

Stock Code : 4138



DYNAMIC MEDICAL TECHNOLOGIES INC.

Handbook for the 2019 Annual Meeting of Shareholders

Date : June 12, 2019

Location : No.631, Zhongzheng Rd., Zhonghe Dist., New
Taipei City 23552, Taiwan (R.O.C.)

(Where any discrepancy arises between the English translation and original Chinese version, the Chinese version shall prevail.)

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I. Meeting Procedure

1. Call the meeting to order
2. Chairperson takes chair
3. Chairperson remarks
4. Company reports
5. Proposals
6. Discussion
7. Other matters
8. Questions and motions
9. Adjournment

II. Agenda of Annual Meeting of Shareholders

Time: 9:00 AM on June 12(Wednesday), 2019

Place: No.631, Zhongzheng Rd., Zhonghe Dist., New Taipei City 23552, Taiwan
(R.O.C.)

1. Call the meeting to Order
2. Chairperson takes Chair
3. Chairperson remarks
4. Company reports
 - (1) Reports for Business Status in 2018 and Business Plan in 2019.
 - (2) 2018 Audit Report of Audit Committee.
 - (3) Report on the Endorsement and Guarantee Status.
 - (4) Report for Investment Status in PRC.
 - (5) Report of Distribution on Employee Bonus and Remuration to Directors in 2018.
5. Proposals
 - (1) 2018 Business Report and Financial Statements.
 - (2) 2018 Earnings Distribution Proposal.
6. Discussion
 - (1) Amendment to the Articles of Incorporation.
 - (2) Amendment to the Operational Procedures for Acquisition or Disposal of Assets.
 - (3) Amendment to the Operational Procedures for Derivatives Transactions.
 - (4) Amendment to the Operational Procedures for Loaning of Funds.
 - (5) Amendment to the Operational Procedures for Endorsements and Guarantees.
7. Other matters : Proposal of Release the Prohibition on Directors from Participation in Competitive Business.
8. Questions and motions
9. Adjournment

III. Agenda of Annual Meeting of Shareholders

1. Call the meeting to order (Report for attendance status of shareholdings)
2. Chairperson takes chair
3. Chairperson remarks
4. Company reports

- (1) Reports for Business Status in 2018 and Business Plan in 2019: Please refer to Appendix 3 of “Annual Business Report” (P23)
- (2) 2018 Audit Report of Audit Committee : Please refer to Appendix 4 of ”Audit Report of Audit Committee” (P31)
- (3) Report on the Endorsement and Guarantee Status :

Explanation : 1.The Company adopts the upper limit of 50% of net value of the financial report in the most recent year that have been audited and examined by CPA in the most recent year. The net value on December 31, 2018 was 1,271,243 thousand NTD, and its subsidiary company, EXCELSIOR BEAUTY Co., Ltd.’s net value was 351,582 thousand NTD on December 31, 2018

2.The Company’s total amount of endorsement guarantee to a single enterprise is not over the upper limit of 20% of net value as mentioned above.

3.The endorsed parties of the Company up to December 31, 2018 are listed as follows :

Unit : NT\$ Thousand

Parent company or subsidiary	Name of company as endorsers	Endorsed Party	Relationship with the (Note)	The Limited amount of Endorsement to a single enterprise	Balance of the maximum of Endorsement amount in current year.	Balance of Endorsement Amount at the end of the year	Actual disbursement amount	Ratio for Accumulated endorsement amount to the net value of financial report in the most recent year.	Upper limit of Endorsement amount
Parent	DYNAMIC MEDICAL TECHNOLOGIES INC.	Dynamic Medical Technologies (Hong Kong) Limited	2	254,248	76,910	58,973	-	4.64%	635,621
Subsidiary	EXCELSIOR BEAUTY CO., LTD.	DYNAMIC MEDICAL TECHNOLOGIES INC.	3	70,316	520	520	-	0.15%	175,791

Note : The relationship between endorser and endorsed party is indicated as follows 1.Business relationship between the parties. 2. A company directly and indirectly holds more than 50 percent of the voting shares..3. A company that directly and indirectly holds more than 50 percent of the voting shares in the company. 4. The company holds, directly and indirectly, 90% or more of the voting shares may make endorsements/guarantees for each other 5. The company where all capital contributing shareholders make endorsements/ guarantees for their jointly invested company in proportion to their shareholding percentages. 6. The company fulfills its contractual obligations by providing mutual endorsements/guarantees for another company in the same industry or for joint builders for purposes of undertaking a construction project. 7. The companies in the same industry provide among themselves joint and several security for a performance guarantee of a sales contract for pre-construction homes pursuant to the Consumer Protection Act for each other.

(4) Report for Investment Status in PRC :

Explanation : The Company's investments in China that approved by Investment Commission, MOEA till December 31 2018 :

Unit : NT\$ Thousand

Name of Company	Contribution Amount	Shareholding Ratio	Major Business
Guangzhou Dynamic Inc.	\$119,598	100%	Sales and Maintenance Businesses for Medical Appliances
Beijing Excelsior Beauty Limited	\$34,424	-(note2)	Sales and Maintenance Businesses for Medical Appliances

Note : 1.Reinvested Chinese company as trans-investment of current company through a Third Place.

2.Beijing Excelsior Beauty Limited had Liquidated in November, 2018.The paid-in capital already remitted third party, still not remitted to Taiwan yet.

(5) Report of Distribution on Employee Bonus and Remuneration to Directors in 2018.

Explanation : 1.According to the resolution of the Company, employee bonus is NTD 5,221,779, remuneration to directors is NTD 4,353,669 in 2018.

2.The above plans will be distributed by cash and no difference with recognized expense in 2018.

5. Proposals

Brief 1 : Adoption of the 2018 Business Report and Financial Statements. **【Proposed by the Board】**

Explanation : 1.Individual financial report and consolidated financial reports for 2018 of the Company have been certified with auditor's report by CPA Marshal Wu and Charlotte Lin, KPMG.

2. please refer to Appendix 3 (P23) of the Handbook, Attaches Business Report and Financial Statements of the company, and please refer to Appendix 5 (P32) of the Handbook for " 2018 Auditor's report, Business Report and Financial statement

3.Proposes to for approval.

Resolution :

Brief 2 : Adoption of the Proposal for Distribution of 2018 Profits. **【Proposed by the Board】**

Explanation : 1.Handles according to the regulations of The Company Act and Article of Association.

2. Retain earning distribution of the Company for 2018 is listed as follows

DYNAMIC MEDICAL TECHNOLOGIES INC.
PROFIT DISTRIBUTION TABLE Year 2018

Item	Unit:NT\$ Amount
Beginning retained earnings	\$ 45,599,006
Effects of retrospective application	117,635
Other comprehensive income, before tax, actuarial gains (losses) on defined benefit plans	232,075
Adjustment of retained earnings	45,948,716
Add: net profit after tax	104,974,716
Less: legal reserve	(10,497,481)
Distributable net profit	140,426,040
Distributable items:	
Cash Dividend to shareholders (Note)	(94,500,000)
Unappropriated retained earnings	45,926,040

Note : Cash Dividend per stock for NTD 3.15

Chairman : FU, HUI-TUNG President : WU, KUO-LONG Chief Accounting : CHIANG, CHIH-HAO

3. The distribution for cash dividend will be conducted after approval of annual shareholders' meeting. Board of Directors will regulate base date for dividend and handle distribution affairs for cash dividend. If repurchase stocks of the Company or convert or retire treasury stocks that give impacts on the outstanding shares number to make distribution rate /per stock change, the Company authorizes the chairman to adjust the distribution yield of shareholders according to the resolution for distribution amount and of actual outstanding share number in shareholders' meeting. In addition, cash dividend is counted as integer of dollar, decimal shall be deleted. The Company recognized as other revenue due to cash dividend of this time is under 1 NTD.

4. Proposes to for approval.

Resolution :

6. Discussions

Brief 1 : Amendment to the Articles of Incorporation. Please proceed to discuss. **【Proposed by the Board】**

Explanation : 1. Revises a part of the Article according to practical operations.
2. Please refer to Appendix 6 (P48), the Handbook as a Comparison Table for Before and After Revision of Article.
3. Proposes to for discussion

Resolution :

Brief 2 : Amendment to the Operational Procedures for Acquisition or Disposal of Assets. Please proceed to discuss. **【Proposed by the Board】**

Explanation : 1. Revises a part of the Article according to regulations.
2. Please refer to Appendix 7 (P51), the Handbook as a Comparison Table for Before and After Revision of Article.
3. Proposes to for discussion

Resolution :

Brief 3 : Amendment to the Operational Procedures for Derivatives Transactions .Please proceed to discuss. **【Proposed by the Board】**

Explanation : 1. Revises a part of the Article according to regulations.
2. Please refer to Appendix 8 (P68), the Handbook as a Comparison Table for Before and After Revision of Article.
3. Proposes to for discussion

Resolution :

Brief 4 : Amendment to the Operational Procedures for Loaning of Funds. Please proceed to discuss. **【Proposed by the Board】**

Explanation : 1. Revises a part of the Article according to regulations.
2. Please refer to Appendix 9 (P71), the Handbook as a Comparison Table for Before and After Revision of Article.
3. Proposes to for discussion

Resolution :

Brief 5 : Amendment to the Operational Procedures for Endorsements and Guarantees. Please proceed to discuss. **【Proposed by the Board】**

Explanation : 1. Revises a part of the Article according to practical operations.
2. Please refer to Appendix 10 (P73), the Handbook as a Comparison Table for Before and After Revision of Article.
3. Proposes to for discussion

Resolution :

7. Other matters

Brief : Proposes to discussion for Proposal of Release the Prohibition on Directors from Participation in Competitive Business. **【Proposed by the Board】**

Explanation : 1. According to the regulation , the behavior belongs to the scope of business that directors conduct for his/her own or for others shall explain the major content of the behavior to shareholders' meeting and acquire the approval", Article 209, The Company.

2.Directors of the Company may invest or operate other business that is the same with the scope of business of the Company, it shall propose to be approved by the shareholders" meeting. New directors have the situations as above; the Company agrees to relapse the directors or its representative's obligation of non-competition.

3. For releasing the restriction of non-competition of directors, please refer Appendix 11(P76) .

4. Propose to for discussion.

Resolution :

8. Questions and motions

9. Adjournment

IV. Appendices

Appendix 1 : Rules of Procedure for Shareholders Meeting

Rules of Procedure for Shareholders Meetings

June 18, 2015 Revision by Annual Shareholders Meeting

Article 1 : The shareholders meeting of the Company shall be in compliance with regulations of the rule unless otherwise other regulations stipulated in ordinances or Article of Association.

Article 2 : The shareholders' meeting shall be convened by Board of Directors unless otherwise other regulations of ordinances.

The Company shall upload electronic files for a notice of meeting, a form of power of attorney, causes of various proposals such as relevant approved proposal, discussion proposal, election or dismissal of director and independent director affairs etc. and relevant illustration materials on Market Observation Post System 30 days prior to an annual shareholders' meeting or 15 days prior to a special shareholder's meeting. Moreover, the Company shall make electronic files of the handbook for agenda and meeting supplementary materials for the shareholders' meeting and upload on Market Observation Post System 21 days before an annual shareholders' meeting or 15 days before special shareholders' meeting. The Company shall prepare agenda handbooks and meeting materials for shareholders' meeting 15 days before the date of meeting for satisfying the request of shareholders any time and display in the Company and agents for stock affairs, and it shall provide in the shareholders' meeting on the spot.

The convene cause shall be specified in the notice and announcement and the electronic form can be adopted in the case of agreement of the respondent.

The convene causes shall include election or dismissal of directors and independent directors, change of Article of Association, company dissolution, merger, division or every item in Paragraph 1, Article 185, The Company Act, Article 26-1, Article 43-6, Securities and Exchanges Act rather than proposing them as extempore motions.

Shareholders holding over 1% of total number of outstanding shares may submit the proposal for the annual shareholders' meeting by written form, subject to one item. In the case of over one item of proposal, it shall not regard as proposal. The proposal submitted by shareholders meeting with any item in Paragraph 4, Article 172, The Company Act may not be listed in the proposals by Board of Directors. The Company shall make announcements for accepting the proposal of shareholder, reception place, reception duration before the final day for stock transfer prior to the date of annual shareholders' meeting. The reception duration shall not less than 10 days.

The proposals from shareholders shall be limited in 300 words, the proposal over 300 words shall not be listed as proposal. Shareholders submitting proposals shall attend or delegate others to attend the shareholders' meeting and participate the discussion of the proposal thereof.

The Company shall notify the shareholders' submitting proposals the result of handling the proposals and list them in the notice of meeting if meeting with the regulation of the Article. Board of Directors shall explain the reason why the proposals excluded from the proposal list for the shareholders' meeting.

Article 3 : Shareholders shall show powers of attorney printed out by the Company at every time of shareholders' meeting and specify the limits of authority to delegate proxies for attending the shareholders' meeting.

One shareholder shall issue one power of attorney and delegate one person only, and shall deliver the power of attorney five days prior to the date of shareholders' meeting. Once powers of attorney are duplicate, the earliest one shall govern, not to subject to the case that making a statement of revocation of previous delegation. Upon arrival of powers of attorney, shareholders intend to attend in person or execute voting rights by written or electronic form, it shall send written notices. Once the revocation is overdue, the proxies delegated executing voting rights shall govern.

Article 4 : The location of shareholders' meeting may be the site of the Company or the place where is convenient for shareholders' attendances, the start time of the meeting shall not earlier than 9:00 AM or later than 3:00PM, the location and time of the meeting shall take into account of the opinion of independent director fully.

Article 5 : The Company shall specifies the reception of shareholders' check in time, location of checking counter and other noticeable events on the meeting notice.

The reception of checking time for shareholders shall be 30 minutes before the time of meeting and the location of checking counter shall be indicated concisely with sufficient and qualified staffs for service.

The shareholder or the proxy for the shareholder(Hereinafter referred to as "shareholders") may bring attendance certificate, attendance check in card or other attending certificates for attending the shareholders' meeting. The solicitor with proxy solicitation shall show identification certification for examination.

The Company shall set up an autograph book for attending shareholders to check in or attending shareholders shall hand in attendance card as checking in.

The Company shall hand over the agenda handbook, annual business report, attendance certificate, speech note, vote and other meeting materials to attending shareholders. For the meeting to hold the election of directors and independent directors, it shall attach with electoral vote. °

When a shareholder is the government or legal person, its proxy to attend the shareholders' meeting is not limited one person. If the legal person attends the shareholders' meeting acting on behalf of another shareholder, it shall designate one person to attend the meeting.

Article 6 : In the case that Board of Directors convene the shareholders' meeting, the chairman shall take charge of the chairperson, if the chairman is on leave or unable to execute his/her duty due to some reasons, the vice chairman shall act on behalf of the chairman. In the event that it has no vice chairman or the vice chairman is also on leave or unable to execute the duty due to some reasons, the chairman shall appoint one of executive director as a proxy, if it does not set up the post of executive director, the chairman may appoint one director as a proxy. On the occasion that the chairman does not appoint any proxy, it shall be elected one between executive directors or directors.

The chairperson is surrogated by the executive director or director as the preceding Paragraph, it shall adopt an executive director or director serving over 6 months and understanding the financial status of the Company. For the chairperson is the proxy for an institutional director, it shall handle the same as the foresaid.

For the shareholders' meeting convened by Board of Directors convene, it shall have over a half of attendance of directors.

In the case that other conveners other than members of Board of Directors call the shareholders' meeting, the convener shall take charge of the chairperson. If conveners are above two persons, it may elect one person as the chairperson among/between them.

The Company may delegate attorneys, CPA or other relevant personnel attend the shareholders' meeting without executing voting rights.

Article 7 : The Company shall perform recording and video-recording continuously for the whole process of the meeting from reception for checking in, process of the meeting in progress, process of voting and counting votes.

The audio data in the preceding Paragraph shall be preserved for one year. Unless shareholders bring an action pursuant to Article 189, it shall be preserved till the end of the suit.

Article 8 : The attendance of shareholders' meeting shall be counted based on shares, and the attending number of shares may be counted according to the autograph book and attendance card combined with the execution of voting right via written or electronic from.

The chairperson shall call the meeting to order at the meeting time as schedule, while the attendance does not exceed a half of shareholders with total number of outstanding shares, the chairperson may declare to postpone the time of meeting, subject to 2 times of postponing. The total postponing time shall not surpass 1 hour. In case that the attendance does not exceed one third of shareholders with total number of outstanding shares after postponing two times, the chairperson shall declare to adjourn the meeting.

Once the attendance is still not over one third of shareholders with total number of outstanding shares after two time of postponing in the preceding Paragraph, it may deem as a tentative resolution according to Paragraph 1, Article 175, The Company Act and notify each shareholder with the tentative resolution and convene the shareholders' meeting within one month.

Before the end of the meeting, in the case that attending shareholders with number of shares over a half of the total number of outstanding shares, the chairperson shall submit for voting again in the shareholders' meeting for tentative resolutions according to Article 74, The Company Act.

Article 9 : In the case that Board of Directors convene the shareholders' meeting, the agenda shall be stipulated by Board of Directors and the meeting shall be conducted according to the arranged agenda and not be changed without resolution of the shareholders' meeting. The shareholders' meeting is convened by other conveners other than Board of Directors, it shall apply the regulation of the preceding Paragraph. The chairperson shall not declare adjournment without resolution before the end of the preceding two arranged agenda (extempore motion included). Once the chairperson violates the rule of agenda and declares the adjournment, other members of Board of Directors shall rapidly assist attending shareholders to elect one of them to take charge of the chairperson position according to the legal procedures by over a half of attending shareholders with voting rights and then continue the meeting.

The chairperson shall provide sufficient chances of explanation and discussion toward proposals, and the revisions and extempore motions proposed by shareholders, it may declare to stop the discussion and propose to vote on the occasion that the chairperson regards it is suitable timing for voting.

Article 10 : Before making a statement by an attending shareholder, the shareholder shall fill in the gist of statement, account number of shareholder (or attendance number) or account name on a speech note, and the statement order may be determined by the chairperson.

In case that attending shareholders do not make statements but submitting their speech notes, it is deemed to be nonexistence of the statement. Once the content of statement does not meet with the recording on the speech notes, the content of the statement shall govern

Every shareholder makes statements for the same proposal shall not over two times, unless otherwise acquiring the agreement of the chairperson. Every statement shall not exceed 5 minutes each time, in case that shareholders making statements that violate the regulation or surpass the range of agenda, the chairperson may stop the statement.

When attending shareholders making their statements, other shareholders shall not disturb the statement unless otherwise obtaining an agreement of the chairperson.

On the occasion that someone disturbs others' statements, the chairperson shall stop It.

When institutional shareholders designate above two representatives to attend the shareholders' meeting, only person makes statement for the same proposal.

After the attending shareholders make statements, the chairperson may reply personally or appointed relevant personnel to reply.

