

股票代號：5478



智冠科技股份有限公司

SOFT-WORLD INTERNATIONAL CORPORATION

109年股東常會

Handbook for the 2020 Annual Meeting of Shareholders

議事手冊

- 日期：中華民國109年6月18日
- 地點：高雄國賓大飯店樓外樓  
(高雄市民生二路202號20樓)



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# **One. Meeting Procedures**

## **Soft-World International Corporation 2020 Annual General Meeting Procedures**

- I. Call the Meeting to Order**
- II. Chairperson Remarks**
- III. Company Reports**
- IV. Proposals**
- V. Discussion**
- VI. Extempore and Motions**
- VII. Adjournment**

## **Two. Meeting Agenda**

### **Soft-World International Corporation**

#### **The 2020 Annual Meeting of Shareholders Agenda**

Time: 9:30 a.m. Thursday, June 18, 2020

Location: Kaohsiung Ambassador Hotel Building (20F, No. 202, Minsheng 2<sup>nd</sup> Road, Kaohsiung City)

I. Call the Meeting to Order

II. Chairperson Remarks

III. Company Reports

(1) The 2019 Business Report.

(2) Supervisors' Review Report on 2019 Financial Statements

(3) 2019 Director Supervisor and Employee Recompense Distribution Report

(4) Amendments to Corporate Governance Best Practice Principles.

(5) Amendments to Ethical Corporate Management Best Practice Principles

(6) Amendments to Corporate Social Responsibility Best Practice Principles

(7) The Company's share re-purchase report

IV. Proposals

(1) 2019 Financial Statements.

(2) The Company's 2019 Earnings Distribution.

V. Discussion

(1) Amendments to Rules of Procedure for Shareholders Meetings.

(2) Amendments to Regulations for Directorial and Supervisorial Elections.

VI. Extempore and Motions

VII. Adjournment

## Three. Report Items

### I. The 2019 Business Report

#### Soft-World International Corporation The 2019 Business Report

In response to rapidly changing markets and industrial challenges, Soft-World has continued to evolve services and user base over the years. In addition to focusing on the game industry, we also expanded the Internet service aggressively, including digital marketing and Fintech. Therefore, we have upgraded our market positioning of the gaming company to an all-round internet service corporate group, and expected to adopt a forward-looking business plan to achieve the goal of synergy and sustainable operation. For the 2019 fiscal year, Soft-World's consolidated revenue reached NT\$5.829 billion. The overall increased profitability is mainly benefited from the business adjustment and operating growth of subsidiaries. The consolidated net income after taxes attributable to shareholders is NT\$611 million, a year-on-year increase of 32.35% for an EPS of NT\$5.00.

#### **Comprehensive deployment of the industrial value chain – strengthening by ongoing R&D and agency products**

Soft-World's game distribution business has been growing steadily throughout 2019. In order to expand the company's capabilities and influence, we mainly not only operate "MyCard", the prepaid system for purchasing game credits and digital products, but also provide integrated marketing services, including exclusive dominated channels (e-PLAY), MyCard Bonus APP, interactive audio-video advertising platform, design and planning of exhibitions and events, and multimedia channel of games. Hence, Soft-World offers partners worldwide with the comprehensive resources required for game publication and boosts the operating performance in Taiwan, Hong Kong and Macao markets.

The Company's research and development subsidiary, Chinese Gamer International Corp., has focused on reproducing its classic online games to mobile games since 2018. *TS M* has successfully been so popular that it was also distributed to Southeast Asia in last year. To be more specific, it was launched in Thailand in May and Vietnam in November to expand services for players overseas, and *TS M* reached the achievement of top-grossing games on Google Play and App Store, in both countries. Additionally, the Chinese and English versions of *Love Box M* launched in May 2019 also attract previous players to renew their past gaming experience. Moreover, the incoming masterpiece of mobile game this year, *Huang Yi M*, incorporates Master Huang Yi's strong intellectual property from his series of literature into the game to recreate the core gameplay of the previous version, *Huang Yi Online*. In order to bring the fully upgraded martial experience for players, we have re-made the art design of the game to incorporate the innovative elements of mobile games. Looking forward to the future, Chinese Gamer will take its advantages of developing large-scale MMORPG so that it can launch the reproduction of intellectual properties from online games to mobile games step by step and bring out products meeting the expectations of players more.

The Company's game agency subsidiary, Game Flier International Corp., imported HTML5 cross-platform games in 2019 for the first time. *Girls & Creatures* and *Eternal Scarlet* were launched in July and December respectively. Both of them successfully satisfied various players by Japanese style idle gameplay and achieved outstanding results. Besides, another two major games also reached great achievement after entering the market in February this year. On one hand, *The Legend of Three Kingdoms M*, a MMORPG national war mobile game

released jointly with UserJoy Technology Co., Ltd., achieved the best-selling in domestic mobile game ranking on Google Play and App Store because it completely remained the classic gameplay of *The Legend of Three Kingdoms Online* and adopted its accumulated user base for the past 15 years. On the other hand, *GuJian Online*, another popular game in martial field, relied on its well-known intellectual property, rich game content and exquisite art presentation to catch the eyes of heavy core players, and has successfully explored the online game market.

Game First International Corp. has maintained a good partnership with Blizzard Entertainment in terms of distribution. In recent years, the company has also transformed itself into providing 24-hour game customer services and been recognized by many well-known domestic and international mobile game companies. In terms of social media, e-sports and game marketing, Game First executed the localized marketing for two Korean mobile games in 2019, and held several popular game contests, such as *Identity V*, *PUBG* and *Overwatch*, to expanding dimensions to its operation.

Zealot Digital International Corp. and Soft-World Music Production Center have developed the business of game art and music multimedia production, and accelerated the production capacity through optimizing management and production process. In addition, Soft-World has rich intellectual property resources and continues to expand crossover applications in games, comics and animations, films and branded merchandise.

### **Implement data science and AI analytics to strengthen digital advertising technology**

Both of subsidiary, EFUN International Corp. and Re:Ad Media Corp., focus on the development of online advertising marketing, introducing new media technology and expanding services. They have obtained the distribution rights of advertising from various international media platforms, such as Google, Facebook, YouTube, Yahoo, LINE, Apple Search Ads and TikTok. Specifically, the companies specialize in digital advertising and strategic planning of comprehensive media marketing. Among the domestic online advertising service providers, Efun and Re:Ad Media cover the widest range of industries, and being the leading brands in the gaming and entertainment categories. They have successfully created the best advertising and marketing benefits for hundreds of companies. Moreover, Efun has begun to develop data science actively and integrate AI analytics and big data in 2019 in order to grasp various marketing indicators precisely and understand market trends quickly. By this way, the company creates more possibilities for advertising operations so that it has won recognition of “Google Premier Partner Awards 2019 – App Excellence award”. Efun will continue to improve its digital advertising technology to expand the market scale of digital advertisement.

### **Expand offline payment to fully promote the payment integration in brick-and-mortar stores**

Neweb Technologies Co., Ltd. has been committed in the infrastructure construction of payment for many years. After the strategic expansion through merger and acquisition, it has successfully achieved the leading position in the market of third-party payment. The volume of online transactions through third-party payment has grown steadily in 2019. Neweb also continues to develop some integrated and value-added applications, such as electronic receipts and invoices, to serve merchants in various fields. At the same time, it also actively arranges the offline payment field by introducing an integrated payment system accepting credit cards, electronic stored value card, mobile scan payment, Alipay and WeChat Pay. The integrated payment system enables third-party payment and cross-border payment to develop from

online malls and platform operators to the offline markets, and the services can meet the huge demand of mobile payment and diverse methods of collection for brick-and-mortar stores. Neweb will keep striving for both third-party payment and electronic payment fields and committing to the vertical and horizontal integration of financial services. The operating strategy in four areas, payment, financing, value-added service and integration, will enable the company to realize its vision of diverse and open financing internet and build a comprehensive mobile payment ecosystem.

Thanks to all employees' countless effort and full support from our shareholders, directors, and supervisors, the business result of 2019 is as follow:

(1) 2019 Business Plan Result

The 2019 final account book was audited by Deloitte Taiwan. In 2019, the net consolidated revenue was NT\$5,828,654 thousand; the net consolidated profit after tax attributed to owners of this parent was NT\$611 million; and the EPS was NT\$5.00.

(2) Budget execution in 2019

We did not disclose any financial forecast for 2019, and there is thus no budget performance.

(3) Financial income and expenditure, and profitability analysis in 2019

1. Financial Revenue and Expenditure

Unit: NTD thousands

Item	2019	2018	Increase (decrease) in amount	increase / decrease %
Operating revenue	5,828,654	5,552,667	275,987	4.97
Gross profit	3,181,095	3,101,350	79,745	2.57
Operating expenses	2,423,567	2,515,524	(91,957)	(3.66)
Net income	757,528	585,826	171,702	29.31
Net profit before taxation	832,722	652,880	179,842	27.55
Net income in current year	665,943	472,019	193,924	41.08
Net profit attributable to the Company	610,580	461,322	149,258	32.35
Net gain attributable to non- controlling interest	55,363	10,697	44,666	417.56

2. Profitability analysis

Item		2019	2018
Return on assets %		5.31	4.00
Return on shareholders' equity (%)		9.61	7.17
As a percentage of paid up capital (%)	Net income	59.43	45.96
	Net profit before taxation	65.32	51.22
Net profit margin (%)		11.43	8.50
After tax EPS (NT\$) (Note)		5.00	3.70

#### (4) Research and development

As a game development specialist, we mass produce games we develop and actively engage in the production of music and sound effects for games. In 2019, the consolidated R&D expenses were NT\$417,410 thousand.

We wish you all shareholders,

Health and prosperity in the future.

Chairman: WANG, CHUN-PO

Manager: WANG, CHUN-PO

Accounting Supervisor: HUANG YA-CHUAN



## 2. Supervisors' Review Report on 2019 Financial Statements

### Soft-World International Corporation Supervisors' Review Report

The 2019 individual financial statements and consolidated financial statements made by the BOD have been audited by Deloitte Taiwan. The audit report issued by Deloitte Taiwan and the business report and earnings distribution proposal have been submitted to the supervisor for audit. As there was no nonconformance found against Article 219 of the Company Act, the report is presented as above.

Please review the information.

To:  
2020 Annual General Meeting

Supervisor: CHIEN, CHIN-CHENG

Supervisor: CHANG, HUNG-YUAN

March 25, 2020

## Soft-World International Corporation Supervisors' Review Report

The 2019 individual financial statements and consolidated financial statements made by the BOD have been audited by Deloitte Taiwan. The audit report issued by Deloitte Taiwan and the business report and earnings distribution proposal have been submitted to the supervisor for audit. As there was no nonconformance found against Article 219 of the Company Act, the report is presented as above.

Please review the information.

To:  
2020 Annual General Meeting

Supervisor: CHIEN, CHIN-CHENG

Supervisor: CHANG, HUNG-YUAN

March 25, 2020

### III. 2019 Director Supervisor and Employee Recompense Distribution Report

- (I) By Company Rules Article 22, shall allocate no less than 2% for employee recompense and no more than 2% for Directors and Supervisors.
- (II) NT\$7,955,590 is allocated to Directors and Supervisors while NT\$39,778,000 is allocated to employees. All aforementioned payment is by cash.
- (III) Employee recompense is limited to full-time employees in the corporation and subsidiaries. The amount will be based on length of service, job grade, performance, overall contribution or special achievement, confirmation of employee qualification and so on. The Chairman is fully authorized for this act.

### IV. Amendments to Corporate Governance Best Practice Principles.

- (I) According to the requirements of FSC. Document No. 1080341134 dated February 12, 2020, it is proposed to amend some provisions of the “Corporate Governance Best Practice Principles.”
- (II) Please refer to page 13 to 15 of Attachment 1 of this Handbook for the amendments to the aforementioned “Corporate Governance Best Practice Principles” before and after.

### V. Amendments to Ethical Corporate Management Best Practice Principles

- (I) According to the requirements of FSC. Document No. 1080307434 dated May 16, 2019, it is proposed to amend some provisions of the “Ethical Corporate Management Best Principles.”
- (II) Please refer to page 16 to 17 of Attachment 2 of this Handbook for the amendments to the aforementioned “Ethical Corporate Management Best Principles” before and after.

### VI. Amendments to Corporate Social Responsibility Best Practice Principles

- (I) According to the requirements of FSC. Document No. 1080341134 dated February 12, 2020, it is proposed to amend some provisions of the “Corporate Social Responsibility Best Practice Principles.”
- (II) Please refer to page 18 of Attachment 3 of this Handbook for the amendments to the aforementioned “Corporate Social Responsibility Best Practice Principles” before and after.



## VII. The Company's share repurchase report

- (I) Please refer to page 19 to 20 of Attachment 4 of this Handbook regarding the “Regulations Governing Share Repurchase and Transfer of Treasury Stock to Employees” by the Company for the 9<sup>th</sup> time.
- (II) Explanation: For the relevant information and implementation status of the Company's share re-purchase as of May 25, 2020, please refer to the list below:

Re-purchase term	9 <sup>th</sup>
Purpose of re-purchase	Stock transfer to employees
Re-purchase period	March 26, 2020 to May 25, 2020
Re-purchase price range	NT\$50 to NT\$100
Type and volume of shares re-purchased	Common stock; share
Amount of shares re-purchased	NT\$
Number of shares cancelled and transferred	0 share
Accumulated shareholdings of the Company	share
Ratio of accumulated shareholdings of the Company to total issued shares (%)	%

## **Four. Acknowledgments**

No. 1: Proposed by the Board

Subject: 2019 Financial Statements propose to approve.

Description: 1. 2019 Business Report and individual financial statements and consolidated financial statements are complete. By Article 228 and 230 in the Company Act, the above were submitted to the board for review and approval and were sent to the supervisors for acknowledgement upon review completion.

2. Please refer to page 3 to page 6 in this manual and page 21 to page 43 of Attachment 5 for the related aforesaid Financial Statements.

Resolutions:

No. 2: Proposed by the Board

Subject: Acknowledging the Company's 2019 Earnings Distribution.

Description: 1. 2019 Distribution of Profits case has been approved by the board and has been sent to the supervisors who have completed the review.

2. According to the Company Act and Company Rules, allocate NT\$509,897,328 from the 2019 Distribution of Profits by cash dividend (NT\$4 per share). The calculation is rounded to the dollar. Cash dividend amount less than NT\$1 will be account for Other Income of the Company.

3. If the number of outstanding shares is affected by the subsequent share re-purchase of the Company, the transfer or cancellation of treasury shares, the exercise of employee stock warrants, and cash capital increase, resulting in changes in the equity yield rate, it is proposed to request the shareholders' meeting to have the chairman authorized to handle the matters related to the adjustment of shareholder equity yield rate.

4. Distribution of Profits comply with the Company Act and articles of incorporation can be found in page 44 of Attachment 6.

Resolutions:

## **Five. Discussions**

No. 1: Proposed by the Board

Subject: Amendments to Rules of Procedure for Shareholders Meetings. Please proceed to discuss.

Description: 1. It is proposed to amend parts of the articles of the Rules of Procedure for Shareholders Meetings according to Letter FSC Document No. 1080339900 on December 31, 2019 released by the Financial Supervisory Commission.

2. Please refer to page 45 to 47 of Attachment 7 for the amendments to the aforementioned "Rules of Procedure for Shareholder Meetings" before and after.

Resolutions:

No. 2: Proposed by the Board

Subject: Amendments to Regulations for Directorial and Supervisorial Elections. Please proceed to discuss.

Explanation: 1. To meet the regulations and operating needs, it is proposed to amend some provisions of the “Regulations Governing the Election of Directors and Supervisors.”

2. Please refer to page 48 of Attachment 8 for the amendments to the aforementioned “Regulations Governing the Election of Directors and Supervisors” before and after.

Resolutions:

**Six. Extempore Motion**

**Adjournment**



# Attachment 1

## Soft-World International Corporation

### 1. Comparison Table for Amendments to Corporate Governance Best Practice Principles

Clause	Clauses after the amendment	Original clause	Amendment's basis and reasons
Article 3-1	<p>The Company is advised to have an adequate number of corporate governance personnel with appropriate qualifications based on the size of the company, business situations and management needs, and to appoint a chief corporate governance officer as the most senior officer to be in charge of corporate governance affairs <u>comply with the rules of the company authority or TPEX</u>. Said officer shall be a qualified, practice-eligible lawyer or accountant or have been in a managerial position for at least three years in a securities, financial, or futures related institution or a public company in handling legal affairs, <u>legal compliance, internal audit</u>, financial affairs, stock affairs, or corporate governance affairs.</p> <p>It is required that the corporate governance affairs mentioned in the preceding paragraph include at least the following items:</p> <ol style="list-style-type: none"> <li>1. Handling matters relating to board meetings and shareholders meetings according to laws</li> <li>2. Producing minutes of board meetings and shareholders meetings</li> <li>3. Assisting in onboarding and continuous development of directors and supervisors</li> <li>4. Furnishing information required for business execution by directors and supervisors</li> <li>5. Assisting directors and supervisors with legal compliance</li> <li>6. Other matters set out in the articles or corporation or contracts</li> </ol>	<p>The Company is advised to have an adequate number of corporate governance personnel with appropriate qualifications based on the size of the company, business situations and management needs, and to appoint a chief corporate governance officer as the most senior officer to be in charge of corporate governance affairs. Said officer shall be a qualified, practice-eligible lawyer or accountant or have been in a managerial position for at least three years in a security, financial, or futures related institution or a public company in handling legal affairs, financial affairs, stock affairs, or corporate governance affairs.</p> <p>It is required that the corporate governance affairs mentioned in the preceding paragraph include at least the following items:</p> <ol style="list-style-type: none"> <li>1. Handling matters relating to board meetings and shareholders meetings according to laws</li> <li>2. Producing minutes of board meetings and shareholders meetings</li> <li>3. Assisting in onboarding and continuous development of directors and supervisors</li> <li>4. Furnishing information required for business execution by directors and supervisors</li> <li>5. Assisting directors and supervisors with legal compliance</li> <li>6. Other matters set out in the articles or corporation or contracts</li> </ol>	Amendment due to laws and regulations
Article 7	<p>The Company shall encourage its shareholders to actively participate in corporate governance. It is advisable that the company engage a professional shareholder services agent to handle shareholders meeting matters, so that shareholders meetings can proceed on a legal, effective and secure basis. The Company shall seek all ways and means, including fully exploiting technologies for information disclosure, to upload annual reports, annual financial statements, notices, agendas and supplementary information of shareholders meetings in both Chinese and English concurrently, and shall adopt electronic voting, in order to enhance shareholders' attendance rates at shareholders meetings and ensure their exercise of rights at such meetings in accordance with laws.</p> <p>The Company is advised to avoid raising extraordinary motions and amendments to original proposals at a shareholders meeting. Omitted hereinafter.</p>	<p>The Company shall encourage its shareholders to actively participate in corporate governance. It is advisable that the company engage a professional shareholder services agent to handle shareholders meeting matters, so that shareholders meetings can proceed on a legal, effective and secure basis. The Company shall seek all ways and means, including fully exploiting technologies for information disclosure, to upload annual reports, annual financial statements, notices, agendas and supplementary information of shareholders meetings in both Chinese and English concurrently, and shall adopt electronic voting, in order to enhance shareholders' attendance rates at shareholders meetings and ensure their exercise of rights at such meetings in accordance with laws.</p> <p>The Company is advised to avoid raising extraordinary motions and amendments to original proposals at a shareholders meeting, <u>and is advised to adopt a candidate nomination system for the election of directors and supervisors</u>. Omitted hereinafter.</p>	Amendment due to laws and regulations
Article 10	<p>The Company shall place high importance on the shareholder right to know, and shall faithfully comply with applicable regulations regarding information disclosure in order to provide shareholders with regular and timely information on company financial conditions and operations, insider shareholdings, and corporate governance status through the MOPS or the website established by the company.</p>	<p>The Company shall place high importance on the shareholder right to know, and shall faithfully comply with applicable regulations regarding information disclosure in order to provide shareholders with regular and timely information on company financial conditions and operations, insider shareholdings, and corporate governance status through the MOPS or the website established by the company.</p>	Amendment due to laws and regulations

