equivalent to the number of seats to be elected and such voting rights can be combined to vote for one candidate or divided to vote for several candidates. The elections of independent directors and non-independent directors shall be conducted at the same time, but the numbers to be elected shall be separately calculated.
- Article 5** Based upon the number of vacancy in positions specified in the Articles of Incorporation, candidates with the higher number of votes shall be elected as independent directors or directors respectively. When two or more candidates receive the same number of votes, thus exceeding the specified number of positions, such candidates shall draw lots to determine the winner, and the Chairman shall draw lots on behalf of any candidate not in attendance.
- Article 6** The board of directors shall prepare ballots on which should affix company seal. Attendance card numbers and the number of voting rights of voting shareholders shall be specified on the ballots as well.
- Article 7** Before the election begins, the Chairman shall appoint several persons to check and count the ballots.
- Article 8** The ballot boxes used for the voting shall be prepared by the board of directors and are checked in public by the persons described in Article 7 before voting.
- Article 9** If a candidate is a shareholder, a voter must fill in the candidate's account name and shareholder account number in the "candidate" column of the ballot; for a non-shareholder, the voter shall fill in the candidate's full name and identity card number in the said column. However, when the candidate is a government agency or a corporate shareholder, the name of the government agency or a corporate shareholder shall be filled in the "candidate" column in the ballot. Meanwhile, if there is a representative, the name of its representative shall be filled in as well.
- Article 10** A ballot shall be deemed invalid under any of the following circumstances:

1. The ballot is not prepared by the board of directors.
2. A blank ballot is placed in the ballot box.
3. The writing is unclear and indecipherable.
4. Any of the candidate's name, shareholder's account number or the number of votes cast for such candidates altered in the ballot.
5. The candidate 's name filled in the ballot does not conform with that given in the shareholder register.
6. The name of the candidate filled in the ballot is identical to that of another shareholder, but no shareholder account number is provided in the ballot to distinguish them.
7. Ballots contain other written characters or symbols in addition to the candidate's name, shareholder account number and the number of votes cast for the candidate.
8. The number of candidates filled in the ballot is exceeding the number of the seats to be elected.
9. The total votes cast by the voter are more than the total voting rights of such voter.

Article 11 While the total votes cast by the voter is less than the total voting rights of such voters, the reduced amount shall be counted as abstention vote.

Article 12 The voting rights shall be calculated during the meeting immediately after the vote casting, and the results of the election shall be announced by the Chairman at the meeting and kept in agenda as well.

Article 13 With regard to those matters not provided for in these procedures, the Company Act and the regulations of the Company shall govern.

Article 14 The procedures, and any amendments thereof, shall take effect after approval by the shareholders' meeting. It shall be considered as announcement if there is no objection and the effect is equal to vote by ballot.

Article 15 These procedures and any amendments hereto, shall take effect after approval by shareholders' meeting.

Taiwan Hon Chuan Enterprise Co., Ltd
Rules and Procedures for Meetings of the Board of Directors
(Original)

- Article 1** To establish a strong governance system and sound supervisory capabilities for this Corporation's board of directors and to strengthen management capabilities, these Rules are adopted pursuant to the Regulations Governing Procedure for Board of Directors Meetings of Public Companies.
- Article 2** With respect to the board of directors' meetings ("board meetings") of this Corporation, the main agenda items, working procedures, required content of meeting minutes, public announcements, and other compliance requirements shall be handled in accordance with the provisions of these Rules.
- Article 3** The board of directors shall meet at least quarterly.
A notice of the reasons for convening a board meeting shall be given to each director and supervisor before 7 days before the meeting is convened. The notice to be given under the preceding paragraph may be effected by means of written notice, email, fax, or other types of electronic transmission.
- Article 4** The designated unit responsible for the board meetings of this Corporation shall be Financial Department.
- The unit responsible for board meetings shall draft agenda items and prepare sufficient meeting materials, and shall deliver them together with the notice of the meeting.
- A director who is of the opinion that the meeting materials provided are insufficient may request their supplementation by the unit responsible for board meetings. If a director is of the opinion that materials concerning any proposal are insufficient, the deliberation of such proposal may be postponed by a resolution of the board of directors.
- Article 5** When a board meeting is held, an attendance book shall be provided for signing-in by attending directors, which shall be made available for future reference.
- Directors shall attend board meetings in person. A director unable to attend in person may appoint another director to attend the meeting in his or her place in accordance with this Corporation's articles of incorporation.
- Attendance by videoconference will be deemed attendance in person.
- A director who appoints another director to attend a board meeting shall in each instance issue a proxy form stating the scope of authorization with respect to the reasons for convening the meeting.