Article 11 : The voting for shareholders' meeting shall be calculated by shares.

For the resolution in the shareholders' meeting, the share number of shareholders without voting rights shall not be counted in the total number of outstanding shares. When the resolution items in the meeting may be harmful for the interest of the Company as some shareholders are interested parties, these shareholders shall not participate in voting and surrogate executing of other shareholders' voting rights.

The number of share shall not be executed voting rights in preceding Paragraph is not counted in the total votes of attending shareholders.

Except for the trust business or the agent for stock affairs approved by competent agent for securities, on the occasion that one person is surrogated by two shareholders, the proxy voting rights shall not exceed 3% of voting rights for total number of outstanding shares, it shall not count for the exceeding voting rights.

Article 12 : Each share has one voting right but not subject to the restriction or shareholders without holding voting right regulated in Paragraph 2, Article 179, The Company

Upon convening shareholders' meeting, the Company may adopt written or electronic form to execute their voting rights, the execution method shall be specified on the notice of shareholders' meeting. Shareholders who execute their voting rights via written or electronic form are regarded to be attending the shareholders' meeting in person, while the extempore motions or revision of existing proposal in the shareholders' meeting of this time are deemed to be abstained from the voting right. Thus, the Company shall evade proposing extempore motions or revision of existing proposal.

When stockholders execute their voting right by written or electronic form in the preceding paragraph, the expression of intention shall be delivered to the Company two days prior to the date of shareholders' meeting . In the event of duplicate expressions of intention , the first delivered one shall be adopted, not subject to the statement of revocation submitting for the previous expression of intention.

After shareholders executing voting rights by written or electronic form, if shareholders intend to attend in the shareholders' meeting in person, the expression of intention on execution of voting right shall be revoked as same as execution of voting right two days prior to the date of shareholders' meeting. Once the revocation is overdue, it still executes the voting right by written or electronic form. In the case that shareholders execute voting rights by written or electronic form and surrogate proxies to attend shareholders' meeting with powers of attorney, the voting rights executed by the proxies are taking effect.

Except for other regulations in The Company Act and Article of Association for the Company, voting for proposals shall be passed the agreement by over a half of attending shareholders with voting rights. Upon voting, it may regard as passed with no objection submitted after seeking the opinion by the chairperson, the effect is the same as voting

rights. Otherwise, after the chairperson or the appointed person announce the total voting rights of attending shareholders for each proposal, and then shareholders conduct voting for each proposal. Further, the Company shall disclose the situation of agreement, objection or abstention on Market Observatory Post System on the current day of shareholders' meeting held.

On the occasion that it has revision or alternative proposal, the chairperson shall determine the voting sequence together with the original proposal. Once one of proposals has been approved, the other relevant proposals are regarded as veto, unnecessary to be voted again. Scrutineer and votecounter for voting proposals are appointed by the chairperson, subject to the scrutineers with identifications of shareholders

The vote counting work for voting and electoral proposals in shareholders' Shall be conducted in a public place and the voting result shall be declared on the Spot including statistic weight and preparing records.

Article 13 : When shareholders' meeting holds elections of directors and independent directors, it shall be in accordance with the election rule of the Company. The result of election shall be declared on the spot, including the name list and electoral vote count for elected directors and independent directors. The foresaid electoral votes for the election event shall be reserved and sealed properly with the signature of ballot examiner for at least one year of preservation. In case that a shareholder prosecutes an action according to Article 189, The Company Act, it shall be preserved till the end of the suit.

Article 14 : The resolution items in shareholders' meeting shall be produced to be the proceeding, with signature or seal of the chairperson and distribute to each shareholder within 20 days after the meeting. The preparation and distribution of the proceeding may be made in electronic form.

The distribution of the aforementioned proceeding may be announced through Market Observatory Post System.

The holding date/month/year, location, the name of the chairperson, resolution method, overview of agenda process and the result shall be record on the proceeding and reserved permanently during the period of existence of the Company.

Article 15 : For the number of shares solicited by solicitors and the number of shares surrogated by proxies, the Company shall prepare statistic tables by regulated format and disclose concisely the tables at the venue on the opening date of shareholders' meeting.

In the case that the resolution items in shareholders' meeting are in line with the regulation of relevant ordinances and the significant message regulated by Taiwan Stock Exchange Corporation or Taipei Exchange, the Company shall upload the content on Market Observatory Post System

Article 16 : Staff for serving shareholders' meeting shall wear identification card or arm-badge.

The chairperson shall direct picketers or security guards for assisting to maintain the order of venue. Picketers and security guards shall wear the arm-badge or identification card printed with the word of "Picketer".

On the occasion that audio amplifiers are equipped on venue, when a shareholder make a statement through the equipment that is not allocated by the Company, the chairperson shall stop it.

When shareholders violate the rule of agenda without obeying the correction of the chairperson, where impeding the process of the meeting and ignoring the stopping

instruction, the chairperson may direct the picketer or security guard to communicate with the shareholder to leave the venue.

Article 17 : Chairperson may announce to take a break under processing of the meeting. In the event of any force majeure incurring, chairperson may rule to suspend the meeting and announce the time to continue the meeting depends on situations.

When the location of the meeting cannot be used before the end of the proceeding (including the stage of questions and motions) on the agenda arranged in the shareholders' meeting.

Shareholders may resolve to postpone or continue the meeting within coming 5 days.

Article 18 : The Rule is implemented upon the resolution of shareholders' meeting and handling method is the same as in the case of revision on articles

Appendix 2 : Article of Association(before amendment)

Article of Association of DYNAMIC MEDICAL TECHNOLOGIES INC.

Revised by Annual shareholders' meeting on June 14, 2018
Chapter 1 General Principles

Article 1: The Company is named as DYNAMIC MEDICAL TECHNOLOGIES INC, which is organized in accordance with the regulation of company limited by share in The Company Act

Article 2 : Business items of the Company are shown as follows.

1. F113030 Wholesale of Precision Instruments
2. F108040 Wholesale of Cosmetics
3. F208040 Retail Sale of Cosmetics
4. F108031 Wholesale of Drugs, Medical Goods
5. F208031 Retail sale of Medical Equipment
6. F113990 Wholesale of Other Machinery and Equipment
7. F213990 :Retail Sale of Other Machinery and Equipment
8. JE01010 Rental and Leasing Business
9. I102010 Investment Consultancy.
- 10.I103060 Management Consulting Services
- 11.I199990 Other Consultancy
- 12.F102170 Wholesale of Food and Grocery
- 13.F203010 Retail sale of Food and Grocery.
- 14.F110020 Wholesale of Spectacles
- 15.F210020 Retail Sale of Spectacles
- 16.F113020 Wholesale of Household Appliance.
- 17.F213010 Retail Sale of Household Appliance
- 18.F213040 Retail Sale of Precision Instruments
- 19.F113060 Wholesale of Metrological Instruments
- 20.F213050 Retail Sale of Metrological Instruments
- 21.F401010 International Trade
- 22.E601020 Electric Appliance Installation
- 23.E604010 Machinery Installation Construction
- 24.EZ05010 Apparatus Installation Construction.
- 25.JA02990 Other Repair Shops
- 26.F108021 Wholesale of Drugs and Medicines
- 27.F208021 Retail Sale of Drugs and Medicines
- 28.F108051 Wholesale of Cosmetics Ingredients
- 29.F113010 Wholesale of Machinery.
- 30.F113050 Wholesale of Computing and Business Machinery Equipment
- 31.I301010 Software Design Services
- 32.I301020 Data Processing Services.
- 33.I301030 Digital Information Supply Services.
- 34.I401010 General Advertising Services

- 35.I501010 Product Designing
- 36.I503010 Landscape and Interior Designing
- 37.IZ13010 Internet Identify Services
- 38.JD01010 Industry and Commerce Credit Bureau Services,
- 39.ZZ99999 All business items that are not prohibited or restricted by law, except those that are subject to special approval.

Article 3 : The Company shall make an external gurantee due to need of business

Article 4 : When the Company is the shareholders with limited liability for other companies, the total investment amount shall not subject to the restriction of 40% of paid-in capital according to Paragraph 1, Article 13, The Company Act.

Article 5 : The headquarters of the Company is situated in New Taipei City and it may set up subsidiary companies, retail sales, business office or other modes of branch at home and abroad through the resolution of Directors' meeting if necessary

Article 2 Share

Article 6 : The total capital of the Company is 500 million NTD, divided into 50 million shares with per vale of 10 NTD, it authorizes Board of Directors to issue the share separately depends on the necessity of business.

Article 7 : Unless otherwise specified that unable to print out in physical form, it shall conduct with registered form and issue after three directors' signatures or seals The Company shall combine together to print out shares for the total issuance number for the time upon issuing new stock or may be exempted from printing out of shares, but it shall be preserved or registered through the centralized securities depository enterprise

Article 8 : In case of change of record on Shareholders List, subject to be unable to conduct within 60days prior to the date of annual shareholders' meeting, 30 days prior to the special shareholders' meeting or 5 days before the base date of determining distribution of stock dividend, bonus and other interests. Any other stock affairs, it shall handle according to "Criteria Governing Handling of Stock Affairs by Public Stock Companies"

Article 8-1 : The issuer of the Company for subscription price is not subject to the regulation of employee stock option, Article 53 of" Criteria Governing the Offering and Issuance of Securities by Issuers", but it shall be approved with the attendance of over a half of shareholders with total number of outstanding shares and agreement of two-thirds of attending shareholders with voting rights. It shall be reported and handled separately within one year after the resolution in the shareholders' meeting.

Article 8-2 : The Company may transfer to employees at the price lower than the average price of buyback in actual case or the subscription price lower than market value(Net Asset Value of Each Share) for employee stock option corticated, subject to over a half of attendance of shareholders with total number of outstanding shares, and agreement of over two-thirds of attending shareholders with voting rights.

Chapter 3 Stockholders' Meeting

Article 9 : Shareholders' meetings comprises of annual shareholders' meeting and special shareholders' meeting. Annual shareholders' meeting shall be convened according to the law by Board of Directors within 6 months after end of every fiscal year. The special shareholders' meeting shall be convened if necessary. The notice of convening shareholders' meeting shall be made by electronic form upon the agreement of respondent of the notice of the meeting.

Article 9-1 : Annual shareholders' meeting shall be convened 30 days prior to date of the meeting and 15 days prior to date of special shareholders' meeting. The date, location and cause of convening shall be informed to every shareholders and make announcement. After the respondents' agreement, the notice of convening shareholders shall be made by electronic form.

For shareholders holding under 1000 registered shares for the notice of convening in the preceding paragraph, it may be made by announcement

Article 9-2 :Shareholders holding over 1% of total number of outstanding shares may propose proposal for annual shareholders' meeting and the procedure shall be handled according to the regulation of Article 172-1, The Company Act.

The convening of regular shareholders' meeting shall be conducted according to the regulations of The Company Act

Article 10 : On the occasion that shareholders is unable to attend shareholders' meeting, a shareholder may delegate a deputy for attendance according to the regulations of Article 177, The Company Act, and "Rules Governing the Use of Proxies for Attendance at Shareholder Meetings of Public Companies, Paragraph 1, Article 25-1 Securities and Exchange Act

Article 11 : Unless otherwise other restrictions or non- voting right specified in Paragraph 2, Article 179, The Company Act, every share holds one voting right for shareholders of the Company.

Article 11-1 : When the Company plans to revote public offering, it shall be conducted after submitting in shareholders' meeting for resolution and no change is permissible during the public,

listing or emerging period.

Article 12 : Unless otherwise specified in The Company Act, for the resolution of shareholders' meeting, it shall be made by the attendance with over a half of the shareholders' attendance and the agreement of over a half of attending shareholders

Article 13 : The resolution events of shareholders' meeting shall be recorded on the proceeding and then signed or sealed by the chairperson and dispatched the proceeding to each shareholder within 20 days after the meeting. The manufacturing and distribution of the proceeding shall be made in electronic form or the dispatch of the previous meeting, it shall be performed through announcement, sign-in book for attending Shareholders and shall according to Article 183, The Company Act. The proceeding, and sign-in book and power of attorneys of acting on behalf of other director's attendance shall be kept in the Company. For shareholders holding under 1000 registered shares, it may be informed by announcement.

Article 14 : The Company shall set up Directors for 7-9 persons with tenure of three years and the shareholders' meeting shall elect a person with behavioral competence and reappointment may occur upon reelected. the number of directors shall reach an agreement in directors' meeting.

Article 14-1 : According to Article 14-2 and Article 183, Securities and Exchange Act, the Company shall set up independent directors no lower than 2 persons and no lower than one-fifth of total number of directors. It adopts the system to be nominated by candidate and then to be elected from shareholders holding over 1% of total number of outstanding shares. The Board of Directors shall propose the list of independent directors meeting with the qualification of independent directors and propose in shareholders' meeting. Shareholders shall elect from the list of candidates of independent directors. It shall be handled according to the regulations for professional proficiency, number of shareholding, limit of concurrent post, nomination method, election method and other events in The Company Act and Securities and Exchange Act.

Article 14-2: The Company shall set up Audit Committee according to the regulation of Article 14-4, Securities and Exchange Act. The Audit Committee shall take charge of implement the duties regulated about supervisor in the regulations of The Company Act, Securities and Exchange Act and other laws

The Audit Committee shall comprise of the whole member of independent director, no less than three persons, and one of them is the convener and one of them shall be equipped with professional proficiency of accounting or finance.

The resolution of Audit Committee shall reach an agreement that exceeds a half of whole members.

Article 15 : The Board of Directors shall be organized by the Directors. One of the Directors shall be elected as the Chairman of the Board in a board meeting where two thirds or more of the Directors are present, and the consent is obtained from half or more of the Directors present. A Vice Chairman may also be elected among the Directors to assist the Chairman. Internally the Chairman of the Board acts as the chairman of shareholders' meetings and board meetings, and externally represents the Company.

Article 15-1 :Directors' meeting shall be convened by informing every director and independent director seven days prior to the meeting date. In the event of emergency, it may convene at any time.

The convening of the preceding paragraph may be made at any time by written mail, facsimiles, and E-mail etc.

Article 16 : Unless otherwise specified in other regulations in The Company Act or Article of Association, it shall be made a resolution by directors' meeting with over a half of directors' attendances and over a half of the agreement of attending Directors.

The proceedings of Directors' meeting shall be recorded on the proceeding of directors' meeting and then issued to every director within 20 days after the meeting. The manufacturing and distribution of the proceeding of directors' meeting shall be made in written, e-mail or facsimile form.

Article 17 : In the event of asking for leave or unable to execute his/her authority, the Chairman of the Board shall designate a Director to be deputed. Directors may elect one of them in case of no designation hereof.

When holding video conference, the director may be regarded as attending in person for

the case that director attending the video conference. The directors may issue a power of attorney on the occasion that it is unable to attend the directors' meeting to delegate other Director for acting on behalf of the director to attend the meeting. However, the deputy is subjected to be delegated by one person.

Article 18 : Remuneration Committee shall audit salary, remuneration and transportation allowance and remuneration and authorize Board of Directors to determine them according to the participation in operating degree and value of contribution of the director based on reference of the industrial compensation level.

Article 19 : The Company shall set up managers, the appointment, dismissal, and remuneration will be reached an resolution over a half of whole directors' attendance and agreement of over a half of attending directors.

Chapter 5 Accounting

Article 20 : The fiscal year of The Company begins on January 1 and ends on December 31 every year.

Article 21 : Board of Directors shall prepare the following financial reports : 1. Annual Business Report 2. Financial Report 3. Proposal for Appointment of Profit or Loss. The Company shall hand over these reports to Audit Committee for auditing , and passed by directors' meeting, and propose in the annual shareholders' meeting for admission.

Article 22 : The Company shall make appropriations for employee bonus and remuneration to director and supervisor according to the proportion as below on the occasion of making profit in a year (what is called "profit" refers to the pre-tax income before deducting it from .) It shall make appropriations not lower than 1% for employee bonus and not higher than 5% for remuneration for director. However, it shall preserve amount for cover the deficit (including adjustment of undistributed earnings) and then make appropriations to employee bonuses and remunerations to Directors

The employee bonus in the preceding Paragraph can be paid by stock or cash. the distributed targets shall include the employee of its affiliate meeting with the conditions stipulated by Board of Directors, while the remuneration to director in the preceding

paragraph shall be only paid by cash.

The two events in preceding paragraph shall be approved as the resolution in directors' meeting and report in the shareholders' meeting.

Article 22-1 : The Company shall pay taxes and cover accumulated deficits and then make an appropriation about 10% for legal reserve in the case of making profit earnings at the close of business year after settlement, while the legal reserve reaches the paid-in capital of the Company, it may not make an appropriation anymore, and it may make a provision or reverse to special reserve for the surplus. In the event of an undistributed earnings of current year, it shall combine with accumulated undistributed earnings to apply for formulating earning distribution proposal to Board of Directors and propose it in the shareholders' meeting for distribution of dividends to shareholders.

The dividend policy of The Company shall conform to the development plans currently and in the future, and consider the investment environment, capital demand and domestic and international competitive conditions in addition to considering of stockholders' interest. The Company shall pay taxes and cover accumulated deficits(including adjustment of undistributed earnings) and then make an appropriation of 10% for legal reserve and not lower 20% of the undistributed earnings of current year for distributing dividends to shareholders. It may adopt cash or stock for distribution of dividends to shareholders, and the cash dividend is subjected to not lower than 20% of stock dividends. Unless otherwise it has significant capital expenditure plan in the future, the Company may distribute stock dividend after obtaining the agreement of shareholders' meeting.

Chapter 6 Supplementary Articles

Article 23 : For the events not stipulated in The Article, it comply with the regulations of The Company Act.

Article 24 : The Article of Association has stipulated since September 18, 1993

1st Revision on February 3, 2004

2nd Revision on June 21, 2004

3rd Revision on July 16, 2004

4th Revision on November 9, 2004

5th Revision on May 10, 2005

6th Revision on June 5, 2006

7th Revision on June 11, 1998

8th Revision on June 10, 2009

9th Revision on November 2, 2009

10th Revision on December 9 , 2010

11th Revision on May 2, 2011

12th Revision on June 15, 2012

13rd Revision on June 18, 2014

14nd Revision on June 7, 2016

15nd Rrevision on June14, 2018.

Appendix 3 : Annual Business Report

Business Report

According to the American Medical Insight Company analysis report of the Asian aesthetic medicine market in January 2019, the total sales of Asian aesthetic medicine products in 2017 was US\$ 2,100,000,000, and the predict growth rate of Asian medical market from 2018 to 2022 will be 13.2%. Among them, Taiwan, China, South Lorean, and Japan have the most stable development and are the driving force for the growth of the Asian market.

Due to the popularity and transparency of medical and aesthetic information, consumer awareness is rising, and the consumer is no longer pursue a low-cost treatment. “Safety” and “Efficacy” are more valued and in line with the core spirit of Dynamic Medical Technologies Inc, which insists to only adhere to the most competitive and safe high-standard medical products in the international market.

