

Stock Code : 1702

Namchow Holdings Co., Ltd.  
(formerly named :Namchow Chemical Industrial Co., Ltd.)  
2018 General Meeting of Shareholders

# Handbook

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# Table of Contents

I.	Agenda.....	1
(I).	Reports.....	2
(II).	Recognitions.....	3
(III).	Discussions.....	4
(IV).	Elections.....	5
(V).	Motions.....	6
II.	Attachments	
(I)	Report on Operations.....	7
(II)	Supervisor Review Report.....	12
(III)	Report of 2017 Remunerations Assignment for Board Directors and Employees .....	13
(IV)	Financial Statement .....	14
(V)	Earnings Distribution Form.....	30
(VI)	Draft Amendment to the “Articles of Incorporation” of the Company...31	
III.	Appendices	
(I)	“Articles of Incorporation” currently in effect.....	40
(II)	Rules and Procedures for Shareholders Meetings.....	48
(III)	Guidelines for Electing Board Directors and Supervisors.....	50
(IV)	Shareholding Status of Board Directors and Supervisors.....	52

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Namchow Holding Co., Ltd.  
(Formerly known as Namchow Chemical Industrial Co., Ltd.)  
2018 General Shareholders' Meeting Agenda

Time: 9:00 a.m. (Wednesday) on May 30, 2018

Venue: Vision Hall (願景廳), Taipei Foundation of Finance, Room 6, 6F., No.51,  
Hengyang Rd., Taipei City.

- 1、 Meeting Called to Order
- 2、 Chairperson Address
- 3、 Reports
  1. 2017 Business Results
  2. Review results of the 2017 final accounting books by the supervisors
  3. 2017 Remunerations Assignment for Board Directors and Employees
- 4、 Recognitions
  1. 2017 annual business reports and financial statements
  2. 2017 distribution of earnings
- 5、 Discussions
  - Amendment to Articles of Incorporation
- 6、 Elections:
  - Election of Board directors

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- 7、 Motions
- 8、 Adjournment

# Reports

- (I). 2017 Operation Status (See Attachment 1)
- (II). Supervisors' Review of 2017 Accounts (See Attachment 2)
- (III). 2017 Remunerations Assignment for Board Directors and Employees  
(See Attachment 3)

# Recognitions

Case 1 Introduced by the Board of Directors

Case: Submission for Recognition of 2017 Business Report and Financial Statement.

(See Attachments 1 and 4-1 through 4-10)

Decision:

Case 2 Introduced by the Board of Directors

Case: Submission for Recognition of 2017 Earnings Distribution Proposal

Description: (1) The after-tax net profits of the company for 2017 total NTD 992,726 thousand and hence the Earnings Distribution Form (See Attachment 5) is prepared.

(2) Cash dividends intended to be assigned total NTD 792,156 thousand, that is, NTD 2.70 is distributed per share. Cash dividends are rounded off to the nearest integer. The total of fractional shares is to be counted as part of other income of the company. Once approved in the shareholders' meeting, the Board of Directors is authorized to set a separate cash dividend baseline date for the distribution.

Decision

## Discussions

Introduced by the Board of Directors

Case: Amendment to Articles of Incorporation

Description: 1. Clause 18 of the Articles of Incorporation of the Company will be revised.

2. The provisions before and after the amendment are shown below:

After	Before	Description
<p>Article XVIII</p> <p>The Company has 5 to 9 board directors, who are to be elected among capable people in shareholders meetings to serve tenure of 3 years and may be repeatedly elected to serve multiple terms. The directors are entitled to transportation reimbursements and the payment is not affected by the Company's profitability.</p> <p>.</p> <p>.</p>	<p>Article XVIII</p> <p>The Company has 5 to 8 board directors, who are to be elected among capable people in shareholders meetings to serve tenure of 3 years and may be repeatedly elected to serve multiple terms. The directors are entitled to transportation reimbursements and the payment is not affected by the Company's profitability.</p> <p>.</p> <p>.</p>	<p>In order to have directors specializing in a variety of fields and accordingly help enhance the governance strength of the Company, it is intended to add one more director.</p>
<p>Article 34</p> <p>.....Besides the omission and retention of some, "The 52nd amendment took place on May 30, 2018" is added.</p>	<p>Article 34</p> <p>.....</p>	<p>Dating of the provision after amendment</p>

Decision:

## Elections

Introduced by the Board of Directors

Case: Election of Board directors

Description: 1. Current directors were elected during the shareholders meeting on June 10, 2015 and their tenure is between June 19, 2015 and June 18, 2018. Election of new directors is planned to take place during this coming shareholders meeting.

2. As is required by the Company's Articles of Incorporation, the Company has 5 to 8 board directors to serve tenure of 3 years. Among the directors, there may not be fewer than two independent directors. Seven directors were to be re-elected during the general shareholders' meeting; among them, two were independent directors, with a tenure that begins on June 19, 2018 and ends on June 18, 2021.

3. Candidates for the Company's independent directors are nominated but the list of candidates is to be reviewed and approved by the Company's Board of Directors first. Related information is provided below:

Name	Major education	Major experience	Shares held
Chen Ting-Kuo	PhD in Business Administration, University of Michigan	Chair Professor of Business Management, College of Business and Management, Tamkang University Chairman of the Chinese Academy of Business General Counsel of Ruentex Group Consultant and professor at Shanghai Fudan University, Shandong University, Zhejiang University, and Leadership Academy at the headquarters of China Petroleum and Chemical Corporation Director, Consultant, Professor, Antai College of Economics Management, Shanghai Jiao Tong University Honorary Professor, The Chinese University of Hong Kong Faculty of Business Administration	0
Lin Chin-Shi	Tamkang University Accounting Graduate	CPA at Jin-Shih Lin Accounting Firm Supervisor of Prolific Technology Inc.	0

4. For the Company's Directors and Supervisors Election Procedures, refer to Appendix 3 of this handbook.

Election outcome:

Motions

Adjournment



## Attachment 1

# Business Report

### I. Results of Operations in 2017

The Company's consolidated revenue was NTD 17,172,886 thousand in 2017, an increase of NTD 873,172 thousand (5.4%) from NTD 16,299,714 thousand in 2016. The profits amounted to NTD 992,726 thousand in 2017, an decrease of NTD 212,976 thousand (17.7%) from NTD 1,205,702 thousand in 2016. The consolidated revenue reached new heights again in 2017. Thanks to the shared hard work of all employees throughout the Group, most business units rendered growths in 2017 compared to 2016. The growths in the food business in Mainland China, Namchow Thailand and the ice cream business, in particular, were relatively high.

The cost of the primary raw materials, palm oil, increased in 2017 compared to 2016 in the cross-strait oil and fat business and Jinshan Plant 1 for oils and fats and Plant 2 for general foods in Shanghai and the fresh cream plant in Guangzhou were commissioned in the second half of the year one after another. Therefore, for the time being, the fixed cost will increase and so will the expenditure. Besides, the NTD to RMB exchange rate continued to appear appreciating in 2017. As a result, the profits dropped compared to 2016.

As far as financial income and expenditure are concerned, the consolidated debts totaled 16,490,502 thousand dollars in 2017; the debt ratio was 73.4% while in 2016, they were 12,954,458 thousand dollars and 69.7%, respectively. The value increased by 3,536,044 thousand dollars and the ratio by 3.7%. The increase in debts mainly came from the concurrent construction of Jinshan Plants 1 and 2 in Shanghai and the fresh cream plant in Guangzhou. Cash flow from business activities totaled 1,111,368 thousand dollars; the current ratio was 119.9%. Despite the fact that the ratio was lower than 144.0% in 2016, the financial standing is generally good.

In terms of the research and development of the Group's products, the soap series and the grapefruit seed antiseptic series of products have been known for their application of

natural oils and absence of additives and long-term emphasis over safety as cleaning products and co-existence and co-prosperity with the environment. The soap series, in particular, has been certified by the United States Department of Agriculture (USDA) and carries the label as a green bio-based product. The biomass content is above 99%. The liquid soap has also been certified by the US AMA Laboratories for its low sensitization. The oil and fat business continues to research and develop healthy and special exclusive functional oils and introduces high-end oil and fat products from overseas to meet the comprehensive baking needs of customers. The exclusive oil and powder for use in traditional Chinese pancakes were successfully developed over the past two years. Efforts are devoted to expanding the traditional Chinese pancake industry out to the international market. For the frozen dough, efforts are devoted to the research and development of new items and customized products in order to become an indispensable trustworthy partner in the bakery industry and also a strategic partner while customers enter the global market. The ice cream business is the trend setter for ice products in Taiwan. Introduced items are well received by consumers. The ambient rice business produces ready-to-serve dietary fiber healthy cooked rice that features health-preservation and can regulate blood sugar and blood lipid. Its healthy rice is the first of its kind in Taiwan to be certified as a health food.

## **II. Overview of 2017 Business Plan**

Namchow places an unchanged emphasis on product quality and prioritizes consumers' interest. Its customized services satisfy the different needs of customers. Sales of oil and fat products, frozen dough and frozen noodles have been growing each year. Knowledge and skills in local production, research and development, and management of Taiwan continue to be reinforced in order to secure solid operations on the market.

The oil and fat business of Namchow in Mainland China has been operating for 21 years. Adopting the consultation-oriented marketing approach, it has formed a community with its customers. Revenues over the past few years have shown significant growths. In response to increasing sales, investments in operations have never stopped. The third oil and fat plant in Mainland China, the Shanghai Jinshan Plant was commissioned in July last year to contribute 40% to the throughput. It is also the largest plant with complete food ingredient traceability management that Namchow has invested in Mainland China. The second fresh

cream plant built in Guangzhou was also commissioned in August last year. Its throughput doubles that of the plant in Tianjin. While investments in hardware equipment continue, the capabilities of staff as part of the software have never stopped, either. The oil and fat business of Namchow in Mainland China not only addresses the growing demand in the market but also feeds new information and energy into the industry. In addition, eyeing the business opportunities brought about by the Belt and Road Initiative, Namchow has maximized its investments in Chongqing by setting up a logistics center locally to be the operational center for the Group to take care of Western China.

Namchow has also 27 years of history with his business in Thailand. Over the past few years, in particular, the rising sales of baby rice crackers, cooked rice and porridge have brought the throughput to full capacity, contributing to the performance of the parent company. With the future developments on the Southeast Asia markets remaining optimistic and taking advantage of the complete export policies and package incentives in Thailand, markets in Europe, America and Mainland China are being deployed. In 2016, Namchow Thailand acquired additional 20,000 pings (1 ping = 3.305785 m<sup>2</sup>) of land next to its existing factory and expansion of the factory begins this year to gradually complete the Group's goal of deploying and operating on markets around the world at a depth.

### **III. Future Development Strategies and Impacts from External Environment**

**Future development strategies:** Namchow looks at the niche market around the world as its blueprint and continues to invest in oil and fat, rice, flour and dairy products. The food revenue now accounts for more than 95% of the Group's overall revenue. Investments are made also in biotech products in the development of oil and fat, daily necessities and rice. For the past few years, Namchow Taiwan, China or Thailand have had products sold all over the world and respective operations have shown significant growths. With its roots in Taiwan, developments in Mainland China, and accession to ASEAN countries as the main strategy, desirable benefits have come about. Mainland China, in particular, remains a  
growing market. Besides edible oils and fats and frozen dough, Namchow wants to take a step further by investing in local frozen noodles and ice cream businesses. Investments will also continue in the future in Mainland China, Taiwan and Thailand.