	<p>To treat all shareholders equally, it is advisable that the company concurrently disclose the information under the preceding paragraph in English.</p> <p>To protect its shareholders' rights and interests and ensure their equal treatment, the Company shall adopt internal rules prohibiting company insiders from trading securities using information not disclosed to the market.</p> <p><u>The aforementioned specification should include the control measures for stock transactions by the insiders of listed public companies from the date of learning the company's financial report or related sales performance.</u></p>	<p>To treat all shareholders equally, it is advisable that the company concurrently disclose the information under the preceding paragraph in English.</p> <p>To protect its shareholders' rights and interests and ensure their equal treatment, the Company shall adopt internal rules prohibiting company insiders from trading securities using information not disclosed to the market.</p>	
Article 18	<p>The Company <u>shall comply with the regulations of the competent authority</u> to state in the Articles of Association that the candidate nomination system should be adopted for <u>the election of directors</u>; also, the qualifications of nominees should be carefully assessed and whether or not there are matters as stated in Article 30 of the Company Act, which should be handled in accordance with the provision of Article 192-1 of the Company Act.</p>	<p>The Company <u>is advised to specify</u> in its articles of incorporation that it adopts the candidate nomination system for <u>elections of directors</u>, carefully review the qualifications of a nominated candidate and the existence of any other matters set forth in Article 30 of the Company Act, and act in accordance with Article 192-1 of the Company Act.</p>	Amendment due to laws and regulations
Article 35	<p>Members of the board of directors shall faithfully conduct corporate affairs and perform the duty of care of a good administrator. In conducting the affairs of the company, they shall exercise their powers with a high level of self-discipline and prudence. Unless matters are otherwise reserved by law for approval in shareholders meetings or in the articles of incorporation, they shall ensure that all matters are handled according to the resolutions of board of directors.</p> <p>The Company should have the "Regulations Governing the Board Performance Evaluation" and the procedures formulated. <u>In addition to conducting</u> a regular self-evaluation and peer evaluation of the board of directors and each director every year, a performance evaluation <u>may also be conducted</u> by an appointed external professional organization or <u>in</u> other appropriate manners. The following aspects should be included in performing a board performance evaluation, including suitable evaluation indicators with respect to the Company needs:</p> <ol style="list-style-type: none"> <li>1. The degree of participation in the company's operations.</li> <li>2. Improvement in the quality of decision making by the board of directors.</li> <li>3. The composition and structure of the board of directors.</li> <li>4. The election of the directors and their continuing professional education.</li> <li>5. Internal controls.</li> </ol> <p>It is advisable that performance assessments of board members (self-assessments or peer-to-peer assessments) include the following aspects, with appropriate adjustments made on the basis of the company's needs:</p> <ol style="list-style-type: none"> <li>1. Master the Company's achieving goals.</li> <li>2. Their recognition of director's duties.</li> <li>3. Fully understand the Company's business operations.</li> <li>4. Their management of internal relationships and communication.</li> <li>5. Their professionalism and continuing professional education.</li> </ol>	<p>Members of the board of directors shall faithfully conduct corporate affairs and perform the duty of care of a good administrator. In conducting the affairs of the company, they shall exercise their powers with a high level of self-discipline and prudence. Unless matters are otherwise reserved by law for approval in shareholders meetings or in the articles of incorporation, they shall ensure that all matters are handled according to the resolutions of board of directors.</p> <p>It is advisable that the Company formulate rules and procedures for board of directors performance assessments, and that each year it conduct regularly scheduled performance assessments of the board of directors, <u>functional committees</u>, and individual directors <u>through self-assessment</u>, peer-to-peer assessments, <u>engaging</u> outside professional institutions, or in any other appropriate manner. It is advisable that the performance assessment of the board of directors include the following aspects, and that appropriate assessment indicators be developed in consideration of the Company's needs:</p> <ol style="list-style-type: none"> <li>1. The degree of participation in the company's operations.</li> <li>2. Improvement in the quality of decision making by the board of directors.</li> <li>3. The composition and structure of the board of directors.</li> <li>4. The election of the directors and their continuing professional education.</li> <li>5. Internal controls.</li> </ol> <p>It is advisable that performance assessments of board members (self-assessments or peer-to-peer assessments) include the following aspects, with appropriate adjustments made on the basis of the company's needs:</p> <ol style="list-style-type: none"> <li>1. Master the Company's achieving goals.</li> <li>2. Their recognition of director's duties.</li> <li>3. Fully understand the Company's business operations.</li> <li>4. Their management of internal relationships and communication.</li> <li>5. Their professionalism and continuing professional education.</li> </ol>	Amendment due to laws and regulations

	<p>6. Internal controls.  <u>The Company should conduct</u> the performance evaluation of the functional committees with the following aspects included; also, have it adjusted appropriately in response to the Company's needs:</p> <ol style="list-style-type: none"> <li>1. The degree of participation in the company's operations.</li> <li>2. Their recognition of the duties of the functional committee.</li> <li>3. Improvement in the quality of decision making by the functional committee.</li> <li>4. The composition of the functional committee, and election and appointment of committee members.</li> <li>5. Internal controls.</li> </ol> <p>The Company is advised to submit the results of performance assessments to the board of directors and use them as reference in determining compensation for individual directors, their nomination and additional office term.</p>	<p>6. Internal controls.  It is advisable that the performance assessment <u>of</u> a functional committee cover the following aspects, subject to changes according to the company's needs:</p> <ol style="list-style-type: none"> <li>1. The degree of participation in the company's operations.</li> <li>2. Their recognition of the duties of the functional committee.</li> <li>3. Improvement in the quality of decision making by the functional committee.</li> <li>4. The composition of the functional committee, and election and appointment of committee members.</li> <li>5. Internal controls.</li> </ol> <p>The Company is advised to submit the results of performance assessments to the board of directors and use them as reference in determining compensation for individual directors, their nomination and additional office term.</p>	
Article 35-2	<p>The board of directors should evaluate and supervise the Company's intellectual property management direction and performance in the following aspects to ensure that the Company has established an intellectual property management system in accordance with the management cycle of "planning, execution, inspection and action."</p> <ol style="list-style-type: none"> <li>1. Formulate intellectual property management policies, objectives and systems that are related to the operational strategies.</li> <li>2. Formulate, implement and maintain the intellectual property acquisition, protection, maintenance and implementation management system by the scale and type.</li> <li>3. Decide and provide sufficient resources to effectively implement and maintain the intellectual property management system.</li> <li>4. Observe internal and external risks or opportunities related to intellectual property management and take corresponding measures.</li> </ol> <p>Plan and implement a continuous improvement mechanism to ensure that the operation and effectiveness of the intellectual property management system meets the company's expectations.</p>		An addition is necessary according to law.
Article 40	<p>The Company shall comply with <u>the regulations of the competent authority</u> to state in the Articles of Association that the candidate nomination system should be adopted for <u>the election of supervisors</u>; also, the qualifications of nominees should be carefully assessed and whether or not there are matters as stated in Article 30 of the Company Act, which should be handled in accordance with the provisions of Article 192-1 of the Company Act.</p>	<p>The Company is advised to specify in its articles of incorporation in accordance with <u>Company Act</u> that it adopts the candidate nomination system for <u>elections of supervisors</u>, carefully review the qualifications of a nominated candidate and the existence of any other matters set forth in Article 30 of the Company Act, and act in accordance with Article 192-1 of the Company Act.</p>	Amendment due to laws and regulations
Article 59	<p>These Best Practice Principles will be implemented after the resolution of the board of directors; the same for the amendments. This procedure was approved on November 11, 2019. <u>The first amendment was made on March 25, 2020.</u></p>	<p>These Best Practice Principles will be implemented after the resolution of the board of directors; the same for the amendments. This procedure was approved on November 11, 2019.</p>	Add the date of this amendment



## Attachment 2

### Soft-World International Corporation Comparison Table for Amendments to Ethical Corporate Management Best Practice Principles

Clause	Clauses after the amendment	Original clause	Amendment's basis and reasons
Article 4	The Company shall abide by the operational philosophies of honesty, transparency and responsibility, base policies on the principle of good faith and obtain <u>approval from the board of directors</u> , and establish good corporate governance and risk control and management mechanism so as to create an operational environment for sustainable development.	The Company shall abide by the operational philosophies of honesty, transparency and responsibility, base policies on the principle of good faith and establish good corporate governance and risk control and management mechanism so as to create an operational environment for sustainable development.	Amendment due to laws and regulations
Article 6	The Company shall strengthen relevant preventive measures. It is advisable for the Company to <u>refer to prevailing domestic and foreign standards or guidelines in establishing the prevention programs</u> , which shall include preventive measures against the following: 1. Offering and acceptance of bribes. 2. Illegal political donations. 3. Improper charitable donations or sponsorship. 4. Offering or acceptance of unreasonable presents or hospitality, or other improper benefits. 5. Misappropriation of trade secrets and infringement of trademark rights, patent rights, copyrights, and other intellectual property rights. 6. Engaging in unfair competitive practices. 7. Damage directly or indirectly caused to the rights or interests, health, or safety of consumers or other stakeholders in the course of research and development, procurement, manufacture, provision, or sale of products and services.	The Company shall strengthen relevant preventive measures. The Company shall include preventive measures against the following:  1. Offering and acceptance of bribes. 2. Illegal political donations. 3. Improper charitable donations or sponsorship. 4. Offering or acceptance of unreasonable presents or hospitality, or other improper benefits. 5. Misappropriation of trade secrets and infringement of trademark rights, patent rights, copyrights, and other intellectual property rights. 6. Engaging in unfair competitive practices. 7. Damage directly or indirectly caused to the rights or interests, health, or safety of consumers or other stakeholders in the course of research and development, procurement, manufacture, provision, or sale of products and services.	Amendment due to laws and regulations
Article 21	The company shall adopt a concrete whistle-blowing system and scrupulously operate the system. The whistle-blowing system shall include at least the following: 1. An independent mailbox or hotline, either internally established and publicly announced or provided by an independent external institution, to allow internal and external personnel of the company to submit reports. 2. Dedicated personnel or unit appointed to handle the whistle-blowing system. 3. <u>Follow-up measures to be adopted depending on the severity of the circumstances after investigations of cases reported are completed. Where necessary, a case shall be reported to the competent authority or referred to the judicial authority.</u> 4. Documentation of case acceptance, investigation processes, investigation results,	The company shall adopt a concrete whistle-blowing system and scrupulously operate the system. The whistle-blowing system shall include at least the following: 1. An independent mailbox or hotline, either internally established and publicly announced or provided by an independent external institution, to allow internal and external personnel of the company to submit reports. 2. Dedicated personnel or unit appointed to handle the whistle-blowing system.  3. Documentation of case acceptance, investigation processes, investigation results,	Amendment due to laws and regulations

Clause	Clauses after the amendment	Original clause	Amendment's basis and reasons
	<p>and relevant documents.</p> <p><u>5. Confidentiality of the identity of whistle-blowers and the content of reported cases, and an undertaking regarding anonymous reporting.</u></p> <p><u>6. Measures for protecting whistle-blowers from inappropriate disciplinary actions due to their whistle-blowing.</u></p> <p><u>7. Whistle-blowing incentive measures.</u></p>	<p>and relevant documents.</p> <p><u>4. Confidentiality of the identity of whistle-blowers and the content of reported cases.</u></p> <p><u>5. Measures for protecting whistle-blowers from inappropriate disciplinary actions due to their whistle-blowing.</u></p> <p><u>6. Whistle-blowing incentive measures.</u></p>	
Article 25	<p>The ethical corporate management best practice principles shall be implemented after the board of directors grants the approval, and shall be sent to the supervisors and reported at a shareholders' meeting. The same procedure shall be followed when the principles have been amended.</p> <p>When the Company submits its ethical corporate management best practice principles to the board of directors for discussion pursuant to the preceding paragraph, the board of directors shall take into full consideration each independent director's opinions. Any objections or reservations of any independent director shall be recorded in the minutes of the board of directors meeting. An independent director that cannot attend the board meeting in person to express objections or reservations shall provide a written opinion before the board meeting, unless there is some legitimate reason to do otherwise, and the opinion shall be specified in the minutes of the board of directors meeting.</p> <p>When the Company establishes the audit committee, the regulations for the supervisors shall apply to the audit committee.</p> <p>This procedure was approved on March 22, 2017. <u>The first amendment was made on March 25, 2020.</u></p>	<p>The ethical corporate management best practice principles shall be implemented after the board of directors grants the approval, and shall be sent to the supervisors and reported at a shareholders' meeting. The same procedure shall be followed when the principles have been amended.</p> <p>When the Company submits its ethical corporate management best practice principles to the board of directors for discussion pursuant to the preceding paragraph, the board of directors shall take into full consideration each independent director's opinions. Any objections or reservations of any independent director shall be recorded in the minutes of the board of directors meeting. An independent director that cannot attend the board meeting in person to express objections or reservations shall provide a written opinion before the board meeting, unless there is some legitimate reason to do otherwise, and the opinion shall be specified in the minutes of the board of directors meeting.</p> <p>When the Company establishes the audit committee, the regulations for the supervisors shall apply to the audit committee.</p> <p>This procedure was approved on March 22, 2017.</p>	Add amendment date

## Attachment 3

### Soft-World International Corporation Comparison Table for Amendments to Corporate Social Responsibility Best Practice Principles

Clause	Clauses after the amendment	Original clause	Amendment's basis and reasons
Article 3	In fulfilling corporate social responsibility initiatives, the Company shall, in its corporate management guidelines and business operations, give due consideration to the rights and interests of stakeholders and, while pursuing sustainable operations and profits, also give due consideration to the environment, society and corporate governance. <u>The Company should conduct risk assessments on environmental, social and corporate governance issues related to the Company's operations and formulate relevant risk management policies or strategies based on the principle of materiality.</u>	In fulfilling corporate social responsibility initiatives, the Company shall, in its corporate management guidelines and business operations, give due consideration to the rights and interests of stakeholders and, while pursuing sustainable operations and profits, also give due consideration to the environment, society and corporate governance.	Amendment due to laws and regulations
Article 13	<u>The Company should evaluate the potential risks and opportunities of climate change to the Company now and in the future and take measures to cope with climate-related issues.</u> The Company should <u>measure the greenhouse gas emissions, water consumption and total weight of waste</u> and formulate policies for energy saving and carbon reduction, <u>greenhouse gas reduction, water consumption or other waste management</u> and promote the Company's energy saving and carbon reduction and greenhouse gas reduction; also, reduce the impact of the Company's operating activities on climate change.	The Company should <u>pay attention</u> to the impact of climate change on <u>operating activities</u> , promote the Company's energy saving and carbon reduction and greenhouse gas reduction and reduce the impact of the Company's operating activities on climate change.	Amendment due to laws and regulations
Article 17	The Company should create a good environment for employees' career development <u>and establish an effective career development training program.</u> The Company <u>should formulate and implement reasonable employee welfare measures (including remunerations, vacations, and other benefits) and</u> appropriately reflect business performance or results on employee's remuneration to ensure the recruitment, retention and encouragement of human resources in order to achieve a sustainable operation.	The Company is advised to create an environment conducive to the development of their employees' careers and establish effective training programs to foster career skills.  The Company shall appropriately reflect the <u>corporate</u> business performance or achievements in the employee remuneration <u>policy</u> , to ensure the recruitment, retention, and motivation of human resources, and achieve the objective of sustainable operations.	Amendment due to laws and regulations
Article 21	The Company shall ensure the quality of their products and services by following the laws and regulations of the government and relevant standards of their industries. The Company shall follow relevant laws, regulations and international guidelines when <u>customer health and safety, customer privacy,</u> marketing or labeling their products and services and shall not deceive, mislead, commit fraud or engage in any other acts which would betray consumers' trust or damage consumers' rights or interests.	The Company shall ensure the quality of their products and services by following the laws and regulations of the government and relevant standards of their industries. The Company shall follow relevant laws, regulations and international guidelines when marketing or labeling their products and services and shall not deceive, mislead, commit fraud or engage in any other acts which would betray consumers' trust or damage consumers' rights or interests.	Amendment due to laws and regulations
Article 28	These Rules, and any amendments hereto, shall be implemented after adoption by board of directors. This procedure was established on March 22, 2017 after approved in the Board of Directors Meetings. <u>The first amendment was made on March 25, 2020.</u>	These Rules, and any amendments hereto, shall be implemented after adoption by board of directors. This procedure was established on March 22, 2017 after approved in the Board of Directors Meetings.	Add the date of this amendment

## **Attachment 4**

### **Soft-World International Corporation The “Regulations Governing Share Repurchase and Transfer of Treasury Stock to Employees” by the Company for the 9<sup>th</sup> time (amended)**

- Article 1 In order to motivate employees and enhance their loyalty, the Company has formulated the “Regulations Governing Share Repurchase and Transfer of Treasury Stocks to Employees” in accordance with the provisions of Article 28-2, Paragraph 1, Subparagraph 1 of the Securities and Exchange Act and the “Regulations Governing Share Repurchase by Exchange-Listed and OTC-Listed Companies” announced by the Financial Supervisory Commission that was resolved and approved by the board of directors. The lawful shares re-purchase of the Company (hereinafter referred to as “treasury shares”) that are transferred to the employees, in addition to complying with the relevant laws and regulations, should be handled in accordance with the provisions of these Regulations.
- Article 2 Type of shares to be transferred, a description of the rights attaching thereto, and any restrictions on such rights.  
The current shares transfer to employees by the Company is for common stock shares with the rights and obligations the same as other outstanding common stock shares of the Company, except for those stipulated in accordance with the relevant laws and regulations and these Regulations.
- Article 3: Transfer period  
The shares repurchase completed currently may be transferred to employees in one or several transactions within five years from the share re-purchase date in accordance with the provisions of these Regulations.
- Article 4 Qualification of the transferee  
The transferees who are qualified for subscription as defined in these Regulations refer to the full-time employees with one year seniority or more of domestic and foreign subordinate companies and those who have made special contributions to the Company with the approval of the board of directors, but excluding contract workers.  
The so-called subordinate company is identified according to the standards of Article 369-2, Paragraph 1 and Paragraph 2 of the Company Act. Also, the certified public accountant contracted for attestation is to express an opinion on whether or not it complies with the definition of a subordinate company in Article 369-2, Paragraph 2 of the Company Act and whether or not it meets the qualification requirements as a full-time employee of the subordinate company before reporting to the board of directors, but those who qualify as a full-time employee of the subordinate company in accordance with the provisions of Article 369-2, Paragraph 1 of the Company Act are not subject to this requirement.
- Article 5 Transfer procedure  
The internal subscription ratio and shares of the Company’s treasury stocks that are to be subscribed by the employees are determined by referring to their job position, seniority, job performance, contributions to the Company, etc.  
The qualifications of the transferee and the number of shares to be subscribed by the qualified transferee in the preceding paragraph will be determined according to the relevant law and regulations at the time of the transfer made, taking into account the

company's operating needs and business development strategies and policies; also, the designated department shall formulate subscription benchmarks and weight standard settings, and draft up a subscription and transfer plan for the approval of the chairman before announcement.

- Article 6 The "Procedures for Share Repurchase and Transfer of Treasury Stock to Employees" for the current transaction:
- I. Announce, declare and repurchase the Company's stock shares within the execution period in accordance with the resolution of the board of directors.
  - II. The board of directors authorizes the chairman to determine and announce the employee subscription base date, the standards of the number of subscription shares, the subscription payment period, the content of rights and restrictions, and other operational matters in accordance with these Regulations.
  - III. Count the number of shares actually subscribed and paid and handle the registration of the share transfer, etc.
- Article 7 The agreed transfer price per share  
For the current transfer of re-purchased shares to employees, the average actual re-purchase price is used as the transfer price. If the company's common shares are increased before the transfer completed and it is adjusted proportionally to the increase of issued shares, the price shall not be lower than the average actual re-purchase price.
- Article 8 Rights and obligations after share transfer  
After having the re-purchased shares transferred to the employees with the transfer registration completed, unless otherwise specified, the rights and obligations are the same as the original shares.
- Article 9 Other matters concerning the rights and obligations of the company and employees  
For the shares transferred according to these Regulations, the taxes and fees incurred shall be handled in accordance with the law and regulations at the time of the transfer made and the Company's related operations.
- Article 10 These Regulations take effect after the resolution of the board of directors. These Regulations could be amended according to the resolutions of the board of directors in the future for any changes in law and regulations, change in the approval of the competent authority or change in the environment objectively.
- Article 11 These Regulations shall take effect after being approved by the board of directors and reported in the shareholders' meeting, same for the amendments.  
Established on March 25, 2020.  
The first amendment was made on March 30, 2020.



## **INDEPENDENT AUDITORS' REPORT**

The Board of Directors and Shareholders  
Soft-World International Corporation

### **Opinion**

We have audited the accompanying parent company only financial statements of Soft-World International Corporation (the Corporation), which comprise the parent company only balance sheets as of December 31, 2019 and 2018, 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 financial position of the Corporation as of December 31, 2019 and 2018, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

### **Basis for Opinion**

We conducted our 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. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Parent Company Only Financial Statements section of our report. We are independent of the Corporation in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the 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.

The key audit matters of the Corporation's parent company only financial statements for the year ended December 31, 2019 are stated as follows.

### Revenue Recognition - MyCard transactions

The Corporation is an agent in its exclusive card (MyCard) transactions, and other financial liabilities are recognized at the time when MyCard points are sold. When the customers used MyCard in exchange for game points via the online platform, the Corporation recognized service revenue for the net amount after deducting receipts needed to be transferred to the related game operators. Please refer to Notes 4 and 20 to the parent company only financial statements for more details. We considered the risk of material misstatement of the recognition of revenue as the risk of not correctly recording the aforementioned game points after they have been exchanged for, and the recognized revenue might not be the net amount. Therefore, we focused on the correctness of revenue from MyCard transactions.

The main audit procedures which we performed included the following:

1. We understood and tested the effectiveness of internal control of the MyCard internet platform and the interface control between MyCard and the ERP system;
2. We implemented computer-assisted audit techniques to test the accuracy of the MyCard points which were deposited, exchanged and consumed on a sample basis;
3. We verified whether the timing of points exchange and consumption on the MyCard platform was the same as that recorded in the financial statements;
4. We tested the amounts transferred from other financial liabilities and the amount needed to be transferred to the related game operators, as well as confirmed if the service revenue recognized as a net amount was accurate.

### **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 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 Corporation'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 Corporation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, including the supervisors, are responsible for overseeing the Corporation'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.
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 Corporation'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 Corporation'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 Corporation to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the parent company only financial statements, including the disclosures, and whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of entities or business activities within the Corporation to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision, and performance of the audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the 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 Chiu-Yen Wu and Jia-Ling Chiang.