The instruments and equipment under the company’s agency and distribution, in addition to the highly respected “Ulthera Ultrasonic Pulling” and “Picoway Picosecond Laser” continue to lead the market trend, also acquired the first medical device license in Taiwan with the indication of “light to moderate stress urinary incontinence” (Dyanmic SP “woman’s leak”). The company has established a good reputation in the market for its excellent therapeutic effect, and its sales performance has continued to grow as well.

Among the consumable products under the Company's agency and distribution, in addition to the probe of “Ulthera Ultrasonic Pulling” which has a stable sales performance, the “Hyadermis” hyaluronic-acid subcutaneous filler, which has been under the Company's agency for many years, has become the third-largest brand in Taiwan in terms of market share under the Company's years of efforts, and is also Taiwan's first brand among similar products independently developed by local companies. In addition, the “DR CYJ” hair-care product of Dynamic Medical Technologies Inc., the Company's reinvested company, is deeply favored by female consumers. In addition to its stable growth of sales performance, the “DR CYJ” hair-care product of Dynamic Medical Technologies Inc., has also established new service bases in Hsinchu and Tainan. By far, the company has ten service bases in total.

On the overseas business of the Company, it provides medical cosmetology-related equipment and consumables and maintenance services in China and Hong Kong through its reinvested company Dynamic Medical Technologies (Hong Kong) Limited and its subsidiaries. Among the products, the "Viveve Weiwei Radio Wave System," which protects women's own health, has highly attracted market attention because of its immediate advantages in treatment safety and effectiveness.

Looking forward to 2019 in addition to continuing developing new competitive product lines, the Company will actively expand its business scope and deepen its efforts in the Asian medical cosmetology industry through its overseas reinvested companies.

The following is a report on the Company's 2018 operating results and 2019 business plan:

1. 2018 Operating Results

(1) Achievements of business plan implementation:

A. Dynamic Medical's Consolidated statements of comprehensive income

Unit : NT\$ Thousand

Item	2018	2017	Increase / Decrease Ratio
Operating Revenue	1,164,815	1,156,622	1%
Gross Profit	336,258	370,803	(9%)
Operating Expense	203,253	176,710	15%
Profit from Operations	133,005	194,093	(31%)
Non-Operating Income and Expenses	9,418	(18,487)	(151%)
Pre-tax Income	142,423	175,606	(19%)
Income Tax	20,141	32,288	(38%)
Net Income	122,282	143,318	(15%)
Other comprehensive income (loss) for the year	25,320	(35,048)	(172%)
Total Comprehensive Income for the year	147,602	108,270	36%
Basic EPS	3.50	3.77	(7%)

- (a) Although operating income is affected by economic prosperity, the willingness of customers to purchase becomes conservative, and it is still growing compared to 2017.
- (b) Gross profit decreased compared to 2017, mainly due to the difference in the combination structure of sales product.
- (c) Operating net profit decreased compared to 2017, mainly due to the decrease in gross profit and the increase in bad debts, and marketing expenses by the accounts receivable evaluation policy.

- (d) Non-operating income and expenses increased compared to 2017, mainly due to the interest rate of the US dollar assets because of the factors of the exchange rate.
- (e) Other comprehensive profit and loss increased compared to 2017. It was mainly because the investment in equity instruments measured by fair value through other comprehensive gains and losses has not achieved the evaluation benefits.

B. Dynamic Medical's Individual statements of comprehensive income

Unit : NT\$ Thousand

Item	2018	2017	Increase / Decrease Ratio
Operating Revenue	1,005,083	942,905	7%
Gross Profit	249,872	256,541	(3%)
Operating Expense	136,772	118,802	15%
Profit from Operations	113,100	137,739	(18%)
Non-Operating Income and Expenses	3,151	(4,603)	(168%)
Pre-tax Income	116,251	133,136	(13%)
Income Tax	11,276	20,058	(44%)
Net Income	104,975	113,078	(7%)
Other comprehensive income (loss) for the year	26,201	(35,048)	(175%)
Total Comprehensive Income for the year	131,176	78,030	68%
Basic EPS	3.50	3.77	(7%)

- (a) Operating income increased compared to 2017, mainly due to the growth of consumables sales.
- (b) Gross profit decreased compared to 2017, mainly due to the sluggish impact of the inventory evaluation policy.
- (c) Operating net profit decreased compared to 2017, mainly due to the increase in bad debts marketing expenses under the accounts receivable evaluation policy.
- (d) Non-operating income and expenses increased compared to 2017, mainly due to the interest rate of the US dollar assets because of the factors of the exchange rate.
- (e) Other comprehensive profit and loss increased compared to 2017. It was mainly because the investment in equity instruments measured by fair value through other comprehensive gains and losses has not achieved the evaluation benefits.

C. Implementation Status of Budget: Not applicable as the Company did not prepare financial forecasting.

(2) Financial Receipts and Expenditures

A. Dynamic Medical's Consolidated Statements of Cash Flow:

Unit : NT\$ Thousand

Item	2018	Explanation
Cash at the Beginning of the year	925,464	The balance of closing account in 2017
Net cash generated from operating activities	145,787	Primarily comes from the decrease purchase of the inventory purchase and increase of Advance receipts.
Net cash used in investing activities	219,289	Primarily comes from the dispose of Current financial assets at amortized cost and Repayment of Paid-up Capital from Capital reduction of subsidiary.
Net cash used in financing activities	(428,052)	Mainly comes from the distribution of cash dividend and repayments of bonds
Change of Exchange Rate	6,397	The impact of change in exchange rate to cash and cash equivalents
Cash at the End of the year	868,885	The balance of closing account in 2018.

B. Dynamic Medical's Individual Statements of Cash Flow :

Unit : NT\$ Thousand

Item	2018	Explanation
Cash at the Beginning of the year	443,018	The balance of closing account in 2018
Net cash used in operating activities	211,433	Primarily comes from the decrease purchase of the inventory purchase and decrease of Account receivable..
Net cash generated from investing activities	159,810	Primarily comes from proceeds from disposal of investments in debt instrument without active market.
Net cash used in financing activities	(402,000)	Mainly comes from the distribution of cash dividend and repayments of bonds
Cash at the End of the year	412,261	The balance of closing account in 2018.

(3) Comparison of Profitability Analysis :

A. Dynamic Medical 's Consolidated Profitability Analysis

Item	2018	2017	Explanation
Return on Asset (%)	5.66	6.44	After-tax net profit decreased mainly due to the decreased of Net operating income.
Return on Equity (%)	8.60	10.14	After-tax net profit decreased mainly due to the decreased of Net operating income.
Profit Before Tax to Capital Stock (%)	47.47	58.54	After-tax net profit decreased mainly due to the decreased of Net operating income.
Net Profit Margin (%)	10.50	12.39	After-tax net profit decreased mainly due to the decreased of Net operating income.
Basic EPS (dollar)	3.50	3.77	After-tax net profit decreased mainly due to the decreased of Net operating income.

B. Dynamic Medical's Individual Profitability Analysis

Item	2018	2017	Explanation
Return on Total Asset (%)	5.58	5.79	After-tax net profit decreased mainly due to the increased of operating expenses.
Return on Equity (%)	8.36	9.01	After-tax net profit decreased mainly due to the increased of operating expenses.
Profit Before Tax to Capital Stock (%)	38.75	44.38	After-tax net profit decreased mainly due to the increased of operating expenses.
Net Profit Margin (%)	10.44	11.99	After-tax net profit decreased mainly due to the increased of operating expenses.
Basic EPS (dollar)	3.77	3.95	After-tax net profit decreased mainly due to the increased of operating expenses.

(4) Research and development status: The company is not a manufacturing industry, and has not established a professional R&D (research and develop) department. Agency distribution is responsible for expanding business areas by various business units.

2. 2019 Business Plan

(A) Overall Operating Principles:

improvement of profit level: With abundant product portfolio, we successively introduce new products with topicality, expand the aesthetic medicine related business areas, and enhance the overall profit level.

a. Improvement of service standards: Strengthens on-the-job training for business, maintenance technology and marketing personnel and improves customer satisfaction.

- b. Sound management system: Carries out the spirit of corporate governance and its requirements and strengthens the audit mechanism for ensuring that the implementation of internal control system of the Company and reinvested companies in order to improve the operating management of the Company.
- c. Continue layout of China: Via thorough development of the Mainland China market, establish a distribution system to expand the business landscape.
- d. Expansion of Channel Business: With the integration of medical and related fields upstream and downstream resources through the reinvested companies to facilitate the extension of channel and expanding source of profit.

(B) Expected sales growth of main products and their basis:

The focus of the sales product of the company and the re-investment company in 2019 will be as follows:

a. Deeply operating popular product market

The new application of “Ulthera Ultrasonic Pulling” is promoted by “two-way pull-up,” which enables the promoting of the sale of therapeutic probe consumables. Besides, through the private treatment of women, the " Viveve Electric Wave System " and "Fotona Women's Leaky Laser" are sold together to promote private health.

b. To meet the needs of the full range of medical and beauty markets by the going public of multiple new products

The Picosecond Pulsed Laser "Starwalker Star Laser" will be launched in the first quarter, which is bound to lead another wave of spot removal beauty market. The original factory of Ellipse was acquired by Syneron Candela, a well-known American medical company last year. In 2019, it will also launch its highly popular 1550 wavelength "Ydun shuttle system" high-end roller type shuttle in Taiwan, and it is expected that the price of civilian treatment will reinvigorate the Taiwan shuttle market. Additionally, In the second half year of 2019, Exciplex will be introduced to the French leukoplakia treatment equipment, which will return to the dermatology traditional treatment market and cut into the dermatology field.

c. The body sculpture treatment total solution

2019 will be the official rising year of Dynamic Medical’s body sculpture treatment. The comprehensive body sculpture product line includes the body carving instrument "LPG", the laser-shaped photoelectric equipment "Ultrashape power" and "Velashape 3", and the body monitor "FIT 3D" to the domestic legal diet medicine "Pei Liting", providing customers with a more complete internal and external body sculpture service.

d. The development of re-investment company

The company and the Korean listed biotechnology company Caregen Co., LTD. (KOSDAQ: 214370) joint venture to invest in Shengsheng Biotechnology Co., Ltd, selling the "DR CYJ Winning Peptide" and the scalp beauty treatment service of the health-care cross-age product through e-commerce channels and ten physical channels. Furthermore, through the e-commerce channel and ten physical channels, the company's "DR CYJ Winning Peptide" and scalp beauty treatment services were sold in the Republic of China. In 2018, the women's health and abundance market were thriving, and sales grew substantially. The company will pursue victory and extend the product line to the face maintenance and cleaning products. Besides, the company has awarded of the growing demand for professional scalp care. To provide a more complete scalp treatment, the company will continue to plan and expand the number of physical pathways to introduce new and diverse scalp treatments to the citizens. The company and the South Korean listed biotechnology company Medytox Inc. (KOSDAQ: 086900) joint venture to invest in Taiwan Medeto Co., Ltd., its Neuronox botulinum had been officially submitted a new drug inspection registration to the Ministry of Health and Welfare in 2018. After the product registration is completed, it is expected that its cost-effective product advantages will attract high attention from the market and will drive operational growth.

(C) Important Policies of Production and Marketing

a. To target aesthetic medicine product in the market.

As the market leader, the company will continue to develop and introduce products that meet the latest and safe aesthetic medicine trends. The company will also provide skin and slimming full aesthetic medicine products to achieve the goal of leading the pharmaceutical market in Taiwan and China.

b. Market development in China and Hong Kong

The overall medical and aesthetic instruments in the Chinese and Hong Kong markets still have room for substantial growth. Therefore, in the future, in addition to the continued promotion of existing products, the company will introduce the latest esthetic medicine equipment actively. It is expected to enhance the dependence and dependence of suppliers and customers on the company through complete sales services and professional

product education.

3. Comprehensive one-stop beauty treatment

The re-investment companies actively develop e-commerce channels , selling scalp and skin beauty products through a lively and diverse marketing strategy that is close to consumers. Simultaneously, to provide customers with a variety of “beautiful” services from head to toe, the company will actively integrate the beauty treatments and the "DR CYJ Winning Peptide" beauty treatment service resources to provide customers with a one-stop "beautiful" enjoyment.

Looking forward to the future, the company will continue to move towards the fields of aesthetic medicine and biotechnology, so that the beautiful, as well as healthy seeds, will be intensely cultivated in the Asian aesthetic medicine market, to achieve the goal of “glorious Asia, global vision.”

Chairman of the Board of Directors: FU, HUI-TUNG

General Manager: WU, KUO-LONG

Accounting Manager: CHIANG, CHIH-HAO

Appendix 4 : Audit Report of Audit Committee

DYNAMIC MEDICAL TECHNOLOGIES INC.

Audit Report of Audit Committee

We have examined the 2018 financial reports together with business report and earnings distribution proposal prepared by Board of Directors and audited and certified by KPMG and issued with auditor's reports.

The above business report, financial report and earnings distribution proposal have been audited by Audit Committee, and we did not find any discrepancy. We hereby produce this report in accordance with provisions specified in Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act and hereinafter submit it for your review.

To

2019 Annual Shareholders' Meeting
DYNAMIC MEDICAL TECHNOLOGIES INC.

Convener of Audit Committee : CHEN, HSIEH-YU

March 20, 2019

Appendix 5 : 2018 Independent Auditor’s Report on Financial Statements and Business Reports

Independent Auditors’ Report

To the Board of Directors of Dynamic Medical Technologies Inc.:

Opinion

We have audited the financial statements of Dynamic Medical Technologies Inc. (“the Company”), which comprise the balance sheets as of December 31, 2018 and 2017, the statement of comprehensive income, changes in equity and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2018 and 2017, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

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

Key Audit Matters

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

Impairment Assessment on Receivables

Please refer to Note (4)(f), Note (5) and Note (6)(f) for the "Impairment Assessment on Receivables" section of the financial statements .

Description of the key audit matter:

The allowance for doubtful debts in the financial statements is based on the default risk of accounts receivable and the rate of expected loss. Because the evaluation of impairment loss allowance of receivables involves critical accounting estimates, which are subject to the judgment of the management, the evaluation of loss allowance of receivables has been identified as a key audit matter.

How the matter was addressed in our audit:

In relation to the key audit matter above, our key audit procedures, in a response to the evaluation of loss allowance of receivables were assessing the reasonableness of the methodology and assumptions used by the management for the impairment assessment of receivables, and whether the methodology was adopted consistently testing the reasonableness of the documentation adopted by the management for assessing the impairment of receivables, reviewing the accuracy of the calculation of the allowance for receivables, and evaluating the adequacy of the Company's disclosure for impairment of receivables.

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

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

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

Those charged with governance (including the Audit Committee) are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

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

The engagement partners on the audit resulting in this independent auditors' report are Tsao-Jen Wu and Wan-Wan Lin.

KPMG

Taipei, Taiwan (Republic of China)

March 20, 2019

Notes to Readers

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

The independent auditors' report and the accompanying parent company only financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' report and parent company only financial statements, the Chinese version shall prevail.

(ENGLISH TRANSLATION OF FINANCIAL STATEMENTS ORIGINALLY ISSUED IN CHINESE)
DYNAMIC MEDICAL TECHNOLOGIES INC.
BALANCE SHEETS
DECEMBER 31, 2018 AND 2017
(AMOUNTS EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

ASSETS		2018.12.31		2017.12.31			LIABILITIES AND EQUITY		2018.12.31		2017.12.31	
		Amount	%	Amount	%				Amount	%	Amount	%
Current assets:							Current liabilities:					
1100	Cash and cash equivalents	\$ 412,261	24	443,018	22	2130	Current contract liabilities	\$ 240,470	14	-	-	
1136	Current financial assets at amortized cost	70,000	4	-	-	2170	Accounts payable	63,594	4	76,959	4	
1147	Current investments in debt instrument without active market	-	-	200,900	10	2200	Other payables	135,798	8	153,636	7	
1151	Notes receivable	115,895	7	89,335	4	2230	Current tax liabilities	16,308	1	11,782	1	
1170	Accounts receivable, net	117,744	7	213,671	11	2250	Current provisions	10,033	-	9,299	1	
1210	Other receivables, net	-	-	138	-	2310	Advance receipts	-	-	224,618	11	
1300	Inventories	271,642	15	325,630	16	2320	Long-term liabilities, current portion	-	-	299,606	15	
1470	Other current assets	17,623	1	14,123	1	2399	Other current liabilities	575	-	619	-	
		<u>1,005,165</u>	<u>58</u>	<u>1,286,815</u>	<u>64</u>			<u>466,778</u>	<u>27</u>	<u>776,519</u>	<u>39</u>	
Non-current assets:							Non-Current liabilities:					
1517	Non-current financial assets at fair value through other comprehensive income	142,083	8	-	-	2550	Non-current provisions	3,562	-	3,264	-	
1523	Non-current available-for-sale financial assets	-	-	123,869	6	2570	Deferred tax liabilities	5,008	-	5,299	-	
1550	Investments accounted for using equity method	468,573	27	500,557	25			<u>8,570</u>	<u>-</u>	<u>8,563</u>	<u>-</u>	
1600	Property, plant and equipment	40,892	2	32,891	2		Total liabilities	<u>475,348</u>	<u>27</u>	<u>785,082</u>	<u>39</u>	
1780	Intangible assets	206	-	-	-		Equity:					
1840	Deferred tax assets	64,830	4	46,860	2		Share capital:					
1921	Guarantee deposits paid	5,745	-	5,042	-	3110	Ordinary share	300,000	17	300,000	15	
1930	Long-term notes and accounts receivable	14,139	1	25,292	1	3200	Capital surplus	625,942	36	625,942	31	
1975	Net defined benefit asset	2,592	-	2,038	-		Retained earnings:					
1990	Other non-current assets, others	2,366	-	1,524	-	3310	Legal reserve	134,871	8	123,563	6	
		<u>741,426</u>	<u>42</u>	<u>738,073</u>	<u>36</u>	3350	Unappropriated retained earnings (accumulated deficit)	150,924	9	158,907	8	
						3400	Other equity interest	59,506	3	31,394	1	
							Total equity	<u>1,271,243</u>	<u>73</u>	<u>1,239,806</u>	<u>61</u>	
TOTAL ASSETS		<u>\$ 1,746,591</u>	<u>100</u>	<u>2,024,888</u>	<u>100</u>		TOTAL LIABILITIES AND EQUITY	<u>\$ 1,746,591</u>	<u>100</u>	<u>2,024,888</u>	<u>100</u>	

(ENGLISH TRANSLATION OF FINANCIAL STATEMENTS ORIGINALLY ISSUED IN CHINESE)

DYNAMIC MEDICAL TECHNOLOGIES INC.