**Competitive Environment:** Competition always exists. Only by constant research, development and innovation and by creating proprietary corporate value can an enterprise secure its market presence without getting eliminated. In the case of the oil and fat business,

for example, Namchow introduced international well-known functional oil and fat products to go with its own products for complementary and synergistic effects. Namchow started to introduce exclusive oil and flour for use in making traditional Chinese pancakes and has held multiple workshops in Taiwan and Mainland China trying to create another trend and fad in the bakery industry. Namchow targets the Chinese around the world. In addition, by interacting with customers over the long term from time to time, it helps understand their needs and come up with comprehensive packages. The trust that customers have in Namchow is the cornerstone for its leading position in the bakery oil and fat business in Mainland China and Taiwan.

**Regulatory Background:** Consumers have turned more and more concerned about the quality, safety and hygiene of products over the past few years. Namchow is known for its unchanged emphasis on consumer benefits. In the 1980s, it spontaneously introduced the idea of consumer protection. The Ministry of Health and Welfare announced the new Act Governing Food Safety and Sanitation at the end of 2015 for the sake of protecting food safety for consumers. In as early as 2014, Namchow already enforced traceability of ice cream products for comprehensive management from the source. It is the first of its kind in Taiwan. The new oil and fat factory in Jinshan, Shanghai is one that applies comprehensive traceability management green technology. The Namchow Group is also the first one to establish its own food safety office that is configured with professionals and specialists to take care of respective tasks and help strictly safeguard respective raw materials used within the Group, including the dining business. Food safety education and information communication are a daily practice. The investment in safety laboratories was increased last year in order to enhance the ability to carry out spontaneous tests and management. With the new government policy, one fixed day off and one flexible rest day, which came into force last year, it has indeed increased the overhead for enterprises. Always supportive of government policies, however, we hired more people and apply the optimum shift rotation approach to address our production demand as customer service remains our priority concern.

**Macro Environment:** China announced in August 2015 that the RMB had depreciated significantly; the global financial market was caught in chaos. The depreciation stream continued in 2016, followed by a mixture of rises and falls; the exchange loss either slowed down or gave rise to interest. The government also announced that the business income tax would increase from 17% to 20%, effective since 2018, which will impact all Taiwanese

businesses. Global economic developments have resulted in the destruction of the environment and the ecology. The Paris Agreement already officially took effect in November the year before. Faced with the carbon reduction issue, operating cost will inevitably increase for businesses. Therefore, early devotion to inspecting, analyzing and improving processes is a near-term action item of the Company. The trade and money policies of the US will also cause fluctuations. The government's labor policy has also resulted in a profit squeeze. Given the above, our company will place greater emphasis on the quality, safety and sanitation of products applying higher standards and will continue to reinforce risk control to ensure food safety. In light of the extreme climate change, Namchow is known for its long-term in-depth investigation and research and has accumulated professional knowledge to be capable of keeping track of the right timing to purchase raw materials at an optimum price so that we can remain undefeated.

The Company has been in existence for 66 years. We believe in integrity and sustainable management and we care about the rights of customers and consumers. We also proactively get involved in environmental protection issues and take any responsive measures to get ready for any situation while trying to realize sustainable management with growths and profits and to create optimum investment interest for all shareholders.

Chen Fei Lung

Chairman

Lee Kan Wen

EVP

Lien Rong Chang

Head of Accounting:

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## Attachment 2

### Namchow Holding Co., Ltd.

#### Supervisor's Review Report

The Board of Directors submitted the Company's 2017 Business Report, individual and consolidated financial statements, and earnings allocation proposals. The individual and consolidated financial statements, in particular, have been inspected by CPAs Bo-Shu Huang and An-Tian Yu of KPMG, with the audit report issued. I have reviewed the above-mentioned business report, financial statements, and earnings allocation proposals and did not find any discrepancy. Therefore, the report is produced and submitted herein in accordance with Article 219 of the Company Act for your review.

To

The company's 2018 Shareholders' Meeting

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Supervisor: Wu Ting-Chen

Namchow Holding Co., Ltd.

Yi-Wen Chen, Representative of Employee Welfare Committee

March 19, 2018

## Attachment 3

### Report on Remunerations to the Directors, Supervisors and Employees in fiscal year 2017

- I. According to Article 31 of the Articles of Incorporation: the company shall appropriate no less than 1% of its earnings as remuneration to its employees and no more than 5% of its earning as remuneration to the Directors and Supervisors, if applicable. The Company shall appropriate for write-off the loss carried forward, if applicable.

The remuneration to employees may be paid in stock or cash, and the employees of subsidiaries meeting specific condition are also entitled to the payment.

- II. Remunerations for employees and board directors and supervisors distributed for 2017 account for 1% and 4%, that is, NTD 11,463 thousand and NTD 45,852 thousand, respectively, of pre-tax net profits totaling NTD 1,146,307 thousand in cash. The values are identical to the estimates.
- III. The aforementioned amount for distribution has been approved by the Board in a session dated March 14 2018 subject to the ratification of the Shareholders' Meeting for release.
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**安侯建業聯合會計師事務所**  
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## Independent Auditors' Report

To the Board of Directors of Namchow Holding Co., Ltd.:

### Opinion

We have audited the parent company only financial statements of Namchow Holding Co., Ltd. (formerly called Namchow Chemical Industrial Co., Ltd.) (the "Company"), which comprise the balance sheets as of December 31, 2017 and 2016, and the statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2017 and 2016, and notes to the parent company only financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying parent company only financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2017 and 2016, and its financial performance and its cash flows for the years ended December 31, 2017 and 2016 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 Parent Company Only 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 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 parent company only financial statements of the current period. These matters were addressed in the context of our audit of the parent company only financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In our judgment, the key audit matters we communicated in the auditor's report were as follows:

#### Evaluation of investments accounted for under equity method

Please refer to Note 4(h) and 6(f) for the disclosure related to the evaluation of investments accounted for under equity method of the parent company only financial statements.





#### Description of key audit matter:

Namchow Holding Co., Ltd. mainly engages in the investment business. Investments accounted for under equity method amounts to \$10,070,503 thousand, which constitutes 80% of the total assets of Namchow Holding Co., Ltd. Therefore, the evaluation of investments accounted for under equity method is key judgmental areas for our audit.

#### How the matter is address in our audit:

Our principal audit procedure including providing audit instructions and communicating with auditors of other components; obtaining financial statements of the components, recalculating shares of profit from the subsidiaries and exam whether if it is recognized in the correct period; and evaluating whether the disclosure related to investments accounted for under equity method made by the management is appropriate.

#### **Responsibilities of Management and Those Charged with Governance for the Parent Company Only Financial Statements**

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

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

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

#### **Auditors' Responsibilities for the Audit of the Parent Company Only Financial Statements**

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



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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the parent company only financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's 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 auditor's report are Po-Shu Huang and Ann-Tien Yu.

KPMG

Taipei, Taiwan (Republic of China)  
March 14, 2018

#### Notes to Readers

The accompanying parent company only financial statements are intended only to present the statements of financial position, financial performance and its 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 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 auditors' report and parent company only financial statements, the Chinese version shall prevail.

# Attachment 4~2

(English Translation of Parent Company Only Financial Statements and Report Originally Issued in Chinese)  
NAMCHOW HOLDING CO., LTD.

## Balance Sheets

December 31, 2017 and 2016

(Expressed in Thousands of New Taiwan Dollars)

	December 31, 2017		December 31, 2016			December 31, 2017		December 31, 2016	
	Amount	%	Amount	%		Amount	%	Amount	%
<b>Assets</b>									
<b>Current assets:</b>					<b>Liabilities and Equity</b>				
1100 Cash and cash equivalents	\$ 22,746	-	94,652	1	2100 Short-term borrowings			\$ 322,000	3
1150 Notes receivable, net	367	-	137,674	1	2110 Short-term commercial paper payable			34,981	2
1170 Accounts receivable, net	1,191	-	377,346	3	2322 Current portion of long-term borrowings			325,350	3
1180 Accounts receivable – related-parties	10,354	-	56,704	1	2170 Accounts payable			-	-
1200 Other receivables	2,681	-	2,912	-	2180 Accounts payable – related-parties			138,659	1
1210 Other receivables – related-parties	138,956	1	7,494	-	2200 Other payables			-	-
1220 Current income tax assets	-	-	4,994	-	2220 Other payables – related-parties			191,694	1
130x Inventories	-	-	424,043	3	2230 Current income tax liabilities			7,400	-
1410 Prepayments	4,141	-	41,752	-	2313 Deferred revenue			18,766	-
1470 Other current assets	140	-	2,005	-	2399 Other current liabilities			-	-
<b>Total current assets</b>	<b>180,576</b>	<b>1</b>	<b>1,149,576</b>	<b>9</b>	<b>Total current liabilities</b>	<b>1,855</b>	<b>-</b>	<b>10,107</b>	<b>1</b>
<b>Non-current assets:</b>					<b>Non-current liabilities:</b>			<b>902,046</b>	<b>7</b>
1523 Available-for-sale financial assets– non-current	12,851	-	10,735	-	Bonds payable			3,915,817	31
1543 Financial assets at cost – non-current	27,166	-	27,166	-	Long-term borrowings			1,060,000	8
1550 Investments accounted for under equity method	10,070,503	80	8,131,667	67	Deferred income tax liabilities			635,350	5
1600 Property, plant and equipment	1,851,782	15	2,653,472	22	Accrued pension liabilities – non-current			733,047	6
1760 Investment property	250,986	2	83,384	1	Other non-current liabilities			195,016	2
1840 Deferred income tax assets	118,824	2	54,095	1	<b>Total non-current liabilities</b>	<b>50</b>	<b>-</b>	<b>3,998</b>	<b>-</b>
1915 Prepayments for equipment	-	-	32,880	-	<b>Total liabilities</b>	<b>5,903,930</b>	<b>47</b>	<b>5,314,796</b>	<b>44</b>
1990 Other non-current assets	-	-	-	-	<b>Equity attributable to shareholders of parent:</b>	<b>6,805,976</b>	<b>54</b>	<b>6,583,650</b>	<b>54</b>
<b>Total non-current assets</b>	<b>11,721</b>	<b>-</b>	<b>10,764</b>	<b>-</b>	Common stock			2,941,330	23
	<b>12,343,833</b>	<b>99</b>	<b>11,004,163</b>	<b>91</b>	Capital surplus			886,756	7
					Retained earnings:				
					Legal reserve			540,441	4
					Special reserve			512,508	4
					Unappropriated earnings			1,851,370	15
					Other equity:			2,904,319	23
					Financial statement translation differences for foreign operations			(432,998)	(2)
					Unrealized gains (losses) on valuation of available-for-sale financial assets			(4,114)	-
					Treasury stock			(437,112)	(2)
					<b>Total equity</b>			(576,860)	(5)
					<b>Total liabilities and shareholders' equity</b>			(576,860)	(5)
								5,718,433	46
								<b>12,524,409</b>	<b>100</b>
								<b>12,153,739</b>	<b>100</b>