Deloitte & Touche  
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 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.*



# SOFT-WORLD INTERNATIONAL CORPORATION

DECEMBER 31, 2019 AND 2018

(In Thousands of New Taiwan Dollars)

	December 31, 2019		December 31, 2018	
ASSETS	Amount	%	Amount	%
<b>CURRENT ASSETS</b>				
Cash and cash equivalents (Notes 4 and 6)	\$ 2,257,842	23	\$ 2,477,867	25
Notes receivable (Notes 4, 5 and 7)	1,751	-	2,226	-
Accounts receivable, net (Notes 4, 5 and 7)	58,935	1	77,532	1
Accounts receivable - related parties (Notes 4, 5, 7 and 26)	25,723	-	67,969	1
Other receivables (Notes 4 and 7)	1,653,658	17	1,796,372	18
Other receivables - related parties (Notes 4, 7 and 26)	67,295	1	221,871	2
Inventories (Notes 4 and 8)	22,569	-	25,379	1
Other financial assets - current (Notes 9 and 27)	1,691,230	17	1,292,589	13
Other current assets	<u>149,875</u>	<u>2</u>	<u>113,343</u>	<u>1</u>
Total current assets	<u>5,928,878</u>	<u>61</u>	<u>6,075,148</u>	<u>62</u>
<b>NONCURRENT ASSETS</b>				
Financial assets at fair value through other comprehensive income - noncurrent (Notes 4 and 10)	295,413	3	312,574	3
Investments accounted for using the equity method (Notes 4 and 11)	3,121,887	32	3,028,149	31
Property, plant and equipment (Notes 4, 12 and 27)	347,497	4	351,923	4
Right-of-use assets (Notes 3, 4 and 13)	14,713	-	-	-
Other intangible assets (Notes 4 and 14)	18,326	-	27,151	-
Deferred tax assets (Notes 4 and 22)	36,301	-	34,864	-
Refundable deposits	12,125	-	2,839	-
Other financial assets - noncurrent (Note 9)	<u>10,095</u>	<u>-</u>	<u>9,358</u>	<u>-</u>
Total noncurrent assets	<u>3,856,357</u>	<u>39</u>	<u>3,766,858</u>	<u>38</u>
<b>TOTAL</b>	<u>\$ 9,785,235</u>	<u>100</u>	<u>\$ 9,842,006</u>	<u>100</u>
<b>LIABILITIES AND EQUITY</b>				
<b>CURRENT LIABILITIES</b>				
Contract liabilities - current (Note 20)	\$ 136,729	1	\$ 86,338	1
Notes payable (Note 15)	8,822	-	9,897	-
Notes payable - related parties (Notes 15 and 26)	44,886	-	157,689	2
Accounts payable (Note 15)	28,878	-	43,477	-
Accounts payable - related parties (Notes 15 and 26)	60,235	1	60,144	1
Other payables (Notes 16)	2,565,383	26	2,674,167	27
Other payables - related parties (Notes 16 and 26)	143,287	2	253,687	2
Current tax liabilities (Notes 4 and 22)	51,893	1	77,893	1
Lease liabilities - current (Notes 3, 4 and 13)	6,736	-	-	-
Other financial liabilities - current (Notes 4 and 17)	635,164	7	687,411	7
Other current liabilities	<u>7,323</u>	<u>-</u>	<u>12,425</u>	<u>-</u>
Total current liabilities	<u>3,689,336</u>	<u>38</u>	<u>4,063,128</u>	<u>41</u>
<b>NONCURRENT LIABILITIES</b>				
Deferred tax liabilities (Notes 4 and 22)	39,561	-	21,858	-
Lease liabilities - noncurrent (Notes 3, 4 and 13)	8,059	-	-	-
Net defined benefit liabilities (Notes 4 and 18)	73,381	1	81,342	1
Guarantee deposits received	350	-	225	-
Other noncurrent liabilities (Note 11)	<u>785</u>	<u>-</u>	<u>5,187</u>	<u>-</u>
Total noncurrent liabilities	<u>122,136</u>	<u>1</u>	<u>108,612</u>	<u>1</u>
Total liabilities	<u>3,811,472</u>	<u>39</u>	<u>4,171,740</u>	<u>42</u>
<b>EQUITY (Note 19)</b>				
Share capital	<u>1,274,743</u>	<u>13</u>	<u>1,274,743</u>	<u>13</u>
Capital surplus	<u>1,753,876</u>	<u>18</u>	<u>1,744,934</u>	<u>18</u>
Retained earnings				
Legal reserve	976,777	10	930,645	10
Special reserve	120,524	1	25,117	-
Unappropriated earnings	<u>2,169,340</u>	<u>22</u>	<u>1,981,052</u>	<u>20</u>
Total retained earnings	<u>3,266,641</u>	<u>33</u>	<u>2,936,814</u>	<u>30</u>
Other equity	<u>127,806</u>	<u>1</u>	<u>163,078</u>	<u>2</u>
Treasury shares	<u>(449,303)</u>	<u>(4)</u>	<u>(449,303)</u>	<u>(5)</u>
Total equity	<u>5,973,763</u>	<u>61</u>	<u>5,670,266</u>	<u>58</u>
<b>TOTAL</b>	<u>\$ 9,785,235</u>	<u>100</u>	<u>\$ 9,842,006</u>	<u>100</u>

The accompanying notes are an integral part of the parent company only financial statements.

# SOFT-WORLD INTERNATIONAL CORPORATION

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

	2019		2018	
	Amount	%	Amount	%
NET OPERATING REVENUE (Notes 4 and 20)	\$ 2,335,588	100	\$ 2,402,463	100
OPERATING COSTS (Notes 4, 8, 21 and 26)	<u>329,049</u>	<u>14</u>	<u>408,544</u>	<u>17</u>
GROSS PROFIT	2,006,539	86	1,993,919	83
REALIZED GAIN ON TRANSACTIONS	<u>-</u>	<u>-</u>	<u>16,069</u>	<u>1</u>
REALIZED GROSS PROFIT	<u>2,006,539</u>	<u>86</u>	<u>2,009,988</u>	<u>84</u>
OPERATING EXPENSES (Notes 21 and 26)				
Selling and marketing expenses	1,216,673	52	1,250,383	52
General and administrative expenses	189,276	8	183,645	8
Research and development expenses	22,255	1	38,609	1
Expected credit loss (Note 7)	<u>10,559</u>	<u>1</u>	<u>14,668</u>	<u>1</u>
Total operating expenses	<u>1,438,763</u>	<u>62</u>	<u>1,487,305</u>	<u>62</u>
OPERATING INCOME	<u>567,776</u>	<u>24</u>	<u>522,683</u>	<u>22</u>
NON-OPERATING INCOME AND EXPENSES				
Other income (Note 21)	49,803	2	37,112	1
Other gains and losses (Note 21)	3,846	-	12,316	-
Finance costs (Note 21)	(204)	-	-	-
Share of profit of subsidiaries and associates accounted for using the equity method (Note 4)	<u>125,496</u>	<u>6</u>	<u>15,966</u>	<u>1</u>
Total non-operating income and expenses	<u>178,941</u>	<u>8</u>	<u>65,394</u>	<u>2</u>
PROFIT BEFORE INCOME TAX	746,717	32	588,077	24
INCOME TAX EXPENSE (Notes 4 and 22)	<u>136,137</u>	<u>6</u>	<u>126,755</u>	<u>5</u>
NET PROFIT FOR THE YEAR	<u>610,580</u>	<u>26</u>	<u>461,322</u>	<u>19</u>
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans (Note 18)	(1,360)	-	(6,314)	-
Unrealized gain (loss) on investments in equity instruments at fair value through other comprehensive income (Note 19)	(18,749)	(1)	25,966	1

(Continued)

# SOFT-WORLD INTERNATIONAL CORPORATION

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

	2019		2018	
	Amount	%	Amount	%
Share of other comprehensive income (loss) of subsidiaries and associates accounted for using the equity method	\$ 1,990	-	\$ (5,924)	-
Income tax relating to items that will not be reclassified subsequently to profit or loss (Note 22)	<u>272</u> <u>(17,847)</u>	<u>-</u> <u>(1)</u>	<u>1,956</u> <u>15,684</u>	<u>-</u> <u>1</u>
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating foreign operations (Note 19)	(15,999)	-	11,140	-
Share of other comprehensive gain (loss) of subsidiaries and associates accounted for using the equity method (Note 19)	(4,972)	-	1,034	-
Income tax relating to items that may be reclassified subsequently to profit or loss (Notes 19 and 22)	<u>3,237</u> <u>(17,734)</u>	<u>-</u> <u>-</u>	<u>(2,956)</u> <u>9,218</u>	<u>-</u> <u>-</u>
Other comprehensive income (loss) for the year, net of income tax	<u>(35,581)</u>	<u>(1)</u>	<u>24,902</u>	<u>1</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 574,999</u>	<u>25</u>	<u>\$ 486,224</u>	<u>20</u>
EARNINGS PER SHARE (Note 23)				
Basic	<u>\$ 5.00</u>		<u>\$ 3.70</u>	<u>\$ -</u>
Diluted	<u>\$ 4.98</u>		<u>\$ 3.68</u>	

The accompanying notes are an integral part of the parent company only financial statements.

(Concluded)

# SOFT-WORLD INTERNATIONAL CORPORATION

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

	Retained Earnings					Other Equity			Subtotal	Treasury Shares	Total Equity
	Share Capital	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translating Foreign Operations	Unrealized Gain on Available-for-sale Financial Assets	Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income			
BALANCE AT JANUARY 1, 2018	\$ 1,274,743	\$ 1,529,865	\$ 888,889	\$ 25,117	\$ 1,821,197	\$ (20,585)	\$ 153,999	\$ -	\$ 133,414	\$ -	\$ 5,673,225
Effects of retrospective application and retrospective restatement	-	-	-	-	-	-	(153,999)	153,999	-	-	-
Equity at the beginning of the period after adjustments	1,274,743	1,529,865	888,889	25,117	1,821,197	(20,585)	-	153,999	133,414	-	5,673,225
Appropriation of 2017 earnings (Note 19)	-	-	41,756	-	(41,756)	-	-	-	-	-	-
Legal reserve	-	-	-	-	-	-	-	-	-	-	-
Cash dividends distributed by the Corporation	-	-	-	-	(254,949)	-	-	-	-	-	(254,949)
	-	-	41,756	-	(296,705)	-	-	-	-	-	(254,949)
Net profit in 2018	-	-	-	-	461,322	-	-	-	-	-	461,322
Other comprehensive income (loss) in 2018, net of income tax	-	-	-	-	(4,762)	9,218	-	20,446	29,664	-	24,902
Total comprehensive income in 2018	-	-	-	-	456,560	9,218	-	20,446	29,664	-	486,224
Difference between consideration and carrying amount of subsidiaries acquired or disposed (Note 11)	-	59,351	-	-	-	-	-	-	-	-	59,351
Changes in percentage of ownership interests in subsidiaries	-	145,350	-	-	-	-	-	-	-	-	145,350
Purchase of the Corporation's shares by subsidiaries (Note 19)	-	-	-	-	-	-	-	-	-	(450,715)	(450,715)
Disposal of the Corporation's shares held by subsidiaries (Note 19)	-	9	-	-	-	-	-	-	-	1,412	1,421
Adjustment to capital surplus arising from dividends paid to subsidiaries	-	10,359	-	-	-	-	-	-	-	-	10,359
BALANCE AT DECEMBER 31, 2018	1,274,743	1,744,934	930,645	25,117	1,981,052	(11,367)	-	174,445	163,078	(449,303)	5,670,266
Appropriation of 2018 earnings (Note 19)	-	-	46,132	-	(46,132)	-	-	-	-	-	-
Legal reserve	-	-	-	-	-	-	-	-	-	-	-
Special reserve	-	-	-	95,407	(95,407)	-	-	-	-	-	-
Cash dividends distributed by the Corporation	-	-	-	-	(280,444)	-	-	-	-	-	(280,444)
	-	-	46,132	95,407	(421,983)	-	-	-	-	-	(280,444)
Net profit in 2019	-	-	-	-	610,580	-	-	-	-	-	610,580
Other comprehensive loss in 2019, net of income tax	-	-	-	-	(309)	(17,734)	-	(17,538)	(35,272)	-	(35,581)
Total comprehensive income (loss) in 2019	-	-	-	-	610,271	(17,734)	-	(17,538)	(35,272)	-	574,999
Adjustment to capital surplus arising from dividends paid to subsidiaries (Note 19)	-	11,726	-	-	-	-	-	-	-	-	11,726
Changes in percentage of ownership interests in subsidiaries	-	(2,784)	-	-	-	-	-	-	-	-	(2,784)
BALANCE AT DECEMBER 31, 2019	\$ 1,274,743	\$ 1,753,876	\$ 976,777	\$ 120,524	\$ 2,169,340	\$ (29,101)	\$ -	\$ 156,907	\$ 127,806	\$ (449,303)	\$ 5,973,763

The accompanying notes are an integral part of the parent company only financial statements.

# SOFT-WORLD INTERNATIONAL CORPORATION

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

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 746,717	\$ 588,077
Adjustments for:		
Income and expenses		
Depreciation expenses	10,172	5,238
Amortization expenses	14,117	23,502
Expected credit loss recognized on trade receivables	10,559	14,668
Finance costs	204	-
Interest income	(21,733)	(18,551)
Dividend income	(2,934)	(1,668)
Share of profit of subsidiaries and associates accounted for using the equity method	(125,496)	(15,966)
Realized gain on the transactions with subsidiaries	-	(16,069)
Others	1,383	(498)
Changes in operating assets and liabilities		
Notes receivable	475	39,124
Notes receivable - related parties	-	530
Accounts receivable	18,217	(31,554)
Accounts receivable - related parties	42,246	(40,131)
Other receivables	132,144	138,408
Other receivables - related parties	154,576	(133,052)
Inventories	1,625	11,187
Other current assets	(36,532)	(9,571)
Contract liabilities	50,391	20,184
Notes payable	(1,074)	(11,402)
Notes payable - related parties	(112,804)	12,302
Accounts payable	(14,599)	(7,131)
Accounts payable - related parties	91	1,573
Other payables	(106,504)	83,989
Other payables - related parties	(110,400)	133,449
Other financial liabilities	(52,247)	(33,916)
Other current liabilities	(5,102)	(55,000)
Net defined benefit liabilities	(9,321)	(4,904)
Cash generated from operations	584,171	692,818
Interest received	22,124	17,992
Dividends received	8,600	125,812
Interest paid	(204)	-
Income tax paid	(142,362)	(115,040)
Net cash generated from operating activities	472,329	721,582
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at fair value through other comprehensive income	(1,588)	-

(Continued)



# SOFT-WORLD INTERNATIONAL CORPORATION

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

	2019	2018
Acquisition of investments accounted for using the equity method	\$ (16,474)	\$ (384,455)
Proceeds from sale of subsidiaries	12,785	80,053
Proceeds from shares return due to capital reduction of investments accounted for using the equity method	15,142	36,312
Payments for property, plant and equipment	(3,457)	(369)
Increase in refundable deposits	(21,510)	(1,542)
Decrease in refundable deposits	12,224	1,945
Payments for intangible assets	(5,292)	(47,334)
Increase in other financial assets	(1,674,608)	(1,225,859)
Decrease in other financial assets	<u>1,275,230</u>	<u>1,124,980</u>
Net cash used in investing activities	<u>(407,548)</u>	<u>(416,269)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in guarantee deposits received	185	-
Decrease in guarantee deposits received	(60)	(170)
Repayment of the principal portion of lease liabilities	(4,487)	-
Cash dividends distributed	<u>(280,444)</u>	<u>(254,949)</u>
Net cash used in financing activities	<u>(284,806)</u>	<u>(255,119)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(220,025)	50,194
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>2,477,867</u>	<u>2,427,673</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 2,257,842</u>	<u>\$ 2,477,867</u>

The accompanying notes are an integral part of the parent company only financial statements.

(Concluded)

## **INDEPENDENT AUDITORS' REPORT**

The Board of Directors and Shareholders

Soft-World International Corporation

### **Opinion**

We have audited the accompanying consolidated financial statements of Soft-World International Corporation (the “Corporation”) and its subsidiaries (collectively known as the “Group”), which comprise the consolidated balance sheets as of December 31, 2019 and 2018, the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies.

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 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 and auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are

independent of the Group in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## **Key Audit Matters**

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

Key audit matters of the Group's consolidated financial statements for the year ended December 31, 2019 are stated as follows.

### Revenue Recognition - MyCard transactions

The Corporation is an agent in its exclusive card (MyCard) transactions, and other financial liabilities are recognized at the time when MyCard points are sold. When the customers used MyCard in exchange for game points via the online platform, the Corporation recognized service revenue for the net amount after deducting receipts needed to be transferred to the related game operators. Please refer to Notes 4 and 20 to the parent company only financial statements for more details. We considered the risk of material misstatement of the recognition of revenue as the risk of not correctly recording the aforementioned game points after they have been exchanged for, and the recognized revenue might not be the net amount. Therefore, we focused on the correctness of revenue from MyCard transactions.

The main audit procedures which we performed included the following:

1. We understood and tested the effectiveness of internal control of the MyCard internet platform and the interface control between MyCard and the ERP system;
2. We implemented computer-assisted audit techniques to test the accuracy of the MyCard points which were deposited, exchanged and consumed on a sample basis;

3. We verified whether the timing of points exchange and consumption on the MyCard platform was the same as that recorded in the financial statements;
4. We tested the amounts transferred from other financial liabilities and the amount needed to be transferred to the related game operators, as well as confirmed if the service revenue recognized as a net amount was accurate.

## **Other Matter**

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

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

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

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

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

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

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

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



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

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

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

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

The engagement partners on the audit resulting in this independent auditors' report are Chiu-Yen Wu and Jia-Ling Chiang.

Deloitte & Touche

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 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.*

# SOFT-WORLD INTERNATIONAL CORPORATION AND SUBSIDIARIES

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

ASSETS	December 31, 2019		December 31, 2018	
	Amount	%	Amount	%
<b>CURRENT ASSETS</b>				
Cash and cash equivalents (Notes 4 and 6)	\$ 5,001,765	39	\$ 5,054,401	41
Notes receivable (Notes 4, 5 and 7)	4,071	-	8,160	-
Accounts receivable, net (Notes 4, 5, 7 and 30)	352,614	3	421,207	3
Other receivables (Notes 4, 7 and 30)	1,879,244	15	2,033,248	16
Current tax assets (Note 25)	7,441	-	1,045	-
Inventories (Notes 4 and 8)	27,939	-	39,644	-
Prepayments for royalty (Note 4)	82,474	-	76,503	1
Other financial assets - current (Notes 9 and 31)	3,589,585	28	2,962,060	24
Other current assets	<u>219,323</u>	<u>2</u>	<u>184,672</u>	<u>2</u>
Total current assets	<u>11,164,456</u>	<u>87</u>	<u>10,780,940</u>	<u>87</u>
<b>NONCURRENT ASSETS</b>				
Financial assets at fair value through other comprehensive income - noncurrent (Note 10)	444,658	4	464,405	4
Investments accounted for using the equity method (Notes 4 and 12)	47,477	-	55,778	1
Property, plant and equipment (Notes 4, 13 and 31)	400,700	3	423,285	3
Right-of-use assets (Notes 3, 4 and 14)	49,794	1	-	-
Investment properties (Notes 4 and 15)	45,740	-	50,625	-
Goodwill (Note 4)	457,621	4	457,621	4
Other intangible assets (Notes 4 and 16)	33,273	-	61,320	1
Deferred tax assets (Notes 4, 5 and 25)	56,534	1	52,170	-
Prepayments for equipment	1,777	-	761	-
Refundable deposits	24,768	-	15,572	-
Net defined benefit assets (Notes 4 and 21)	20,571	-	18,653	-
Other financial assets - noncurrent (Notes 9 and 31)	18,595	-	11,005	-
Other noncurrent assets	<u>2,715</u>	<u>-</u>	<u>3,558</u>	<u>-</u>
Total noncurrent assets	<u>1,604,223</u>	<u>13</u>	<u>1,614,753</u>	<u>13</u>
<b>TOTAL</b>	<u>\$ 12,768,679</u>	<u>100</u>	<u>\$ 12,395,693</u>	<u>100</u>
<b>LIABILITIES AND EQUITY</b>				
<b>CURRENT LIABILITIES</b>				
Short-term borrowings (Notes 17 and 31)	\$ -	-	\$ 105,059	1
Contract liabilities - current (Notes 4 and 23)	348,260	3	327,692	3
Notes payable (Notes 18 and 30)	14,609	-	23,163	-
Accounts payable (Notes 18 and 30)	276,324	2	321,668	3
Other payables (Notes 19, 21 and 30)	2,918,342	23	3,154,632	25
Current tax liabilities (Notes 4 and 25)	64,771	-	96,958	1
Lease liabilities - current (Notes 3, 4 and 14)	26,608	-	-	-
Other financial liabilities - current (Notes 3, 4 and 20)	1,745,827	14	1,414,588	11
Other current liabilities	<u>34,429</u>	<u>-</u>	<u>39,739</u>	<u>-</u>
Total current liabilities	<u>5,429,170</u>	<u>42</u>	<u>5,483,499</u>	<u>44</u>
<b>NONCURRENT LIABILITIES</b>				
Deferred tax liabilities (Notes 4 and 25)	56,021	-	27,349	-
Lease liabilities - noncurrent (Notes 3, 4 and 14)	23,141	-	-	-
Net defined benefit liabilities (Notes 4 and 21)	81,969	1	91,097	1
Guarantee deposits received	<u>73,984</u>	<u>1</u>	<u>44,026</u>	<u>1</u>
Total noncurrent liabilities	<u>235,115</u>	<u>2</u>	<u>162,472</u>	<u>2</u>
Total liabilities	<u>5,664,285</u>	<u>44</u>	<u>5,645,971</u>	<u>46</u>
<b>EQUITY ATTRIBUTABLE TO OWNERS OF THE CORPORATION (Note 22)</b>				
Share capital	<u>1,274,743</u>	<u>10</u>	<u>1,274,743</u>	<u>10</u>
Capital surplus	<u>1,753,876</u>	<u>14</u>	<u>1,744,934</u>	<u>14</u>
Retained earnings				
Legal reserve	976,777	8	930,645	8
Special reserve	120,524	1	25,117	-
Unappropriated earnings	<u>2,169,340</u>	<u>17</u>	<u>1,981,052</u>	<u>16</u>
Total retained earnings	<u>3,266,641</u>	<u>26</u>	<u>2,936,814</u>	<u>24</u>
Other equity	<u>127,806</u>	<u>1</u>	<u>163,078</u>	<u>1</u>
Treasury shares	<u>(449,303)</u>	<u>(4)</u>	<u>(449,303)</u>	<u>(3)</u>
Total equity attributable to owners of the Corporation	5,973,763	47	5,670,266	46
<b>NON-CONTROLLING INTERESTS (Note 22)</b>	<u>1,130,631</u>	<u>9</u>	<u>1,079,456</u>	<u>8</u>
Total equity	<u>7,104,394</u>	<u>56</u>	<u>6,749,722</u>	<u>54</u>
<b>TOTAL</b>	<u>\$ 12,768,679</u>	<u>100</u>	<u>\$ 12,395,693</u>	<u>100</u>

