Stock Code: 1507



Yungtay Engineering Co., Ltd. 2020 Annual Shareholders'Meeting Agenda Handbook

(Translation)

Date: June 18, 2020

Venue: 3F, No. 260, Section 2, Bade Road, Taipei City

(Central Motion Picture Co. Auditorium)

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Yungtay Engineering Co., Ltd.

2020 Annual Shareholders' Meeting Agenda

Time: June 18, 2020 at 9 a.m.

Venue: Central Motion Picture Co. Auditorium, 3F, No. 260, Section 2, Bade Road, Taipei City

- 1. Chairman Call Meeting to Order
- 2. Chairman's Address
- 3. Status Report
 - (1) 2019 Business Report
 - (2) Audit Committee's Review of 2019 Financial Statements
 - (3) Distribution of Remuneration of Employees and Directors in 2019
 - (4) Report on the Amendment of Rules and Procedures of Board of Directors Meetings
 - (5) Report on the Amendment of Ethical Corporate Management Best Practices
 - (6) Report on the Amendment of Procedures for Ethical Management and Guidelines for Conduct
- 4. Matters for Ratification
 - (1) Ratification of 2019 Financial Statements
 - (2) Ratification of 2019 Earnings Distribution Proposal
- 5. Matters for Discussion
 - (1) Discussion of the Amendment to Shareholder Meeting Rules
- 6. Extempore Motions
- 7. Meeting Adjourned

Status Report

1. 2019 Business Report

Refer to Page 57 of the Handbook.

2. Audit Committee's Review of 2019 Financial Statements

Refer to Page 58 of the Handbook.

3. Distribution of remuneration of employees and directors in 2019

Explanation:

The proposal for the distribution of remuneration of employees and directors in 2019, amounting to NT\$45,354,153 and the NT\$5,039,350, distributed by cash, with the ratio of 3.60% and 0.40% respectively, was resolved and passed at the Board of Directors.

4. Report on the amendment of Rules and Procedures of Board of Directors Meetings

Explanation:

The Financial Supervisory Commission issued the Jan 13 2020 Letter No.

Financial-Supervisory-Securities-Corporate-108036118, thus revising the Rules and Procedures of Board of Directors Meetings to comply with the amendments issued by the competent authority and to strengthen the corporate governance of Yungtay Engineering by adjusting the internal structure.

Yungtay Engineering Rules and Procedures of Board of Directors Meetings Comparison Table for Amendments

Proposed Amendments	Pre-Amendments	Explanations
Article 4:	Article 4:	Amend the relevant Articles to
The designated unit responsible	The designated unit responsible	strengthen the corporate
for the board meetings of the	for the board meetings of the	governance and to reflect the
Company shall be <u>Legal</u>	Company shall be <u>Corporate</u>	adjustment of the internal
<u>Division.</u>	Governance Department under	structure and to comply with
	<u>Administration Division.</u>	the aforesaid letter issued by
The unit responsible for board	The unit responsible for board	the Financial Supervisory
meetings shall draft agenda	meetings shall draft agenda	Commission.
items and prepare sufficient	items and prepare sufficient	
meeting materials, and shall	meeting materials, and shall	
deliver them together with the	deliver them together with the	
notice of the meeting.	notice of the meeting.	

Proposed Amendments	Pre-Amendments	Explanations
Proposed Amendments A director who is of the opinion that the meeting materials provided are insufficient may request their supplementation by the unit responsible for board meetings, and the unit responsible for board meetings shall provide it within 5 days. If a director is of the opinion that materials concerning any proposal are insufficient, the deliberation of such proposal may be postponed by a	Pre-Amendments A director who is of the opinion that the meeting materials provided are insufficient may request their supplementation by the unit responsible for board meetings, and the unit responsible for board meetings shall provide it within 5 days. If a director is of the opinion that materials concerning any proposal are insufficient, the deliberation of such proposal may be postponed by a	Explanations
resolution of the Board of Directors. The Company's Corporate Governance Supervisor is responsible for handling the requirements of the directors, and shall handle it as soon as possible with 5 days in accordance with the principle of promptly and effectively assisting the directors in performing their duties.	resolution of the Board of Directors. The Company's Corporate Governance Supervisor is responsible for handling the requirements of the directors, and shall handle it as soon as possible with 5 days in accordance with the principle of promptly and effectively assisting the directors in performing their duties.	
Article 7 Where a meeting of the board of directors is called by the chairperson of the board, the meeting shall be chaired by the chairperson. However, with respect to the first meeting of each newly elected board of directors, it shall be called and chaired by the director that received votes representing the largest portion of voting rights at the shareholders meeting in which the directors were elected; if two or more directors are so entitled to convene the meeting, they shall select from among	Board meetings shall be convened and chaired by the chairperson of the board. However, with respect to the first meeting of each newly elected board of directors, it shall be called and chaired by the director that received votes representing the largest portion of voting rights at the shareholders meeting in which the directors were elected; if two or more directors are so entitled to convene the meeting, they shall select from among themselves one director to serve as chair.	 Amended Article 7 paragraph 1 in accordance with Company Act Article 203 paragraph 4 revised on Aug 1, 2018. Added the paragraph2 and moved the existing paragraph 2 to the paragraph 3.

Proposed Amendments	Pre-Amendments	Explanations
themselves one director to serve as chair. Where a meeting of the board of directors is called by a majority of directors on their own initiative in accordance with Article 203, paragraph 4 or Article 203-1, paragraph 3 of the Company Act, the directors shall choose one person by and from among themselves to chair the meeting. When the chairperson of the board is on leave or for any reason unable to exercise the powers of chairperson, the vice chairperson shall act in place of the chairperson is also on leave or for any reason unable to exercise the powers of vice chairperson is also on leave or for any reason unable to exercise the powers of vice chairperson, the chairperson shall appoint one of the managing directors to act, or, if there are no managing directors, one of the directors shall be appointed to act as chair. If no such designation is made by the chairperson, the managing directors or directors shall select one person from among themselves to serve as chair.	When the chairperson of the board is on leave or for any reason unable to exercise the powers of chairperson, the vice chairperson shall act in place of the chairperson; if there is no vice chairperson or the vice chairperson is also on leave or for any reason unable to exercise the powers of vice chairperson, the chairperson shall appoint one of the managing directors to act, or, if there are no managing directors, one of the directors shall be appointed to act as chair. If no such designation is made by the chairperson, the managing directors or directors shall select one person from among themselves to serve as chair.	
Article 8 When a board meeting is held, the <u>Legal Division</u> shall furnish the attending directors with relevant materials for ready reference. The directors of the Company	Article 8 When a board meeting is held, the <u>Corporate Governance</u> <u>Department</u> shall furnish the attending directors with relevant materials for ready reference. The directors of the Company	Amended relevant Articles to strengthen the corporate governance and to reflect the adjustment of the internal structure.

Proposed Amendments	Pre-Amendments	Explanations
shall be provided with appropriate and timely information in such form and quality as to enable the directors to make decisions and to perform their duties as Directors with the relevant information. All directors of the Company should be able to obtain the assistance of the Corporate Governance Supervisor to ensure that the procedures of the Board of Directors and all applicable laws and regulations are followed, and to ensure good information exchange between board members and between the directors and the management. As merited by the content of a proposal to be put forward at a board meeting, personnel from a relevant department or a subsidiary may be notified to attend the meeting as non-voting participants. When necessary, certified public accountants, attorneys, or other professionals retained	shall be provided with appropriate and timely information in such form and quality as to enable the directors to make decisions and to perform their duties as Directors with the relevant information. All directors of the Company should be able to obtain the assistance of the Corporate Governance Supervisor to ensure that the procedures of the Board of Directors and all applicable laws and regulations are followed, and to ensure good information exchange between board members and between the directors and the management. As merited by the content of a proposal to be put forward at a board meeting, personnel from a relevant department or a subsidiary may be notified to attend the meeting as non-voting participants. When necessary, certified public accountants, attorneys, or other professionals retained	Explanations
' ' ' '		
statements, provided that they shall leave the meeting when deliberation or voting takes place. The chair shall call the board meeting to order at the	statements, provided that they shall leave the meeting when deliberation or voting takes place. The chair shall call the board meeting to order at the	
appointed meeting time and when more than one-half of all the directors are in attendance.	appointed meeting time and when more than one-half of all the directors are in attendance.	

Proposed Amendments If one-half of all the directors are not in attendance at the appointed meeting time, the chair may announce postponement of the meeting pre-Amendments If one-half of all the directors are not in attendance at the appointed meeting time, the chair may announce postponement of the meeting	Explanations
are not in attendance at the appointed meeting time, the chair may announce are not in attendance at the appointed meeting time, the chair may announce	
If a director or a juristic person that the director represents is an interested party in relation to an agenda item, the director shall state the important aspects of the interested party relationship at the respective meeting. When the relationship is likely to prejudice the interest of this Corporation, that	Added the paragraph 2 in accordance with Company Act Article 206 paragraph 3 evised on Aug 1, 2018. Moved the paragraph 2 to the paragraph 3 and amended the paragraph aumbering of Company Act Article 206 to reflect the evision of Company Act on Aug 1, 2018.

Proposed Amendments	Pre-Amendments	Explanations
relation with a director, is an		
interested party with respect to		
an agenda item as described in		
the preceding paragraph, such		
director shall be deemed to be		
an interested party with respect		
to that agenda item.		
Where a director is prohibited	Where a director is prohibited	
by the preceding <u>two</u> paragraph	by the preceding paragraph	
from exercising voting rights	from exercising voting rights	
with respect to a resolution at a	with respect to a resolution at a	
board meeting, the provisions	board meeting, the provisions	
of Article 180, paragraph 2 of	of Article 180, paragraph 2 of	
the Company Act apply mutatis	the Company Act apply mutatis	
mutandis in accordance with	mutandis in accordance with	
Article 206, paragraph <u>4</u> of the	Article 206, paragraph 3 of the	
same Act.	same Act.	

5. Amendments to "Ethical Corporate Management Best Practices"

Explanation:

- 1. The Taiwan Stock Exchange (TWSE) has amended its "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies" on May 23, 2019, effective immediately.
- 2. Thus, "Yungtay Engineering Ethical Corporate Management Best Practices" shall be adjusted in accordance with the amendments made by the TWSE. Please refer to the comparison table below for amendment details.

Yungtay Engineering Ethical Corporate Management Best Practices

Comparison Table for Amendments

Proposed Amendments	Pre-Amendments	Explanations
Article 5	Article 5	Amended Article 5 in
This policy <u>shall</u> base on	This policy was based on	accordance with Section 3.7
integrity, transparency, and	integrity, transparency, and	and 5.1.1 of ISO 37001
responsibility, bona fide as a	responsibility, bona fide as a	Anti-Bribery Management
fundament, shall be <i>approved</i>	fundament, along with the	Systems, published by the
by the Board of Directors, along	establishment of fair corporate	International Organization for
with the establishment of fair	governance and risk	Standardization ("ISO") in
corporate governance and risk	management control	October 2016, which stated
management control	mechanisms to create an	that the anti-bribery policies of
mechanisms to create an	operational environment for	the organization should be
operational environment for	sustainable development.	approved by the Board of
sustainable development.		Directors. As such, amended
		Article 5 to include that ethical
		corporate management policy
		must be approved by Yungtay's
		Board of Directors.
Article 7	Article 7	1. Amended Article 7
When establishing a Code of	When establishing a Code of	
Conduct, <u>a mechanism for</u>	Conduct, operational activities	with ISO 37001 Section
assessing unethical behavioral	with higher unethical	4.5.1, which stated that
<u>risks shall be implemented to</u>	behavioral risks shall be	organizations should
regularly analyze and assess	assessed to <u>strengthen</u>	regularly conduct a bribery
the operational activities with	<u>preventative measures</u> .	risk assessment and assess
higher unethical behavioral		the suitability and
risks to <u>establish preventative</u>		effectiveness of the existing
measures, and to review the		control policy, as well as
suitability and effectiveness of		Section 4.5.2 which
these preventative measures		prescribed the categories for
periodically.	The Code of Conduct shall, at a	establishing bribery risk
	minimum, entail the following	assessment.
The Code of Conduct <u>has been</u>	preventative measures:	2. There are generally accepted
established in accordance with		standards or guidelines,
generally accepted standards		either domestic or
and guidelines, either domestic		international, to assist listed

Proposed Amendments	Pre-Amendments	Explanations
or international, and shall, at a minimum, entail the following preventative measures: 1. Bribery. 2. Provision of illegal political donation. 3. Improper charitable donation or sponsorship. 4. Provision or acceptance of unreasonable gifts, hospitality, or other improper benefits. 5. Infringement of trade secrets, trademarks, patents, copyright, and other intellectual property rights. 6. Engagement of unfair competitive conduct. 7. Research and development, procurement, manufacture, provision, or sales of products and services which will directly or indirectly infringe consumer or other stakeholders' rights, health, and safety.	 Bribery. Provision of illegal political donation. Improper charitable donation or sponsorship. Provision or acceptance of unreasonable gifts, hospitality, or other 	companies with incorporating ethical corporate management (anti-bribery) systems and the establishing an ethical (anti-bribery) corporate culture, including ISO 37001, GRI 205: Anti-Corruption 2016, and the third edition of the "Business Principles for Countering Bribery" published by the Transparency International in 2013. Thus, Article 7 paragraph 2 was amended with reference to these documents.
Article 8 The Board of Directors and Executive Management shall disclose a statement on complying with the Ethical Corporate Management Policies, and request that employees to abide by as stated in the employment contracts.	Article 8	1. Added paragraph 1 in accordance with ISO 37001 Article 7.2.2.2(c) in relation to organizations requesting members of the Executive Management as well as Directors to disclose a statement on complying with anti-bribery policies, and Article 7.2.2.1(a) in

Ethical Corporate Management Policies shall be explicitly expressed in the internal regulations, external documents, and on Company website, to facilitate the Board of Directors and Executive Implementation within the internal operation and business activities. The policies, statements, commitments, and execution of paragraphs 1 and 2 above shall be properly documented and safely retained. Ethical Corporate Management relation to organizations requesting employees to abide by anti-bribery policies as stated in the contract. As such, the employment contract shall include and emphasize Ethical Corporate Management on proactive implementation within the internal operation and business activities. 2. Moved the original paragraph to paragraph 2 post-amendment. In accordance with the newly added paragraph 1, Article 3(3) of Rules Governing Information Filing by Companies with TWSE Listed Securities and Offshore Exchange-Traded Funds and Article 4(1) of Rules Governing Information Reporting by Companies with TPEx Listed Securities of the Taipei Exchange, both regulating that listed companies shall establish Company websites. As such, Ethical Corporate	Draward Amandmanta	Dro Amondmonto	Funlanations
Policies shall be explicitly expressed in the internal regulations, external documents, and on Company website, to facilitate the Board of Directors and Executive Implementation within the internal operation and business activities. Namagement on proactive implementation within the internal operation and business activities. Statements, commitments, and execution of paragraphs 1 and 2 above shall be properly documented and safely retained. Statements and execution of Reporting by Companies with TWSE Listed Securities of the Taipei Exchange, both regulating that listed companies shall establish Company websites. As such, the employment contract shall include and emphasize Ethical Corporate Management policies.	Proposed Amendments	Pre-Amendments	Explanations
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implementation within the internal operation and business activities. 2. Moved the original paragraph to paragraph 2 post- amendment. In accordance with the newly added paragraph 1, Article 3(3) of Rules Governing Information Filing by Companies with TWSE Listed Securities and Offshore Exchange-Traded Funds and Article 4(1) of Rules Governing Information Reporting by Companies with TPEX Listed Securities of the Taipei Exchange, both regulating that listed company websites. As such, Ethical Corporate	of Directors and <u>Executive</u>	Management on proactive	emphasize Ethical Corporate
internal operation and business activities. paragraph to paragraph 2 post- amendment. In accordance with the newly added paragraph 1, Article 3(3) of Rules Governing Information Filing by Companies with TWSE Listed Securities and Offshore Exchange-Traded Funds and Article 4(1) of Rules Governing Information Reporting by Companies with TPEX Listed Securities of the Taipei Exchange, both regulating that listed companies shall establish Company websites. As such, Ethical Corporate	Management on proactive	implementation within the	Management policies.
activities. post- amendment. In accordance with the newly added paragraph 1, Article 3(3) of Rules Governing Information Filing by Companies with TWSE Listed Securities and Offshore Fund Institutions with TWSE Listed Offshore Exchange-Traded Funds and Article 4(1) of Rules Governing Information Reporting by Companies with TPEX Listed Securities of the Taipei Exchange, both regulating that listed companies shall establish Company websites. As such, Ethical Corporate	implementation within the	internal operation and business	2. Moved the original
accordance with the newly added paragraph 1, Article 3(3) of Rules Governing Information Filing by Companies with TWSE Listed Securities and Offshore Fund Institutions with TWSE Listed Offshore Exchange-Traded Funds and Article 4(1) of Rules Governing Information Reporting by Companies with TPEx Listed Securities of the Taipei Exchange, both regulating that listed companies shall establish Company websites. As such, Ethical Corporate	internal operation and business	activities.	paragraph to paragraph 2
The policies, statements, commitments, and execution of paragraphs 1 and 2 above shall be properly documented and safely retained. Securities and Offshore Fund Institutions with TWSE Listed Offshore Exchange-Traded Funds and Article 4(1) of Rules Governing Information Reporting by Companies with TPEx Listed Securities of the Taipei Exchange, both regulating that listed companies shall establish Company websites. As such, Ethical Corporate	activities.		post- amendment. In
commitments, and execution of paragraphs 1 and 2 above shall be properly documented and safely retained. Securities and Offshore Fund Institutions with TWSE Listed Offshore Exchange-Traded Funds and Article 4(1) of Rules Governing Information Reporting by Companies with TPEx Listed Securities of the Taipei Exchange, both regulating that listed companies shall establish Company websites. As such, Ethical Corporate			accordance with the newly
paragraphs 1 and 2 above shall be properly documented and safely retained. Securities and Offshore Fund Institutions with TWSE Listed Offshore Exchange-Traded Funds and Article 4(1) of Rules Governing Information Reporting by Companies with TPEx Listed Securities of the Taipei Exchange, both regulating that listed companies shall establish Company websites. As such, Ethical Corporate	The policies, statements,		added paragraph 1, Article
be properly documented and safely retained. Companies with TWSE Listed Securities and Offshore Fund Institutions with TWSE Listed Offshore Exchange-Traded Funds and Article 4(1) of Rules Governing Information Reporting by Companies with TPEx Listed Securities of the Taipei Exchange, both regulating that listed companies shall establish Company websites. As such, Ethical Corporate	commitments, and execution of		3(3) of Rules Governing
Securities and Offshore Fund Institutions with TWSE Listed Offshore Exchange-Traded Funds and Article 4(1) of Rules Governing Information Reporting by Companies with TPEx Listed Securities of the Taipei Exchange, both regulating that listed companies shall establish Company websites. As such, Ethical Corporate	paragraphs 1 and 2 above shall		Information Filing by
Institutions with TWSE Listed Offshore Exchange-Traded Funds and Article 4(1) of Rules Governing Information Reporting by Companies with TPEx Listed Securities of the Taipei Exchange, both regulating that listed companies shall establish Company websites. As such, Ethical Corporate	be properly documented and		Companies with TWSE Listed
Offshore Exchange-Traded Funds and Article 4(1) of Rules Governing Information Reporting by Companies with TPEx Listed Securities of the Taipei Exchange, both regulating that listed companies shall establish Company websites. As such, Ethical Corporate	safely retained.		Securities and Offshore Fund
Funds and Article 4(1) of Rules Governing Information Reporting by Companies with TPEx Listed Securities of the Taipei Exchange, both regulating that listed companies shall establish Company websites. As such, Ethical Corporate			Institutions with TWSE Listed
Rules Governing Information Reporting by Companies with TPEx Listed Securities of the Taipei Exchange, both regulating that listed companies shall establish Company websites. As such, Ethical Corporate			Offshore Exchange-Traded
Reporting by Companies with TPEx Listed Securities of the Taipei Exchange, both regulating that listed companies shall establish Company websites. As such, Ethical Corporate			Funds and Article 4(1) of
with TPEx Listed Securities of the Taipei Exchange, both regulating that listed companies shall establish Company websites. As such, Ethical Corporate			Rules Governing Information
the Taipei Exchange, both regulating that listed companies shall establish Company websites. As such, Ethical Corporate			Reporting by Companies
regulating that listed companies shall establish Company websites. As such, Ethical Corporate			with TPEx Listed Securities of
companies shall establish Company websites. As such, Ethical Corporate			the Taipei Exchange, both
Company websites. As such, Ethical Corporate			regulating that listed
Ethical Corporate			companies shall establish
· ·			Company websites. As such,
Management policies shall			Ethical Corporate
management poncies shan			Management policies shall
be disclosed on the			be disclosed on the
Company website, as well as			Company website, as well as
the commitment to the			the commitment to the
implementation of ethical			implementation of ethical
corporate management			corporate management
policies from the Board of			policies from the Board of
Directors and Executive			Directors and Executive
Management.			Management.
3. Added paragraph 3 in			

