



創見資訊股份有限公司

*Transcend Information, Inc.*

Handbook  
for the 2019 Annual Regular Shareholders' Meeting

**This English version is a translation based on the original Chinese version.  
Where any discrepancy arises between the two versions, the Chinese version shall prevail.**

**Transcend Information, Inc.**  
**Handbook for the 2019 Annual Regular Shareholders' Meeting**  
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**Transcend Information, Inc.**

**2019 ANNUAL REGULAR SHAREHOLDERS' MEETING PROCEDURE**

1. Call the Meeting to Order
2. Chairman's Remarks
3. Report Items
4. Proposed Items
5. Discussion Items
6. Other Business and Special Motion
7. Meeting Adjourned

**Transcend Information, Inc.**

**2019 ANNUAL REGULAR SHAREHOLDERS' MEETING AGENDA**  
(Translation)

Time: 9:00 a.m., Wednesday, June 12, 2019

Place: 1F, No. 70, XingZhong Rd., NeiHu Dist., Taipei 114, Taiwan (Transcend Information, Inc.)

Chairman's Remarks

**I. Report Items**

- (1) To report the business of 2018.
- (2) Audit Committee's review report.
- (3) To report 2018 employees' profit sharing bonus and directors' compensation.
- (4) The status of guarantees provided by the Company as of the end of 2018.

**II. Proposed Items**

- (1) Adoption of 2018 Business Report and Financial Statements.
- (2) Adoption of the proposal for distribution of 2018 earnings.

**III. Discussion Items**

- (1) To approve cash distribution from capital surplus.
- (2) To approve the amendments to "Articles of Incorporation"
- (3) To approve the amendments to "Procedures for Election of Director"
- (4) To approve the amendments to "Procedures for Acquisition and Disposal of Assets"

**IV. Other Business and Special Motion**

## I. Report Items

(1) To report the business of 2018.

**Explanatory Notes:**

Please refer to page 8 to 9 for Attachment I.

(2) Audit Committee's review report.

**Explanatory Notes:**

Please refer to page 10 for Attachment II.

(3) To report 2018 employees' profit sharing bonus and directors' compensation.

**Explanatory Notes:**

A. The remuneration of 2018 profit to employees would be NT\$ 26,623,857 (distributed in cash); and that to directors would be NT\$ 3,411,000.

B. The estimated remuneration to employees is NT\$ 27,572,285 and the different amount should be NT\$ 948,428; the estimated remuneration to directors is NT\$ 3,934,539 and the different amount should be NT\$ 523,539.

C. The difference will be recognized as expense in the statement of income in 2019.

(4) The status of guarantees provided by the Company as of the end of 2018.

**Explanatory Notes:**

The Company provided a guarantee for Transcend Japan Inc. amounting to JPY 2,000,000 thousand, and the actual amount of guarantee draw down is JPY 0 by the end of 2018. Pursuant to the Company's "Procedures for Endorsement and Guarantee", the limit of guarantee was NT\$ 7,992,121 thousand (approximate JPY 28,700,000 thousand).

## II. Proposed Items

### (1) Adoption of 2018 Business Report and Financial Statements.

(Proposed by the Board of Directors)

#### **Explanatory Notes:**

- A. The parent company only financial statement and consolidated financial statement of the Company for the year of 2018 have been audited by independent auditors, Mr. Chun-Yao, Lin and Mr. Chien-Hung Chou, of the Pricewaterhouse Coopers.
- B. The Business Report, Independent Auditors' Report and Financial Statements are hereby also attached. (Please refer to page 8 to 9 for Attachment I, and page 11 to 30 for Attachment III and IV)
- C. It is submitted for ratification.

#### **Resolution:**

### (2) Adoption of the proposal for distribution of 2018 earnings.

(Proposed by the Board of Directors)

#### **Explanatory Notes:**

- A. For appropriations of 2018 earnings, the Company will distribute cash dividend of NT\$ 1,895,351,370 (NT\$4.40 per share) from the available retained earnings of 2018 after setting aside legal reserve and special reserve.
- B. Please refer to page 5 for the chart of 2018 earnings distribution.
- C. Cash dividends will be distributed proportionately according to shareholders' shares ownership registered in the Common Stockholders' Roster as of the date of record. The dividend will be rounded down to NT\$1 (any amount under NT\$1 will be discarded), and the remaining fraction will be incorporated into other revenues of the Company.
- D. To avoid the change in the total amount of common shares outstanding resulting from buyback of company shares, or transfer or cancellation of treasury stock, it is proposed that the Chairman of the Board be authorized to adjust the cash to be distributed to each common share.
- E. It is submitted for ratification.

#### **Resolution:**

**Transcend Information, Inc.**  
**The Chart of 2018 Earnings Distribution**  
**For the year ended December 31, 2018**  
**(Expressed in New Taiwan dollar)**

<b>Item</b>	<b>Amount</b>	<b>Remarks</b>
Unappropriated retained earnings at beginning	4,698,093,242	
<b>Less:</b> Adjustment on unappropriated earnings for 2018	(1,092,026)	
Adjusted unappropriated retained earnings	4,697,001,216	
<b>Add:</b> Net income for 2018	2,081,995,196	
<b>Less:</b> Legal reserve (10%)	(208,199,520)	
<b>Less:</b> Special reserve	(14,323,973)	
Retained earnings available for appropriation as of December 31, 2018	6,556,472,919	
<b>Less:</b> Items of distribution - Cash dividend to shareholders	(1,895,351,370)	Cash dividend (NT\$4.40 per share)
Unappropriated retained earnings at end	4,661,121,549	

Chairman : Shu, Chung-Wan    General Manager : Shu, Chung-Cheng    Accounting Supervisor : Chen, Hung-Jen

### III. Discussion Items

(1) To approve cash distribution from capital surplus.

(Proposed by the Board of Directors)

**Explanatory Notes:**

- A. To comply with Article 241 of the Company Act.
- B. The capital surplus derived from the issuance of new shares at a premium totaling NT\$ 258,457,005 will be distributed in cash of NT\$0.60 per share.
- C. Cash distribution from capital surplus will be distributed proportionately according to shareholders' shares ownership registered in the Common Stockholders' Roster as of the date of record. The cash distribution will be rounded down to NT\$1 (any amount under NT\$1 will be discarded), and the remaining fraction will be incorporated into other revenues of the Company.
- D. To avoid the change in the total amount of common shares outstanding resulting from buyback of company shares, or transfer or cancellation of treasury stock, it is proposed that the Chairman of the Board be authorized to adjust the cash to be distributed to each common share.
- E. It is submitted for approval.

**Resolution:**

(2) To approve the amendments to "Articles of Incorporation".

(Proposed by the Board of Directors)

**Explanatory Notes:**

- A. Due to the amendment of "Company Act", and to fulfill the requirement of practical operation, the Company hereby proposes amendments to "Articles of Incorporation".
- B. Please refer to page 31 to 35 for Attachment V: the comparison table for the "Articles of Incorporation".
- C. It is submitted for approval.

**Resolution:**



(3) To approve the amendments to “Procedures for Election of Director”.

(Proposed by the Board of Directors)

**Explanatory Notes:**

- A. Due to the amendment of “Company Act”, the Company hereby proposes amendments to “Procedures for Election of Director”.
- B. Please refer to page 36 for Attachment VI: the comparison table for the “Procedures for Election of Director”
- C. It is submitted for approval.

**Resolution:**

(4) To approve the amendments to “Procedures for Acquisition and Disposal of Assets”.

(Proposed by the Board of Directors)

**Explanatory Notes:**

- A. Due to the amendment of “Regulations Governing the Acquisition and Disposal of Assets by Public Companies” made on November 26, 2018 by Financial Supervisory Commission, and to fulfill the requirement of practical operation, the Company hereby proposes amendments to “Procedures for Acquisition and Disposal of Assets”.
- B. Please refer to page 37 to 50 for Attachment VII: the comparison table for the “Procedures for Acquisition and Disposal of Assets”.
- C. It is submitted for approval.

**Resolution:**

IV. Other Business and Special Motion

V. Meeting Adjourned

**TRANSCEND INFORMATION INC.  
BUSINESS REPORT**

In 2018, the memory market was divergent in the first half of the year. The prices of 3D NAND flash kept on dropping as the 3D NAND technology was mature with an improving yield rate, leading to an oversupply. On the other hand, DRAM price kept on the rise due to tight supply, reaching a climax in Q2. In the second half of the year, however, as key DRAM manufacturers began to have productive output and the end-user market demand decreased, supply gradually exceeded demand, leading to the price reversal in Q3. As a consequence, the prices of DRAM and NAND flash dropped in the second half of the year, and it was expected to keep on dropping in 2019. Transcend, not engaging in the price war, focuses on maximizing its brand value by deepening the embedded product market and expanding the strategic one. Meanwhile, Transcend endeavors to improve product quality and continues to increase customers' satisfaction by enhancing value-added services and increasing product differentiation in the market. Hereby, we would like to thank our valued shareholders, clients, suppliers and employees for your continued supports for Transcend.

Transcend's consolidated revenue totaled NT\$17.6 billion in 2018. Consolidated gross profit totaled NT\$3.53 billion. Gross profit rate is 20.0 percent. Operating income totaled 2.14 billion. Income before tax totaled 2.65 billion. Net income totaled 2.08 billion. EPS is NT\$4.83 calculated at the weighted average of outstanding share capital amounting to 4.3 billion.

With excellent brand management, Transcend has received many prestigious awards by its exceptional product design and brand image. For the twelfth year in a row, Transcend has been ranked as Interbrand's Top 20 Best Taiwan Global Brands. Transcend also won Taiwan Excellence Awards for the fifteenth consecutive year and Japan's Good Design Award for the fourth year, demonstrating that Transcend's outstanding product design is internationally recognized.

While keeping a consistent, stable business strategy in a quickly changing market, Transcend also actively seeks any potential chances. With our professional R&D expertise, we continue developing innovative products. We have successfully expanded into embedded market in recent years. For the first time, we adapted 3D TLC NAND flash into our embedded solutions, enhancing transfer speeds, performance, and reliability for use in various embedded applications. For the consumer market this year, we expanded our strategic products and successfully enlarged our dashcam and body camera series. In addition, Apple Solutions has been the pillar of the strategic product lines. We also released a range of innovative upgrade solutions this year for Apple users looking for greater performance and

reliability. Moreover, we aim to enhance our customers' user experience by satisfying their various needs.

Transcend focuses not only on sales performance, but also on corporate governance. We aim to disclose adequate information in order to provide comprehensive corporate information to our shareholders and investors. For cooperate social responsibility, we have sponsored sport activities in high school and universities, including the High School Basketball League (HBL), University Basketball Association (UBA) and the Black Panther High School Baseball Tournament. We continued to execute the long-term Baseball Mentoring Program aimed at underprivileged school baseball teams for the fourth year, expecting to serve as a platform for young promising athlete to fulfill their dreams. As a result, we received "Sports Activists Award" from the Sports Affairs Council this year as our continuing contribution to promote sports in Taiwan.

Looking to 2019, demand for memory market is expected to remain on a downward trend due to inventory pressure, decreased end-user demand, US-China Trade War, and unsure market trend. The estimated demand for the first half of year 2019 is relatively low; prices of DRAM and NAND flash will keep on dropping. In the face of price fluctuation, stable supply and effective inventory management are vital. In the past year, Transcend has worked on building an efficient inventory management system and reviewing overall inventory level. To enhance production capacity and product quality, we have implemented new manufacturing processes, optimized manufacturing systems, upgraded equipment, and expanded production capability. Transcend will continue to maintain a healthy inventory level, reinforce purchasing and sales management, keep long-term, collaborative relationship with our partners, integrate internal and external resources, and elevate overall corporate efficiency.

Here again we sincerely thank all of our shareholders for your continued support and for the confidence that you have placed in us. We will make every effort to keep Transcend operational excellence and look forward to sharing our progress with you.

Chairman : Shu, Chung-Wan

General Manager : Shu, Chung-Cheng

Accounting Supervisor : Chen, Hung-Jen

**Audit Report of Audit Committee**

The Board of Directors has prepared the Company's 2018 Business Report, Financial Statements and Earnings Distribution Proposal. Transcend Corporation's Financial Statements have been audited and certified by Mr. Chun-Yao, Lin and Mr. Chien-Hung Chou, the CPA of the Pricewaterhouse Coopers. The Business Report, Financial Statements and Earnings Distribution Proposal have been reviewed and considered to be complied with relevant rules by the undersigned, the audit committee of Transcend Corporation. Pursuant to Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act, we hereby submit this report.

The audit Committee of Transcend Corporation

Chairman of the audit Committee: Wang, Yi-Shin

A handwritten signature in black ink, appearing to read 'Wang Yi-Shin', is written in a cursive style.

March 07, 2019

**REPORT OF INDEPENDENT ACCOUNTANTS TRANSLATED FROM CHINESE**

To the Board of Directors and Shareholders of Transcend Information, Inc.

***Opinion***

We have audited the accompanying balance sheets of Transcend Information, Inc. (the “Company”) as at December 31, 2018 and 2017, and the related statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

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

***Basis for opinion***

We conducted our audits in accordance with the “Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants” and generally accepted auditing standards in the Republic of China (ROC GAAS). Our responsibilities under those standards are further described in the *Auditor’s Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the Code of Professional Ethics for Certified Public Accountants in the 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 judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

Key audit matters for the Company's financial statements of the current period are stated as follows:

### **Evaluation of inventories**

#### Description

Refer to Notes 4(12), 5(2) and 6(4) to the financial statements for the information on the Company's inventory accounting policy, estimates and assumptions and allowance for inventory evaluation losses.

The percentage of the Company's inventories to total assets is material and the Company applies judgements and estimates in determining the net realizable value of inventories at balance sheet date. The Company mainly produces DRAM and flash memory. As these products have a short life cycle and belong to a highly competitive industry, the market prices change frequently. Since the Company's inventories and the allowance for inventory valuation losses are material to the financial statements, the evaluation of inventories has been identified as a key audit matter.