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

# SOFT-WORLD INTERNATIONAL CORPORATION AND SUBSIDIARIES

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

	2019		2018	
	Amount	%	Amount	%
NET OPERATING REVENUE (Notes 4, 23 and 30)	\$ 5,828,654	100	\$ 5,552,667	100
OPERATING COSTS (Notes 4, 8, 24 and 30)	<u>2,647,559</u>	<u>45</u>	<u>2,451,317</u>	<u>44</u>
GROSS PROFIT	<u>3,181,095</u>	<u>55</u>	<u>3,101,350</u>	<u>56</u>
OPERATING EXPENSES (Notes 24 and 30)				
Selling and marketing expenses	1,615,076	28	1,708,632	31
General and administrative expenses	349,864	6	359,175	6
Research and development expenses	417,410	7	418,388	8
Expected credit loss (Note 7)	<u>41,217</u>	<u>1</u>	<u>29,329</u>	<u>-</u>
Total operating expenses	<u>2,423,567</u>	<u>42</u>	<u>2,515,524</u>	<u>45</u>
OPERATING INCOME	<u>757,528</u>	<u>13</u>	<u>585,826</u>	<u>11</u>
NON-OPERATING INCOME AND EXPENSES				
Other income (Note 24)	94,067	2	91,266	1
Other gains and losses (Note 24)	(5,742)	-	(8,385)	-
Finance costs (Note 24)	(2,555)	-	(2,755)	-
Share of loss of associates accounted for using the equity method (Notes 4 and 12)	<u>(10,576)</u>	<u>-</u>	<u>(13,072)</u>	<u>-</u>
Total non-operating income and expenses	<u>75,194</u>	<u>2</u>	<u>67,054</u>	<u>1</u>
PROFIT BEFORE INCOME TAX	832,722	15	652,880	12
INCOME TAX EXPENSE (Notes 4, 5 and 25)	<u>166,779</u>	<u>3</u>	<u>180,861</u>	<u>4</u>
NET PROFIT FOR THE YEAR	<u>665,943</u>	<u>12</u>	<u>472,019</u>	<u>8</u>
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans (Note 21)	156	-	(7,915)	-
Unrealized gain on investments in equity instruments at fair value through other comprehensive income (Note 22)	(21,335)	-	24,183	1
Income tax relating to items that will not be reclassified subsequently to profit or loss (Note 25)	<u>(31)</u>	<u>-</u>	<u>2,486</u>	<u>-</u>
	<u>(21,210)</u>	<u>-</u>	<u>18,754</u>	<u>1</u>

(Continued)

# SOFT-WORLD INTERNATIONAL CORPORATION AND SUBSIDIARIES

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

	2019		2018	
	Amount	%	Amount	%
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating foreign operations (Note 22)	\$ (25,832)	(1)	\$ 12,213	-
Income tax relating to items that may be reclassified subsequently to profit or loss (Notes 22 and 25)	<u>3,237</u>	<u>-</u>	<u>(2,956)</u>	<u>-</u>
	<u>(22,595)</u>	<u>(1)</u>	<u>9,257</u>	<u>-</u>
Other comprehensive income (loss) for the year, net of income tax	<u>(43,805)</u>	<u>(1)</u>	<u>28,011</u>	<u>1</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 622,138</u>	<u>11</u>	<u>\$ 500,030</u>	<u>9</u>
NET PROFIT ATTRIBUTABLE TO:				
Owners of the Corporation	\$ 610,580	10	\$ 461,322	8
Non-controlling interests	<u>55,363</u>	<u>1</u>	<u>10,697</u>	<u>-</u>
	<u>\$ 665,943</u>	<u>11</u>	<u>\$ 472,019</u>	<u>8</u>
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Owners of the Corporation	\$ 574,999	10	\$ 486,224	9
Non-controlling interests	<u>47,139</u>	<u>1</u>	<u>13,806</u>	<u>-</u>
	<u>\$ 622,138</u>	<u>11</u>	<u>\$ 500,030</u>	<u>9</u>
EARNINGS PER SHARE (Note 26)				
Basic	<u>\$ 5.00</u>		<u>\$ 3.70</u>	
Diluted	<u>\$ 4.98</u>		<u>\$ 3.68</u>	

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

(Concluded)

SOFT-WORLD INTERNATIONAL CORPORATION AND SUBSIDIARIES

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

	Equity Attributable to Owners of the Corporation												
						Other Equity							
						Exchange Differences on Translating Foreign Operations	Unrealized Gain (Loss) on Available-for-sale Financial Assets	Unrealized Gain on Financial Assets at Fair Value Through Other Comprehensive Income	Subtotal				
	Share Capital	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings								
BALANCE AT JANUARY 1, 2018	\$ 1,274,743	\$ 1,529,865	\$ 888,889	\$ 25,117	\$ 1,821,197	\$ (20,585)	\$ 153,999	\$ -	\$ 133,414	\$ -	\$ 5,673,225	\$ 745,716	\$ 6,418,941
Effects of retrospective application and retrospective restatement	-	-	-	-	-	-	(153,999)	153,999	-	-	-	-	-
Equity at the beginning of the period after adjustments	1,274,743	1,529,865	888,889	25,117	1,821,197	(20,585)	-	153,999	133,414	-	5,673,225	745,716	6,418,941
Appropriation of 2017 earnings (Note 22)													
Legal reserve	-	-	41,756	-	(41,756)	-	-	-	-	-	-	-	-
Cash dividends distributed by the Corporation	-	-	-	-	(254,949)	-	-	-	-	-	(254,949)	-	(254,949)
	-	-	41,756	-	(296,705)	-	-	-	-	-	(254,949)	-	(254,949)
Cash dividends distributed by the subsidiaries (Note 22)	-	-	-	-	-	-	-	-	-	-	-	(21,007)	(21,007)
Net profit in 2018	-	-	-	-	461,322	-	-	-	-	-	461,322	10,697	472,019
Other comprehensive income (loss) in 2018, net of income tax	-	-	-	-	(4,762)	9,218	-	20,446	29,664	-	24,902	3,109	28,011
Total comprehensive income in 2018	-	-	-	-	456,560	9,218	-	20,446	29,664	-	486,224	13,806	500,030
Difference between consideration and carrying amount of subsidiaries acquired or disposed (Note 11)	-	59,351	-	-	-	-	-	-	-	-	59,351	-	59,351
Changes in percentage of ownership interests in subsidiaries	-	145,350	-	-	-	-	-	-	-	-	145,350	(145,350)	-
Acquisition of company's share by subsidiaries recognized as treasury share (Note 22)	-	-	-	-	-	-	-	-	-	(450,715)	(450,715)	(268,837)	(719,552)
Disposal of company's share by subsidiaries recognized as treasury share transactions (Note 22)	-	9	-	-	-	-	-	-	-	1,412	1,421	831	2,252
Adjustments of capital surplus for company's cash dividends received by subsidiaries (Note 22)	-	10,359	-	-	-	-	-	-	-	-	10,359	-	10,359
Increase in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	754,297	754,297
BALANCE AT DECEMBER 31, 2018	1,274,743	1,744,934	930,645	25,117	1,981,052	(11,367)	-	174,445	163,078	(449,303)	5,670,266	1,079,456	6,749,722
Appropriation of 2018 earnings (Note 22)													
Legal reserve	-	-	46,132	-	(46,132)	-	-	-	-	-	-	-	-
Special reserve	-	-	-	95,407	(95,407)	-	-	-	-	-	-	-	-
Cash dividends distributed by the Corporation	-	-	-	-	(280,444)	-	-	-	-	-	(280,444)	-	(280,444)
	-	-	46,132	95,407	(421,983)	-	-	-	-	-	(280,444)	-	(280,444)
Cash dividends distributed by subsidiaries (Note 22)	-	-	-	-	-	-	-	-	-	-	-	(4,897)	(4,897)
Net profit in 2019	-	-	-	-	610,580	-	-	-	-	-	610,580	55,363	665,943
Other comprehensive income (loss) in 2019, net of income tax	-	-	-	-	(309)	(17,734)	-	(17,538)	(35,272)	-	(35,581)	(8,224)	(43,805)
Total comprehensive income (loss) in 2019	-	-	-	-	610,271	(17,734)	-	(17,538)	(35,272)	-	574,999	47,139	622,138
Adjustments of capital surplus for company's cash dividends received by subsidiaries (Note 22)	-	11,726	-	-	-	-	-	-	-	-	11,726	-	11,726
Changes in percentage of ownership interests in subsidiaries	-	(2,784)	-	-	-	-	-	-	-	-	(2,784)	2,784	-
Increase in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	6,149	6,149
BALANCE AT DECEMBER 31, 2019	\$ 1,274,743	\$ 1,753,876	\$ 976,777	\$ 120,524	\$ 2,169,340	\$ (29,101)	\$ -	\$ 156,907	\$ 127,806	\$ (449,303)	\$ 5,973,763	\$ 1,130,631	\$ 7,104,394

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

# SOFT-WORLD INTERNATIONAL CORPORATION AND SUBSIDIARIES

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

	2019	2018
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Income before income tax	\$ 832,722	\$ 652,880
Adjustments for:		
Income and expenses		
Depreciation expenses	65,630	30,098
Amortization expenses	61,436	76,356
Expected credit loss recognized on accounts receivable	41,217	29,329
Finance costs	2,555	2,755
Interest income	(42,132)	(36,768)
Dividend income	(2,934)	(1,668)
Share of loss of associates accounted for using the equity method	10,576	13,072
Gain on disposal of property, plant and equipment	(514)	(288)
Impairment loss on non-financial assets	-	14,383
Loss on inventories	2,255	5,984
Others	1,341	2,086
Changes in operating assets and liabilities		
Notes receivable	4,089	33,200
Accounts receivable	42,337	(213,103)
Other receivables	141,679	33,638
Inventories	9,450	15,587
Prepayments for royalty	(5,971)	622
Other current assets	(34,651)	(5,111)
Contract liabilities	20,568	10,782
Notes payable	(8,554)	(17,053)
Accounts payable	(45,344)	144,299
Other payables	(234,113)	181,230
Other financial liabilities	331,239	236,458
Other current liabilities	(5,310)	(70,703)
Net defined benefit liabilities	(10,890)	(15,497)
Other noncurrent liabilities	-	(2,000)
Cash generated from operations	1,176,681	1,120,568
Interest received	40,130	35,737
Dividends received	14,660	12,027
Interest paid	(2,962)	(2,755)
Income tax paid	(177,848)	(141,452)
Net cash generated from operating activities	<u>1,050,661</u>	<u>1,024,125</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of financial assets at fair value through other comprehensive income	(1,588)	-
Acquisition of investments accounted for using equity method	(2,275)	(3,959)
Increase in prepayments for long-term investments	-	(767)
Net cash inflow on acquisition of subsidiaries (Note 27)	-	48,205
Proceeds from disposal of subsidiaries	-	79,478

(Continued)



# SOFT-WORLD INTERNATIONAL CORPORATION AND SUBSIDIARIES

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

	2019	2018
Payments for property, plant and equipment	\$ (10,755)	\$ (4,792)
Proceeds from disposal of property, plant and equipment	2,347	1,169
Increase in refundable deposits	(10,321)	557
Decrease in refundable deposits	1,125	1,293
Acquisition of intangible assets	(33,477)	(90,694)
Proceeds from disposal of intangible assets	90	-
Increase in other financial assets	(645,815)	(599,662)
Decrease in other financial assets	10,700	638,010
Increase in other noncurrent assets	<u>(532)</u>	<u>(1,885)</u>
Net cash generated from (used in) investing activities	<u>(690,501)</u>	<u>66,953</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Decrease in short-term borrowings	(105,059)	(29,193)
Increase in guarantee deposits received	30,262	17,339
Decrease in guarantee deposits received	(304)	(1,852)
Repayment of the principal portion of lease liabilities	(34,731)	-
Cash dividends distributed	(280,444)	(254,949)
Acquisition of the parent company's shares held by subsidiaries	-	(450,715)
Proceeds from disposal of the parent company's shares held by subsidiaries	-	1,421
Changes in non-controlling interests	<u>4,036</u>	<u>(78,182)</u>
Net cash used in financing activities	<u>(386,240)</u>	<u>(796,131)</u>
<b>EFFECT OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS HELD IN FOREIGN CURRENCIES</b>		
	<u>(26,556)</u>	<u>(45,553)</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>(52,636)</b>	<b>249,394</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>	<u><b>5,054,401</b></u>	<u><b>4,805,007</b></u>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>	<u><b>\$ 5,001,765</b></u>	<u><b>\$ 5,054,401</b></u>

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

(Concluded)

## Attachment 6

### Soft-World International Corporation Statement of Earnings Distribution 2019

Unit: NTD

Item	Amount	
	Subtotal	Total
2019 Net Profit		610,580,498
Legal reserve appropriated (10%)		(61,058,050)
Reversal of special reserve		89,539,956
The defined benefit plans re-measured amount is recognized in the “retained earnings” account.		(309,876)
<b>Earnings in 2019 Available for Distribution</b>		<b>638,752,528</b>
Undistributed earnings - beginning		1,559,069,800
Accumulated earnings available for distribution at the end of 2019		2,197,822,328
Distribution		
Shareholders’ cash dividends (NT\$4/share)		509,897,328
Undistributed earnings - ending		<u>1,687,925,000</u>

**Note 1:** The dividend distribution of the Company is calculated and rounded up to the dollar in accordance with 127,474,332 outstanding common stock shares issued by March 25, 2020. Should the Company buyback its shares, transfer treasury stocks to employees, encounter conversions of corporate bonds or engage in any transactions that affect the number of outstanding shares before the dividend base date, the Chairman shall be authorized to make the necessary changes with regards to dividend payout per shareholder.

2. Upon the approval of the annual shareholders’ meeting, the Chairman will be authorized upon the resolution reached in the shareholders’ meeting to have the ex-dividend date determined and the dividend distributed proportionally according to the latest shareholders’ registry.
3. Earnings in 2019 is distributed in priority.
- 4 The total number of odd shares for less than NT\$1 is transferred to other income of the Company.

Chairman: WANG, CHUN-PO

Manager: WANG, CHUN-PO

Chief accountant: Huang Ya-Chuan

## Attachment 7

### Soft-World International Corporation

#### Comparison Table of amendments to the Rules of Procedure for Shareholders Meetings

Clause	Clauses after the amendment	Original clause	Amendment's basis and reasons
Article 2	<p>The Company's meeting of shareholders shall be convened by the Board, unless otherwise provided by law.</p> <p><u>The Company shall prepare electronic versions of the shareholders meeting notice and proxy forms, and the origins of and explanatory materials relating to all proposals, including proposals for ratification, matters for deliberation, or the election or dismissal of directors or supervisors, and upload them to the Market Observation Post System (MOPS) before 30 days before the date of a regular shareholders meeting or before 15 days before the date of a special shareholders meeting. The Company shall prepare electronic versions of the shareholders meeting agenda and supplemental meeting materials and upload them to the MOPS before 21 days before the date of the regular shareholders meeting or before 15 days before the date of the special shareholders meeting. In addition, before 15 days before the date of the shareholders meeting, the Company shall also have prepared the shareholders meeting agenda and supplemental meeting materials and made them available for review by shareholders at any time. The meeting agenda and supplemental materials shall also be displayed at the Company and the professional shareholder services agent designated thereby as well as being distributed on-site at the meeting place. The reasons for convening a shareholders meeting shall be specified in the meeting notice and public announcement. With the consent of the addressee, the meeting notice may be given in electronic form. Matters pertaining to election or discharge of directors and supervisors, alteration of the Articles of Incorporation, reduction of capital, application for the approval of ceasing its status as a public company, approval of competing with the company by directors, surplus profit distributed in the form of new shares, reserve distributed in the form of new shares, dissolution, merger, spin-off, or any matters as set forth in Paragraph I, Article 185 hereof shall be itemized in the causes or subjects to be described and the essential contents shall be explained in the notice to convene a meeting of shareholders, and shall not be brought up as extemporaneous motions; the essential contents may be posted on the website designated by the competent authority in charge of securities affairs or the company, and such website shall be indicated in the above notice. The election of directors and supervisors has been set out in the notice as to the reasons for convening the shareholder meeting. The date of assumption of office is also stated, which cannot be changed by an extraordinary motion or any other method after the said election is completed in the shareholders' meeting. Shareholder(s) holding one percent (1%) or more of the total number of outstanding shares of a company may propose to the company a proposal for discussion at a regular shareholders' meeting, provided that only one matter shall be allowed in each single proposal, and in case a proposal contains more than one matter, such proposal shall not be included in the agenda. A</u></p>	<p>The Company's meeting of shareholders shall be convened by the Board, unless otherwise provided by law.</p>	<p>Amendment due to laws and regulations</p>

Clause	Clauses after the amendment	Original clause	Amendment's basis and reasons
	<p><u>shareholder proposal proposed for urging a company to promote public interests or fulfill its social responsibilities may still be included in the list of proposals to be discussed at a regular meeting of shareholders by the board of directors. In addition, when the circumstances of any subparagraph of Article 172-1, Paragraph 4 of the Company Act apply to a proposal put forward by a shareholder, the board of directors may exclude it from the agenda.</u></p> <p><u>Prior to the book closure date before a regular shareholders meeting is held, the Company shall publicly announce that it will receive shareholder proposals, correspondence or electronic means, and the location and time period for their submission; the period for submission of shareholder proposals may not be less than 10 days.</u></p> <p><u>Shareholder-submitted proposals are limited to 300 words, and no proposal containing more than 300 words will be included in the meeting agenda. The shareholder making the proposal shall be present in person or by proxy at the regular shareholders meeting and take part in discussion of the proposal.</u></p> <p><u>Prior to the date for issuance of notice of a shareholders meeting, the Company shall inform the shareholders who submitted proposals of the proposal screening results, and shall list in the meeting notice the proposals that conform to the provisions of this article. At the shareholders meeting the board of directors shall explain the reasons for exclusion of any shareholder proposals not included in the agenda.</u></p>	<p><u>Shareholders meetings that are convened by the Board of Directors shall be chaired by the Chairmen. If the Chairman is unable to perform his/her duties due to leave of absence or any reasons, the Vice Chairman will take the Chairman's place. If the Vice Chairman is also absent, the Chairman may appoint one of the directors to act on behalf. If no one is appointed, the remaining directors will appoint one among themselves to perform the Chairman's duties on behalf.</u></p>	
Article 5	<p>Shareholders meetings that are convened by the Board of Directors shall be chaired by the Chairmen. If the Chairman is unable to perform his/her duties due to leave of absence or any reasons, the Vice Chairman will take the Chairman's place. If the Vice Chairman is also absent, the Chairman may appoint one of the directors to act on behalf. If no one is appointed, the remaining directors will appoint one among themselves to perform the Chairman's duties on behalf. If the shareholders' meeting is convened by any authorized party other than the Board of Directors, the convener will act as the meeting chairman. If there are two or more conveners, they shall appoint one among themselves to chair the meeting.</p>	<p><u>The Company's meeting of shareholders shall be convened by the Board, unless otherwise provided by law. If the meeting of shareholders is convened by the Board, the Chairman of the Board is to chair the meeting. If the Chairman is on leave or is unable to exercise his/her powers for certain reasons, the Vice Chairman is to chair the meeting. If a Vice Chairman is not appointed or the Vice Chairman is also on leave or is unable to perform his duties for certain reasons, the Chairman is to appoint one of the general directors to chair the meeting. If a general director is not appointed, one of the directors is appointed to chair the meeting. If a representative is not appointed by the Chairman, one of the general directors or directors should be elected among the board members to chair the meeting. If the shareholders' meeting is convened by any authorized party other than the Board of Directors, the convener will act as the meeting chairman. If there are two or more conveners, they shall appoint one among themselves to chair the meeting.</u></p>	Amendment due to laws and regulations
Article 9	<p>If a shareholders meeting is convened by the board of directors, the meeting agenda shall be set by the board of directors <u>and all relevant proposals shall be voted.</u> The meeting shall proceed in the order set by the agenda, which may not be changed without a resolution of the shareholders meeting.</p>	<p>If a shareholders meeting is convened by the board of directors, the meeting agenda shall be set by the board of directors. The meeting shall proceed in the order set by the agenda, which may not be changed without a resolution of the shareholders meeting. If the meeting of shareholders is convened by an</p>	Amendment due to laws and regulations