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

(AMOUNTS EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

		2018		2017	
		Amount	%	Amount	%
4000	Operating revenue	\$ 1,005,083	100	942,905	100
5000	Operating costs	753,661	75	686,728	73
	Gross profit from operations	251,422	25	256,177	27
5910	Less: Unrealized profit from sales	12,240	1	16,614	2
5920	Add: Realized profit on from sales	10,690	1	16,978	2
		249,872	25	256,541	27
	Operating expenses:				
6100	Selling expenses	99,784	10	87,071	9
6200	Administrative expenses	30,642	3	31,731	4
6450	Impairment loss (impairment gain and reversal of impairment loss) determined in accordance with IFRS 9	6,346	1	-	-
		136,772	14	118,802	13
	Net operating income	113,100	11	137,739	14
	Non-operating income and expenses:				
7100	Other income	4,722	-	5,822	1
7020	Other gains and losses, net	8,440	1	(11,316)	(1)
7050	Finance costs	(394)	-	(5,088)	(1)
7370	Share of profit of associates and joint ventures accounted for using equity method	(9,617)	(1)	5,979	1
		3,151	-	(4,603)	-
7900	Profit before tax	116,251	11	133,136	14
7951	Less: Income tax expense	11,276	1	20,058	2
	Profit	104,975	10	113,078	12
	Other comprehensive income:				
8310	Components of other comprehensive income that will not be reclassified to profit and loss				
8311	Gain (loss) on remeasurements of defined benefit plans	317	-	(86)	-
8316	Unrealized gains from investments in equity instruments measured at fair value through other comprehensive income	18,214	2	-	-
8320	Share of other comprehensive income of associates and joint ventures accounted for using equity method, components of other comprehensive income that will not be reclassified to profit or loss	(1,029)	-	-	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	2,045	-	14	-
	Components of other comprehensive income that will not be reclassified to profit or loss	19,547	2	(72)	-
8360	Components of other comprehensive income that will be reclassified to profit or loss				
8361	Exchange differences on translation	8,261	1	(21,137)	(2)
8362	Unrealized losses on valuation of available-for-sale financial assets	-	-	(16,304)	(2)
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss	(1,607)	-	2,465	-
	Components of other comprehensive income that will be reclassified to profit or loss	6,654	1	(34,976)	(4)
	Other comprehensive income, net	26,201	3	(35,048)	(4)
8500	Total comprehensive income for the year	\$ 131,176	13	78,030	8
	Earnings per share attributable to parent company				
9750	Basic earnings per share (NT dollars)	\$ 3.50		3.77	
9850	Diluted earnings per share (NT dollars)	\$ 3.48		3.28	

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)
DYNAMIC MEDICAL TECHNOLOGIES INC.

STATEMENTS OF CHANGES IN EQUITY

For the Years Ended December 31, 2018 and 2017

(Amounts Expressed in Thousands of New Taiwan Dollars)

	<u>Share capital</u>		<u>Retained earnings</u>		<u>Exchange Differences on Translation of Foreign Statements</u>	<u>Other equity interest</u>		<u>Total equity</u>
	<u>Ordinary Shares</u>	<u>Capital Surplus</u>	<u>Legal Reserve</u>	<u>Unappropriated Retained Earnings</u>		<u>Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income</u>	<u>Unrealized gains (losses) on available-for-sale financial assets</u>	
Balance as January 1, 2017	\$ 300,000	625,942	111,718	166,795	16,299	-	50,071	1,270,825
Profit for the year	-	-	-	113,078	-	-	-	113,078
Other comprehensive income for the year	-	-	-	(72)	(17,544)	-	(17,432)	(35,048)
Total comprehensive income	-	-	-	113,006	(17,544)	-	(17,432)	78,030
Appropriation and distribution of retained earnings:								
Legal reserve appropriated	-	-	11,845	(11,845)	-	-	-	-
Cash dividends of ordinary share	-	-	-	(106,800)	-	-	-	(106,800)
Difference between consideration and carrying amount of subsidiaries acquired or disposed	-	-	-	(2,249)	-	-	-	(2,249)
Balance as December 31, 2017	300,000	625,942	123,563	158,907	(1,245)	-	32,639	1,239,806
Effects of retrospective application	-	-	-	118	-	34,782	(32,639)	2,261
Equity at beginning of period after adjustments	300,000	625,942	123,563	159,025	(1,245)	34,782	-	1,242,067
Profit for the year	-	-	-	104,975	-	-	-	104,975
Other comprehensive income for the year	-	-	-	232	6,654	19,315	-	26,201
Total comprehensive income	-	-	-	105,207	6,654	19,315	-	131,176
Appropriation and distribution of retained earnings:								
Legal reserve appropriated	-	-	11,308	(11,308)	-	-	-	-
Cash dividends of ordinary share	-	-	-	(102,000)	-	-	-	(102,000)
Balance at December 31, 2018	\$ 300,000	625,942	134,871	150,924	5,409	54,097	-	1,271,243

DYNAMIC MEDICAL TECHNOLOGIES INC.**STATEMENTS OF CASH FLOWS**

For the Years Ended December 31, 2018 and 2017

(Amounts Expressed in Thousands of New Taiwan Dollars)

	<u>2018</u>	<u>2017</u>
Cash flows from operating activities:		
Profit before tax	\$ 116,251	133,136
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expense	20,459	17,982
Amortization expense	243	1,260
Expected credit loss / Reversal of provision for bad debt expense	6,346	(8,981)
Interest expense	394	5,088
Interest income	(2,988)	(3,944)
Dividend income	(1,362)	(1,506)
Share of loss (profit) of associates and joint ventures accounted for using equity method	9,617	(5,979)
Gain on disposal of property, plan and equipment	(52)	-
Reversal of impairment loss on non-financial assets	(7,328)	(1,120)
Unrealized profit from sales	12,240	16,614
Realized profit on from sales	(10,690)	(16,978)
Total adjustments to reconcile profit	<u>26,879</u>	<u>2,436</u>
Changes in operating assets and liabilities:		
Notes receivable	(26,162)	25,940
Accounts receivable	89,183	(104,047)
Other receivable	138	183
Inventories	33,676	(143,495)
Other current assets	(3,560)	(10,539)
Net defined benefits assets	(237)	(262)
Long-term notes and accounts receivable	11,153	(15,497)
Accounts payable	(13,365)	35,747
Other payable	(17,838)	25,655
Provisions	1,032	263
Contract liabilities	15,852	-
Advance receipts	-	(33,139)
Other current liabilities	(44)	(223)
Total adjustments	<u>116,707</u>	<u>(216,978)</u>
Cash inflow (outflow) generated from operations	232,958	(83,842)
Interest received	3,048	3,951
Income taxes paid	(24,573)	(26,692)
Net cash flows from (used in) operating activities	<u>211,433</u>	<u>(106,583)</u>
Cash flows from investing activities:		
Acquisition of investments in debt instrument without active market	(70,000)	-
Proceeds from disposal of investments in debt instrument without active market	200,900	-
Acquisition of property, plant and equipment	(821)	(220)
Proceeds from disposal of property, plant and equipment	53	-
Decrease in refundable deposits	(703)	3,525
Increase in other non-current assets	(1,291)	(2,127)
Dividends received	31,672	1,506
Net cash flows from investing activities	<u>159,810</u>	<u>2,684</u>
Cash flows from financing activities:		
Repayments of bonds	(300,000)	-
Cash dividends paid	(102,000)	(106,800)
Acquisition of ownership interests in subsidiaries	-	(10,000)
Net cash flows used in financing activities	<u>(402,000)</u>	<u>(116,800)</u>
Net decrease in cash and cash equivalents	(30,757)	(220,699)
Cash and cash equivalents at beginning of period	443,018	663,717
Cash and cash equivalents at end of period	<u>\$ 412,261</u>	<u>443,018</u>

Independent Auditors' Report

To the Board of Directors of Dynamic Medical Technologies Inc.:

Opinion

We have audited the consolidated financial statements of Dynamic Medical Technologies Inc. and its subsidiaries ("the Group"), which comprise the consolidated balance sheets as of December 31, 2018 and 2017, the consolidated statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2018 and 2017, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2018 and 2017, 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 with the International Financial Reporting Standards ("IFRSs"), International Accounting Standards ("IASs"), Interpretations developed by the International Financial Reporting Interpretations Committee ("IFRIC") or the former Standing Interpretations Committee ("SIC") endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audit in accordance with the Regulations Governing Auditing and Certification of Financial Statements by Certified Public Accountants and the 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 Certified Public Accountants Code of Professional Ethics in Republic of China ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. 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 of the current period. 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.

Impairment Assessment on Receivables

Please refer to Note (4)(g), Note (5) and Note (6)(h) for the "Impairment Assessment on Receivables" section of the consolidated financial statements .

Description of the key audit matter:

The allowance for doubtful debts in the consolidated financial statements is based on the default risk of accounts receivable and the rate of expected loss. Because the evaluation of loss allowance of receivables involves critical accounting estimates, which are subject to the judgment of the management, the evaluation of loss allowance of receivables has been identified as a key audit matter.

How the matter was addressed in our audit:

In relation to the key audit matter above, our key audit procedures in a response to the evaluation of loss allowance of receivables were assessing the reasonableness of the methodology and assumptions used by the management for the impairment assessment of receivables, and whether the methodology was adopted consistently, testing the reasonableness of the documentation adopted by the management for assessing the impairment of receivables, reviewing the accuracy of the calculation of the allowance for receivables, and evaluating the adequacy of the Group's disclosure for impairment of receivables.

Other Matter

Dynamic Medical Technologies Inc. has prepared its parent company only financial statements as of and for the years ended December 31, 2018 and 2017, on which we have issued an unmodified opinion.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the IFRSs, IASs, interpretation as well as related guidance endorsed 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 members of Audit Committee) are responsible for overseeing the Group's financial reporting process.

Auditor's 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 auditor's 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 auditing standards generally accepted in the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

Notes to Readers

The accompanying consolidated financial statements are intended only to present the consolidated statement of financial position, financial performance and cash flows in accordance with the 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 accepted and applied in the Republic of China.

The independent auditors' report and the accompanying consolidated financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' report and consolidated financial statements, the Chinese version shall prevail.

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 auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit.

We 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.

Notes to Readers

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

The engagement partners on the audit resulting in this independent auditors' report are Tsao-Jen Wu and Wan-Wan Lin.

KPMG

Taipei, Taiwan (Republic of China)
March 20, 2019

Notes to Readers

The accompanying consolidated financial statements are intended only to present the consolidated statement of financial position, financial performance and cash flows in accordance with the 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 accepted and applied in the Republic of China.

The independent auditors' report and the accompanying consolidated financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' report and consolidated financial statements, the Chinese version shall prevail.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
DYNAMIC MEDICAL TECHNOLOGIES INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2018 AND 2017
(AMOUNTS EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	2018.12.31		2017.12.31				2018.12.31		2017.12.31		
	Amount	%	Amount	%			Amount	%	Amount	%	
ASSETS						LIABILITIES AND EQUITY					
Current assets:						Current liabilities:					
1100	Cash and cash equivalents (Note (6)(b))	\$ 868,885	43	925,464	40	2130	Current contract liabilities (Note (6)(u))	\$ 306,655	15	-	-
1110	Current financial assets at fair value through profit or loss (Note (6)(e))	20	-	700	-	2150	Notes payable	2	-	-	-
1136	Current financial assets at amortized cost (Note (6)(f))	180,000	9	-	-	2170	Accounts payable (Note (7))	69,395	4	104,460	5
1147	Current investments in debt instrument without active market	-	-	329,900	14	2219	Other payables (Note (7))	168,846	8	183,220	8
1151	Notes receivable (Notes (6)(h) and (u))	115,895	6	89,335	4	2230	Current tax liabilities	19,082	1	17,360	1
1170	Accounts receivable, net (Notes (6)(h), (u) and 7)	82,639	4	72,795	3	2250	Current provisions (Note (6)(o))	11,473	1	10,903	-
1210	Other receivables due from related parties (Note (7))	191	-	387	-	2310	Advance receipts	-	-	274,764	12
1300	Inventories (Note (6)(i))	320,097	16	385,709	17	2320	Long-term liabilities, current portion (Note (6)(n))	-	-	299,606	13
1470	Other current assets	27,660	1	26,456	1	2365	Current refund liabilities	860	-	-	-
		1,595,387	79	1,830,746	79	2399	Other current liabilities	1,103	-	1,897	-
								577,416	29	892,210	39
Non-current assets:						Non-Current liabilities:					
1517	Non-current financial assets at fair value through other comprehensive income (Note (6)(c))	146,050	7	-	-	2550	Non-current provisions (Note (6)(o))	3,562	-	3,264	-
1523	Non-current available-for-sale financial assets (Note (6)(d))	-	-	123,869	5	2570	Deferred tax liabilities (Note (6)(r))	5,092	-	5,387	-
1543	Non-current financial assets at cost (Note (6)(g))	-	-	1,682	-	2600	Other non-current liabilities	-	-	119	-
1550	Investments accounted for using equity method (Note (6)(j))	23,916	1	114,388	5			8,654	-	8,770	-
1600	Property, plant and equipment (Note (6)(m))	75,707	4	68,074	3		Total liabilities	586,070	29	900,980	39
1780	Intangible assets	680	-	406	-						
1840	Deferred tax assets (Note (6)(r))	70,500	4	52,303	2		Equity attributable to owners of parent:				
1920	Guarantee deposits paid	57,380	3	56,587	3	3110	Ordinary share	300,000	15	300,000	13
1930	Long-term notes and accounts receivable (Notes (6)(h) and (u))	27,591	1	42,598	2	3200	Capital surplus	625,942	31	625,942	27
1975	Net defined benefit asset, non-current (Note (6)(q))	2,592	-	2,038	-		Retained earnings:				
1980	Other non-current financial assets (Note (8))	17,000	1	16,000	1	3310	Legal reserve	134,871	7	123,563	6
1990	Other non-current assets, others	2,366	-	1,524	-	3350	Unappropriated retained earnings (accumulated deficit)	150,924	7	158,907	7
		423,782	21	479,469	21	3400	Other equity interest	59,506	3	31,394	1
							Total equity attributable to owners of parent	1,271,243	63	1,239,806	54
						36XX	Non-controlling interests (Note (6)(s))	161,856	8	169,429	7
							Total equity	1,433,099	71	1,409,235	61
TOTAL ASSETS		\$ 2,019,169	100	2,310,215	100		TOTAL LIABILITIES AND EQUITY	\$ 2,019,169	100	2,310,215	100

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

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
DYNAMIC MEDICAL TECHNOLOGIES INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017
(AMOUNTS EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

		2018		2017	
		<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
4000	Operating revenue (Note (6)(u))	\$ 1,164,815	100	1,156,622	100
5000	Operating costs (Note (6)(i))	828,557	71	785,819	68
	Gross profit from operations	336,258	29	370,803	32
	Operating expenses:				
6100	Selling expenses	138,151	12	115,704	10
6200	Administrative expenses	59,304	5	61,006	5
6450	Impairment loss (impairment gain and reversal of impairment loss) determined in accordance with IFRS 9	5,798	-	-	-
	Net operating income	203,253	17	176,710	15
	Non-operating income and expenses:				
7010	Other income (Note (6)(w))	9,218	1	8,181	-
7020	Other gains and losses, net (Note (6)(w))	4,789	-	(8,213)	(1)
7050	Finance costs (Note (6)(w))	(394)	-	(5,088)	-
7060	Share of loss of associates and joint ventures accounted for using equity method (Note (6)(j))	(4,195)	-	(13,367)	(1)
		9,418	1	(18,487)	(2)
7900	Profit before tax	142,423	13	175,606	15
7950	Less: Tax expense (Note (6)(r))	20,141	2	32,288	3
	Profit	122,282	11	143,318	12
	Other comprehensive income:				
8310	Components of other comprehensive income that will not be reclassified to profit or loss				
8311	Gain (loss) on remeasurements from defined benefit plans	317	-	(86)	-
8316	Unrealized gains from investments in equity instruments measured at fair value through other comprehensive income	18,214	2	-	-
8320	Share of other comprehensive income of associates and joint ventures accounted for using equity method, components of other comprehensive income that will not be reclassified to profit or loss	(1,910)	-	-	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	2,045	-	14	-
	Components of other comprehensive income that will not be reclassified to profit or loss	18,666	2	(72)	-
8360	Other components of other comprehensive income that will be reclassified to profit or loss				
8361	Exchange differences on translation	8,261	-	(21,137)	(2)
8362	Unrealized losses on valuation of available-for-sale financial assets	-	-	(16,304)	(1)
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss	(1,607)	-	2,465	-
	Components of other comprehensive income that will be reclassified to profit or loss	6,654	-	(34,976)	(3)
	Other comprehensive income, net	25,320	2	(35,048)	(3)
8500	Total comprehensive income for the year	<u>\$ 147,602</u>	<u>13</u>	<u>108,270</u>	<u>9</u>
	Profit attributable to:				
8610	Profit, attributable to owners of parent	\$ 104,975	10	113,078	10
8620	Profit, attributable to non-controlling interests	17,307	1	30,240	2
		<u>\$ 122,282</u>	<u>11</u>	<u>143,318</u>	<u>12</u>
	Comprehensive income attributable to:				
8710	Comprehensive income, attributable to owners of parent	\$ 131,176	11	78,030	7
8720	Comprehensive income, attributable to non-controlling interests	16,426	2	30,240	2
		<u>\$ 147,602</u>	<u>13</u>	<u>108,270</u>	<u>9</u>
	Earnings per share attributable to parent company (Note (6)(t))				
9750	Basic earnings per share (NT dollars)	<u>\$ 3.50</u>		<u>3.77</u>	
9850	Diluted earnings per share (NT dollars)	<u>\$ 3.48</u>		<u>3.28</u>	