(English Translation of Parent Company Only Financial Statements and Report Originally Issued in Chinese)  
**NAMCHOW HOLDING CO., LTD.**

**Statements of Comprehensive Income**

**For the years ended December 31, 2017 and 2016**

**(Expressed in Thousands of New Taiwan Dollars , Except for Earnings Per Common Share)**

		2017		2016	
		Amount	%	Amount	%
4000	Revenue	1,640,325	100	2,808,091	100
5000	Operating costs	1,103,423	67	1,835,811	65
5900	Gross profit	536,902	33	972,280	35
6000	Operating expenses:				
6100	Selling expenses	338,037	21	589,418	21
6200	General and administrative expenses	322,672	20	395,009	14
6300	Research and development expenses	17,896	1	32,978	1
	Total operating expenses	678,605	42	1,017,405	36
6900	Operating profit	(141,703)	(9)	(45,125)	(1)
7000	Non-operating income and expenses:				
7010	Other income	15,362	1	18,070	-
7020	Other gains and losses	(22,549)	(1)	(5,408)	-
7050	Finance costs	(67,374)	(4)	(67,980)	(2)
7070	Shares of profit of subsidiaries accounted for using equity method	1,305,256	80	1,370,984	49
	Total non-operating income and expenses	1,230,695	76	1,315,666	47
7900	Net income before tax	1,088,992	67	1,270,541	46
7950	Less: income tax expense	96,266	6	64,839	3
	Net income	992,726	61	1,205,702	43
8300	Other comprehensive income (loss):				
8310	Components of other comprehensive income that will not be reclassified to profit or loss				
8311	Gains (losses) on remeasurements of defined benefit plans	(16,377)	(1)	(27,439)	(1)
8330	Share of other comprehensive income of accounted for under equity method-items that will not be reclassified to profit or loss	(31,560)	(2)	(11,519)	-
8349	Income tax related to items that will not be reclassified subsequently	-	-	-	-
	Components of other comprehensive income that will not be reclassified to profit or loss	(47,937)	(3)	(38,958)	(1)
8360	Items that may be reclassified subsequently to profit or loss				
8361	Financial statements translation difference	16,073	1	(12,425)	-
8362	Unrealised gains (losses) on valuation of available-for-sale financial assets	2,116	-	(244)	-
8380	Share of other comprehensive income of subsidiaries accounted for under equity method-items that may be reclassified subsequently to profit or loss	(64,065)	(4)	(438,348)	(16)
8399	Income tax expense relating to components of comprehensive income (loss)	-	-	-	-
	Total items that may be reclassified subsequently to profit or loss	(45,876)	(3)	(451,017)	(16)
8300	Other comprehensive income (loss), net of tax	(93,813)	(6)	(489,975)	(17)
	Total comprehensive income	898,913	55	715,727	26
9750	Basic earnings per share (in New Taiwan dollars)	4.01		4.86	
9850	Diluted earnings per share (in New Taiwan dollars)	4.00		4.85	

# Attachment 4~4

(English Translation of Parent Company Only Financial Statements and Report Originally Issued in Chinese)  
NAMCHOW HOLDING CO., LTD.

## Statements of Changes in Equity For the years ended December 31, 2017 and 2016 (Expressed in Thousands of New Taiwan Dollars)

	Common stock	Capital surplus	Retained earnings					Total other equity interest			
			Legal reserve	Special reserve	Unappropriated earnings	Total	Financial statements translation differences for foreign operations	Unrealized gains (losses) on valuation of available-for-sale financial assets	Total	Treasury stock	Total equity
Balance at January 1, 2016	\$ 2,941,330	\$ 520,786	308,586	512,508	1,686,942	2,508,036	66,204	(6,423)	59,781	(530,114)	5,499,819
Appropriation and distribution:											
Legal reserve	-	-	111,285	-	(111,285)	-	-	-	-	-	-
Cash dividends	-	119,289	-	-	(764,746)	(764,746)	-	-	-	-	(645,457)
Net income	-	-	-	-	1,205,702	1,205,702	-	-	-	-	1,205,702
Other comprehensive income (loss)	-	-	-	-	(38,958)	(38,958)	(450,716)	(301)	(451,017)	-	(489,975)
Total comprehensive income (loss)	-	-	-	-	1,166,744	1,166,744	(450,716)	(301)	(451,017)	-	715,727
Balance at December 31, 2016	2,941,330	640,075	419,871	512,508	1,977,655	2,910,034	(384,512)	(6,724)	(391,236)	(530,114)	5,570,089
Appropriation and distribution:											
Legal reserve	-	-	120,570	-	(120,570)	-	-	-	-	-	-
Cash dividends	-	128,789	-	-	(823,572)	(823,572)	-	-	-	-	(694,783)
Net income	-	-	-	-	992,726	992,726	-	-	-	-	992,726
Other comprehensive income (loss)	-	-	-	-	(47,937)	(47,937)	(48,486)	2,610	(45,876)	-	(93,813)
Total comprehensive income (loss)	-	-	-	-	944,789	944,789	(48,486)	2,610	(45,876)	-	898,913
Purchase of treasury stock	-	-	-	-	-	-	-	-	-	(46,746)	(46,746)
Difference between purchase price and carrying amount of subsidiaries acquired	-	-	-	-	(126,932)	(126,932)	-	-	-	-	(126,932)
Changes in ownership interests in subsidiaries	-	117,892	-	-	-	-	-	-	-	-	117,892
Balance at December 31, 2017	\$ 2,941,330	\$ 866,756	\$ 540,441	\$ 512,508	\$ 1,851,370	\$ 2,904,319	\$ (432,998)	\$ (4,114)	\$ (437,112)	\$ (576,860)	\$ 5,718,433

Note: For the years 2017 and 2016 the estimated amount of directors' remuneration were \$45,852 thousand and \$53,496 thousand, respectively, and the estimated amounts of employees' bonuses were \$11,463 thousand and \$13,374 thousand, respectively, were deducted from statements of comprehensive in the respective periods.

# Attachment 4~5

(English Translation of Parent Company Only Financial Statements and Report Originally Issued in Chinese)  
NAMCHOW HOLDING CO., LTD.

## Statements of Cash Flows

For the years ended December 31, 2017 and 2016

(Expressed in Thousands of New Taiwan Dollars)

	2017	2016
<b>Cash flows from operating activities:</b>		
Consolidated net income before tax	\$ 1,088,992	1,270,541
<b>Adjustments:</b>		
Adjustments to reconcile profit and loss:		
Depreciation	80,632	114,335
Provision for allowance of bad debt	395	513
Interest expense	67,374	67,980
Interest income	(51)	(50)
Share-based payments	(8,989)	-
Share of profit of subsidiaries accounted for using equity method	(1,305,256)	(1,370,984)
Loss on disposal of property, plant and equipment	10,905	283
Total adjustments to reconcile profit	(1,154,990)	(1,187,923)
<b>Changes in assets / liabilities relating to operating activities:</b>		
Net changes in operating assets:		
Notes receivable	137,238	(30,429)
Accounts receivable	375,760	23,524
Accounts receivable – related parties	46,350	(3,839)
Other receivable	231	2,569
Other receivable – related parties	(35,290)	1,971
Inventories	53,015	(20,504)
Prepayments	24,325	5,859
Other current assets	(3,689)	362
Total changes in operating assets, net	597,940	(20,487)
Changes in operating liabilities:		
Accounts payable	86,682	12,232
Accounts payable – related parties	(1,390)	(5,925)
Other payable	(95,159)	74,508
Other payable – related parties	5,944	833
Other current liabilities	(7,039)	(5,936)
Net defined benefit liabilities	(12,186)	(179,536)
Deferred revenue	9,092	3,730
Total changes in operating liabilities, net	(14,056)	(100,094)
Total changes in operating assets / liabilities, net	583,884	(120,581)
Total adjustments	(571,106)	(1,308,504)
Cash provided by operating activities	517,886	(37,963)
Interest income received	51	50
Interest paid	(44,434)	(66,533)
Income taxes paid	(13,771)	(3,521)
Net cash provided by (used in) operating activities	459,732	(107,967)
<b>Cash flows from investing activities:</b>		
Acquisition of investments accounted for using equity method	(22,000)	(20,000)
Acquisition of property, plant and equipment	(222,751)	(199,452)
Proceeds from disposal of property, plant and equipment	391	-
Increase in other non-current assets	(1,124)	173
Dividends received	68,644	128,706
Net cash used in investing activities	(176,840)	(90,573)
<b>Cash flows from financing activities:</b>		
Increase in short-term borrowings	1,889,000	4,396,000
Decrease in short-term borrowings	(1,874,000)	(4,589,000)
Increase (decrease) in short term commercial paper payable	(214,934)	159,948
Proceeds from issuing bonds	-	3,894,324
Proceeds from long-term borrowings	1,727,000	3,701,391
Repayments of long-term borrowings	(977,000)	(6,595,516)
Increase (decrease) in other non-current liabilities	(3,948)	3,760
Cash dividends paid	(823,572)	(764,746)
Payments to acquire treasury stock	(46,746)	-
Other financing activities	(30,598)	-
Net cash provided by (used in) financing activities	(354,798)	206,161
Increase (decrease) in cash and cash equivalents	(71,906)	7,621
Cash and cash equivalents at beginning of period	94,652	87,031
Cash and cash equivalents at end of period	\$ 22,746	94,652



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## Independent Auditors' Report

To the Board of Directors of Namchow Holdings Co., Ltd.:

### Opinion

We have audited the consolidated financial statements of Namchow Holdings Co., Ltd. (formerly called Namchow Chemical Industrial Co., Ltd.) and its subsidiaries (the "Group"), which comprise the consolidated balance sheets as of December 31, 2017 and 2016, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2017 and 2016, 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 Group as of December 31, 2017 and 2016, and its consolidated financial performance and its consolidated cash flows for the years ended December 31, 2017 and 2016 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 as well as related guidance endorsed 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. In our judgment, the key audit matters we communicated in the auditor's report were as follows:

### 1. Impairment of trades receivable

Please refer to Note 4(g) "Financial instrument" for accounting policies, Note 5(a) for accounting assumptions, judgment and estimation uncertainty of impairment of trade receivable, and Note 6(c) for the disclosure related to impairment of trade receivable of the consolidated financial statements.

#### Description of key audit matter:

The Group does not concentrate on any individual customer or any specific region, therefore, the Group needs to establish a policy on its allowance for impairment in order to evaluate its customers' financial status, as well as the political and economic environment. Therefore, the impairment of trades receivable is one of the key judgmental areas for our audit.

#### How the matter was addressed in our audit:

Our principle audit procedures for the assessment of the Group's accounting policy, included evaluating the receivables credit conditions and allowance for impairment policy; analyzing the accounts receivable relevant with the allowance for impairment; obtaining aging analysis of accounts receivable and examining relevant documents to verify the accuracy aging period; understanding the recovery of the past due accounts and for the aging of the long-term accounts receivable, such as those past due for 120 days; inspecting whether the Group has taken the appropriate procedures on the litigation or negotiation of the Group subsequent to the financial year end, and verifying the adequacy of impairment assessment of accounts receivable; verifying the reasonableness of the management's assessment on the Group's disclosure on the impairment of trades receivable.