The proxy referred to in paragraph 2 may be the appointed proxy of only one person.

Article 6 A board meeting shall be held at the premises and during the business hours of this Corporation, or at a place and time convenient for all directors to attend and suitable for holding board meetings.

Article 7 Board meetings shall be convened and chaired by the chairperson of the board. However, with respect to the first meeting of each newly elected board of directors, it shall be called and chaired by the director that received votes representing the largest portion of voting rights at the shareholders meeting in which the directors were elected; if two or more directors are so entitled to convene the meeting, they shall select from among themselves one director to serve as chair.

When the chairperson of the board is on leave or for any reason unable to exercise the powers of chairperson, the chairperson shall appoint one of the directors to act; If no such designation is made by the chairperson, the directors shall select one person from among themselves to serve as chair.

Article 8 When a board meeting is held, Financial Department shall furnish the attending directors with relevant materials for ready reference.

As merited by the content of a proposal to be put forward at a board meeting, personnel from a relevant department or a subsidiary may be notified to attend the meeting as non-voting participants.

When necessary, certified public accountants, attorneys, or other professionals retained by this Corporation may also be invited to attend the meeting as non-voting participants and to make explanatory statements, provided that they shall leave the meeting when deliberation or voting takes place.

The chair shall call the board meeting to order at the appointed meeting time and when more than one-half of all the directors are in attendance. If one-half of all the directors are not in attendance at the appointed meeting time, the chair may announce postponement of the meeting time, provided that no more than two such postponements may be made. If the quorum is still not met after two postponements, the chair shall reconvene the meeting in accordance with the procedures in Article 3, paragraph 2.

The number of "all directors," as used in the preceding paragraph and in Article 16, paragraph 2, subparagraph 2, shall be counted as the number of directors then actually in office.

Article 9 Proceedings of a board meeting shall be recorded in their entirety in audio or video, and the recording shall be retained for a minimum of 5 years. The record may be retained in electronic form.

If any litigation arises with respect to a resolution of a board meeting before the end of the retention period of the preceding paragraph, the relevant audio or video record shall be retained until the conclusion of the litigation.

Where a board meeting is held by videoconference, the audio or video documentation of the meeting constitutes part of the meeting minutes and shall be retained for the duration of the existence of this Corporation.

Article 10 Agenda items for regular board meetings of this Corporation shall include at least the following:

1. Matters to be reported:
 - A. Minutes of the last meeting and action taken.
 - B. Important financial and business matters.
 - C. Internal audit activities.
 - D. Other important matters to be reported.
2. Matters for discussion:
 - A. Items for continued discussion from the last meeting.
 - B. Items for discussion at this meeting.
 - C. If the remuneration of directors, supervisors and managers recommended by the Remuneration Committee will decline to adopt, or will modify, a recommendation of the remuneration committee, it shall require the consent of a majority of the directors in attendance at a meeting attended by two-thirds or more of the entire board, which in its resolution shall specifically explain whether the remuneration passed by the board of directors exceeds in any way the recommendation of the remuneration committee.
3. Extraordinary motions.

Article 11 A board meeting shall follow the agenda given in the meeting notice. However, the agenda may be changed with the approval of a majority of directors in attendance at the board meeting.

Before the end of the content of the proceedings scheduled in the preceding paragraph, the chair may not declare the meeting closed without the approval of a majority of the directors in attendance at the meeting.

At any time during the course of a board meeting, if the number of directors sitting at the meeting does not constitute a majority of the attending directors, then upon the motion by a director sitting at the meeting, the chair shall declare a suspension of the meeting, in which case Article 8, paragraph 3 shall apply mutatis mutandis.