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

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
DYNAMIC MEDICAL TECHNOLOGIES INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017
(AMOUNTS EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	Equity attributable to owners of parent											
	Share capital				Total other equity interest						Non-controlling interests	Total equity
	Retained earnings		Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income		Exchange differences on translation of foreign financial statements		Unrealized gains (losses) on available-for-sale financial assets		Total Equity attributable to owners of parent			
Ordinary shares	Capital surplus	Legal reserve	Unappropriated retained earnings	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	Unrealized gains (losses) on available-for-sale financial assets	Total Equity attributable to owners of parent	Non-controlling interests	Total equity			
Balance at January 1, 2017	\$ 300,000	625,942	111,718	166,795	16,299	-	50,071	1,270,825	146,940	1,417,765		
Profit for the year	-	-	-	113,078	-	-	-	113,078	30,240	143,318		
Other comprehensive income for the year	-	-	-	(72)	(17,544)	-	(17,432)	(35,048)	-	(35,048)		
Total comprehensive income	-	-	-	113,006	(17,544)	-	(17,432)	78,030	30,240	108,270		
Appropriation and distribution of retained earnings:												
Legal reserve appropriated	-	-	11,845	(11,845)	-	-	-	-	-	-		
Cash dividends of ordinary share	-	-	-	(106,800)	-	-	-	(106,800)	-	(106,800)		
Difference between consideration and carrying amount of subsidiaries acquired or disposed	-	-	-	(2,249)	-	-	-	(2,249)	2,249	-		
Changes in non-controlling interests	-	-	-	-	-	-	-	-	(10,000)	(10,000)		
Balance at December 31, 2017	300,000	625,942	123,563	158,907	(1,245)	-	32,639	1,239,806	169,429	1,409,235		
Effects of retrospective application	-	-	-	118	-	34,782	(32,639)	2,261	1,934	4,195		
Equity at beginning of period after adjustments	300,000	625,942	123,563	159,025	(1,245)	34,782	-	1,242,067	171,363	1,413,430		
Profit for the year	-	-	-	104,975	-	-	-	104,975	17,307	122,282		
Other comprehensive income for the year	-	-	-	232	6,654	19,315	-	26,201	(881)	25,320		
Total comprehensive income	-	-	-	105,207	6,654	19,315	-	131,176	16,426	147,602		
Appropriation and distribution of retained earnings:												
Legal reserve appropriated	-	-	11,308	(11,308)	-	-	-	-	-	-		
Cash dividends of ordinary share	-	-	-	(102,000)	-	-	-	(102,000)	-	(102,000)		
Changes in non-controlling interests	-	-	-	-	-	-	-	-	(25,933)	(25,933)		
Balance at December 31, 2018	\$ 300,000	625,942	134,871	150,924	5,409	54,097	-	1,271,243	161,856	1,433,099		

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
DYNAMIC MEDICAL TECHNOLOGIES INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017
(AMOUNTS EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	<u>2018</u>	<u>2017</u>
Cash flows from operating activities:		
Profit before tax	\$ 142,423	175,606
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expense	35,098	33,528
Amortization expense	585	3,236
Expected credit loss / reversal of provision for bad debt expense	5,798	(8,626)
Net loss (gain) on financial assets or liabilities at fair value through profit or loss	687	(45)
Interest expense	394	5,088
Interest income	(7,167)	(6,248)
Dividend income	(1,679)	(1,561)
Share of loss of associates and joint ventures accounted for using equity method	4,195	13,367
(Gain) loss on disposal of property, plan and equipment	(67)	159
Loss on disposal of investments accounted for using equity method	3,153	-
Reversal of impairment loss on non-financial assets	(7,328)	(1,120)
Total adjustments to reconcile profit	<u>33,669</u>	<u>37,778</u>
Changes in operating assets and liabilities:		
Changes in operating assets:		
Financial assets held for trading	-	61
Notes receivable	(26,161)	25,939
Accounts receivable	(15,824)	37,667
Other receivable	(64)	7,076
Inventories	43,969	(137,988)
Other current assets	(1,056)	4,129
Net defined benefits assets	(237)	(262)
Long-term notes and accounts receivable	15,007	(23,399)
Total changes in operating assets	<u>15,634</u>	<u>(86,777)</u>
Changes in operating liabilities:		
Notes payable	2	-
Accounts payable	(35,065)	59,503
Other payable	(14,374)	24,143
Refund liabilities	860	-
Provisions	847	210
Contract liabilities	31,891	-
Advance receipts	-	(29,799)
Other current liabilities	(794)	(34)
Total changes in operating liabilities	<u>(16,633)</u>	<u>54,023</u>
Total changes in operating assets and liabilities	<u>(999)</u>	<u>(32,754)</u>
Total adjustments	<u>32,670</u>	<u>5,024</u>
Cash inflow generated from operations	175,093	180,630
Interest received	7,228	6,255
Income taxes paid	(36,534)	(43,202)
Net cash flows from operating activities	<u>145,787</u>	<u>143,683</u>

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

Cash flows from investing activities:		
Acquisition of financial assets at amortised cost	\$ (130,000)	-
Proceeds from disposal of financial assets at amortised cost	279,900	-
Acquisition investments in debt instrument without active market	-	(128,600)
Proceeds from disposal of investments in debt instrument without active market	-	139,600
Proceeds from capital reduction of investments accounted for using equity method	84,953	-
Acquisition of property, plant and equipment	(14,256)	(23,336)
Proceeds from disposal of property, plant and equipment	506	1,237
Increase in refundable deposits	(793)	-
Decrease in refundable deposits	-	4,563
Acquisition of intangible assets	(409)	-
Increase in other financial assets	(1,000)	-
Increase in other non-current assets	(1,291)	(2,127)
Dividends received	1,679	1,561
Net cash flows from (used in) investing activities	<u>219,289</u>	<u>(7,102)</u>
Cash flows from financing activities:		
Repayments of bonds	(300,000)	-
Decrease in other non-current liabilities	(119)	(48)
Cash dividends paid	(102,000)	(106,800)
Acquisition of ownership interests in subsidiaries	-	(10,000)
Change in non-controlling interests	(25,933)	-
Net cash flows used in financing activities	<u>(428,052)</u>	<u>(116,848)</u>
Effect of exchange rate changes on cash and cash equivalents	6,397	(13,076)
Net (decrease) increase in cash and cash equivalents	(56,579)	6,657
Cash and cash equivalents at beginning of period	<u>925,464</u>	<u>918,807</u>
Cash and cash equivalents at end of period	<u>\$ 868,885</u>	<u>925,464</u>

Appendix 6 : Comparison Table for the Articles of Incorporation Before and After Revision

March 20, 2019 the seventh amendment of sixth Board of Directors

Revised Version	Before Revised	Description
<p>Article 6</p> <p>The amount of capital of the company is NT\$500,000,000, which divided into 50,000,000 shares. The denomination of every share is NT\$10. The unissued shares authorize the Board of Directors to issue the shares in accordance with the business needs.</p> <p><u>The transferred counterparty that the company bought back the shares in accordance with act, and issued the share subscription warrant. The qualification requirements of employees, including the employees of parents or subsidiaries of the company meeting certain specific requirements, entitled to receive share subscription warrant. It shall authorize the Board of Directors to resolve the conditions and method of distribution.</u></p>	<p>Article 6</p> <p>The amount of capital of the company is NT\$500,000,000, which divided into 50000000 shares. The denomination of every share is NT\$10. The unissued shares authorize the Board of Directors to issue the shares in accordance with the business needs.</p>	<p>Modified with the need of future business of the company, added business items fractionally.</p>
<p>Article 7</p> <p>The company's shares are issued or signed by a director <u>on behalf of the company</u>, except for those who do not print the entity. Since the company has gone public, the issue of new shares shall have been combined with the total number of shares issued or the shares shall have been printed. However, it shall be contacted the securities centralized storage institution for storage or registration.</p>	<p>Article 7</p> <p>The company's stock is registered, except for those who can not print the entity under the acts. It shall be signed or stamped by more than three directors before it is issued by the visa. Since the company has gone public, the issue of new shares shall be combined with the total number of issued shares, or shall be exempt from the printing of shares, provided that the centralized custody institutions of the securities are registered.</p>	<p>Modified with the need of future business of the company, added business items fractionally.</p>
<p>Article 22</p> <p>If the company is profitable in the year (the profitable herein refers to the pre-tax profit deducting the benefits of the distribution of employees and the pre-remuneration of directors,) it shall appropriate no less than one percent of the profit for the employee's compensation and no more than five percent of the profit for the director's remuneration. However, if the company still has accumulated losses (including adjustments to the undistributed legal reserve amount), the amount of</p>	<p>Article 22</p> <p>If the company is profitable in the year (the profitable herein refers to the pre-tax profit deducting the benefits of the distribution of employees and the pre-remuneration of directors,) it shall withdraw no less than one percent of the profit for the employee's compensation and no more than five percent of the profit for the director's remuneration. However, if the company still has accumulated losses (including adjustments to the undistributed legal reserve amount), the amount of compensation shall be retained in advance.</p>	<p>Modified with the new Company Acts.</p>

Revised Version	Before Revised	Description
<p>compensation shall be retained in advance.</p> <p>The employee's remuneration in the preceding paragraph shall be issued by stock or cash, and the object of the employee's compensation must include <u>the control or subordinate company employees</u> who meet certain conditions set by the Board of Directors. The remuneration of the directors of the preceding paragraph is only issued in cash.</p> <p>The preceding two items shall be implemented by the Board of Directors after the resolution and reported to the shareholders' meeting.</p>	<p>The employee's remuneration in the preceding paragraph shall be issued by stock or cash, and the object of the employee's compensation shall include the control or subordinate company employees who meet the conditions set by the Board of Directors. The remuneration of the directors of the preceding paragraph is only issued in cash.</p> <p>The preceding two items shall be implemented by the Board of Directors after the resolution and reported to the shareholders' meeting.</p>	
<p>Article 22-1</p> <p>If the company's annual final accounts have net profit after tax, the accumulated losses shall be compensated initially (including adjustment of undistributed surplus amount,) withdraw 10% of it for legal reserve in accordance with acts. However, it will be an exception when the legal reserve accumulation has reached the paid-in capital of the company. Secondly, withdraw or resolve special reserve under the acts or the authority regulations. Concerning retained reserve, jointly with the undistributed reserve at the beginning of the period (including adjustment of undistributed reserve amount,) the Board of Directors will propose a reserve distribution proposal and submitted a resolution to the shareholders' meeting to distribute dividends to shareholders.</p> <p>The company's dividend policy is modified with current and future development plans, considering the investment environment, funding needs, and domestic and international competition. The interests of shareholders and other factors will also be taken into account, and the annual net profit after tax will be used to make up for accumulated losses (including adjustment of undistributed serve amount). Besides, the balance of the 10% legal reserve amount is withdrawn no less than 20% to distribute dividends to shareholders. When distributing dividends to shareholders, they can be cash or stock, in which cash dividends are not less than 20% of total dividends. However, if there is a significant capital expenditure plan in the future, it will be distributed by stock dividends with the consent of the shareholders' meeting.</p>	<p>Article 22-1</p> <p>If the company's annual final accounts have net profit after tax, the accumulated losses shall be compensated initially (including adjustment of undistributed surplus amount,) withdraw 10% of it for legal reserve in accordance with acts. However, it will be an exception when the legal reserve accumulation has reached the paid-in capital of the company. Secondly, withdraw or resolve special reserve under the acts or the authority regulations.</p> <p>Concerning retained reserve, jointly with the undistributed reserve at the beginning of the period (including adjustment of undistributed reserve amount,) the Board of Directors will propose a reserve distribution proposal and submitted a resolution to the shareholders' meeting to distribute dividends to shareholders.</p> <p>The company's dividend policy is modified with current and future development plans, considering the investment environment, funding needs, and domestic and international competition. The interests of shareholders and other factors will also be taken into account, and the annual net profit after tax will be used to make up for accumulated losses (including adjustment of undistributed serve amount). Besides, the balance of the 10% legal reserve amount is withdrawn no less than 20% to distribute dividends to shareholders. When distributing dividends to shareholders, they can be cash or stock, in which cash dividends are not less than 20% of total dividends. However, if there is a significant capital expenditure</p>	<p>Modified with the new Company Acts.</p>

Revised Version	Before Revised	Description
<p><u>The company authorized the Board of Directors shall be represented by more than two-thirds directors and shall attend a resolution of a majority of the directors. Also, shall assign all or part of the reserve of dividends, bonus, capital reserve or legal reserve to the payment of cash, and report to the shareholders' meeting. It does not apply to the provisions of the preceding resolution of the shareholders' meeting.</u></p>	<p>plan in the future, it will be distributed by stock dividends with the consent of the shareholders' meeting.</p>	
<p>Article 24 The Articles of Incorporation was established on September 18, 2003. (The first ~ fifteen amendment skipped). The sixteen amendment was on June 12, 2019.</p>	<p>Article 24 The Articles of Incorporation was established on September 18, 2003. (The first ~ fifteen amendment skipped).</p>	<p>Added the amendment of date.</p>

Appendix 7: Comparison Table for the Operational Procedures for Acquisition or Disposal of Assets Before and After Revision

December 27, 2018 the sixth amendment of the sixth Board of Directors

March 20, 2019 the seventh amendment of the sixth Board of Directors

Revised Version	Before Revised	Description
<p>Article 1 The assets scope herein of the procedure is as follows:</p> <ol style="list-style-type: none"> 1. Investments in stocks, government bonds, corporate bonds, financial bonds, securities recognized by the fund, depository receipts, call warrant, beneficiary certificate and asset backed securities, etc. 2. Real estate (including land, housing and construction, investment real estate, inventory of construction industry) and equipment. 3. Membership. 4. Intangible assets such as patent rights, copyrights, trademark rights and concessions. 5. <u>Right-of-Use Assets thereof</u> 6. Claims of financial institutions (including receivables, discounting of purchase of remittances and loans, collection items). 7. Assets acquired or disposed of by merging, splitting, acquiring or obtaining shares in accordance with the law. 8. Other important assets. 	<p>Article 1 The assets scope herein of the procedure is as follows:</p> <ol style="list-style-type: none"> 1. Investments in stocks, bonds, corporate bonds, financial bonds, securities recognized by the fund, depository receipts, call warrant, beneficiary certificate and asset backed securities, etc. ° 2. Real estate (including land, housing and construction, investment real estate, land access, inventory of construction industry) and equipment. 3. Membership. 4. Intangible assets such as patent rights, copyrights, trademark rights and concessions. 5. Claims of financial institutions (including receivables, discounting of purchase of remittances and loans, collection items). 6. Assets acquired or disposed of by merging, splitting, acquiring or obtaining shares in accordance with the law. 7. Other important assets. 	<p>Modified with the application of the International Financial Reporting Standards (IFRS) No. 16 “Lease”</p>
<p>Article 2, paragraph 3 The Scope of Investment and Amount of the Company and its Subsidiaries in accordance with the Procedure</p> <ol style="list-style-type: none"> 1. The total amount of non-operating real estate <u>and its right-of-use assets</u> thereof is limited to 15% of the net value. 2. The total amount of investment in individual securities is limited to 70% of the total amount of the current assets. 3. The amount of investment in individual securities (excluding bond funds) is limited to 25% of the total amount of the current assets. 	<p>Article 2, paragraph 3 The Scope of Investment and Amount of the Company and its Subsidiaries in accordance with the Procedure</p> <ol style="list-style-type: none"> 1. The total amount of non-operating real estate is limited to 15% of the net value. 2. The total amount of investment in individual securities is limited to 70% of the total amount of the current assets. 3. The amount of investment in individual securities (excluding bond funds) is limited to 25% of the total amount of the current assets. 4. The amount of purchasing bond 	<p>Modified with the application of the International Financial Reporting Standards (IFRS) No. 16 “Lease”</p>

Revised Version	Before Revised	Description
4. The amount of purchasing bond fund is limited to 50% of the total amount of the current assets.	fund is limited to 50% of the total amount of the current assets.	
<p>Article2, paragraph 4 With respect to the company's acquisition or disposal of assets that is subject to the approval of the Board of Directors under the company's procedures or other laws or regulations, if a director expresses dissent and it is contained in the minutes or a written statement, the company shall submit the director's dissenting opinion to the Board of Directors report.</p>	<p>Article2, paragraph 4 With respect to the company's acquisition or disposal of assets that is subject to the approval of the Board of Directors under the company's procedures or other laws or regulations, if a director expresses dissent and it is contained in the minutes or a written statement, the company shall submit the director's dissenting opinion to the Board of Directors report.</p>	Amended texts to meet legal process.
<p>Article 3, paragraph 1 1. The items shall be announced and reported, and its standard of announcement and report (1) When the company intends to acquire or dispose of real estate <u>or its right-of-use assets thereof</u> from or to a related party, or when it intends to acquire or dispose of assets other than real estate <u>or its right-of-use assets thereof</u> from or to a related party and the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the company's total assets, or NT\$300 million or more, except in trading of domestic government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprise. (2) Merger, demerger, acquisition, or share transfer. (3) Where equipment <u>or its right-of-use assets thereof</u>, or the type of assets for business use are acquired or disposed of, and furthermore the transaction counterparty is not a related party, and the transaction amount meets any of the following</p>	<p>Article 3, paragraph 1 1. The items shall be announced and reported, and its standard of announcement and report (1) When the company intends to acquire or dispose of real estate from or to a related party, or when it intends to acquire or dispose of assets other than real property from or to a related party and the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the company's total assets, or NT\$300 million or more, except in trading of government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprise. (2) Merger, demerger, acquisition, or share transfer. (3) Where equipment or the type of assets for business use are acquired or disposed of, and furthermore the transaction counterparty is not a related party, and the transaction amount meets any of the following criteria: (a). The company's paid-in capital is less than NT\$10,000,000,000,, the transaction amount reaches NT\$500,000,000 million or more. (b). The company's paid-in capital is NT\$10,000,000,000 or more, the</p>	<p>1. Modified with the application of the International Financial Reporting Standards (IFRS) No. 16 "Lease" 2. Considering the central and local government debts of R.O.C is clear and easy to check · therefore, to exempt from the announcement. Concerning the difference of the credit of the foreign government, it is still excluded from the scope of the exemption; accordingly, the amendment only limits domestic government bonds. 3. Because the construction industry sells the real estate that is built and completed on its own, it is necessary for the company to conduct daily business sales. The construction of a large-scale construction company is easy to reach the declared reporting standard due to the high amount, which may easily to cause frequent announcements. Thus,</p>

Revised Version	Before Revised	Description
<p>criteria:</p> <p>(a). The company's paid-in capital is less than NT\$10,000,000,000, the transaction amount reaches NT\$500,000,000 or more.</p> <p>(b). The company's paid-in capital is NT NT\$10,000,000,000 or more, the transaction amount reaches NT\$1,000,000,000 or more.</p> <p>(4) The acquisition or disposal of the real estate <u>or its right-of-use assets</u> thereof for construction when operating construction business and the transaction object is not a related party, and the transaction amount does not reach NT\$500,000,000 or more. Among them, <u>the paid-up capital amounted reaches NT\$10 billion, and the disposal of the real estate that was built and completed on its own, and the transaction object is not a related party, and the transaction amount is more than NT\$1 billion or more.</u></p> <p>(5) Where land is acquired under an arrangement on engaging others to build on the company's own land, engaging others to build on rented land, joint construction and allocation of housing units, joint construction and allocation of ownership percentages, or joint construction and separate sale, <u>and furthermore the transaction counterparty is not a related party,</u> and the amount the company expects to invest in the transaction reaches NT\$500,000,000.</p> <p>(6) Where an asset transaction other than any of those referred to in the preceding five subparagraphs, a disposal of receivables by a financial institution, or an investment in the mainland China area reaches 20 percent or more of paid-in capital or NT\$300 million; provided, this shall not apply to the following circumstances:</p> <p>(a). Trading of <u>domestic</u> government bonds.</p> <p>(b). When the company specializes in the investment business, it buys and sells securities on the</p>	<p>transaction amount reaches NT\$1,000,000,000 or more.</p> <p>(4) The acquisition or disposal of the real estate for construction when operating construction business and the transaction object is not a related party and the transaction amount does not reach NT\$500,000,000 or more.</p> <p>(5) Where land is acquired under an arrangement on engaging others to build on the company's own land, engaging others to build on rented land, joint construction and allocation of housing units, joint construction and allocation of ownership percentages, or joint construction and separate sale. The amount the company expects to invest in the transaction reaches NT\$500,000,000.</p> <p>(6) Where an asset transaction other than any of those referred to in the preceding five subparagraphs, a disposal of receivables by a financial institution, or an investment in the mainland China area reaches 20 percent or more of paid-in capital or NT\$300 million; provided, this shall not apply to the following circumstances:</p> <p>(a). Trading of domestic government bonds.</p> <p>(b). When the company specializes in the investment business at home or abroad, it buys and sells securities on the stock exchange or securities firm's business premises, or the securities firms subscribed in the primary market and subscribed for securities.</p> <p>(c). Trading of bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises.</p> <p>(7) The amount of transactions in accordance with paragraph 3 shall be calculated as follows, and "within the preceding year" as used in the following paragraph refers to the year preceding the date of occurrence of the current transaction. Items duly</p>	<p>based on the significant consideration of information disclosure, relax the pre-opening transaction, and the announcement standard that transaction object is not a related party.</p> <p>4. To clarify paragraph 5 that it regulates the transaction status of a non-relative party.</p>