Clause	Clauses after the amendment	Original clause	Amendment's basis and reasons
	<p>If the meeting of shareholders is convened by an authorized person other than the Board, the provision referred to above is applicable.</p> <p><u>The chair shall allow ample opportunity during the meeting for explanation and discussion of proposals and of amendments or extraordinary motions put forward by the shareholders; when the chair is of the opinion that a proposal has been discussed sufficiently to put it to a vote, the chair may announce the discussion closed and call for a vote and arrange sufficient time for voting.</u></p>	<p>authorized person other than the Board, the provision referred to above is applicable.</p>	
Article 12	<p>A shareholder shall be entitled to one vote for each share held, except when the shares are restricted shares or are deemed non-voting shares under Article 179, Paragraph 2 of the Company Act.</p> <p>When this Corporation holds a shareholders meeting, it may allow the shareholders to exercise voting rights <u>by correspondence or electronic means</u>. When voting rights are exercised by correspondence or electronic means, the method of exercise shall be specified in the shareholders meeting notice. Shareholders who have their votes cast in writing or by electronic means are deemed as attending the meeting in person. However, with respect to motions and original proposal amendments of the meeting of shareholders, it is deemed as a waiver; <u>it is therefore advisable that the Company avoid the submission of extraordinary motions and amendments to original proposals</u>.</p> <p>For the resolution of proposals, unless otherwise provided in the Company Act and the Company Corporate Charter (Articles of Incorporation), the consent of a majority vote of the attending shareholders shall prevail. At the time of voting, the voting shall be conducted on a case-by-case basis. The result of vote for, against and abstention of the shareholders shall be entered into the MOPS on the same date after the shareholders meeting is held. When there is an amendment or alternative for the same motion, the Chairman shall have the order of vote, including the original proposal, determined accordingly.</p> <p>Chairman is to appoint the scrutineers and counting officers who must be shareholders.</p> <p>The vote counting process of the shareholder's balloting or election should be held openly at the meeting venue. The balloting result should be announced immediately at the meeting, including statistical weights, and it should be documented for record.</p>	<p>A shareholder shall be entitled to one vote for each share held, except when the shares are restricted shares or are deemed non-voting shares under Article 179, Paragraph 2 of the Company Act.</p> <p>Voting rights can be exercised <u>in writing</u> or through the electronic method. Instructions for exercising voting rights in writing or through the electronic form must be clearly stated on the shareholders meeting advice. Shareholders who have their votes cast in writing or by electronic means are deemed as attending the meeting in person. However, with respect to motions and original proposal amendments of the meeting of shareholders, it is deemed as a waiver.</p> <p>For the resolution of proposals, unless otherwise provided in the Company Act and the Company Corporate Charter (Articles of Incorporation), the consent of a majority vote of the attending shareholders shall prevail. At the time of voting, the voting shall be conducted on a case-by-case basis. The result of vote for, against and abstention of the shareholders shall be entered into the MOPS on the same date after the shareholders meeting is held. When there is an amendment or alternative for the same motion, the Chairman shall have the order of vote, including the original proposal, determined accordingly.</p> <p>Chairman is to appoint the scrutineers and counting officers who must be shareholders.</p> <p>The vote counting process of the shareholder's balloting or election should be held openly at the meeting venue. The balloting result should be announced immediately at the meeting, including statistical weights, and it should be documented for record.</p>	Amendment due to laws and regulations
Article 14	<p>Paragraph 1, 2 omitted.</p> <p>The Company's minutes of shareholders' meeting referred to above can be distributed by posting it on the MOPS.</p> <p>The minutes of meeting shall be prepared with the following information included: the year, month, and day of the meeting and place of the meeting, the name of the chairman, the method of adopting resolutions, the essential points of the proceedings, and the results of the voting <u>(including the voting rights)</u>. <u>When the election of directors and supervisors is arranged, the number of votes received by each elected director and supervisor should be disclosed</u>. The recorded results should be kept permanently throughout the duration of the Company.</p>	<p>Paragraph 1, 2 omitted.</p> <p>The Company's minutes of shareholders' meeting referred to above can be distributed by posting it on the MOPS.</p> <p>The minutes of meeting should be prepared in accordance with the year, month, date, place, name of the Chairman, the resolution method, meeting procedure and the results, and shall be permanently reserved throughout the duration of the Company.</p>	Amendment due to laws and regulations

## Attachment 8

### Soft-World International Corporation Comparison Table of amendments to “Regulations for Directorial and Supervisory Elections

Clause	Clauses after the amendment	Original clause	Amendment basis and reasons
Article 4	<p>The qualifications for the independent directors of the Company shall comply with Articles 2, 3, and 4 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies.</p> <p>The election of independent directors of the Company shall comply with Articles 5, 6, 7, 8, and 9 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies, <u>and shall be conducted in accordance with Article 24 of the Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies.</u></p>	<p>The qualifications for the independent directors of the Company shall comply with Articles 2, 3, and 4 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies.</p> <p>The elections for the independent directors of the Company shall comply with Articles 5, 6, 7, 8 and 9 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies.</p>	Amendment due to laws and regulations
Article 5	<p>Elections of both directors and supervisors at the Company shall be conducted in accordance with the candidate nomination system and procedures set out in Article 192-1 of the Company Act. The Company shall review the qualifications, education, working experience, background of nominee directors and supervisors and may not arbitrarily add requirements for documentation of other qualifications. It shall further provide the results of the review to shareholders for their reference, so that qualified directors and supervisors will be elected.</p> <p><u>When the number of directors falls below five due to the dismissal of a director for any reason,</u> the Company shall hold a by-election to fill the vacancy at its next shareholders meeting. When the number of directors falls short by one-third of the total number prescribed by the articles of incorporation, the company shall convene a special shareholders meeting within 60 days of the occurrence of that fact for a by-election for director(s).</p> <p><u>When the number of independent director falls below that required under the proviso of Article 14-2, Paragraph 1 of the Securities Exchange Act,</u> a by-election shall be held at the most recent shareholders' meeting to fill the vacancy. When the independent directors are dismissed, a special shareholders' meeting shall be called within 60 days from the date of occurrence to hold a by-election and fill the vacancies.</p> <p>When the number of supervisors falls below that prescribed in the Company's articles of incorporation due to the dismissal of a supervisor for any reason, a by-election to fill the vacancy should ideally be held at the next shareholders meeting. When the supervisors are dismissed en masse, a special shareholders meeting shall be called within 60 days from the date of occurrence to hold a by-election to fill the vacancies.</p>	<p>Elections of both directors and supervisors at the Company shall be conducted in accordance with the candidate nomination system and procedures set out in Article 192-1 of the Company Act. The Company shall review the qualifications, education, working experience, background, <u>and the existence of any other matters set forth in Article 30 of the Company Act</u> with respect to nominee directors and supervisors and may not arbitrarily add requirements for documentation of other qualifications. It shall further provide the results of the review to shareholders for their reference, so that qualified directors and supervisors will be elected</p> <p>When the number of directors falls short by one-third of the total number prescribed by the articles of incorporation, the company shall convene a special shareholders meeting within 60 days of the occurrence of that fact for a by-election for director(s).</p> <p>When the number of independent director falls below that required by the <u>Articles of Association</u>, a by-election shall be held at the most recent shareholders' meeting to fill the vacancy. When the independent directors are dismissed, a special shareholders' meeting shall be called within 60 days from the date of occurrence to hold a by-election and fill the vacancies.</p> <p>When the number of supervisors falls below that prescribed in the Company's articles of incorporation due to the dismissal of a supervisor for any reason, a by-election to fill the vacancy should ideally be held at the next shareholders meeting. When the supervisors are dismissed en masse, a special shareholders meeting shall be called within 60 days from the date of occurrence to hold a by-election to fill the vacancies.</p>	Amendment due to laws and regulations
Article 9	<p>Before the election begins, the chairman shall appoint some shareholder to perform the respective duties of vote monitoring, and <u>shall appoint others</u> as counting personnel. The ballot boxes shall be prepared by the board of directors and publicly checked by the vote monitoring personnel before voting commences.</p>	<p>Before the election begins, the chair shall appoint a number of persons with shareholder status to perform the respective duties of vote monitoring and counting personnel. The ballot boxes shall be prepared by the board of directors and publicly checked by the vote monitoring personnel before voting commences.</p>	Amendment due to laws and regulations

## **Appendix 1**

# **Articles of Association of Soft-World International Corporation**

## **Chapter 1 General rules**

- Article 1: The Company is incorporated according to The Company Act, and is named Soft-World International Corporation
- Article 2: The Company's industry classifications are:
1. F218010 Retail Sale of Computer Software
  2. CC01110 Computers and Computing Peripheral Equipments Manufacturing
  3. F118010 Wholesale of Computer Software
  4. I301010 Software Design Services
  5. F113070 Wholesale of Telecom Instruments.
  6. I301030 Digital Information Supply Services
  7. E701010 Telecommunications Construction.
  8. F401010 International Trade.
  9. J303010 Magazine and Periodical Publication.
  10. I401010 General Advertising Services.
  11. J602010 Agents and Managers for Performing Arts, Entertainers, and Models.
  12. J305010 Audio Tape and Record Publishers.
  13. F209060 Retail sale of Stationery Articles, Musical Instruments and Educational Entertainment Articles.
  14. F109070 Retail sale of Stationery Articles, Musical Instruments and Educational Entertainment Articles.
  15. JZ99050 Agency Services.
  16. ZZ99999 All business items that are not prohibited or restricted by law, except those that are subject to special approval.
- Article 3: The Company may provide the guarantee or reinvestment to external companies in the same industry due to the business requirement. In such event, the restriction for investment amount not to exceed 40% of the paid-in capital of the Company stipulated in Article 13 of the Company Act is not applicable.
- Article 4: The Company is located in Kaohsiung and may establish branches at home or abroad as necessary by the resolution of the board of the directors.
- Article 5: Deleted.

## **Chapter 2 Stock shares**

- Article 6: The authorized capital of the Company is NT\$2,000 million, divided into 200 million shares with NT\$10 of par value. The total number of shares may be issued in installments. The unissued shares shall authorize the board of directors to resolve for issue according to actual demand.
- The total authorized capital in the first paragraph shall reserve NT\$50 million for the issue of share subscription warrant, bond with attached warrant or preferred stocks with attached warrants, totaling 5 million shares, and NT\$10 per share that may be issued in installments according to the resolution of the board of directors.
- The Company may transfer the shares to employees at a price lower than the average price of the actual buy back shares, or issue the employee stock warrant at an exercise price lower than market. However, it shall be approved by the shareholders meeting that is attended by the shareholders representing more than one-half of the total number of issued shares and be resolved by more than two-thirds of voting rights of the attending shareholders.
- Article 7: The Company issues owner-registered common shares only. Every share certificate

shall be signed or sealed by at least 3 directors and the Company's seal. After legal certification, it shall be issued within the prescribed period and may be integrated to reissue big par value of stocks. After the Company issues shares publicly, it is also exempt from printing stocks.

- Article 8: The renaming and registration of the shareholder shall be suspended within 60 days prior to the convening date of the general shareholders meeting, or within 30 days prior to the convening date of the special shareholders meeting or within 5 days prior to the target date fixed by the company for distribution of dividends, bonus or other benefits.

### Chapter 3 shareholders Meetings

- Article 9: The shareholders meeting is divided into a regular meeting and special meeting. The general meeting shall be held once a year and is convened by the board of directors within 6 months after the end of the fiscal year. Special sessions will be called for under law where necessary.
- Article 9-1: The shareholders meeting shall be convened by the board of directors and chaired by the chairman. In the absence of the chairman, the chairman shall appoint one of the directors to act on his behalf. If no one is appointed, one of the directors shall be elected to act instead. If convened by a person other than the board of directors, the convener shall act as chairman. And, if there are more than 2 conveners, the conveners shall elect one of them as chairman.
- Article 10: When a shareholder is unable to attend the shareholders meeting for any reason, he or she may execute a power of attorney issued by the company, stating the scope of delegation, to appoint a proxy to attend the shareholders meeting. In addition, pursuant to Article 177 of the Company Act, the method of the shareholder's entrustment attendance shall be conducted in accordance with the "Regulations Governing the Use of Proxies for Attendance at Shareholders Meetings of Public Companies" announced by the governing authority.
- Article 11: The resolution of the shareholders meeting, unless otherwise regulated by laws, shall be attended by the shareholders representing more than half of the total number of issued shares in person or by proxy, and approved by more than half of voting rights of the attending shareholders.
- Article 11-1: The resolution of the shareholders meeting shall be made into meeting minutes and shall be conducted in accordance with Article 183 of the Company Act.
- Article 12: Each shareholder of the Company has one vote per share, but there are no voting rights, in event of the occurrence of such events stated in Article 179 of the Company Act.

### Chapter 4 Directors and Supervisors

- Article 13: The Company establishes 5 to 11 directors and 2 to 3 supervisors with the term of 3 years, who can be re-elected. Among the number of the directors in the preceding paragraph, the number of independent directors shall not be less than 2 persons, and shall not be less than one-fifth of the number of the directors. After the Company issues the shares publicly, the shareholding percentage of the entire body of the directors and supervisors shall comply with the regulations of the security management authority.
- Elections of the Company's directors and supervisors shall proceed using the cumulative single-registered method. Each share is vested with voting rights equal to the number of directors and supervisors to be elected. These voting rights may be concentrated on one candidate or spread across multiple candidates. Candidates receiving the highest number of votes are elected as directors and supervisors.
- The entire body of the directors and supervisors shall be elected by the shareholders using the nomination system from the list of nominated candidates.
- Pursuant to the preceding paragraph, the method of candidates' nomination and announcement shall be conducted in accordance with the applicable laws of the Company



Act and the Securities and Exchange Act.

- Article 13-1: The board of directors shall convene at least once a quarter. The convening shall be notified to all directors and supervisors with detailed agenda 7 days before the meeting; however, the meeting can be convened with shorter notice in case of any emergency.  
The convening of the board of directors of the Company may be notified in writing, by e-mail or fax.
- Article 14: The directors construct the board of directors, with the attendance of more than two-thirds of the directors and the consent of more than one-half of the attending directors to appoint one of the directors to be chairman who will represent the Company in performing all business.
- Article 14-1: When the chairman is unable to perform the duties due to leave or other reasons, the acting chairman shall be decided in accordance with Article 208 of the Company Act.
- Article 14-2: For the directors to attend and entrust to attend the board of the directors, the entrustment shall be conducted in accordance with Article 205 of the Company Act.
- Article 15: When the vacancy of the directors reaches one-third or the entire body of the supervisors is dismissed, the board of directors shall convene the special shareholders meeting within 30 days for by-election, and the term shall be the remaining term of the current board of directors. After the Company issues the shares publicly, the board of directors shall convene the special shareholdings meeting within 60 days for re-election.
- Article 16: Regardless of operating profit or loss, the board of directors may be authorized to determine the remuneration of all directors and supervisors according to the general standard in the same industry.
- Article 17: The supervisors shall perform their duties pursuant to the laws, regulations, Articles of Incorporation and the authority that are delegated by the shareholders meeting.
- Article 17-1: The Company may purchase liability insurance for directors and supervisors in order to reduce the risk that directors and supervisors may be sued by the shareholders or other parties for performing their duties by laws.
- Article 17-2: When the government or institutions are the shareholders of the Company, their representatives shall not be elected or act as the directors and supervisors of the Company at the same time, except with the approval of the governing authority.

## Chapter 5 Manager

- Article 18: The Company may set up one president, whose recruitment, dismissal and remuneration shall be pursuant to the applicable regulations of the Company Act.
- Article 19: The board of directors may employ CPAs and attorneys as consultants according to the demand of the business; their compensation shall be determined by the board of directors.

## Chapter 6 Accounting

- Article 20: The Company stipulates that the fiscal year is from January 1st to December 31st of every year.
- Article: 21: At the end of each fiscal year, the board of directors shall prepare the left-listed reports, and they shall be submitted to the supervisors for review before 30 days of the general shareholders meeting, as well as reported to the general shareholdings meeting by laws for recognition.
1. Business Report
  2. Financial statements
  3. Proposal for earnings distribution or loss offset
- Article 22: If the Company earns profit in the year, it shall reserve not less than 2% for the compensation of employees and not higher than 2% for the remuneration of the directors and supervisors. The distribution for compensation of employees and remuneration of the directors and supervisors shall be reported to the shareholders

meeting. However, if the Company still has accumulated losses, the amount shall be retained for compensation, and then appropriated as remuneration to employees, directors and supervisors based on the percentages mentioned above.

The employees' compensation in the preceding paragraph may be paid by shares or by cash according to the resolution of the board of directors. The counterparty of the distribution may include the subsidiaries' employees who meet the certain conditions.

Article 22-1: The annual earnings concluded by the Company are first subject to taxation and offsetting the accumulated loss, followed by 10% of legal reserve; however, no further provision is needed when legal reserve has accumulated to the same amount as the paid-in capital. Any earnings remaining shall then be subject to provision or reverse of special reserve pursuant to the laws and business demand of the Company. The residual earnings are the distributable earnings in the year, added up undistributed earnings of beginning balance as the accumulated distributable earnings. The board of directors shall provide the proposal of earnings distribution according to this article's dividend policy and report to the shareholders meeting for resolution.

In consideration of the need for future expansion and R&D and coordination with the macro environment and industry characteristics for sustainable development and long-term profits for shareholders, dividends are appropriated based on the accumulated distributable earnings, provided the amount shall not be lower than 15% of the distributable earnings of the year under our dividend policy. However, no dividend will be distributed when the amount of accumulated distributed earnings is lower than 25% of the amount of paid-in capital. Dividends are released in either cash or stock, provided the amount of cash dividend shall not be lower than 10% of the total amount of dividends.

## Chapter 7 Appendix

Article 23: Any matters that are not mentioned herein shall be conducted according to the applicable laws and regulations.

Article 24: This Articles of Incorporation was created on April 20, 1983; the 1<sup>st</sup> amendment was made on October 4, 1984; the 2<sup>nd</sup> amendment was made on November 26, 1988; the 3<sup>rd</sup> amendment was made on December 11, 1989, the 4<sup>th</sup> amendment was made on August 15, 1994; the 5<sup>th</sup> amendment was made on June 25, 1996; the 6<sup>th</sup> amendment was made on September 20, 1996; the 7<sup>th</sup> amendment was made on October 5, 1997, the 8<sup>th</sup> amendment was made on November 20, 1997; the 9<sup>th</sup> amendment was made on July 11, 1998; the 10<sup>th</sup> amendment was made on July 31, 1998; the 11<sup>th</sup> amendment was made on June 21, 1999; the 12<sup>th</sup> amendment was made on June 16, 2000, the 13<sup>th</sup> amendment was made on June 15, 2001; the 14<sup>th</sup> amendment was made on June 18, 2002; the 15<sup>th</sup> amendment was made on June 18, 2002; the 16<sup>th</sup> amendment was made on June 25, 2003; the 17<sup>th</sup> amendment was made on June 25, 2003; the 18<sup>th</sup> amendment was made on June 4, 2004; the 19<sup>th</sup> amendment was made on June 4, 2004; the 20<sup>th</sup> amendment was made on June 22, 2005; the 21<sup>st</sup> amendment was made on June 22, 2005; the 22<sup>nd</sup> amendment was made on June 23, 2006; the 23<sup>rd</sup> amendment was made on June 26, 2007; the 24<sup>th</sup> amendment was made on June 26, 2007, the 25<sup>th</sup> amendment was made on June 19, 2008; the 26<sup>th</sup> amendment was made on June 19, 2009, the 27<sup>th</sup> amendment was made on June 17, 2010, the 28<sup>th</sup> amendment was made on June 17, 2011; the 29<sup>th</sup> amendment was made on June 27, 2012; the 30<sup>th</sup> amendment was made on June 23, 2016; the 31<sup>st</sup> amendment was made on June 22, 2017; and the 32<sup>nd</sup> amendment was made on June 18, 2019.