Proposed Amendments	Pre-Amendments	Explanations
		accordance with ISO 37001 regulating the related policies, procedures, and execution of corporate anti-bribery management mechanisms, and this shall be properly documented and safely retained. For example, Article 4.5.4 for the retention of anti-bribery risk assessment documents; Article 5.2 for the documentation of anti-bribery policies; Article 7.3 for the storage of documents in relation to anti-bribery training procedures, contents, timing, and personnel.
Article 17 The directors, managers, employees, mandataries, and substantial controllers shall conduct its fiduciary duties to supervise and prevent unethical behaviors, regularly review implementation effectiveness and continued improvements, to ensure the implementation of Ethical Corporate Management Policies. To achieve sound ethical corporate management, the Internal Audit shall be responsible for the supervision	Article 17 The Board of Directors shall conduct its fiduciary duties to supervise and prevent unethical behaviors, regularly review implementation effectiveness and continued improvements, to ensure the implementation of Ethical Corporate Management Policies. To achieve sound ethical corporate management, Internal Audit shall be responsible for the supervision and execution of Ethical	1. Amended the article in accordance with the official Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies, which stated that aside from the directors, the managers, employees, mandataries and substantial controllers shall also be regulated. 2. Amended paragraph 2 in accordance with ISO 37001 Article 5.3.2 in relation to allocating sufficient resources and suitable personnel to the anti-bribery dedicated unit, and Article

Proposed Amendments	Pre-Amendments	Explanations
and execution of ethical	Corporate Management	9.4 in relation to anti-bribery
corporate management policies	Policies, <u>as well as the Code of</u>	dedicated unit reporting at
and the implementation of	Conduct, and to report to the	least once per year to the
preventative measures, mainly	Board of Directors regularly.	Board of Directors.
in relation to the following	Board of Birectors regularly.	3. Added specified duties for
items, and to report to the		the internal audit made in
Board of Directors regularly (at		relation to the official
least once per year):		regulatory amendments,
1. Assist with incorporating		which also included regular
ethical and moral values into		analysis and assessment of
the Company's operating		unethical behavioral risks
strategies. Cooperate with		within the business scope.
law and regulations to		
implement related		
preventative measures.		
2. Regularly analyze and assess		
<u>unethical behavioral risks</u>		
within the scope of		
operation, implement		
preventative measures, and		
establish standard operating		
procedures and Code of		
Conduct for all business		
<u>activities.</u>		
3. <u>Planning of the internal</u>		
organization, structure, and		
<u>respective</u> responsibilities,		
and segregation of duties		
and supervisions among		
<u>business activities that</u>		
<u>exerts higher unethical</u>		
<u>behavioral risks within the</u>		
<u>business scope.</u>		
4. <u>Promote and coordinate</u>		
<u>Ethical</u> <u>Corporate</u>		
<u>Management Policies.</u>		
5. <u>Implement a whistleblowing</u>		
<u>mechanism and to ensure</u>		

Proposed Amendments	Pre-Amendments	Explanations
proper execution and its		
<u>effectiveness.</u>		
6. Assist the Board of Directors		
and Executive Management		
with reviewing and assessing		
the effectiveness of		
preventative measures		
against unethical behaviors,		
and to regularly assess and		
report how related business		
procedures are being		
<u>complied with.</u>		
Article 20	Article 20	1. Amended Paragraph 2 in
Effective accounting and	Effective accounting and	accordance with ISO 37001
internal control systems shall	internal control systems shall	Article 9.2 in relation to an
be implemented against	be implemented against	internal audit of anti-bribery
business activities with higher	business activities with higher	management systems (for
unethical behavioral risks. No	unethical behavioral risks. No	example, Article 9.2.2(a)
off-the-book accounts or secret	off-the-book accounts or secret	stated that the audit
accounts shall be kept. This	accounts shall be kept. This	programs should include
shall be constantly reviewed to	shall be constantly reviewed to	execution frequency and
ensure the effectiveness of its	ensure the effectiveness of its	methods; Article 9.2.2(b)
design and execution.	design and execution.	defined the criteria and
		scope of each audit; Article
Internal Audit shall <u>implement</u>	Internal Audit shall <u>regularly</u>	9.2.3 stated that the audit
audit programs in relation to	review the actual compliance	should be based on risk
unethical behavioral risk	to the <u>abovementioned</u>	management; Appendix
assessments include audit	systems, report to the Board of	
subject, scope, items, and	Directors as a formal audit	samples should be decided
frequency, etc. Audit on the	<u>report,</u> and may engage	by the extent of risk
compliance of preventative measures shall be conducted,	independent auditors to conduct external audits on such	exposure). 2. Added paragraph 3 in
and may engage independent	subjects. Assistance from	accordance with ISO 37001
auditors to conduct external	external specialists may be	Article 9.2.2(d), which
audits on such subjects.	used where deemed necessary.	ensured audit results should
Assistance from external	asea where accined necessary.	be reported to the related
specialists may be used where		anti-bribery management,
specialists may be asea where		and sincery management,

Proposed Amendments	Pre-Amendments	Explanations
deemed necessary.		Executive Management, and
		Board of Directors. In
The results of the audits shall		consideration of the
<u>be reported to Executive</u>		structure of the article,
Management and Internal		"report to the Board of
Audit and subsequently to the		Directors as a formal audit
Board of Directors as a formal		report" from the second
audit report.		paragraph, and the internal
		reporting procedure
		following the internal audit,
		has been moved to the third
		paragraph.
Article 23	Article 23	1. Added Item 1(3) in
A whistleblowing system shall	A whistleblowing system shall	accordance with ISO 37001
be implemented and, at a	be implemented and, at a	Appendix A.18.8 which
minimum level, include the	minimum level, include the	states that appropriate
following to ensure proper	following to ensure proper	measures shall be taken at
execution:	execution:	the conclusion of the
1. Establish and announce an	1. Establish and announce an	investigation. As such, Item
independent internal	independent internal	(3) to (6) has been moved
whistleblowing mailbox and	whistleblowing mailbox and	down to Item (4) to (7).
dedicated telephone line or	-	2. Amended Item 1(2) for
engage an independent	engage an independent	consistency.
external whistleblowing	external whistleblowing	3. Moved Item 1 to Item 1(5) in
provider with a mailbox and	provider with a mailbox and	accordance with ISO 37001
dedicated telephone line,	dedicated telephone line,	Article 8.9(c).
for the use by all internal	for the use by all internal	
and external members of	and external members of	
the Company.	the Company.	
2. Appoint dedicated	2. Appoint dedicated	
personnel or unit to process	personnel or unit to process	
whistleblowing reports. Any	whistleblowing reports. Any	
issues relating to a Director	issues relating to a Director	
or Executive <u>Management</u>	or Executive <u>Manager</u>	
should be reported to <u>the</u>	should be reported to an	
<u>Audit Committee</u> . Different	Independent Director or	
categories of reported	<u>Supervisor</u> . Different	

Proposed Amendments	Pre-Amendments	Explanations
issues and the related standard operating procedures shall be established. 3. Implement appropriate measures to be taken after the investigation has concluded, in accordance with the severity of the reported issues. The relevant regulatory authority or judiciary authority shall be notified	categories of reported issues and the related standard operating procedures shall be established.	
 where deemed necessary. The recording and retention of reported issues, investigation, results, and related documents. 	3. The recording and retention of reported issues, investigation, results, and related documents.	
5. The name of the whistleblower and the reported issues shall be kept confidential. <u>Allow multiple whistleblowing.</u>	4. The name of the whistleblower and the reported issues shall be kept confidential.	
6. Ensure the whistleblower does not suffer any improper disciplinary actions as a result of whistleblowing.	5. Ensure the whistleblower does not suffer any improper disciplinary actions as a result of whistleblowing.	
7. Implement a whistleblowing reward system.	6. Implement a whistleblowing reward system.	
The dedicated personnel or unit, upon discovery of major misconduct or significant damage to the Company, shall immediately report in writing	The dedicated personnel or unit, upon discovery of major misconduct or significant damage to the Company, shall immediately report in writing	

Proposed Amendments	Pre-Amendments	Explanations
to the <i>Internal Audit</i> .	to an <i>Independent Director</i> .	
Article 27 This Policy, and all subsequent amendments, shall be implemented upon approval from the Board of Directors, and shall also be reported to every Audit Committee Member and at the Shareholders' Meeting. When reporting at the Board of Directors based on the previous paragraph, each Independent Director's opinion shall be taken into consideration, and any objections or reservations shall be recorded in the meeting minutes. If an Independent Director could not attend the meeting in person to express objection or reservation unless, with a legitimate reason, such opinion shall be made in writing prior to the meeting convention, and be recorded in the meeting minutes.	Article 27 This Policy, and all subsequent amendments, shall be implemented upon approval from the Board of Directors.	1. Amended Paragraph 1 in accordance with Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies. 2. Amended Paragraph 2 in consideration of the implementation of Independent Directors and their duties.

6. Establishment of "Procedures for Ethical Management and Guidelines for Conduct"

EXPLANATION:

- 1. TWSE/GTSM listed companies shall establish operational procedures and guidelines in accordance with Article 6 and Article 21 hereof to guide directors, supervisors, managers, employees, and substantial controllers on how to conduct business.
- 2. The Taiwan Stock Exchange (TWSE) issued the Taiwan FSC Governance Letter No.1090002299 on Feb 13, 2020, and Yungtay Engineering hereby establishes procedures as below in

accordance with the aforesaid letter.

Yungtay Engineering Co., Ltd.

Procedures for Ethical Management and Guidelines for Conduct

Article 1

This Corporation engages in commercial activities following the principles of fairness, honesty, faithfulness, and transparency, and in order to fully implement a policy of ethical management and actively prevent unethical conduct, these Procedures for Ethical Management and Guidelines for Conduct (hereinafter, "Procedures and Guidelines") are adopted pursuant to the provisions of the Ethical Corporate Management Best Practice Principles for TWSE/GTSM-Listed Companies and the applicable laws and regulations of the places where this Corporation and its business groups and organizations operate, with a view to providing all personnel of this Corporation with clear directions for the performance of their duties.

The scope of application of these Procedures and Guidelines includes the subsidiaries of this Corporation, any incorporated foundation in which this Corporation's accumulated contributions, direct or indirect, exceed 50 percent of the total funds of the foundation, and other group enterprises and organizations, such as institutions or juristic persons, substantially controlled by this Corporation.

Article 2

For the purposes of these Procedures and Guidelines, the term "personnel of this Corporation" refers to any director, supervisor, managerial officer, employee, mandatary or person having substantial control, of this Corporation or its group enterprises and organizations.

Any provision, promise, request, or acceptance of improper benefits by any personnel of this Corporation through a third party will be presumed to be an act by the personnel of this Corporation.

Article 3

For the purposes of these Procedures and Guidelines, "unethical conduct" means that any personnel of this Corporation, in the course of their duties, directly or indirectly provides, promises, requests, or accepts improper benefits or commits a breach of ethics, unlawful act, or breach of fiduciary duty for purposes of acquiring or maintaining benefits.

The counterparties of the unethical conduct under the preceding paragraph include public officials, political candidates, political parties or their staffs, and government-owned or private-owned enterprises or institutions and their directors, supervisors, managerial officers, employees, persons having substantial control, or other interested parties.

Article 4

For the purposes of these Procedures and Guidelines, the term "benefits" means any money, gratuity, gift, commission, position, service, preferential treatment, rebate, facilitating payment, entertainment, dining, or any other item of value in whatever form or name.

Article 5

This Corporation shall designate the Legal Division furnished with sufficient resources and personnel as the solely responsible unit (hereinafter, "responsible unit") under the board of directors and in charge of the amendment, implementation, interpretation, and advisory services with respect to these Procedures and Guidelines, the recording and filing of reports, and the monitoring of implementation. The responsible unit shall be in charge of the following matters and also submit regular reports to the board of directors at least once per year:

- 1. Assisting in incorporating ethics and moral values into this Corporation's business strategy and adopting appropriate prevention measures against corruption and malfeasance to ensure ethical management in compliance with the requirements of laws and regulations.
- 2. Analyzing and assessing regularly unethical behavioral risks and hereby establishing programs to prevent unethical conduct and setting out in each program the standard operating procedures and conduct guidelines with respect to this Corporation's operations and business.
- 3. Planning the internal organization, structure, and allocation of responsibilities and setting up check-and-balance mechanisms for mutual supervision of the business activities within the business scope which are possibly at a higher risk for unethical conduct.
- 4. Promoting and coordinating awareness and educational activities with respect to ethics policy.
- 5. Developing a whistle-blowing system and ensuring its operating effectiveness.
- 6. Assisting the board of directors and management in auditing and assessing whether the prevention measures taken for the purpose of implementing ethical management are effectively operating, and preparing reports on the regular assessment of compliance with ethical management in operating procedures
- 7. Properly documenting and safely retaining the policies, statements, commitments and execution of Ethical Corporate Management Policies

Article 6

Except under one of the following circumstances, when providing, accepting, promising, or requesting, directly or indirectly, any benefits as specified in Article 4, the conduct of the given personnel of this Corporation shall comply with the provisions of the Ethical Corporate Management Best Practice Principles for TWSE/GTSM-Listed Companies and these Procedures and Guidelines, and the relevant procedures shall have been carried out:

1. The conduct is undertaken to meet business needs and is in accordance with local courtesy, convention, or custom during domestic (or foreign) visits, reception of guests, promotion of business, and communication and coordination.

2. The conduct has its basis in ordinary social activities that are attended or others are invited to hold

in line with accepted social custom, commercial purposes, or developing relationships.

3.Invitations to guests or attendance at commercial activities or factory visits in relation to business needs, when the method of fee payment, number of participants, class of accommodations, and the time period for the event or visit have been specified in advance.

- 4. Attendance at folk festivals that are open to and invite the attendance of the general public.
- 5. Rewards, emergency assistance, condolence payments, or honorariums from the management.
- 6.Money, property, or other benefits with a market value of NT\$ 3,000 or less offered to or accepted from a person other than relatives or friends; or gifts of property with a total market value of NT\$ 5,000 or less given by another party to the majority of the personnel of this Corporation, provided that the total market value of the property offered to the same counterparty or coming from the same source within a single fiscal year shall be limited to NT\$10,000.

7.Property with a market value of NT\$ 3,000 or less received due to engagement, marriage, maternity, relocation, assumption of a position, promotion or transfer, retirement, resignation, or severance, or the injury, illness, or death of the recipient or the recipient's spouse or lineal relative. 8.Other conduct that complies with the rules of this Corporation.

Article 7

Except under any of the circumstances set forth in the preceding article, when any personnel of this Corporation are provided with or are promised, either directly or indirectly, any benefits as specified in Article 4 by a third party, the matter shall be handled in accordance with the following procedures:

1.If there is no relationship of interest between the party providing or offering the benefit and the official duties of this Corporation's personnel, the personnel shall report to their immediate supervisor within 3 days from the acceptance of the benefit, and the responsible unit shall be notified if necessary.

2.If a relationship of interest does exist between the party providing or offering the benefit and the official duties of this Corporation's personnel, the personnel shall return or refuse the benefit, and shall report to his or her immediate supervisor and notify the responsible unit. When the benefit cannot be returned, then within 3 days from the acceptance of the benefit, the personnel shall refer the matter to the responsible unit for handling.

"A relationship of interest between the party providing or offering the benefit and the official duties of this Corporation's personnel," as referred to in the preceding paragraph, refers to one of the following circumstances:

- 1. When the two parties have commercial dealings, a relationship of direction and supervision, or subsidies (or rewards) for expenses.
- 2. When a contracting, trading, or other contractual relationship is being sought, is in progress, or has been established.
- 3.Other circumstances in which a decision regarding this Corporation's business, or the execution or non-execution of business, will result in a beneficial or adverse impact.

The responsible unit of this Corporation shall make a proposal, based on the nature and value of the

benefit under paragraph 1, that it be returned, accepted on payment, given to the public, donated to charity, or handled in another appropriate manner. The proposal shall be implemented after being reported and approved.