#### How our audit addressed the matter

We performed the following audit procedures in respect of the above key audit matter:

- A. Obtained an understanding of the Company's operations and industry. Assessed the reasonableness of the policy and procedures to recognize allowance for inventory valuation losses.
- B. Obtained an understanding of the Company's inventory control procedures. Reviewed annual inventory count plan and observed the annual physical count of inventory in order to assess the effectiveness of internal controls over inventory.
- C. Obtained relevant evaluation reports of inventory and tested the logic and accuracy of information to assess the reasonableness of allowance for inventory valuation losses.

## **Estimation of allowance for sales discount**

### Description

In consideration of business volume, the Company provides a variety of business incentives to specific customers or products, and based on that, the Company can estimate the allowance for sales discount monthly. Refer to Note 4(23) and 6(3) to the financial statements for the information on the estimation of allowance for sales discount.

Since the contracts are numerous and the result could affect the net revenue in the financial statements, the estimation of allowance for sales discount has been identified as a key audit matter.

### How our audit addressed the matter

We performed the following audit procedures in respect of the above key audit matter:

- A. Obtained an understanding of the Company's operations, industry and the procedures to recognise allowance for sales discount.
- B. Obtained an understanding of the Company's sales procedures and interviewed management to assess the appropriateness of sales allowance contracts and internal control over estimation of allowance.
- C. Obtained the evaluation list of allowance for sales discount, and tested material sales allowance contracts and recalculated it to assess the reasonableness of allowance determined by the Company.

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

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

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

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

## ***Auditor's responsibilities for the audit of the financial statements***

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

As part of an audit in accordance with ROC GAAS, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- A. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- B. 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.
- C. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- D. 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 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.
- E. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- F. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for 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 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.

March 7, 2019

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

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

**TRANSCEND INFORMATION, INC**  
**BALANCE SHEETS**  
(Expressed in thousands of New Taiwan Dollars)

Assets	December 31, 2018		December 31, 2017	
	AMOUNT	%	AMOUNT	%
<b>Current assets</b>				
Cash and cash equivalents	\$ 1,052,350	5	\$ 3,241,924	14
Current financial assets at amortised cost, net	9,084,731	41	-	-
Investment in debt instrument without active market - current	-	-	738,877	3
Notes receivable, net	872	-	5,862	-
Accounts receivable, net	1,437,231	6	1,718,543	7
Accounts receivable - related parties, net	559,835	3	796,093	4
Other receivables	78,279	-	100,120	-
Inventories, net	3,045,740	14	5,050,568	22
Other current financial assets	-	-	6,840,736	30
Other current assets	10,675	-	9,960	-
<b>Total Current Assets</b>	<b>15,269,713</b>	<b>69</b>	<b>18,502,683</b>	<b>80</b>
<b>Non-current assets</b>				
Non-current financial assets at fair value through other comprehensive income	163,155	1	-	-
Available-for-sale financial assets - non-current	-	-	68,874	-
Investments accounted for using equity method	2,374,787	11	2,427,143	11
Property, plant and equipment, net	1,712,699	8	1,724,494	7
Investment property, net	2,567,451	11	207,730	1
Deferred tax assets	73,670	-	120,018	1
Other non-current assets	50,895	-	103,636	-
<b>Total Non-current Assets</b>	<b>6,942,657</b>	<b>31</b>	<b>4,651,895</b>	<b>20</b>
<b>Total Assets</b>	<b>\$ 22,212,370</b>	<b>100</b>	<b>\$ 23,154,578</b>	<b>100</b>

(Continued)

**TRANSCEND INFORMATION, INC**  
**BALANCE SHEETS**  
(Expressed in thousands of New Taiwan Dollars)

Liabilities and Equity	December 31, 2018		December 31, 2017	
	AMOUNT	%	AMOUNT	%
<b>Current liabilities</b>				
Accounts payable	\$ 1,180,956	5	\$ 1,226,819	5
Accounts payable - related parties	461,306	2	537,129	2
Other payables	234,866	1	292,582	1
Other payables - related parties	16,875	-	3,641	-
Current tax liabilities	129,873	1	415,193	2
Other current liabilities	3,692	-	4,900	-
<b>Total Current Liabilities</b>	<b>2,027,568</b>	<b>9</b>	<b>2,480,264</b>	<b>10</b>
<b>Non-current liabilities</b>				
Deferred tax liabilities	179,600	1	158,072	1
Other non-current liabilities	24,900	-	17,947	-
<b>Total Non-current Liabilities</b>	<b>204,500</b>	<b>1</b>	<b>176,019</b>	<b>1</b>
<b>Total Liabilities</b>	<b>2,232,068</b>	<b>10</b>	<b>2,656,283</b>	<b>11</b>
<b>Equity attributable to owners of parent</b>				
<b>Share capital</b>				
Common stock	4,307,617	19	4,307,617	19
<b>Capital surplus</b>				
Capital surplus	4,605,233	21	4,691,385	20
<b>Retained earnings</b>				
Legal reserve	4,302,782	19	4,037,210	17
Special reserve	47,247	-	145,689	1
Unappropriated retained earnings	6,778,995	31	7,363,641	32
<b>Other equity interest</b>				
Other equity interest	( 61,572)	( 1)	( 47,247)	-
<b>Total Equity</b>	<b>19,980,302</b>	<b>90</b>	<b>20,498,295</b>	<b>89</b>
<b>Significant contingent liabilities and unrecognized contract commitments</b>				
<b>Significant events after the balance sheet date</b>				
<b>Total Liabilities and Equity</b>	<b>\$ 22,212,370</b>	<b>100</b>	<b>\$ 23,154,578</b>	<b>100</b>

The accompanying notes are an integral part of these financial statements.

**TRANSCEND INFORMATION, INC.**  
**STATEMENTS OF COMPREHENSIVE INCOME**  
(Expressed in thousands of New Taiwan Dollars, except earnings per share)  
Years ended December 31

Items	2018		2017	
	AMOUNT	%	AMOUNT	%
<b>Operating Revenue</b>	\$ 16,809,530	100	\$ 20,007,792	100
<b>Operating Costs</b>	( 13,975,063)	( 83)	( 15,301,168)	( 76)
<b>Gross Profit</b>	<u>2,834,467</u>	<u>17</u>	<u>4,706,624</u>	<u>24</u>
Unrealized gross profit on sales to subsidiaries	( 20,596)	-	( 48,746)	-
Realized gross profit on sales to subsidiaries	48,746	-	94,548	-
<b>Gross Profit, net</b>	<u>2,862,617</u>	<u>17</u>	<u>4,752,426</u>	<u>24</u>
<b>Operating Expenses</b>				
Sales and marketing expenses	( 373,788)	( 3)	( 446,113)	( 2)
Administrative expenses	( 188,972)	( 1)	( 179,009)	( 1)
Research and development expenses	( 158,518)	( 1)	( 169,238)	( 1)
Impairment loss determined in accordance with IFRS 9	( 599)	-	-	-
<b>Total operating expenses</b>	<u>( 721,877)</u>	<u>( 5)</u>	<u>( 794,360)</u>	<u>( 4)</u>
<b>Operating Profit</b>	<u>2,140,740</u>	<u>12</u>	<u>3,958,066</u>	<u>20</u>
<b>Non-operating Income and Expenses</b>				
Other income	195,823	1	152,323	1
Other gains and losses	347,917	2	( 734,243)	( 4)
Net gain from derecognizing financial assets measured at amortised cost	16,691	-	-	-
Finance costs	-	-	( 297)	-
Share of loss of associates and joint ventures accounted for under equity method	( 70,292)	-	( 87,619)	( 1)
<b>Total non-operating income and expenses</b>	<u>490,139</u>	<u>3</u>	<u>( 669,836)</u>	<u>( 4)</u>
<b>Profit before Income Tax</b>	<u>2,630,879</u>	<u>15</u>	<u>3,288,230</u>	<u>16</u>
Income tax expense	( 548,884)	( 3)	( 632,513)	( 3)
<b>Profit for the Year</b>	<u>\$ 2,081,995</u>	<u>12</u>	<u>\$ 2,655,717</u>	<u>13</u>
<b>Other Comprehensive Income (Loss)</b>				
<b>Components of other comprehensive income (loss) that will not be reclassified to profit or loss</b>				
Gains (losses) on remeasurements of defined benefit plans	(\$ 1,632)	-	\$ 2,402	-
Unrealized loss on financial assets at fair value through other comprehensive income	( 6,047)	-	-	-
Share of other comprehensive income (loss) of associates and joint ventures accounted for under equity method	2,164	-	( 630)	-
<b>Components of other comprehensive income (loss) that will be reclassified to profit or loss</b>				
Exchange differences on translation of foreign financial statements	( 12,378)	-	( 30,179)	-
Unrealized gain on available-for-sale financial assets	-	-	123,490	1
Income tax related to components of other comprehensive income that will be reclassified to profit or loss	2,475	-	5,131	-
<b>Other comprehensive (loss) income for the year</b>	<u>(\$ 15,418)</u>	<u>-</u>	<u>\$ 100,214</u>	<u>-</u>
<b>Total Comprehensive Income</b>	<u>\$ 2,066,577</u>	<u>12</u>	<u>\$ 2,755,931</u>	<u>1</u>
<b>Earnings Per Share</b>				
<b>Basic earnings per share</b>	<u>\$ 4.83</u>		<u>\$ 6.17</u>	
<b>Diluted earnings per share</b>	<u>\$ 4.83</u>		<u>\$ 6.16</u>	

The accompanying notes are an integral part of these financial statements.

TRANSCEND INFORMATION, INC.  
STATEMENTS OF CHANGES IN EQUITY  
(Expressed in thousands of New Taiwan dollars)

	Equity attributable to owners of the parent										
	Capital Reserves				Retained Earnings			Other Equity Interest			Total equity
	Common stock	Additional paid-in capital	Donated assets received	Net assets from merger	Legal reserve	Special reserve	Unappropriated retained earnings	Exchange differences on translation of foreign financial statements	Unrealized gain or loss on financial assets at fair value through other comprehensive income	Unrealized gain or loss on available-for-sale financial assets	
<u>Year ended December 31, 2017</u>											
Balance at January 1, 2017	\$ 4,307,617	\$ 4,759,841	\$ 4,106	\$ 35,128	\$ 3,748,946	\$ 21,691	\$ 7,595,294	(\$ 42,214 )	\$ -	(\$ 103,475 )	\$ 20,326,934
Net income for the year	-	-	-	-	-	-	2,655,717	-	-	-	2,655,717
Other comprehensive income (loss)	-	-	-	-	-	-	1,772	( 25,048 )	-	123,490	100,214
Total comprehensive income	-	-	-	-	-	-	2,657,489	( 25,048 )	-	123,490	2,755,931
Appropriation and distribution of 2016 earnings											
Legal reserve	-	-	-	-	288,264	-	( 288,264 )	-	-	-	-
Special reserve	-	-	-	-	-	123,998	( 123,998 )	-	-	-	-
Cash dividends	-	-	-	-	-	-	( 2,476,880 )	-	-	-	( 2,476,880 )
Cash payment from capital surplus	-	( 107,690 )	-	-	-	-	-	-	-	-	( 107,690 )
Balance at December 31, 2017	<u>\$ 4,307,617</u>	<u>\$ 4,652,151</u>	<u>\$ 4,106</u>	<u>\$ 35,128</u>	<u>\$ 4,037,210</u>	<u>\$ 145,689</u>	<u>\$ 7,363,641</u>	<u>(\$ 67,262 )</u>	<u>\$ -</u>	<u>\$ 20,015</u>	<u>\$ 20,498,295</u>
<u>Year ended December 31, 2018</u>											
Balance at January 1, 2018	\$ 4,307,617	\$ 4,652,151	\$ 4,106	\$ 35,128	\$ 4,037,210	\$ 145,689	\$ 7,363,641	(\$ 67,262 )	\$ -	\$ 20,015	\$ 20,498,295
Effects of retrospective application and retrospective restatement	-	-	-	-	-	-	30,000	-	( 9,985 )	( 20,015 )	-
Balance after adjustments at January 1, 2018	<u>4,307,617</u>	<u>4,652,151</u>	<u>4,106</u>	<u>35,128</u>	<u>4,037,210</u>	<u>145,689</u>	<u>7,393,641</u>	<u>( 67,262 )</u>	<u>( 9,985 )</u>	<u>-</u>	<u>20,498,295</u>
Net income for the year	-	-	-	-	-	-	2,081,995	-	-	-	2,081,995
Other comprehensive income (loss)	-	-	-	-	-	-	532	( 9,903 )	( 6,047 )	-	( 15,418 )
Total comprehensive income	-	-	-	-	-	-	2,082,527	( 9,903 )	( 6,047 )	-	2,066,577
Appropriation and distribution of 2017 earnings											
Legal reserve	-	-	-	-	265,572	-	( 265,572 )	-	-	-	-
Cash dividends	-	-	-	-	-	-	( 2,498,418 )	-	-	-	( 2,498,418 )
Reversal of special reserve	-	-	-	-	-	( 98,442 )	98,442	-	-	-	-
Cash payment from capital surplus	-	( 86,152 )	-	-	-	-	-	-	-	-	( 86,152 )
Net loss on disposal of financial assets at fair value through other comprehensive income	-	-	-	-	-	-	( 31,625 )	-	31,625	-	-
Balance at December 31, 2018	<u>\$ 4,307,617</u>	<u>\$ 4,565,999</u>	<u>\$ 4,106</u>	<u>\$ 35,128</u>	<u>\$ 4,302,782</u>	<u>\$ 47,247</u>	<u>\$ 6,778,995</u>	<u>(\$ 77,165 )</u>	<u>\$ 15,593</u>	<u>\$ -</u>	<u>\$ 19,980,302</u>

The accompanying notes are an integral part of these financial statements.