## Appendix 2

### **Soft-World International Corporation Rules of Procedure for Shareholder Meetings**

- Article 1: The Rules of Procedure for Shareholders Meetings is processed in accordance with the Rules, unless otherwise provided by law or Articles of Incorporation.
- Article 2: The Company's meeting of shareholders shall be convened by the Board, unless otherwise provided by law.  
Shareholders meetings that are convened by the Board of Directors shall be chaired by the Chairmen. If the Chairman is unable to perform his/her duties due to leave of absence or any reasons, the Vice Chairman will take the Chairman's place. If the Vice Chairman is not appointed or the Vice Chairman is also on leave or is unable to perform his duties for certain reasons, the Chairman may appoint one of the directors to act on behalf. If no one is appointed, the remaining directors will appoint one among themselves to perform the Chairman's duties on behalf.
- Article 3: Shareholders may attend the meeting of shareholders by proxy that is printed and issued by the Company with the scope of authorization detailed.
- Article 4: The shareholders meeting must be held at a location that is suitable and convenient for shareholders to attend. The meeting must not commence anytime earlier than 9AM or later than 3PM. Independent Directors' opinions must be fully taken into consideration when deciding the time and venue of the meeting.
- Article 5: The Company's meeting of shareholders shall be convened by the Board, unless otherwise provided by law. If the meeting of shareholders is convened by the Board, the Chairman of the Board is to chair the meeting. If the Chairman is on leave or is unable to exercise his/her powers for certain reasons, the Vice Chairman is to chair the meeting. If a Vice Chairman is not appointed or the Vice Chairman is also on leave or is unable to perform his duties for certain reasons, the Chairman is to appoint one of the general directors to chair the meeting. If a general director is not appointed, one of the directors is appointed to chair the meeting. If a representative is not appointed by the Chairman, one of the general directors or directors should be elected among the board members to chair the meeting. If the shareholders' meeting is convened by any authorized party other than the Board of Directors, the convener will act as the meeting chairman. If there are two or more conveners, they shall appoint one among themselves to chair the meeting.
- Article 6: The Company may assign the appointed attorney, CPA, or responsible personnel to attend the meeting of the shareholders.
- Article 7: The Company should have the entire meeting of shareholders taped in audio or video recording and stored for at least one year. However, for the litigation filed by the shareholders in accordance with Article 189 of the Company Act, it should be reserved until the end of the proceedings.
- Article 8: Attendance of the meeting of shareholders should be calculated in accordance with the shareholdings.  
The shareholding attendance is based on the attendance registry or the signature cards submitted, plus the votes exercised in writing or by electronic means.  
The Chairman shall call the meeting to order at the meeting time. If the shareholding of the attending shareholders is not more than half of the total number of shares issued, the Chairman may announce the meeting postponed, which is limited to two postponements and for less than one-hour in total. If the shareholding of the attending shareholders remaining do not constitute more than one third of the total number of shares issued

after the two postponements, the Chairman may announce to have the meeting aborted. If the shareholdings of the attending shareholders are not more than half of the total number of shares issued after two postponements but more than one third of the total number of shares issued, a pseudo-resolution can be resolved in accordance with Paragraph 1, Article 175 of the Company Act; also, shareholders should be informed regarding the pseudo-resolution with another meeting of shareholders to be convened within one month.

If the shareholdings of the attending shareholders are more than one half of the total number of shares issued before the end of the meeting, the Chairman may have the pseudo-resolution presented again in the next meeting of the shareholders for resolution in accordance with Article 174 of the Company Act.

Article 9: If the meeting of shareholders is convened by the Board, the agenda is scheduled by the Board; also, the meeting should be conducted in accordance with the agenda scheduled and it may not be amended without the resolution reached in the meeting of shareholders.

If the meeting of shareholders is convened by an authorized person other than the Board, the provision referred to above is applicable.

Article 10: Attending shareholders before speaking on the subject must fill out the speech slip, shareholder account number, and account name (or attendance pass number) in detail, and then the Chairman is to determine the order of speakers.

Attending shareholders who have speech slips submitted but not speak shall be deemed as silent shareholders. If there is a discrepancy found between the text of the speech and the speech slip submitted, the contents of the speech shall prevail.

Each shareholder may not speak more than twice on the same motion for 5 minutes each time without the consent of the Chairman. However, the Chairman may have the speaking shareholders who violate the rules or speak beyond the scope of those issues silenced.

Attending shareholders may not interfere with the speaking shareholders without the consent of the Chairman and the speaking shareholders. The Chairman will have the violating shareholders stopped.

If the juridical person shareholder has more than two representatives assigned to attend the meeting of shareholders, only one of the two representatives may speak on the same proposal.

The Chairman may reply to the speaking shareholders personally or by the designated personnel.

Article 11: Resolutions of the meeting of shareholders should be based on their shareholdings.

For the resolutions in the meeting of shareholders, the shares of the shareholders without votes are not included in the calculation of outstanding shares.

Shareholders who have a conflict of interest with the proposals that are detrimental to the Company's interests shall not vote, and cannot vote by proxy on behalf of the other shareholders.

The shares without votes referred to above are not included in the calculation of the attending shareholders' votes.

Except for Trust agencies or stock agencies approved by the securities regulatory authorities, the votes of the representative delegated by two or more shareholders shall not exceed 3% of the total votes representing the total number of shares issued; also, the votes exceeding the threshold shall not be counted.

Article 12: Shareholders are entitled to one vote per share; except for those subject to restrictions or the non-voting matters illustrated in Paragraph 2, Article 179 of the Company Act.

Voting rights can be exercised in writing or through the electronic method. Instructions for exercising voting rights in writing or through the electronic form must be clearly stated on the shareholders meeting advice. Shareholders who have their votes cast in

writing or by electronic means are deemed as attending the meeting in person. However, with respect to motions and original proposal amendments of the meeting of shareholders, it is deemed as a waiver.

For the resolution of proposals, unless otherwise provided in the Company Act and the Company Corporate Charter (Articles of Incorporation), the consent of a majority vote of the attending shareholders shall prevail. At the time of voting, the voting shall be conducted on a case-by-case basis. The result of vote for, against and abstention of the shareholders shall be entered into the MOPS on the same date after the shareholders meeting is held.

When there is an amendment or alternative for the same motion, the Chairman shall have the order of vote, including the original proposal, determined accordingly.

Chairman is to appoint the scrutineers and counting officers who must be shareholders. The vote counting process of the shareholder's balloting or election should be held openly at the meeting venue. The balloting result should be announced immediately at the meeting, including statistical weights, and it should be documented for record.

Article 13: If directors or supervisors are elected in the shareholders' meeting, the election shall be governed by applicable election rules established by the Company and the results of the election shall be announced on site, including the list of elected directors and supervisors and the number of votes received.

Electoral ballots referred to above shall be sealed and signed by the scrutineers and reserved for at least one year. However, for the litigation filed by the shareholders in accordance with Article 189 of the Company Act, it should be reserved until the end of the proceedings.

Article 14: Shareholder resolutions shall be recorded in minutes, affixed with the signature or seal of the chairman of the meeting and distributed to each shareholder within 20 days from the meeting. The preparation and distribution of the minutes of shareholders' meeting can be processed electronically.

The Company's minutes of shareholders' meeting referred to above can be distributed by posting it on the MOPS.

The minutes of meeting should be prepared in accordance with the year, month, date, place, name of the Chairman, the resolution method, meeting procedure and the results, and shall be permanently reserved throughout the duration of the Company.

Article 15: The staff responsible for organizing the meeting of shareholders shall wear identification badges or armbands.

The Chairman may direct disciplinary personnel or security personnel to help keep the meeting place in order. The disciplinary personnel or security personnel that help keep the meeting place in order should wear an armband with "Marshal" affixed or an identification card.

When the meeting place is equipped with amplifying equipment, the Chairman may stop shareholders who do not use the speaking device provided by the Company from speaking.

The Chairman may instruct the disciplinary personnel or security personnel to have shareholders who violate the Rules of Procedure for Shareholder Meetings, disobey the instructions of the Chairman, intervene in the meeting proceedings and fail to comply with the disciplinary act escrowed to leave the meeting place.

Article 16: The chairman may call the meeting into recess at a suitable time. In the event of a force majeure event, the chairman may decide to suspend the meeting temporarily and, as the case may be, announce the time to continue the meeting, or with the resolution of the shareholders meeting, continue the meeting within 5 days, exempted from the notice and announcement.

Article 17: The Rule shall be approved by the shareholders meeting and then implemented afterwards. The amendment shall apply the same.

## Appendix 3

### Soft-World International Corporation Corporate Governance Best Practice Principles

#### Chapter 1 General rules

##### Article 1

These Regulations are formulated in accordance with the “Corporate Governance Best Practice Principles for TWSE/GTSM Listed Companies” in order to assist the Company to establish a good corporate governance system and to promote the sound development of the securities market.

The Company is advised to formulate its own corporate governance principles and establish an effective corporate governance framework with reference to these Principles and disclose them through the Market Observation Post System (MOPS).

##### Article 2

When setting up the corporate governance system, in addition to complying with relevant laws, regulations, articles of incorporation, contracts signed with the competent authority, and other relevant regulations, the Company shall follow the following principles:

1. Protect the rights and interests of shareholders.
2. Strengthen the powers of the board of directors.
3. Fulfill the function of supervisors.
4. Respect the rights and interests of stakeholders.
5. Enhance information transparency.

##### Article 3:

The Company shall follow the Criteria Governing Establishment of Internal Control Systems by Public Reporting Companies and take into consideration the overall operational activities of itself and its subsidiaries to design and fully implement an internal control system, and shall conduct continuing reviews of the system, in order to ensure the continued effectiveness of its design and implementation in light of changes in the company's internal and external environment.

In addition to the actual implementation of the internal control system, the board of directors of the Company should review the audit report of the audit unit at least annually; also, the Audit Committee or supervisors should stay aware and supervise it. Directors and supervisors shall periodically hold discussions with their internal auditors about reviews of internal control system deficiencies. A record of the discussions shall be kept, and the discussions shall be followed up, improvements implemented, and a report submitted to the board of directors.

The Company is advised to establish channels and mechanisms of communication between their independent directors, audit committees or supervisors, and chief internal auditors.

The management of the Company shall pay special attention to the internal audit department and its personnel, fully empower them and urge them to conduct audits effectively, to evaluate problems of the internal control system and assess the efficiency of its operations to ensure that the system can operate effectively on an on-going basis, and to assist the board of directors and the management to perform their duties effectively so as to ensure a sound corporate governance system.

##### Article 3-1:

The Company is advised to have an adequate number of corporate governance personnel with appropriate qualifications based on the size of the company, business situations and management needs, and to appoint a chief corporate governance officer as the most senior officer to be in charge of corporate governance affairs. Said officer shall be a qualified, practice-eligible lawyer or accountant or have been in a managerial position for at least three years in a securities, financial, or futures related institution or a public company in handling legal affairs, financial affairs, stock affairs, or corporate governance affairs.

It is required that the corporate governance affairs mentioned in the preceding paragraph include at least the following items:

1. Handling matters relating to board meetings and shareholders meetings according to laws
2. Producing minutes of board meetings and shareholders meetings
3. Assisting in onboarding and continuous development of directors and supervisors
4. Furnishing information required for business execution by directors and supervisors
5. Assisting directors and supervisors with legal compliance
6. Other matters set out in the articles of incorporation or contracts

#### Chapter 2 Protect the rights and interests of shareholders.

##### Section 1 Encouraging Shareholders to Participate in Corporate Governance

#### Article 4

The corporate governance system of the Company shall be designed to protect shareholders' rights and interests and treat all shareholders equitably.

The Company shall establish a corporate governance system which ensures shareholders' rights of being fully informed of, participating in and making decisions over important matters of the company.

#### Article 5

The Company shall convene shareholders meetings in accordance with the Company Act and relevant laws and regulations, and provide comprehensive rules for such meetings. The Company shall faithfully implement resolutions adopted by shareholders meetings in accordance with the rules for the meetings.

Resolutions adopted by shareholders meetings of the Company shall comply with laws, regulations and articles of incorporation.

#### Article 6

The board of directors of the Company shall properly arrange the agenda items and procedures for shareholders meetings, and formulate the principles and procedures for shareholder nominations of directors and supervisors and submissions of shareholder proposals. The board shall also properly handle the proposals duly submitted by shareholders. Arrangements shall be made to hold shareholders meetings at a convenient location, with sufficient time allowed and sufficient numbers of suitable personnel assigned to handle attendance registrations. No arbitrary requirements shall be imposed on shareholders to provide additional evidentiary documents beyond those showing eligibility to attend. Shareholders shall be granted reasonable time to deliberate each proposal and an appropriate opportunity to make statements.

For a shareholders meeting called by the board of directors, it is advisable that the board chairperson chair the meeting, that a majority of the directors (including at least one independent director) and at least one supervisor, attend in person, and that at least one member of other functional committees attend as representative. Attendance details should be recorded in the shareholders meeting minutes.

#### Article 7

The Company shall encourage its shareholders to actively participate in corporate governance. It is advisable that the company engage a professional shareholder services agent to handle shareholders meeting matters, so that shareholders meetings can proceed on a legal, effective and secure basis. The Company shall seek all ways and means, including fully exploiting technologies for information disclosure, to upload annual reports, annual financial statements, notices, agendas and supplementary information of shareholders meetings in both Chinese and English concurrently, and shall adopt electronic voting, in order to enhance shareholders' attendance rates at shareholders meetings and ensure their exercise of rights at such meetings in accordance with laws.

The Company is advised to avoid raising extraordinary motions and amendments to original proposals at a shareholders meeting, and is advised to adopt a candidate nomination system for the election of directors and supervisors.

The Company adopts electronic voting at the shareholders' meeting; also, upload the shareholders' consent, opposition and waiver to the information declaration system designated by the competent authority on the day after the shareholders' meeting.

#### Article 8

The Company in accordance with the Company Act and other applicable laws and regulations, shall record in the shareholders meeting minutes the date and place of the meeting, the name of the chairperson, the method of adopting resolutions, and a summary of the essential points of the proceedings and the results of the meeting. With respect to the election of directors and supervisors, the meeting minutes shall record the method of voting adopted therefore and the total number of votes for the elected directors or supervisors.

The shareholders meeting minutes shall be properly and perpetually kept by the company during its legal existence, and should be sufficiently disclosed on the company's website.

#### Article 9

The chairperson of the shareholders meetings shall be fully familiar and comply with the rules governing the proceedings of the shareholders meetings established by the company. The chairperson shall ensure the proper progress of the proceedings of the meetings and may not adjourn the meetings at will.

#### Article 10

The Company shall place high importance on the shareholder right to know, and shall faithfully comply with applicable regulations regarding information disclosure in order to provide shareholders with regular and timely information on company financial conditions and operations, insider shareholdings, and corporate governance status through the MOPS or the website established by the company.

To treat all shareholders equally, it is advisable that the company concurrently disclose the information under the preceding paragraph in English.

To protect its shareholders' rights and interests and ensure their equal treatment, the Company shall adopt internal rules prohibiting company insiders from trading securities using information not disclosed to the market.

#### Article 11

In entering into material financial and business transactions such as acquisition or disposal of assets, lending funds, and making endorsements or providing guarantees, the Company shall proceed in accordance with the applicable laws and/or regulations and establish operating procedures in relation to these material financial and business transactions which shall be reported to and approved by the shareholders meeting so as to protect the interests of the shareholders.

When the Company is involved in a merger, acquisition or public tender offer, in addition to proceeding in accordance with the applicable laws and/or regulations, it shall not only pay attention to the fairness, rationality, etc. of the plan and transaction of the merger, acquisition or public tender offer, but information disclosure and the soundness of the company's financial structure thereafter.

The relevant personnel of the Company handling the matters in the preceding paragraph shall pay attention to the occurrence of any conflicts of interest and the need for recusal.

#### Article 12:

In order to protect the interests of the shareholders, it is advisable that the Company designate personnel exclusively dedicated to handling shareholder proposals, inquiries, and disputes.

The Company shall properly deal with any legal action duly instituted by shareholders in which it is claimed that shareholder rights and interests were damaged by a resolution adopted at a shareholders meeting or a board of directors meeting in violation of applicable laws, regulations, or the company's articles of incorporation, or that such damage was caused by a breach of applicable laws, regulations or the company's articles of incorporation by any directors, supervisors or managers in performing their duties.

It is advisable that the Company adopt internal procedures for appropriate handling of matters referred to in the preceding two paragraphs, and that it keep relevant written records for future reference and incorporate the procedures in its internal control system for management purposes.

### Section 2 Establishing a Mechanism for Interaction with Shareholders

#### Article 12-1

The board of directors of the Company is responsible for establishing a mechanism for interaction with shareholders to enhance mutual understanding of the development of company's objectives.

#### Article 12-2

In addition to communicating with shareholders through shareholders meetings and encouraging shareholders to participate in such meetings, the board of directors of the Company together with officers and independent directors shall engage with shareholders in an efficient manner to ascertain shareholders' views and concerns, and expound company policies explicitly, in order to gain shareholders' support.

### Section 3 Corporate Governance Relationships Between the Company and Its Affiliated Enterprises

#### Article 13

A director who engages in any transaction for himself or on behalf of another person that is within the scope of the company's operations shall explain the major content of such actions to the shareholders meeting and obtain its consent.

#### Article 14

When the Company and its affiliated enterprises enter into inter-company business transactions, a written agreement governing the relevant financial and business operations between them shall be made in accordance with the principle of fair dealing and reasonableness. Price and payment terms shall be definitively stipulated when contracts are signed, and non-arm's length transactions shall be prohibited.

All transactions or contracts made by and between the Company and its affiliated persons and shareholders shall follow the principles set forth in the preceding paragraph, and improper channeling of profits is strictly prohibited.

#### Article 15

A corporate shareholder having controlling power over the Company shall comply with the following provisions:

1. It shall bear a duty of good faith to other shareholders and shall not directly or indirectly cause the company to conduct any business which is contrary to normal business practice or not profitable.
2. Its representative shall follow the rules implemented by its company with respect to the exercise of rights and participation of resolution, so that at a shareholders meeting, the representative shall exercise his/her voting right in good faith and for the best interest of all shareholders and shall exercise the fiduciary duty and duty of care of a director or supervisor.
3. It shall comply with relevant laws, regulations and the articles of incorporation of the company in nominating directors or supervisors and shall not act beyond the authority granted by the shareholders meeting or board meeting.



4. It shall not improperly intervene in corporate policy making or obstruct corporate management activities.
5. It shall not restrict or impede the management or production of the company by methods of unfair competition such as monopolizing corporate procurement or foreclosing sales channels.
6. The representative that is designated when a corporate shareholder has been elected as a director or supervisor shall meet the company's requirements for professional qualifications. Arbitrary replacement of the corporate shareholder's representative is inappropriate.

### Chapter 3 Enhancing the Functions of the Board of Directors

#### Section 1 Structure of the Board of Directors

##### Article 16

The board of directors of the Company shall direct company strategies, supervise the management, and be responsible to the company and shareholders. The various procedures and arrangements of its corporate governance system shall ensure that, in exercising its authority, the board of directors complies with laws, regulations, its articles of incorporation, and the resolutions of its shareholders meetings.

The structure of the Company's board of directors shall be determined by choosing an appropriate number of board members, not less than five, in consideration of its business scale, the shareholdings of its major shareholders, and practical operational needs.

The composition of the board of directors shall be determined by taking diversity into consideration and formulating an appropriate policy on diversity based on the company's business operations, operating dynamics, and development needs. It is advisable that the policy include, without being limited to, the following two general standards:

1. Basic requirements and values: Gender, age, nationality, and culture.
2. Professional knowledge and skills: A professional background (e.g., law, accounting, industry, finance, marketing, technology), professional skills, and industry experience.

All members of the board shall have the knowledge, skills, and experience necessary to perform their duties. To achieve the ideal goal of corporate governance, the board of directors shall possess the following abilities:

1. The ability to make judgments about operations.
2. Accounting and financial analysis ability.
3. Business management ability.
4. Crisis management ability.
5. Knowledge of the industry.
6. An international market perspective.
7. Leadership ability.
8. Decision-making ability.

##### Article 17

The Company shall stipulate a fair, just, and open procedure for the election of directors, and shall adopt a cumulative voting mechanism pursuant to the Company Act to fully reflect the opinions of the shareholders.

Unless the competent authority otherwise grants an approval, a spousal relationship or a familial relationship within the second degree of kinship may not exist among more than half of the directors of the Company.

When the number of directors falls below five due to the dismissal of a director for any reason, the Company shall hold a by-election to fill the vacancy at its next shareholders meeting. When the number of directors falls short by one-third of the total number prescribed by the articles of incorporation, the company shall convene a special shareholders meeting within 60 days of the occurrence of that fact for a by-election for director(s).

The aggregate shareholding percentage of all of the directors of the Company shall comply with the laws and regulations. Restrictions on the share transfer of each director and the creation, release, or changes of any pledges over the shares held by each director shall be subject to the relevant laws and regulations, and the relevant information shall be fully disclosed.

##### Article 18

The Company is advised to specify in its articles of incorporation that it adopts the candidate nomination system for elections of directors, carefully review the qualifications of a nominated candidate and the existence of any other matters set forth in Article 30 of the Company Act, and act in accordance with Article 192-1 of the Company Act.

##### Article 19

Clear distinctions shall be drawn between the responsibilities and duties of the chairman of the board of the Company and those of its president.

The Company with a functional committee shall clearly define the responsibilities and duties of the committee.

#### Section 2 Independent Director System

##### Article 20

The number of independent directors must be not less than two persons and must be not less than one fifth of the number of directors according to the Articles of Association of the Company.

Independent directors shall possess professional knowledge and there shall be restrictions on their shareholdings. Applicable laws and regulations shall be observed and, in addition, it is not advisable for an independent director to hold office concurrently as a director (including independent director) or supervisor of more than five other the Company. Independent directors shall also maintain independence within the scope of their directorial duties, and may not have any direct or indirect interest in the Company.

Change of status between independent directors and non-independent directors during their term of office is prohibited. The professional qualifications, restrictions on both shareholding and concurrent positions held, determination of independence, method of nomination and other requirements with regard to the independent directors shall be set forth in accordance with the Securities and Exchange Act, the Regulations Governing Appointment of Independent Directors and Compliance Matter for Public Companies, and the rules and regulations or Taipei Exchange.