Article 8

This Corporation shall neither provide nor promise any facilitating payment.

If any personnel of this Corporation provides or promises a facilitating payment under threat or intimidation, they shall submit a report to their immediate supervisor stating the facts and shall notify the responsible unit.

Upon receipt of the report under the preceding paragraph, the responsible unit shall take immediate action and undertake a review of relevant matters in order to minimize the risk of recurrence. In a case involving alleged illegality, the responsible unit shall also immediately report to the relevant judicial agency.

Article 9

Political contributions by this Corporation shall be made in accordance with the following provisions, reported to the supervisor in charge for approval, and a notification given to the responsible unit, and when the amount of a contribution is NT\$ 500,000 or more, it shall be made only after being reported to and approved by the board of directors:

- 1.It shall be ascertained that the political contribution is in compliance with the laws and regulations governing political contributions in the country in which the recipient is located, including the maximum amount and the form in which a contribution may be made.
- 2.A written record of the decision-making process shall be kept.
- 3.Account entries shall be made for all political contributions in accordance with applicable laws and regulations and relevant procedures for accounting treatment.
- 4.In making political contributions, commercial dealings, applications for permits, or carrying out other matters involving the interests of this Corporation with the related government agencies shall be avoided.

Article 10

Charitable donations or sponsorships by this Corporation shall be provided in accordance with the following provisions and reported to the supervisor in charge for approval, and a notification shall be given to the responsible unit. When the amount is NT\$ 500,000 or more, the donation or sponsorship shall be provided only after it has been submitted for adoption by the board of directors:

- 1.It shall be ascertained that the donation or sponsorship is in compliance with the laws and regulations of the country where this Corporation is doing business.
- 2.A written record of the decision making process shall be kept.
- 3.A charitable donation shall be given to a valid charitable institution and may not be a disguised form of bribery.

4. The returns received as a result of any sponsorship shall be specific and reasonable, and the subject of the sponsorship may not be a counterparty of this Corporation's commercial dealings or a party with which any personnel of this Corporation has a relationship of interest.

5.After a charitable donation or sponsorship has been given, it shall be ascertained that the destination to which the money flows is consistent with the purpose of the contribution.

Article 11

When a Company director, supervisor, officer or other stakeholder attending or present at a board meeting, or the juristic person represented thereby, has a stake in any agenda item, that director, supervisor, officer or stakeholder shall state the important aspects of the stake in the meeting and, where there is a likelihood that the interests of this Corporation would be prejudiced, may not participate in the discussion or vote on that proposal, shall recuse himself or herself from any discussion and voting, and may not exercise voting rights as proxy on behalf of another director. The directors shall exercise discipline among themselves, and may not support each other in an inappropriate manner.

Where the spouse or a blood relative within the second degree of kinship of a director, or a company which has a controlling or subordinate relation with a director, is an interested party with respect to an agenda item as described in the preceding paragraph, such director shall be deemed to be an interested party with respect to that agenda item.

If in the course of conducting company business, any personnel of this Corporation discovers that a potential conflict of interest exists involving themselves or the juristic person that they represent, or that they or their spouse, parents, children, or a person with whom they have a relationship of interest is likely to obtain improper benefits, the personnel shall report the relevant matters to both his or her immediate supervisor and the responsible unit, and the immediate supervisor shall provide the personnel with proper instructions.

No personnel of this Corporation may use company resources on commercial activities other than those of this Corporation, nor may any personnel's job performance be affected by his or her involvement in the commercial activities other than those of this Corporation.

Article 12

This Corporation shall set up a special unit charged with formulating and implementing procedures for managing, preserving, and maintaining the confidentiality of this Corporation's trade secrets, trademarks, patents, works and other intellectual properties and it shall also conduct periodical reviews on the results of implementation to ensure the sustained effectiveness of the confidentiality procedures.

All personnel of this Corporation shall faithfully follow the operational directions pertaining to intellectual properties as mentioned in the preceding paragraph and may not disclose to any other party any trade secrets, trademarks, patents, works, and other intellectual properties of this Corporation of which they have learned, nor may they inquire about or collect any trade secrets, trademarks, patents, and other intellectual properties of this Corporation unrelated to their

individual duties.

Article 13

(Prohibition against disclosure of confidential information)

This Corporation shall follow the Fair Trade Act and applicable competition laws and regulations when engaging in business activities, and may not fix prices, make rigged bids, establish output restrictions or quotas, or share or divide markets by allocating customers, suppliers, territories, or lines of commerce.

Article 14

This Corporation shall collect and understand the applicable laws and regulations and international standards governing its products and services which it shall observe and gather and publish all guidelines to cause personnel of this Corporation to ensure the transparency of information about, and safety of, the products and services in the course of their research and development, procurement, manufacture, provision, or sale of products and services.

This Corporation shall adopt and publish on its website a policy on the protection of the rights and interests of consumers or other stakeholders to prevent its products and services from directly or indirectly damaging the rights and interests, health, and safety of consumers or other stakeholders. Where there are media reports, or sufficient facts to determine, that this Corporation's products or services are likely to pose any hazard to the safety and health of consumers or other stakeholders, this Corporation shall, within 30 days, recall those products or suspend the services, verify the facts and present a review and improvement plan.

The responsible unit of this Corporation shall report the event as in the preceding paragraph, actions taken, and subsequent reviews and corrective measures taken to the board of directors.

Article 15

All Company personnel shall adhere to the provisions of the Securities and Exchange Act, and may not take advantage of undisclosed information of which they have learned to engage in insider trading. Personnel are also prohibited from divulging undisclosed information to any other party, in order to prevent other party from using such information to engage in insider trading.

Any organization or person outside of this Corporation that is involved in any merger, demerger, acquisition and share transfer, major memorandum of understanding, strategic alliance, other business partnership plan, or the signing of a major contract by this Corporation shall be required to sign a non-disclosure agreement in which they undertake not to disclose to any other party any trade secret or other material information of this Corporation acquired as a result, and that they may not use such information without the prior consent of this Corporation.

Article 16

The Board of Directors and Executive Management shall disclose a statement on complying with the Ethical Corporate Management Policies, and request that employees to abide by as stated in the

employment contracts.

This Corporation shall disclose its policy of ethical management in its internal rules, annual reports, on the company's websites, and in other promotional materials, and shall make timely announcements of the policy in events held for outside parties such as product launches and investor press conferences, in order to make its suppliers, customers, and other business-related institutions and personnel fully aware of its principles and rules with respect to ethical management.

Article 17

Before developing a commercial relationship with another party, such as an agent, supplier, customer, or other counterparty in commercial dealings, this Corporation shall evaluate the legality and ethical management policy of the party and ascertain whether the party has a record of involvement in unethical conduct, in order to ensure that the party conducts business in a fair and transparent manner and will not request, offer, or take bribes.

When this Corporation carries out the evaluation under the preceding paragraph, it may adopt appropriate audit procedures for a review of the counterparty with which it will have commercial dealings with respect to the following matters, in order to gain a comprehensive knowledge of its ethical management:

- 1. The enterprise's nationality, location of business operations, organizational structure, and management policy, and place where it will make payment.
- 2. Whether the enterprise has adopted an ethical management policy, and the status of its implementation.
- 3. Whether enterprise's business operations are located in a country with a high risk of corruption.
- 4. Whether the business operated by the enterprise is in an industry with a high risk of bribery.
- 5.The long-term business condition and degree of goodwill of the enterprise.
- 6.Consultation with the enterprise's business partners on their opinion of the enterprise.
- 7. Whether the enterprise has a record of involvement in unethical conduct such as bribery or illegal political contributions.

Article 18

Any personnel of this Corporation, when engaging in commercial activities, shall make a statement to the trading counterparty about this Corporation's ethical management policy and related rules, and shall clearly refuse to provide, promise, request, or accept, directly or indirectly, any improper benefit in whatever form or name.

Article 19

All personnel of this Corporation shall avoid business transactions with an agent, supplier, customer, or other counterparty in commercial interactions that is involved in unethical conduct. When the counterparty or partner in cooperation is found to have engaged in unethical conduct, the personnel shall immediately cease dealing with the counterparty and blacklist it for any further

business interaction in order to effectively implement this Corporation's ethical management policy.

Article 20

Before entering into a contract with another party, this Corporation shall gain a thorough knowledge of the status of the other party's ethical management, and shall make observance of the ethical management policy of this Corporation part of the terms and conditions of the contract, stipulating at the least the following matters:

1.When a party to the contract becomes aware that any personnel has violated the terms and conditions pertaining to prohibition of acceptance of commissions, rebates, or other improper benefits, the party shall immediately notify the other party of the violator's identity, the manner in which the provision, promise, request, or acceptance was made, and the monetary amount or other improper benefit that was provided, promised, requested, or accepted. The party shall also provide the other party with pertinent evidence and cooperate fully with the investigation. If there has been resultant damage to either party, the party may claim from the other party 100 percent of the contract price as damages, and may also deduct the full amount of the damages from the contract price payable.

- 2. Where a party is discovered to be engaged in unethical conduct in its commercial activities, the other party may terminate or rescind the contract unconditionally at any time.
- 3. Specific and reasonable payment terms, including the place and method of payment and the requirement for compliance with related tax laws and regulations.

Article 21

As an incentive to insiders and outsiders for informing of unethical or unseemly conduct, this Corporation will grant a reward of not more than NT\$ 2,000 depending the seriousness of the circumstance concerned. Insiders having made a false report or malicious accusation shall be subject to disciplinary action and be removed from office if the circumstance concerned is material. This Corporation shall internally establish and publicly announce on its website and the intranet, or provide through an independent external institution, an independent mailbox or hotline, for Company insiders and outsiders to submit reports. A whistleblower shall at least furnish the following information:

- 1.the whistleblower's name and I.D. number, and an address, telephone number and e-mail address where it can be reached or may instead submit reports anonymously.
- 2.the informed party's name or other information sufficient to distinguish its identifying features.
- 3.specific facts available for investigation.

Company personnel handling whistle-blowing matters shall represent in writing they will keep the whistleblowers' identity and contents of information confidential. This Corporation also undertakes to protect the whistleblowers from improper treatment due to their whistle-blowing.

The responsible unit of this Corporation shall handle whistle-blowing matters in accordance with the following procedures:

- 1.An information shall be reported to the department head if involving the rank and file and to an independent director or supervisor if involving a director or a senior executive.
- 2. The responsible unit of this Corporation and the department head or personnel being reported to in the preceding subparagraph shall immediately verify the facts and, where necessary, with the assistance of the legal compliance or other related department.
- 3.If a person being informed of is confirmed to have indeed violated the applicable laws and regulations or this Corporation's policy and regulations of ethical management, this Corporation shall immediately require the violator to cease the conduct and shall make an appropriate disposition. When necessary, this Corporation shall notify the relevant regulatory authorities or judicial authorities, or institute legal proceedings and seek damages to safeguard its reputation and its rights and interests.
- 4.Documentation of case acceptance, investigation processes and investigation results shall be retained for five years and may be retained electronically. In the event of a suit in respect of the whistleblowing case before the retention period expires, the relevant information shall continue to be retained until the conclusion of the litigation.
- 5. With respect to a confirmed information, this Corporation shall charge relevant units with the task of reviewing the internal control system and relevant procedures and proposing corrective measures to prevent recurrence.
- 6. The responsible unit of this Corporation shall submit to the board of directors a report on the whistleblowing case, actions taken, and subsequent reviews and corrective measures. (Handling of unethical conduct by personnel of this Corporation)

Article 22

If any personnel of this Corporation discovers that another party has engaged in unethical conduct towards this Corporation, and such unethical conduct involves alleged illegality, this Corporation shall report the relevant facts to the judicial and prosecutorial authorities; where a public service agency or public official is involved, this Corporation shall additionally notify the governmental anti-corruption agency.

Article 23

The responsible unit of this Corporation shall organize an awareness session each year and arrange for the chairperson, general manager, or senior management to communicate the importance of ethics to its directors, employees, and mandataries.

This Corporation shall link ethical management to employee performance evaluations and human resources policy, and establish clear and effective systems for rewards, penalties, and complaints.

If any personnel of this Corporation seriously violates ethical conduct, this Corporation shall dismiss the personnel from his or her position or terminate his or her employment in accordance with applicable laws and regulations or the personnel policy and procedures of this Corporation.

This Corporation shall disclose on its intranet information the name and title of the violator, the date and details of the violation, and the actions taken in response.

Article 24

These Procedures and Guidelines, and any amendments hereto, shall be implemented after adoption by resolution of the board of directors, and shall be delivered to each supervisor and reported to the shareholders meeting.

When these Procedures and Guidelines are submitted to the board of directors for discussion, each independent director's opinions shall be taken into full consideration, and their objections and reservations expressed shall be recorded in the minutes of the board of directors meeting. An independent director that is unable to attend a board meeting in person to express objection or reservation shall provide a written opinion before the board meeting unless there is a legitimate reason to do otherwise, and the opinion shall be recorded in the minutes of the board of directors meeting.

Matters for Ratification

ITEM 1 (Proposed by the Board of Directors)

SUMMARY:

Please ratify the Company's 2019 Business Report, Balance Sheets, Statements of Comprehensive Income, Statements of Changes in Equity and Statements of Cash Flows for the year ended December 31, 2019.

EXPLANATION:

The 2019 Business Report (please refer to Page 57 of the Handbook) and Balance Sheets, Statements of Comprehensive Income, Statements of Changes in Equity and Statements of Cash Flows of the Company (please refer to Page 59 to 66 of the Handbook), which have been audited and certified by CPAs Sheng Ping Lin and Jen chi Chen of Jiang Sheng & Co., CPAs. Please approve.

Resolution:

ITEM 2 (Proposed by the Board of Directors)

SUMMARY:

Please ratify the Company's 2019 proposal for earnings distribution.

EXPLANATION:

Please refer to the table below for the earnings distribution.

2019 Earnings Distribution Proposal

	Unit: NT\$
Current year earnings available for distribution:	
Prior year accumulated undistributable earnings	3,170,194,749
Add: Equity instruments Recognized at FVTOCI disposed by Affiliated	2,410,077
Companies	
Add: Net Profit Attributed to the Shareholders of the Parent Company	939,668,400
Add: Actuarial Profit After Tax of the Defined Benefit Plan	44,264,904
Less: Defined Benefit Plan Remeasurements Recognized using the	(891,019)
Equity Method at the Affiliated Companies	
Less: Loss on Capital Reduction on Invested Companies recognized by	(4,411,957)
the Affiliated Companies	
Total distributable earnings for this year	4,151,235,154
Distribution items:	
Legal reserve	93,966,840
Special reserve	306,716,315
Shareholders' dividends (NT\$1.1 per share by cash)	451,902,000
Shareholders' bonuses (NT\$1.1 per share by cash)	451,902,000

Note: Cash dividends are rounded to the nearest NT\$1, and the total amount of cash dividends less than NT\$1 will be accounted for as other income.

Resolution:

Matters for Discussion

ITEM 1 (Proposed by the Board of Directors (BOD))

SUMMARY:

Proposed amendments to the "Shareholder Meeting Rules".

EXPLANATION:

- 1. The Taiwan Stock Exchange (TWSE) issued the Taiwan FSC Governance Letter No.1080024221 on Jan 2,2020.
- 2. Thus, "Yungtay Engineering Shareholder Meeting Rules" shall be adjusted in accordance with the amendments made by the TWSE template and to comply with its framework. Please refer to the comparison table below for amendment details.

Yungtay Engineering Shareholder Meeting Rules Comparison Table for Amendments

Proposed Amendments	Reference to Original Articles	Explanations
Article 1		1. The Taiwan Stock
These Rules are established		Exchange (TWSE) issued
pursuant to Article 5 of the		the Taiwan FSC
Corporate Governance Best		Governance Letter
<u>Practice Principles for</u>		No.1080024221 on Jan
TWSE/GTSM Listed Companies,		2, 2020, revising the
aiming to facilitate a good		Rules of Procedure for
<u>shareholder</u> meeting		Shareholders Meetings
governance system, sound		of XX Co. Ltd. Articles 3,
supervisory controls, and strong		10, 13, and 15. Thus,
management capabilities.		the Shareholder
		Meeting Rules are
		adjusted to comply with
		the structure and
		framework of the
		template issued by the
		competent authority.
		2. Added this Article
		according to the
		template.

Proposed Amendments	Reference to Original Articles	Explanations
Article 2	Article 1	Changed the article number.
The Shareholder Meeting shall	The Shareholder Meeting shall	_
be conducted in accordance	be conducted in accordance	
with these Rules.	with these Rules.	
Article 3 (Convene Shareholder		1. Added this Article to
Meeting and Meeting Notice)		comply with the
The Shareholder Meeting shall		structure and
be convened by the BOD unless		framework of the
otherwise stipulated by law or		template issued by the
<u>regulations</u> .		competent authority.
		2. The addition also
The Company shall upload an		complies with the
electronic copy of the Notice of		competent authority's
the Shareholder Meeting and		latest explanation and
proxy forms along with a list of		newly revised Company
detailed proposals, matters of		Act Article 172, and
deliberation, power of attorney,		Article 172-1.
relevant recognitions,		
discussions, election or		
dismissal of Directors to the		
Market Observation Post		
System (MOPS) 30 days before		
an Annual General Meeting		
(AGM) or 15 days before a		
special Shareholder Meeting. In		
addition, 21 days before an		
AGM or 15 days before a		
special Shareholder Meeting,		
the Company shall prepare and		
upload all electronic files of the		
Shareholder Meeting Agenda		
and all supplementary		
materials to MOPS. 15 days		
<u>before</u> the Shareholder		
Meeting, all Meeting Agenda		
and supplementary materials		
will be available for all		

Proposed Amendments	Reference to Original Articles	Explanations
shareholders to peruse, and		
supplementary materials		
should be displayed by the		
Company and the Company's		
appointed professional		
shareholder services agents		
and distributed at the		
Shareholder Meeting.		
Meeting Notice and		
announcement shall specify the		
reasons for convening; Notice		
may be in an electronic format,		
assuming all parties are in		
agreement.		
The election or dismissal of any		
<u>Directors, Article of Association</u>		
amendments, capital reduction,		
<u>application</u> of suspending		
public listing, approval of a		
<u>Director's competition against</u>		
the Company, capital increase		
through retained earnings,		
capital increase through capital		
reserves, Company dissolution,		
<u>mergers, divisions, or any</u>		
<u>matter under Article 185,</u>		
paragraph 1 of the Company		
Act shall all be listed and		
<u>explained in the AGM Notice</u>		
and not be proposed as		
<u>extemporary motions during</u>		
the Meeting. The contents of		
the abovementioned items may		
<u>be stated on a website</u>		
designated by the competent		
authority or the Company, and		

Proposed Amendments	Reference to Original Articles	Explanations
the website address shall be		
listed in the Notice.		
When the Notice indicates the		
reason for convening includes a		
full re-election of the Directors		
and the date of appointment,		
then no extemporary motions		
or other means at that Meeting		
shall change the Director's		
appointment date once the		
re-election concluded.		
<u>A shareholder holding one</u>		
percent (1%) or more of the		
total number of issued shares		
from the Company may submit		
a proposal to the Company for		
discussion at the AGM. Such		
proposals are limited to one		
topic only. Proposals		
containing more than one topic		
shall not be included in the		
agenda. However, when the		
<u>shareholder's proposal is</u>		
<u>relevant to the Company's</u>		
promotion of public interest or		
the Company's fulfillment of		
<u>social responsibilities, those</u>		
topics may be included in the		
Meeting Agenda at the BOD's		
<u>discretion. Any items under</u>		
Company Act Article 172-1		
paragraph 4 that are proposed		
and put forward by a		
shareholder may be excluded		
<u>from the Meeting Agenda at</u>		
the BOD's discretion.		