Article 12 The matters listed below as they relate to this Corporation shall be raised for discussion at a board meeting:

1. The Corporation's business plan.
2. Annual and semi-annual financial reports, with the exception of semi-annual financial reports that are not required under relevant laws and regulations to be audited and attested by a certified public accountant (CPA).
3. Adoption or amendment of an internal control system pursuant to Article 14-1 of the Securities and Exchange Act and assessment of the effectiveness of the internal control system.
4. Adoption or amendment, pursuant to Article 36-1 of the Securities and

Exchange Act, of any handling procedures for material financial or business transactions, such as the acquisition or disposal of assets, derivatives trading, loans of funds to others, and endorsements or guarantees for others.

5. The offering, issuance, or private placement of equity-type securities.
6. The appointment or discharge of a financial, accounting, or internal audit officer.
7. A donation to a related party or a major donation to a non-related party, provided that a public-interest donation of disaster relief that is made for a major natural disaster may be submitted to the following board of directors meeting for retroactive recognition.
8. Any matter that, under Article 14-3 of the Securities and Exchange Act or any other law, regulation, or bylaw, must be approved by resolution at a shareholders meeting or board meeting, or any material matter as may be prescribed by the competent authority.

The term "related party" in subparagraph 7 of the preceding paragraph means a related party as defined in the Regulations Governing the Preparation of Financial Reports by Securities Issuers. The term "major donation to a non-related party" means an individual donation, or cumulative donations within a 1-year period to a single recipient, at an amount of NTD100 million or more, or at an amount equal to or greater than 1 percent of net operating revenue or 5 percent of paid-in capital as stated in the CPA-attested financial report for the most recent year.

The term "within a 1-year period" in the preceding paragraph means a period of 1 year calculated retroactively from the date on which the current board of directors meeting is convened. Amounts already submitted to and passed by a resolution of the board are exempted from inclusion in the calculation.

In the case of a foreign issuer whose shares have no par value or a par value other than NT\$10, 2.5 percent of shareholders' equity shall be substituted for the calculation of the amount equal to 5 percent of paid-in capital required under paragraph 2.

At least one independent director of this Corporation shall attend the meeting in person. With respect to the matters which must be approved by resolutions at a board meeting as provided in the first paragraph, any and all independent directors shall attend the meeting. Where an independent director is unable to attend the meeting, that independent director shall appoint another independent director to attend the meeting as proxy. If an independent director objects to or expresses reservations about such a matter, it shall be recorded in the board meeting minutes; if an independent director intends to express an objection or reservation but is unable to attend the meeting in person, then unless there is a legitimate reason to do otherwise, that director shall issue a written opinion in advance, which shall be recorded in the board meeting minutes.

Article 13 When the chair at a board meeting 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 a vote.

When a proposal comes to a vote at a board meeting, if no attending director voices an objection following an inquiry by the chair, the proposal will be deemed approved, which is as effective as the vote. If there is an objection following an inquiry by the chair, the proposal shall be brought to a vote.

One voting method for proposals at a board meeting shall be selected by the chair from among those below, provided that when an attending director has an objection, the chair shall seek the opinion of the majority to make a decision:

1. A show of hands or a vote by voting machine.
2. A roll call vote.
3. A vote by ballot.

"Attending directors," as used in the preceding two paragraphs, does not include directors that may not exercise voting rights pursuant to Article 16, paragraph 1.

Article 14 Except where otherwise provided by the Securities and Exchange Act and the Company Act, the passage of a proposal at a board meeting shall require the approval of a majority of the directors in attendance at a board of directors meeting attended by a majority of all directors.

When there is an amendment or 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. If anyone among them is passed, the other proposals shall then be deemed rejected, and no further voting on them shall be required.

If a vote on a proposal requires monitoring and counting personnel, the chair shall appoint such personnel, providing that all monitoring personnel shall be directors.

Voting results shall be made known on-site immediately and recorded in writing.

Article 15 If a director or a juristic person that the director represents is an interested party in relation to an agenda item, the director shall state the important aspects of the interested party relationship at the respective meeting. When the relationship is likely to prejudice the interest of this Corporation, that director may state opinions and answers and may not participate in discussion or voting on that agenda item and shall recuse himself or herself from the discussion or the voting on the item, and may not exercise voting rights as proxy for another director.

Where a director is prohibited by the preceding paragraph from exercising voting rights with respect to a resolution at a board meeting, the provisions of Article 180, paragraph 2 of the Company Act apply mutatis mutandis in accordance with Article 206, paragraph 3 of the same Act.