#### Article 21

The Company shall submit the following matters to the board of directors for approval by resolution as provided in the Securities and Exchange Act. When an independent director has a dissenting opinion or qualified opinion, it shall be noted in the minutes of the directors meeting:

1. Adoption or amendment of the internal control system pursuant to the Securities and Exchange Act.
2. Adoption or amendment, pursuant to the Securities and Exchange Act, of handling procedures for financial or operational actions of material significance, such as acquisition or disposal of assets, derivatives trading, extension of monetary loans to others, or endorsements or guarantees for others.
3. A matter bearing on the personal interest of a director or a supervisor.
4. A material asset or derivatives transaction.
5. A material monetary loan, endorsement, or provision of guarantee.
6. The raising, issuance, or private placement of any equity-type securities.
7. The hiring, discharge, or compensation of an attesting CPA.
8. The appointment or discharge of a financial, accounting, or internal auditing officer.
9. Any other material matter so required by the competent authority.

#### Article 22

The Company shall stipulate the scope of duties of the independent directors and empower them with manpower and physical support related to the exercise of their power. The company or other board members shall not obstruct, reject or circumvent the performance of business by the independent directors.

The Company shall stipulate the remuneration of the directors according to applicable laws and regulations. The remuneration of the directors shall fully reflect the personal performance and the long-term management performance of the company, and shall also take the overall operational risks of the Company into consideration. Different but reasonable remuneration from that of other directors may be set forth for the independent directors.

### Section 3 Functional Committees

#### Article 23

For the purpose of developing supervisory functions and strengthening management mechanisms, the board of directors of the Company, in consideration of the company's scale and type of operations and the number of its board members, may set up functional committees for auditing, remuneration, nomination, risk management or any other functions, and based on concepts of corporate social responsibility and sustainable operation, may set up environmental protection, corporate social responsibility, or other committees, and expressly provide for them in the articles of incorporation.

Functional committees shall be responsible to the board of directors and submit their proposals to the board of directors for approval, provided that the performance of supervisor's duties by the audit committee pursuant to Article 14-4, Paragraph 4 of the Securities and Exchange Act shall be excluded.

Functional committees shall adopt an organizational charter to be approved by the board of directors. The organizational charter shall contain the numbers, terms of office, and powers of committee members, as well as the meeting rules and resources to be provided by the Company for exercise of power by the committee.

#### Article 24

The Company shall establish either an audit committee or a supervisor.

The audit committee shall be composed of the entire number of independent directors. It shall not be fewer than three persons in number, one of whom shall be convener, and at least one of whom shall have accounting or financial expertise.

The exercise of powers by the Audit Committee and its independent directors and the related matters shall be handled in accordance with the Securities Exchange Act, the "Regulations Governing the Exercise of Powers by Audit Committee of Public Companies" and the regulations of the competent authority.

#### Article 25

The Company shall establish a remuneration committee, and it is advisable that more than half of the committee members be independent directors. The professional qualifications for the committee members, the exercise of their

powers of office, the adoption of the organizational charter, and related matters shall be handled pursuant to the Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Stock Exchange or Traded Over the Counter.

#### Article 26

The Company is advised to establish and announce channels for internal and external whistleblowers and have whistleblower protection mechanisms in place. The unit that handles whistleblowers' reporting shall be independent, provide encrypted protection for the files furnished by whistleblowers, and appropriately restrict access to such files. It shall also formulate internal procedures and incorporate those procedures into the company's internal control system for management purposes.

#### Article 27

To improve the quality of its financial reports, the Company shall establish the position of deputy to its principal accounting officer.

To enhance the professional abilities of the deputy accounting officer of the preceding paragraph, the deputy's continuing education shall proceed following the schedule of the principal accounting officer.

Accounting personnel handling the preparation of financial reports shall also participate in relevant professional development courses for 6 hours or more each year. Those courses may be company internal training activities or may be professional courses offered by professional development institutions for principal accounting officers.

The Company shall select as its external auditor a professional, responsible, and independent attesting CPA, who shall perform regular reviews of the financial conditions and internal control measures of the Company. With regard to any irregularity or deficiency discovered and disclosed in a timely manner by the auditor during the review, and concrete measures for improvement or prevention suggested by the auditor, the company shall faithfully implement improvement actions. It is advisable that the company establish channels and mechanisms of communication between the independent directors, the supervisor or audit committee, and the attesting CPA, and to incorporate procedures for that purpose into the company's internal control system for management purposes.

The Company shall periodically (at least once a year) evaluate the independence and suitability of the contracted certified public accountant; also, report the results of the evaluation to the board of directors.

#### Article 28

It is advisable that the Company engage a professional and competent legal counsel to provide adequate legal consultation services to the company, or to assist the directors, the supervisors and the management to improve their knowledge of the law, for the purposes of preventing any infraction of laws or regulations by the company or its staff and ensuring that corporate governance matters proceed pursuant to the relevant legal framework and the prescribed procedures.

When, as a result of performing their lawful duties, directors, supervisors or the management are involved in litigation or a dispute with shareholders, the company shall retain a legal counsel to provide assistance as circumstances require.

The supervisors (audit committee) or an independent director may retain the service of legal counsel, CPA, or other professionals on behalf of the company to conduct a necessary audit or provide consultation on matters in relation to the exercise of their power, at the expense of the company.

### Section 4 Rules for the Proceedings and Decision-Making Procedures of Board Meetings

#### Article 29

The board of directors of the Company shall meet at least once every quarter, or convene at any time in case of emergency. The reason for convening the board meeting should be specified. The notice of meeting should be issued to the directors and supervisors in advance in accordance with the provisions of the Articles of Association; also, sufficient meeting materials should be provided and sent together with the notice of meeting. If the meeting materials are deemed inadequate, a director may ask the unit in charge to provide more information or request a postponement of the meeting with the consent of the board of directors.

The Company shall adopt rules of procedure for board meetings, which shall follow the Regulations Governing Procedure for Board of Directors Meetings of Public Companies with regard to the content of deliberations, procedures, matters to be recorded in the meeting minutes, public announcements, and other matters for compliance.

#### Article 30

Company directors shall exercise a high degree of self-discipline. If a director or a juristic person represented by the director is an interested party with respect to any proposal for a board meeting, the director shall state the important aspects of the interested party relationship at the meeting. When the relationship is likely to prejudice the interests of the company, the director may not participate in discussion or voting on that proposal and shall enter recusal during the discussion and voting. The director also may not act as another director's proxy to exercise voting rights on that matter. Matters requiring the voluntary recusal of a director shall be clearly set forth in the rules of procedure for board meetings.

#### Article 31

The independent directors of the Company shall attend the shareholder meeting in person for the matters mentioned stated in Article 14-3 of the Securities Exchange Act or may have it handled by another independent director. When an independent director has a dissenting or qualified opinion, it shall be noted in the minutes of the board of directors meeting; if the independent director cannot attend the board meeting in person to voice his or her dissenting or qualified opinion, he or she should provide a written opinion before the board meeting unless there are justifiable reasons for failure to do so, and the opinion shall be noted in the minutes of the board of directors meeting.

In any of the following circumstances, decisions made by the board of directors shall be noted in the meeting minutes, and in addition, publicly announced and filed on the MOPS two hours before the beginning of trading hours on the first business day after the date of the board meeting:

1. An independent director has a dissenting or qualified opinion which is on record or stated in a written statement.
2. The matter was not approved by the audit committee (if the company has set up an audit committee), but had the consent of more than two-thirds of all directors.

During a board meeting, managers from relevant departments who are not directors may, in view of the meeting agenda, sit in at the meetings, make reports on the current business conditions of the company and respond to inquiries raised by the directors. Where necessary, a CPA, legal counsel, or other professional may be invited to sit in at the meetings to assist the directors in understanding the conditions of the company for the purpose of adopting an appropriate resolution, provided that they shall leave the meeting when deliberation or voting takes place.

#### Article 32

Staff personnel of attending board meetings shall collect and correctly record the meeting minutes in detail, as well as a summary, the method of resolution, and voting results of all the proposals submitted to the board meeting in accordance with relevant regulations.

The minutes of the board of directors meetings shall be signed by the chairperson and secretary of the meeting and sent to each director and supervisor within 20 days after the meeting. The director attendance records shall be made part of the meeting minutes, treated as important corporate records, and kept safe permanently during the life of the Company. Meeting minutes may be produced, distributed, and preserved by electronic means.

The Company shall record on audio or video tape the entire proceedings of a board of directors meeting and preserve the recordings for at least 5 years, in electronic form or otherwise.

If before the end of the preservation period referred to in the preceding paragraph a lawsuit arises with respect to a resolution of a board of directors meeting, the relevant audio or video recordings shall be preserved for a further period, in which case the preceding paragraph does not apply.

Where a board of directors meeting is held via teleconference or video conference, the audio or video recordings of the meeting form a part of the meeting minutes and shall be preserved permanently.

#### Article 33

The Company shall submit the following matters to its board of directors for discussion:

1. Corporate business plans.
2. Annual and semi-annual financial reports, with the exception of semi-annual financial reports which, under relevant laws and regulations, need not be CPA audited and attested.
3. Adoption or amendment to an internal control system pursuant to of the Securities and Exchange Act, and evaluation of effectiveness of an internal control system.
4. Adoption or amendment, pursuant to the Securities and Exchange Act, of handling procedures for financial or operational actions of material significance, such as acquisition or disposal of assets, derivatives trading, extension of monetary loans to others, or endorsements or guarantees for others.
5. The raising, issuance, or private placement of any equity-type securities.
6. The performance assessment and the standard of remuneration of the managerial officers.
7. The structure and system of director's remuneration.
8. The appointment or discharge of a financial, accounting, or internal auditing officer.
9. A donation to a related party or a major donation to a non-related party, provided that a public-interest donation of disaster relief for a major natural disaster may be submitted to the next board meeting for retroactive recognition.
10. Any matter required by Article 14-3 of the Securities and Exchange Act or any other law, regulation, or bylaw to be approved by resolution at a shareholders meeting or to be approved by resolution at a meeting of the board of directors, or any such significant matter as may be prescribed by the competent authority.

Except for matters that must be submitted to the board of directors for discussion under the preceding paragraph, when the board of directors is in recess, it may delegate the exercise of its power to others in accordance with law, regulations, or its articles of incorporation. However, the level of delegation or the content or matters to be delegated shall be clearly specified, and general authorization is not permitted.

#### Article 34

The Company shall ask the appropriate corporate department or personnel to execute matters pursuant to board of directors' resolutions in a manner consistent with the planned schedule and objectives. It shall also follow up on those matters and faithfully review their implementation.

The board of directors shall remain informed of the progress of implementation and receive reports in subsequent meetings to ensure the actual implementation of the board's management decisions.

## Section 5 Fiduciary Duty, Duty of Care and Responsibility of Directors

### Article 35

Members of the board of directors shall faithfully conduct corporate affairs and perform the duty of care of a good administrator. In conducting the affairs of the company, they shall exercise their powers with a high level of self-discipline and prudence. Unless matters are otherwise reserved by law for approval in shareholders meetings or in the articles of incorporation, they shall ensure that all matters are handled according to the resolutions of board of directors.

It is advisable that the Company formulate rules and procedures for board of directors performance assessments, and that each year it conduct regularly scheduled performance assessments of the board of directors, functional committees, and individual directors through self-assessment, peer-to-peer assessments, engaging outside professional institutions, or in any other appropriate manner. It is advisable that the performance assessment of the board of directors include the following aspects, and that appropriate assessment indicators be developed in consideration of the Company's needs:

1. The degree of participation in the company's operations.
2. Improvement in the quality of decision making by the board of directors.
3. The composition and structure of the board of directors.
4. The election of the directors and their continuing professional education.
5. Internal controls.

It is advisable that performance assessments of board members (self-assessments or peer-to-peer assessments) include the following aspects, with appropriate adjustments made on the basis of the company's needs:

1. Master the Company's achieving goals.
2. Their recognition of director's duties.
3. Fully understand the Company's business operations.
4. Their management of internal relationships and communication.
5. Their professionalism and continuing professional education.
6. Internal controls.

It is advisable that the performance assessment of a functional committee cover the following aspects, subject to changes according to the company's needs:

1. The degree of participation in the company's operations.
2. Their recognition of the duties of the functional committee.
3. Improvement in the quality of decision making by the functional committee.
4. The composition of the functional committee, and election and appointment of committee members.
5. Internal controls.

The Company is advised to submit the results of performance assessments to the board of directors and use them as reference in determining compensation for individual directors, their nomination and additional office term.

### Article 35-1

It is advisable for the Company to establish a succession plan for the management. The development and implementation of such plan shall be periodically evaluated by the board of directors to ensure sustainable operation.

### Article 36

If a resolution of the board of directors violates law, regulations or the company's articles of incorporation, then at the request of shareholders holding shares continuously for a year or an independent director, or at the notice of a supervisor to discontinue the implementation of the resolution, members of the board shall take appropriate measures or discontinue the implementation of such resolution as soon as possible.

Upon discovering a likelihood that the company would suffer material injury, members of the board of directors shall immediately report to the audit committee, an independent director member of the audit committee, or a supervisor in accordance with the foregoing paragraph.

### Article 37 (Director's Liability Insurance)

The Company shall insure directors liability insurance with respect to liabilities resulting from exercising their duties during their terms of occupancy so as to reduce and spread the risk of material harm to the company and shareholders arising from the wrongdoings or negligence of a director.

The Company shall report the insured amount, coverage, premium rate, and other major contents of the liability insurance it has taken out or renewed for directors, at the next board meeting.

### Article 38

Members of the board of directors are advised to participate in training courses on finance, risk management, business, commerce, accounting, law or corporate social responsibility offered by institutions designated in the Rules Governing Implementation of Continuing Education for Directors and Supervisors of the Company, which cover subjects relating to corporate governance upon becoming directors and throughout their terms of occupancy. They shall also ensure that company employees at all levels will enhance their professionalism and knowledge of the law.

#### Chapter 4 Empowering Supervisors

##### Section 1 Functions of Supervisors

###### Article 39

The Company shall stipulate a fair, just, and open procedure for the election of supervisors, and shall adopt a cumulative voting mechanism pursuant to the Company Act to fully reflect the opinions of the shareholders.

The Company shall take into consideration the needs of overall business operations and comply with the rules of the TWSE or TPEX in setting the minimum number of supervisors.

The aggregate shareholding percentage of all of the supervisors of the Company shall comply with the laws and regulations. Restrictions on the share transfer of each director and the creation, release, or changes of any pledges over the shares held by each supervisor shall be subject to the relevant laws and regulations, and the relevant information shall be fully disclosed.

###### Article 40

The Company is advised to specify in its articles of incorporation in accordance with Company Act that it adopts the candidate nomination system for elections of supervisors, carefully review the qualifications of a nominated candidate and the existence of any other matters set forth in Article 30 of the Company Act, and act in accordance with Article 192-1 of the Company Act.

###### Article 41

Unless the competent authority otherwise grants an approval, at least one supervisor position must be held by a person having neither a spousal relationship nor a relationship within the second degree of kinship with any other supervisor or with any director.

Reference to the provisions on independence contained in the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies, in order to select appropriate supervisors to help strengthen the corporation's risk management and control of finance and operations.

Supervisors must be domiciled in the Republic of China to be able to promptly fulfill the functions of supervisor.

##### Section 2 Powers and Obligations of Supervisors

###### Article 42

A supervisor shall be familiar with the relevant laws and regulations, shall understand the rights, obligations, and duties of the directors of this Company and the respective functions, duties, and operations of each department. Supervisors shall attend meetings of the board of directors to oversee its operation and to state their opinions when appropriate so as to control or discover any irregularity as early as possible.

The Company shall stipulate the supervisor's remuneration in its articles of incorporation or by an approval in a shareholders meeting.

###### Article 43

A supervisor shall supervise the implementation of the operations of the company, and the performance of duties by directors and managers, and care the enforcement of the internal control system so as to reduce the financial and operational risks of the company.

Where a director, for himself/herself or on behalf of others, enters into a sale/purchase or loan transaction, or conducts any legal act with the company, a supervisor shall act as the representative of the company. In the event that the company has set up an audit committee, an independent director member of the audit committee shall act as the representative of the company in the above situation.

###### Article 44

A supervisor may investigate the operational and financial conditions of the company from time to time, and the relevant departments in the company shall provide the books or documents that will be needed for the supervisor's review, transcription or duplication.

When reviewing the finance or operations of the company, a supervisor may retain attorneys or CPAs on behalf of the company to perform the review; however, the company shall inform the relevant persons of their confidentiality obligations.

The board of directors or managers shall submit reports in accordance with the request of the supervisors and shall not for any reason circumvent, obstruct, or refuse the inspection of the supervisor.

When a supervisor performs his/her duties, the Company shall provide necessary assistance as needed by the supervisor, and the reasonable expenses that the supervisor needs shall be borne by the Company.

#### Article 45

For supervisors to timely discover any possible irregular conduct in the company, the Company shall establish a channel for supervisors to communicate with the employees, shareholders, and stakeholders.

Upon discovering any irregular conduct, a supervisor shall take appropriate measures timely to curb the expansion of the irregular conduct, and file a report to the relevant regulatory authorities or agencies if necessary.

When an independent director or president, an officer of the finance, accounting, research and development, or internal audit department, or a CPA resigns or is removed from his/her position, the supervisors shall investigate the reasons.

In the event that a supervisor neglects his/her duties and therefore causes harm to the company, the supervisor shall be liable to the company.

#### Article 46

When exercising his/her supervisory power, each supervisor of the Company may, after taking into consideration the overall interest of the Company and shareholders, convene a meeting to exchange opinions among all the supervisors when he or she feels necessary, but in so doing may not obstruct supervisors in exercising their duties.

#### Article 47

The Company shall take out supervisor's liability insurance with respect to liabilities resulting from the exercise of duties during their terms, so as to reduce and spread the risk of material harm to the company and shareholders arising from the wrongdoing or negligence of a supervisor.

The Company is advised to report the insured amount, coverage, premium rate, and other major contents of the liability insurance it has taken out or renewed for supervisors, at the next board meeting.

#### Article 48

Upon becoming supervisors and throughout their terms, supervisors are advised to participate in training courses on finance, risk management, business, commerce, accounting, law or corporate social responsibility offered by institutions designated in the Rules Governing Implementation of Continuing Education for Directors and Supervisors of the Companies covering subjects relating to corporate governance.

### Chapter 5 Respecting Stakeholders' Rights

#### Article 49

The Company shall maintain channels of communication with its banks, other creditors, employees, consumers, suppliers, community, or other stakeholders of the company, respect and safeguard their legal rights and interests, and designate a stakeholder's section on its website.

When any of a stakeholder's legal rights or interests is harmed, the company shall handle the matter in a proper manner and in good faith.

#### Article 50

The Company shall provide sufficient information to banks and its other creditors to facilitate their evaluation of the operational and financial conditions of the company and its decision-making process. When any of their legal rights or interest is harmed, the company shall respond with a responsible attitude and assist creditors in obtaining compensation through proper means.

#### Article 51

The Company shall establish channels of communication with employees and encourage employees to communicate directly with the management, directors, or supervisors so as to reflect employees' opinions about the management, financial conditions, and material decisions of the company concerning employee welfare.

#### Article 52

In developing its normal business and maximizing the shareholders' interest, the Company shall pay attention to consumers' interests, environmental protection of the community, and public interest issues, and shall give serious regard to the company's social responsibility.

### Chapter 6 Improving Information Transparency

#### Section 1 Enhancing Information Disclosure

#### Article 53

Disclosure of information is a major responsibility of the Company. The Company shall perform its obligations faithfully in accordance with the relevant laws and the regulations of the competent authority.

The Company is advised to publish and report its annual financial report within two months after the end of a fiscal year, and publish and report its financial reports for the first, second and third quarters as well as its operating status for each month before the specified deadline.

The Company shall establish an Internet-based reporting system for public information, appoint personnel responsible for gathering and disclosing the information, and establish a spokesperson system so as to ensure the proper and timely disclosure of information about policies that might affect the decisions of shareholders and stakeholders.

#### Article 54

In order to enhance the accuracy and timeliness of the material information disclosed, the Company shall appoint a spokesperson and acting spokesperson(s) who understand thoroughly the company's financial and business conditions and who are capable of coordinating among departments for gathering relevant information and representing the company in making statements independently.

The Company shall appoint one or more acting spokespersons who shall represent the company, when the spokesperson cannot perform his/her duties, in making statements independently, provided that the order of authority is established to avoid any confusion.

In order to implement the spokesperson system, the Company shall unify the process of making external statements. It shall require the management and employees to maintain the confidentiality of financial and operational secrets and prohibit their disclosure of any such information at will.

The Company shall disclose the relevant information immediately whenever there is any change to the position of a spokesperson or acting spokesperson.

#### Article 55

In order to keep shareholders and stakeholders fully informed, the Company shall utilize the convenience of the Internet and set up a website containing the information regarding the company's finances, operations, and corporate governance. It is also advisable for the company to furnish the financial, corporate governance, and other relevant information in English.

To avoid misleading information, the aforesaid website shall be maintained by specified personnel, and the recorded information shall be accurate, detailed and updated on a timely basis.