Proposed Amendments	Reference to Original Articles	Explanations
The Company shall publicly		
announce the call for		
shareholder proposals, in hard		
copy or electronic format,		
proposal acceptance venue,		
and acceptance period before		
the dividend record date of an		
AGM. The period of acceptance		
for shareholder proposal		
submissions shall be a		
minimum of 10 days.		
Charachaldar'a submitted		
Shareholder's submitted		
proposals are limited to 300		
words, and any proposal more than 300 words shall be		
excluded from the Meeting		
Agenda. The proposing		
shareholder shall present in		
person or by proxy at the AGM		
and participate in the proposal		
discussion.		
<u></u>		
The Company shall notify the		
proposing shareholders whose		
proposals have been accepted		
prior to the Meeting date, and		
the approved proposals for		
discussion shall be laid out in		
the Meeting Notice. The BOD		
shall explain the reasons for		
excluding any shareholder's		
proposal at the Meeting.		

Proposed Amendments	Reference to Original Articles	Explanations
Article 4		Added this Article to comply
For every Shareholder Meeting,		with the structure and
the shareholder may appoint a		framework of the template
proxy to attend the Meeting by		issued by the competent
providing the proxy a Company		authority.
issued proxy form stating the		
scope of the proxy's		
authorization. Every		
shareholder shall be issued one		
proxy form and may only		
appoint one proxy at any given		
Shareholders Meeting. The		
proxy form must be completed		
and delivered five days before		
the Shareholder Meeting.		
Where the Company received		
duplicate proxy forms, the form		
earliest received shall prevail		
unless the prior proxy		
appointment was revoked.		
<u>If the shareholder intends to</u>		
<u>attend the Shareholder</u>		
Meeting in person or exercise		
the voting rights through		
<u>written correspondence or</u>		
<u>electronic</u> <u>format</u> <u>once</u> <u>the</u>		
proxy form has been delivered		
to the Company, the		
<u>shareholder must submit a</u>		
written proxy cancellation two		
(2) days before the Shareholder		
Meeting. If the proxy		
cancellation notice is filed after		
the allotted time frame, votes		
cast at the Meeting by the		
proxy shall prevail.		

Proposed Amendments	Reference to Original Articles	Explanations
Article 5 (Principles determining time and venue of a Shareholder Meeting) The Shareholders Meeting venue shall be on the Company's premises or at a location easily accessible by shareholders. The Meeting may not begin earlier than 9 AM or later than 3 PM. Full consideration should be given to the time and venue preferences of the Independent Directors.		Added this Article to comply with the structure and framework of the template issued by the competent authority.
	Article 6 (Deleted)	Existing Article 6 was deleted.
Article 6 (Preparation of documents such as the attendance log) The Shareholder Meeting Notice shall clearly state the registration time, venue and other matters that requires attention of the shareholders. The registration time of the preceding paragraph shall allow at least thirty (30) minutes before commencing the Meeting. The venue of	The Shareholder Meeting Notice shall clearly state the registration time, venue and other matters that requires attention of the shareholders. The registration time of the preceding paragraph shall allow at least thirty (30) minutes before commencing the Meeting. The venue of registration shall be clearly	Amended and changed numbering of this Article to comply with the structure and framework of the template issued by the competent authority.
registration shall be clearly marked and aided by adequate number of competent personnel. Shareholders and their proxy's	marked and aided by adequate number of competent personnel. Shareholders and their proxy's (collectively, "shareholder")	

Proposed Amendments	Reference to Original Articles	Explanations
(collectively, "shareholder") shall join the Meeting by presenting attendance cards, sign-in cards, or other verification certificates. The Company shall not arbitrarily add requirements for other documents beyond those showing eligibility to attend presented by shareholders. Proxies with their proxy forms	shall join the Meeting by presenting attendance cards, sign-in cards, or other verification certificates. Proxies with their proxy forms should carry identification documents for verification.	
should carry identification documents for verification.	The Company shall furnish an attendance log for shareholders to sign-in, or an	Moved and amended existing Article 2 paragraph 4 to Article 9 paragraph 1 according to the
The Company will provide an attendance book for attending shareholders to sign in or allow attending shareholders to	attendance card may be used in lieu of sign-ins.	template.
submit sign-in cards in lieu of signing in. The Company shall provide the	The attendance and voting at the Shareholder Meeting shall be calculated based on the number of shares in accordance with the signed attendance log or the attendance cards turned-in during registration, plus the number of shares with voting rights exercised in writing or electronically.	As the Supervisory system is no longer adopted by the Company, the word "Supervisor" is deleted from Article 2 paragraph 5.
attending shareholders with a Meeting Agenda book, annual report, attendance card, speaker's slips, voting slips, and other various meeting materials. Pre-printed ballots shall be provided to shareholders upon Director	The Company shall provide the attending shareholders with a Meeting Agenda book, annual report, attendance card, speaker's slips, voting slips, and other various meeting materials. Pre-printed ballots shall be provided to	Added new provisions with the structure and framework of the template issued by the competent authority. Moved existing Article 11 paragraph 1 to the amended Article 6 paragraph 5 part 2.

Proposed Amendments	Reference to Original Articles	Explanations
elections.	shareholders upon Director or	
	Supervisor elections.	
Any government agency or a juristic person as a shareholder may appoint more than one representative to attend the Shareholder Meeting. However, any juristic person designated as proxy by the shareholder(s), may only appoint one representative to attend the Shareholder Meeting.	Article 11 Par. 1 Any juristic person designated as proxy by the shareholder(s), may only appoint one representative to attend the Shareholder Meeting.	
Article 7 (Meeting Chairperson	Article <u>3</u>	Amended and changed
and attendees)	The BOD Chairman shall chair	numbering of this Article to
The BOD Chairman shall chair	all Shareholder Meetings	comply with the structure and
all Shareholder Meetings	convened by the BOD. The	framework of the template
convened by the BOD. The	Vice-Chairman shall chair the	issued by the competent
Vice-Chairman shall chair the	Meetings when the Chairman	authority.
Meetings when the Chairman	has taken leave or when the	
has taken leave or when the	Chairman is unable to exercise	
Chairman is unable to exercise	his/ her authorities. Upon	
his/ her authorities. Upon	situations where no	
situations where no	Vice-Chairman was elected, or	
Vice-Chairman was elected, or	when the Vice-Chairman has	
when the Vice-Chairman has	also taken leave or is unable to	
also taken leave or is unable to	exercise his/her authorities, the	
exercise his/her authorities, the	Chairman may delegate to one	
Chairman may delegate to one	of the Managing Directors.	
of the Managing Directors.	Where no Managing Director is	
Where no Managing Director is	in place, The Chairman may	
in place, The Chairman may	delegate to one of the	
delegate to one of the	Directors. The Managing	
Directors. The Managing	Directors or Directors may elect	
Directors or Directors may elect	one among themselves to chair	
one among themselves to chair	if the Chairman of the BOD fails	
if the Chairman of the BOD fails	to delegate.	
e chamman or the bob idis	15 40.004.01	<u> </u>

Proposed Amendments	Reference to Original Articles	Explanations
to delegate.		
The Director or Managing Director who chairs the Meeting as prescribed in the preceding paragraph, as a natural person or as a representative of the juristic person Director, shall have served for more than six (6) months at the Company and	The Director or Managing Director who chairs the Meeting as prescribed in the preceding paragraph, as a natural person or as a representative of the juristic person Director, shall have served for more than six (6) months at the Company and	Newly added paragraph 3.
who understands the financial	who understands the financial	
and operating conditions of the	and operating conditions of the	
Company.	Company.	Mayod syleting Auticle 2
For Shareholder Meeting convened by the BOD, the BOD Chairman is preferred to chair the Meeting in person. In addition, the presence of at least the majority of the Directors, one Independent		Moved existing Article 3 paragraph 3 to Article 7 paragraph 4.
Director, and one		Moved existing Article 7
representative from each BOD functional committees is preferred. The Meeting attendance shall be recorded in the Meeting Minutes.	Article 3 Par. 3 For Shareholder Meeting convened by a convening authority other than the BOD, the convener (or upon two or more conveners, one shall be	paragraph 1 to paragraph 5.
For Shareholder Meeting	elected among themselves)	
convened by a convening	shall chair the Meeting.	
authority other than the BOD, the convener (or upon two or	Article 7 Par. 1	
more conveners, one shall be	The Company may appoint	
elected among themselves) shall chair the Meeting.	designated attorneys, Certified Public Accountant (CPA) or other relevant persons to	

Proposed Amendments	Reference to Original Articles	Explanations
The Company may appoint designated attorneys, Certified Public Accountant (CPA) or other relevant persons to attend the Shareholder Meeting.	attend the Shareholder Meeting.	
Article 8 (Audio or video	Article 8	
recording of the Shareholder Meeting) The Company shall audio and video record the entire proceeding of the shareholder registration, Meeting, voting and counting thereof.	The Company shall audio and video record the entire proceeding of the shareholders registration, meeting, voting, and counting thereof.	Amended Article 8 by adding new provisions while retaining the original clauses.
The aforementioned recorded materials shall be retained for at least one (1) year. However, upon any litigation filed by a shareholder in accordance with Article 189 of the Company Act, the recorded material shall be retained until the end of the	The aforementioned recorded materials shall be retained for at least one (1) year. However, upon any litigation filed by a shareholder in accordance with Article 189 of the Company Act, the recorded material shall be retained until the end of the litigation.	Deleted Paragraph 3 from existing Article 8 and retained
litigation.	To maintain the order of the Shareholder Meeting, no photography or videography is allowed, other than the mass media and conference personnel permitted by the Company, to the extent that the meeting progress and discussions are not affected, and shareholder's privacy is not infringed.	the Article number.

Proposed Amendments	Reference to Original Articles	Explanations
Article 9	Article 2	
The attendance at the	The attendance <i>and voting</i> at	Moved and amended existing
Shareholder Meeting shall be	the Shareholder Meeting shall	Article 2 paragraph 4 to Article
calculated based on the	be calculated based on the	9 paragraph 1 according to the
number of shares <u>represented</u>	number of shares in	template.
in accordance with the signed	accordance with the signed	
attendance log or the	attendance log or the	
attendance cards turned-in	attendance cards turned-in	
during registration, plus the	during registration, plus the	
number of shares with voting	number of shares with voting	
rights exercised in written	rights exercised in written	
correspondence or electronic	correspondence or electronic	Moved and amended existing
format.	format.	Article 4 to Article 9, paragraph
		2, 3, and 4 in accordance with
	Article 4	the template framework.
The Chairperson shall call the	The Chairperson shall call the	
Meeting to order at the	Meeting to order at the	
scheduled time. Meeting may	scheduled time. Meeting may	
only be postponed, up to a	only be postponed, up to a	
maximum of two (2) times for	maximum of two (2) times	
an aggregate period of less	for an aggregate period of less	
than an hour, upon the number	than an hour, upon the number	
of shares represented by the	of shares represented by the	
shareholders present at the	shareholders present at the	
Meeting has not constituted	Meeting has not constituted	
the quorum (equivalent to the	the quorum (equivalent to the	
majority of the total number of	majority of the total number of	
issued shares). <u>Meeting shall be</u>	issued shares).	
adjourned by the Chairperson		
after two (2) postponements		
and the number of shares		
<u>represented</u> by the		
shareholders present at the		
Meeting has not constituted		
the quorum (equivalent to one		
third (1/3) of the total number	A tentative resolution may be	
of issued shares).	adopted pursuant to Article	
	175 Paragraph 1 of the	

Proposed Amendments	Reference to Original Articles	Explanations
A tentative resolution may be adopted pursuant to Article 175 Paragraph 1 of the Company Act when the Meeting has been adjourned by the Chairperson after two (2) postponements and the number of shares represented by the shareholders present at the Meeting has constituted the quorum (equivalent to one third (1/3) of the total number of issued shares). All shareholders shall be notified of the tentative resolution and a subsequent Shareholder Meeting within one (1) month shall be convened. When the attending shareholders represent a majority of the total number of issued shares prior to concluding the Meeting, a tentative resolution may be adopted by the Chairperson and submit for a vote pursuant to Article 174 of the Company Act.	Company Act when the Meeting has been adjourned by the Chairperson after two (2) postponements and the number of shares represented by the shareholders present at the Meeting has constituted the quorum (equivalent to one third (1/3) of the total number of issued shares). When the attending shareholders represent a majority of the total number of issued shares prior to concluding the Meeting, a tentative resolution may be adopted by the Chairperson and submit for a vote pursuant to Article 174 of the Company Act.	
Article 10 (Discussion of Proposals) The BOD is responsible for compiling the agenda for the Shareholder Meeting convened by the BOD. Relevant motions (including extemporary motions and amendments to the	Article 5 The BOD is responsible for compiling the agenda for the Shareholder Meeting convened by the BOD. The Meeting shall proceed in the order of scheduled agenda items and may not be altered without a	Amended Article 10 by incorporating Article 5 and 13. Amended and changed numbering of this Article to comply with the structure and framework of the template issued by the competent

Duamagad Amagadas anta	Deference to Original Auticles	Funlamations
Proposed Amendments	Reference to Original Articles	Explanations
original motions) should be voted on a case by case basis. The Meeting shall proceed in the order of scheduled agenda items and may not be altered without a resolution adopted at the Shareholder Meeting.	resolution adopted at the Shareholder Meeting.	authority.
The preceding paragraph shall apply mutatis mutandis to the Shareholder Meeting convened by a convening authority other than the BOD.	The preceding paragraph shall apply mutatis mutandis to the Shareholder Meeting convened by a convening authority other than the BOD.	
Unless otherwise resolved at the Shareholder Meeting, the Chairperson may not adjourn the Meeting prior to concluding all scheduled agenda items set forth in the preceding two paragraphs (including extemporary motions). However, when the	Unless otherwise resolved at the Shareholder Meeting, the Chairperson may not adjourn the Meeting prior to concluding all scheduled agenda items set forth in the preceding two paragraphs (including extemporary motions).	
Chairperson adjourning the Meeting is in violation of these Rules, other members of the BOD shall swiftly assist attending shareholders in abiding by the legal proceedings and a majority votes from the attending	The shareholders may not elect for a new Chairperson and continue the Meeting, at the same venue or other, once the Meeting has concluded. However, when the Chairperson adjourning the Meeting was in violation of	Moved existing Article 13 to
shareholders <u>shall</u> elect a new Chairperson to continue the Meeting as is. <u>The Chairperson shall allow</u>	these Rules, a majority votes from the attending shareholders may elect a new Chairperson to continue the Meeting as is.	the amended Article 10 paragraph 4 to comply with the structure and framework of the template issued by the competent authority.

Proposed Amendments	Reference to Original Articles	Explanations
ample opportunity during the Meeting for the explanation and discussion of proposals and the of amendments or extemporary motions put forward by the shareholders. The Chairperson may, at his/her discretion, close the discussion and call for a vote when he/she is of the opinion that the motion was sufficiently discussed and allot ample time for ballots to cast.	Article 13 The Chairperson may, at his/her discretion, close the discussion and call for a vote when he/she is of the opinion that the motion was sufficiently discussed.	
Article 11 (Shareholder's speech) Any attending shareholders who wishes to speak shall complete a speaker's slip detailing the a) summary of speech, b) shareholder account number (or attendance card number) and c) account name. The Chairperson shall decide on the sequence of	Article 9 Par. 1 Any attending shareholders who wishes to speak shall complete a speaker's slip detailing the a) summary of speech, b) shareholder account number (or attendance card number) and c) account name. The Chairperson shall decide on the sequence of shareholders' speeches.	Amended Article 11 by incorporating Article 9, 10, 11, and 12 to comply with the structure and framework of the template issued by the competent authority.
on the sequence of shareholders' speeches. The attending shareholder who submitted a speaker's slip without delivering an actual speech shall be deemed to have not spoken. Where the contents of a shareholder's speech differed from the speaker's slip, the contents of the actual speech shall prevail.	Article 9 Par. 2 The attending shareholder who submitted a speaker's slip without delivering an actual speech shall be deemed to have not spoken. Where the contents of a shareholder's speech differed from the speaker's slip, the contents of the actual speech shall prevail.	

Proposed Amendments	Reference to Original Articles	Explanations
	Article 10	
	Unless otherwise permitted by	
Unless otherwise permitted by	the Chairperson, a shareholder	
the Chairperson, a shareholder	may not speak more than twice	
may not speak more than twice	on the same motion and each	
on the same motion and each	speech shall not exceed five (5)	
speech shall not exceed five (5)	minutes. The Chairperson shall	
minutes. The Chairperson shall	refrain any shareholder who	
refrain any shareholder who	violates this Article or when the	
violates this Article or when the	contents of the shareholder's	
contents of the shareholder's	speech surpassed the scope of	
speech surpassed the scope of	the motion.	
the motion.		
	Article 9 Par. 3	
	Unless otherwise permitted by	
Unless otherwise permitted by	the Chairperson and the	
the Chairperson and the	speaking shareholder, no	
speaking shareholder, no	shareholder shall interrupt the	
shareholder shall interrupt the	speaking shareholder and the	
speaking shareholder and the	Chairperson shall refrain such	
Chairperson shall refrain such	violations.	
violations.		
	Article 11 Par.5	
	When the juristic person	
When the juristic person	shareholder appoints two (2) or	
shareholder appoints two (2) or	more representatives to attend	
more representatives to attend	the Shareholder Meeting, only	
the Shareholder Meeting, only	one (1) representative may	
one (1) representative may	speak for one (1) particular	
speak for one (1) particular	motion.	
motion.		
	Article 12	
	The Chairperson may respond	
The Chairperson may respond	or designate others to respond	
or designate others to respond	to the speech delivered by the	
to the speech delivered by the	attending shareholder.	
attending shareholder.		