Article 16 Discussions at a board meeting shall be recorded in the meeting minutes, and the minutes shall fully and accurately state the matters listed below:

1. The meeting session (or year) and the time and place of the meeting.

2. The name of the chair.
3. The directors' attendance at the meeting, including the names and the number of directors in attendance, excused, and absent.
4. The names and titles of those attending the meeting as non-voting participants.
5. The name of the minute taker.
6. The matters reported at the meeting.
7. Agenda items: the method of resolution and the result for each proposal; a summary of the comments made by directors, supervisors, experts, or other persons; the name of any director that is an interested party as referred to in paragraph 1 of the preceding article, an explanation of the important aspects of the relationship of interest, the reasons why the director was required or not required to enter recusal, and the status of their recusal; opinions expressing objections or reservations at the meeting that were included in records or stated in writing; and any opinion issued in writing by an independent director pursuant to Article 12, paragraph 5.
8. Extraordinary motions: The name of the mover, the method of resolution and the result, a summary of the comments of any director, supervisor, expert, or other person; the name of any director that is an interested party as referred to in paragraph 1 of the preceding article, an explanation of the important aspects of the relationship of interest, the reasons why the director was required or not required to enter recusal, and the status of their recusal; and their objections or reservations and any recorded or written statements.
9. Other matters required to be recorded.

The occurrence of any of the following circumstances, with respect to a resolution passed at a board meeting, shall be stated in the meeting minutes and shall be publicly announced and filed on the website of the Market Observation Post System designated by the competent authority, within 2 days from the date of the meeting:

1. Any objection or expression of reservations by an independent director expresses of which there is a record or written statement.
2. A resolution is adopted with the approval of two-thirds or more of all directors, without having been passed by the audit committee of this Corporation.
3. The salary remuneration approved by the board of directors is superior to the recommendation of remuneration committee.

The attendance book constitutes part of the minutes for each board meeting and shall be retained for the duration of the existence of this Corporation.

The minutes of a board meeting shall bear the signature or seal of both the chair and the minute taker, and a copy of the minutes shall be distributed to each director and supervisor within 20 days after the meeting. The minutes shall be deemed important corporate records and appropriately preserved during the existence of this Corporation.

The meeting minutes of paragraph 1 may produced and distributed in electronic form.

Article 17 With the exception of matters required to be discussed at a board meeting under Article 12, paragraph 1, during the board meeting adjournment, the chairman will be authorized to exercise the powers of the board in accordance with this Corporation's articles of incorporation.

Article 18 These Rules of Procedure shall be adopted by the approval of meeting of the board of directors and shall be reported to the shareholders meeting. The board of directors may be authorized to adopt, by resolution, any future amendments to these Rules.

Taiwan Hon Chuan Enterprise Co., Ltd.
Ethical Corporate Management Best Practice Principles
(Original)

Article 1 For fostering a corporate culture of ethical management and sound development, the company establishes its own ethical corporate management best practice principles applicable.

These principles are applicable to its business groups and organizations which comprise its subsidiaries, and other institutions or juridical persons which are substantially controlled by such company ("business group").

Article 2 When engaging in commercial activities, directors, supervisors, managers, employees, and mandataries of the company or persons having substantial control over the company ("substantial controllers") shall not directly or indirectly offer, promise to offer, request or accept any improper benefits, nor commit unethical acts including breach of ethics, illegal acts, or breach of fiduciary duty ("unethical conduct") for purposes of acquiring or maintaining benefits.

Parties referred to in the preceding paragraph include civil servants, political candidates, political parties or members of political parties, state-run or private-owned businesses or institutions, and its directors, supervisors, managers, employees or substantial controllers or other stakeholders.

Article 3 "Benefits" in these Principles means any valuable things, including money, endowments, commissions, positions, services, preferential treatment or rebates of any type or in any name. Benefits received or given occasionally in accordance with accepted social customs and that do not adversely affect specific rights and obligations shall be excluded.

Article 4 The company shall comply with the Company Act, Securities and Exchange Act, Business Entity Accounting Act, Political Donations Act, Anti-Corruption Statute, Government Procurement Act, Act on Recusal of Public Servants Due to Conflicts of Interest, TWSE/GTSM listing rules, or other laws or regulations regarding commercial activities, as the underlying basic premise to facilitate ethical corporate management.