TRANSCEND INFORMATION, INC.  
STATEMENTS OF CASH FLOWS  
(Expressed in thousands of New Taiwan Dollars)

	Years ended December 31	
	2018	2017
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES</u></b>		
Profit before tax	\$ 2,630,879	\$ 3,288,230
Adjustments		
Adjustments to reconcile profit (loss)		
Unrealized gross profit on sales to subsidiaries	20,596	48,746
Realized gross profit on sales to subsidiaries	( 48,746 )	( 94,548 )
Loss on disposal of investments	-	106,075
Share of loss of associates and joint ventures accounted for using equity method	70,292	87,619
Expected credit loss/(Gain on reversal of bad debts)	599	( 9,874 )
Depreciation	133,897	120,657
Interest income	( 173,118 )	( 143,570 )
Interest expense	-	297
Dividend income	( 3,558 )	( 8,973 )
Gain on disposal of property, plant and equipment	( 775 )	( 10,273 )
Changes in operating assets and liabilities		
Changes in operating assets		
Notes and accounts receivable	521,961	494,691
Other receivables	25,432	44,959
Inventories	2,004,828	( 231,642 )
Other current assets	( 715 )	2,520
Changes in operating liabilities		
Accounts payable	( 121,686 )	( 508,583 )
Other payables	( 57,716 )	( 43,008 )
Other payables - related parties	13,234	3,317
Other current liabilities	( 1,208 )	734
Other non-current liabilities	5,321	( 855 )
Cash inflow generated from operations	5,019,517	3,146,519
Dividends received	3,558	8,973
Interest received	169,527	139,725
Interest paid	-	( 297 )
Income tax paid	( 763,853 )	( 378,327 )
Net cash flows from operating activities	<u>4,428,749</u>	<u>2,916,953</u>
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES</u></b>		
Proceeds from disposal of available-for-sale financial assets	-	128,121
Acquisition of financial assets at amortised cost	( 6,631,733 )	-
Proceeds from disposal of financial assets at amortised cost	5,126,615	-
Increase in other current financial assets	-	( 2,112,846 )
Decrease in other current financial assets	-	3,910,845
Acquisition of investment in debt instrument without active markets	-	( 2,734,320 )
Proceeds from disposal of investment in debt instrument without active markets	-	2,361,738
Acquisition of financial assets at fair value through other comprehensive income	( 105,480 )	-
Proceeds from disposal of financial assets at fair value through other comprehensive income	5,152	-
Acquisition of property, plant and equipment	( 120,056 )	( 195,539 )
Proceeds from disposal of property, plant and equipment	4,038	16,482
Acquisition of investment property	( 2,365,030 )	-
Decrease (increase) in other non-current financial assets	52,741	( 25,417 )
Net cash flows (used in) from investing activities	<u>( 4,033,753 )</u>	<u>1,349,064</u>
<b><u>CASH FLOWS FROM FINANCING ACTIVITIES</u></b>		
Cash dividends paid (including cash payment from capital surplus )	( 2,584,570 )	( 2,584,570 )
Net cash flows used in financing activities	<u>( 2,584,570 )</u>	<u>( 2,584,570 )</u>
Net (decrease) increase in cash and cash equivalents	( 2,189,574 )	1,681,087
Cash and cash equivalents at beginning of year	3,241,924	1,560,837
Cash and cash equivalents at end of year	<u>\$ 1,052,350</u>	<u>\$ 3,241,924</u>

**REPORT OF INDEPENDENT ACCOUNTANTS TRANSLATED FROM CHINESE**

PWCR18000374

To the Board of Directors and Shareholders of Transcend Information, Inc.

***Opinion***

We have audited the accompanying consolidated balance sheets of Transcend Information, Inc. and its subsidiaries (the “Group”) as at December 31, 2018 and 2017, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2018 and 2017, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory Commission.

***Basis for opinion***

We conducted our audits in accordance with the “Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants” and generally accepted auditing standards in the Republic of China (ROC GAAS). Our responsibilities under those standards are further described in the *Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the Code of Professional Ethics for Certified Public Accountants in the 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 judgement, 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, we do not provide a separate opinion on these matters.

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

### **Evaluation of inventories**

#### Description

Refer to Notes 4(13), 5(2) and 6(5) to the consolidated financial statements for the information on the Group's inventory accounting policy, estimates and assumptions and allowance for inventory evaluation losses.

The percentage of the Group's inventories to total assets is material and the Group applies judgements and estimates in determining the net realisable value of inventories at balance sheet date. The Group mainly produces DRAM and flash memory. As these products have a short life cycle and belong to a highly competitive industry, the market prices change frequently. Since the Group's inventories and the allowance for inventory valuation losses are material to the financial statements, the evaluation of inventories has been identified as a key audit matter.

#### How our audit addressed the matter

We performed the following audit procedures in respect of the above key audit matter:

- A. Obtained an understanding of the Group's operations and industry. Assessed the reasonableness of the policy and procedures to recognize allowance for inventory valuation losses.
- B. Obtained an understanding of the Group's inventory control procedures. Reviewed annual inventory count plan and observed the annual physical count of inventory in order to assess the effectiveness of internal controls over inventory.
- C. Obtained relevant evaluation reports of inventory and tested the logic and accuracy of information to assess the reasonableness of allowance for inventory valuation losses.



## **Estimation of allowance for sales discount**

### Description

In consideration of business volume, the Group provides a variety of business incentives to specific customers or products, and based on that, the Group can estimate the allowance for sales discount monthly. Refer to Notes 4(25) and 6(4) to the consolidated financial statements for the information on the estimation of allowance for sales discount.

Since the contracts are numerous and the result could affect the net revenue in the consolidated financial statements, the estimation of allowance for sales discount has been identified as a key audit matter.

### How our audit addressed the matter

We performed the following audit procedures in respect of the above key audit matter:

- A. Obtained an understanding of the Group's operations, industry and the procedures to recognize allowance for sales discount.
- B. Obtained an understanding of the Group's sales procedures and interviewed management to assess the appropriateness of sales allowance contracts and internal control over estimation of allowance.
- C. Obtained the evaluation list of allowance for sales discount, and tested material sales allowance contracts and recalculated it to assess the reasonableness of allowance determined by the Group.

### ***Other matter –Parent company only financial reports***

We have audited and expressed an unqualified opinion on the parent company only financial statements of Transcend Information, Inc. as at and for the years ended December 31, 2018 and 2017.

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

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

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going

concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

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

### ***Auditor's responsibilities for the audit of the consolidated financial statements***

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ROC GAAS 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 ROC GAAS, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

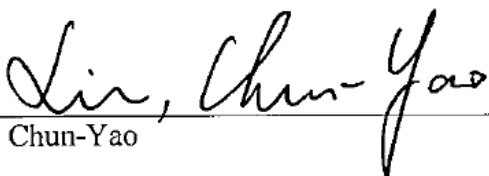
- A. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk 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.
- B. 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.
- C. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- D. 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.
- E. 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.

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

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.



Lin, Chun-Yao



Chou, Chien-Hung

For and on behalf of PricewaterhouseCoopers, Taiwan

March 7, 2019

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

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

**TRANSCEND INFORMATION, INC. AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS**  
(Expressed in thousands of New Taiwan Dollars)

Assets	Notes	December 31, 2018		December 31, 2017	
		AMOUNT	%	AMOUNT	%
<b>Current assets</b>					
Cash and cash equivalents	6(1)	\$ 1,429,737	7	\$ 3,645,914	16
Financial assets at fair value through profit or loss - current	6(2)	89,457	-	-	-
Current financial assets at amortised cost, net	6(3)	9,145,557	42	-	-
Investment in debt instrument without active market - current	12(4)	-	-	738,877	3
Notes receivable, net	6(4)	872	-	5,862	-
Accounts receivable, net	6(4) and 12(4)	2,147,556	10	2,499,773	11
Other receivables	7	87,295	-	114,346	1
Inventories, net	6(5)	3,184,188	15	5,241,150	23
Other current financial assets	12(4)	-	-	6,899,661	30
Other current assets		31,121	-	44,210	-
<b>Total Current Assets</b>		<u>16,115,783</u>	<u>74</u>	<u>19,189,793</u>	<u>84</u>
<b>Non-current assets</b>					
Non-current financial assets at fair value through other comprehensive income	6(6)	163,155	1	-	-
Available-for-sale financial assets - non-current	12(4)	-	-	68,874	-
Investments accounted for using equity method	6(7)	105,322	-	173,122	1
Property, plant and equipment, net	6(8), 7 and 8	2,599,493	12	2,706,923	12
Investment property, net	6(9)	2,623,579	12	269,462	1
Deferred tax assets	6(20)	90,301	-	133,954	1
Other non-current assets	6(10)	166,879	1	228,353	1
<b>Total Non-current Assets</b>		<u>5,748,729</u>	<u>26</u>	<u>3,580,688</u>	<u>16</u>
<b>Total Assets</b>		<u>\$ 21,864,512</u>	<u>100</u>	<u>\$ 22,770,481</u>	<u>100</u>

(Continued)

**TRANSCEND INFORMATION, INC. AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS**  
(Expressed in thousands of New Taiwan Dollars)

Liabilities and Equity	Notes	December 31, 2018		December 31, 2017	
		AMOUNT	%	AMOUNT	%
<b>Current liabilities</b>					
Accounts payable		\$ 1,187,300	6	\$ 1,237,552	5
Accounts payable - related parties	7	39,874	-	37,454	-
Other payables		265,132	1	347,619	2
Other payables - related parties		97	-	233	-
Current tax liabilities		133,508	1	412,345	2
Other current liabilities		23,376	-	31,414	-
<b>Total Current Liabilities</b>		<b>1,649,287</b>	<b>8</b>	<b>2,066,617</b>	<b>9</b>
<b>Non-current liabilities</b>					
Deferred tax liabilities	6(20)	179,631	1	158,463	1
Other non-current liabilities	6(11)	55,292	-	47,106	-
<b>Total Non-current Liabilities</b>		<b>234,923</b>	<b>1</b>	<b>205,569</b>	<b>1</b>
<b>Total Liabilities</b>		<b>1,884,210</b>	<b>9</b>	<b>2,272,186</b>	<b>10</b>
<b>Equity attributable to owners of parent</b>					
<b>Share capital</b> 6(12)					
Common stock		4,307,617	20	4,307,617	19
<b>Capital surplus</b> 6(13)					
Capital surplus		4,605,233	21	4,691,385	20
<b>Retained earnings</b> 6(14)					
Legal reserve		4,302,782	20	4,037,210	18
Special reserve		47,247	-	145,689	1
Unappropriated retained earnings		6,778,995	31	7,363,641	32
<b>Other equity interest</b> 6(15)					
Other equity interest		( 61,572)	( 1)	( 47,247)	-
<b>Total Equity</b>		<b>19,980,302</b>	<b>91</b>	<b>20,498,295</b>	<b>90</b>
<b>Significant contingent liabilities and unrecognition contract commitments</b>					
<b>Significant events after the balance sheet date</b> 11					
<b>Total Liabilities and Equity</b>		<b>\$ 21,864,512</b>	<b>100</b>	<b>\$ 22,770,481</b>	<b>100</b>

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

**TRANSCEND INFORMATION, INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**  
(Expressed in thousands of New Taiwan Dollars, except earnings per share)

Items	Notes	Years ended December 31			
		2018		2017	
		AMOUNT	%	AMOUNT	%
<b>Operating Revenue</b>	6(16), 7 and 12(5)	\$ 17,615,965	100	\$ 20,964,853	100
<b>Operating Costs</b>	6(5)(19) and 7	( 14,085,715)	( 80)	( 15,438,009)	( 74)
<b>Gross Profit</b>		<u>3,530,250</u>	<u>20</u>	<u>5,526,844</u>	<u>26</u>
<b>Operating Expenses</b>	6(19)				
Sales and marketing expenses		( 844,708)	( 5)	( 945,861)	( 4)
Administrative expenses		( 387,262)	( 2)	( 414,097)	( 2)
Research and development expenses		( 158,518)	( 1)	( 169,238)	( 1)
Impairment loss determined in accordance with IFRS 9	6(4)	( 8)	-	-	-
<b>Total operating expenses</b>		<u>( 1,390,496)</u>	<u>( 8)</u>	<u>( 1,529,196)</u>	<u>( 7)</u>
<b>Operating Profit</b>		<u>2,139,754</u>	<u>12</u>	<u>3,997,648</u>	<u>19</u>
<b>Non-operating Income and Expenses</b>					
Other income	6(17)	208,041	1	163,495	1
Other gains and losses	6(18)	359,025	2	( 739,406)	( 4)
Net gain from derecognizing financial assets measured at amortised cost	6(3)	16,691	-	-	-
Finance costs		-	-	( 297)	-
Share of loss of associates and joint ventures accounted for under equity method	6(7)	( 69,964)	-	( 108,858)	-
<b>Total non-operating income and expenses</b>		<u>513,793</u>	<u>3</u>	<u>( 685,066)</u>	<u>( 3)</u>
<b>Profit before Income Tax</b>		<u>2,653,547</u>	<u>15</u>	<u>3,312,582</u>	<u>16</u>
Income tax expense	6(20)	( 571,552)	( 3)	( 656,865)	( 3)
<b>Profit for the Year</b>		<u>\$ 2,081,995</u>	<u>12</u>	<u>\$ 2,655,717</u>	<u>13</u>
<b>Other Comprehensive Income (Loss)</b>					
<b>Components of other comprehensive income (loss) that will not be reclassified to profit or loss</b>					
Gains (losses) on remeasurements of defined benefit plans	6(11)	(\$ 1,632)	-	\$ 2,402	-
Unrealized loss on financial assets at fair value through other comprehensive income	6(6)(15)	( 6,047)	-	-	-
Share of other comprehensive income (loss) of associates and joint ventures accounted for under equity method		2,164	-	( 630)	-
<b>Components of other comprehensive income (loss) that will be reclassified to profit or loss</b>					
Exchange differences on translation of foreign financial statements	6(15)	( 12,378)	-	( 30,179)	-
Unrealized gain on available-for-sale financial assets	6(15) and 12(4)	-	-	123,490	-
Income tax related to components of other comprehensive income that will be reclassified to profit or loss	6(15)(20)	2,475	-	5,131	-
<b>Other comprehensive (loss) income for the year</b>		<u>(\$ 15,418)</u>	<u>-</u>	<u>\$ 100,214</u>	<u>-</u>
<b>Total Comprehensive Income</b>		<u>\$ 2,066,577</u>	<u>12</u>	<u>\$ 2,755,931</u>	<u>13</u>
<b>Net profit attributable to:</b>					
Owners of parent		\$ 2,081,995	12	\$ 2,655,717	13
<b>Comprehensive income attributable to:</b>					
Owners of parent		\$ 2,066,577	12	\$ 2,755,931	13
<b>Earnings Per Share</b>	6(21)				
Basic earnings per share		\$ 4.83		\$ 6.17	
Diluted earnings per share		\$ 4.83		\$ 6.16	