Proposed Amendments	Reference to Original Articles	Explanations
Article 12 (Calculation of		Amended Article 12 with new
voting shares and recusal		paragraphs to comply with the
<u>system)</u>		structure and framework of the
<u>Votes at the Shareholder</u>		template issued by the
Meeting shall be calculated		competent authority.
based on the number of shares		
represented.		
The number of non-voting		
shares held by shareholders		
shall be excluded from the total		
number of issued shares when		
voting on motions.		
Shareholder(s) shall not vote on		
motions with conflict of interest		
against the Company nor act as		
a proxy for other shareholder(s)		
and vote on that particular		
motion.		
<u>The aforementioned number of</u>		
shares held by the conflict of		
<u>interest</u> <u>shareholder(s)</u> <u>shall</u>		
exclude from the total number		
of voting shares represented by		
the attending shareholders.		
With the exception of a trust		
<u>enterprise or a shareholder</u>		
services agent approved by		
competent authority, when one		
<u>person</u> is <u>concurrently</u>		
appointed as proxy by two or		
more shareholders, the voting		
<u>rights represented by that proxy</u>		
may not exceed 3% of the		
voting rights represented by the		

Proposed Amendments	Reference to Original Articles	Explanations
total number of issued shares.		
The voting rights in excess of		
the aforementioned percentage		
shall exclude from the		
<u>calculation.</u>		
Article 13		1. Amended Article 13 by
A shareholder shall be entitled		adding new paragraphs
to one vote for each share held,		1 to 4 to comply with
except when the shares are		the structure and
restricted shares or are deemed		framework of the
non-voting shares under Article		template issued by the
179 paragraph 2 of the		competent authority.
Company Act.		2. Amended existing
		Article 13 paragraph 5
<u>Voting</u> at the Shareholder		part 1, paragraphs 6, 7,
Meeting convened by the		and 8 by incorporating
Company shall be conducted		Article 16, 17, and
<u>electronically</u> and through		Article 14, paragraphs 1
written correspondences.		and 2 to comply with
Methods of voting, in written		the structure and
correspondence or electronic		framework of the
format, shall be specified in the		template issued by the
<u>Shareholder Meeting Notice.</u>		competent authority.
<u>Shareholders</u> exercising their		
voting rights in the written		
correspondence or electronic		
format are deemed to have		
attended the meeting in person		
and shall abstain from the		
<u>extemporary</u> motions and		
amendments to the original		
motions at the Shareholders		
Meeting. The Company should		
<u>abstain</u> from proposing		
<u>extemporary</u> motions and		

Proposed Amendments	Reference to Original Articles	Explanations
amendments to the original		
motion.		
A shareholder intending to		
exercise voting rights by written		
correspondence or electronic		
format under the preceding		
paragraph shall deliver a		
written declaration of intent to		
the Company two (2) days		
<u>before</u> the Shareholder		
Meeting. When duplicate		
<u>declarations</u> of intent are		
received, the earliest received		
shall prevail unless the prior		
<u>declaration</u> of intent was		
<u>revoked.</u>		
<u>If the shareholder intends to</u>		
<u>attend</u> <u>the</u> <u>Shareholder</u>		
<u>Meeting in person after</u>	Article 16	
<u>exercising the voting rights</u>	Unless otherwise prescribed by	
<u>through</u> written	the Company Act or the	
<u>correspondence</u> or <u>electronic</u>	Company's Article of	
format, the shareholder shall	Association, resolutions shall	
revoke the vote under the same	be adopted with a majority of	
method used to exercise the	affirmative votes represented	
voting right stipulated in the	by the attending shareholders.	
preceding paragraph, two (2)		
days before the Shareholder		Moved existing Article 16 to
Meeting. If the vote		the amended Article 13
cancellation is filed after the		paragraph 5 part 1.
allotted time frame, the votes		
<u>casted through written</u>		
<u>correspondence</u> or <u>electronic</u>		
format shall prevail. Upon		
shareholders who exercised	Autolo 47	
voting right through written	Article 17	

Proposed Amendments	Reference to Original Articles	Explanations
correspondence or electronic format and appointed a proxy to attend the Shareholder Meeting in person, the vote casted at the Meeting by the proxy shall prevail. Unless otherwise prescribed by the Company's Article of Association, resolutions shall be adopted with a majority of affirmative votes represented by the attending shareholders. The Chairperson or anyone designated by the Chairperson shall first announce the total number of voting rights represented by the attending shareholders, followed by a poll of the shareholders. After the conclusion of the Meeting, on the same day, the results for each proposal, based on the numbers of votes for and against and the number of abstentions, shall be uploaded to MOPS. The Chairperson shall decide the sequence of voting for motions that have amendments or have proposed alternatives. Once any version of the aforementioned motion was adopted, other versions shall be deemed vetoed and no further voting shall proceed.	The Chairperson shall decide the sequence of voting for motions that have amendments or have proposed alternatives. Once any version of the aforementioned motion was adopted, other versions shall be deemed vetoed and no further voting shall proceed. Article 14 Par. 1 The Chairperson shall designate monitors and tellers of the votes, where the vote monitors shall also be shareholders of the Company. Article 14 Par. 2 The counting of the votes or ballots shall be conducted publicly at the Meeting venue. The result of votes or ballots shall be announced at the Meeting and documented in detail (including the statistical tallies of the numbers of votes).	Moved existing Article 17 to the amended Article 13 paragraph 6. Moved existing Article 14 paragraph 1 and 2 to the

Proposed Amendments	Reference to Original Articles	Explanations
The Chairperson shall designate monitors and tellers of the votes, where the vote monitors are also shareholders of the Company.		
The counting of the votes or ballots shall be conducted publicly at the Meeting venue. The result of votes or ballots shall be announced at the meeting and documented in detail (including the statistical tallies of the numbers of votes).		
Article 14 (Elections) Any election of Directors at the Shareholder Meeting shall be conducted in accordance with the relevant regulations stipulated by the Company. The result of ballots (including the list of elected Directors and the related statistical tallies) shall be announced at the Meeting.	Article 14 Par. 3 Any election of Directors at the Shareholder Meeting shall be conducted in accordance with the relevant regulations stipulated by the Company. The result of ballots (including the list of elected Directors and the related statistical tallies) shall be announced at the Meeting.	Amended Article 14 while retaining the existing paragraph 3 and 4. The Article number remains unchanged. The revised text complies with the structure and framework of the template issued by the competent authority.
The aforementioned ballots shall be signed or sealed by the monitors and safely retained for at least one (1) year. However, upon any litigation filed by a shareholder in accordance with Article 189 of the <i>Company Act</i> , the ballots	Article 14 Par. 4 The aforementioned ballots shall be signed or sealed by the monitors and safely retained for at least one (1) year. However, upon any litigation filed by a shareholder in accordance with Article 189 of the <i>Company Act</i> , the ballots	

Proposed Amendments	Reference to Original Articles	Explanations
shall be retained until the end	shall be retained until the end	
of the litigation.	of the litigation.	
Article 15		Added new paragraphs to
<u>Matters relating to the</u>		Article 15 to comply with the
resolutions of the Shareholder		structure and framework of the
Meeting shall be recorded in		template issued by the
the Meeting Minutes. The		competent authority.
<u>Meeting Minutes shall be</u>		
signed or sealed by the		
Chairperson and distribute to		
all shareholders after the		
meeting 20 days after the		
Meeting. The compilation and		
distribution of Meeting Minutes		
may be in an electronic format.		
The aforementioned distribution of the Meeting Minutes may be in the form of a public announcement by uploading to the MOPS. The Meeting Minutes shall accurately record the year, month, day, and venue of the Meeting, the Chairperson's full name, the methods by which resolutions were adopted, and a summary of the deliberations and their results (including the statistical tallies of the numbers of votes), and shall be retained for the duration of the existence of the Company.		

Proposed Amendments	Reference to Original Articles	Explanations
Article 16 (Public		Amended Article 16 with new
announcement)		paragraphs to comply with the
On the day of the Shareholder		structure and framework of the
Meeting, the Company shall		template issued by the
compile, in the prescribed		competent authority.
format a statistical statement,		
the number of shares obtained		
by solicitors through solicitation		
and the number of shares		
represented by proxies and		
disclose those numbers at the		
Shareholder Meeting.		
Any resolution at the		
<u>Shareholder</u> <u>Meeting</u>		
<u>constitutes</u> <u>material</u>		
information under applicable		
laws or regulations or TWSE		
(Taipei Exchange) regulations;		
the Company shall upload the		
content of such resolution to		
the MOPS within the prescribed		
period.		
Article 17 (Maintaining order	Article 7 Par. 2	Amended Article 17 paragraphs
at the Meeting)	Personnel in charge of the	1 and 2 by incorporating
Personnel in charge of the	affairs for the Shareholder	merging Article 7 paragraph 2,
affairs for the Shareholder	Meeting shall wear an	and Article 18 to comply with
Meeting shall wear an	identification badge or	the structure and framework of
identification badge or	armbands during the Meeting.	the template issued by the
armbands during the Meeting.		competent authority.
	Article 18	
	The Chairperson may	
The Chairperson may	administer proctors (or security	
administer proctors (or security	guards) to maintain order at	
guards) to maintain order at	the Meeting venue and who	
the Meeting venue and who	shall wear an armband marked	
shall wear an <u>identification</u>	with "Proctor."	

Proposed Amendments	Reference to Original Articles	Explanations
<u>badge</u> or armband marked with		
"Proctor."		Amended Article 17 paragraph
		3 and added paragraph 4 to
When a shareholder attempts		comply with the structure and
to speak through any device		framework of the template
other than the voice amplifier		issued by the competent
equipment set up by the		authority.
Company, the Chairperson may		
refrain the shareholder from		
speaking.		
When a shareholder violates		
Meeting Rules, objects to the		
Chairperson's correction and		
continues to obstruct the		
proceedings while refusing to		
abide to warnings, the		
Chairperson may direct the		
proctors or security guards to		
escort the shareholder out from		
the Meeting.		
Article 18 (Recess and	Article 15	
<u>resumption</u> of Shareholder		
<u>Meeting)</u>		Amended Article 18 paragraph
The Chairperson may announce	The Chairperson may announce	1 part 1 from existing Article
a recess during the Meeting	a recess during the Meeting	15. Part 2 is newly added to
based on time considerations.	based on time considerations.	comply with the structure and
Upon force majeure events, the		framework of the template
Chairperson may suspend the		issued by the competent
Meeting temporarily and		authority.
announce the Meeting		
resuming time based on the		
<u>circumstances.</u>		Added Article 18 paragraphs 2
		and 3 to comply with the
When the Meeting venue is no		structure and framework of the
longer available for continued		template issued by the
use and not all agenda items		competent authority.

Proposed Amendments	Reference to Original Articles	Explanations
(including extemporary		
motions) have been addressed,		
the Shareholder Meeting may		
adopt a resolution to resume at		
another venue.		
A resolution may be adopted at		
the Shareholder Meeting to		
defer or resume the Meeting		
within five (5) days in		
accordance with Article 182 of		
the Company Act.		
	Article 19	Deleted the provisions of
	Any matters not stipulated in	existing Article 19 (as the
	the Rules shall conform to the	content being similar to the
	law and regulations and the	newly amended Article 2) to
	Company's Articles of	comply with the structure and
	Association.	framework of the template
		issued by the competent
		authority.
Article 19	Article 20	Amended Article 19 from
These Rules and subsequent	These Rules and subsequent	existing Article 20 to comply
<u>amendments</u> shall take effect	revisions shall take effect upon	with the structure and
upon approval by the	approval by the Shareholder	framework of the template
Shareholder Meeting.	Meeting.	issued by the competent
		authority.

Resolution:

Extempore Motions

Attachment

2019 Business Report

Dear Shareholdings,

In 2019, the Company's consolidated revenue was NT\$13,718,000,000, a decrease of 7.7% compared to the previous year; the profit attributable to owners of parent was about NT\$940,000,000 and the earnings per share was NT\$2.3.

In terms of research and development, the cost of research and development in 2019 was about NT\$474,000,000, a decrease of 1.31% compared to the previous year. With regard to the research and development, the Company has mainly focused on the expansion and development of small-machine-room and machine-room-less elevators, and the high-speed elevator whole unit testing, escalator/elevator system development and new control system development have all been completed. This year, the Company will continue to develop permanent magnet hosts designed for high-speed elevators, to develop the public transit electric walkway, to develop IoT, and to develop elevator intelligent function, etc.

As for the trend in 2019, due to the impact of the international economic and trade conflict, slow growth of global economy and the cyclical issue and structural contradiction at the internal market of China, the pressure of economic downturn continued to increase. Nevertheless, Yungtay China adjusted the business strategy and achieved remarkable outcome. In 2019, the Company received orders for 18,323 units of machines with a growth of 50%. Looking into the year of 2020, due to the outbreak of COVID-19 in a global scale, the market demand slows down significantly. Nonetheless, the Chinese government still emphasizes that they will not use the real estate as a short-term means to simulate the economy, and they will adhere to the principle of "no flipping properties"; therefore, it is expected that the continuous growth of the real estate market is expected to be limited. Yungtay China will adopt a proactive approach to face the market, and the sales target is set for 26,000 units with the expectation to gradually regain the market share lost previously. With regard to Yungtay Taiwan, the overall real estate market in 2019 indicated the trend of stable growth in both market price and quantity. Nevertheless, despite that both the total number of new projects and sales volume of constructors increased, the overall sales rate decreased such that the profit margins of constructors were limited and the overall transaction outcome performance was affected. This year, due to the impact of epidemic, all research institutes have downgraded the growth rate expectation value, and the real estate market is certainly to be affected. In view of the above, the annual sales quantity for this year is expected to be approximately 15,409 units.

We still keep on adhering to the business philosophy that Technology is NO.1, Quality is NO.1 and Service is NO.1, as well as devoting ourselves to the implementation of green energy technology for the purpose of creating a new generation of environmental protection. We also sustain to be on duty for the whole year to handle the condition of elevator all day long, provide the best repair and maintenance service with smart mobile device, strive to develop replacement market for old elevators and further maximize profits for all shareholders. Lastly, may I extend our most heartfelt thanks to each shareholder and may you continue to spur us on.

Wishing you all the best of health and success in your endeavors.

Chairman: Tso Ming Hsu



President : Shang Yu Tsai



Chief Accountant : Wei Chuan Wang



Audit Committee's Review Report

The Board of Directors has prepared the Company's 2019 Business Report, Financial Statements, and proposal for distribution of earnings. Jiang Sheng & Co., CPAs was retained to audit the Company's Financial Statements and has issued an audit report relating to the Financial Statements. The Business Report, Financial Statements, and earnings distribution proposal have been reviewed and determined to be correct and accurate by the Audit Committee members of the Company.

According to Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act, we hereby submit this report.

Sincerely,

2020 Annual Shareholders' Meeting

Yungtay Engineering Co., Ltd.

Chairman of the Audit Committee : Shih Yang Chen

B& G

April 28, 2020



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INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders Yungtay Engineering Co., Ltd.

Opinion

We have audited the accompanying parent company only financial statements of Yungtay Engineering Co., Ltd. (the "Company"), which comprise the parent company only balance sheets as of December 31, 2019, and 2018, and the parent company only statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the parent company only financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying parent company only financial statements present fairly, in all material respects, the parent company only financial position of the Company as of December 31, 2019 and 2018, and its parent company only financial performance and its parent company only cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants, Decree of Jin Guan Jheng Shen No.1090360805 promulgated from Financial Regulatory Commission on February 25, 2020 and auditing standards generally accepted in the Republic of China in 2019 and conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China in 2018. Our responsibilities under those standard are further described in the section Auditors' Responsibilities for the Audit of the Parent company only Financial Statements section of our report. We are independent of the Company in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audits evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



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Key Audit Matters

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

Recognition of sales

Please refer to Note 6(18) to the parent company only financial statements for the details of the information about the sale of goods associated with elevators and related maintenance, which accounts for 99.48% of the total operating revenue.

The main clients come from construction industry, which have already signed the contract with regard to the sales of elevator and maintenance. The timing for revenue recognition lies in the point when the elevator is installed completely and are examined and qualified by the competent authority, and the maintenance is recognized over time followed by the designated service time in accordance with the contract. Since the timing for revenue recognition and correct attribution of revenue is subject to the significant judgment and decision from the management, it has been identified a key audit matter. Please refer to Note 4(19) to the parent company only financial statements for the details of accounting policy about the recognition of sales. Our key audit procedures responded to the above area included: 1.obtained an understanding and evaluating of the implementation of internal controls over the recognition of sales revenue designed by the Company's management in order to evaluate the effectiveness of the related activity of internal control; 2.performed the cut-off tests to sales revenue, which is occurred in the specific period before and after the balance sheet date as well as reviewed the material contracts to verify the recognition of the sales of elevators, maintenance and related products and services to be in the right time and reasonable.

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

Management is responsible for the preparation and fair presentation of the parent company only financial statements in accordance with the Regulations Governing the



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

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

Those charged with governance (including members of audit committee) are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Parent company only Financial Statements

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

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

1. Identify and assess the risks of material misstatement of the parent company only financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.



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2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

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

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

We also provide those charged with governance with statements 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.



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

The engagement partners on the audit resulting in this independent auditors' report are Lin, Seng-Ping and Chen, Jen-Chi.

林昇平

(本作) 夏.





A member of Russell Bedford International Taipei, Taiwan (Republic of China) March 25, 2020

Notice to Readers

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

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

Yungtay Engineering Co., Ltd.