Revised Version	Before Revised	Description
<p>stock exchange or securities firm's business premises, or the securities firms subscribed in the primary market and subscribed for securities.</p> <p>(c). Trading of bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises.</p> <p>(7) The amount of transactions in accordance with paragraph 3 shall be calculated as follows, and "within the preceding year" as used in the following paragraph refers to the year preceding the date of occurrence of the current transaction. Items duly announced in accordance with these Regulations need not be counted toward the transaction amount.</p> <ol style="list-style-type: none"> 1. The amount of any individual transaction. 2. The cumulative transaction amount of acquisitions and disposals of the same type of underlying asset with the same transaction counterparty within the preceding year. 3. The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of real estate or its right-of-use assets thereof within the same development project within the preceding year. 4. The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of the same security within the preceding year. 	<p>announced in accordance with these Regulations need not be counted toward the transaction amount.</p> <ol style="list-style-type: none"> 1. The amount of any individual transaction. 2. The cumulative transaction amount of acquisitions and disposals of the same type of underlying asset with the same transaction counterparty within the preceding year. 3. The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of real estate within the same development project within the preceding year. 4. The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of the same security within the preceding year. 	
<p>Article 3, paragraph 1, section 9</p> <p>(9) Where the company's stock is not denominated or the denomination is not NT\$10, and the transaction amount of 20% of the paid-up capital of the program that calculated in the procedure, shall calculate by 10% of the equity of the owner of the parent company.</p> <p><u>The standard of the transaction</u></p>	<p>Article 3, paragraph 1, section 9</p> <p>(9) Where the company's stock is not denominated or the denomination is not NT\$10, and the transaction amount of 20% of the paid-up capital of the program that calculated in the procedure, shall calculate by 10% of the equity of the owner of the parent company.</p>	<p>To clarify that if the company's stock is not denominated or the denomination is not NT\$10, the paid-in capital will be calculated at NT\$10,000,000,000.</p>

Revised Version	Before Revised	Description
<p><u>amount for the paid-up capital amount of NT\$10,000,000,000 is calculated based on the interest of the owner of the parent company of NT\$20,000,000,000.</u></p>		
<p>Article 3, paragraph 3, section 3 (3) Where the company acquires or disposes of assets, it shall deposit the relevant contract, the proceedings, the record book, the valuation report, the accountant, the lawyer or the securities underwriter's opinions in the company, and save for at least five years, unless otherwise stipulated by other laws.</p>	<p>Article 3, paragraph 3, section 3 (3) Where the company acquires or disposes of assets, it shall deposit the relevant contract, the proceedings, the record book, the valuation report, the accountant, the lawyer or the securities underwriter's opinions in the company, and save for at least five years, unless otherwise stipulated by other laws.</p>	<p>To modified with texts to meet legal process.</p>
<p>Article 4, paragraph 1 The company acquires or disposes of real estate, equipment <u>or its right-of-use assets</u> thereof, in addition to transactions with government authorities, self-district committee construction, Rental District Committee construction, or acquisition, disposal of equipment <u>or its right-of-use assets</u> thereof for business use, those whose transaction amount is up to 20% or NT\$ 300,000,000 for the company's paid in capital, shall obtain a valuation report issued by a professional valuer before the fact occurs, and shall meet the following requirements: 1. When the price, specific price or special price shall be used as the reference for the transaction price for special reasons, the transaction shall be first approved by resolution of the Board of Trustees. Those who change the trading conditions in the future shall also proceed with the procedure accordingly. 2. If the transaction amount reaches NT\$1,000,000,000 or more, more</p>	<p>Article 4, paragraph 1 The company acquires or disposes of real estate or equipment, in addition to transactions with government authorities, self-district committee construction, Rental District Committee construction, or acquisition, disposal of equipment for business use, those whose transaction amount is up to 20% or NT\$ 300,000,000 for the company's paid in capital, shall obtain a valuation report issued by a professional valuer before the fact occurs, and shall meet the following requirements: 1. When the price, specific price or special price shall be used as the reference for the transaction price for special reasons, the transaction shall be first approved by resolution of the Board of Trustees. Those who change the trading conditions in the future shall also proceed with the procedure accordingly. 2. If the transaction amount reaches NT\$1,000,000,000 or more, more than two professional valuers should be invited to make an estimate.</p>	<p>1. The government authorities in accordance with paragraph 1, refers to the central and local government agencies of R.O.C. It is mainly considered the transaction with the central and local government agencies in R.O.C, and needs to handle the auction or bidding according to relevant regulations, which make the price less likely to be manipulated; therefore, it does not need to obtain the exemption form professional opinions. Concerning the transaction with foreign governments, because of its relevant regulations and bargaining mechanism are less clear, so it is still excluded from the scope of the exemption in the procedure; thus, the amendment of paragraph 1 only limits domestic government agencies. 2. Modified with the</p>

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<p>than two professional valuers should be invited to make an estimate.</p> <p>3. The valuation result of professional valuer is one of the following cases. Apart from the valuation result of the acquired assets is higher than the transaction amount, or the valuation result of the disposed assets is lower than the transaction amount, the accountants shall also be consulted in accordance with the provisions of the Auditing Standards Report No. 20 issued by the Accounting Research and Development Foundation, and express specific opinions on the reasons for the differences and the transaction price:</p> <p>(a). The whose difference between the valuation result and the transaction amount is more than 20% of the transaction amount.</p> <p>(b). The whose difference in valuation results between two or more professional valuers is more than 10% of the transaction amount.</p> <p>4. The date of the report issued by the professional valuer and the date of the establishment of the contract shall not exceed three months; however, if the present value of the same period announcement is applied and the period is less than six months, the original professional valuer shall submit a written opinion.</p> <p>5. If the company acquires or disposes of assets through the court auction procedure, it can replace the valuation report or accountant's opinion with the certification documents issued by the court.</p>	<p>3. The valuation result of professional valuer is one of the following cases. Apart from the valuation result of the acquired assets is higher than the transaction amount, or the valuation result of the disposed assets is lower than the transaction amount, the accountants shall also be consulted in accordance with the provisions of the Auditing Standards Report No. 20 issued by the Accounting Research and Development Foundation, and express specific opinions on the reasons for the differences and the transaction price:</p> <p>(a). The whose difference between the valuation result and the transaction amount is more than 20% of the transaction amount.</p> <p>(b). The whose difference in valuation results between two or more professional valuers is more than 10% of the transaction amount.</p> <p>4. The date of the report issued by the professional valuer and the date of the establishment of the contract shall not exceed three months; however, if the present value of the same period announcement is applied and the period is less than six months, the original professional valuer shall submit a written opinion.</p> <p>5. If the company acquires or disposes of assets through the court auction procedure, it can replace the valuation report or accountant's opinion with the certification documents issued by the court.</p>	<p>application of the International Financial Reporting Standards (IFRS) No. 16 “Lease”</p> <p>3. To modified with texts in accordance with paragraph 1, section 1, to meet legal process.</p>

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<p>Article 4, paragraph 4 Where the company acquires or disposes of intangible assets <u>or right-of-use assets thereof or memberships</u> and the transaction amount reaches 20 percent or more of paid-in capital or NT\$300,000,000 or more, except in transactions with a domestic government agency, the company shall engage a certified public accountant prior to the date of occurrence of the event to render an opinion on the reasonableness of the transaction price; the CPA shall comply with the provisions of Statement of Auditing Standards No. 20 published by the ARDF.</p>	<p>Article 4, paragraph 4 Where the company acquires or disposes of intangible assets or memberships and the transaction amount reaches 20 percent or more of paid-in capital or NT\$300,000,000 or more, except in transactions with a domestic government agency, the company shall engage a certified public accountant prior to the date of occurrence of the event to render an opinion on the reasonableness of the transaction price; the CPA shall comply with the provisions of Statement of Auditing Standards No. 20 published by the ARDF.</p>	<p>Same as Article 4, paragraph 1.</p>
<p>Article 4, paragraph 6 Professional appraisers and their officers, certified public accounts, attorneys, and securities underwriters that provide the company with appraisal reports, certified public accountant's opinions, attorney's opinions, or underwriter's opinions shall not be the related party, and shall meet the following requirement: 1. <u>May not have previously received a final and unappeasable the following requirement: sentence to imprisonment for 1 year or longer for a violation of the Act, the Company Act, the Banking Act of The Republic of China, the Insurance Act, the Financial Holding Company Act, or the Business Entity Accounting Act, or for fraud, breach of trust, embezzlement, forgery of documents, or occupational crime. However, this provision does not apply if 3 years have already passed since completion of service of the sentence, since expiration of the period of a suspended sentence, or since a pardon was received.</u> 2. <u>May not be related parties or de facto related parties to each other.</u> 3. <u>If the company is required to obtain appraisal reports from two or more professional appraisers, the different professional appraisers or appraisal</u></p>	<p>Article 4, paragraph 6 Professional appraisers and their officers, certified public accounts, attorneys, and securities underwriters that provide the company with appraisal reports, certified public accountant's opinions, attorney's opinions, or underwriter's opinions shall not be the related persons of the trading party, and there shall be no criminal judgment or sentence judgment.</p>	<p>1. To regulate the public issuance company shall consult the professional valuer and its appraisers, accountants, lawyers or securities underwriters, etc., in the criteria. Added negative qualifications for relevant experts and abolished the previous disclosure. 2. Giving explicit of the responsibilities of external experts, and to add the evaluation of reports or submissions by relevant experts, verify and declare matters under the procedure.</p>

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<p><u>officers may not be related parties or de facto related parties to each other. When issuing an appraisal report or opinion, the personnel referred to in the preceding paragraph shall comply with the following:</u></p> <ol style="list-style-type: none"> <u>1. Prior to accepting a case, they shall prudently assess their own professional capabilities, practical experience, and independence.</u> <u>2. When examining a case, they shall appropriately plan and execute adequate working procedures, in order to produce a conclusion and use the conclusion as the basis for issuing the report or opinion. The related working procedures, data collected, and conclusions shall be fully and accurately specified in the case working papers.</u> <u>3. They shall undertake an item-by-item evaluation of the comprehensiveness, accuracy, and reasonableness of the sources of data used, the parameters, and the information, as the basis for issuance of the appraisal report or the opinion.</u> <u>4. They shall issue a statement attesting to the professional competence and independence of the personnel who prepared the report or opinion, and that they have evaluated and found that the information used is reasonable and accurate, and that they have complied with applicable laws and regulations.</u> 		

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<p>Article 5, paragraph 2 When the company intends to acquire or dispose of real estate <u>or its right-of-use assets</u> thereof, from or to a related party, or when it intends to acquire or dispose of assets other than real estate <u>or its right-of-use assets</u> thereof, from or to a related party and the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the company's total assets, or NT\$300 million or more, except in trading of domestic government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises, the company may not proceed to enter into a transaction contract or make a payment until the following matters have been submitted to the Audit Committee and recognized by more than one-half of all members, and then turned to the Board of Directors for the approval.</p> <ol style="list-style-type: none"> 1. The purpose, necessity and anticipated benefit of the acquisition or disposal of assets. 2. The reason for choosing the related party as a trading counterparty. 3. With respect to the acquisition of real estate <u>or its right-of-use assets</u> thereof, from a related party, information regarding appraisal of the reasonableness of the preliminary transaction terms. 4. The date and price at which the related party originally acquired the real property, the original trading counterparty, and that trading counterparty's relationship to the company and the related party. 5. Monthly cash flow forecasts for the year commencing from the anticipated month of signing of the contract, and evaluation of the necessity of the transaction, and reasonableness of the funds utilization. 6. An appraisal report from a 	<p>Article 5, paragraph 2 When the company intends to acquire or dispose of real estate, from or to a related party, or when it intends to acquire or dispose of assets other than real estate, from or to a related party and the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the company's total assets, or NT\$300 million or more, except in trading of domestic government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises, the company may not proceed to enter into a transaction contract or make a payment until the following matters have been submitted to the Audit Committee and recognized by more than one-half of all members, and then turned to the Board of Directors for the approval.</p> <ol style="list-style-type: none"> 1. The purpose, necessity and anticipated benefit of the acquisition or disposal of assets. 2. The reason for choosing the related party as a trading counterparty. 3. With respect to the acquisition of real estate from a related party, information regarding appraisal of the reasonableness of the preliminary transaction terms. 4. The date and price at which the related party originally acquired the real property, the original trading counterparty, and that trading counterparty's relationship to the company and the related party. 5. Monthly cash flow forecasts for the year commencing from the anticipated month of signing of the contract, and evaluation of the necessity of the transaction, and reasonableness of the funds utilization. 6. An appraisal report from a professional appraiser or a CPA's opinion obtained in compliance with the preceding article. 7. Restrictive covenants and other 	<ol style="list-style-type: none"> 1. The government bond herein in paragraph 1, refers to the domestic government bond. It is mainly considered that the central and local government bonds are clear and easy to inquire; therefore, exemption from the process of submission to the Board of Directors and the approval of the supervisor is practicable. Concerning the transaction with foreign governments, because its relevant regulations and bargaining mechanism are less clear, so it is still excluded from the scope of the exemption in the procedure; thus, the amendment of paragraph 1 only limits domestic government agencies. Concerning the difference of the credit of the foreign government, it is still excluded from the scope of the exemption; thus, the amendment only limits domestic government bonds. ; Modified with the application of the International Financial Reporting Standards (IFRS) No. 16 "Lease," accordingly amended paragraph 1 for clarification. 2. Consider that the public issuance company, its parent company, and its subsidiaries, or its directly or indirectly 100% owned subsidiaries, has the necessity or demand of coordinating the collective purchase or lease of equipment for business use (including trading or subletting) due to the overall planning of the business, or leasing real estate, sub-leasing, and the risk of such transactions is low. Accordingly, amended paragraph 3, relaxed the

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<p>professional appraiser or a CPA's opinion obtained in compliance with the preceding article.</p> <p>7. Restrictive covenants and other important stipulations associated with the transaction.</p> <p>The calculation of the transaction amounts referred to in the preceding paragraph shall be made, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items that have been approved by the Board of Directors and recognized by the supervisors need not be counted toward the transaction amount.</p> <p><u>With respect to the acquisition or disposal of business-use equipment between a the and its parent or subsidiaries, or the subsidiaries that directly or indirectly hold 100% of the issued shares or total capital of the company engages in the following transactions with each other.</u> The company's Board of Directors shall authorize the chairman to decide within a certain amount, and it shall be submitted to as well as ratified by the next Board of Directors meeting.</p> <p><u>(1). To acquire or dispose of the equipment or its right-of-use assets thereof for business use.</u></p> <p><u>(2). To acquire or dispose of real estate or its right-of-use assets thereof for business use.</u></p> <p>Where the position of independent director has been created in accordance with the provisions of the Act, when a matter is submitted for discussion by the Board of Directors pursuant to paragraph 1, the Board of Directors shall take into full consideration each independent director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the Board of Directors meeting.</p>	<p>important stipulations associated with the transaction.</p> <p>The calculation of the transaction amounts referred to in the preceding paragraph shall be made, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items that have been approved by the board of directors and recognized by the supervisors need not be counted toward the transaction amount.</p> <p>With respect to the acquisition or disposal of business-use equipment between a the and its parent or subsidiaries, or the subsidiaries that directly or indirectly hold 100% of the issued shares or total capital of the company engages in the following transactions with each other. The company's Board of Directors shall authorize the chairman to decide within a certain amount, and it shall be submitted to as well as ratified by the next Board of Directors meeting.</p> <p>Where the position of independent director has been created in accordance with the provisions of the Act, when a matter is submitted for discussion by the Board of Directors pursuant to paragraph 1, the Board of Directors shall take into full consideration each independent director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the Board of Directors meeting.</p> <p>Where the Audit Committee has been established, the matters for which paragraph 1 requires recognition by the supervisors shall first be approved by more than half of all Audit Committee members and then submitted to the board of directors for a resolution, and shall be subject to mutatis mutandis application in accordance with Article 10, paragraph 2.</p>	<p>acquisition or disposal of equipment for business use, its right-of-use assets thereof, or the real estate's right-of-use assets thereof for business use. It shall be authorized by the chairman of the Board of Directors, and to appropriately amend the texts.</p>