### 2. Valuation of inventories

Please refer to Note 4(h) "Inventories" for accounting policies, Note 5(b) for accounting assumptions, judgment and estimation uncertainty of valuation of inventories, and Note 6(d) for the disclosure related to valuation of inventories of the financial statements.

#### Description of key audit matter:

The Group's main inventories are edible and non-edible oil products, frozen dough and frozen food, as well as dish and laundry liquid detergent.

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The value of edible and non-edible oil products and laundry liquid detergent products are affected by the international oil price, which may result in the inventory cost exceed its net realizable value; frozen dough and frozen food due to shelf life, resulting in the inventory age has significant risk. Therefore, the valuation of inventories is one of the key judgmental areas for our audit.





How the matter was addressed in our audit:

Our principal audit procedures included

Our principle audit procedures for the assessment of the Group' accounting policy included understanding the policies of evaluating the inventories; performing the analytical procedures about the relation between the balance of inventory and provision on inventory market price decline; verifying the change of provision on inventory valuation and evaluating where it is reasonable; understanding the net realizable values used by management and the variation of the prices in a period after the reporting date to ensure the appropriateness of the valuation price; obtaining the aging report and inspecting the inventory aging processing after the reporting date, as well as understanding the net realizable values used by the management to access whether the net realizable value and the allowance for inventories are reasonable; assessing whether the disclosure on the provision for inventory valuation and obsolescence was appropriate.

### 3. Revenue recognition — customer loyalty program

Please refer to Note 4(p) "Revenue" for accounting policies, Note 5(c) for accounting assumptions, judgment and estimation uncertainty of revenue recognition and Note 6(q) for the disclosure related to revenue of the financial statements.

Description of key audit matter:

The revenue arising from the bonus points shall be calculated by using the fair values, based on the amounts of sales and points earned in the previous year, to be recognized as revenue reduction. Revenue is the main indicator for the Group management and investors to evaluate the Group' s financial and business performance. Therefore, the revenue recognition is one of the key judgmental areas for our audit.

How the matter was addressed in our audit:

The key audit procedures performed included understanding and assessing the design and implementation of the bonus point; assessing the management's judgments and estimating the rationality of the bonus point and recalculating them to ensure the sales revenue are recognized; performing the analytical procedures of sales revenue; assessing the appropriateness of the deferred income of the relevant incentive points, whether it is recorded correctly in the system, and whether it has been disclosed in the appropriate notes to the financial statements.

### Other Matter

Namchow Holdings Co., Ltd. has additionally prepared its parent company only financial statements as of and for the years ended December 31, 2017 and 2016, on which we have issued an unqualified 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 Regulations Governing the Preparation of Financial Reports by Securities Issuers and 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 are responsible for overseeing the Group's financial reporting process.

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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:

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

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



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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's 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 auditor's report are Po-Shu Huang and Ann-Tien Yu.

KPMG

Taipei, Taiwan (Republic of China)  
March 14, 2018

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#### Notes to Readers

The accompanying Consolidated Financial Statements are intended only to present the Consolidated statements of financial position, financial performance and its 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 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 auditors' report and Consolidated Financial Statements, the Chinese version shall prevail.

(English Translation of Consolidated Financial Statements and Report Originally Issued in Chinese)  
**NAMCHOW HOLDINGS CO., LTD. (FORMERLY CALLED NAMCIOW CHEMICAL INDUSTRIAL CO., LTD.) AND ITS SUBSIDIARIES**

**Consolidated Balance Sheets**

December 31, 2017 and 2016

(Expressed in Thousands of New Taiwan Dollars)

	December 31, 2017		December 31, 2016	
	Amount	%	Amount	%
<b>Assets</b>				
<b>Current assets:</b>				
1100 Cash and cash equivalents	\$ 4,662,498	21	\$ 3,161,685	17
1150 Notes receivable, net	212,246	1	208,668	1
1170 Accounts receivable, net	1,680,919	7	1,521,658	8
1200 Other receivables	49,941	-	120,961	1
1220 Current income tax assets	207,629	1	210,320	1
1300 Inventories	2,421,777	11	1,949,203	10
1410 Prepayments	609,511	3	109,100	1
1470 Other current assets	50,420	-	194,815	1
<b>Total current assets</b>	<b>9,894,941</b>	<b>44</b>	<b>7,476,410</b>	<b>40</b>
<b>Non-current assets:</b>				
1524 Available-for-sale financial assets— non-current	15,859	-	13,248	-
1543 Financial assets at cost— non-current	27,166	-	27,166	-
1600 Property, plant and equipment	11,706,475	52	10,388,063	57
1760 Investment property	51,715	-	55,740	-
1805 Goodwill	105,417	1	105,417	1
1840 Deferred income tax assets	240,094	1	139,853	1
1915 Prepayments for equipment	100,471	1	47,177	-
1985 Long-term prepaid rents	231,595	1	239,376	1
1990 Other non-current assets	82,221	-	84,718	-
<b>Total non-current assets</b>	<b>12,561,013</b>	<b>56</b>	<b>11,100,758</b>	<b>60</b>
<b>Liabilities and Equity</b>				
<b>Current liabilities:</b>				
Short-term borrowings				
Short-term commercial paper payable				
Current portion of long-term borrowings				
Notes payable				
Accounts payable				
Other payables				
Current income tax liabilities				
Deferred revenue				
Other current liabilities				
<b>Total current liabilities</b>	<b>8,250,561</b>	<b>37</b>	<b>5,192,049</b>	<b>28</b>
<b>Non-current liabilities:</b>				
Bonds payable				
Long-term borrowings				
Provision liabilities— non-current				
Deferred income tax liabilities				
Accrued pension liabilities— non-current				
Other non-current liabilities				
<b>Total non-current liabilities</b>	<b>3,915,817</b>	<b>18</b>	<b>3,894,324</b>	<b>21</b>
<b>Total liabilities</b>	<b>12,166,378</b>	<b>55</b>	<b>9,086,373</b>	<b>49</b>
<b>Equity attributable to shareholders of parent:</b>				
Common stock	3100		3100	
Capital surplus	3200		3200	
Retained earnings:				
Legal reserve	3310		3310	
Special reserve	3320		3320	
Unappropriated earnings	3350		3350	
<b>Total equity</b>	<b>400</b>		<b>400</b>	
<b>Total liabilities and equity</b>	<b>12,566,378</b>	<b>100</b>	<b>9,486,373</b>	<b>100</b>
<b>Other equity:</b>				
Financial statement translation differences for foreign operations	3410		3410	
Unrealized gains (losses) on valuation of available-for-sale financial assets	3425		3425	
<b>Total equity attributable to shareholders of parent:</b>	<b>3500</b>		<b>3500</b>	
<b>Total equity</b>	<b>3600</b>		<b>3600</b>	
<b>Total liabilities and equity</b>	<b>12,571,668</b>	<b>100</b>	<b>9,491,668</b>	<b>100</b>

## Attachment 4~8

(English Translation of Consolidated Financial Statements and Report Originally Issued in Chinese)  
**NAMCHOW HOLDINGS CO., LTD. (FORMERLY CALLED NAMCHOW CHEMICAL INDUSTRIAL CO., LTD.)**  
**AND ITS SUBSIDIARIES**

**Consolidated Statements of Comprehensive Income**

For the years ended December 31, 2017 and 2016

(Expressed in Thousands of New Taiwan Dollars , Except for Earnings Per Common Share)

		2017		2016	
		Amount	%	Amount	%
4000	Revenue	\$ 17,172,886	100	16,299,714	100
5000	Operating costs	<u>11,558,740</u>	<u>67</u>	<u>10,160,025</u>	<u>62</u>
5900	Gross profit	<u>5,614,146</u>	<u>33</u>	<u>6,139,689</u>	<u>38</u>
6000	Operating expenses:				
6100	Selling expenses	2,566,614	15	2,439,933	15
6200	General and administrative expenses	1,338,875	8	1,403,331	9
6300	Research and development expenses	<u>297,937</u>	<u>2</u>	<u>273,061</u>	<u>2</u>
	Total operating expenses	<u>4,203,426</u>	<u>25</u>	<u>4,116,325</u>	<u>26</u>
6900	Operating profit	<u>1,410,720</u>	<u>8</u>	<u>2,023,364</u>	<u>12</u>
7000	Non-operating income and expenses:				
7010	Other income	221,725	1	145,858	1
7020	Other gains and losses	22,808	-	(186,452)	(1)
7050	Finance costs	<u>(150,325)</u>	<u>(1)</u>	<u>(164,894)</u>	<u>(1)</u>
	Total non-operating income and expenses	<u>94,208</u>	<u>-</u>	<u>(205,488)</u>	<u>(1)</u>
7900	Net income before tax	1,504,928	8	1,817,876	11
7950	Less: income tax expense	<u>509,878</u>	<u>3</u>	<u>647,567</u>	<u>4</u>
	Net income	<u>995,050</u>	<u>5</u>	<u>1,170,309</u>	<u>7</u>
8300	Other comprehensive income (loss):				
8310	Components of other comprehensive income that will not be reclassified to profit or loss				
8311	Gains (losses) on remeasurements of defined benefit plans	(48,048)	-	(38,998)	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	-	-	-	-
	Components of other comprehensive income that will not be reclassified to profit or loss	<u>(48,048)</u>	<u>-</u>	<u>(38,998)</u>	<u>-</u>
8360	Items that may be reclassified subsequently to profit or loss				
8361	Exchange differences on translation	176,604	1	(459,801)	(3)
8362	Unrealised gains (losses) on valuation of available-for-sale financial assets	2,610	-	(301)	-
8399	Income tax expense relating to components of other comprehensive income (loss)	-	-	-	-
	Total items that may be reclassified subsequently to profit or loss	<u>179,214</u>	<u>1</u>	<u>(460,102)</u>	<u>(3)</u>
8300	Other comprehensive income (loss), net of tax	<u>131,166</u>	<u>1</u>	<u>(499,100)</u>	<u>(3)</u>
	Total comprehensive income	<u>\$ 1,126,216</u>	<u>6</u>	<u>671,209</u>	<u>4</u>
	Net income attributable to:				
8610	Shareholders of the parent	\$ 992,726	5	1,205,702	7
8620	Non-controlling interests	<u>2,324</u>	<u>-</u>	<u>(35,393)</u>	<u>-</u>
		<u>\$ 995,050</u>	<u>5</u>	<u>1,170,309</u>	<u>7</u>
	Total Comprehensive income attributable to:				
8710	Shareholders of the parent	\$ 898,913	5	715,727	4
8720	Non-controlling interests	<u>227,303</u>	<u>1</u>	<u>(44,518)</u>	<u>-</u>
		<u>\$ 1,126,216</u>	<u>6</u>	<u>671,209</u>	<u>4</u>
9750	Basic earnings per share (in New Taiwan dollars)	\$	4.01		4.86
9850	Diluted earnings per share (in New Taiwan dollars)		<u>4.00</u>		<u>4.85</u>