Parent Company Only Balance Sheets - Assets

December 31,2019 and 2018

(Amounts Expressed in Thousands of New Taiwan Dollars)

	4 4 4	Note	31-Dec-19	9	31-Dec-18	3
Code	Accounting Item	Note –	Amount	%	Amount	%
11xx	Current assets					
1100	Cash and cash equivalents	6(1) \$	1,240,832	9	991,955	7
1110	Financial assets at fair value through profit or loss -current	6(2)	791,342	5	522,920	4
1120	Financial assets at fair value through other comprehensive income-current	6(3)	84,110	1	86,156	1
1150	Notes receivable, net	6(4)	186,205	1	187,677	1
1170	Accounts receivable, net	6(4)	1,008,721	7	1,040,797	7
1200	Other receivables		759	-	598	-
130x	Inventories	6(5)	1,080,869	7	1,085,394	7
1410	Prepayments	6(6)	9,636	_	7,070	_
11xx	Total current assets	-	4,402,474	30	3,922,567	27
15xx	Non-current assets					
1517	Financial assets at fair value through other comprehensive income-non-current	6(3)	85,449	1	85,449	-
1550	Investments accounted for using equity method	6(8)	7,859,429	53	8,341,724	57
1600	Property, plant and equipment	6(9)	1,373,266	9	1,398,583	9
1755	Right-of-use assets	6(10)	14,580	-	-	-
1760	Investment property, net	6(11)	895,658	6	901,422	6
1780	Intangible assets	6(12)	2,953	-	7,233	-
1840	Deferred income tax assets	6(21)	155,554	1	184,117	1
1915	Prepayments for equipment	6(9)	1,249	-	4,449	-
1920	Refundable deposits	6(7)	73,865	***	67,336	••
1990	Advances to employees and official business		3,364	-	3,936	-
1990	Other non-current assets-others	_	5,520	_	5,520	
15xx	Total non-current assets	_	10,470,887	70	10,999,769	73
1xxx	Total assets	\$	14,873,361	100	14,922,336	100

(Notes attached are part of the parent company only financial statements)

Chairman: (sealed)



Manager: (sealed)





Yungtay Engineering Co., Ltd.

Parent Company Only Balance Sheets - Liabilities and Equity December 31, 2019 and 2018

(Amounts Expressed in Thousands of New Taiwan Dollars)

		NI-4-	31-Dec-19)	31-Dec-18	
Code	Accounting Item	Note -	Amount	%	Amount	%
21xx	Current liabilities					
2130	Contract liabilities	6(13) \$	1,962,403	13	1,808,022	12
2150	Notes payable		278,997	2	253,410	2
2170	Accounts payable		556,203	4	469,450	3
2200	Other payables	6(14)	230,900	1	218,929	1
2230	Current tax liabilities	6(21)	118,537	1	219,643	1
2280	Lease liabilities -current	6(15)	7,503	-	-	-
2313	Deferred revenue	6(18)	90,542	1	93,467	1
2335	Receipts under custody	_	1,780	_	1,470	-
	Total current liabilities	-	3,246,865	22	3,064,391	20
25xx	Non-current liabilities					
2570	Deferred income tax liabilities	6(21)	4,875	-	6,096	-
2580	Lease liabilities-non-current	6(15)	7,145	-	-	-
2630	Long-term deferred revenue	6(18)	42,879	-	37,117	-
2640	Net defined benefit liabilities-non-current	6(16)	330,698	2	513,522	3
2645	Guarantee deposits received	_	5,480	_	5,415	-
25xx	Total non-current liabilities		391,077	2	562,150	3
2xxx	Total liabilities	-	3,637,942	24	3,626,541	23
31xx	Equity					
3100	Capital stock	6(17)	4,108,200	28	4,108,200	28
3200	Capital surplus	6(17)	275,042	2	270,267	2
3300	Retained earnings	6(17)				
3310	Legal reserve		3,077,068	20	3,009,594	20
3320	Special reserve		923	-	-	-
3350	Unappropriated earnings		4,151,236	28	3,978,068	27
3400	Other equity					
3410	Exchange differences arising on translation of foreign operations		(284,952)	(2)	24,756	-
3420	Unrealized gain (loss) on financial assets at fair value through other comprehensive income		(22,687)	-	(25,679)	-
3500	Treasury stock		(69,411)		(69,411)	
3xxx	Total equity		11,235,419	76	11,295,795	77
3x2x	Total liabilities and equity	\$	14,873,361	100	14,922,336	100

(Notes attached are part of the parent company only financial statements)

Chairman: (sealed)



Manager: (sealed)





(Amounts Expressed in Thousands of New Talwan Dollars, Except for Earnings Per Share)

		Mata	2019		2018	
Code	Accounting Item	Note -	Amount	%	Amount	%
4000	Operating revenue	6(18) \$	5,942,257	100	5,940,272	100
5000	Operating costs	6(5)	(3,999,072)	(67)	(4,117,682)	(69)
5900	Gross profit from operations		1,943,185	33	1,822,590	31
5910	Unrealized profit from sales	_	(583)	-	(605)	-
5920	Realized profit from sales		605		705	-
5950	Gross profit from operations, net		1,943,207	33	1,822,690	31
6000	Operating expenses	_				
6100	Selling expenses		(61,947)	(1)	(63,618)	(1)
6200	Administrative expenses		(420,311)	(7)	(391,539)	(7)
6300	Research and development expenses	_	(167,282)	(3)	(164,508)	(3)
	Total operating expenses	_	(649,540)	(11)	(619,665)	(11)
6900	Net operating income	_	1,293,667	22	1,203,025	20
7000	Non-operating income and expenses	_				
7010	Other income	6(19)	35,946	-	17,640	-
7020	Other gains and losses	6(19)	7,801	-	4,797	-
7050	Finance costs	6(19)	(181)	-	(115)	-
7070	Share of (loss) profit of subsidiaries and associates accounted for using equity method	6(8)	(127,371)	(2)	(313,261)	(5)
	Non-operating income and expenses	_	(83,805)	(2)	(290,939)	(5)
7900	Income before income tax	-	1,209,862	20	912,086	15
7950	Income tax expenses					
7951	Current income tax expenses	6(21)	(253,918)	(4)	(273,275)	(5)
7952	Deferred income tax expenses	6(21)	(16,276)		35,936	1
8000	Current income from continuing operations		939,668	16	674,747	11
8100	Gains and losses from discontinuing operation, net	_			_	
8200	Net income for the year	_	939,668	16	674,747	11
8300	Other comprehensive income (loss), net	•				
8310	Items that will not be reclassified subsequently to profit of loss:					
8311	Remeasurement on defined benefit plans		55,331	-	(5,827)	-
8316	Unrealized profit or loss on investment in equity instruments at fair value through other comprehensive income		(2,046)	-	(9,801)	-
8331	Remeasurement on defined benefit plans of associates		(973)	-	(40)	-
8336	Unrealized profit or loss on investment in equity instruments at fair value through other comprehensive income of subsidiaries and associates		3,036	-	(909)	-
8349	Income tax (benefit) expense related to items that will not be reclassified		(10,983)	_	1,135	
	Total items not reclassified subsequently into gains and losses	•	44,365	-	(15,442)	
8360	Items that may be reclassified subsequently to profit or loss:	•				
8381	Exchange differences arising on translation of foreign operations of subsidiaries and associates		(309,708)	(5)	(130,720)	(2)
	Total items to be reclassified subsequently into gains and losses	•	(309,708)	(5)	(130,720)	(2)
8500	Total comprehensive income for the year	\$	674,325	11	528,585	9
	Earnings per share (unit: NT\$)	6(22)				
9750	Basic earnings per share (in NT dollar)	\$	2.30		1.65	

(Notes attached are part of the parent company only financial statements)





Unrealized gains (losses) on financial assets at fair value

Exchange differences

Other equity

ltem	Capital stock	Capital surplus	Legal reserve	Special reserve	Unappropriated earnings	arising on translation of foreign operations	through other comprehensive income	Treasury stock	Total equity
Restated balance as of January 1 2018	4 108 200	264.835	2.896.805		4,242,482	155,476	(14,969)	(69,411)	11,583,418
Nestated balance as of valuary 1, 2010	201.00								
Appropriation & distribution of earnings in 2017									
Legal reserve			112,789		(112,789)				1
Cash dividends					(821,640)				(821,640)
Adjustments of capital surplus due to cash dividends paid from parent to subsidiaries		4,259							4,259
Overdue dividends unclaimed		1,170							1,170
Share of changes in net assets of associales accounted for using equity method		п							е
Net income in 2018 (Note1)					674,747				674,747
Other comprehensive income (loss) in 2018					(4,732)	(130,720)	(10,710)		(146,162)
Total comprehensive income (loss) in 2018			•		670,015	(130,720)	(10,710)	•	528,585
Balance as of December 31, 2018	\$ 4,108,200	270,267	3,009,594		3,978,068	24,756	(25,679)	(69,411)	11,295,795
Balance as of January 1, 2019	\$ 4,108,200	270,267	3,009,594	•	3,978,068	24,756	(25,679)	(69,411)	11,295,795
Appropriation & distribution of earnings in 2018									
Legal reserve			67,474		(67,474)				
Special reserve				923	(923)				•
Cash dividends					(739,476)				(739,476)
Adjustments of capital surplus due to company's cash dividends paid to subsidiaries		3,834							3,834
Overdue dividends unclaimed		626							939
Share of changes in net assets of associates accounted for using equity method		2							2
Net income in 2019 (Note 2)					899'668				839,668
Other comprehensive income (loss) in 2019					43,375	(309,708)	066		(265,343)
Total comprehensive income (loss) in 2019	1	1	-	1	983,043	(309,708)	066	•	674,325
Adjustments to share of disposal and capital reduction of investments in equity instruments at fair value through other comprehensive income owned by associates	1	•	•	•	(2,002)	•	2,002	•	•
Balance as of December 31, 2019	\$ 4,108,200	275,042	3,077,068	923	4,151,236	(284,952)	(22,687)	(69,411)	11,235,419

Note 1: The employee's compensation and director's remuneration in 2018 are NT\$28,777 thousand and NT\$3,569 thousand, respectively, which have been deducted from the parent company only statement of comprehensive income. Note 2: The employee's compensation and director's remuneration in 2019 are NT\$44,978 thousand and NT\$4,998 thousand, respectively, which have been deducted from the parent company only statement of comprehensive income.

(Notes attached are part of the parent company only financial statements)









Yungtay Engineering Co., Ltd.

Parent Company Only Statements of Cash flows
For the years ended December 31, 2019 and 2018
(Amounts Expressed in Thousands of New Taiwan Dollars)

Code	Item		2019	2018
AAAA	Cash flows from operating activities:			
A10000	Income before income tax	\$	1,209,862	912,086
A20000	Adjustments:			
A20010	Adjustments to reconcile profit (loss)			
A20100	Depreciation expense		66,754	61,847
A20200	Amortization expense		4,723	4,341
A20300	Expected credit loss (gain)		-	(7,669)
A20400	(Gain) loss on financial assets at fair value through profit or loss		(3,413)	4,756
A20900	Interest expense		181	115
A21200	Interest income		(6,943)	(5,346)
A21300	Dividend income		(29,003)	(12,294)
A22400	Share of (profit) loss of subsidiaries and associates accounted for using equity method		127,371	313,261
A22500	(Gain) on disposal of property, plant and equipment, net		-	(654)
A22500	Loss on obsolescence of property, plant and equipment		1	1,705
A23800	(Gain) from price recovery of inventory decline		(1,927)	(17,388)
A24000	Realized profit from sales, net		(22)	(100)
A24100	Unrealized foreign exchange loss		33,144	31,095
A29900	Various expenses transferred from prepayment for equipment		1,257	-
A20010	Total adjustments to reconcile profit (loss)		192,123	373,669
A30000	Change in operating assets and liabilities			
A31000	Change in operating assets			
A31115	(Increase) decrease in financial assets mandatorily classified as at fair value through profit or loss		(265,009)	(316,474)
A31130	(Increase) decrease in notes receivable, net		1,472	17,572
A31150	(Increase) decrease in accounts receivable, net		32,076	2,027
A31180	(Increase) decrease in other receivables		(46)	2,759
A31200	(Increase) decrease in inventory		6,112	125,770
A31230	(Increase) decrease in prepayments		(2,566)	7,110
A31000	Total change in operating assets	_	(227,961)	(161,236)
A32000	Change in operating liabilities	_		
A32125	Increase (decrease) in contract liabilities		154,381	(109,771)
A32130	Increase (decrease) in notes payable		25,587	(33,183)
A32150	Increase (decrease) in accounts payable		86,753	22,378
A32180	Increase (decrease) in other payables		11,971	(8,532)
A32230	Increase (decrease) in other current liabilities		310	233
A32240	Increase (decrease) in defined benefit liabilities, net		(127,493)	(209,019)
A23990	Increase (decrease) in deferred revenue	_	2,837	8,173
A32000	Total change in operating liabilities	_	154,346	(329,721)
A30000	Total change in operating assets and liabilities	-	(73,615)	(490,957)
A20000	Total adjustments	-	118,508	(117,288)
				(Continued)

Yungtay Engineering Co., Ltd. Parent Company Only Statements of Cash flows For the years ended December 31, 2019 and 2018 (Amounts Expressed in Thousands of New Taiwan Dollars)

Code	ltem	2019	2018
A33000	Cash generated from operations	1,328,370	794,798
A33100	Interest received	6,828	5,313
A33200	Dividends received	80,223	317,786
A33300	Interest paid	(59)	(115)
A33500	Income tax paid	(355,024)	(55,879)
AAAA	Net cash generated by operating activities	1,060,338	1,061,903
BBBB	Cash flows from investing activities		
B00030	Proceeds from reduction in capital of financial assets at fair value through other comprehensive income	-	1,108
B02700	Acquisition of property, plant and equipment (Note 6(23))	(26,423)	(18,750)
B02800	Proceeds from disposal of property, plant and equipment	-	655
B04500	Acquisition of intangible assets	(443)	(3,768)
B03700	(Increase) in refundable deposits	(6,529)	(18,156)
B06800	Decrease in other non-current assets	572	1,177
B07100	(Increase) in prepayments on equipment	(991)	(4,449)
BBBB	Net cash used in investing activities	(33,814)	(42,183)
cccc	Cash flows from financing activities		
C03000	Increase in guarantee deposits received	65	138
C04020	Repayment of the principal portion of lease liabilities	(6,031)	-
C04500	Cash dividends	(739,476)	(821,640)
C09900	Other-overdue dividends unclaimed	939	1,170
CCCC	Net cash used in financing activities	(744,503)	(820,332)
DDDD	Impact of change in exchange rate on cash and cash equivalents	(33,144)	(31,095)
EEEE	Net increase in cash and cash equivalents	248,877	168,293
E00100	Cash and cash equivalents at the beginning of year	991,955	823,662
E00200	Cash and cash equivalents at the end of year \$	1,240,832	991,955

(Notes attached are part of the parent company only financial statements)

Chairman: (sealed)



Manager: (sealed)







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INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders Yungtay Engineering Co., Ltd.

Opinion

We have audited the accompanying consolidated financial statements of Yungtay Engineering Co., Ltd. and its subsidiaries (the "Group"), which comprise the consolidated balance sheets as of December 31, 2019, and 2018, and the consolidated statements of comprehensive income, cash flows for the years then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2019 and 2018, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants, Decree of Jin Guan Jheng Shen No.1090360805 promulgated from Financial Regulatory Commission on February 25, 2020 and auditing standards generally accepted in the Republic of China. Our responsibilities under those standard are further described in the section Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these



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requirements. We believe that the audits evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

Recognition of sales

Please refer to Note 6(21) to the consolidated financial statements for the details of the information about the sale of goods associated with elevators and related maintenance, which accounts for 93.39% of the total operating revenue.

The main clients come from construction industry, which have already signed the contract with regard to the sales of elevator and maintenance. The timing for revenue recognition lies in the point when the elevator is installed completely and are examined and qualified by the competent authority, and the maintenance is recognized over time followed by the designated service time in accordance with the contract. Since the timing for revenue recognition and correct attribution of revenue is subject to the significant judgment and decision from the management, it has been identified a key audit matter. Please refer to Note 4(20) to the consolidated financial statements for the details of accounting policy about the recognition of sales.

Our key audit procedures responded to the above area included: 1.obtained an understanding and evaluating of the implementation of internal controls over the recognition of sales revenue designed by the Company's management in order to evaluate the effectiveness of the related activity of internal control; 2.performed the cut-off tests to sales revenue, which is occurred in the specific period before and after the balance sheet date as well as reviewed the material contracts to verify the recognition of the sales of elevators, maintenance and related products and services to be in the right time and reasonable.



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Evaluation of inventories

The carrying amount of inventories was NT\$5,227,996 thousand, which accounted for 24% of the total assets in the consolidated balance sheet and could have a material impact on the consolidated financial statements. Inventories tended to be obsolete and caused damaged easily because of rapid development of technology in the production of elevator and uncertainty in the demand market. The estimate of net realizable value of inventories is subject to the management's subjective judgment. Consequently, the evaluation of inventories' measurement at the lower of cost or net realizable value, together with the provision of the allowance for the inventories decline loss, has been identified as a key audit matter.

Our key audit procedures performed in respect of the above area included: understood and tested the design and operating effectiveness of internal controls of inventories; obtained the evaluation data of net realizable value of inventories prepared by management; implemented the computation through the way of sampling to assure the correctness of the provision of the allowance for the inventories decline and verified and compared the contract price of recent actual sales to understood if there was any decline happened to the inventories. Moreover, observed year-end inventory physical count and executed sampling of inventory physical count to assess the adequacy of the methods used by management to identify and monitor if there was any obsolescent inventories.

Other Matter

We have also audited the parent company only financial statements of Yungtay Engineering Co., Ltd. as of and for the years ended December 31, 2019 and 2018 on which we have issued an unmodified opinion.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the IFRS, IAS, IFRIC, and



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SIC endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the 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, of has no realistic alternative but to do so.

Those charged with governance (including members of audit committee) are responsible for overseeing the Company's financial reporting process.

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

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

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

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as



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fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- 2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- 3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- 4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- 5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- 6. Obtain sufficient and appropriate audit evidence on the financial information of components constituting 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.



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

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

The engagement partners on the audit resulting in this independent auditors' report are Lin, Seng-Ping and Chen, Jen-Chi.



A member of Russell Bedford International Taipei, Taiwan (Republic of China) March 25, 2020

Notice to Readers

The accompanying consolidated financial statements are intended only to present the consolidated financial position, financial performance and cash flows in accordance with accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such consolidated financial statements are those generally accepted and applied in the Republic of China. For the convenience of readers, the independent auditors' report and the accompanying consolidated financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' report and consolidated financial statements shall prevail.