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

TRANSCEND INFORMATION, INC. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY  
(Expressed in thousands of New Taiwan dollars)

	Equity attributable to owners of the parent										Total equity	
	Capital Reserves				Retained Earnings			Other Equity Interest				
	Notes	Common stock	Additional paid-in capital	Donated assets received	Net assets from merger	Legal reserve	Special reserve	Unappropriated retained earnings	Exchange differences on translation of foreign financial statements	Unrealized gain or loss on financial assets at fair value through other comprehensive income		Unrealized gain or loss on available-for-sale financial assets
<u>Year ended December 31, 2017</u>												
		\$ 4,307,617	\$ 4,759,841	\$ 4,106	\$ 35,128	\$ 3,748,946	\$ 21,691	\$ 7,595,294	(\$ 42,214 )	\$ -	(\$ 103,475 )	\$ 20,326,934
		-	-	-	-	-	-	2,655,717	-	-	-	2,655,717
		-	-	-	-	-	-	1,772	( 25,048 )	-	123,490	100,214
		-	-	-	-	-	-	2,657,489	( 25,048 )	-	123,490	2,755,931
		-	-	-	-	-	-	-	-	-	-	-
		-	-	-	-	288,264	-	( 288,264 )	-	-	-	-
		-	-	-	-	-	123,998	( 123,998 )	-	-	-	-
		-	-	-	-	-	-	( 2,476,880 )	-	-	-	( 2,476,880 )
		-	( 107,690 )	-	-	-	-	-	-	-	-	( 107,690 )
		\$ 4,307,617	\$ 4,652,151	\$ 4,106	\$ 35,128	\$ 4,037,210	\$ 145,689	\$ 7,363,641	(\$ 67,262 )	\$ -	\$ 20,015	\$ 20,498,295
<u>Year ended December 31, 2018</u>												
		\$ 4,307,617	\$ 4,652,151	\$ 4,106	\$ 35,128	\$ 4,037,210	\$ 145,689	\$ 7,363,641	(\$ 67,262 )	\$ -	\$ 20,015	\$ 20,498,295
		-	-	-	-	-	-	30,000	-	( 9,985 )	( 20,015 )	-
		-	-	-	-	-	-	-	-	-	-	-
		4,307,617	4,652,151	4,106	35,128	4,037,210	145,689	7,393,641	( 67,262 )	( 9,985 )	-	20,498,295
		-	-	-	-	-	-	2,081,995	-	-	-	2,081,995
		-	-	-	-	-	-	532	( 9,903 )	( 6,047 )	-	( 15,418 )
		-	-	-	-	-	-	2,082,527	( 9,903 )	( 6,047 )	-	2,066,577
		-	-	-	-	-	-	-	-	-	-	-
		-	-	-	-	265,572	-	( 265,572 )	-	-	-	-
		-	-	-	-	-	-	( 2,498,418 )	-	-	-	( 2,498,418 )
		-	-	-	-	-	( 98,442 )	98,442	-	-	-	-
		-	( 86,152 )	-	-	-	-	-	-	-	-	( 86,152 )
		-	-	-	-	-	-	( 31,625 )	-	31,625	-	-
		\$ 4,307,617	\$ 4,565,999	\$ 4,106	\$ 35,128	\$ 4,302,782	\$ 47,247	\$ 6,778,995	(\$ 77,165 )	\$ 15,593	\$ -	\$ 19,980,302

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

TRANSCEND INFORMATION, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(Expressed in thousands of New Taiwan dollars)

	Notes	Years ended December 31	
		2018	2017
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES</u></b>			
Profit before tax		\$ 2,653,547	\$ 3,312,582
Adjustments			
Adjustments to reconcile profit (loss)			
Share of loss of associates and joint ventures accounted for using equity method	6(7)	69,964	108,858
Expected credit loss/(Gain on reversal of bad debts)	6(4) and 12(4)	8	( 6,353 )
Loss on disposal of investments	12(4)	-	106,075
Gain on disposal of property, plant and equipment	6(18)	( 1,204 )	( 10,421 )
Depreciation	6(19)	210,873	205,723
Interest income	6(17)	( 175,210 )	( 145,127 )
Interest expense		-	297
Dividend income	6(18)	( 3,558 )	( 8,973 )
Changes in operating assets and liabilities			
Changes in operating assets			
Financial assets mandatorily measured at fair value through profit or loss		( 89,457 )	-
Notes receivable		4,990	( 514 )
Accounts receivable		351,519	349,976
Accounts receivable - related parties		-	21,369
Other receivables		30,642	36,118
Inventories		2,056,962	( 74,329 )
Other current assets		13,089	( 7,821 )
Changes in operating liabilities			
Accounts payable		( 50,252 )	( 502,714 )
Accounts payable - related parties		2,420	( 10,764 )
Other payables		( 82,487 )	( 42,914 )
Other payables - related parties		( 136 )	233
Other current liabilities		( 8,038 )	( 13,001 )
Other non-current liabilities		6,554	( 27,225 )
Cash inflow generated from operations		4,990,226	3,291,075
Dividends received		3,558	8,973
Interest received		171,619	141,282
Interest paid		-	( 297 )
Income tax paid		( 783,093 )	( 401,076 )
Net cash flows from operating activities		<u>4,382,310</u>	<u>3,039,957</u>
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES</u></b>			
Proceeds from disposal of available-for-sale financial assets		-	128,121
Acquisition of financial assets at amortised cost		( 6,692,559 )	-
Proceeds from disposal of financial assets at amortised cost		5,185,540	-
Increase in other current financial assets		-	( 2,112,846 )
Decrease in other current financial assets		-	3,915,775
Proceeds from disposal of investment in debt instrument without active markets		-	2,361,738
Acquisition of investment in debt instrument without active markets		-	( 2,734,320 )
Acquisition of financial assets at fair value through other comprehensive income		( 105,480 )	-
Proceeds from disposal of financial assets at fair value through other comprehensive income	6(6)	5,152	-
Acquisition of property, plant and equipment	6(8)	( 116,294 )	( 195,132 )
Proceeds from disposal of property, plant and equipment		18,982	16,725
Acquisition of investment property	6(9)	( 2,365,030 )	-
Decrease (increase) in other non-current financial assets		61,474	( 24,103 )
Net cash flows (used in) from investing activities		<u>( 4,008,215 )</u>	<u>1,355,958</u>
<b><u>CASH FLOWS FROM FINANCING ACTIVITIES</u></b>			
Cash dividends paid (including cash payment from capital surplus )	6(14)	( 2,584,570 )	( 2,584,570 )
Net cash flows used in financing activities		<u>( 2,584,570 )</u>	<u>( 2,584,570 )</u>
Effect of exchange rate changes on cash and cash equivalents		( 5,702 )	( 8,101 )
Net (decrease) increase in cash and cash equivalents		( 2,216,177 )	1,803,244
Cash and cash equivalents at beginning of year		<u>3,645,914</u>	<u>1,842,670</u>
Cash and cash equivalents at end of year		<u>\$ 1,429,737</u>	<u>\$ 3,645,914</u>

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



TRANSCEND INFORMATION INC.  
COMPARISON TABLE FOR THE “ARTICLES OF INCORPORATION”

Proposed Amendment	Currently in Effect	Explanation
<p>Article 6-1 :</p> <p>If the Corporation issue employee stock options on the exercise price under the market price, it shall be issued after the resolution of the Shareholders’ meetings in accordance with relevant rules and regulations of the Republic of China.</p> <p><u>Employees, including the employees of parents or subsidiaries of the company meeting certain specific requirements, are entitled to receive employee stock options. Such specific requirements shall be prescribed by the board of directors.</u></p>	<p>Article 6-1 :</p> <p>If the Corporation issue employee stock options on the exercise price under the market price, it shall be issued after the resolution of the Shareholders’ meetings in accordance with relevant rules and regulations of the Republic of China.</p>	<p>To comply with amendments to Company Act, widen the application of employee rewards.</p>
<p>Article 13 :</p> <p>The Corporation shall have seven to eleven Directors. The Board of Directors is authorized to determine the number of Directors, to be elected by the shareholders meeting from among candidates with legal capacity. The term of office for Directors shall be 3 years, and all Directors shall be eligible for re-election. Once the term of office is expired and it can’t elect directors immediately, directors can extend and continue the performance of their duties until the election of directors to take office. The aggregate shareholding percentages of the entire bodies of directors shall comply with the regulations prescribed by the securities supervisory authorities. The board of directors is authorized to resolve the rates of directors’ remuneration based on the extent of their participation in the Company’s business operations or value of their contribution, at a</p>	<p>Article 13 :</p> <p>The Corporation shall have seven to eleven Directors. The Board of Directors is authorized to determine the number of Directors, to be elected by the shareholders meeting from among candidates with legal capacity. The term of office for Directors shall be 3 years, and all Directors shall be eligible for re-election. Once the term of office is expired and it can’t elect directors immediately, directors can extend and continue the performance of their duties until the election of directors to take office. The aggregate shareholding percentages of the entire bodies of directors shall comply with the regulations prescribed by the securities supervisory authorities. The board of directors is authorized to resolve the rates of directors’ remuneration based on the extent of their participation in the Company’s business operations or value of their contribution, at a</p>	<ol style="list-style-type: none"> <li>1. Modify Chinese wording to comply with Company Act.</li> <li>2. To comply with “Taiwan Stock Exchange Corporation Operation Directions for the Appointment of Independent Directors by TWSE Listed Companies” and “Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies”, stipulate the Company should acquire liability insurance for all directors, and report to Board instead of resolution.</li> </ol>

Proposed Amendment	Currently in Effect	Explanation
level consistent with general practices in the industry. The company <u>shall</u> acquire liability insurance for all directors within their term of office, and <u>report to Board at the next board meeting.</u>	level consistent with general practices in the industry. The company <u>may</u> acquire liability insurance for all directors within their term of office, and <u>the board of directors is authorized to resolute the scope of insurance.</u>	
Article 15 : Board of Directors Meetings shall be convened by the Chairman of the Board of Directors. Except as otherwise provided in the Company Act, <u>resolutions of the Board of Directors shall be adopted by a majority of the directors at a meeting attended by a majority of the directors.</u>	Article 15 : Board of Directors Meetings shall be convened by the Chairman of the Board of Directors. Except as otherwise provided in the Company Law of the Republic of China, <u>a meeting of the Board of Directors may be held if attended by a majority of total Directors and resolutions shall be adopted with the concurrence of the majority of the Directors present at the meeting.</u>	Modify wording to comply with Company Act.
Article 17 : <u>Duties of the Board of the Directors</u> are as follows: 1.To propose concerning appropriation of net profits or covering of losses. 2.To propose increasing or decreasing capital 3.To establish or dissolve branches 4.To approve budget and final reports 5.Other duties in accordance with Company Act or given by the resolution of shareholders' meeting	Article 17 : The Board of the Directors <u>is organized by directors, the duties</u> are as follows: 1.To propose concerning appropriation of net profits or covering of losses. 2.To propose increasing or decreasing capital 3.To establish or dissolve branches 4.To approve budget and final reports 5.Other duties in accordance with Company Act or given by the resolution of shareholders' meeting	Modify wording to comply with Company Act.
Article 20 : The Company may have managerial officers, whose appointment, dismissal, and remuneration shall be handled in accordance with Article 29 of the Company Act.	Article 20 : The Company may have managerial officers, whose appointment, dismissal, and remuneration shall be handled in accordance with Article 29 of the Company Act.	Modify Chinese wording.
Article 22 : If the Company has earnings after the annual final accounting, it shall pay remuneration to employees at the minimum of 1% of the profit,	Article 22 : If the Company has earnings after the annual final accounting, it shall pay remuneration to employees at the minimum of 1% of the profit,	To comply with amendments to Company Act, widen the application of employee rewards.

Proposed Amendment	Currently in Effect	Explanation
<p>and pay remuneration to directors at the maximum of 0.2% of the profit. However, the Company's accumulated losses shall have been covered.</p> <p>Employees' remuneration could be paid by cash or stock. Employees shall mean the <u>employees of parents or subsidiaries of the company meeting certain</u> specific requirements. Such specific requirements shall be prescribed by the board of directors.</p>	<p>and pay remuneration to directors at the maximum of 0.2% of the profit. However, the Company's accumulated losses shall have been covered.</p> <p>Employees' remuneration could be paid by cash or stock, <u>and in the event of stock payment,</u> employees shall mean the <u>Company's employees and employees serving with affiliates who meet</u> specific requirements. Such specific requirements shall be prescribed by the board of directors.</p>	
<p>Article 22-1 :</p> <p>If the Company has earnings after the annual final accounting, it shall be allocated in the following order:</p> <ol style="list-style-type: none"> <li>1.To pay taxes.</li> <li>2.To cover accumulated losses, if any.</li> <li>3.To appropriate 10% legal reserve unless the total legal reserve accumulated has already reached the amount of the Company's authorized capital.</li> <li>4.To <u>appropriate or reverse</u> special reserve in accordance with the regulations</li> <li>5.To reserve certain amount, on the premise that there is no effect on the Company's normal operations and no violation of regulations, for maintaining stability of dividends.</li> <li>6.For any remainder, <u>adding on accumulated unappropriated retained earnings,</u> the board of directors shall propose <u>the earnings distribution proposal and shall handle in accordance with the following provision: the board of directors is authorized to distribute dividends and bonuses or legal reserve and capital reserve in whole or in part which be paid in cash after a resolution has been adopted by a majority vote at a meeting of the</u></li> </ol>	<p>Article 22-1 :</p> <p>If the Company has earnings after the annual final accounting, it shall be allocated in the following order:</p> <ol style="list-style-type: none"> <li>1.To pay taxes.</li> <li>2.To cover accumulated losses, if any.</li> <li>3.To appropriate 10% legal reserve unless the total legal reserve accumulated has already reached the amount of the Company's authorized capital.</li> <li>4.To <u>set aside</u> special reserve in accordance with the regulations</li> <li>5.To reserve certain amount, on the premise that there is no effect on the Company's normal operations and no violation of regulations, for maintaining stability of dividends.</li> <li>6.For any remainder, the board of directors shall propose <u>allocation ratios and propose them at the shareholders' meeting.</u></li> </ol> <p>Regarding the special reserve under subparagraphs 4, the Company shall set aside special reserve, equal to the debit balance which happens at the current year on other equity items (including Unrealized loss on financial instrument, cumulative translation adjustment, and unrecognized pension cost, which can be</p>	<ol style="list-style-type: none"> <li>1. To comply with amendments to Company Act, authorizing the board of directors' resolution to distribute dividend in cash and report to shareholders' meeting.</li> <li>2. Modify Chinese wording.</li> </ol>