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<p>Article 5, paragraph 3</p> <p>1. The company that acquires real estate <u>or its right-of-use assets</u> thereof from a related party shall evaluate the reasonableness of the transaction costs by the following means:</p> <p>(1) Based upon the related party's transaction price plus necessary interest on funding and the costs to be duly borne by the buyer. "Necessary interest on funding" is imputed as the weighted average interest rate on borrowing in the year the company purchases the property; provided, it may not be higher than the maximum non-financial industry lending rate announced by the Ministry of Finance.</p> <p>(2) The total loan value appraisal from a financial institution where the related party has previously created a mortgage on the property as security for a loan; provided, the actual cumulative amount loaned by the financial institution shall have been 70 percent or more of the financial institution's appraised loan value of the property and the period of the loan shall have been 1 year or more. However, this shall not apply where the financial institution is a related party of one of the trading counterparties.</p> <p>2. Where land and structures thereupon are combined as a single property purchased <u>or leased</u> in one transaction, the transaction costs for the land and the structures may be separately appraised in accordance with either of the means listed in the preceding paragraph.</p> <p>3. The company that acquires real estate <u>or its right-of-use assets</u> thereof from a related party and appraises the cost of the real estate in accordance with paragraph 3, section 1 and 2 of the Article, shall also engage a CPA to check the appraisal and render a specific opinion.</p> <p>4. Where the company acquires real estate <u>or its right-of-use assets</u> thereof</p>	<p>Article 5, paragraph 3</p> <p>1. The company that acquires real estate from a related party shall evaluate the reasonableness of the transaction costs by the following means:</p> <p>(1) Based upon the related party's transaction price plus necessary interest on funding and the costs to be duly borne by the buyer. "Necessary interest on funding" is imputed as the weighted average interest rate on borrowing in the year the company purchases the property; provided, it may not be higher than the maximum non-financial industry lending rate announced by the Ministry of Finance.</p> <p>(2) The total loan value appraisal from a financial institution where the related party has previously created a mortgage on the property as security for a loan; provided, the actual cumulative amount loaned by the financial institution shall have been 70 percent or more of the financial institution's appraised loan value of the property and the period of the loan shall have been 1 year or more. However, this shall not apply where the financial institution is a related party of one of the trading counterparties.</p> <p>2. Where land and structures thereupon are combined as a single property purchased or leased in one transaction, the transaction costs for the land and the structures may be separately appraised in accordance with either of the means listed in the preceding paragraph.</p> <p>3. The company that acquires real estate or its from a related party and appraises the cost of the real estate in accordance with paragraph 3, section 1 and 2 of the Article, shall also engage a CPA to check the appraisal and render a specific opinion.</p> <p>4. Where the company acquires real estate or its right-of-use assets thereof from a related party and one of the following circumstances exists, the</p>	<p>1. Modified with the application of the International Financial Reporting Standards (IFRS) No. 16 "Lease"</p> <p>2. Consider that the public issuance company, its parent company, and its subsidiaries, or its directly or indirectly 100% owned subsidiaries, has the necessity or demand of coordinating the collective purchase or lease of equipment for business use (including trading or subletting) due to the overall planning of the business, or leasing real estate, sub-leasing, and the risk of such transactions is low. Accordingly, added paragraph 4, section 4, to exclude such transactions that shall assess the reasonableness of the transaction costs (the price at which the acquirer obtains the price of the real estate transaction or the price paid for the rental of the real estate) in accordance with the section. In addition, as these transactions have excluded the application of the section, there is no need to comply with the provisions of Article 17 regarding the reasonableness of the price of the evidenced transaction and the provisions of Article 18 relating to the provision of the special reserve.</p>

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<p>from a related party and one of the following circumstances exists, the acquisition shall be conducted in accordance with paragraph 1 and 2 of the Article, and paragraph 3, section 1 to 3 do not apply:</p> <p>(1) The related party acquired the real estate <u>or its right-of-use assets</u> thereof through inheritance or as a gift.</p> <p>(2) More than 5 years will have elapsed from the time the related party signed the contract to obtain the real estate <u>or its right-of-use assets</u> thereof to the signing date for the current transaction.</p> <p>(3) The real estate is acquired through signing of a joint development contract with the related party, or through engaging a related party to build real estate, either on the company's own land or on rented land.</p> <p>(4) <u>To acquire or dispose of real estate and its right-of-use assets thereof for business use between a the and its parent or subsidiaries, or the subsidiaries that directly or indirectly hold 100% of the issued shares or total capital of the company engages in the transactions with each other.</u></p> <p>5. The company acquires or disposes real estate from a related party when the results of the company's appraisal conducted in accordance with paragraph 3, section 1 of the Article are uniformly lower than the transaction price, the matter shall be handled in compliance with paragraph 3, section 6 of the Article. However, where the following circumstances exist, objective evidence has been submitted, and specific opinions on reasonableness have been obtained from a professional real estate appraiser, and a CPA have been obtained, this restriction shall not apply:</p> <p>(1) Where the related party acquired undeveloped land or leased land for development, it may submit</p>	<p>acquisition shall be conducted in accordance with paragraph 1 and 2 of the Article, and paragraph 3, section 1 to 3 do not apply:</p> <p>(1) The related party acquired the real estate through inheritance or as a gift.</p> <p>(2) More than 5 years will have elapsed from the time the related party signed the contract to obtain the real estate to the signing date for the current transaction.</p> <p>(3) The real estate is acquired through signing of a joint development contract with the related party, or through engaging a related party to build real estate, either on the company's own land or on rented land.</p> <p>5. The company acquires or disposes real estate from a related party when the results of the company's appraisal conducted in accordance with paragraph 3, section 1 of the Article are uniformly lower than the transaction price, the matter shall be handled in compliance with paragraph 3, section 6 of the Article. However, where the following circumstances exist, objective evidence has been submitted, and specific opinions on reasonableness have been obtained from a professional real estate appraiser, and a CPA have been obtained, this restriction shall not apply:</p> <p>(1) Where the related party acquired undeveloped land or leased land for development, it may submit proof of compliance with one of the following conditions:</p> <p>(a) Where undeveloped land is appraised, and structures according to the related party's construction cost plus reasonable construction profit are valued in excess of the actual transaction price. The "Reasonable construction profit" shall be deemed the average gross operating profit margin of the related party's construction division over the most recent 3 years or the gross profit</p>	

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<p>proof of compliance with one of the following conditions:</p> <p>(a) Where undeveloped land is appraised, and structures according to the related party's construction cost plus reasonable construction profit are valued in excess of the actual transaction price. The "Reasonable construction profit" shall be deemed the average gross operating profit margin of the related party's construction division over the most recent 3 years or the gross profit margin for the construction industry for the most recent period as announced by the Ministry of Finance, whichever is lower.</p> <p>(b) Completed transactions by unrelated parties within the preceding year involving other floors of the same property or neighboring or closely valued parcels of land, where the land area and transaction terms are similar after calculation of reasonable price discrepancies in the floor or area land prices in accordance with standard property market sale or lease.</p> <p>(2) Where the company acquiring real estate <u>or obtaining a real estate right-of-use assets thereof through leasing</u>, from a related party provides evidence that the terms of the transaction are similar to the terms of <u>transactions</u> involving neighboring or closely valued parcels of land of a similar size by unrelated parties within the preceding year.</p> <p><u>Transactions</u> involving neighboring or closely valued parcels of land in the preceding paragraph in principle refers to parcels on the same or an adjacent block and within a distance of no more than 500 meters or parcels close in publicly announced current value; transactions involving similarly sized parcels in principle refers to <u>transactions</u> completed by unrelated parties for parcels with a land area of no less than 50 percent of the property in the planned transaction; within the</p>	<p>margin for the construction industry for the most recent period as announced by the Ministry of Finance, whichever is lower.</p> <p>(b) Completed transactions by unrelated parties within the preceding year involving other floors of the same property or neighboring or closely valued parcels of land, where the land area and transaction terms are similar after calculation of reasonable price discrepancies in the floor or area land prices in accordance with standard property market sale.</p> <p>(c) Leasing transactions with unrelated parties within the preceding year involving other floors, where the land area and trading transaction terms are similar after calculation of reasonable price discrepancies or spread estimation on floor in accordance with standard property market sale or leasing practices.</p> <p>(2) Where the company acquiring real property, from a related party provides evidence that the terms of the completed transaction are similar to the terms of completed transactions involving neighboring or closely valued parcels of land of a similar size by unrelated parties within the preceding year.</p> <p>Completed transactions involving neighboring or closely valued parcels of land in the preceding paragraph in principle refers to parcels on the same or an adjacent block and within a distance of no more than 500 meters or parcels close in publicly announced current value; transactions involving similarly sized parcels in principle refers to transactions completed by unrelated parties for parcels with a land area of no less than 50 percent of the property in the planned transaction; within the preceding year refers to the year preceding the date of occurrence of the acquisition of the real estate.</p> <p>6. Where the company acquires real estate or from a related party and the results of appraisals conducted in</p>	

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<p>preceding year refers to the year preceding the date of occurrence of the acquisition of the real property or obtainment of the <u>right-of-use assets</u> thereof.</p> <p>6. Where the company acquires real estate <u>or its right-of-use assets</u> thereof from a related party and the results of appraisals conducted in accordance with the preceding five paragraphs, are uniformly lower than the transaction price, the following steps shall be taken:</p> <p>(1) A special reserve shall be set aside in accordance with Article 41, paragraph 1 of the Company Acts against the difference between the real estate and <u>its right-of-use assets</u> thereof transaction price and the appraised cost, and may not be distributed or used for capital increase or issuance of bonus shares. Where the company uses the equity method to account for its investment in another company, then the special reserve called for under Article 41, paragraph 1 of the Company Acts shall be set aside pro rata in a proportion consistent with the share of the company's equity stake in the other company.</p> <p>(2) The Audit Committee shall conduct under Article 218 of the Company Acts, <u>and the beginning of the Article is complied with the independent directors of the Audit Committee.</u></p> <p>(3) Shall report to the shareholders' meeting the processing subsequences of the first and second of the section and the details of the transaction will be disclosed in the annual report as well as annual handbook.</p> <p>The company that has set aside a special reserve under the preceding paragraph may not utilize the special reserve until it has recognized a loss on decline in market value of the assets it purchased <u>or leased</u> at a premium, or they have been disposed</p>	<p>accordance with the preceding five paragraphs, are uniformly lower than the transaction price, the following steps shall be taken:</p> <p>(1) A special reserve shall be set aside in accordance with Article 41, paragraph 1 of the Company Acts against the difference between the real estate and its right-of-use assets thereof transaction price and the appraised cost, and may not be distributed or used for capital increase or issuance of bonus shares. Where the company uses the equity method to account for its investment in another company, then the special reserve called for under Article 41, paragraph 1 of the Company Acts shall be set aside pro rata in a proportion consistent with the share of the company's equity stake in the other company.</p> <p>(2) The Audit Committee shall conduct under Article 218 of the Company Acts.</p> <p>(3) Shall report to the shareholders' meeting the processing subsequences of the first and second of the section and the details of the transaction will be disclosed in the annual report as well as annual handbook.</p> <p>Where the company or the company uses the equity method to account for its investment in the company, then the special reserve called for under the Act shall be set aside pro rata in a proportion consistent with the share of public company's equity stake in the other company.</p> <p>7. When a public company obtains real estate from a related party, it shall also comply with the preceding paragraphs if there is other evidence indicating that the acquisition was not an arms length transaction.</p>	

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<p>of, <u>or the leasing contract has been terminated</u>, or adequate compensation has been made, or the status quo ante has been restored, or there is other evidence confirming that there was nothing unreasonable about the transaction, and the FSC has given its consent.</p> <p>7. When the company acquires real estate of <u>its right-of-use assets</u> thereof from a related party, it shall also comply with the preceding paragraphs if there is other evidence indicating that the acquisition was not an arms length transaction.</p>		
<p>Article 7, paragraph 4 4. In the announcement standard of the subsidiary, the “paid-in capital or total assets” herein shall be based on the paid-in capital or total assets of the parent (the company).</p>	<p>Article 7, paragraph 4 4. In the announcement standard of the subsidiary, “reaches 20% of the company’s paid-in capital or 10% of total assets” herein shall be based on the paid-in capital or total assets of the parent company.</p>	<p>The announcement standard of the subsidiary shall be consistent with its parent company. The provisions shall be amended so that the subsidiary may also apply to the announcement standard.</p>
<p>Article 8 The powers and responsibility unit rule the company's acquisition or disposal of assets within the scope of the following authorization(Table 1):</p>	<p>Article 8 The powers and responsibility unit rule the company's acquisition or disposal of assets within the scope of the following authorization(Table2):</p>	<p>Modified with the application of the International Financial Reporting Standards (IFRS) No. 16 “Lease”</p>

Table 1:

Items	Amount	Responsibility Unit		
		Board of Directors	Chairman of Board of Directors	General Manager
Investment in the Securities (Except for Bond Fond)	Less than NT\$50,000,000 (Excluded)		Resolved	Verified
	More than NT\$50,000,000	Resolved	Verified	Verified
Bond Fond	-		Resolved	Verified
Real Estate's Right-of-Use Assets thereof	Less than NT\$100,000,000 (Excluded)		Resolved	Verified
	More than NT\$100,000,000	Resolved	Verified	
Equipment's Right-of-Use Assets thereof	Less than NT\$20,000,000 (Excluded)		Resolved	Verified
	More than NT\$20,000,000	Resolved	Verified	
Real Estate	Less than NT\$5,000,000 (Excluded)		Resolved	Verified
	More than NT\$5,000,000	Resolved	Verified	
Equipment	Less than NT\$500,000 (Excluded)			Resolved
	NT\$500,000~NT\$5,000,000 (Excluded)		Resolved	Verified
	More than NT\$5,000,000	Resolved	Verified	
Memberships	NT\$2,000,000 (Excluded)		Resolved	Verified
	More than NT\$2,000,000	Resolved	Verified	
Intangible Assets such as Patent Rights, Copyrights, Trademark Rights and Concessions.	Less than NT\$5,000,000		Resolved	Verified
	More than NT\$5,000,000	Resolved	Verified	-
Claims of Financial institutions (including receivables, discounting of purchase of remittances and loans, collection items).	-	Resolved	Verified	Verified
Assets Acquired or Disposed of by Merging, Splitting, Acquiring or Obtaining Shares in accordance with the Act.	-	Resolved	Verified	Verified
Other Important Assets.	Less than NT\$5,000,000		Resolved	Verified
	More than NT\$5,000,000	Resolved	Verified	

Notes 1: It can be implemented after the approval of the Board of Directors. If the deciding unit is not the member of Board of Directors, it shall be reported to the most recent Board of Directors meeting.

Notes 2: The amount of equipment that is lower than NT\$5,000,000 (excluded) and the amount of memberships is lower than NT\$2,000,000 (excluded), it is no need to report to the most recent Board of Directors meeting afterward.

Notes 3: The amount of the acquisition or disposal of the equipment for business use with the subsidiaries, which is lower than NT\$5,000,000 and the deciding unit is not the member of Board of Directors, shall be reported to the most recent Board of Directors meeting for recognition.

Table 2

Items	Amount	Responsibility Unit		
		Board of Directors	Chairman of Board of Directors	General Manager
Investment in the Securities (Except for Bond Fond)	Less than NT\$50,000,000 (Excluded)		Resolved	Verified
	More than NT\$50,000,000	Resolved	Verified	Verified
Bond Fond	-		Resolved	Verified
Real Estate	Less than NT\$5,000,000 (Excluded)		Resolved	Verified
	More than NT\$5,000,000	Resolved	Verified	
Equipment	Less than NT\$500,000 (Excluded)			Resolved
	NT\$500,000~NT\$5,000,000 (Excluded)		Resolved	Verified
	More than NT\$5,000,000	Resolved	Verified	
Memberships	NT\$2,000,000 (Excluded)		Resolved	Verified
	More than NT\$2,000,000	Resolved	Verified	
Intangible Assets such as Patent Rights, Copyrights, Trademark Rights and Concessions.	Less than NT\$5,000,000		Resolved	Verified
	More than NT\$5,000,000	Resolved	Verified	-
Claims of Financial institutions (including receivables, discounting of purchase of remittances and loans, collection items).	-	Resolved	Verified	Verified
Assets Acquired or Disposed of by Merging, Splitting, Acquiring or Obtaining Shares in accordance with the Act.	-	Resolved	Verified	Verified
Other Important Assets.	Less than NT\$5,000,000		Resolved	Verified
	More than NT\$5,000,000	Resolved	Verified	

Notes 1: It can be implemented after the approval of the Board of Directors. If the deciding unit is not the member of Board of Directors, it shall be reported to the most recent Board of Directors meeting.

Notes 2: The amount of equipment that is lower than NT\$5,000,000 (excluded) and the amount of memberships is lower than NT\$2,000,000 (excluded), it is no need to report to the most recent Board of Directors meeting afterward.

Notes 3: The amount of the acquisition or disposal of the equipment for business use with the subsidiaries, which is lower than NT\$5,000,000 and the deciding unit is not the member of Board of Directors, shall be reported to the most recent Board of Directors meeting for recognition.

Appendix 8: Comparison Table for the Operational Procedures for Derivatives Transactions Before and After Revision

March 20, 2019, the seventh amendment of the sixth Board of Directors

Revised Version	Before Revised	Description
<p>1. Trading Principles and Guidelines (1) Transaction types a. Types that have to be traded in financial derivatives, it refers to Forward contracts, options <u>contracts</u>, futures <u>contracts</u>, leverage <u>contracts</u>, or swap <u>contracts</u>, whose value is derived from a <u>specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable</u>; or hybrid contracts combining the above <u>contracts</u>; or <u>hybrid contracts or structured products containing embedded derivatives</u>. The term "forward contracts" <u>does not include insurance contracts, performance contracts, after-sales service contracts, long-term leasing contracts, or long-term purchase (sales) contracts</u>.</p> <p>2. Matters related to bond margin transactions shall be handled in accordance with the relevant provisions of this processing procedure. The provisions of the procedure do not apply to bond transactions with conditions for repurchase.</p>	<p>1. Trading Principles and Guidelines (1) Transaction types a. Types that have to be traded in financial derivatives, it refers herein are broadly defined as instruments that derive their value from the performance of underlying assets, interest or currency-exchange rates, indexes or other. Such instruments include swaps, options, futures contracts, leverage contracts, forwards, and various combinations thereof. Forwards referred herein exclude insurance, performance, post-sale service, long-term lease and long-term sales/procurement contracts.</p> <p>2. Matters related to bond margin transactions shall be handled in accordance with the relevant provisions of this processing procedure. The provisions of the procedure do not apply to bond transactions with conditions for repurchase.</p>	<p>Modified with the application of the International Financial Reporting Standards (IFRS) No. 9 "Financial Instruments," amended the scope of Financial Derivatives of the procedure.</p>
<p>1. Trading Principles and Guidelines 3. Power and Responsibilities (3) Performance Assessment Essential 1. Risk avoidance transaction A. The basis of performance assessment is according to the production of profit and loss of the company's exchange rate cost and the financial derivatives B. To fully control and express the evaluation risk of the transaction, the company evaluates the profit and loss through the monthly evaluation method. C. The financial unit shall provide foreign exchange site assessment, the foreign exchange market trends, and market analysis to the general manager as a</p>	<p>1. Trading Principles and Guidelines 3. Power and Responsibilities (3) Performance Assessment Essential 1. Risk avoidance transaction A. The basis of performance assessment is according to the production of profit and loss of the company's exchange rate cost and the financial derivatives B. To fully control and express the evaluation risk of the transaction, the company evaluates the profit and loss through the monthly evaluation method. C. The financial unit shall provide foreign exchange site assessment, the foreign exchange market trends, and market analysis to the general manager as a</p>	<p>Amended the texts and the management.</p>