# Attachment 4~9

## (English Translation of Consolidated Financial Statements and Report Originally Issued in Chinese) NAMCHOW HOLDINGS CO., LTD. (FORMERLY CALLED NAMCHOW CHEMICAL INDUSTRIAL CO., LTD.) AND ITS SUBSIDIARIES

### Consolidated Statements of Changes in Equity

For the years ended December 31, 2017 and 2016  
(Expressed in Thousands of New Taiwan Dollars)

Equity attributable to owners of parent											Non-controlling interests	Total equity
Common stock \$	Capital surplus	Retained earnings				Total other equity interest						
		Legal reserve	Special reserve	Unappropriated earnings	Total	Financial statements translation differences for foreign operations	Unrealized gains (losses) on valuation of available-for-sale financial assets	Treasury stock	Total equity attributable to shareholders of the parent			
2,941,330	520,786	308,586	512,508	1,686,942	2,508,036	66,204	(6,423)	59,781	(530,114)	5,499,819	144,258	5,644,077
-	-	111,285	-	(111,285)	-	-	-	-	-	-	-	-
-	119,289	-	-	(764,746)	(764,746)	-	-	-	-	(645,457)	-	(645,457)
-	-	-	-	1,205,702	1,205,702	-	-	-	-	1,205,702	(35,393)	1,170,309
-	-	-	-	(38,958)	(38,958)	(450,716)	(301)	(451,017)	-	(489,975)	(9,125)	(499,100)
-	-	-	-	1,166,744	1,166,744	(450,716)	(301)	(451,017)	-	715,727	(44,518)	671,209
-	-	-	-	-	-	-	-	-	-	(47,119)	-	(47,119)
2,941,330	640,075	419,871	512,508	1,977,655	2,910,034	(384,512)	(6,724)	(391,236)	(530,114)	5,570,089	52,621	5,622,710
-	-	120,570	-	(120,570)	-	-	-	-	-	-	-	-
-	128,789	-	-	(823,572)	(823,572)	-	-	-	-	(694,783)	-	(694,783)
-	-	-	-	992,726	992,726	-	-	-	-	992,726	2,324	995,050
-	-	-	-	(47,937)	(47,937)	(48,486)	2,610	(45,876)	-	(93,813)	224,979	131,166
-	-	-	-	944,789	944,789	(48,486)	2,610	(45,876)	-	898,913	227,303	1,126,216
-	-	-	-	-	-	-	-	-	(46,746)	(46,746)	-	(46,746)
-	-	-	-	(126,932)	(126,932)	-	-	-	-	(126,932)	(32,905)	(159,837)
-	117,892	-	-	-	-	-	-	-	-	117,892	-	117,892
2,941,330	886,756	540,441	512,508	1,851,370	2,904,319	(432,998)	(4,114)	(437,112)	(576,860)	5,718,433	247,019	5,965,452

# Attachment 4~10

(English Translation of Consolidated Financial Statements and Report Originally Issued in Chinese)  
**NAMCHOW HOLDINGS CO., LTD. (FORMERLY CALLED NAMCHOW CHEMICAL INDUSTRIAL CO., LTD.)**  
**AND ITS SUBSIDIARIES**

**Consolidated Statements of Cash Flows**  
**For the years ended December 31, 2017 and 2016**  
**(Expressed in Thousands of New Taiwan Dollars)**

	2017	2016
<b>Cash flows from operating activities:</b>		
Consolidated net income before tax	\$ 1,504,928	1,817,876
<b>Adjustments:</b>		
Adjustments to reconcile profit and loss:		
Depreciation	637,419	663,759
Provision for (reversal of) allowance of bad debt	(2,374)	(8,006)
Interest expense	150,325	164,894
Interest income	(43,010)	(110,610)
Loss on disposal of property, plant and equipment	32,069	3,629
Total adjustments to reconcile profit	774,429	713,666
<b>Changes in assets / liabilities relating to operating activities:</b>		
Net changes in operating assets:		
Notes receivable	(3,578)	7,077
Accounts receivable	(156,802)	(9,696)
Other receivable	199,809	141,925
Inventories	(472,574)	(346,135)
Prepayments	(500,411)	77,162
Other current assets	144,395	(49,106)
Total changes in operating assets, net	(789,161)	(178,773)
Changes in operating liabilities:		
Notes payable	(49)	(108)
Accounts payable	257,413	42,920
Other payable	77,156	213,369
Provisions liabilities	(1,200)	3,070
Other current liabilities	87,960	(31,040)
Net defined benefit liabilities	(11,601)	(293,945)
Deferred revenue	(48,308)	14,923
Total changes in operating liabilities, net	361,371	(50,811)
Total changes in operating assets / liabilities, net	(427,790)	(229,584)
Total adjustments	346,639	484,082
Cash provided by operating activities	1,851,567	2,301,958
Interest income received	43,010	110,610
Interest paid	(128,887)	(164,385)
Income taxes paid	(654,715)	(650,189)
<b>Net cash provided by operating activities</b>	<b>1,110,975</b>	<b>1,597,994</b>
<b>Cash flows from investing activities:</b>		
Proceeds from disposal of investments in debt instrument without active market	-	249,750
Acquisition of property, plant and equipment	(1,969,006)	(3,206,050)
Proceeds from disposal of property, plant and equipment	85,635	100,508
Decrease in other non-current assets	5,457	72,111
Decrease (increase) in other prepayments	4,821	(18,559)
Acquisition of non-controlling interests by subsidiaries	(159,837)	-
<b>Net cash used in investing activities</b>	<b>(2,032,930)</b>	<b>(2,802,240)</b>
<b>Cash flows from financing activities:</b>		
Increase in short-term borrowings	8,176,140	8,469,300
Decrease in short-term borrowings	(6,581,511)	(10,451,959)
Increase (decrease) in short term commercial paper payable	(194,947)	139,948
Proceeds from issuing bonds	-	3,894,324
Proceeds from long-term borrowings	2,860,727	4,818,162
Repayments of long-term borrowings	(1,202,805)	(6,795,156)
Decrease in other non-current liabilities	(8,788)	(411)
Cash dividends paid	(823,810)	(811,865)
Payments to acquire treasury stock	(46,746)	-
Change in non-controlling interests	117,892	-
<b>Net cash provided by (used in) financing activities</b>	<b>2,296,152</b>	<b>(737,657)</b>
<b>Effects of changes in exchange rates</b>	<b>126,616</b>	<b>(227,350)</b>
<b>Increase (decrease) in cash and cash equivalents</b>	<b>1,500,813</b>	<b>(2,169,253)</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>3,161,685</b>	<b>5,330,938</b>
<b>Cash and cash equivalents at end of period</b>	<b>\$ 4,662,498</b>	<b>3,161,685</b>

## Attachment 5

Namchow Holding Co., Ltd.  
2017 Earnings Distribution Form

Currency unit: NTD

Item	Value
<b>Undistributed Earnings at the Start of the Reporting Period</b>	1,033,512,373
Plus: difference from the book value of stock options obtained from the subsidiaries	(126,931,897)
Re-measured variable for the current term confirmed for the welfare program	(47,936,855)
Net profit after tax	992,726,175
<b>Profit Available for Distribution</b>	1,851,369,796
Less:	
Appropriation of legal reserve	99,272,618
Appropriation of the equity deduction special reserve	-
Distribution Item:	
Dividends for shareholders in cash (2.7 per share)	792,155,597
<b>Undistributed Earnings at the End of the Reporting Period</b>	959,941,581

Chen Fei Lung

Lee Kan Wen

Lien Rong Chang

Chairman

EVP

Head of Accounting



## Attachment 6

### Draft amendment to the Articles of Incorporation of Namchow Holding Co., Ltd.

#### Chapter 1 General Provisions

- Article I: The Company is duly incorporated in accordance with the Corporate Merger and Acquisition Act, the Company Act in the section of limited liability Company, and other applicable laws and bears the title of Namchow Investment Holding Co., Ltd.
- Article II: The Company is engaged in the business of: H201010- Investments.
- Article 2-1: The Company may offer external assurance in order to fulfill business needs.
- Article 2-2: If the company is a shareholder with limited liabilities of another company, its overall investment value is not subject Article 13 of the Company Act where it says that the overall investment value may not exceed 40% of the paid-up capital stock.
- Article 3: The Company' s main office is located in Taipei City and the company may set up branches at other appropriate locations when it is considered necessary. The establishment, abolishment, or change is to be decided by the Board of Directors.
- Article 4: The Company's public notices shall be pursuant to Article 28 of the Company Act.

#### Chapter 2 Shares

- Article 5: The capital size of the company is set at NTD4 billion consisting of 400 million shares. Each share has a par value of NTD10. The shares are to be issued in separate efforts by the Board of Directors according to the Company Act and other applicable laws and regulations.

- ~~Article 6: Stocks of the company shall be registered, signed or sealed by at least three directors.~~  
The stocks should be issued after proper certification by the competent authority or its approved registration institutes by law.

Stocks issued by the company are not required to be printed. The company, however, should contact the securities depository and custodian institution for registration of the share certificates.

- Article 7: Shareholders shall complete the seal certificate to be kept by the company. The seal certificate is the basis for claiming the dividend and bonus or written correspondence with the company.
- Article 8: In the event that the stocks are assigned to someone else, the stock transfer request should be completed and submitted to the company for change of name and transfer of the account. Once it is registered in the shareholders roster, it can be set up as a valid defense against the company. To request change of name as a result of inheritance, the heir shall provide legal supporting documents.
- Article 9: In the event that the stocks are lost or stolen, the holder shall file the case with the police and loss of the stocks with the company and petition the court with jurisdiction within 5 days to release a public notice. A copy of the said writ petition along with a photocopy of the receipt from the court shall be submitted to the company; otherwise, the application for loss of the stocks will be canceled. Once the public notice is released and a judgment is made, a copy of the newspaper bearing the public notice and judgment shall be submitted to the company and a request for re-issuance of new stocks shall be made to the company with the ex-right verdict.
- Article 10: Adequate cost will be charged for each stock to be replaced or re-issued because of contamination or damage or in accordance with the requirements indicated in the foregoing 2 articles.
- Article 10-1: After issuance of new stocks, the physical stocks may all be printed at once for that particular issue. The company may also issue stock in non-physical form.
- With respect to shares issued in accordance with the requirements set forth in the preceding paragraph, they may be held in custody or placed for registration with a centralized securities depository corporation or they may also be consolidated and re-issued in securities with larger denominations as requested from the centralized securities depository corporation.

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### Chapter 3 Shareholder's Meeting

- Article 11: There are regular and provisional shareholders meetings. The regular meeting is held once a year within 6 months after an operation year ends and is called for by the Board of Directors while the provisional one is to be convened by the Board of Directors or the supervisor whenever it is considered necessary. Shareholders who have been holding more than 3% of the total outstanding shares for more than a year

may also ask the Board of Directors to call for a shareholders meeting by clearly written proposals and reasons.

Article 12: A shareholders meeting shall be called for by the 30th day of each month while provisional meeting shall be called for by the 15th day of each month, with written indication of the date, venue, and reason for the meeting that is made known to individual shareholders. For shareholders with less than 1,000 inscribed stocks, a public notice may be provided to notify them as required by Article 26-2 of the Securities Exchange Act.