Proposed Amendment	Currently in Effect	Explanation
<p><u>board of directors attended by two-thirds of the total number of directors; and in addition thereto a report of such distribution shall be submitted to the shareholders' meeting in accordance with Section 5 of Article 240 and Article 241 of the Company Act. In case of the dividends and bonuses or legal reserve and capital reserve in whole or in part be distributed in the form of new shares to be issued by the company, shall be proposed to the shareholders' meeting for review and approval by a resolution in accordance with Article 240 of the Company Act.</u></p> <p>Regarding the special reserve under subparagraphs 4, the Company shall set aside special reserve, equal to the debit balance which happens at the current year on other equity items (including Unrealized loss on financial instrument, cumulative translation adjustment, and unrecognized pension cost, which can be combined if there are unrealized gain.), from the current earnings after tax and unappropriated retained earnings prior year. If the debit balance is cumulative before, the Company shall set aside special reserve not to distribute it from the unappropriated retained earnings prior year. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.</p>	<p>combined if there are unrealized gain.), from the current earnings after tax and unappropriated retained earnings prior year. If the debit balance is cumulative before, the Company shall set aside special reserve not to distribute it from the unappropriated retained earnings prior year. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.</p>	
<p>Article 24 :</p> <p>These Articles of Incorporation were adopted on August 23, 1989. The first amendment was made on January 28, 1991. The second amendment was made on May 25, 1992. The third amendment was made on September 1, 1992. The fourth amendment was made on July</p>	<p>Article 24 :</p> <p>These Articles of Incorporation were adopted on August 23, 1989. The first amendment was made on January 28, 1991. The second amendment was made on May 25, 1992. The third amendment was made on September 1, 1992. The fourth amendment was made on July</p>	<p>Added date and times of amendment of Articles of Incorporation.</p>

Proposed Amendment	Currently in Effect	Explanation
<p>30, 1994. The fifth amendment was made on June 8, 1995. The sixth amendment was made on July 8, 1997. The seventh amendment was made on August 15, 1997. The eighth amendment was made on September 12, 1997. The ninth amendment was made on June 20, 1998. The 10th amendment was made on September 15, 1998. The 11th amendment was made on June 12, 1999. The 12th amendment was made on April 15, 2000. The 13th amendment was made on April 9, 2001. The 14th amendment was made on June 10, 2002. The 15th amendment was made on June 3, 2003. The 16th amendment was made on June 11, 2004. The 17th amendment was made on June 13, 2005. The 18th amendment was made on June 14, 2006. The 19th amendment was made on June 11, 2007. The 20th amendment was made on June 13, 2008. The 21st amendment was made on June 16, 2009. The 22th amendment was made on June 17, 2010. The 23th amendment was made on June 10, 2011. The 24th amendment was made on January 5, 2012. The 25th amendment was made on June 13, 2013. The 26th amendment was made on June 12, 2014. The 27th amendment was made on June 14, 2016. <u>The 28th amendment was made on June 12, 2019.</u></p>	<p>30, 1994. The fifth amendment was made on June 8, 1995. The sixth amendment was made on July 8, 1997. The seventh amendment was made on August 15, 1997. The eighth amendment was made on September 12, 1997. The ninth amendment was made on June 20, 1998. The 10th amendment was made on September 15, 1998. The 11th amendment was made on June 12, 1999. The 12th amendment was made on April 15, 2000. The 13th amendment was made on April 9, 2001. The 14th amendment was made on June 10, 2002. The 15th amendment was made on June 3, 2003. The 16th amendment was made on June 11, 2004. The 17th amendment was made on June 13, 2005. The 18th amendment was made on June 14, 2006. The 19th amendment was made on June 11, 2007. The 20th amendment was made on June 13, 2008. The 21st amendment was made on June 16, 2009. The 22th amendment was made on June 17, 2010. The 23th amendment was made on June 10, 2011. The 24th amendment was made on January 5, 2012. The 25th amendment was made on June 13, 2013. The 26th amendment was made on June 12, 2014. The 27th amendment was made on June 14, 2016.</p>	

## TRANSCEND INFORMATION INC.

## COMPARISON TABLE FOR THE “PROCEDURES FOR ELECTION OF DIRECTOR”

Proposed Amendment	Currently in Effect	Explanation
<p>Article 1 : Elections of directors shall be conducted in accordance with these Procedures. Elections of directors at this Corporation shall be conducted in accordance with the candidate nomination system, <u>carefully</u> review the qualifications <u>of a nominated candidate</u> and the existence of any other matters set forth in Article 30 of the Company Act, <u>and act in accordance with Article 192-1 of the Company Act.</u></p> <p><u>The professional qualifications, restrictions on both shareholding and concurrent positions held, determination of independence, method of nomination and other requirements with regard to the independent directors shall be set forth in accordance with the Securities and Exchange Act, the Regulations Governing Appointment of Independent Directors and Compliance Matter for Public Companies, and the rules and regulations of the Taiwan Stock Exchange.</u></p>	<p>Article 1 : Elections of directors shall be conducted in accordance with these Procedures. Elections of <u>both directors (including independent directors)</u> at this Corporation shall be conducted in accordance with the candidate nomination system <u>and procedures set out in Article 192-1 of the Company Act. This Corporation shall</u> review the qualifications, education, working experience, background, and the existence of any other matters set forth in Article 30 of the Company Act <u>with respect to nominee directors and may not arbitrarily add requirements for documentation of other qualifications. It shall further provide the results of the review to shareholders for their reference, so that qualified directors will be elected.</u></p>	<p>To comply with amendments to Company Act, simplify nominate procedure and modify wording as “Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies”.</p>

## TRANSCEND INFORMATION INC.

## COMPARISON TABLE FOR THE “PROCEDURES FOR ACQUISITION AND DISPOSAL OF ASSETS”

Proposed Amendment	Currently in Effect	Explanation
<p>Article 3 : Scope of assets</p> <p>1.Investments in stocks, government bonds, corporate bonds, financial bonds, securities representing interest in a fund, depository receipts, call (put) warrants, beneficial interest securities, and asset-backed securities.</p> <p>2.Real property (including land, houses and buildings, investment property, and construction enterprise inventory) and equipment.</p> <p>3.Memberships.</p> <p>4.Intangible assets: including Patents, copyrights, trademarks, and franchise rights.</p> <p><u>5.Right-of-use assets.</u></p> <p><u>6.Claims of financial institutions (including receivables, bills purchased and discounted, loans, and overdue receivables).</u></p> <p><u>7.Derivatives.</u></p> <p><u>8.Assets acquired or disposed of in connection with mergers, demergers, acquisitions, or transfer of shares in accordance with law.</u></p> <p><u>9.Other major assets.</u></p>	<p>Article 3 : Scope of assets</p> <p>1.Investments in stocks, government bonds, corporate bonds, financial bonds, securities representing interest in a fund, depository receipts, call (put) warrants, beneficial interest securities, and asset-backed securities.</p> <p>2.Real property (including land, houses and buildings, investment property, <u>rights to use land,</u> and construction enterprise inventory) and equipment.</p> <p>3.Memberships.</p> <p>4.Intangible assets: including Patents, copyrights, trademarks, and franchise rights.</p> <p><u>5.Claims of financial institutions (including receivables, bills purchased and discounted, loans, and overdue receivables).</u></p> <p><u>6.Derivatives.</u></p> <p><u>7.Assets acquired or disposed of in connection with mergers, demergers, acquisitions, or transfer of shares in accordance with law.</u></p> <p><u>8.Other major assets.</u></p>	<p>Add right-of-use assets to comply with “Regulations Governing the Acquisition and Disposal of Assets by Public Companies”.</p>
<p>Article 4 : Definitions of Term</p> <p>1. Derivatives: Forward contracts, options contracts, futures contracts, leverage contracts, <u>or swap contracts, whose value is derived from a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable; or hybrid contracts combining the above contracts; or hybrid contracts or structured products containing embedded derivatives.</u> The term "forward contracts" does not include</p>	<p>Article 4 : Definitions of Term</p> <p>1.Derivatives: Forward contracts, options contracts, futures contracts, leverage contracts, <u>and swap contracts, and compound contracts combining the above products,</u> whose value is derived from <u>assets,</u> interest rates, foreign exchange rates, indexes <u>or other interests.</u> The term "forward contracts" does not include insurance contracts, performance contracts, after-sales service contracts, long-term leasing contracts, or long-term purchase (sales) <u>agreements.</u></p>	<p>Modify wording to comply with “Regulations Governing the Acquisition and Disposal of Assets by Public Companies”.</p>

Proposed Amendment	Currently in Effect	Explanation
<p>insurance contracts, performance contracts, after-sales service contracts, long-term leasing contracts, or long-term purchase (sales) <u>contracts.</u></p> <p>(omitting)</p>	<p>(omitting)</p>	
<p>Article 5 : Limitation of investment amount</p> <p>The acquisition of real estate <u>and right-of-use assets thereof</u> by this Company for non-operating purpose should not exceed 30% of this Company's net worth. The total amount of security investments by this Company should not exceed 20% of this Company's net worth. The amount of investment by this Company in each respective security should not exceed 10% of this Company's net worth.</p>	<p>Article 5 : Limitation of investment amount</p> <p>The acquisition of real estate by this Company for non-operating purpose should not exceed 30% of this Company's net worth. The total amount of security investments by this Company should not exceed 20% of this Company's net worth. The amount of investment by this Company in each respective security should not exceed 10% of this Company's net worth.</p>	<p>Add right-of-use assets to comply with “Regulations Governing the Acquisition and Disposal of Assets by Public Companies”.</p>
<p><u>Article 6</u> : Authority to approve</p> <p>1. In acquiring and disposing of assets, except in trading of <u>domestic government bonds</u>, bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises, which should be approved by financial supervisor, the Company shall submit the transaction to President or Chairman for approval.</p> <p>2. <u>Following transactions</u> shall be submitted to Audit Committee and Board of directors for approval:</p> <p>(1) In acquiring or disposing of real property <u>and right-of-use assets thereof</u> from or to a related party.</p> <p>(2) In acquiring assets <u>and right-of-use assets thereof</u> other than real property from or to a related party and the transaction amount reaches 20 percent or more of paid-in capital or NT\$300 million or more.</p>	<p><u>Article 9</u> : Authority to approve</p> <p>In acquiring and disposing of assets, except in trading of bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises, which should be approved by financial supervisor, the Company shall submit the transaction to President or Chairman for approval. In acquiring or disposing of real property from or to a related party, or assets other than real property from or to a related party and the transaction amount reaches 20 percent or more of paid-in capital or NT\$300 million or more, <u>except in trading of bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises,</u> the Company shall submit the transaction to Audit Committee and Board for approval.</p>	<ol style="list-style-type: none"> <li>1. Add right-of-use assets and clarify the exemption to domestic government bonds to comply with “Regulations Governing the Acquisition and Disposal of Assets by Public Companies”.</li> <li>2. Arrange the article to fulfill the requirement of practical operation.</li> </ol>



Proposed Amendment	Currently in Effect	Explanation
<p><u>(3) In acquiring assets from or to a non-related party and the transaction amount reaches 20 percent or more of paid-in capital or NT\$300 million or more.</u></p>		
<p><u>Article 7 : The procedures for acquisition or disposal of Investments in Securities</u></p> <p><u>1.Appraisal procedures</u></p> <p><u>(1)</u> For acquisition or disposal of securities not traded on the centralized securities exchange market or an OTC market, the price shall be determined through negotiation after consideration of net worth per share, profitability, and future development potential, taking current market prices as a reference, or by negotiation after reference to current market interest rates, bond coupon rates, and debtor creditworthiness.</p> <p><u>(2)</u>For acquisition or disposal of securities traded on the centralized securities exchange market or an OTC market, the price shall be determined according to the current trading price.</p> <p><u>2.Operating procedures</u></p> <p><u>The operating procedures for acquisition or disposal of securities shall be implemented in accordance with investment cycle of internal control system of the Company.</u></p> <p><u>3. Responsible unit</u></p> <p>The responsible unit for implementation of <u>security investments</u> is financial department.</p> <p><u>4. Professional opinion</u></p> <p>In acquiring or disposing of Securities, shall, prior to the date of occurrence of the event, obtain financial statements of the issuing company for the most recent period, certified or reviewed by a certified public accountant,</p>	<p><u>Article 7 : Appraisal procedures</u></p> <p><u>1.</u>For acquisition or disposal of securities not traded on the centralized securities exchange market or an OTC market, the price shall be determined through negotiation after consideration of net worth per share, profitability, and future development potential, taking current market prices as a reference, or by negotiation after reference to current market interest rates, bond coupon rates, and debtor creditworthiness.</p> <p><u>2.</u>For acquisition or disposal of securities traded on the centralized securities exchange market or an OTC market, the price shall be determined according to the current trading price.</p> <p><u>3.</u>To acquire or dispose of <u>other fixed assets</u>, the Company shall make a price determination through one of three methods, either price enquiry, price comparison, price negotiation, or call for tenders. Prices for the acquisition or disposal of real property shall be determined through negotiation, with reference to the announced current value and assessed value of the property and the actual transaction prices of neighboring real properties. If the transaction amount reaches the amount required to publicly announce in accordance with this procedures, it shall refer to an appraisal report from a professional appraiser</p> <p><u>Article 8 : Operating procedures</u></p>	<ol style="list-style-type: none"> <li>1. Arrange the article to fulfill the requirement of practical operation.</li> <li>2. Add right-of-use assets and clarify the exemption to domestic government agency to comply with “Regulations Governing the Acquisition and Disposal of Assets by Public Companies”.</li> <li>3. Reference operating procedures to internal control of the Company.</li> <li>4. Stipulate the appraisal procedure for intangible assets and right-of-use assets thereof, membership, and other assets.</li> <li>5. Modify wording.</li> </ol>