Article 5 The Company shall abide by the operational philosophies of honesty, transparency and responsibility, base policies on the principle of good faith and establish good corporate governance and risk control and management mechanism so as to create an operational environment for sustainable

development.

Article 6 The company shall in its own ethical management policy clearly and thoroughly prescribe the specific ethical management practices and the programs to forestall unethical conduct ("prevention programs"), including operational procedures, guidelines, and training.

When establishing the prevention programs, the company shall comply with relevant laws and regulations of the territory where the company and its business group are operating.

In the course of developing the prevention programs, the company shall negotiate with staff, labor unions members, important trading counterparties, or other stakeholders.

Article 7 When establishing the prevention programs, the company shall analyze which business activities within its business scope which are possibly at a higher risk of being involved in an unethical conduct, and strengthen the preventive measures.

The prevention programs shall at least include preventive measures against the following:

1. Offering and acceptance of bribes.
2. Illegal political donations.
3. Improper charitable donations or sponsorship.
4. Offering or acceptance of unreasonable presents or hospitality, or other improper benefits.
5. Misappropriation of trade secrets and infringement of trademark rights, patent rights, copyrights, and other intellectual property rights.
6. Engaging in unfair competitive practices.
7. Damage directly or indirectly caused to the rights or interests, health, or safety of consumers or other stakeholders in the course of research and development, procurement, manufacture, provision, or sale of products and services.

Article 8 The Company and its respective business group shall clearly specify in the rules and external documents the ethical corporate management policies and the commitment by the board of directors and the management on rigorous and thorough implementation of such policies, and shall carry out the policies in internal management and in commercial activities.

Article 9 The Company shall engage in commercial activities in a fair and transparent manner based on the principle of ethical management.

Prior to any commercial transactions, the company shall take into consideration the legality of its agents, suppliers, clients, or other trading counterparties and whether any of them are involved in unethical conduct, and shall avoid any dealings with persons so involved.

When entering into contracts with its agents, suppliers, clients, or other trading counterparties, the company shall include in such contracts terms requiring compliance with ethical corporate management policy and that in the event the trading counterparties are involved in unethical conduct, the company may at any time terminate or rescind the contracts.

Article 10 When conducting business, the company and its directors, supervisors, managers, employees, mandataries, and substantial controllers, may not directly or indirectly offer, promise to offer, request, or accept any improper benefits in whatever form to or from clients, agents, contractors, suppliers, public servants, or other stakeholders.

Article 11 When directly or indirectly offering a donation to political parties or organizations or individuals participating in political activities, the company and its directors, supervisors, managers, employees, mandataries, and substantial controllers, shall comply with the Political Donations Act and its own relevant internal operational procedures, and shall not make such donations in exchange for commercial gains or business advantages.

Article 12 When making or offering donations and sponsorship, the company and its directors, supervisors, managers, employees, mandataries, and substantial controllers shall comply with relevant laws and regulations and internal operational procedures, and shall not surreptitiously engage in bribery.

Article 13 The company and its directors, supervisors, managers, employees, mandataries, and substantial controllers shall not directly or indirectly offer or accept any unreasonable presents, hospitality or other improper benefits to establish business relationship or influence commercial transactions.

Article 14 The company and its directors, supervisors, managers, employees, mandataries, and substantial controllers shall observe applicable laws and regulations, the company's internal operational procedures, and contractual provisions concerning intellectual property, and may not use, disclose, dispose, or damage intellectual property or otherwise infringe intellectual property rights without the prior consent of the intellectual property rights holder.

Article 15 The company shall engage in business activities in accordance with applicable competition laws and regulations, and may not fix prices, make rigged bids, establish output restrictions or quotas, or share or divide markets by allocating customers, suppliers, territories, or lines of commerce.

Article 16 In the course of research and development, procurement, manufacture, provision, or sale of products and services, the company and its directors, supervisors, managers, employees, mandataries, and substantial controllers shall observe applicable laws and regulations and international standards to ensure the transparency of information about, and safety of, its products and services. They shall also adopt and publish a policy on the protection of the rights and interests of consumers or other stakeholders, and carry out the policy in its operations, with a view to preventing its products and services from directly or indirectly damaging the rights and interests, health, and safety of consumers or other stakeholders. Where there are sufficient facts to determine that the company's products or services are likely to pose any hazard to the safety and health of consumers or other stakeholders, the company shall, in principle, recall those products or suspend the services immediately.