Article 13: If a shareholder cannot attend a meeting for some reason, he/she may have a proxy to attend it on his/her behalf with a show of the proxy form printed out and distributed by the company that specifies the scope of authorization and bears his/her signature/seal in accordance with applicable laws and regulations governing the use of the proxy form. When two or more shareholders authorize the same person, the authorized voting rights may not exceed 3% of the voting rights of the total outstanding shares combined. The excess will not be counted.

Article 14: The Chairman shall chair shareholders meetings; in the event that the Chairman is absent for a reason, the Vice Chairman shall act on his/her behalf.

Article 15: Unless otherwise stipulated in the Company Act, any resolutions reached in a shareholders' meeting should be approved by a majority vote among shareholders that are present and represent at least one half of the total outstanding shares.

When shareholders that are present do not meet the requirements indicated in the preceding paragraph, yet account for more than one-third of the total outstanding shares, approval by a majority of the shareholders that are present shall constitute a tentative resolution. The tentative resolution shall be made known to all shareholders and another shareholders meeting shall be called for within a month. For the tentative resolution, if it is approved by a majority vote among shareholders that are present and represent one-third of the total outstanding shares, it shall be considered as the resolution indicated in the preceding paragraph.

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Article 16: For the shares held by the shareholders, unless specified otherwise by law, each share is assigned with one vote.

Article 17: Minutes of shareholders meetings shall show the year, month, date, venue, name of the chairperson, decisions made in the meetings, highlights of the agenda and results and must be signed off or sealed by the chairperson. Minutes of shareholders

meetings shall be kept for as long as the company continues to exist. Shareholders' attendance sheets and proxy forms shall be retained for at least one year.

#### Chapter 4 Board of Directors

Article 18: The Company has 5 to 9 board directors, who are to be elected among capable people in shareholders meetings to serve a tenure of 3 years and may be repeatedly elected to serve multiple terms. The directors are entitled to transportation reimbursements that have to be paid regardless of gains or losses. Among the said directors, there may not be fewer than 2 independent ones and the independent directors may not account for less than one-fifth of all openings. Election of independent directors follows the nomination system. Shareholders shall elect independent directors according to the list of candidates they receive. Independent and non-independent directors shall be elected together and votes will be counted separately. The nomination and election of independent directors and other details to be followed shall be based on the requirements indicated in the Securities Exchange Act and applicable laws and regulations.

The total quantity of shares held by all Directors shall be governed by the Rules and Review Procedures for Director and Supervisor Share Ownership Ratios at Public Companies insituted by the competent authority.

In order to protect the company's right of reinvestment, the directors may be elected and hired as director and manager in the invested company and can take part in the operation of the reinvestment business.

Article 19: The directors shall form the Board of Directors and shall elect among themselves one Chairman and one Vice Chairman with paid salaries that are positive expenses regardless of gains or losses.

Article 19-1: The Company may purchase liability insurance for its directors and supervisors during their term of office, based on the compensation liabilities associated with their respective business accountabilities. ~~The Board of Directors is fully authorized~~ to take care of the insurance matter.

Article 20: The duties of the Board of Directors are as follows:

- (1) To review respective rules and procedures
- (2) To decide on business policies
- (3) To review budget and accounts

- (4) To prepare individual forms and rosters as per Article 228 of the Company Act
- (5) To direct and supervise operations
- (6) To decide on the establishment, removal, or change of branches
- (7) To approve the purchase and disposal of important properties and real estate
- (8) To offer external assurance
- (9) To make a decision on reinvestment
- (10) The Board of Directors is to decide on involvement in public interest activities that are required while fulfilling its tasks and in order to facilitate expansion of the operation or to boost the company image while returning to society or donations that are required in order to fulfill the company's social responsibilities.
- (11) Other duties that are bestowed under applicable laws and regulations or through the shareholders meeting.

Article 20-1: The Board of Directors is fully authorized to handle fractional shares from new stocks issued by the company by contacting specific people for subscription.

Article 21: The Board of Directors shall meet at least once a quarter. When a provisional meeting is required, except for the very first meeting for each intake of the Board of Directors where a meeting is to be called for by the director with the most votes, all the other meetings are to be called for by the Chairman, who will also preside over the meeting. When the Chairman is absent for some reason, the Vice Chairman shall act on his/her behalf.

When a meeting of the Board of Directors is called for via visual communication network, the directors taking part in such a visual communication meeting shall be deemed to have attended the meeting in person. In the event that a director is unable to attend the meeting in person, he/she may authorize another director to act on his/her behalf with a show of the proxy form. The proxy, however, may only be authorized by one director.

A meeting of the company's Board of Directors may be called for in writing, through email, or by fax.

Article 22: Decisions made by the Board of Directors shall be approved by a majority vote among the directors who are present and account for more than half of all directors and the meeting minutes shall be signed off and sealed by the chairperson.

Article 23: When the Board of Directors meets, the General Manager and managers may be invited to attend the meeting; nevertheless, the latter do not have a voting right.

#### Chapter 5 Supervisors

Article 24: The Company has 2 supervisors, who are to be elected among capable people in shareholders meetings to serve a tenure of 3 years and may be repeatedly elected to serve multiple terms. The supervisors are entitled to transportation reimbursements that have to be paid regardless of gains or losses.

The total number of the company's shares to be held by all supervisors shall be set according to the "Rules Governing the Ratio and Audit Procedures on the Stock Ownership by Directors and Supervisors of Public Companies" established by the competent authority.

Article 25: The duties of supervisors are as follows:

- (1) To investigate the company's financial conditions
- (2) To inspect books and documents
- (3) To inquire about operations of the company
- (4) To monitor operations carried out by staff and to report illegal and negligent situations
- (5) Other duties bestowed under applicable laws and regulations

Article 26: Supervisors may be seated in Board of Directors meetings but do not have a voting right.

#### Chapter 6 Organization

Article 26: The Company has one General Manager, who is nominated by the Chairman and hired with approval by a majority vote among the directors. The same applies upon dismissal. There are several deputy general managers, associate managers and managers, who are to be chosen jointly by the Chairman and the General Manager and are hired with approval by a majority vote among the directors. The same applies upon dismissal. Other important employees are to be hired following submission by the General Manager to and approval by the Director and their information shall be submitted to the Board of Directors for reference. The same applies upon dismissal.

Article 28: The General Manager manages all affairs relating the company based on decisions made by the Board of Directors.

#### Chapter 7 Accounting

Article 29: A business year begins with January 1 and ends on December 31 at the company. The annual audit takes place after a year is completed.

Article 30: After the annual audit, the following forms shall be prepared, submitted to the Board of Directors for review and to the supervisors to be inspected, and brought forth in the shareholders meeting for recognition.

(1) Business Report

(2) Financial Statement

(3) Earnings Distribution or Losses Subsidization Proposal

Article XXXI: The Company shall appropriate no less than 1% of its earnings as remuneration to employees and no more than 5% as remuneration to Directors and Supervisors, if applicable. The Company shall appropriate for write-off the loss carried forward, if applicable.

The remuneration to employees mentioned in the preceding paragraph may be paid in stock or cash, and the employees of subsidiaries meeting specific condition are also entitled to the payment.

Article XXXI-I: The Company shall appropriate its earnings for the payment of applicable taxes, followed by the write-off of loss carried forward, and 10% as legal reserve, if applicable. If however the legal reserve so appropriated is equivalent to the paid-in capital of the Company, no further appropriation is necessary. The remainder shall be recognized for special reserve or reversal of special reserve. If there is still a balance, it will be pooled up with undistributed earnings for distribution to the shareholders as dividend or bonus at the proposal of the Board and the final approval of the Shareholders' Meeting.

~~The dividend policy of the Company shall meet the needs of the development~~  
plan at present and in the future, in consideration of the investment environment, capital requirement and competition at home and abroad, and also the interests of the shareholders. At least 30% of annual earnings attributable to shareholders for distribution shall be paid out as dividend, which may be paid as stock dividend and/or cash dividend. Cash dividend shall not fall below 10% of the total dividend paid to the shareholders.

## Chapter 8 Supplementary Provisions

- Article 32: The Company' s organizational rules and enforcement rules are to be established separately.
- Article 33: Details not covered herein are to be handled in accordance with the requirements of the Company Act and other applicable laws and regulations.
- Article 34: These Articles of Incorporation were stipulated on March 25, 1950. The first amendment took place on February 21, 1952. The second amendment took place on September 3, 1953. The third amendment took place on April 9, 1955. The fourth amendment took place on April 4, 1959. The fifth amendment took place on April 6, 1960. The sixth amendment took place on April 29, 1961. The seventh amendment took place on May 22, 1962. The eighth amendment took place on June 5, 1964. The ninth amendment took place on November 9, 1966. The tenth amendment took place on March 24, 1967. The 11th amendment took place on April 26, 1968. The 12th amendment took place on November 11, 1968. The 13th amendment took place on December 3, 1970. The 14th amendment took place on May 15, 1971. The 15th amendment took place on May 12, 1972. The 16th amendment took place on June 30, 1973. The 17th amendment took place on February 7, 1973. The 18th amendment took place on May 8, 1974. The 19th amendment took place on May 16, 1975. The 20th amendment took place on May 7, 1976. The 21st amendment took place on April 14, 1977. The 22nd amendment took place on March 17, 1978. The 23rd amendment took place on March 9, 1979. The 24th amendment took place on March 26, 1980. The 25th amendment took place on March 27, 1981. The 26th amendment took place on May 12, 1982. The 27th amendment took place on May 11, 1983. The 28th amendment took place on March 23, 1984. The 29th amendment took place on June 15, 1985. The 30th amendment took place on May 23, 1986. The 31st amendment took place on May 27, 1987. The 32nd amendment took place on June 10, 1988. The 33rd amendment took place on May 15, 1989. The 34th amendment took place on March 31, 1990. The 35th amendment took place on June 20, 1991. The 36th amendment took place on May 23, 1992. The 37th amendment took place on May 22, 1993. The 38th amendment took place on May 23, 1995. The 39th amendment took place on June 22, 1996. The 40th amendment took place on May 10, 1997. The 41st amendment took place on June 25, 1999. The 42nd amendment took place on June 17, 2000. The 43rd amendment took place on June 7, 2002. The 44th amendment took place on June 9, 2006. The 45th amendment took place on June 8, 2007. The 46th amendment took place on June 19, 2009. The 47th amendment took place on May 28, 2010. The 48th amendment took place on June 6, 2014. The 49th amendment took place on June 8 2016. The 50th amendment took



place on May 31 2017. The 51th amendment took place on Mar 9, 2018. The 52th amendment took place on May 30, 2018.

## Appendix 1

# Namchow Holdings Co., Ltd.

## Articles of Incorporation

### Chapter 1 General Provisions

- Article I: The Company is duly incorporated in accordance with the Corporate Merger and Acquisition Act, the Company Act in the section of limited liability Company, and other applicable laws and bears the title of Namchow Investment Holding Co., Ltd.
- Article II: The Company is engaged in the business of: H201010- Investments.
- Article 2-1: The Company may offer external assurance in order to fulfill business needs.
- Article 2-2: If the company is a shareholder with limited liabilities of another company, its overall investment value is not subject Article 13 of the Company Act where it says that the overall investment value may not exceed 40% of the paid-up capital stock.
- Article 3: The Company's main office is located in Taipei City and the company may set up branches at other appropriate locations when it is considered necessary. The establishment, abolishment, or change is to be decided by the Board of Directors.
- Article 4: The Company's public notices shall be pursuant to Article 28 of the Company Act.