Proposed Amendment	Currently in Effect	Explanation
<p>for reference in appraising the transaction price, and if the transaction amount reaches 20 percent of the company's paid-in capital or NT\$300 million or more, the company shall additionally engage a certified public accountant prior to the date of occurrence of the event to provide an opinion regarding the reasonableness of the transaction price. If the CPA needs to use the report of an expert as evidence, the CPA shall do so in accordance with the provisions of Statement of Auditing Standards No. 20 published by the ARDF. This requirement does not apply, however, to publicly quoted prices of securities that have an active market, or where otherwise provided by regulations of the Financial Supervisory Commission (FSC).</p>	<p>1.Acquisition or disposition of all assets shall be approved in accordance with <u>the "approval authority table for Purchase Requisition and Procurement". If the asset is real estate or other fixed asset, registration, management and use shall be in accordance with "Guideline for Assets management"</u>.</p> <p>2.For acquisition or disposition of all assets, the host department shall evaluate feasibility based on the reason, subject item, counterparty, transfer price, payment terms and price basis, and send the report to authority unit for approval. The acquisition or disposition of all assets will be implemented by management department after approval. All matter will be in accordance with the rules of company's internal control and this procedure.</p>	
<p><u>Article 8 : The procedures for acquisition or disposal of assets other than investments in securities</u></p> <p><u>1.Appraisal procedures</u></p> <p>(1) To acquire or dispose of <u>real property, equipments, and right-of-use assets thereof</u>, the Company shall make a price determination through one of three methods, either price enquiry, price comparison, price negotiation, or call for tenders. Prices for the acquisition or disposal of real property shall be determined through negotiation, with reference to the announced current value and assessed value of the property and the actual transaction prices of neighboring real properties. If the transaction amount reaches the amount required to publicly announce in accordance with this procedures, it shall refer to an appraisal</p>	<p>3. The responsible unit for implementation of <u>Long-term and Short-term investments in securities</u> is financial department; and of Real property and other fixed assets is the unit specifically responsible for such matters. Other assets should be appraised by the responsible unit before implement.</p> <p>4.For the acquisition of the real estate, it should immediately apply for insurance.</p> <p>5.Acquisition or disposition of all assets will be in accordance with the rules of company's internal control. If there is a detection of material violation, the Company will penalize the related personnel based on the situation of violation.</p> <p><u>Article 10</u> : In acquiring or disposing of real property or equipment where the transaction amount reaches 20 percent of the company's paid-in capital or NT\$300 million or more, the</p>	

Proposed Amendment	Currently in Effect	Explanation
<p>report from a professional appraiser.</p> <p><u>(2) To acquire or dispose of intangible assets or right-of-use assets thereof, memberships, or other assets, the Company shall take the future expected benefit into consideration.</u></p> <p><u>2.Operating procedures</u></p> <p><u>(1) The operating procedures for acquisition or disposal of assets shall be implemented in accordance with fixed assets cycle of internal control system of the Company.</u></p> <p><u>(2) For acquisition or disposition of all assets, the host department shall evaluate feasibility based on the reason, subject item, counterparty, transfer price, payment terms and price basis, and send the report to authority unit for approval. The acquisition or disposition of all assets will be implemented by management department after approval. All matter will be in accordance with the rules of company's internal control and this procedure.</u></p> <p><u>(3) For the acquisition of the real estate, it should immediately apply for insurance.</u></p> <p><u>(4) Acquisition or disposition of all assets will be in accordance with the rules of company's internal control. If there is a detection of material violation, the Company will penalize the related personnel based on the situation of violation.</u></p> <p><u>3.Responsible unit</u></p> <p>The responsible unit for implementation of Real property and other fixed assets is the unit specifically responsible for such matters. Other assets should be appraised by the responsible unit before implement.</p>	<p>company, except transacting with a government agency, engaging others to build on its own land, engaging others to build on rented land, or acquiring or disposing of equipment for business use, shall obtain an appraisal report prior to the date of occurrence of the event from a professional appraiser and shall further comply with the following provisions:</p> <p><u>1.</u>Where due to special circumstances it is necessary to give a limited price, specified price, or special price as a reference basis for the transaction price, the transaction shall be submitted for approval in advance by the board of directors, and the same procedure shall be followed for any future changes to the terms and conditions of the transaction.</p> <p><u>2.</u>Where the transaction amount is NT\$1 billion or more, appraisals from two or more professional appraisers shall be obtained.</p> <p><u>3.</u>Where any one of the following circumstances applies with respect to the professional appraiser's appraisal results, unless all the appraisal results for the assets to be acquired are higher than the transaction amount, or all the appraisal results for the assets to be disposed of are lower than the transaction amount, a certified public accountant shall be engaged to perform the appraisal in accordance with the provisions of Statement of Auditing Standards No. 20 published by the ROC Accounting Research and Development Foundation (ARDF) and render a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price:</p> <p><u>A.</u>The discrepancy between the appraisal result and the transaction amount is 20</p>	

Proposed Amendment	Currently in Effect	Explanation
<p><u>4. Professional opinion</u></p> <p>In acquiring or disposing of real property, equipment, or <u>right-of-use assets thereof</u>, where the transaction amount reaches 20 percent of the company's paid-in capital or NT\$300 million or more, the company, except transacting with a domestic government agency, engaging others to build on its own land, engaging others to build on rented land, or acquiring or disposing of equipment or <u>right-of-use assets thereof</u> for business use, shall obtain an appraisal report prior to the date of occurrence of the event from a professional appraiser and shall further comply with the following provisions:</p> <p>(1) Where due to special circumstances it is necessary to give a limited price, specified price, or special price as a reference basis for the transaction price, the transaction shall be submitted for approval in advance by the board of directors, and the same procedure shall be followed for any future changes to the terms and conditions of the transaction.</p> <p>(2) Where the transaction amount is NT\$1 billion or more, appraisals from two or more professional appraisers shall be obtained.</p> <p>(3) Where any one of the following circumstances applies with respect to the professional appraiser's appraisal results, unless all the appraisal results for the assets to be acquired are higher than the transaction amount, or all the appraisal results for the assets to be disposed of are lower than the transaction amount, a certified public accountant shall be engaged to perform the appraisal in</p>	<p>percent or more of the transaction amount.</p> <p><u>B.</u> The discrepancy between the appraisal results of two or more professional appraisers is 10 percent or more of the transaction amount.</p> <p><u>4.</u> No more than 3 months may elapse between the date of the appraisal report issued by a professional appraiser and the contract execution date; provided, where the publicly announced current value for the same period is used and not more than 6 months have elapsed, an opinion may still be issued by the original professional appraiser.</p> <p><u>Article 11 : The procedures for Acquisition or Disposal of Investments in Securities</u></p> <p>In acquiring or disposing of Securities, shall, prior to the date of occurrence of the event, obtain financial statements of the issuing company for the most recent period, certified or reviewed by a certified public accountant, for reference in appraising the transaction price, and if the transaction amount reaches 20 percent of the company's paid-in capital or NT\$300 million or more, the company shall additionally engage a certified public accountant prior to the date of occurrence of the event to provide an opinion regarding the reasonableness of the transaction price. If the CPA needs to use the report of an expert as evidence, the CPA shall do so in accordance with the provisions of Statement of Auditing Standards No. 20 published by the ARDF. This requirement does not apply, however, to publicly quoted prices of securities that have an active market, or where otherwise provided by regulations of the Financial Supervisory Commission (FSC).</p>	

Proposed Amendment	Currently in Effect	Explanation
<p>accordance with the provisions of Statement of Auditing Standards No. 20 published by the ROC Accounting Research and Development Foundation (ARDF) and render a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price:</p> <p><u>A.</u> The discrepancy between the appraisal result and the transaction amount is 20 percent or more of the transaction amount.</p> <p><u>B.</u> The discrepancy between the appraisal results of two or more professional appraisers is 10 percent or more of the transaction amount.</p> <p>(4) No more than 3 months may elapse between the date of the appraisal report issued by a professional appraiser and the contract execution date; provided, where the publicly announced current value for the same period is used and not more than 6 months have elapsed, an opinion may still be issued by the original professional appraiser.</p> <p>In acquiring or disposing of <u>intangible assets or right-of-use assets thereof, memberships, or other assets,</u> where the transaction amount reaches 20 percent of the company's paid-in capital or NT\$300 million or more, the company, except transacting with a <u>domestic</u> government agency, the company shall additionally engage a certified public accountant prior to the date of occurrence of the event to provide an opinion regarding the reasonableness of the transaction price. CPA shall do so in accordance with the provisions of Statement of Auditing Standards No. 20</p>	<p><u>Article 13 : The procedures for acquisition or disposition of memberships and intangible assets</u></p> <p>In acquiring or disposing of <u>memberships or intangible assets</u> where the transaction amount reaches 20 percent of the company's paid-in capital or NT\$300 million or more, the company, except transacting with a government agency, the company shall additionally engage a certified public accountant prior to the date of occurrence of the event to provide an opinion regarding the reasonableness of the transaction price. CPA shall do so in accordance with the provisions of Statement of Auditing Standards No. 20 published by the ARDF.</p>	

Proposed Amendment	Currently in Effect	Explanation
published by the ARDF.		
<p><u>Article 9</u> : The amount of transactions shall be calculated as follows:</p> <p><u>1.The amount of any individual transaction.</u></p> <p><u>2.The cumulative transaction amount of acquisitions and disposals of the same type of underlying asset with the same transaction counterparty within the preceding year.</u></p> <p><u>3.The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of real property or right-of-use assets thereof within the same development project within the preceding year.</u></p> <p><u>4.The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of the same security within the preceding year.</u></p> <p>“Within the preceding year” as used <u>in the preceding paragraph</u> refers to the year preceding the date of occurrence of the current transaction. Items for which an appraisal report from a professional appraiser or a CPA's opinion has been obtained need not be counted toward the transaction amount.</p>	<p><u>Article 13-1</u> : <u>The calculation of the transaction amounts referred to in the preceding four articles shall be done in accordance with Article 19 herein, and "within the preceding year" as used herein</u> refers to the year preceding the date of occurrence of the current transaction. Items for which an appraisal report from a professional appraiser or a CPA's opinion has been obtained need not be counted toward the transaction amount.</p>	<ol style="list-style-type: none"> <li>1. Arrange the article to fulfill the requirement of practical operation.</li> <li>2. Describe the calculation of amount of transactions clearly in accordance with “ Regulations Governing the Acquisition and Disposal of Assets by Public Companies”.</li> </ol>
<p><u>Article 10</u> : Professional appraisers and their officers, certified public accounts, attorneys, and securities underwriters that provide the companies with appraisal reports, certified public accountants’ opinions, attorney's opinions, or underwriter's opinions shall <u>meet the requirements in accordance with Article 5 of “Regulations Governing the Acquisition and Disposal of Assets by Public Companies”</u></p>	<p><u>Article 6</u> : Professional appraisers and their officers, certified public accounts, attorneys, and securities underwriters that provide the companies with appraisal reports, certified public accountants ’ opinions, attorney's opinions, or underwriter's opinions shall <u>not be a related party of any party to the transaction.</u></p>	<ol style="list-style-type: none"> <li>1. Arrange the article to fulfill the requirement of practical operation.</li> <li>2. Stipulate the qualification of external experts in accordance with “ Regulations Governing the Acquisition and Disposal of Assets by Public Companies”.</li> </ol>

Proposed Amendment	Currently in Effect	Explanation
<p><u>Article 11</u> : Where the Company acquires or disposes of assets through court auction procedures, the evidentiary documentation issued by the court may be substituted for the appraisal report or CPA opinion.</p>	<p><u>Article 14</u> : Where the Company acquires or disposes of assets through court auction procedures, the evidentiary documentation issued by the court may be substituted for the appraisal report or CPA opinion.</p>	<p>Arrange the article to fulfill the requirement of practical operation.</p>
<p>Article 12 : The procedures for Related Party Transactions</p> <p><u>1.Appraisal procedures</u></p> <p>When the Company engages in any acquisition or disposal of assets from or to a related party, in addition to ensuring that the necessary resolutions are adopted and the reasonableness of the transaction terms is appraised, if the transaction amount reaches 10 percent or more of the company's total assets, the company shall also obtain an appraisal report from a professional appraiser or a CPA's opinion in compliance with the provisions of Article 8 and this Article. When judging whether a trading counterparty is a related party, in addition to legal formalities, the substance of the relationship shall also be considered.</p> <p><u>2.Operating procedures</u></p> <p>In acquiring or disposing of real property <u>and right-of-use assets thereof</u> from or to a related party, or assets <u>and right-of-use assets thereof</u> other than real property from or to a related party and the transaction amount reaches 20 percent or more of paid-in capital or NT\$300 million or more, except in trading of <u>domestic government bonds</u>, bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises, the company may not proceed to enter into a transaction contract or make a</p>	<p>Article 12 : The procedures for Related Party Transactions</p> <p><u>1.</u>When the Company engages in any acquisition or disposal of assets from or to a related party, in addition to ensuring that the necessary resolutions are adopted and the reasonableness of the transaction terms is appraised, if the transaction amount reaches 10 percent or more of the company's total assets, the company shall also obtain an appraisal report from a professional appraiser or a CPA's opinion in compliance with the provisions of Article 10 and this Article. When judging whether a trading counterparty is a related party, in addition to legal formalities, the substance of the relationship shall also be considered.</p> <p><u>2.</u>The Company that acquires real property from a related party shall evaluate the reasonableness of the transaction costs based the related requirement. When the following conditions happens, the company shall additionally engage a certified public accountant to review the reasonableness and to provide an opinion:</p> <p>A.The related party acquired the real property through inheritance or as a gift.</p> <p>B.More than 5 years will have elapsed from the time the related party signed the contract to obtain the real property to the signing date for the current transaction.</p> <p>C.The real property is acquired through</p>	<ol style="list-style-type: none"> <li>1. Arrange the article to fulfill the requirement of practical operation.</li> <li>2. Add right-of-use assets and clarify the exemption to domestic government agency to comply with “Regulations Governing the Acquisition and Disposal of Assets by Public Companies”.</li> <li>3. Widen the transaction for acquisition of property held for business use between parent or subsidiaries, or between its subsidiaries in which it directly or indirectly holds 100 percent of the issued shares or authorized capital, to be approved first with specific limitation by the chairman to comply with “Regulations Governing the Acquisition and Disposal of Assets by Public Companies”.</li> <li>4. Modify wording.</li> </ol>