Yungtay Engineering Co., Ltd. and its Subsidiaries

Consolidated Balance Sheets - Assets
December 31, 2019 and 2018

(Amounts Expressed in Thousands of New Taiwan Dollars)

		N1 - 4 -	31-Dec-19		31-Dec-18	
Code	Accounting Item	Note	Amount	%	Amount	%
11xx	Current assets					
1100	Cash and cash equivalents	6(1) \$	3,903,861	18	3,875,535	18
1110	Financial assets at fair value through profit or loss -current	6(2)	791,342	4	529,668	2
1120	Financial assets at fair value through other comprehensive income-current	6(3)	84,110	**	86,156	-
1150	Notes receivable, net	6(4)	308,343	1	387,530	2
1170	Accounts receivable, net	6(4)	3,324,134	16	3,292,254	16
1200	Other receivables	6(6)	62,103	-	8,736	-
130x	Inventories	6(5)	5,227,996	24	5,233,556	24
1410	Prepayments	6(6)	246,130	1	64,509	-
1460	Non-current assets held for sale	6(7)	57,495	-	52,167	-
1478	Refundable deposits	6(8)	200,534	1	220,233	1
1470	Other current assets		4,445	-	91	-
1480	Incremental costs of obtaining contracts-current	6(6)	186,195	1	154,208	1
11xx	Total current assets		14,396,688	66	13,904,643	64
15xx	Non-current assets					
1517	Financial assets at fair value through other comprehensive income-non-current	6(3)	97,142	-	87,824	-
1550	Investments accounted for using equity method	6(9)	332,434	2	375,889	2
1600	Property, plant and equipment	6(10)	4,984,299	23	5,419,088	26
1755	Right-of-use assets	6(11)	251,704	1	-	-
1760	Investment property, net	6(12)	801,240	4	818,112	5
1780	Intangible assets	6(13)	38,324	-	52,622	-
1840	Deferred tax assets	6(24)	616,108	3	633,188	2
1915	Prepayments for equipment	6(10)	7,487	-	7,494	-
1920	Refundable deposits	6(8)	112,195	1	79,978	-
1940	Long-term notes receivable		17,221		22,029	
1985	Long-term prepaid rents	6(14)	-	-	234,033	1
1990	Advances to employees and official business		7,786	-	9,624	-
1990	Other non-current assets, others		5,520		5,520	-
15xx	Total non-current assets		7,271,460	34	7,745,401	36
1xxx	Total assets	\$	21,668,148	100	21,650,044	100

(Notes attached are part of the consolidated financial statements)

Chairman: (sealed)



Manager: (sealed)



Accounting Supervisor: (sealed)



Yungtay Engineering Co., Ltd. and its Subsidiaries

Consolidated Balance Sheets Liabilities and Equity

December 31, 2019 and 2018

(Amounts Expressed in Thousands of New Taiwan Dollars)

		NI . 4	31-Dec-19		31-Dec-18	
Code	Accounting Item	Note -	Amount	%	Amount	%
21xx	Current liabilities					
2120	Financial liabilities at fair value through profit or loss	6(2) \$	4,445	-	-	-
2130	Contract liabilities	6(15)	6,076,982	28	6,049,968	28
2150	Notes payable		310,154	1	332,280	2
2170	Accounts payable		1,928,420	9	1,699,789	8
2200	Other payables	6(16)	912,611	4	856,354	4
2230	Current tax liabilities	6(24)	133,816	1	233,190	1
2280	Lease liabilities -current	6(17)	18,056	-	-	-
2313	Deferred revenue	6(21)	209,403	1	269,051	1
2399	Lease liabilities-current	6(18)	20,444	-	-	-
2399	Other current liabilities-other		2,256		8,776	
21xx	Total current liabilities		9,616,587	44	9,449,408	44
25xx	Non-current liabilities					
2570	Deferred income tax liabilities	6(24)	4,875	-	6,096	-
2580	Lease liabilities-non-current	6(17)	18,815	-	-	-
2630	Long-term deferred revenue	6(21)	86,700	-	91,131	-
2640	Net defined benefit liabilities-non-current	6(19)	330,698	2	513,522	2
2645	Guarantee deposits received	6(18)	185,128	1	118,298	1
25xx	Total non-current liabilities	•	626,216	3	729,047	3
2xxx	Total liabilities	,	10,242,803	47	10,178,455	47
31xx	Total equity attributable to owners of parent					
3100	Capital stock	6(20)	4,108,200	19	4,108,200	19
3200	Capital surplus	6(20)	275,042	1	270,267	1
3300	Retained earnings	6(20)				
3310	Legal reserve		3,077,068	14	3,009,594	14
3320	Special reserve		923	-	-	-
3350	Unappropriated earnings		4,151,236	19	3,978,068	18
3400	Other equity					
3410	Exchange differences on translation of foreign operations		(284,952)	(1)	24,756	Pe
3420	Unrealized gain (loss) on financial assets at fair value through other comprehensive income		(22,687)	-	(25,679)	-
3500	Treasury stock		(69,411)	-	(69,411)	-
31xx	Equity attributable to owners of parent		11,235,419	52	11,295,795	52
36xx	Non-controlling interests		189,926	1	175,794	1
3xxx	Total equity		11,425,345	53	11,471,589	53
3x2x	Total liabilities and equity	\$	21,668,148	100	21,650,044	100

(Notes attached are part of the consolidated financial statements)





Yungtay Engineering Co., Ltd. and its Subsidiaries

Consolidated Statements of Comprehensive Income For the years ended December 31, 2019 and 2018

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

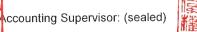
		** .	2019		2018	
Code	Accounting Item	Note -	Amount	%	Amount	%
4000	Operating revenue	6(21) \$	13,718,348	100	14,858,628	100
5000	Operating costs	6(5)	(10,450,970)	(76)	(11,422,890)	(77)
5950	Gross profit from operations		3,267,378	24	3,435,738	23
6000	Operating expenses					
6100	Selling expenses		(697,166)	(5)	(770,035)	(5)
6200	Administrative expenses		(1,246,131)	(9)	(1,221,885)	(8)
6300	Research and development expenses		(474,324)	(4)	(468,184)	(3)
	Total operating expenses		(2,417,621)	(18)	(2,460,104)	(16)
6900	Net operating income		849,757	6	975,634	7
7000	Non-operating income and expenses					
7010	Other income	6(22)	97,509	1	76,041	1
7020	Government grants	6(22)	12,972	-	11,891	-
7020	Other gains and losses	6(22)	300,777	2	(17,358)	-
7050	Finance costs	6(22)	(963)	-	(105)	-
7060	Share of (loss) profit of associates accounted for using equity method	6(9)	(14,895)	-	8,566	
	Total non-operating income and expenses	•	395,400	3	79,035	1
7900	Income before income tax	'	1,245,157	9	1,054,669	8
7950	Income tax expenses					
7951	Current income tax expenses	6(24)	(279,381)	(2)	(226,827)	(2)
7952	Deferred income tax expenses	6(24)	13,673	-	(96,099)	(1)
8000	Current income from continuing operations	, ,	979,449	7	731,743	5
8100	Gains and losses from discontinuing operation, net		_	-	-	-
8200	Net income for the year		979,449	7	731,743	5
8300	Other comprehensive income (loss), net					
8310	Items that will not be reclassified subsequently to profit of loss:					
8311	Remeasurement of defined benefit plans		55,331	-	(5,827)	_
8316	Unrealized profit or loss on investment in equity instruments at fair value through other comprehensive income		(2,015)	-	(9,801)	-
8321	Remeasurement of defined benefit plans of associates		(973)	-	(40)	-
8326	Unrealized profit or loss on investment in equity instruments at fair value through other comprehensive income of associates		3,005	-	(909)	-
8349	Income tax (benefit) expense related to items that will not be reclassified		(10,983)		1,135	
	Total items not reclassified subsequently into gains and losses		44,365	-	(15,442)	_
8360	Items that may be reclassified subsequently to profit or loss:					
8361	Exchange differences arising on translation of foreign operations		(303,556)	(2)	(126,295)	(1)
8370	Share of other comprehensive income (loss) of associates		(6,152)	-	(4,425)	-
	Total items to be reclassified subsequently into gains and losses		(309,708)	(2)	(130,720)	(1)
8500	Total comprehensive income for the year	\$	714,106	5	585,581	4
8600	Net income attributable to:					
8610	Owners of parent	\$	939,668	7	674,747	5
8620	Non-controlling interests		39,781	_	56,996	
		\$	979,449	7	731,743	5
8700	Comprehensive income attributable to:					
8710	Owners of parent	\$	674,325	5	528,585	4
8720	Non-controlling interests		39,781	_	56,996	
		\$	714,106	5	585,581	4
	Earnings per share (unit: NT\$)	6(25)				
9750	Basic earnings per share (in NT dollar)	\$	2.30		1.65	

(Notes attached are part of the consolidated financial statements)



Manager: (sealed)







Other equity

Equity attributable to owners of parent

Retained earnings

meri	Canita etock		Capital sumblis	Legal reserve	Special reserve	Unappropriated earnings	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) on financial assets at fair value through other comprehensive income	Treasury share	Total	Non-controlling interests	Total equity
Ralance as of January 1, 2018	\$ 4,1	500	264,835	2,896,805		4,242,482	155,476	(14,969)	(69,411)	11,583,418	181,518	11,764,936
Appropriation & distribution of eamings in 2017												
Legal reserve				112,789		(112,789)				,	•	•
Cash dividends						(821,640)				(821,640)		(821,640)
Adjustments of capital surplus due to cash dividends paid from parent to subsidiaries			4,259							4,259	,	4,259
Overdue dividends unclaimed			1,170							1,170	•	1,170
Share of changes in net assets of associates accounted for using equity method			ю							м		e
Net income in 2018						674,747				674,747	986'99	731,743
Other comprehensive income (loss) in 2018						(4,732)	(130,720)	(10,710)		(146,162)	,	(146,162)
Total comprehensive income (loss) in 2018					1	670,015	(130,720)	(10,710)	,	528,585	966'99	585,581
Non-controlling interests received cash dividends distributed by subsidiaries		,		,		•	1	•	•	,	(62,720)	(62,720)
Balance as of December 31, 2018	4	4,108,200	270,267	3,009,594	1	3,978,068	24,756	(25,679)	(69,411)	11,295,795	175,794	11,471,589
Balance as of January 1, 2019	\$ \$4,	\$4,108,200	270,267	3,009,594	•	3,978,068	24,756	(25,679)	(69,411)	11,295,795	175,794	11,471,589
Appropriation & distribution of earnings in 2018												
Legal reserve				67,474		(67,474)				•		
Special reserve					923	(923)				•		,
Cash dividends						(739,476)				(739,476)	•	(739,476)
Adjustments of capital surplus due to company's cash dividends paid to subsidiaries			3,834							3,834		3,834
Overdue dividends unclaimed			939							636	•	626
Share of changes in net assets of associates accounted for using equity method			2							2	•	2
Net income in 2019						939,668				939,668	39,781	979,449
Other comprehensive income (loss) in 2019						43,375	(309,708)	066		(265,343)	,	(265,343)
Total comprehensive income (loss) in 2019			,	,		983,043	(309,708)	066	,	674,325	39,781	714,106
Adjustments to share of disposal and capital reduction of investments in equity instruments at fair value through other comprehensive income owned by associates		'	,	ı	•	(2,002)	,	2,002	,	•	,	•
Non-controlling interests received cash dividends distributed by substitutions		1		•	•	ı	1	•	•	•	(25,649)	(25,649)

(Notes attached are part of the consolidated financial statements) Manager: (sealed)

Chairman: (sealed)



11,425,345

189,926

11,235,419

(69,411)

(22,687)

(284,952)

4,151,236

923

3,077,068

275,042

4,108,200

Balance as of December 31, 2019

Yengtay Engineering Co., Etd. and its Subsidiaries
Consolidated Statements of Cash flows For the years ended December 31, 2019 and 2018 (Amounts Expressed in Thousands of New Taiwan Dollars)

Code	Item		2019	2018
AAAA	Cash flows from operating activities:			
A10000	Income before income tax	\$	1,245,157	1,054,669
A20000	Adjustments:			
A20010	Adjustments to reconcile profit (loss)			
A20100	Depreciation expense		385,183	384,751
A20200	Amortization expense		13,104	13,909
A20300	Expected credit loss (gain)		-	(6,632)
A20400	(Gain) loss in financial asset at fair value through profit or loss		(3,421)	4,756
A20900	Interest expense		963	105
A29900	Expenses recognized from long-term prepaid rents		-	6,462
A21200	Interest income		(68,394)	(63,635)
A21300	Dividend income		(29,115)	(12,406)
A22300	Share of loss (profit) of associates accounted for using equity method		14,895	(8,566)
A22500	Loss (gain) on disposal of property, plant and equipment		(1,151)	(10,123)
A22500	Loss on obsolescence of property, plant and equipment		5,788	3,045
A22700	Loss on disposal of Investment property		(1,065)	467
A23000	(Gain) on disposal of noncurrent assets held for sale		(259,938)	-
A23700	Impairment loss on noncurrent assets held for sale		10,000	414
A23700	Impairment loss on goodwill		-	123,888
A23800	(Gain) from price recovery of inventory decline		(1,927)	(49,759)
A23800	(Gain) on reversal of impairment losses on investment property		-	(590)
A24100	Unrealized foreign exchange loss		31,581	29,705
A29900	Various expenses transferred from prepayment for equipment		1,257	
A20010	Total adjustments to reconcile profit (loss)		97,760	415,791
A30000	Change in operating assets and liabilities			
A31000	Change in operating assets			
A31115	(Increase) decrease in financial assets mandatorily classified		(265,001)	(316,474)
	as at fair value through profit or loss		(200,001)	(310,474)
A31130	(Increase) decrease in notes receivable, net		79,187	(97,831)
A31150	(Increase) decrease in accounts receivable, net		(31,880)	36,923
A31180	(Increase) decrease in other receivables		4,874	9,309
A31200	(Increase) decrease in inventory		5,540	1,351,531
A31230	(Increase) decrease in prepayments		(181,621)	119,427
A31240	(Increase) decrease in other current assets		77	246
A31270	(Increase) decrease in incremental costs of obtaining contracts-current		(31,987)	68,731
A31000	Total change in operating assets		(420,811)	1,171,862
A32000	Change in operating liabilities	_		
A32125	Increase (decrease) in contract liabilities		27,014	(1,388,330)
A32130	Increase (decrease) in notes payable		(22,126)	(23,131)
A32150	Increase (decrease) in accounts payable		228,631	(302,276)
A32180	Increase (decrease) in other payables		54,455	(136,240)
A32230	Increase (decrease) in other current liabilities		228	256
A32240	Increase (decrease) in defined benefit liabilities, net		(127,493)	(209,019)
A23990	Increase (decrease) in deferred revenue		(64,079)	(87,719)
A32000	Total change in operating liabilities	-	96,630	(2,146,459)
A30000	Total change in operating assets and liabilities	-	(324,181)	(974,597)
A20000	Total adjustments	-	(226,421)	(558,806)
_	•		*	

(Continued)

Yengtay Engineering Co., Ltd. and its Subsidiaries

Consolidated Statements of Cash flows
For the years ended December 31, 2019 and 2018
(Amounts Expressed in Thousands of New Taiwan Dollars)

Code	Item		2019	2018
A33000	Cash generated from operations		1,018,736	495,863
A33100	Interest received		65,426	65,335
A33200	Dividends received		53,640	20,703
A33300	Interest paid		(50)	(105)
A33500	Income tax paid	_	(378,698)	(60,096)
AAAA	Net cash generated by operating activities	_	759,054	521,700
BBBB	Cash flows from investing activities			
B00010	Acquision of financial assets at fair value through other comprehensive income		(9,625)	-
B00030	proceeds from reduction in capital of financial assets at fair value through other comprehensive income		337	1,108
B02600	Proceeds from disposal of noncurrent assets held for sale (Note 6(26))		231,933	-
B02700	Acquisition of property, plant and equipment (Note 6(26))		(111,084)	(71,837)
B02800	Proceeds from disposal of property, plant and equipment		1,913	56,873
B04500	Acquisition of intangible assets		(443)	(3,768)
B05500	Proceeds from disposal of investment property		8,868	8,021
B03700	(Increase) Decrease in refundable deposits		(12,518)	177,750
B06800	Decrease in other non-current assets		6,646	4,413
B07100	(Increase) in prepayments on equipment		(7,415)	(7,492)
BBBB	Net cash used in investing activities		108,612	165,068
cccc	Cash flows from financing activities			
C03000	Increase in guarantee deposits received		87,274	3,573
C04020	Repayment of the principal portion of lease liabilities		(15,576)	-
C04500	Cash dividends paid		(761,291)	(880,101)
C09900	Other-overdue dividends unclaimed		939	1,170
CCCC	Net cash used in financing activities		(688,654)	(875,358)
DDDD	Impact of change in exchange rate on cash and cash equivalents		(150,686)	(71,519)
EEEE	Net increase (decrease) in cash and cash equivalents		28,326	(260,109)
E00100	Cash and cash equivalents at the beginning of year		3,875,535	4,135,644
E00200	Cash and cash equivalents at the end of year	\$_	3,903,861	3,875,535

(Notes attached are part of the consolidated financial statements)

Chairman: (sealed)



Manager: (sealed)



Accounting Supervisor: (sealed)



Yungtay Engineering Co., Ltd. Shareholder Meeting Rules

Article 1 The Shareholder Meeting shall be conducted in accordance with these Rules.

Article 2 The Shareholder Meeting Notice shall clearly state the registration time, venue and other matters that requires attention of the shareholders.

The registration time of the preceding paragraph shall allow at least thirty (30) minutes before commencing the Meeting. The venue of registration shall be clearly marked and aided by adequate number of competent personnel.

Shareholders and their proxy's (collectively, "shareholder") shall join the Meeting by presenting attendance cards, sign-in cards, or other verification certificates. Proxys with their proxy forms should carry identification documents for verification.

The Company shall furnish an attendance log for shareholders to sign-in, or an attendance card may be used in lieu of sign-ins.

The attendance and voting at the Shareholder Meeting shall be calculated based on the number of shares in accordance with the signed attendance log or the attendance cards turned-in during registration, plus the number of shares with voting rights exercised in writing or electronically.

The Company shall provide the attending shareholders with a Meeting Agenda book, annual report, attendance card, speaker's slips, voting slips, and other various meeting materials. Pre-printed ballots shall be provided to shareholders upon Director or Supervisor elections.

Article 3 The BOD Chairman shall chair all Shareholder Meetings convened by the BOD. The Vice-Chairman shall chair the meetings when the Chairman has taken leave or when the Chairman is unable to exercise his/ her authorities. Upon situations where no Vice-Chairman was elected, or when the Vice-Chairman has also taken leave or is unable to exercise his/her authorities, the Chairman may delegate to one of the Managing Directors. Where no Managing Director is in place, The Chairman may delegate to one of the Directors. The Managing Directors or Directors may elect one among themselves to chair if the Chairman of the BOD fails to delegate.