### Chapter 2 Shares

- Article 5: The capital size of the company is set at NTD4 billion consisting of 400 million shares. Each share has a par value of NTD10. The shares are to be issued in separate efforts by the Board of Directors according to the Company Act and other applicable laws and regulations.
- Article 6: Stocks of the company shall be registered, signed or sealed by at least three directors. The stocks should be issued after proper certification by the competent authority or its approved registration institutes by law.

---

Stocks issued by the company are not required to be printed. The company, however, should contact the securities depository and custodian institution for registration of the share certificates.

- Article 7: Shareholders shall complete the seal certificate to be kept by the company. The seal certificate is the basis for claiming the dividend and bonus or written correspondence with the company.

Article 8: In the event that the stocks are assigned to someone else, the stock transfer request should be completed and submitted to the company for change of name and transfer of the account. Once it is registered in the shareholders roster, it can be set up as a valid defense against the company. To request change of name as a result of inheritance, the heir shall provide legal supporting documents.

Article 9: In the event that the stocks are lost or stolen, the holder shall file the case with the police and loss of the stocks with the company and petition the court with jurisdiction within 5 days to release a public notice. A copy of the said writ petition along with a photocopy of the receipt from the court shall be submitted to the company; otherwise, the application for loss of the stocks will be canceled. Once the public notice is released and a judgment is made, a copy of the newspaper bearing the public notice and judgment shall be submitted to the company and a request for re-issuance of new stocks shall be made to the company with the ex-right verdict.

Article 10: Adequate cost will be charged for each stock to be replaced or re-issued because of contamination or damage or in accordance with the requirements indicated in the foregoing 2 articles.

Article 10-1: After issuance of new stocks, the physical stocks may all be printed at once for that particular issue. The company may also issue stock in non-physical form.

With respect to shares issued in accordance with the requirements set forth in the preceding paragraph, they may be held in custody or placed for registration with a centralized securities depository corporation or they may also be consolidated and re-issued in securities with larger denominations as requested from the centralized securities depository corporation.

### Chapter 3 Shareholder's Meeting

Article 11: There are regular and provisional shareholders meetings. The regular meeting is held once a year within 6 months after an operation year ends and is called for by the Board of Directors while the provisional one is to be convened by the Board of Directors or the supervisor whenever it is considered necessary. Shareholders who have been holding more than 3% of the total outstanding shares for more than a year may also ask the Board of Directors to call for a shareholders meeting by clearly written proposals and reasons.

Article 12: A shareholders meeting shall be called for by the 30th day of each month while provisional meeting shall be called for by the 15th day of each month, with written

indication of the date, venue, and reason for the meeting that is made known to individual shareholders. For shareholders with less than 1,000 inscribed stocks, a public notice may be provided to notify them as required by Article 26-2 of the Securities Exchange Act.

Article 13: If a shareholder cannot attend a meeting for some reason, he/she may have a proxy to attend it on his/her behalf with a show of the proxy form printed out and distributed by the company that specifies the scope of authorization and bears his/her signature/seal in accordance with applicable laws and regulations governing the use of the proxy form. When two or more shareholders authorize the same person, the authorized voting rights may not exceed 3% of the voting rights of the total outstanding shares combined. The excess will not be counted.

Article 14: The Chairman shall chair shareholders meetings; in the event that the Chairman is absent for a reason, the Vice Chairman shall act on his/her behalf.

Article 15: Unless otherwise stipulated in the Company Act, any resolutions reached in a shareholders' meeting should be approved by a majority vote among shareholders that are present and represent at least one half of the total outstanding shares.

When shareholders that are present do not meet the requirements indicated in the preceding paragraph, yet account for more than one-third of the total outstanding shares, approval by a majority of the shareholders that are present shall constitute a tentative resolution. The tentative resolution shall be made known to all shareholders and another shareholders meeting shall be called for within a month. For the tentative resolution, if it is approved by a majority vote among shareholders that are present and represent one-third of the total outstanding shares, it shall be considered as the resolution indicated in the preceding paragraph.

Article 16: For the shares held by the shareholders, unless specified otherwise by law, each share is assigned with one vote.

Article 17: Minutes of shareholders meetings shall show the year, month, date, venue, name of the chairperson, decisions made in the meetings, highlights of the agenda and results and must be signed off or sealed by the chairperson. Minutes of shareholders meetings shall be kept for as long as the company continues to exist. Shareholders' attendance sheets and proxy forms shall be retained for at least one year.

#### Chapter 4 Board of Directors

Article 18: The Company has 5 to 8 board directors, who are to be elected among capable people in shareholders meetings to serve a tenure of 3 years and may be repeatedly elected to serve multiple terms. The directors are entitled to transportation reimbursements that have to be paid regardless of gains or losses. Among the said directors, there may not be fewer than 2 independent ones and the independent directors may not account for less than one-fifth of all openings. Election of independent directors follows the nomination system. Shareholders shall elect independent directors according to the list of candidates they receive. Independent and non-independent directors shall be elected together and votes will be counted separately. The nomination and election of independent directors and other details to be followed shall be based on the requirements indicated in the Securities Exchange Act and applicable laws and regulations.

The total quantity of shares held by all Directors shall be governed by the Rules and Review Procedures for Director and Supervisor Share Ownership Ratios at Public Companies insituted by the competent authority.

In order to protect the company's right of reinvestment, the directors may be elected and hired as director and manager in the invested company and can take part in the operation of the reinvestment business.

Article 19: The directors shall form the Board of Directors and shall elect among themselves one Chairman and one Vice Chairman with paid salaries that are positive expenses regardless of gains or losses.

Article 19-1: The Company may purchase liability insurance for its directors and supervisors during their term of office, based on the compensation liabilities associated with their respective business accountabilities. The Board of Directors is fully authorized to take care of the insurance matter.

Article 20: The duties of the Board of Directors are as follows:

(1) To review respective rules and procedures

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(2) To decide on business policies

(3) To review budget and accounts

(4) To prepare individual forms and rosters as per Article 228 of the Company Act

(5) To direct and supervise operations

(6) To decide on the establishment, removal, or change of branches

- (7) To approve the purchase and disposal of important properties and real estate
- (8) To offer external assurance
- (9) To make a decision on reinvestment
- (10) The Board of Directors is to decide on involvement in public interest activities that are required while fulfilling its tasks and in order to facilitate expansion of the operation or to boost the company image while returning to society or donations that are required in order to fulfill the company's social responsibilities.
- (11) Other duties that are bestowed under applicable laws and regulations or through the shareholders meeting.

Article 20-1: The Board of Directors is fully authorized to handle fractional shares from new stocks issued by the company by contacting specific people for subscription.

Article 21: The Board of Directors shall meet at least once a quarter. When a provisional meeting is required, except for the very first meeting for each intake of the Board of Directors where a meeting is to be called for by the director with the most votes, all the other meetings are to be called for by the Chairman, who will also preside over the meeting. When the Chairman is absent for some reason, the Vice Chairman shall act on his/her behalf.

When a meeting of the Board of Directors is called for via visual communication network, the directors taking part in such a visual communication meeting shall be deemed to have attended the meeting in person. In the event that a director is unable to attend the meeting in person, he/she may authorize another director to act on his/her behalf with a show of the proxy form. The proxy, however, may only be authorized by one director.

A meeting of the company's Board of Directors may be called for in writing, through email, or by fax.

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Article 22: Decisions made by the Board of Directors shall be approved by a majority vote among the directors who are present and account for more than half of all directors and the meeting minutes shall be signed off and sealed by the chairperson.

Article 23: When the Board of Directors meets, the General Manager and managers may be invited to attend the meeting; nevertheless, the latter do not have a voting right.

## Chapter 5 Supervisors

Article 24: The Company has 2 supervisors, who are to be elected among capable people in shareholders meetings to serve a tenure of 3 years and may be repeatedly elected to serve multiple terms. The supervisors are entitled to transportation reimbursements that have to be paid regardless of gains or losses.

The total number of the company's shares to be held by all supervisors shall be set according to the "Rules Governing the Ratio and Audit Procedures on the Stock Ownership by Directors and Supervisors of Public Companies" established by the competent authority.

Article 25: The duties of supervisors are as follows:

- (1) To investigate the company's financial conditions
- (2) To inspect books and documents
- (3) To inquire about operations of the company
- (4) To monitor operations carried out by staff and to report illegal and negligent situations
- (5) Other duties bestowed under applicable laws and regulations

Article 26: Supervisors may be seated in Board of Directors meetings but do not have a voting right.

## Chapter 6 Organization

Article 26: The Company has one General Manager, who is nominated by the Chairman and hired with approval by a majority vote among the directors. The same applies upon dismissal. There are several deputy general managers, associate managers and managers, who are to be chosen jointly by the Chairman and the General Manager and are hired with approval by a majority vote among the directors. The same applies upon dismissal. Other important employees are to be hired following submission by the General Manager to and approval by the Director and their information shall be submitted to the Board of Directors for reference. The same applies upon dismissal.

Article 28: The General Manager manages all affairs relating the company based on decisions made by the Board of Directors.

## Chapter 7 Accounting

Article 29: A business year begins with January 1 and ends on December 31 at the company. The annual audit takes place after a year is completed.

Article 30: After the annual audit, the following forms shall be prepared, submitted to the Board of Directors for review and to the supervisors to be inspected, and brought forth in the shareholders meeting for recognition.

(1) Business Report

(2) Financial Statement

(3) Earnings Distribution or Losses Subsidization Proposal

Article XXXI: The Company shall appropriate no less than 1% of its earnings as remuneration to employees and no more than 5% as remuneration to Directors and Supervisors, if applicable. The Company shall appropriate for write-off the loss carried forward, if applicable.

The remuneration to employees mentioned in the preceding paragraph may be paid in stock or cash, and the employees of subsidiaries meeting specific condition are also entitled to the payment.

Article XXXI-I: The Company shall appropriate its earnings for the payment of applicable taxes, followed by the write-off of loss carried forward, and 10% as legal reserve, if applicable. If however the legal reserve so appropriated is equivalent to the paid-in capital of the Company, no further appropriation is necessary. The remainder shall be recognized for special reserve or reversal of special reserve. If there is still a balance, it will be pooled up with undistributed earnings for distribution to the shareholders as dividend or bonus at the proposal of the Board and the final approval of the Shareholders' Meeting.

The dividend policy of the Company shall meet the needs of the development plan at present and in the future, in consideration of the investment environment, capital requirement and competition at home and abroad, and also the interests of the shareholders. At least 30% of annual earnings attributable to shareholders for distribution shall be paid out as dividend, which may be paid as stock dividend and/or cash dividend. Cash dividend shall not fall below 10% of the total dividend paid to the shareholders.

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#### Chapter 8 Supplementary Provisions

Article 32: The Company's organizational rules and enforcement rules are to be established separately.



Article 33: Details not covered herein are to be handled in accordance with the requirements of the Company Act and other applicable laws and regulations.