Revised Version	Before Revised	Description
management reference and instructions.	management reference and instructions.	
<p>1. Trading Principles and Guidelines</p> <p>3. Power and Responsibilities</p> <p>(1). Financial and Accounting Unit</p> <p>4. Verification authority of Financial Derivatives</p> <p>C. With respect to the company's acquisition or disposal of assets that is subject to the approval of the board of directors under the company's procedures or other laws or regulations, if a director expresses dissent and it is contained in the minutes or a written statement, the company shall submit the director's dissenting opinion to the Audit Committee. Where the position of independent director has been created, when a transaction involving the acquisition or disposal of assets is submitted for discussion by the Board of Directors pursuant to the preceding paragraph, the Board of Directors shall take into full consideration each independent director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the Board of Directors meeting.</p>	<p>1. Trading Principles and Guidelines</p> <p>3. Power and Responsibilities</p> <p>(1). Financial and Accounting Unit</p> <p>4. Verification authority of Financial Derivatives</p> <p>C. With respect to the company's acquisition or disposal of assets that is subject to the approval of the board of directors under the company's procedures or other laws or regulations, if a director expresses dissent and it is contained in the minutes or a written statement, the company shall submit the director's dissenting opinion to every supervisor. Where the position of independent director has been created, when a transaction involving the acquisition or disposal of assets is submitted for discussion by the Board of Directors pursuant to the preceding paragraph, the Board of Directors shall take into full consideration each independent director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the Board of Directors meeting.</p>	Amended the texts.
<p>2. Risk management measures</p> <p>(5) Operational risk management</p> <p>4. The part of financial derivatives shall be assessed at least once a week. However, if the risk-avoided transaction required for the business is to be evaluated at least twice a month, the evaluation report shall be submitted to the senior executive authorized by the Board of Directors.</p>	<p>2. Risk management measures</p> <p>(5) Operational risk management</p> <p>4. The part of financial derivatives shall be assessed at least once a week. However, if the risk-avoided transaction required for the business is to be evaluated at least twice a month, the evaluation report shall be submitted to the senior executive authorized by the Board of Directors.</p>	Amended the texts.
<p>3. Internal audit system</p> <p>(1) The company's internal audit personnel shall periodically make a determination of the suitability of internal controls on financial derivatives and conduct a monthly <u>audit</u> of how faithfully</p>	<p>3. Internal audit system</p> <p>(1) The company's internal audit personnel shall periodically make a determination of the suitability of internal controls on financial derivatives and conduct a monthly audit of how faithfully</p>	Where the independent supervisors and directors have been established under the act, they shall

Revised Version	Before Revised	Description
<p>derivatives trading by the trading department adheres to the procedures for engaging in derivatives trading, and prepare an audit report. If any material violation is discovered, <u>the Audit Committee and the independent directors</u> shall be notified in writing.</p>	<p>derivatives trading by the trading department adheres to the procedures for engaging in derivatives trading, analyze the trading cycle, and prepare an audit report. If any material violation is discovered, the independent directors shall be notified in writing.</p>	<p>be notified in writing of the discovery of significant financial derivatives violations.</p>
<p>4. Regular assessment method (1) The Board of Directors shall designate a senior management personnel to supervise and evaluate that whether engaging in the financial derivatives transactions have been truly processed under the transaction procedure, and whether the risk assumed is within the scope of the allowable undertaking, and the market price assessment report has an abnormal situation (if the holding part has exceeded the loss), the Board of Directors shall be immediately reported to and take the appropriate measures.</p>	<p>4. Regular assessment method (1) The Board of Directors shall designate a senior management personnel to supervise and evaluate that whether engaging in the financial derivatives transactions have been truly processed under the transaction procedure, and whether the risk assumed is within the scope of the allowable undertaking, and the market price assessment report has an abnormal situation (if the holding part has exceeded the loss), the Board of Directors shall be immediately reported to and take the appropriate measures.</p>	<p>Amended the texts.</p>
<p>5. The supervision and management principles of the Board of Directors when engaging in financial derivatives transactions (3) When the company engages in the transaction of financial derivatives, it shall authorize the relevant personnel to handle the procedures according to the policies for managing the transactions of financial derivatives, and shall report to the most recent Board of Directors afterward.</p>	<p>5. The supervision and management principles of the Board of Directors when engaging in financial derivatives transactions (3) When the company engages in the transaction of financial derivatives, it shall authorize the relevant personnel to handle the procedures according to the policies for managing the transactions of financial derivatives, and shall report to the most recent Board of Directors afterward.</p>	<p>Amended the texts.</p>

Appendix 9: Comparison Table for the Operational Procedures for Loaning of Funds Before and After Revision

May 2, 2019, the eighth amendment of the sixth Board of Directors

Revised Version	Before Revised	Description
<p>Article 4 The aggregate amount of loans 1. The accumulated total of loans granted by the company to a company with business relationship with the subsidiaries or first-tier subsidiaries shall not exceed 40% of the net worth of the company. Besides, the amount of an individual loan granted shall not exceed 25% of the total business transaction amount in the past year between the parties. "Business transaction amount" refers to the amount of purchase or sale between the parties, whichever is higher. 2. Where funds are lent to a company's subsidiaries or first-tier subsidiaries, or business with short-term financial need, the total individual loan shall not exceed 40% of the amount of the net worth of the company, and the amount of an individual loan granted shall not exceed 25% of the net worth of the company. <u>3. The company that directly and indirectly holds 100% of the voting shares of foreign companies engages in loaning funds, or the foreign company that directly and indirectly owns 100% of the voting shares of the company engages in lending loaning funds to the company, shall still be subject to the restrictions of the preceding paragraph.</u></p>	<p>Article 4 The aggregate amount of loans 1. The accumulated total of loans granted by the company to a company with business relationship with the subsidiaries or first-tier subsidiaries shall not exceed 40% of the net worth of the company. Besides, the amount of an individual loan granted shall not exceed 25% of the total business transaction amount in the past year between the parties. "Business transaction amount" refers to the amount of purchase or sale between the parties, whichever is higher. 2. Where funds are lent to a company's subsidiaries or first-tier subsidiaries, or business with short-term financial need, the total individual loan shall not exceed 40% of the amount of the net worth of the company, and the amount of an individual loan granted shall not exceed 25% of the net worth of the company.</p>	<p>Modified with the act.</p>
<p>Article 12 The term "Announcement and Report" as used in the Procedures means the process of entering data to the information reporting website designated by the Financial Supervisory Commission of Taiwan. The term "date of occurrence of the fact" as used in the Procedures refers to the date of contract signing, date of payment, dates of Board of Directors' resolutions, or other date that can confirm the counterpart of <u>loaning funds or the endorsement/guarantee</u>, and monetary amount of the transaction, whichever</p>	<p>Article 12 The term "Announcement and Report" as used in the Procedures means the process of entering data to the information reporting website designated by the Financial Supervisory Commission of Taiwan. The term "date of occurrence of the fact" as used in the Procedures refers to the date of contract signing, date of payment, dates of Board of Directors' resolutions, or other date that can confirm the counterpart and monetary amount of the transaction, whichever date is earlier.</p>	<p>It has been considered that loaning funds to others is non-transactional nature, therefore amended the texts appropriately.</p>

<p>date is earlier.</p>		
<p>Article 13 Penalty If the managerial officer or personnel in charge of the company violates the provisions of the procedure, the company may report assessment in accordance with the Human Resources Management Regulations, and punish them regarding the circumstances.</p>	<p>Article 13 Penalty If the managerial officer or personnel in charge of the company violates the provisions of the procedure, the company may report assessment in accordance with the Human Resources Management Regulations as well as the Employee Handbook, and punish them regarding the circumstances.</p>	<p>Amended the texts.</p>
<p>Article 14 After the procedures have been approved by the Board of Directors, they shall be submitted to the Audit Committee, and then to a shareholders' meeting for approval; the same applies when the procedures are amended. If any director expresses dissent and it is contained in the minutes or a written statement, the company shall submit the director's dissenting opinion to the Audit Committee members, and report to the Discussion of the Board of Directors. The same applies when the procedures are amended. Where the position of independent director has been created, when the procedures 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. <u>If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the Board of Directors meeting.</u></p>	<p>Article 14 After the procedures have been approved by the Board of Directors, they shall be submitted to the Audit Committee, and then to a shareholders' meeting for approval; the same applies when the procedures are amended. If any director expresses dissent and it is contained in the minutes or a written statement, the company shall submit the director's dissenting opinion to the Audit Committee members, and report to the Discussion of the Board of Directors. The same applies when the procedures are amended. Where the position of independent director has been created, when the procedures for discussion by the Board of Directors pursuant to the preceding paragraph, the Board of Directors shall take into full consideration each independent director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the Board of Directors meeting.</p>	<p>Modified with Article 14-3 of the Securities and Exchange Act, amended the texts appropriately.</p>

Appendix 10 : Comparison Table for the Operational Procedures for Endorsement and Guarantees Before and After Revision

May 2, 2019, the eighth amendment of the sixth Board of Directors

Revised Version	Before Revised	Description
<p>Article 6 In case the above limits have to be exceeded to accommodate business needs, a resolution of the Board of Directors should be obtained and over half of all the directors should jointly endorse the potential loss that may be brought about by the excess of limits. The Board of Directors should also revise the Procedures and has it ratified at the Shareholders' Meeting. If the revised Procedures are not ratified at the Shareholders' Meeting, the Board of Directors should furnish a plan containing a timetable to withdraw the excess portion. Where the company has established a position of independent director, the company shall take into full consideration the opinions of each independent director; <u>If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the Board of Directors meeting.</u> Internal auditors shall perform auditing on the Procedures and the implementation of the Procedures every quarter and produce written auditing reports. Should there be any violation found, a written report is needed to notify the Audit Committee members. If the company, due to changes of circumstances, the party to whom the Company provides endorsement and/or guarantee no longer meet the requirements of the principle or when the amount exceeds the limit, the audit unit shall come up with a corrective plan, and the plan shall be provided to the Audit Committee members, and the proposed corrective actions should be implemented within the period specified in the plan.</p>	<p>Article 6 In case the above limits have to be exceeded to accommodate business needs, a resolution of the Board of Directors should be obtained and over half of all the directors should jointly endorse the potential loss that may be brought about by the excess of limits. The Board of Directors should also revise the Procedures and has it ratified at the Shareholders' Meeting. If the revised Procedures are not ratified at the Shareholders' Meeting, the Board of Directors should furnish a plan containing a timetable to withdraw the excess portion. Where the company has established a position of independent director, the company shall take into full consideration the opinions of each independent director; it shall take into full consideration the opinions of each independent director; independent directors' opinions specifically expressing assent or dissent, and the <u>reasons for dissent shall be included in the minutes of the Board of Directors' meeting.</u> Internal auditors shall perform auditing on the Procedures and the implementation of the Procedures every quarter and produce written auditing reports. Should there be any violation found, a written report is needed to notify the Audit Committee members. If the company, due to changes of circumstances, the party to whom the Company provides endorsement and/or guarantee no longer meet the requirements of the principle or when the amount exceeds the limit, the audit unit shall come up with a corrective plan, and the plan shall be provided to the Audit Committee members, and the proposed corrective actions should be</p>	<p>Modified with Article 14-3 of the Securities and Exchange Act, amended the texts appropriately</p>

	implemented within the period specified in the plan.	
<p>Article 9 The principles of governing endorsement/guarantee of the subsidiaries</p> <p>1. If the subsidiaries of the company intend to make endorsement/guarantee for others, they shall also establish the principles, and comply with the processing procedure. However, the net value is based on the net value of the subsidiaries.</p> <p>2. The Subsidiaries shall prepare a list of endorsement/guarantees of the previous month by the 10th day of each month, and submit to the company.</p> <p>3. Internal auditors shall perform auditing on the Procedures and the implementation of the Procedures every quarter and produce written auditing reports. Should there be any violation found, a written report is needed to notify every Audit Committee member.</p> <p>4. While performing auditing on subsidiaries in accordance with the annual plan, the Company's Internal Audit Unit should acquire information about the execution of endorsement /guarantee procedures by subsidiaries. If there is any default or deficiency, remedies should be applied and a written tracking report should be submitted to chairman of the Board of Directors.</p>	<p>Article 9 The principles of governing endorsement/guarantee of the subsidiaries</p> <p>1. If the subsidiaries of the company intend to make endorsement/guarantee for others, they shall also establish the principles, and comply with the processing procedure. However, the net value is based on the net value of the subsidiaries.</p> <p>2. The Subsidiaries shall prepare a list of endorsement/guarantees of the previous month by the 10th day of each month, and submit to the company.</p> <p>3. Internal auditors shall perform auditing on the Procedures and the implementation of the Procedures every quarter and produce written auditing reports. Should there be any violation found, a written report is needed to notify every Audit-Committee member.</p> <p>4. While performing auditing on subsidiaries in accordance with the annual plan, the Company's Internal Audit Unit should acquire information about the execution of endorsement /guarantee procedures by subsidiaries. If there is any default or deficiency, remedies should be applied and a written tracking report should be submitted to chairman of the Board of Directors.</p>	<p>The company established the Audit Committee in accordance with the Securities and Exchange Act.</p>
<p>Article 10 The parent company's endorsement/guarantee information shall be provided as follows:</p> <p>1. The Company shall announce and report the previous month's balance of endorsements / guarantees of the parent company instead by the 10th day of each month.</p> <p>2. The Company whose balance of endorsements/guarantees reaches one of the following levels shall announce and report the parent company such an event within two days commencing immediately from the date of occurrence of the fact:</p>	<p>Article 10 The parent company's endorsement/guarantee information shall be provided as follows:</p> <p>1. The Company shall announce and report the previous month's balance of endorsements / guarantees of the parent company instead by the 10th day of each month.</p> <p>2. The Company whose balance of endorsements/guarantees reaches one of the following levels shall announce and report the parent company such an event within two days commencing immediately from the date of occurrence of the fact:</p>	<p>To assure the definition of long-term investment.</p>

<p>(1) The aggregate balance of endorsements/guarantees by the Company and its subsidiaries reaches 50% or more of the Company's net worth as stated in its latest financial statement.</p> <p>(2) The balance of endorsements/guarantees by the Company and its subsidiaries for a single enterprise reaches 20% or more of the Company's net worth as stated in its latest financial statement.</p> <p>(3) The balance of endorsements / guarantees by the Company and its subsidiaries for a single enterprise reaches NT\$10 million or more and the aggregate amount of all endorsements / guarantees for, <u>the carrying amount of the investment using the equity method, long-term investment in</u>, and balance of loans to, such enterprise reaches 30% or more of Company's net worth as stated in its latest financial statement.</p> <p>(4) The amount of new endorsements or guarantees made by the Company or its subsidiaries reaches NT\$30 million or more, and reaches 5% or more of the Company's net worth as stated in its latest financial statement.</p>	<p>(1) The aggregate balance of endorsements/guarantees by the Company and its subsidiaries reaches 50% or more of the Company's net worth as stated in its latest financial statement.</p> <p>(2) The balance of endorsements/guarantees by the Company and its subsidiaries for a single enterprise reaches 20% or more of the Company's net worth as stated in its latest financial statement.</p> <p>(3) The balance of endorsements / guarantees by the Company and its subsidiaries for a single enterprise reaches NT\$10 million or more and the aggregate amount of all endorsements / guarantees for, long-term investment in, and balance of loans to, such enterprise reaches 30% or more of Company's net worth as stated in its latest financial statement.</p> <p>(4) The amount of new endorsements or guarantees made by the Company or its subsidiaries reaches NT\$30 million or more, and reaches 5% or more of the Company's net worth as stated in its latest financial statement.</p>	
<p>Article 11 The term "date of occurrence of the fact" as used in the Procedures refers to the date of contract signing, date of payment, dates of Board of Directors' resolutions, or other date that can confirm <u>the counterpart of the endorsement/guarantee</u>, and monetary amount of the transaction, whichever date is earlier.</p>	<p>Article 11 The term "date of occurrence of the fact" as used in the Procedures refers to the date of contract signing, date of payment, dates of Board of Directors' resolutions, or other date that can confirm the counterpart and monetary amount of the transaction, whichever date is earlier.</p>	<p>It has been considered that loaning funds to others is non-transactional nature, therefore amended the texts appropriately.</p>
<p>Article 12 Penalty If the managerial officer or personnel in charge of the company violates the provisions of the procedure, the company may report assessment in accordance with the Human Resources Management Regulations, and punish them regarding the circumstances.</p>	<p>Article 12 Penalty If the managerial officer or personnel in charge of the company violates the provisions of the procedure, the company may report assessment in accordance with the Human Resources Management Regulations as well as the Employee Handbook, and punish them regarding the circumstances.</p>	<p>Amended the texts.</p>

Appendix 11 : the Prohibition on Managers from Participation in Competitive Business

Director name	The release participation in items and position
Director: Company representative of Excelsior Medical Co., Ltd: You Shu-Fan	Craftip Ltd. Director
Fu Hui-Tung	Yijia Enterprise Management Consulting (Shanghai) Co., Ltd. Director Excelsior Investment(Malaysia) Co.Ltd. President
Wang Ming-Ting	XINGUANG EXCELSIOR ASSET MANAGEMENT BUSINESS CO.LTD. General Manager
Fu Jo-Hsuan	JIATE EXCELSIOR CO., LTD. General Manager EXCELSIOR RENAL SERVICE CO., LIMITED Genera Manager Yijia Enterprise Management Consulting (Shanghai) Co., Ltd. Director

Appendix 12 Total Shares held by whole shareholders of The Company

1. Paid-in Capital of the Company is NTD 300,000,000, with total number of outstanding shares: 30,000,000 shares.
2. According to Article 26, Securities & Exchange Act and Article 2, Rules and Review Procedures for Director and Supervisor Share Ownership Ratios at Public Companies, the minimum shareholding number shall be 4,500,000 shares
3. As the Company set up audit committee, it has no regulatory shareholding number application for supervisors.
4. Independent directors' shareholding number is not counted in the regulatory shareholding number of whole directors and shareholding percentage for ratio calculation will be lower to 80%.
5. Shareholding numbers of individual directors and whole directors recorded on the shareholder list on April 14, 2019 as a book closure date of annual shareholders' meeting for this time are listed as follows :

Position	Name	Date Elected	Share hold While Elected		Book Closure Date, up to April 14 ,2019	
			Number of Share	Shareholding Ratio	Number of Share	Shareholding Ratio
Chairman	FU, HUI-TUNG	2018.06.14	0	0	0	0
Director	Wang Ming-Ting	2018.06.14	0	0	0	0
Director	FU, JO-HSUAN	2018.06.14	0	0	0	0
Director	Excelsior Medical Co., Ltd: legal representative : YANG,LUNG-HO legal representative : HUANG, CHIEH-CHING legal representative : You Shu-Fan	2018.06.14	11,550,425	38.50%	11,550,425	38.50%
Independent Director	CHEN, HSIEH-YU	2018.06.14	0	0	0	0
Independent Director	SHIH, MEI-HUI	2018.06.14	0	0	0	0
Independent Director	YANG, YU-MING	2018.06.14	0	0	0	0
Total shares held by whole directors of the Company.			11,550,425	38.50%	11,550,425	38.50%