Proposed Amendment	Currently in Effect	Explanation
<p>payment until the following matters have been approved by the Audit Committee and the Board:</p> <p>(1)The purpose, necessity and anticipated benefit of the acquisition or disposal of assets.</p> <p>(2)The reason for choosing the related party as a trading counterparty.</p> <p>(3)With respect to the acquisition of real property from a related party, information regarding appraisal of the reasonableness of the preliminary transaction terms in accordance with Article 15 and Article 16.</p> <p>(4)The date and price at which the related party originally acquired the real property, the original trading counterparty, and that trading counterparty's relationship to the company and the related party.</p> <p>(5)Monthly cash flow forecasts for the year commencing from the anticipated month of signing of the contract, and evaluation of the necessity of the transaction, and reasonableness of the funds utilization.</p> <p>(6)An appraisal report from a professional appraiser or a CPA's opinion obtained in compliance with the preceding article.</p> <p>(7)Restrictive covenants and other important stipulations associated with the transaction.</p> <p>For acquisition or disposition of equipment or <u>right-of-use assets thereof and real property right-of-use assets held for business use</u> between the Company and its <u>parent or subsidiaries, or between its subsidiaries in which it directly or indirectly holds 100 percent of the issued shares or authorized capital</u>, it is permissible to be approved first with specific limitation by the chairman and</p>	<p>signing of a joint development contract with the related party, or through engaging the related party to develop the real property, either on the Company's own land or on rented land.</p> <p><u>3. Appraisal and Operating procedures</u></p> <p>In acquiring or disposing of real property from or to a related party, or assets other than real property from or to a related party and the transaction amount reaches 20 percent or more of paid-in capital or NT\$300 million or more, except in trading of bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises, the company may not proceed to enter into a transaction contract or make a payment until the following matters have been approved by the Audit Committee and the Board:</p> <p><u>A.</u>The purpose, necessity and anticipated benefit of the acquisition or disposal of assets.</p> <p><u>B.</u>The reason for choosing the related party as a trading counterparty.</p> <p><u>C.</u>With respect to the acquisition of real property from a related party, information regarding appraisal of the reasonableness of the preliminary transaction terms in accordance with Article 15 and Article 16.</p> <p><u>D.</u>The date and price at which the related party originally acquired the real property, the original trading counterparty, and that trading counterparty's relationship to the company and the related party.</p> <p><u>E.</u>Monthly cash flow forecasts for the year commencing from the anticipated month of signing of the contract, and evaluation of</p>	



Proposed Amendment	Currently in Effect	Explanation
<p>then ratified at the next board of directors meeting by submitting the proposal.</p> <p>3.Evaluation on the reasonableness of the transaction cost</p> <p>(1)The Company that acquires real property <u>or right-of-use assets thereof</u> from a related party shall evaluate the reasonableness of the transaction costs based the related requirement. When the following conditions happens, the company shall additionally engage a certified public accountant to review the reasonableness and to provide an opinion:</p> <p>A. The related party acquired the real property <u>or right-of-use assets thereof</u> through inheritance or as a gift.</p> <p>B. More than 5 years will have elapsed from the time the related party signed the contract to obtain the real property <u>or right-of-use assets thereof</u> to the signing date for the current transaction.</p> <p>C. The real property is acquired through signing of a joint development contract with the related party, or through engaging the related party to <u>build</u> the real property, either on the Company's own land or on rented land.</p> <p><u>D. The real property right-of-use assets for business use are acquired by the Company with its parent or subsidiaries, or by its subsidiaries in which it directly or indirectly holds 100 percent of the issued shares or authorized capital.</u></p> <p>(2)Where the Company acquires real property <u>or right-of-use assets thereof</u> from a related party and the results of appraisals conducted in accordance with the</p>	<p>the necessity of the transaction, and reasonableness of the funds utilization.</p> <p><u>F.</u>An appraisal report from a professional appraiser or a CPA's opinion obtained in compliance with the preceding article.</p> <p><u>G.</u>Restrictive covenants and other important stipulations associated with the transaction. For acquisition or disposition of equipment between the Company and its subsidiaries, it is permissible to be approved first with specific limitation by the chairman and then ratified at the next board of directors meeting by submitting the proposal.</p> <p>4.Evaluation on the reasonableness of the transaction cost</p> <p>Where the Company acquires real property from a related party and the results of appraisals conducted in accordance with the procedures are uniformly lower than the transaction price, the following steps shall be taken:</p> <p>A.A special reserve shall be set aside in accordance with the regulations against the difference between the real property transaction price and the appraised cost, and may not be distributed or used for capital increase or issuance of bonus shares. Where a public company uses the equity method to account for its investment in another company, then the special reserve called for under the regulations shall be set aside pro rata in a proportion consistent with the share of public company's equity stake in the other company.</p> <p>B.Audit Committee shall comply with Article 218 of the Company Act.</p> <p>C.Actions taken pursuant to <u>subparagraph 1</u></p>	

Proposed Amendment	Currently in Effect	Explanation
<p>procedures are uniformly lower than the transaction price, the following steps shall be taken:</p> <p>A.A special reserve shall be set aside in accordance with the regulations against the difference between the real property <u>or right-of-use assets thereof</u> transaction price and the appraised cost, and may not be distributed or used for capital increase or issuance of bonus shares. Where a public company uses the equity method to account for its investment in another company, then the special reserve called for under the regulations shall be set aside pro rata in a proportion consistent with the share of public company's equity stake in the other company.</p> <p>B.Audit Committee shall comply with Article 218 of the Company Act.</p> <p>C.Actions taken pursuant to <u>preceding 2</u> subparagraphs shall be reported to a shareholders meeting, and the details of the transaction shall be disclosed in the annual report and any investment prospectus.</p> <p>(3)The Company that has set aside a special reserve under the preceding paragraph may not utilize the special reserve until it has recognized a loss on decline in market value of the assets it purchased <u>or leased</u> at a premium, or they have been disposed of, <u>or the leasing contract has been terminated.</u> or adequate compensation has been made, or the status quo ante has been restored, or there is other evidence confirming that there was nothing unreasonable about the transaction, and the FSC has given its</p>	<p><u>and subparagraph 2</u> shall be reported to a shareholders meeting, and the details of the transaction shall be disclosed in the annual report and any investment prospectus.</p> <p>The Company that has set aside a special reserve under the preceding paragraph may not utilize the special reserve until it has recognized a loss on decline in market value of the assets it purchased at a premium, or they have been disposed of, or adequate compensation has been made, or the status quo ante has been restored, or there is other evidence confirming that there was nothing unreasonable about the transaction, and the FSC has given its consent.</p> <p>When the Company obtains real property from a related party, it shall also comply with the preceding <u>two paragraphs</u> if there is other evidence indicating that the acquisition was not an arm length transaction.</p>	

Proposed Amendment	Currently in Effect	Explanation
<p>consent.</p> <p>(4)When the Company obtains real property <u>or right-of-use assets thereof</u> from a related party, it shall also comply with the preceding <u>subparagraphs</u> if there is other evidence indicating that the acquisition was not an arm length transaction.</p>		
<p><u>Article 13</u> : The procedures for acquisition or disposition of Derivatives (omitting)</p>	<p><u>Article 15</u> : The procedures for acquisition or disposition of Derivatives (omitting)</p>	<p>Arrange the article to fulfill the requirement of practical operation.</p>
<p><u>Article 14</u> : The procedures for assets in connection with mergers, demergers, acquisitions, or transfer of shares (omitting)</p>	<p><u>Article 16</u> : The procedures for assets in connection with mergers, demergers, acquisitions, or transfer of shares (omitting)</p>	<p>Arrange the article to fulfill the requirement of practical operation.</p>
<p><u>Article 15</u> : The Company participating in a merger, demerger, acquisition, or transfer of shares may not arbitrarily alter the share exchange ratio or acquisition price unless under the below-listed circumstances, and shall stipulate the circumstances permitting alteration in the contract for the merger, demerger, acquisition, or transfer of shares: (omitting)</p>	<p><u>Article 17</u> : The Company participating in a merger, demerger, acquisition, or transfer of shares may not arbitrarily alter the share exchange ratio or acquisition price unless under the below-listed circumstances, and shall stipulate the circumstances permitting alteration in the contract for the merger, demerger, acquisition, or transfer of shares: (omitting)</p>	<p>Arrange the article to fulfill the requirement of practical operation.</p>
<p><u>Article 16</u> : Subsidiaries of the Company shall behave according to following regulations: (omitting)</p> <p>3.The paid-in capital or total assets of the <u>Company</u> shall be the standard for determining whether or not a subsidiary requiring a public announcement and regulatory filing. (omitting)</p>	<p><u>Article 18</u> : Subsidiaries of the Company shall behave according to following regulations: (omitting)</p> <p>3.The paid-in capital or total assets of the <u>public</u> company shall be the standard for determining whether or not a subsidiary requiring a public announcement and regulatory filing <u>in the event the type of transaction specified therein reaches 20 percent of paid-in capital or 10 percent of the total assets.</u></p>	<ol style="list-style-type: none"> <li>1. Arrange the article to fulfill the requirement of practical operation.</li> <li>2. Modify wording to comply with “Regulations Governing the Acquisition and Disposal of Assets by Public Companies”.</li> </ol>

Proposed Amendment	Currently in Effect	Explanation
	(omitting)	
<u>Article 17</u> : Information Disclosure Procedures (omitting)	<u>Article 19</u> : Information Disclosure Procedures (omitting)	Arrange the article to fulfill the requirement of practical operation.
<u>Article 18</u> : Penalty (omitting)	<u>Article 20</u> : Penalty (omitting)	Arrange the article to fulfill the requirement of practical operation.
<u>Article 19</u> : Implementation and Revision (omitting)	<u>Article 21</u> : Implementation and Revision (omitting)	Arrange the article to fulfill the requirement of practical operation.

**TRANSCEND INFORMATION INC.  
RULES AND PROCEDURES OF SHAREHOLDERS' MEETING**

Article 1 : Except for the regulation, regular Shareholders' Meeting of the Company (the "Meeting") shall be conducted in accordance with these Rules and Procedures.

Article 2 : An attendance book shall be prepared for signing in of the attended shareholders in the Shareholders' Meeting, or attended shareholders shall submit the attendance card for the purpose of signing in. The number of shares represented by attended shareholders shall be calculated in accordance with the attendance book signing by the shareholders and the attendance cards submitted by the shareholders.

Article 3 : The attendance and voting of Shareholders' Meeting shall be calculated based on the shares.

Article 4 : The Meeting shall be held at the head office of the Company or at any other appropriate place that is convenient for the shareholders to attend. The time to start the Meeting shall not be earlier than 9:00 a.m. or later than 3:00 p.m.

Article 5 : The Chairman of the Board of Directors shall be the chairman presiding at the Meeting in the case that the Meeting is convened by the Board of Directors. If, for any reason, the Chairman of the Board of Directors cannot preside at the Meeting, the Vice Chairman of the Board of Directors shall preside at the Meeting. If, no Vice Chairman or for any reason, the Vice Chairman of the Board of Directors cannot preside at the Meeting, the chairman may designate one managing director to do so on the chairman's behalf. If there is no managing director, the chairman may designate one director to preside at the Meeting. If the chairman does not designate a representative, the managing directors or directors shall mutually select a chair from among themselves..

If the Meeting is convened by any other person entitled to convene the Meeting, such person shall be the chairman to preside at the Meeting. When two or more parties meet this description, they shall mutually select a chair from among themselves.

Article 6 : The Company may appoint designated counsel, CPA or other related persons to attend the Meeting. Persons handling affairs of the Meeting shall wear identification cards or badges.

Article 7 : The process of the Meeting shall be tape-recorded or videotaped and these tapes shall be preserved for at least one year.

Article 8 : Chairman shall call the Meeting to order at the time scheduled for the Meeting. If the number of shares represented by the shareholders present at the Meeting has not yet constituted the quorum at the time scheduled for the Meeting, the chairman may postpone the time for the Meeting. The postponements shall be limited to two times at the most and Meeting shall not be postponed for longer than one hour in the aggregate. If after two postponements no quorum can yet be constituted but the shareholders present at the Meeting represent more than one - third of the total outstanding shares, tentative resolutions may be made in accordance with Section 1 of Article 175 of the Company Law of the Republic of

China.

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

Article 9 : The agenda of the Meeting shall be set by the Board of Directors if the Meeting is convened by the Board of Directors.

Unless otherwise resolved at the Meeting, the Meeting shall proceed in accordance with the agenda.

The above provision applies mutatis mutandis to cases where the Meeting is convened by any person, other than the Board of Directors, entitled to convene such Meeting.

Unless otherwise resolved at the Meeting, the chairman cannot announce adjournment of the Meeting before all the discussion items (including special motions) listed in the agenda are resolved.

The shareholders cannot designate any other person as chairman and continue the Meeting in the same or other place after the Meeting is adjourned. However, in the event that the Chairman adjourns the Meeting in violation of these Rules and Procedures, the shareholders may designate, by a majority of votes represented by attended shareholders, one person as chairman to continue the Meeting.

Article 10 : When a shareholder present at the Meeting wishes to speak, a Speech Note should be filled out with summary of the speech, the shareholder's number (or the number of Attendance Card) and the name of the shareholder. The sequence of speeches by shareholders should be decided by the chairman.

If any shareholder present at the Meeting submits a Speech Note but does not speak, no speech should be deemed to have been made by such shareholder. In case the contents of the speech of a shareholder are inconsistent with the contents of the Speech Note, the contents of actual speech shall prevail.

Unless otherwise permitted by the chairman and the shareholder in speaking, no shareholder shall interrupt the speeches of the other shareholders, otherwise the chairman shall stop such interruption.