The Director or Managing Director who chairs the Meeting as prescribed in the preceding paragraph, as a natural person or as a representative of the juristic person Director, shall have served for more than six (6) months at the Company and who understands the financial and operating conditions of the Company.

For Shareholder Meeting convened by a convening authority other than the BOD, the convener (or upon two or more conveners, one shall be elected among themselves) shall chair the meeting.

Article 4 The Chairperson shall call the Meeting to order at the scheduled time. Meeting may only be postponed, up to a maximum of two (2) times for an aggregate period of less than an hour, upon the number of shares represented by the shareholders present at the Meeting has not constituted the quorum (equivalent to the majority of the total number of issued shares).

A tentative resolution may be adopted pursuant to Article 175 Paragraph 1 of the Company Act when the Meeting has been adjourned by the Chairperson after two (2) postponements and the

number of shares represented by the shareholders present at the Meeting has constituted the quorum (equivalent to one third (1/3) of the total number of issued shares). When the attending shareholders represent a majority of the total number of issued shares prior to concluding the Meeting, a tentative resolution may be adopted by the Chairperson and submit for a vote pursuant to Article 174 of the Company Act.

Article 5 The BOD is responsible for compiling the agenda for the Shareholder Meeting convened by the BOD. The Meeting shall proceed in the order of scheduled agenda items and may not be altered without a resolution adopted at the Shareholder Meeting.

The preceding paragraph shall apply mutatis mutandis to the Shareholder Meeting convened by a convening authority other than the BOD.

Unless otherwise resolved at the Shareholder Meeting, the Chairperson may not adjourn the Meeting prior to concluding all scheduled agenda items set forth in the preceding two paragraphs (including extemporary motions).

The shareholders may not elect for a new Chairperson and continue the Meeting, at the same venue or other, once the Meeting has concluded. However, when the Chairperson adjourning the Meeting was in violation of these Rules, a majority votes from the attending shareholders may elect a new Chairperson to continue the Meeting as is.

- Article 6 (Deleted).
- Article 7 The Company may appoint designated attorneys, Certified Public Accountant (CPA) or other relevant persons to attend the Shareholder Meeting as observers.

 Personnel in charge of the affairs for the Shareholder Meeting shall wear an identification badge or armbands during the Meeting.
- Article 8 The Company shall audio and video record the entire processes of the shareholders registration, meeting, voting, and counting thereof.

The aforementioned recorded materials shall be retained for at least one (1) year. However, upon any litigation filed by a shareholder in accordance with Article 189 of the Company Act, the recorded material shall be retained until the end of the litigation.

To maintain the order of the Shareholder Meeting, no photography or videography is allowed, other than the mass media and conference personnel permitted by the Company, to the extent that the meeting progress and discussions are not affected, and shareholder's privacy is not infringed.

- Article 9 Any attending shareholders who wishes to speak shall complete a speaker's slip detailing the a) summary of speech, b) shareholder account number (or attendance card number) and c) account name. The Chairperson shall decide on the sequence of shareholders' speeches. The attending shareholder who submitted a speaker's slip without delivering an actual speech shall be deemed to have not spoken. Where the contents of a shareholder's speech differed from the speaker's slip, the contents of the actual speech shall prevail.
 - Unless otherwise permitted by the Chairperson and the speaking shareholder, no shareholder shall interrupt the speaking shareholder and the Chairperson shall refrain such violations.
- Article 10 Unless otherwise permitted by the Chairperson, a shareholder may not speak more than twice on the same motion and each speech shall not exceed five (5) minutes.

 The Chairperson shall refrain any shareholder who violates this Article or when the contents of the shareholder's speech surpassed the scope of the motion.
- Article 11 Any juristic person designated as proxy by the shareholder(s), may only appoint one

- representative to attend the Shareholder Meeting.
- When the juristic person shareholder appoints two (2) or more representatives to attend the Shareholder Meeting, only one (1) representative may speak for one (1) particular motion.
- **Article 12** The Chairperson may respond or designate others to respond to the speech delivered by the attending shareholder.
- Article 13 When the chairman considers that the discussion for a motion has reached the extent for making a resolution, he may announce discontinuance of the discussion and submit the motion for resolution.
- Article 14 The Chairperson shall designate monitors and tellers of the votes, where the vote monitors shall also be shareholders of the Company.

The counting of the votes or ballots shall be conducted publicly at the Meeting venue. The result of votes or ballots shall be announced at the meeting and documented in detail (including the statistical tallies of the numbers of votes).

Any election of Directors at the Shareholder Meeting shall be conducted in accordance with the relevant regulations stipulated by the Company. The result of ballots (including the list of elected Directors and the related statistical tallies) shall be announced at the Meeting. The aforementioned ballots shall be signed or sealed by the monitors and safely retained for at least one (1) year. However, upon any litigation filed by a shareholder in accordance with Article 189 of the Company Act, the ballots shall be retained until the end of the litigation.

- **Article 15** The Chairperson may announce a recess during the Meeting based on time considerations.
- Article 16 Unless otherwise prescribed by the Company Act or the Company's Article of Association, resolutions shall be adopted with a majority of affirmative votes represented by the attending shareholders.
- Article 17 Where amendments or alternatives were proposed for the original motion, the chairperson shall decide the sequence of voting for such motion. Once any version of the aforementioned motion was adopted, other versions shall be deemed vetoed and no further voting shall proceed.
- Article 18 The Chairperson may administer proctors (or security guards) to maintain order at the meeting venue and who shall wear an armband marked with "Proctor."
- Article 19 Any matters not stipulated in the Rules shall conform to the law and regulations and the Company's Articles of Association.
- Article 20 These Rules and subsequent revisions shall take effect upon approval by the Shareholder Meeting.

Yungtay Engineering Co., Ltd. Articles of Incorporation

Chapter 1 General Provisions

Article 1: The Company, organized under the Company Act as a Company limited by shares, and shall be named Yungtay Engineering Co., Ltd. (hereinafter, "the Company").

Article 2: The Company's scope of business is as follows:

- 1. CB01010 Machinery and Equipment Manufacturing
- 2. F113010 Wholesale of Machinery
- 3. E603020 Elevator Construction
- 4. E604010 Machinery Installation Construction
- 5. F401010 International Trade
- 6. E599010 Pipe Lines Construction
- 7. E605010 Computing Equipment Installation Construction
- 8. E603040 Fire Fighting Equipment Construction
- 9. E603090 Illumination Equipment Construction
- 10. E603050 Cybernation Equipment Construction
- 11. H701010 Residence and Buildings Lease Construction and Development
- 12. F112040 Wholesale of Petrochemical Fuel Products
- 13. F113020 Wholesale of Household Appliance
- 14. F113030 Wholesale of Precision Instruments
- 15. F113050 Wholesale of Computing and Business Machinery Equipment
- 16. JE01010 Rental and Leasing Business
- 17. IF01010 Traditional Physical Management
- 18. IB01010 Buildings Public Security Check
- 19. G202010 Parking Garage Business
- 20. J101010 Buildings Cleaning Service
- 21. CB01030 Pollution Controlling Equipment Manufacturing
- 22. CC01010 Electric Power Supply, Electric Transmission and Power Distribution Machinery Manufacturing
- 23. CC01080 Electronic Parts and Components Manufacturing
- 24. CB01990 Other Machinery Manufacturing Not Elsewhere Classified
- 25. E701010 Telecommunications Construction
- 26. I301010 Software Design Services
- 27. I301020 Data Processing Services
- 28. I301030 Digital Information Supply Services
- 29. CA02010 Metal Architectural Components Manufacturing
- 30. H703100 Real Estate Rental and Leasing
- **Article 2-1:** The Company can invest other companies and become their shareholders. The amount of investment is not limited by the percentage of paid-up share capital.

- Article 3: The Company is headquartered in Taipei City, Taiwan and when necessary may establish branches at home and abroad according to resolutions by the board of directors.
- Article 4: Any and all public announcements to be made by the Company shall be published in a conspicuous place on a daily newspaper circulating in the municipality or county (city) wherein the company is located, or uploaded to Market Observation Post System, or through other common ways.

Chapter 2 Shares

- Article 5: The authorized capital of the Company is NT\$4.6 billion, consisting of 460 million shares, all of common stock, with a par value of NT\$10 per share. The Board of Directors is authorized to issue the shares in separate installments as required.
- Article 6: The share certificates of the Company shall without exception be in registered form, signed by, or affixed with the seals of five directors, and stamped and authenticated by the competent governmental authority upon issuance. Shares issued by the Company and registered with centralized securities depository enterprises need not be in certificate form.
- Article 7: Shareholders or representatives shall fill in signature cards and send to the Company for record. The procedures apply to any change. Acquisition of shares or dividends, contacts in writing, and exercise of all rights shall be made with signature.
- Article 8: If a shareholder's seal is lost, damaged, or replaced, the shareholder shall fill in the application form for seal change or loss, stating the share number, and shareholdings and submit the application form, new seal, ID card, and shares to the Company for the registration of new seal. If the shareholder entrusts a representative to register the new seal, the representative shall submit the shareholder's ID card or the seal certificate issued by the household registration office, the power of attorney, and the representative's ID card to the Company for the registration of new seal.
- Article 9: If intending to transfer shares, shareholders shall fill in the application form for share transfer and have the assignors and assignees sign and submit the application form and shares to the Company for share transfer. After being registered in the shareholders register, they shall be the shareholders of the Company. If the procedures mentioned above are not performed, the original shareholders remain unchanged. Successors shall provide the valid proof documents to apply for the change in the title.
- Article 10: In case of share loss or damage, shareholders shall inform the Company in writing and receive new shares in accordance with Company Act and related laws and regulations.
- **Article 11:** If shares are defaced or reissued in accordance with the provisions of the preceding two articles, a fee will be charged by the Company.
- Article 12: All entries in the shareholders register due to share transfers shall be suspended for 60 days prior to an ordinary shareholders meeting, or for 30 days prior to an extraordinary shareholders meeting, or for 5 days prior to the record date fixed for distributing dividends, bonus, or any other benefit.

Chapter 3 Shareholders' Meeting

- Article 13: Shareholders' meetings of the Company are of two kinds: regular shareholders meetings and extraordinary shareholders meetings. The regular shareholders' meeting is called once per year within six months of the close of the fiscal year. Extraordinary shareholders meetings may be called in accordance with applicable laws and regulations whenever necessary.
- Article 14: The convener of the shareholders' meeting shall inform shareholders of time, venue, and subject of the meeting or extraordinary meeting 30 days or 15 days prior to the meeting or extraordinary meeting respectively.
- Article 15: For any shareholders' meeting, a shareholder may appoint a proxy to attend the meeting by using the proxy form issued by the Company and specifying the scope of proxy. A proxy shall act on behalf of the shareholder in accordance with Regulations Governing the Use of Proxies for Attendance at Shareholder Meetings of Public Companies and related laws and regulations.
- Article 16: The chairman of the Board of Directors presides as the chair of the Shareholders' meeting. In the event that the chairman is on a leave of absence, or is unable to exercise his powers and authorities, the vice chairman of the Directors shall act in lieu of the chairman. If the vice chairman of the Directors is also on a leave of absence, or cannot exercise his powers and authorities, the chairman shall designate a director to chair such general meeting. If the chairman does not designate a proxy, the Directors shall select one from among themselves to act as the chair. If a general shareholders' meeting is called by any person(s) other than the Directors, the person(s) who has called the meeting shall preside as the chair of such general meeting; and if there is more than one person who called a general meeting, such persons shall elect one from among themselves to act as the chair of such general meeting.
- Article 17: Unless otherwise provided by applicable law or regulation, a resolution of the shareholders' meeting shall be adopted by the consent of a majority of the votes represented by those in attendance at the meeting, in person or by proxy, by shareholders who represent a majority of the total issued shares.
- **Article 18:** Each shareholder of the Company is entitled to one vote per share, unless otherwise provided in Article 179 of Company Act.
- Article 19: The resolutions of the shareholders meeting shall be recorded in the minutes stating the time, venue, and chairman's name, and such minutes shall be signed by or sealed with the stamp of the chairman of the meeting and distributed to all shareholders within 20 days. The making and distribution of such minutes may be made in electronic form. The distribution of such minutes mentioned in the preceding paragraph may include the announcement on the market observation post system.

Chapter 4 Directors and Board of Directors

Article 20: The Company shall have 7 to 15 directors, and adopt a candidates nomination system for election of the directors. The directors shall be elected from among the

nominees listed in the roster of director candidates by the shareholders. The term of office shall be three years, and they may continue in office if re-elected. The aggregate shareholding percentages of the entire bodies of directors shall comply with the regulations prescribed by the securities supervisory authorities.

The Company's independent directors shall be 2 to 4 in number and shall not less than one-fifth of directors seats, and the method of nomination and election together with other matters for compliance with respect to independent directors shall be prescribed by the Company Act and the security competent authority. The Board of Directors shall set up an audit committee, which consists of all

independent directors, and its powers and related matters shall be stipulated by the Securities and Exchange Act and other applicable laws.

- Article 21: The Board of Directors is composed of directors from which a chairman shall be selected by a majority vote at a meeting attended by over two-thirds of the directors, and a vice chairman may also be elected in the same manner. The chairman shall externally represent the Company.
- Article 22: Meetings of the Board of Directors shall be called once per quarter; though in emergency situations, a meeting may be called whenever necessary. Except for the first meeting of the Board of Directors of every new term, all other meetings of the Board of Directors shall be convened and presided by the chairman of the Board of Directors. If the chairman of the board is on leave or cannot perform his duties for some reason, the vice chairman of the Directors shall act in lieu of the chairman. If the vice chairman of the Directors is also on a leave of absence, or cannot exercise his powers and authorities, the chairman of the Board of Directors shall designate one director. If the chairman of the Board of Directors does not designate one proxy, the chairman shall be elected from among the directors present.
- Article 23: Unless otherwise provided for by applicable law or regulation, a resolution of the Board of Directors shall be adopted by the consent of a majority of the votes represented by those the majority in attendance at the board of directors meeting. The resolutions of the meetings of the Board of Directors shall be recorded in the minutes, and such minutes shall be signed by or sealed with the stamp of the chairman of the meeting.
- Article 24: If there exists a shortfall of one-third of directors, the Board of Directors shall convene a shareholders' meeting for the by election of absent directors. The term of newly elected directors shall continue for the original term of the directors replaced.
- Article 25: A directors may authorize a director to attend the meeting of the Board of Directors on behalf of them with the power of attorney stating the scope of authorization.

Chapter 5 Managers

Article 26: The Company may appoint managers, including one Chief Executive Officer, whose commissioning, decommissioning and pay rate shall be decided by a resolution to be adopted by a majority vote of the directors at a meeting of the Board of Directors attended by at least a majority of the entire directors of the Company.

Chapter 6 Finance

- **Article 27:** The fiscal year of the Company is fixed from January 1 to December 31.
- Article 28: After the close of each year, the following reports shall be prepared by the Board of Directors and submitted to the general shareholders' meeting for ratification in accordance with regulations:
 - (1) Business Report
 - (2) Financial Statements
 - (3) Proposal Concerning Appropriation of Net Profits or Recovering of Losses
- Article 29: If the Company makes profits in a fiscal year, it shall appropriate at least 1% as the remuneration of employees by share or cash, determined by the Board of Directors; the Company may request Remuneration Committee to submit the proposal for up to 1% of the earnings mentioned above as the remuneration of directors to the Board of Directors for resolution. The distribution of remuneration of employees and directors shall be reported in the Shareholders' Meeting.

However, the distribution of remuneration of employees and directors based on the ratio mentioned in the preceding paragraph shall be made after deducting the reserve for offsetting the accumulated losses, if any.

- **Article 29-1:** If the Company makes profits in a fiscal year, such profits shall be used to offset the losses and pay the taxes in accordance with applicable laws; then, 10% of the remaining earnings shall be held as the legal reserve, followed by the special reserve and dividends. The rest of such profits shall be appropriated in accordance with the following procedures:
 - (1) Shareholders' bonuses.
 - (2) Retained earnings.

The distribution ratio mentioned in the preceding paragraph shall be determined by the Board of Directors and then adopted in the General Shareholders' Meeting.

- Article 29-2: The dividends and bonuses shall be distributed by the Company from 50% of net profit after tax for the period. Among the dividends and bonuses, cash dividends shall account for 50% or more in response to the mature market development of major products and operations of the Company the abovementioned distribution ratio may be adjusted subject to actual demands for business development or investments.
- **Article 30:** The remuneration of directors and employees shall be paid regardless of profits or losses.
- **Article 30-1:** The Board of Directors is authorized to reach an agreement that the remuneration of directors (including the chairman) shall refer the recommendation of Remuneration Committee and the normal standards in the same industry.

Chapter 7 Supplementary Provisions

- Article 31: Any matters not sufficiently provided for in these Articles of Association shall be handled in accordance with the Company Act and other applicable laws or regulations.
- Article 32: The amendments to Articles of Association shall be approved by a majority of shareholders in attendance at a meeting attended by shareholders accounting for at least two-thirds of total shares. If the shareholding mentioned in the preceding

paragraph is short, the amendments to Articles of Association shall be approved by at least two-thirds of shareholders having votes in attendance at a meeting attended by shareholders accounting for a majority of total shares issued.

Article 33: The Company may provide endorsements and guarantees and act as a guarantor.

Article 34: These Articles of Incorporation were enacted on June 16, 1966(The previous amendments omitted) The 46th amendment is made on June 18, 2019.

Yungtay Engineering Co., Ltd. Status of Shareholdings of Directors

Paid-up Capital: 410,820,000 Ex-dividend Date : April 20, 2020

Title	Name	Shares held in share register
Chairman	Tso Ming Hsu	2,159,888
Director	Hitachi, Ltd. Representative: Makoto Nagashima	31,817,168
Director	Fong Chieh Tsa	94,232
Director	Chao Ching Hsu	0
Independent Director	Fu Hsiung Huang	0
Independent Director	Shih Yang Chen	0
Independent Director	Li Hsiu Chen	0
Total shares held by all dire	ctors	34,071,288
Statutory minimum shares	held by all directors	16,000,000

Imputed Earnings per Share in 2019 after distribution of remuneration of employees and directors and supervisors

Not applicable (Since January 1, 2008, the remuneration of employees and directors and supervisors is recognized as expenses for the period).

The Impact of Stock Dividend Issuance on Business Performance and Earning per Share (EPS)

Not applicable (no proposal for stock dividend issuance is proposed in the General Shareholders' Meeting).