#### Article 56

The Company shall hold an investor conference in compliance with the regulations of the competent authority, and shall keep an audio or video record of the meeting. The financial and business information disclosed in the investor conference shall be disclosed on the Market Observation Post System and provided for inquiry through the website established by the company, or through other channels, in accordance with the rules.

### Section 2 Disclosure of Information on Corporate Governance

#### Article 57

The Company shall disclose and update from time to time the following information regarding corporate governance in the fiscal year in accordance with laws and regulations and rules (disclosure of supervisors' information is not required if the company has an audit committee):

1. Corporate governance framework and rules.
2. Ownership structure and the rights and interests of shareholders, (including specific and explicit dividend policy).
3. Structure, professionalism and independence of the board of directors.
4. Responsibility of the board of directors and managerial officers.
5. Composition, duties and independence of the audit committee or supervisors.
6. Composition, duties and operation of the remuneration committee and other functional committees.
7. The remuneration paid to the directors, supervisors, president and vice president in the last two fiscal years, the analysis of the percentage of total remuneration to net profit after tax in the parent company only financial reports or individual financial reports, the policy, standard and package of remuneration payment, the procedure for determination of remuneration and the connection with the operation performance and future risk.  
Under special individual circumstances, remuneration of individual directors and supervisors shall be disclosed.
8. The progress of training of directors and supervisors.
9. The rights, relationships, avenues for complaint, concerns, and appropriate response mechanism regarding stakeholders.
10. Details of the events subject to information disclosure required by law and regulations.
11. The enforcement of corporate governance, differences between the corporate governance principles implemented by corporate governance principles and these Principles, and the reason for the differences.
12. Other information regarding corporate governance.

The Company is advised, according to the actual performance of the corporate governance system, to disclose the plans and measures to improve its corporate governance system through appropriate mechanisms.

### Chapter 7 Appendix

#### Article 58

The Company shall at all times monitor domestic and international developments in corporate governance as a basis for review and improvement of the company's own corporate governance mechanisms, so as to enhance their effectiveness.



Article 59

These Best Practice Principles will be implemented after the resolution of the board of directors; the same for the amendments.

This procedure was approved on November 11, 2019.

## Appendix 4

### Soft-World International Corporation Ethical Corporate Management Best Practice Principles

#### Article 1

These Principles are adopted to assist companies to foster a corporate culture of ethical management and sound development, and establish a reference framework for good commercial practices.

#### Article 2

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

#### Article 3

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

#### Article 4

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

#### Article 5

The Company should actively prevent unethical conducts based on the aforementioned business philosophy and policies.

#### Article 6

The Company shall strengthen relevant preventive measures.

The Company shall include preventive measures against the following:

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

#### Article 7

The Company shall engage in commercial activities in a fair and transparent manner based on the principle of ethical management. The Company shall take into consideration the legality of their agents, suppliers, clients, or other trading counterparties and whether any of them are involved in unethical conduct, and shall avoid any dealings with persons so involved.

#### Article 8

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

#### Article 9

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

#### Article 10

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

#### Article 11

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

#### Article 12

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

#### Article 13

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

#### Article 14

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

#### Article 15

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

#### Article 16

The Company and their directors, supervisors, managers, employees, mandataries, and substantial controllers shall comply with laws and regulations when conducting business.

#### Article 17

When a proposal at a given board of directors meeting concerns the personal interest of, or the interest of the juristic person represented by, any of the directors, supervisors, managers, and other stakeholders attending or present at board meetings of the Company, the concerned person shall state the important aspects of the relationship of interest at the given board meeting. If his or her participation is likely to prejudice the interest of the company, the concerned person may not participate in discussion of or voting on the proposal and may not exercise voting rights as proxy for another director. The directors shall exercise discipline among themselves, and may not support each other in an inappropriate manner.

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

#### Article 18

The Company should review business activities that are with a high risk of unethical conduct at any time.

#### Article 19

The Company should urge the directors, supervisors, managerial officers, employees and substantive controllers to conduct business operation cautiously, which should at least cover the following matters:

1. Standards for determining whether improper benefits have been offered or accepted.
2. Procedures for offering legitimate political donations.
3. Procedures and the standard rates for offering charitable donations or sponsorship.
4. Rules for avoiding work-related conflicts of interests and how they should be reported and handled.
5. Rules for keeping confidential trade secrets and sensitive business information obtained in the ordinary course of business.
6. Regulations and procedures for dealing with suppliers, clients and business transaction counterparties suspected of unethical conduct.
7. Handling procedures for violations of these Principles.
8. Disciplinary measures on offenders.

#### Article 20

The Company should regularly arrange education, training and propaganda for directors, supervisors, managerial officers, employees, appointees and substantive controllers to help them fully understand the Company's determination, policies and prevention programs for ethical corporate management and the consequence of unethical conducts. The Company should have the ethical corporate management policy, employee performance evaluation and human resources policy integrated to establish a clear and effective reward and punishment system.

#### Article 21

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

1. An independent mailbox or hotline, either internally established and publicly announced or provided by an independent external institution, to allow internal and external personnel of the company to submit reports.

2. Dedicated personnel or unit appointed to handle the whistle-blowing system.
3. Preservation and documentation of case acceptance, investigation processes, investigation results, and relevant documents.
4. Confidentiality of the identity of whistle-blowers and the content of reported cases.
5. Measures for protecting whistle-blowers from inappropriate disciplinary actions due to their whistle-blowing.
6. Whistle-blowing incentive measures.

#### Article 22

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

#### Article 23

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

#### Article 24

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

#### Article 25

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

When the Company submits its ethical corporate management best practice principles to the board of directors for discussion pursuant to the preceding paragraph, the board of directors shall take into full consideration each independent director's opinions. Any objections or reservations of any independent director shall be recorded in the minutes of the board of directors meeting. An independent director that cannot attend the board meeting in person to express objections or reservations shall provide a written opinion before the board meeting, unless there is some legitimate reason to do otherwise, and the opinion shall be specified in the minutes of the board of directors meeting.

When the Company establishes the audit committee, the regulations for the supervisors shall apply to the audit committee.

This procedure was approved on March 22, 2017.

## **Appendix 5**

### **Soft-World International Corporation Corporate Social Responsibility Best Practice Principles**

#### **Article 1**

In order to practice corporate social responsibility and promote economic, environmental and social progress in order to achieve the goal of sustainable development, the Company has formulated these Best Practice Principles for compliance.

#### **Article 2**

The Company to actively fulfill their corporate social responsibility in the course of their business operations so as to follow international development trends and to contribute to the economic development of the country, to improve the quality of life of employees, the community and society by acting as responsible corporate citizens, and to enhance competitive edges built on corporate social responsibility.

#### **Article 3**

In fulfilling corporate social responsibility initiatives, the Company shall, in its corporate management guidelines and business operations, give due consideration to the rights and interests of stakeholders and, while pursuing sustainable operations and profits, also give due consideration to the environment, society and corporate governance.

#### **Article 4**

To implement corporate social responsibility initiatives, the Company is advised to follow the principles below:

1. Exercise corporate governance.
2. Foster a sustainable environment.
3. Preserve public welfare.
4. Enhance disclosure of corporate social responsibility information.

#### **Article 5**

The Company shall exercise the due care of good administrators to urge the company to perform its corporate social responsibility initiatives, examine the results of the implementation thereof from time to time and continually adjust so as to ensure the thorough implementation of its corporate social responsibility policies.

The Company's board of directors should have the following matters included for consideration when fulfilling the corporate social responsibilities:

1. Identifying the company's corporate social responsibility mission or vision.
2. Making corporate social responsibility the guiding principle of the company's operations and development.
3. Enhancing the timeliness and accuracy of the disclosure of corporate social responsibility information.

#### **Article 6**

The Company is advised to, on a regular basis, organize education and training on the implementation of corporate social responsibility initiatives, including promotion of the matters prescribed in paragraph 2 of the preceding article.

#### **Article 7**

In order to improve the management of corporate social responsibility, the Company should formulate a reasonable remuneration policy to ensure that the remuneration planning can meet the organizational strategic objectives and the interests of stakeholders.

It is advised that the employee performance evaluation system be combined with corporate social responsibility policies, and that a clear and effective incentive and discipline system be established.

#### Article 8

The Company shall, based on respect for the rights and interests of stakeholders, identify stakeholders of the company, and establish a designated section for stakeholders on the company website; understand the reasonable expectations and demands of stakeholders through proper communication with them, and adequately respond to the important corporate social responsibility issues which they are concerned about.

#### Article 9

The Company shall follow relevant environmental laws, regulations and international standards to properly protect the natural environment and shall endeavor to promote a sustainable environment when engaging in business operations and internal management.

#### Article 10

The Company is advised to endeavor to utilize all resources more efficiently and use renewable materials which have a low impact on the environment to improve sustainability of natural resources.

#### Article 11

The Company is advised to take into account the effect of business operations on ecological efficiency, promote and advocate the concept of sustainable consumption, and conduct research and development, procurement, production, operations, and services in accordance with the following principles to reduce the impact on the natural environment and human beings from their business operations.

#### Article 12

The Company should avoid polluting water, air, and land; and contribute its utmost effort to reduce adverse effects on human health and the environment.

#### Article 13

The Company should pay attention to the impact of climate change on operating activities, promote the Company's energy saving and carbon reduction and greenhouse gas reduction and reduce the impact of the Company's operating activities on climate change.

#### Article 14

The Company shall comply with relevant laws and regulations, and the International Bill of Human Rights, with respect to rights such as gender equality, the right to work, and prohibition of discrimination.

The Company shall comply with the internationally recognized human rights of labor, including the freedom of association, the right of collective bargaining, caring for vulnerable groups, prohibiting the use of child labor, eliminating all forms of forced labor, eliminating recruitment and employment discrimination, and shall ensure that their human resource policies do not contain differential treatments based on gender, race, socioeconomic status, age, or marital and family status, so as to achieve equality and fairness in employment, hiring conditions, remuneration, benefits, training, evaluation, and promotion opportunities.

The Company shall provide an effective and appropriate grievance mechanism with respect to matters adversely impacting the rights and interests of the labor force, in order to ensure equality

and transparency of the grievance process. Channels through which a grievance may be raised shall be clear, convenient, and unobstructed. A company shall respond to any employee's grievance in an appropriate manner.

#### Article 15

The Company shall provide information for their employees so that the employees have knowledge of the labor laws and the rights they enjoy in the countries where the companies have business operations.

#### Article 16

The Company is advised to provide safe and healthful work environments for their employees, including necessary health and first-aid facilities and shall endeavor to curb dangers to employees' safety and health and to prevent occupational accidents.

The Company is advised to organize training on safety and health for their employees on a regular basis.

#### Article 17

The Company is advised to create an environment conducive to the development of their employees' careers and establish effective training programs to foster career skills.

The Company shall appropriately reflect the corporate business performance or achievements in the employee remuneration policy, to ensure the recruitment, retention, and motivation of human resources, and achieve the objective of sustainable operations.

#### Article 18

The Company shall establish a platform to facilitate regular two-way communication between the management and the employees for the employees to obtain relevant information on and express their opinions on the company's operations, management and decisions.

The Company shall respect the employee representatives' rights to bargain for the working conditions, and shall provide the employees with necessary information and hardware equipment, in order to improve the negotiation and cooperation among employers, employees and employee representatives.

The Company shall, by reasonable means, inform employees of operation changes that might have material impacts.

#### Article 19

The Company is advised to treat customers or consumers of its products or services in a fair and reasonable manner, including according to the following principles: fairness and good faith in contracting, duty of care and fiduciary duty, truthfulness in advertising and soliciting, fitness of products or services, notification and disclosure, commensuration between compensation and performance, protection of the right to complain, professionalism of salespersons etc. Said company shall also develop the relevant strategies and specific measures for implementation.

#### Article 20

The Company shall take responsibility for their products and services, and take marketing ethics seriously. In the process of research and development, procurement, production, operations, and services, the company shall ensure the transparency and safety of their products and services. In order to prevent the products or services from adversely impacting the rights, interests, health, or safety of consumers.

#### Article 21

The Company shall ensure the quality of their products and services by following the laws and regulations of the government and relevant standards of their industries. The Company shall follow



relevant laws, regulations and international guidelines when marketing or labeling their products and services and shall not deceive, mislead, commit fraud or engage in any other acts which would betray consumers' trust or damage consumers' rights or interests.

#### Article 22

The Company is advised to evaluate and manage all types of risks that could cause interruptions in operations, so as to reduce the impact on consumers and society.

The Company is advised to provide a clear and effective procedure for accepting consumer complaints to fairly and timely handle consumer complaints, shall comply with laws and regulations related to the Personal Information Protection Act for respecting consumers' rights of privacy and shall protect personal data provided by consumers.

#### Article 23

The Company shall cooperate with their suppliers to jointly implement the corporate social responsibility initiative.

#### Article 24

The Company is advised to, through equity investment, commercial activities, endowments, volunteering service or other charitable professional services etc., dedicate resources to organizations that commercially resolve social or environmental issues, participate in events held by citizen organizations, charities and local government agencies relating to community development and community education to promote community development.

#### Article 25

The Company shall disclose information according to relevant laws, regulations and the Corporate Governance Best Practice Principles for the Company and shall fully disclose relevant and reliable information relating to their corporate social responsibility initiatives to improve information transparency.

#### Article 26

The Company shall adopt internationally widely recognized standards or guidelines when producing corporate social responsibility reports, to disclose the status of their implementation of the corporate social responsibility policy. It also is advisable to obtain a third-party assurance or verification for reports to enhance the reliability of the information in the reports. The reports are advised to include:

1. The policy, system, or relevant management guidelines and concrete promotion plans for implementing corporate social responsibility initiatives.
2. Results and a review of the exercising of corporate governance, fostering of a sustainable environment, preservation of public welfare and promotion of economic development.
3. Future improvements and goals.

#### Article 27

The Company shall at all times monitor the development of domestic and foreign corporate social responsibility standards and the change of business environment so as to examine and improve their established corporate social responsibility framework and to obtain better results from the implementation of the corporate social responsibility policy.

#### Article 28

These Rules, and any amendments hereto, shall be implemented after adoption by board of directors. This procedure was established on March 22, 2017 after approved in the Board of Directors Meetings.

## Appendix 6

### **Soft-World International Corporation Regulations for Directorial and Supervisorial Elections.**

Article 1: Except as otherwise provided by law and regulation or by the Company's articles of incorporation, elections of directors and supervisors shall be conducted in accordance with these Procedures.

Article 2: The overall composition of the board of directors shall be taken into consideration in the selection of the Company's directors. The composition of the board of directors shall be determined by taking diversity into consideration and formulating an appropriate policy on diversity based on the company's business operations, operating dynamics, and development needs. It is advisable that the policy include, without being limited to, the following two general standards:

1. Basic requirements and values: Gender, age, nationality, and culture.
2. Professional knowledge and skills: A professional background (e.g., law, accounting, industry, finance, marketing, technology), professional skills, and industry experience.

Each board member shall have the necessary knowledge, skill, and experience to perform their duties; the abilities that must be present in the board as a whole are as follows:

1. The ability to make judgments about operations.
2. Accounting and financial analysis ability.
3. Business management ability.
4. Crisis management ability.
5. Knowledge of the industry.
6. An international market perspective.
7. Leadership ability.
8. Decision-making ability.

More than half of the directors shall be persons who have neither a spousal relationship nor a relationship within the second degree of kinship with any other director.

The board of directors of the Company shall consider adjusting its composition based on the results of performance evaluation.

Article 3: Supervisors of the Company shall meet the following qualifications:

1. Integrity and a practical attitude.
2. Impartial judgment.
3. Professional knowledge.
4. Broad experience.
5. Ability to read financial statements.

At least one supervisor position must be held by a person having neither a spousal relationship nor a relationship within the second degree of kinship with any other supervisor or with any director.

A supervisor may not serve concurrently as the director, managerial officer, or any other employee of the Company, and at least one of the supervisors must be domiciled in the Republic of China to be able to promptly fulfill the functions of supervisor.

Article 4: The qualifications for the independent directors of the Company shall comply with Articles 2, 3, and 4 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies.

The elections for the independent directors of the Company shall comply with Articles 5, 6, 7, 8 and 9 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies.

Article 5: Elections of both directors and supervisors at the Company shall be conducted in

accordance with the candidate nomination system and procedures set out in Article 192-1 of the Company Act. The Company shall review the qualifications, education, working experience, background, and the existence of any other matters set forth in Article 30 of the Company Act with respect to nominee directors and supervisors and may not arbitrarily add requirements for documentation of other qualifications. It shall further provide the results of the review to shareholders for their reference, so that qualified directors and supervisors will be elected.

When the number of directors falls short by one-third of the total number prescribed by the articles of incorporation, the company shall convene a special shareholders meeting within 60 days of the occurrence of that fact for a by-election for director(s).

When the number of independent director falls below that required by the Articles of Association, a by-election shall be held at the most recent shareholders' meeting to fill the vacancy. When the independent directors are dismissed, a special shareholders' meeting shall be called within 60 days from the date of occurrence to hold a by-election and fill the vacancies.

When the number of supervisors falls below that prescribed in the Company's articles of incorporation due to the dismissal of a supervisor for any reason, a by-election to fill the vacancy should ideally be held at the next shareholders meeting. When the supervisors are dismissed en masse, a special shareholders meeting shall be called within 60 days from the date of occurrence to hold a by-election to fill the vacancies.

- Article 6: The cumulative voting method shall be used for election of the directors and supervisors at the Company. Each share will have voting rights in number equal to the directors or supervisors to be elected, and may be cast for a single candidate or split among multiple candidates.
- Article 7: The board of directors shall prepare separate ballots for directors and supervisors in numbers corresponding to the directors or supervisors to be elected. The number of voting rights associated with each ballot shall be specified on the ballots, which shall then be distributed to the attending shareholders at the shareholders meeting. Attendance card numbers printed on the ballots may be used instead of recording the names of voting shareholders.
- Article 8: The number of directors and supervisors will be as specified in the Company's articles of incorporation, with voting rights separately calculated for independent and non-independent director positions. Those receiving ballots representing the highest numbers of voting rights will be elected sequentially according to their respective numbers of votes. When two or more persons receive the same number of votes, thus exceeding the specified number of positions, they shall draw lots to determine the winner, with the chair drawing lots on behalf of any person not in attendance.
- Article 9: Before the election begins, the chair shall appoint a number of persons with shareholder status to perform the respective duties of vote monitoring and counting personnel. The ballot boxes shall be prepared by the board of directors and publicly checked by the vote monitoring personnel before voting commences.
- Article 10: If a candidate is a shareholder, a voter must enter the candidate's account name and shareholder account number in the "candidate" column of the ballot; for a non-shareholder, the voter shall enter the candidate's full name and identity card number. However, when the candidate is a governmental organization or juristic-person shareholder, the name of the governmental organization or juristic-person shareholder shall be entered in the column for the candidate's account name in the ballot paper, or both the name of the governmental organization or juristic-person shareholder and the name of its representative may be entered. When there are multiple representatives, the names of each respective representative shall be entered.
- Article 11: A ballot is invalid under any of the following circumstances:
1. The ballot was not prepared by the board of directors.

2. A blank ballot is placed in the ballot box.
3. The writing is unclear and indecipherable or has been altered.
4. The candidate whose name is entered in the ballot is a shareholder, but the candidate's account name and shareholder account number do not conform with those given in the shareholder register, or the candidate whose name is entered in the ballot is a non-shareholder, and a cross-check shows that the candidate's name and identity card number do not match.
5. Other words or marks are entered in addition to the candidate's account name or shareholder account number (or identity card number) and the number of voting rights allotted.
6. The name of the candidate entered in the ballot is identical to that of another shareholder, but no shareholder account number or identity card number is provided in the ballot to identify such individual.

Article 12: The voting rights shall be calculated on site immediately after the end of the poll, and the results of the calculation, including the list of persons elected as directors or supervisors and the numbers of votes with which they were elected, shall be announced by the chair or by the designated personnel on the site.

Electoral ballots referred to above shall be sealed and signed by the scrutineers and reserved for at least one year. However, for the litigation filed by the shareholders in accordance with Article 189 of the Company Act, it should be reserved until the end of the proceedings.

Article 13: These Procedures, and any amendments hereto, shall be implemented after approval by a shareholders meeting.

## Appendix 7

### Shareholdings of directors and supervisors

Record date: April 20, 2020

Title	Name	Number of shares held on the date for suspension of share transfer	
		Quantity	Ratio of Shareholding
Chairman	Chun-Po Wang	21,594,350	16.94%
Director	Chiung Fen Wang	0	0
Director	Ching Jung Chen	0	0
Director	Ming Hao Shih	11,110	0.01%
Director	Ai Yun Wu	0	0
Independent director	Ming Hsien Li	0	0
Independent director	Hsuan-Chu Lin	0	0
<b>Total</b>		<b>21,605,460</b>	<b>16.95%</b>
Supervisor	Chin-Cheng Chien	0	0
Supervisor	Hung Yuan Chang	0	0
<b>Total</b>		<b>0</b>	<b>0%</b>

1. The number of shares issued by the Company is 127,474,332 shares as of April 20, 2020.
2. According to Article 2 of the “Rules and Review Procedures for Director and Supervisor Share Ownership Ratios at Public Companies”, the minimum number of shares that the directors and supervisors of the Company shall hold is calculated at 80% of the regulation stated in the first Paragraph of Article 2.  
The minimum legal number of shares held by the entire body of directors is 8,000,000 shares.  
The minimum legal number of shares held by the entire body of supervisors is 800,000 shares.



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