Article 11 : Unless otherwise permitted by the chairman, each shareholder shall not, for each discussion item, speak more than two times (each time not exceeding 5 minutes). In case the speech of any shareholder violates the above provision or exceeds the scope of the discussion item, the chairman may stop the speech of such shareholder.

Article 12 : Any legal entity designated as proxy by a shareholder(s) to be present at the Meeting may appoint only one representative to attend the Meeting.

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

Article 13 : After the speech of a shareholder, the chairman may respond himself/herself or appoint an appropriate person to respond.

Article 14 : The chairman may announce to end the discussion of any resolution and go into voting if the Chairman deems it appropriate.

Article 15 : The person(s) to check and the person(s) to record the ballots during a vote by casting ballots shall be appointed by the chairman. The person(s) checking the ballots shall be a shareholder(s).

The result of voting shall be announced at the Meeting and placed on record.

Article 16 : During the Meeting, the chairman may, at his discretion, set time for intermission.

Article 17 : Except otherwise specified in the Company Law or the Articles of Incorporation of the Company, a resolution shall be adopted by a majority of the votes represented by the shareholders present at the Meeting. The resolution shall be deemed adopted and shall have the same effect as if it was voted by casting ballots if no objection is voiced after solicitation by the chairman.

Article 18 : If there is amendment to or substitute for a discussion item, the chairman shall decide the sequence of voting for such discussion item, the amendment or the substitute. If any one of them has been adopted, the others shall be deemed vetoed and no further voting is necessary.

Article 19 : The chairman may conduct the disciplinary officers or the security guard to assist in keeping order of the Meeting place. Such disciplinary officers or security guards shall wear badges marked "Disciplinary Officers" for identification purpose.

Article 20 : These Rules and Procedures shall be effective from the date it is approved by the Shareholders' Meeting. The same applies in case of revision.

TRANSCEND INFORMATION INC.  
ARTICLES OF INCORPORATION (Before amendment)

**Section I - General Provisions**

Article 1 : The Corporation shall be incorporated, as a company limited by shares, under the Company Law of the Republic of China, and its name shall be 創見資訊股份有限公司 in the Chinese language, and Transcend Information, Inc. in the English language.

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

1. CC01110 Computers and Computing Peripheral Equipments Manufacturing
2. CC01120 Data Storage Media Manufacturing and Duplicating
3. F113050 Wholesale of Computing and Business Machinery Equipment
4. F118010 Wholesale of Computer Software
5. F119010 Wholesale of Electronic Materials
6. F401010 International Trade
7. I301010 Software Design Services
8. CC01080 Electronic Parts and Components Manufacturing
9. F401021 Restrained Telecom Radio Frequency Equipments and Materials Import
10. CC01101 Restrained Telecom Radio Frequency Equipments and Materials Manufacturing
11. ZZ99999 In addition to licensing business, business law may prohibit or restrict non-business.

Article 3 : The Corporation shall have its head office in Taipei City, Taiwan, Republic of China, and shall be free, upon the resolutions of Board of Directors to set up branch offices in Republic of China and abroad wherever and whenever the Corporation deems it necessary or advisable to carry out any or all of its activities.

Article 4 : The total amount of the Corporation's reinvestment shall not be subject to the restriction of not more than forty percent of the Corporation's paid-up capital as provided in the Company Law but shall not be more than the Corporation's paid-up capital. The Corporation may provide endorsement and guarantee and act as a guarantor. Any matters regarding the reinvestment shall be resolved in accordance with the resolutions of the Board of Directors.

Article 5 : Public announcements of the Corporation shall be made in accordance with the Article 28 of the Company Act.

**Section II - Capital Stock**

Article 6 : The total capital stock of the Corporation shall be in the amount of 5,000,000,000 New Taiwan Dollars, divided into 500,000,000 shares, at ten New Taiwan Dollars each. The Board of directors is authorized to issue the shares in separate installments as required. A total of 25,000,000 shares among the above total capital stock should be reserved for issuing employee stock options. The Board of directors is authorized to issue employee stock options from time to time.



Article 6-1 : If the Corporation issue employee stock options on the exercise price under the market price, it shall be issued after the resolution of the Shareholders' meetings in accordance with relevant rules and regulations of the Republic of China.

Article 6-2 : The Corporation may issue shares without printing share certificate(s), but shares issued shall be registered with a securities depository enterprise.

Article 7 : All stock transaction conducted by shareholders of the Corporation shall follow the "Guidelines for Stock Operations for Public Companies".

Article 8 : Registration for transfer of shares shall be suspended 60 days immediately before the date of regular meeting of shareholders, and 30 days immediately before the date of any special meeting of shareholders, or within 5 days before the day on which dividend, bonus, or any other benefit is scheduled to be paid by the Corporation.

### **Section III - Shareholders' meetings**

Article 9 : Shareholders' meetings of the Corporation are of two types, namely: (1) regular meetings and (2) special meetings. Regular meetings shall be convened at least once a year, and within 6 months after the close of each fiscal year. Special meetings shall be convened in accordance with applicable laws and regulations whenever necessary. Written notices shall be sent to all shareholders, at least 30 days in advance; and at least 15 days in advance, in case of special meetings.

Article 10 : If a shareholder is unable to attend a meeting, he/she may appoint a proxy to attend it by using the proxy form issued by the Company and specifying the scope of proxy. Shareholder attendance by proxy shall be subject to the Company Law and also to the Regulations Governing the Use of Proxies for Attendance at Shareholder Meetings of Public Companies issued by the competent authority.

Article 11 : Each share of stock shall be entitled to one vote.

Article 12 : Except as provided in the Company Law of the Republic of China, shareholders' meetings may be held if attended by shareholders more than one half of the total issued and outstanding capital stock of the Corporation, and resolutions shall be adopted at the meeting with the concurrence of a majority of the votes held by shareholders present at the meeting. Pursuant to Article 177-1 of the Company Act, the shareholders may vote via written form or an electronic voting system, and the manner or voting shall be clearly stated in each meeting notice.

### **Section IV - Directors**

Article 13 : The Corporation shall have seven to eleven Directors. The Board of Directors is authorized to determine the number of Directors, to be elected by the shareholders meeting from among candidates with legal capacity. The term of office for Directors shall be 3 years, and all Directors shall be eligible for re-election. Once the term of office is expired and it

can't elect directors immediately, directors can extend and continue the performance of their duties until the election of directors to take office. The aggregate shareholding percentages of the entire bodies of directors shall comply with the regulations prescribed by the securities supervisory authorities. The board of directors is authorized to resolve the rates of directors' remuneration based on the extent of their participation in the Company's business operations or value of their contribution, at a level consistent with general practices in the industry. The company may acquire liability insurance for all directors within their term of office, and the board of directors is authorized to resolve the scope of insurance.

Article 13-1 : To harmonize with Article 14-2 of the Securities and Exchange Act, there shall be at least three independent directors among the Company's directors. A candidate nomination system shall be adopted, and the shareholders meeting shall elect all directors (including independent directors) from among those listed on the slate of director candidates. The relevant regulations of the competent securities authority shall be followed regarding the professional qualifications, shareholding, moonlighting restrictions, nomination and election, and other compliance requirements regarding independent directors.

Article 13-2 : In compliance with Articles 14-4 of the ROC Securities and Exchange Law, the Corporation shall establish an Audit Committee, which shall consist of all independent directors. The Audit Committee shall exercise their functions in accordance with the ROC Company Law, Securities and Exchange Law, other relevant regulations and the procedure of corporation.

Article 13-3 : (Deleted)

Article 14 : The board of directors shall consist of the directors of the company, and the chairman of the board of directors shall be elected from among the directors by a majority of directors in attendance at a meeting attended by at least two-thirds of the directors. The chairman of the board of directors shall represent the Company in external matters. The board of director may set up any functional committee.

Article 15 : Board of Directors Meetings shall be convened by the Chairman of the Board of Directors. Except as otherwise provided in the Company Law of the Republic of China, a meeting of the Board of Directors may be held if attended by a majority of total Directors and resolutions shall be adopted with the concurrence of the majority of the Directors present at the meeting.

Article 15-1 : Each director shall be given at least 7 days advance notice of the convening of a board of directors meeting of the Corporation. In emergency circumstances, however, a meeting may be convened on shorter notice. The meeting notice referred to in the preceding paragraph shall specify the reasons for convening the meeting, and shall be made in writing, by e-mail, or by facsimile.

Article 16 : The Chairman of the Board of Directors shall preside over all meetings of the Board of Directors. If the Chairman of the Board of Directors is on leave or cannot exercise powers or perform duties for any reason, an acting chairman shall be designated in accordance with Article 208 of the Company Act. Directors shall attend meetings of the board of directors

in person. If a director is unavailable to attend a meeting in person, the director may appoint a proxy for the given meeting specifying the scope of the authorized powers to authorize another director to attend the meeting on the director's behalf, provided that a director may represent only one other director at a meeting.

Article 17 : The Board of the Directors is organized by directors, the duties are as follows:

1. To propose concerning appropriation of net profits or covering of losses.
2. To propose increasing or decreasing capital
3. To establish or dissolve branches
4. To approve budget and final reports
5. Other duties in accordance with Company Act or given by the resolution of shareholders' meeting

Article 18 : (Deleted)

Article 19 : (Deleted)

### **Section V - Managerial Officers**

Article 20 : The Company may have managerial officers, whose appointment, dismissal, and remuneration shall be handled in accordance with Article 29 of the Company Act.

### **Section VI - Accounting**

Article 21 : After the close of each fiscal year, the Board of Directors shall prepare 1.Business Report 2. Financial Statements and 3.Proposal Concerning Appropriation of Net Profits or Covering of Losses, and submitted to the regular shareholders' meeting for acceptance:

Article 22 : If the Company has earnings after the annual final accounting, it shall pay remuneration to employees at the minimum of 1% of the profit, and pay remuneration to directors at the maximum of 0.2% of the profit. However, the Company's accumulated losses shall have been covered.

Employees' remuneration could be paid by cash or stock, and in the event of stock payment, employees shall mean the Company's employees and employees serving with affiliates who meet specific requirements. Such specific requirements shall be prescribed by the board of directors.

Article 22-1 : If the Company has earnings after the annual final accounting, it shall be allocated in the following order:

1. To pay taxes.
2. To cover accumulated losses, if any.
3. To appropriate 10% legal reserve unless the total legal reserve accumulated has already reached the amount of the Company's authorized capital.
4. To set aside special reserve in accordance with the regulations
5. To reserve certain amount, on the premise that there is no effect on the Company's normal operations and no

violation of regulations, for maintaining stability of dividends.

6. For any remainder, the board of directors shall propose allocation ratios and propose them at the shareholders' meeting.

Regarding the special reserve under subparagraphs 4, the Company shall set aside special reserve, equal to the debit balance which happens at the current year on other equity items (including Unrealized loss on financial instrument, cumulative translation adjustment, and unrecognized pension cost, which can be combined if there are unrealized gain.), from the current earnings after tax and unappropriated retained earnings prior year. If the debit balance is cumulative before, the Company shall set aside special reserve not to distribute it from the unappropriated retained earnings prior year. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.

Article 22-2: The Company distributes dividends taking into consideration the Company's economic environment and growth phases, future demands of funds, long-term financial planning, and the cash flows that the stockholders desire. Cash dividends shall account for at least 5% of the total dividend distributed.

## **Section VII - Supplementary Provisions**

Article 23 : In regard to all matters not provided for in these Articles of Incorporation, the Company Act of the Republic of China shall govern.

Article 24 : These Articles of Incorporation were adopted on August 23, 1989.

The first amendment was made on January 28, 1991.

The second amendment was made on May 25, 1992.

The third amendment was made on September 1, 1992.

The fourth amendment was made on July 30, 1994.

The fifth amendment was made on June 8, 1995.

The sixth amendment was made on July 8, 1997.

The seventh amendment was made on August 15, 1997.

The eighth amendment was made on September 12, 1997.

The ninth amendment was made on June 20, 1998.

The 10th amendment was made on September 15, 1998.

The 11th amendment was made on June 12, 1999.

The 12th amendment was made on April 15, 2000.

The 13th amendment was made on April 9, 2001.

The 14th amendment was made on June 10, 2002.

The 15th amendment was made on June 3, 2003.

The 16th amendment was made on June 11, 2004.

The 17th amendment was made on June 13, 2005.

The 18th amendment was made on June 14, 2006.

The 19th amendment was made on June 11, 2007.

The 20th amendment was made on June 13, 2008.  
The 21th amendment was made on June 16, 2009.  
The 22th amendment was made on June 17, 2010.  
The 23th amendment was made on June 10, 2011.  
The 24th amendment was made on January 5, 2012.  
The 25th amendment was made on June 13, 2013.  
The 26th amendment was made on June 12, 2014.  
The 27th amendment was made on June 14, 2016.

Transcend Information Inc.  
Chairman: Shu, Chung-Wan

TRANSCEND INFORMATION INC.  
SHAREHOLDINGS OF ALL DIRECTORS

1. Minimum Required Shareholding and Shareholding of all Directors:

<b>Title</b>	<b>Minimum Required Shareholding by all Directors</b>	<b>Current Shareholding (Shares)</b>
Directors	16,000,000	16,828,795

Note 1: The period of Book closure is from April 14, 2019 to June 12, 2019.

Note 2: The Company has three independent directors, and the minimum required shareholding by all Directors except for independent directors is downsized to 80% of the minimum required based on Article 2, paragraph 2 of “Rules and Review Procedures for Director and Supervisor Share Ownership Ratios at Public Companies”.

2. Company’s current Directors’ shareholding are as follows on April 14, 2019:

<b>Title</b>	<b>Name</b>	<b>Current Shareholding (Shares)</b>
Chairman	SHU,CHUNG-WAN	9,990,453
Director	SHU,CHUNG-CHENG	6,244,098
Director	CHUI, LI-CHU	0
Director	HSU, CHIA-HSIAN	594,244
Director	WANG JEN-MING	0
Director	LI TSENG-HO	0
Independent Director	CHEN, YI-LIANG	0
Independent Director	CHEN, LO-MIN	0
Independent Director	WANG, YI-HSIN	0
	Total	16,828,795