Article 17 The directors, supervisors, managers, employees, mandataries, and substantial controllers of the company shall exercise the due care of good administrators to urge the company to prevent unethical conduct, always review the results of the preventive measures and continually make adjustments so as to ensure thorough implementation of its ethical corporate management policies.

To achieve sound ethical corporate management, the company shall establish a dedicated unit that is under the board of directors and responsible for establishing and supervising the implementation of the ethical corporate management policies and prevention programs. The dedicated unit shall be in charge of the following matters, and shall report to the board of directors on a regular basis:

1. Assisting in incorporating ethics and moral values into the company's business strategy and adopting appropriate prevention measures against corruption and malfeasance to ensure ethical management in compliance with the requirements of laws and regulations.
2. Adopting programs to prevent unethical conduct and setting out in each program the standard operating procedures and conduct guidelines with respect to the company's operations and business.
3. Planning the internal organization, structure, and allocation of responsibilities and setting up check-and-balance mechanisms for mutual supervision of the business activities within the business scope which are possibly at a higher risk for unethical conduct.

4. Promoting and coordinating awareness and educational activities with respect to ethics policy.
5. Developing a whistle-blowing system and ensuring its operating effectiveness.
6. Assisting the board of directors and management in auditing and assessing whether the prevention measures taken for the purpose of implementing ethical management are effectively operating, and preparing reports on the regular assessment of compliance with ethical management in operating procedures.

Article 18 The Company and its directors, supervisors, managers, employees, mandataries, and substantial controllers shall comply with laws and regulations and the prevention programs when conducting business.

Article 19 The company shall adopt policies for preventing conflicts of interest to identify, monitor, and manage risks possibly resulting from unethical conduct, and shall also offer appropriate means for directors, supervisors, managers, and other stakeholders attending or present at board meetings to voluntarily explain whether their interests would potentially conflict with those of the company.

When a proposal at a given board of directors meeting concerns the personal interest of, or the interest of the juristic person represented by, any of the directors, supervisors, managers, and other stakeholders attending or present at board meetings of the company, the concerned person shall state the important aspects of the relationship of interest at the given board meeting. If his or her participation is likely to prejudice the interest of the company, the concerned person may not participate in discussion of or voting on the proposal and shall recuse himself or herself from the discussion or the voting, and may not exercise voting rights as proxy for another director. The directors shall practice self-discipline and must not support one another in improper dealings.

The company's directors, supervisors, managers, employees, mandataries, and substantial controllers shall not take advantage of their positions or influence in the companies to obtain improper benefits for themselves, their spouses, parents, children or any other person.

Article 20 The company shall establish effective accounting systems and internal control systems for business activities possibly at a higher risk of being involved in an unethical conduct, not have under-the-table accounts or keep secret accounts, and conduct reviews regularly so as to ensure that the design and enforcement of the systems are showing results.

The internal audit unit of the company shall periodically examine the company's compliance with the foregoing systems and prepare audit

reports and submit the same to the board of directors. The internal audit unit may engage a certified public accountant to carry out the audit, and may engage professionals to assist if necessary.

Article 21 The Company shall establish operational procedures and guidelines in accordance with Article 6 hereof to guide directors, supervisors, managers, employees, and substantial controllers on how to conduct business. The procedures and guidelines should at least contain the following matters:

1. Standards for determining whether improper benefits have been offered or accepted.
2. Procedures for offering legitimate political donations.
3. Nary measures on offenders.

Article 22 The chairperson, general manager, or senior management of the company shall communicate the importance of corporate ethics to its directors, employees, and mandataries on a regular basis.

The company shall periodically organize training and awareness programs for directors, supervisors, managers, employees, mandataries, and substantial controllers and invite the companies' commercial transaction counterparties so they understand the companies' resolve to implement ethical corporate management, the related policies, prevention programs and the consequences of committing unethical conduct.

The company shall apply the policies of ethical corporate management when creating its employee performance appraisal system and human resource policies to establish a clear and effective reward and discipline system.