Article 34: These Articles of Incorporation were stipulated on March 25, 1950. The first amendment took place on February 21, 1952. The second amendment took place on September 3, 1953. The third amendment took place on April 9, 1955. The fourth amendment took place on April 4, 1959. The fifth amendment took place on April 6, 1960. The sixth amendment took place on April 29, 1961. The seventh amendment took place on May 22, 1962. The eighth amendment took place on June 5, 1964. The ninth amendment took place on November 9, 1966. The tenth amendment took place on March 24, 1967. The 11th amendment took place on April 26, 1968. The 12th amendment took place on November 11, 1968. The 13th amendment took place on December 3, 1970. The 14th amendment took place on May 15, 1971. The 15th amendment took place on May 12, 1972. The 16th amendment took place on June 30, 1973. The 17th amendment took place on February 7, 1973. The 18th amendment took place on May 8, 1974. The 19th amendment took place on May 16, 1975. The 20th amendment took place on May 7, 1976. The 21st amendment took place on April 14, 1977. The 22nd amendment took place on March 17, 1978. The 23rd amendment took place on March 9, 1979. The 24th amendment took place on March 26, 1980. The 25th amendment took place on March 27, 1981. The 26th amendment took place on May 12, 1982. The 27th amendment took place on May 11, 1983. The 28th amendment took place on March 23, 1984. The 29th amendment took place on June 15, 1985. The 30th amendment took place on May 23, 1986. The 31st amendment took place on May 27, 1987. The 32nd amendment took place on June 10, 1988. The 33rd amendment took place on May 15, 1989. The 34th amendment took place on March 31, 1990. The 35th amendment took place on June 20, 1991. The 36th amendment took place on May 23, 1992. The 37th amendment took place on May 22, 1993. The 38th amendment took place on May 23, 1995. The 39th amendment took place on June 22, 1996. The 40th amendment took place on May 10, 1997. The 41st amendment took place on June 25, 1999. The 42nd amendment took place on June 17, 2000. The 43rd amendment took place on June 7, 2002. The 44th amendment took place on June 9, 2006. The 45th amendment took place on June 8, 2007. The 46th amendment took place on June 19, 2009. The 47th amendment took place on May 28, 2010. The 48th amendment took place on June 6, 2014. The 49th amendment took place on June 8, 2016. The 50th amendment took place on May 31, 2017. The 51st amendment took place on Mar 9, 2018.

## Appendix 2

### Namchow Holding Co., Ltd.

#### Rules and Procedures for Shareholders Meetings

1. Shareholders meetings of the company shall be based on these Rules and Procedures.
2. For shareholders (or their proxies) who attend the meeting, please submit the sign-in card to indicate attendance and bring the identification supporting document to get ready for inspection and verification whenever necessary.

Without the attendance certificate and sign-in card as required by law, no one is allowed to attend a shareholders meeting; the same shall apply to whoever cannot provide complete identification supporting documents.
- 2-1. Starting from 2016, shareholders may exercise their voting rights electronically. How to exercise the voting right is to follow the requirements of the Company Act and the competent authority.

Shareholders exercising their voting rights electronically are considered to have attended the shareholders meeting in person. For motions and amendment to the original proposal in the shareholders meeting, however, it is considered an abstention.
3. Upon attendance by shareholders representing more than half of the total outstanding shares, the chairperson will call the meeting to order. If it is already past the start time for the meeting but the attendance continues to fall short of the legal requirement, the chairperson may announce an extension of the start time. When the start time has been extended for two times and the attendance is still short of meeting the requirement but shareholders that are present represent more than one-third of the total outstanding shares, the requirement in Article 175 of the Company Act "approval by a majority of the shareholders that are present shall constitute a tentative resolution" shall be followed.

To reach the tentative resolution indicated in the preceding paragraph, if the number of shares represented by shareholders that are present has met the legal requirement, the chairperson may call the meeting to order at any time and bring forth the tentative resolution reached in the general meeting for endorsement.
4. The agenda for the shareholders meeting is to be set by the Board of Directors and the meeting shall take place in accordance with the procedures arranged in the agenda.
5. ~~To speak a few words, shareholders shall provide the purpose of the speech, shareholder~~  
account number and name in the speech note first and the chairperson will decide the sequential order.
6. Shareholders may not speak for more than three minutes in each attempt; with the chairperson's permission, however, the speech may be extended by two minutes.
7. For the same proposal, the same shareholder (or proxy) may not speak more than twice.
- 7-1. When authorized to attend a shareholders meeting, each legal entity may only send one representative to attend it.

8. The chairperson may stop a shareholder's speech if it is overtime or exceeds the two-time limit or exceeds the scope of the proposal.
9. During the discussion of a proposal, the chairperson may declare that discussions are over whenever it is considered appropriate. When it is necessary, discussions may be declared to be halted, too.
10. The chairperson may submit a proposal whose discussions are declared to be halted or discontinued for a vote.
11. Approval of a proposal requires a majority vote among shareholders who are present. During a vote, shareholders who vote electronically do not express an objection or abstention to a proposal may be considered as approved when no one expresses disagreement upon the inquiry by the chairperson; the binding power is identical to an actual ballot. Each shareholder has one voting right per share.

To authorize a proxy to attend the shareholders meeting, the shareholder should follow applicable laws and regulations governing the use of proxy forms. When two or more shareholders authorize one person at the same time, the voting rights combined may not exceed 3% of the total outstanding shares. The excess will not be counted.

12. While a meeting is in session, the chairperson may announce a break taking into consideration the available time.
  - 12-1. The chairperson may have a picketer (or security) to help maintain order on the floor.
  13. For details not covered herein, requirements in the Company Act and the Articles of Incorporation are to be followed.
  14. These Rules and Procedures are to be enforced once approved in the shareholders meeting.
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## Appendix 3

### Namchow Holding Co., Ltd.

#### Draft Amendment to the Guidelines for Electing Board Directors and Supervisors of the Company

- I. The election of Directors and Supervisors of the Company shall be governed by This Procedure.
- II. In the election of Directors and Supervisors, holder of each share shall be entitled to the voting right of electing the equivalent seats of Directors and Supervisors or they may concentrate the votes on particular candidate or distribute the votes to different candidates.
- III. The Board shall prepare the ballots equivalent to the seats of Directors and Supervisors to be elected and fill in the weight before circulating to the shareholders.
- III-1. Starting from 2016, shareholders may exercise their voting rights electronically. How to exercise the voting right is to follow the requirements of the Company Act and the competent authority.
- IV. Before the balloting, the Chairman shall appoint the observers and vote counters to perform their assigned duties.
- V. The Board shall prepare the ballot box for the election of Directors and Supervisors. The observers shall inspect the box before balloting.
- VI. If a candidate in the election is a shareholder, voters shall put down the account title and account number of the candidate in the field of "candidate" on the ballot. If the candidate is not a shareholder, specify the name and ID number of the candidate. If the candidate is a governmental or institutional shareholder, however, name of the government or institution shall be provided in the column for the account name of the candidate. The name of the government or institution and the name of its representative may also be provided. When there are several representatives, the names of all of them shall be provided.
- VII. The Company adopts the nomination system for the election of Independent Directors. Election of Directors and Independent Directors should be held simultaneously and the votes shall be counted on the candidates to the seats on the scene.
- VIII. A ballot shall be void if any of the following occurs:
  - (I) The use of unqualified ballots.
  - (II) Cast the vote with blank ballot.
  - (III) The writing on the ballot is blurred that cannot be identified.
  - (IV) If the candidate inscribed on the ballot is a shareholder, the information on account title and account number is not relevant with the record of the shareholders roster. If the candidate inscribed on the ballot is not a shareholder, the information on name and ID number is not relevant with the record of shareholders roster.
  - (V) Wording on the ballot other than the account title (name) or account number (ID number) of the candidate and the number of votes assigned.
  - (VI) Failed to fill in the account title (name) or account number (ID number) of the candidate on the ballot.
  - (VII) Two or more candidates were put on the same ballot.

- IX. Directors and Supervisors of the Company shall be elected from candidates with full legal competence by the Shareholders' Meeting and elected to the seats specified in the Articles of Incorporation on the basis of the voting result whereby candidates won the majority of the votes will be elected to the seats in the order of Independent Directors, Non-Independent Directors, or Supervisors.
- When one is elected director and supervisor at the same time according to Paragraph 1, he/she should decide whether he/she wants to be the director or the supervisor while the vacancy is to be filled by another person elected in the shareholders meeting.
- X. The ballot box will be opened and the votes will be counted on the scene immediately after the balloting is completed. The Chairman will announce the outcome of the election immediately.
- XI. The election will be nullified if being held in defiance of Article 26-3- (3)~(4).
- XII. The qualification and election to office of Independent Directors shall be governed by the Securities and Exchange Act, and the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies" of Financial Supervisory Commission.
- XIII. The Board of the Company will give notice of election to office to the Directors and Supervisors elected to the seats.
- XIV. Anything not covered by The Guidelines shall be governed by the Company Act, the Articles of Incorporation of the Company and other applicable laws.
- XV. The Guidelines shall come into effect at the approval of the Shareholders' Meeting. The same procedure is applicable to any amendment thereto.
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# Appendix 4

## Namchow Holding Co., Ltd.

Roster of Directors and Supervisors

Spinoff day: Apr 01 2018

Title	Name	Date elected	Number of shares held at the time of election			Number of shares currently held			Remarks
			Type	Number of shares	% in contemporary	Type	Number of shares	% in contemporary	
Chairman	Chen Fei-Lung	June 10, 2015	Common stock	33,874,934	11.52%	Common stock	33,814,934	11.50%	
Vice Chairman	Chen Fei-Peng	June 10, 2015	Common stock	35,792,995	12.17%	Common stock	36,942,995	12.56%	
Director	Lucky Royal Co., Ltd. Representative: Lee Kan-Wen	June 10, 2015	Common stock	46,041,259	15.65%	Common stock	46,041,259	15.65%	
Director	Hwa Zhin Co., Ltd. Representative: Chen Cheng-Wen	June 10, 2015	Common stock	646,884	0.22%	Common stock	675,884	0.23%	
Independent Director	Chen Ting-Kuo	June 10, 2015	Common stock	0	0.00%	Common stock	0	0.00%	
Independent Director	Lin Chin-Shi	June 10, 2015	Common stock	0	0.00%	Common stock	0	0.00%	
Supervisor	Namchow Industrial Holding CO., LTD. Employee Welfare Committee	June 08, 2016	Common stock	4,908,960	1.67%	Common stock	4,908,960	1.67%	
Supervisor	Wu Ting-Chen	June 08, 2016	Common stock	10,713	0.00%	Common stock	10,713	0.00%	
合計			Common stock	121,275,745		Common stock	122,394,745		

Total shares issued on June 10, 2015: 294,132,962

Total shares issued on June 08, 2016: 294,132,962

Total shares issued on Apr 01, 2018: 294,132,962

Note: Legal shares that all directors of the company combined should hold: 12,000,000 shares until Apr 01, 2018. 117,475,072

Note: Legal shares that all supervisors of the company combined should hold: 1,200,000 shares until Apr 01, 2018. 4,919,673

©Shares held by independent directors are not included in the calculation of shares held by all directors combined.