Article 23 The Company shall adopt a concrete whistle-blowing system and scrupulously operate the system. The whistle-blowing system shall include at least the following:

1. An independent mailbox or hotline either internally established and publicly announced or provided by an independent external institution, to allow company insiders and outsiders to submit reports.
2. Dedicated personnel or unit appointed to handle whistle-blowing system. Any tip involving a director or senior manager shall be reported to the independent directors or supervisors. Categories of reported misconduct shall be delineated and standard operating procedures for the investigation of each shall be adopted.

3. Documentation of case acceptance, investigation processes, investigation results, and relevant documents.
4. Confidentiality of the identity of whistle-blowers and the content of reported cases.
5. Measures for protecting whistle-blowers from inappropriate disciplinary actions due to their whistle-blowing.
6. Whistle-blowing incentive measures.

When material misconduct or likelihood of material impairment to the company comes to their awareness upon investigation, the dedicated personnel or unit handling the whistle-blowing system shall immediately prepare a report and notify the independent directors or supervisors in written form.

Article 24 The Company shall adopt and publish a well-defined disciplinary and appeal system for handling violations of the ethical corporate management rules, and shall make immediate disclosure on the company's internal website of the title and name of the violator, the date and details of the violation, and the actions taken in response.

Article 25 The Company shall collect quantitative data about the promotion of ethical management and continuously analyze and assess the effectiveness of the promotion of ethical management policy. It shall also disclose the measures taken for implementing ethical corporate management, the status of implementation, the foregoing quantitative data, and the effectiveness of promotion on its company websites, annual reports, and prospectuses, and shall disclose its ethical corporate management best practice principles on the Market Observation Post System.

Article 26 The company shall at all times monitor the development of relevant local and international regulations concerning ethical corporate management and encourage its directors, supervisors, managers, and employees to make suggestions, based on which the adopted ethical corporate management policies and measures taken will be reviewed and improved with a view to achieving better implementation of ethical management.

Article 27 The ethical corporate management best practice principles of the company shall be implemented after the board of directors grants the approval, and shall be sent to the supervisors and reported at a shareholders' meeting. The same procedure shall be followed when the principles have been amended.

When the company has appointed any independent director, and the ethical corporate management best practice principles are submitted for discussion by the board of directors pursuant to the preceding paragraph,

the board of directors shall take into full consideration each independent director's opinions. If an independent director's objects to or expresses reservations about any matter, it shall be recorded in the minutes of the board of directors meeting. An independent director that cannot attend the board meeting in person to express objection or reservations shall provide a written opinion before the board meeting, unless there is some legitimate reason to do otherwise, and the opinion shall be specified in the minutes of the board of directors meeting.

When the company has established the audit committee, the provisions regarding supervisors in these Principles shall apply *mutatis mutandis* to the audit committee.

Shareholding of All Directors

1. The Company Paid-in Capital is NTD\$ 2,928,788,790 and the Company has issued a total of 292,878,879 shares as of April 21, 2020.
2. According to the stipulations of Article 26 of the Securities and Exchange Act and Rules and Review Procedures for Director and Supervisor Share Ownership Ratios at Public Companies, the total shareholding of the Company's directors shall not be less than 12,000,000 shares.
3. As of the share transfer suspension date of this Shareholders' meeting, the numbers of shares held by the respective and all directors as denoted in the shareholders list are as follows: (The Company has conformed with minimum shareholding requirement by Article 26 of the Securities Exchange Act):

Position	Name	Date elected	Tenure of office	Current shareholding (Up to April 21, 2020)	
				Shares	Shareholding ratio
Chairman	Dai, Hung-Chuan	2017.06.15	3 years	3,572,019	1.22%
Director	Tsao, Hsih-Chung	2017.06.15	3 years	4,372,243	1.49%
Director	Liu, Yun-Chang	2017.06.15	3 years	689,303	0.24%
Director	Lin, Chuan-Nui	2017.06.15	3 years	2,780,795	0.95%
Director	Chang, Chun-Shu	2017.06.15	3 years	2,663,234	0.91%
Director	Dai, Hung-I	2017.06.15	3 years	5,812,111	1.98%
Independent Director	Hung, Chao-Nan	2017.06.15	3 years	0	0.00%
Independent Director	Huang, Hsiang-Ying	2017.06.15	3 years	0	0.00%
Independent Director	Kung, Yi-Lu	2017.06.15	3 years	0	0.00%
Total number of shares held by all Directors				19,889,705	6.79%

MEMO



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